

LOUISIANA SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS
CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021



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CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Louisiana Society for the Prevention of Cruelty to Animals
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of Louisiana Society for the Prevention of Cruelty to Animals (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



To the Board of Directors of
Louisiana Society for the Prevention of Cruelty to Animals

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

September 15, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS:</u> | | |
| Cash and cash equivalents | \$ 4,064,173 | \$ 4,201,185 |
| Receivables: | | |
| Accounts receivable | 52,179 | 226,976 |
| Contract receivables | 454,379 | 880,595 |
| Inventory | 77,556 | 137,115 |
| Prepaid expenses | <u>191,379</u> | <u>157,208</u> |
| Total current assets | <u>4,839,666</u> | <u>5,603,079</u> |
| <u>INVESTMENTS:</u> | | |
| Beneficial interest in designated fund | 1,625,325 | - |
| Operating fund | 1,050,782 | 1,040,101 |
| Endowment fund | <u>9,453,068</u> | <u>12,474,071</u> |
| Total investments | <u>12,129,175</u> | <u>13,514,172</u> |
| <u>PROPERTY AND EQUIPMENT:</u> | | |
| Land | 971,927 | 971,927 |
| Buildings | 23,536,897 | 23,468,857 |
| Equipment | 3,724,356 | 3,549,183 |
| Furniture and fixtures | <u>652,072</u> | <u>647,979</u> |
| Total property and equipment | 28,885,252 | 28,637,946 |
| Less: accumulated depreciation | <u>(9,768,420)</u> | <u>(9,019,589)</u> |
| Net property and equipment | <u>19,116,832</u> | <u>19,618,357</u> |
| <u>OTHER ASSETS:</u> | | |
| Right of use assets - financing lease, net | 32,866 | - |
| Deposits | <u>8,813</u> | <u>8,813</u> |
| Total other assets | <u>41,679</u> | <u>8,813</u> |
| Total assets | <u>\$ 36,127,352</u> | <u>\$ 38,744,421</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

LIABILITIES AND NET ASSETS

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|--------------------------|
| <u>CURRENT LIABILITIES:</u> | | |
| Accounts payable | \$ 224,852 | \$ 294,503 |
| Accrued salaries and related expenses | 194,852 | 151,553 |
| Other accrued expenses | 145,535 | 203,690 |
| Current portion of financing leases | 10,134 | - |
| Current portion of capital leases | <u>-</u> | <u>11,738</u> |
| Total current liabilities | <u>575,373</u> | <u>661,484</u> |
| <u>LONG-TERM LIABILITIES:</u> | | |
| Financing leases, net of current portion | 22,181 | - |
| Capital leases, net of current portion | <u>-</u> | <u>33,152</u> |
| Total long-term liabilities | <u>22,181</u> | <u>33,152</u> |
| Total liabilities | <u>597,554</u> | <u>694,636</u> |
| <u>NET ASSETS:</u> | | |
| Net assets without donor restrictions: | | |
| Board designated | 9,453,068 | 12,474,071 |
| Undesignated | <u>23,350,951</u> | <u>24,321,708</u> |
| Total net assets without donor restrictions | <u>32,804,019</u> | <u>36,795,779</u> |
| Net assets with donor restrictions | <u>2,725,779</u> | <u>1,254,006</u> |
| Total net assets | <u>35,529,798</u> | <u>38,049,785</u> |
| Total liabilities and net assets | <u>\$ 36,127,352</u> | <u>\$ 38,744,421</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| <u>REVENUES AND SUPPORT:</u> | | | |
| Contract revenues | \$ 2,731,792 | \$ - | \$ 2,731,792 |
| Bequests | 487,471 | 1,625,325 | 2,112,796 |
| Grants and contributions | 1,299,200 | 651,417 | 1,950,617 |
| Special event revenues | 193,758 | - | 193,758 |
| Service fees | 1,758,579 | - | 1,758,579 |
| Retail sales | 464,829 | - | 464,829 |
| Investment income (loss), net | (2,408,562) | - | (2,408,562) |
| Gain on sale of asset | 1,000 | - | 1,000 |
| | <u>4,528,067</u> | <u>2,276,742</u> | <u>6,804,809</u> |
| Total public support and other revenues | | | |
| | <u>804,969</u> | <u>(804,969)</u> | <u>-</u> |
| Net assets released from restrictions | | | |
| | <u>5,333,036</u> | <u>1,471,773</u> | <u>6,804,809</u> |
| Total revenues and support | | | |
| <u>EXPENSES:</u> | | | |
| Program services: | | | |
| Animal services | 4,343,531 | - | 4,343,531 |
| Clinic | 2,926,386 | - | 2,926,386 |
| Other programs | 770,214 | - | 770,214 |
| Supporting services: | | | |
| Fundraising | 1,071,715 | - | 1,071,715 |
| Management and general | 212,950 | - | 212,950 |
| | <u>9,324,796</u> | <u>-</u> | <u>9,324,796</u> |
| Total expenses | | | |
| Change in net assets | (3,991,760) | 1,471,773 | (2,519,987) |
| Net assets at beginning of year | <u>36,795,779</u> | <u>1,254,006</u> | <u>38,049,785</u> |
| Net assets at end of year | <u>\$ 32,804,019</u> | <u>\$ 2,725,779</u> | <u>\$ 35,529,798</u> |

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|--------------------------|
| <u>REVENUES AND SUPPORT:</u> | | | |
| Contract revenues | \$ 2,389,049 | \$ - | \$ 2,389,049 |
| Bequests | 382,380 | - | 382,380 |
| Grants and contributions | 1,947,491 | 1,218,722 | 3,166,213 |
| Special event revenues | 163,873 | - | 163,873 |
| Service fees | 1,669,654 | - | 1,669,654 |
| Retail sales | 470,444 | - | 470,444 |
| Investment income (loss), net | 1,703,321 | - | 1,703,321 |
| Loss on sale of asset | <u>(81,495)</u> | <u>-</u> | <u>(81,495)</u> |
| Total public support and other revenues | <u>8,644,717</u> | <u>1,218,722</u> | <u>9,863,439</u> |
| Net assets released from restrictions | <u>441,093</u> | <u>(441,093)</u> | <u>-</u> |
| Total revenues and support | <u>9,085,810</u> | <u>777,629</u> | <u>9,863,439</u> |
| <u>EXPENSES:</u> | | | |
| Program services: | | | |
| Animal services | 3,666,489 | - | 3,666,489 |
| Clinic | 2,880,800 | - | 2,880,800 |
| Other programs | 749,657 | - | 749,657 |
| Supporting services: | | | |
| Fundraising | 767,586 | - | 767,586 |
| Management and general | <u>81,809</u> | <u>-</u> | <u>81,809</u> |
| Total expenses | <u>8,146,341</u> | <u>-</u> | <u>8,146,341</u> |
| Change in net assets | 939,469 | 777,629 | 1,717,098 |
| Net assets at beginning of year | <u>35,856,310</u> | <u>476,377</u> | <u>36,332,687</u> |
| Net assets at end of year | <u>\$ 36,795,779</u> | <u>\$ 1,254,006</u> | <u>\$ 38,049,785</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Program Services | | | Supporting Services | | Total |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------------|---------------------|
| | Animal Services | Clinic | Other Programs | Fundraising | Management and General | |
| Salaries | \$ 2,162,963 | \$ 1,097,550 | \$ 379,148 | \$ 262,990 | \$ 39,636 | \$ 3,942,287 |
| Payroll taxes and employee benefits | 295,762 | 208,003 | 53,257 | 49,958 | 5,351 | 612,331 |
| Total salaries and related expenses | 2,458,725 | 1,305,553 | 432,405 | 312,948 | 44,987 | 4,554,618 |
| Depreciation | 274,907 | 280,190 | 83,949 | 35,657 | 83,189 | 757,892 |
| Feed/medical supplies | 296,133 | 301,168 | 10,719 | 28 | 1 | 608,049 |
| Retail | 208 | 474,598 | - | 14,998 | - | 489,804 |
| General insurance | 259,699 | 138,647 | 33,286 | 13,989 | 6,185 | 451,806 |
| Vet care | 242,294 | 97,016 | - | - | - | 339,310 |
| Printing and stationery | 16,206 | 493 | 1,008 | 9,553 | 363 | 27,623 |
| Equipment rental | 21,302 | 7,789 | 477 | 1,822 | 42 | 31,432 |
| Occupancy expenses | 281,367 | 124,177 | 57,859 | 46,229 | 29,534 | 539,166 |
| Miscellaneous | 88,937 | 21,921 | 12,072 | 22,776 | 12,383 | 158,089 |
| Contract labor | 212,305 | 77,367 | 112,988 | 451,827 | 14,463 | 868,950 |
| Professional services | 31,496 | 34,916 | 5,465 | 27,850 | 987 | 100,714 |
| Maintenance/repairs | 133,610 | 44,278 | 11,604 | 4,416 | 20,747 | 214,655 |
| Travel, meals and meetings | 26,342 | 18,273 | 8,382 | 129,622 | 69 | 182,688 |
| Total expenses | <u>\$ 4,343,531</u> | <u>\$ 2,926,386</u> | <u>\$ 770,214</u> | <u>\$ 1,071,715</u> | <u>\$ 212,950</u> | <u>\$ 9,324,796</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Program Services | | | Supporting Services | | Total |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------------|---------------------|
| | Animal Services | Clinic | Other Programs | Fundraising | Management and General | |
| Salaries | \$ 1,786,866 | \$ 1,074,655 | \$ 347,063 | \$ 209,743 | \$ 40,399 | \$ 3,458,726 |
| Payroll taxes and employee benefits | 284,895 | 172,014 | 45,283 | 40,414 | 6,228 | 548,834 |
| Total salaries and related expenses | 2,071,761 | 1,246,669 | 392,346 | 250,157 | 46,627 | 4,007,560 |
| Depreciation | 273,671 | 335,054 | 123,730 | 47,322 | 15,085 | 794,862 |
| Feed/medical supplies | 221,600 | 401,914 | 1,126 | 4,682 | 2 | 629,324 |
| Retail | 2,115 | 406,139 | - | - | - | 408,254 |
| General insurance | 195,977 | 129,554 | 37,281 | 14,759 | 4,440 | 382,011 |
| Vet care | 176,966 | 67,564 | - | - | - | 244,530 |
| Printing and stationery | 13,178 | 1,099 | 768 | 32,739 | 70 | 47,854 |
| Equipment rental | 22,984 | 8,180 | 149 | 2,283 | 59 | 33,655 |
| Occupancy expenses | 263,400 | 122,359 | 51,393 | 54,546 | 3,954 | 495,652 |
| Miscellaneous | 107,644 | 24,281 | 12,862 | 14,620 | 3,429 | 162,836 |
| Contract labor | 146,395 | 45,917 | 102,373 | 280,265 | 6,933 | 581,883 |
| Professional services | 34,222 | 39,671 | 7,622 | 32,503 | 998 | 115,016 |
| Maintenance/repairs | 107,032 | 47,930 | 17,478 | 6,773 | - | 179,213 |
| Travel, meals and meetings | 29,544 | 4,469 | 2,529 | 26,937 | 212 | 63,691 |
| Total expenses | <u>\$ 3,666,489</u> | <u>\$ 2,880,800</u> | <u>\$ 749,657</u> | <u>\$ 767,586</u> | <u>\$ 81,809</u> | <u>\$ 8,146,341</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| <u>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ (2,519,987) | \$ 1,717,098 |
| Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities: | | |
| Depreciation | 757,892 | 794,862 |
| Net realized and unrealized (gain) loss on investments | 2,813,630 | (1,126,949) |
| Net loss on disposition of property | - | 81,495 |
| Donated financial assets | (1,625,325) | (38,545) |
| (Increase) decrease in: | | |
| Account receivable | 174,797 | (147,046) |
| Contract receivable | 426,216 | (503,867) |
| Grant receivable | - | 8,355 |
| Inventory | 59,559 | 113,445 |
| Prepaid expenses | (34,171) | (33,305) |
| Increase (decrease) in: | | |
| Accounts payable | (69,651) | (27,225) |
| Accrued salaries and related expenses | 43,299 | (7,528) |
| Other accrued expenses | (58,155) | 92,101 |
| | <u>(31,896)</u> | <u>922,891</u> |
| <u>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:</u> | | |
| Purchases of property and equipment | (289,233) | (175,255) |
| Proceeds from sale of property and equipment | - | 293,653 |
| Purchases of investments | (2,251,411) | (7,220,823) |
| Proceeds from the maturity and sale of investments | <u>2,448,103</u> | <u>6,149,049</u> |
| | <u>(92,541)</u> | <u>(953,376)</u> |
| <u>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:</u> | | |
| Principal payments made on capital leases | - | (16,095) |
| Principal payments made on financing leases | <u>(12,575)</u> | <u>-</u> |
| | <u>(12,575)</u> | <u>(16,095)</u> |
| Net (decrease) in cash and cash equivalents | (137,012) | (46,580) |
| Cash and cash equivalents at beginning of year | <u>4,201,185</u> | <u>4,247,765</u> |
| Cash and cash equivalents at end of year | <u>\$ 4,064,173</u> | <u>\$ 4,201,185</u> |
| <u>Supplemental disclosure of non-cash investing and financing activities:</u> | | |
| Equipment financed through financing leases | \$ - | \$ 50,563 |

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

Organization

Louisiana Society for the Prevention of Cruelty to Animals (the “LASPCA”) is chartered in the State of Louisiana as a not-for-profit organization. LASPCA is classified as “not a private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. It is an organization, as described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code, that normally receives a substantial part of its support from direct or indirect contributions from the general public. LASPCA operates two animal shelters, veterinary clinic, rabies program, provides humane education and public relation services to the local community and provides animal control services for the City of New Orleans.

Principles of Consolidation

The consolidated financial statements include the accounts of LASPCA and its subsidiaries LA/SPCA Holdings, LLC; New Orleans Humane Law & Rescue, Inc. (NOHLR); The Louisiana Society for the Prevention of Cruelty to Animals Plaquemines Campus, LLC (Plaquemines Campus); and Louisiana SPCA Foundation, Inc. (Foundation). All significant intercompany transactions have been eliminated in consolidation.

NOHLR and Plaquemines Campus are consolidated due to shared management and a shared board of directors with LASPCA.

The Foundation is consolidated due to (1) a shared management between the LASPCA and the Foundation, (2) the LASPCA appoints the voting majority of the Foundation’s board of directors and (3) the Foundation operates exclusively for the benefit of the LASPCA.

Basis of Accounting and Financial Reporting Framework

The financial statements of the LASPCA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the LASPCA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of LASPCA. These net assets may be used at the discretion of the LASPCA’s management and the board of directors. The revenues received in conducting the mission of LASPCA are included in this category.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Basis of Accounting and Financial Reporting Framework (continued)

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LASPCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, LASPCA considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash equivalents do not include cash and money funds that are included within investments.

Accounts, Contracts, and Grants Receivable

LASPCA receives funding from local agencies for administering various grants and also receives payment for services rendered from its clinic operations. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. LASPCA records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2022 and 2021, management has determined that all amounts were collectible and no allowance was necessary.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the pledge is received. The pledges are recorded at the net present value of estimated future cash flows using an appropriate discount rate. Additionally, LASPCA evaluates the collectability of pledges receivable and provides for an allowance when appropriate. Conditional promises to give are recognized as revenues only when the conditions attached to the pledge are substantially met.

Quicksan Rental, LLC

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Inventory

Inventory is valued at the lower of cost, fair value at the date of donation, or net realizable value. Cost is determined by the first-in, first-out method.

Investments

Investments are stated at fair value. There are no donor-restricted investments at December 31, 2022 and 2021. Gains and losses on investments are reported on the statement of activities as increases or decreases in net assets without donor restrictions. Dividends, interest and other investment income are reported in the period earned in the statement of activities as increases in net assets without donor restrictions. Investment return is presented net of investment fees.

LASPCA discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property, plant and equipment. There were no material nonrecurring fair value adjustments in 2022 and 2021. The three levels of the fair value hierarchy are described below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Levels 1 and 2, or transfers into and out of Level 3 in 2022 or 2021. If such transfers were to occur, they would be recognized as of the actual date of the event.

No level 2 or level 3 inputs were used by the LASPCA during 2022 or 2021.

LASPCA's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2022 or 2021) for assets and liabilities recorded at fair value are as follows:

Mutual Funds – Valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis of transactions at that date.

Equities and exchange traded funds – Valued at the quoted market price of shares on the last trading day of the year.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Investments (continued)

These methods may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the LASPCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Endowment Fund

FASB ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA (see Note 5). In 2010, the State of Louisiana adopted UPMIFA. LASPCA did not have any donor-restricted endowment funds during 2022 or 2021.

Property and Equipment and Depreciation

Buildings are being depreciated over their estimated useful lives of 40 years using the straight-line method of depreciation. Equipment and furniture are depreciated over their estimated useful lives which range from 2 to 7 years using the straight-line method of depreciation. Depreciable assets are valued at cost if purchased or fair value if contributed. It is LASPCA's policy to capitalize assets costing \$1,000 or more. Depreciation expense for the years ended December 31, 2022 and 2021 was \$757,892 and \$794,862, respectively.

Leases

The LASPCA applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The LASPCA determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the LASPCA will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Leases (continued)

For lease contracts that include extension and termination options, the LASPCA applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the LASPCA reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The LASPCA is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The LASPCA generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

The LASPCA determines the incremental borrowing rate of each lease by estimating the credit rating of the LASPCA at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Compensation for Future Absences

LASPCA has accrued compensation for future absences. LASPCA's vacation policy is that when proper notice of resignation or termination is given the employee will be paid for accumulated vacation. Sick leave may be carried over to the next year, but LASPCA does not compensate for accumulated sick leave time upon termination of employment. Accrued compensated absences as of December 31, 2022 and 2021 were \$38,321 and \$51,281, respectively. These amounts are included in accrued salaries and related expenses on the consolidated statements of financial position.

Board Designated Endowment Fund

The LASPCA's governing board has designated \$9,453,068 and \$12,474,071 from net assets without donor restrictions to serve as an endowment fund as of December 31, 2022 and 2021, respectively.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Revenue Recognition

City Contract Revenues

The LASPCA provides animal control and sheltering services to the City of New Orleans and Plaquemines Parish under contracts that are renewed annually. Revenue under these contracts is recognized ratably over the year as the service is provided. The LASPCA receives a set amount on a monthly basis under the terms of the contracts.

Grants and Contributions

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Support from contributions is recognized either on receipt or upon receiving an unconditional pledge or promise to give from a donor. Unconditional contributions are reported as unrestricted support which increases net assets without donor restrictions. LASPCA reports contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period that they are received are reported as net assets without donor restriction.

LASPCA reports contributions of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire or improve long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LASPCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions in accordance with ASC 958 if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LASPCA. The members of the Board of Directors serve without compensation. Volunteers also provide animal care and fundraising services throughout the year. These services are not recognized as contributions in the financial statements since recognition criteria under ASC 958 were not met.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Revenue Recognition (Continued)

Special Events

The LASPCA receives revenues from special events. A portion of special event revenues is recognized as a contribution at the time of the ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of special event revenues are recognized when the event takes place as the event is the relevant performance obligation.

Service Fees

Service fees include adoptions, clinical medical services, spay and neuter fees, heartworm tags, and other services rendered to pet owners or veterinary clinics. These services are generally considered to contain a single performance obligation that is satisfied at a point in time and revenue is recognized when the service is provided. It is the policy of the LASPCA to not refund these fees.

Retail Sales

Revenue from merchandise sales is recognized when the customer receives and pays for the merchandise. Sales taxes collected from customers are excluded from revenue. The LASPCA does not have any financing components as payment is received at the point of sale. Returns are expected to be insignificant.

Income Taxes

LASPCA and Foundation are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. There was no income tax on unrelated business income accrued in 2022 or 2021. Management also believes that all tax positions would be sustained if audited. There were no penalties or interest on income tax positions incurred in 2022 or 2021, but, if incurred, they would be classified in the statement of activities as a management and general expense.

LASPCA's tax filings for the years ended December 31, 2019 through the current year are open to audit under statute of limitations by the Internal Revenue Service.

Advertising Costs

Advertising costs are expensed in the period incurred. No costs are capitalized. Advertising costs charged to expense during the years ended December 31, 2022 and 2021 totaled \$7,107 and \$6,210, respectively.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

Assets Held for Sale

During 2020, the LASPCA received a donation of real property with a fair market value of \$370,000. Management intended to sell the property and therefore recorded the property at fair market value and separated it from other long-lived property on the balance sheet. The property was sold in March of 2021 for \$293,653. The LASPCA incurred additional costs related to the sale of \$5,148 and recognized a loss on the sale of \$81,495.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the LASPCA.

Date of Management's Review

Subsequent events have been valued through September 15, 2023, which is the date the financial statements were available to be issued.

New Accounting Standards - Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Discount Rate for Lessees That are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The LASPCA adopted these ASUs effective January 1, 2022 and utilized all of the available practical expedients.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the LASPCA’s financial assets as of December 31, 2022 and 2021, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the endowment fund that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

| | 2022 | 2021 |
|--|---------------|---------------|
| Financial assets, at year end | \$ 16,699,906 | \$ 18,822,928 |
| Less those unavailable for general expenditure within one year due to: | | |
| Time restricted assets held by others (Note 4) | (1,625,325) | - |
| Board designated endowment fund | (8,906,111) | (11,977,088) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 6,168,470 | \$ 6,845,840 |

As part of the LASPCA’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 5, the LASPCA has assets held in an endowment which are in excess of amounts needed for daily cash requirements. Although the LASPCA does not intend to spend from its assets held at the Foundation other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the assets could be made available if necessary.

(3) INVESTMENTS

The fair value of investments are determined by quoted prices in active markets for identical assets (Level 1) and are as follows at December 31:

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| Cash and money fund accounts | \$ 1,038,793 | \$ 1,019,506 |
| Exchange traded funds | 2,901,833 | 2,969,844 |
| Equities | 12,381 | 14,299 |
| Mutual funds | 6,550,843 | 9,510,523 |
| Total investments | \$ 10,503,850 | \$ 13,514,172 |

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(3) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the consolidated statement of activities for the years ended December 31:

| | 2022 | 2021 |
|--|----------------|--------------|
| Interest and dividend income | \$ 446,370 | \$ 644,011 |
| Realized and unrealized gains/(losses) | (2,813,630) | 1,129,585 |
| Investment management fees | (41,302) | (70,275) |
| Total investment income/(loss) | \$ (2,408,562) | \$ 1,703,321 |

(4) ASSETS HELD BY OTHERS

LASPCA has received an unconditional, unrestricted, multiple year pledge in perpetuity of only the income from a \$200,000 bequest from an estate to The Greater New Orleans Foundation. The fair value of this income cannot be reasonably estimated as it is under the control of The Greater New Orleans Foundation, which is an unrelated non-profit organization.

On December 30, 2022, LASPCA was bequeathed a designated fund held with the Hancock Whitney trust department and managed by the Jewish Endowment Foundation of Louisiana (JEF). The JEF will pay LASPCA the income generated by the fund at the end of each calendar year prior to April 1st of the following year, commencing in 2024. The LASPCA has recorded the donation as a restricted bequest of investments held by others at the fair value of the assets held by the JEF, which was \$1,625,325 as of December 31, 2022.

(5) ENDOWMENT FUND

In 1987, the Board of Directors approved the establishment of discretionary trusts for the preservation and management of such specific funds received by LASPCA. These funds are currently being administered by investment management through Crescent Capital Consulting, LLC and Charles Schwab Institutional. A resolution of the Board of Directors limits the use of endowment funds, but allows funds to be used for operating purposes, with approval of the Board of Directors. These assets are unrestricted. The resolutions of the Board of Directors are voluntary, self-imposed limits; therefore, the income is recorded in LASPCA's other operating revenue. These assets are presented on the consolidated statements of financial position as net assets without donor restrictions – board designated.

Endowment Investment Spending Policies - LASPCA's investment spending policy is that all income earned on the Board designated endowment fund is to be reinvested or used for operating purposes, with the approval of the Board of Directors.

Endowment Investment Policies - LASPCA's investment policy is that all endowed funds will be maintained and managed within their investment pool and in accordance with their investment policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(5) ENDOWMENT FUND (CONTINUED)

At December 31, 2022 and 2021, the endowment is composed of designated net assets of \$9,453,068 and \$12,474,071, respectively.

Changes in board designated endowment funds without donor restrictions for the years ended December 31, 2022 and 2021 consists of the following:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|----------------------|
| Beginning of year | \$ 12,474,071 | \$ 11,276,904 |
| Interest and dividend income, net | 377,256 | 573,798 |
| Net realized and unrealized gain (loss) | (2,807,568) | 1,126,974 |
| Distribution from board designated endowment pursuant to distribution policy | <u>(590,691)</u> | <u>(503,605)</u> |
| End of year | <u>\$ 9,453,068</u> | <u>\$ 12,474,071</u> |

(6) BANK LINE OF CREDIT

LASPCA had a \$500,000 working capital line of credit available from Hancock Whitney Bank. The line matured on October 30, 2021 and was not since renewed. The line of credit was secured by deposit accounts. Terms of repayment called for monthly payments of interest at the prime lending rate.

LASPCA does not currently have a line of credit and there was no outstanding debt under line of credit for the years ended December 31, 2022 and 2021.

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 were available for the following purposes:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Animal adoptions | \$ 187,986 | \$ 147,185 |
| Animal cruelty programs | 6,083 | 5,479 |
| Disaster response programs | 438,109 | 575,727 |
| Education programs | 103,212 | 95,180 |
| Equipment | 190,107 | 207,245 |
| Feral cat programs | 5,061 | 17,503 |
| Foster care programs | 18,519 | 24,628 |
| Heartworm treatment | 668 | 33,272 |
| Plaquemes activities | 6,293 | 13,263 |
| Spay/neuter programs | 121,524 | 98,927 |
| Training programs | 4,717 | 4,656 |
| Transportation programs | - | 14,781 |
| Timing restricted investments held by others (Note 4) | 1,625,325 | - |
| Other - various | <u>18,175</u> | <u>16,160</u> |
| Total net assets with donor restrictions | <u>\$ 2,725,779</u> | <u>\$ 1,254,006</u> |

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(7) NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Included in "other" are individual temporarily restricted items ranging from approximately \$100 to \$12,000 at December 31, 2022 and \$100 to \$15,000 at December 31, 2021.

(8) RELEASE OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished were \$804,969 and \$441,093 in 2022 and 2021, respectively.

(9) CONTRACT REVENUES

LASPCA contracts annually with the City of New Orleans through a cooperative endeavor agreement to operate an animal shelter and provide animal control services. Under the terms of the agreements, the LASPCA received \$2,361,792 and \$2,019,049 for the years ended December 31, 2022 and 2021, respectively. LASPCA would also be eligible to retain any and all adoption fees, wellness clinic fees, rabies vaccination fees, surrender fees, and grants or donations obtained from its sheltering operations.

LASPCA contracts annually with the Plaquemines Parish Government as the governing authority for the Parish of Plaquemines, State of Louisiana to operate an animal shelter in the Parish. Under the terms of the agreements, the LASPCA receives the use of an animal shelter and 12 equal payments of \$30,833. The value of the use of the animal shelter could not be reasonably estimated and has not been recognized in the financial statements. For each of the years ended December 31, 2022 and 2021, the LASPCA recognized \$370,000 of contract revenues in connection with this agreement. The LASPCA would also be eligible to retain any and all adoption fees, wellness clinic fees, rabies vaccination fees, surrender fees, and grants or donations obtained from its operating of the shelter.

(10) PAYCHECK PROTECTION PROGRAM

During the year ended December 31, 2021, LASPCA was granted two loans under the Paycheck Protection Program, second draw, "PPP 2" administered by a Small Business Administration (SBA) approved partner totaling \$516,482. The loans are uncollateralized and are fully guaranteed by the Federal government. The LASPCA initially recorded the loans as refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The LASPCA has recognized \$516,482 as grant revenue for the year ended December 31, 2021.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(11) RETIREMENT PLAN

LASPCA has a 401(k) type profit sharing plan for all eligible employees. Employees are eligible to participate in the plan if they have been employed by LASPCA for one year. LASPCA will make matching contributions in an amount equal to 50% of such contributing participant's elective deferral which does not exceed 6% of the participant's compensation. Employer contributions for 2022 and 2021 were \$47,798 and \$44,625, respectively.

(12) CONCENTRATIONS

LASPCA received 35% and 20% of its total revenue from its animal control contract with the City of New Orleans for the years ended December 31, 2022 and 2021, respectively. Additionally, 90% and 71% of the LASPCA's outstanding receivables were due from the City of New Orleans at December 31, 2022 and 2021, respectively.

LASPCA maintained cash accounts at local financial institutions during 2022 and 2021. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. Cash balances at financial institutions at December 31, 2022 and 2021 in excess of insured amounts were \$2,259,146 and \$3,793,082, respectively.

LASPCA held investments with three financial institutions during 2022 and 2021. The Securities Investor Protection Corporation (SIPC) provides insurance coverage under defined limits. Investment balances at the financial institutions at December 31, 2022 and 2021 in excess of insured amounts were \$9,468,067 and \$12,474,087, respectively.

(13) COMMITMENTS

Capital Leases Under ASC 840 – December 31, 2021

During the year ended December 31, 2020, LASPCA entered into 60-month leases for two copiers and a postage machine. These leases are non-interest bearing. The assets and liabilities under capital leases are recorded at the lesser of the present value of the minimum lease payments or the fair market value of property received. The assets are being amortized over their estimated productive life of five years.

During the year ended December 31, 2021, LASPCA entered into a 60-month lease for six copiers. The lease is non-interest bearing. The assets and liabilities under capital leases are recorded at the lesser of the present value of the minimum lease payments or the fair market value of property received. The assets are being amortized over their estimated productive life of five years.

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(13) COMMITMENTS (CONTINUED)

Capital Leases Under ASC 840 – December 31, 2021 (Continued)

The cost of the equipment under capital lease at December 31, 2021 totaled \$108,507 and the related accumulated amortization at December 31, 2021 totaled \$57,327. Amortization expense of the leased equipment for the year ended December 31, 2021 was \$9,872 and is included in depreciation expense in the accompanying financial statements.

Financing Leases Under ASC 842 – December 31, 2022

The LASPCA leases equipment under non-cancelable financing leases. The LASPCA adopted ASC 842, *Leases*, effective January 1, 2022 using the modified retrospective transition approach. At January 1, 2022, the LASPCA a lease agreement for copiers requiring payments of \$862 per month for a period of 60 months.

As of December 31, 2022, the LASPCA's total right-of-use assets had a cost basis of \$50,563 and accumulated amortization of \$17,697. Current year amortization of right of use assets for 2022 was \$10,113, which is included in depreciation expense on the statement of activities. The current portion of lease liabilities amounted to \$10,134 and the non-current portion amounted to \$22,181. The following summarizes lease expense as of December 31:

| | 2022 |
|-------------------------|-----------|
| Financing lease expense | \$ 12,575 |
| Interest expense | 119 |
| Total lease costs | \$ 12,694 |

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

| | 2022 |
|---------------------------------------|-----------|
| Weighted Average Remaining Lease Term | 39 months |
| Weighted Average Discount Rate | .90% |

The maturities of lease liabilities as of December 31, 2022 were as follows:

| | | |
|------------------------------------|----|---------|
| 2023 | \$ | 10,346 |
| 2024 | | 10,346 |
| 2025 | | 10,346 |
| 2026 | | 2,586 |
| Less: interest | | (1,018) |
| Present value of lease liabilities | \$ | 32,606 |

LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

(13) COMMITMENTS (CONTINUED)

Operating Leases

LASPCA leases rental equipment under short-term operating lease agreements. Total rent expense of leased equipment under short-term operating leases during the years ended December 31, 2022 and 2021 totaled \$33,655 and \$59,627, respectively.

(14) RECLASSIFICATIONS

The LASPCA made certain reclassifications to prior period amounts to conform to the current year presentation. These reclassifications did not have a material effect on the financial statements.