

**DUTCHESS COUNTY SOCIETY
FOR THE PREVENTION OF CRUELTY TO
ANIMALS, INC.**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dutchess County Society for the Prevention of Cruelty to Animals, Inc.:

Opinion

We have audited the accompanying financial statements of Dutchess County Society for the Prevention of Cruelty to Animals, Inc., ("the Organization", a non-profit entity) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dutchess County Society for the Prevention of Cruelty to Animals, Inc. as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and 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 audits 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 Dutchess County Society for the Prevention of Cruelty to Animals, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dutchess County Society for the Prevention of Cruelty to Animals, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, including omissions, 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 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 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 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 Dutchess County Society for the Prevention of Cruelty to Animals, Inc.'s 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dutchess County Society for the Prevention of Cruelty to Animals, Inc.'s 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.

GRADY CPA PC

Rhinebeck, New York
May 2, 2024

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022**

	2023	2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 1,147,864	\$ 1,983,268
Investments (Note 5)	50,023	44,332
Accounts Receivable	164,310	254,251
Inventory	39,983	35,011
Prepaid Expenses	17,945	11,173
Total Current Assets	1,420,125	2,328,035
Property and Equipment, Net (Note 6)	5,956,406	5,511,028
Other Assets:		
Loan Closing Costs (Note 7)	20,814	22,582
Security Deposits	500	500
Right of Use Asset, Capital Lease - Net (Note 9)	4,534	-
Right of Use Asset, Operating Lease - Net (Note 10)	42,295	-
Total Other Assets	68,143	23,082
Total Assets	\$ 7,444,674	\$ 7,862,145
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current Portion of Mortgage Payable (Note 8)	\$ 41,698	\$ 40,246
Current Portion of Obligation Under Capital Lease (Note 9)	1,727	4,587
Current Portion of Obligation Under Operating Lease (Note 10)	28,305	-
Accounts Payable	269,991	144,421
Deferred Revenue	321,504	321,504
Accrued Expenses (Note 11)	102,834	119,360
Total Current Liabilities	766,059	630,118
Long-Term Liabilities:		
Mortgage Payable - Net of Current Portion (Note 8)	925,943	967,093
Operating Lease - Net of Current Portion (Note 10)	15,758	-
Capital Lease - Net of Current Portion (Note 9)	3,161	-
Total Long-Term Liabilities	944,862	967,093
Net Assets:		
Net Assets Without Donor Restrictions	5,226,524	5,747,705
Net Assets With Donor Restrictions (Note 12)	507,229	517,229
Total Net Assets	5,733,753	6,264,934
Total Liabilities and Net Assets	\$ 7,444,674	\$ 7,862,145

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<u>Revenue and Support</u>			
Public Support:			
Program Service Fees	\$ 309,615	\$ -	\$ 309,615
State and Local Contracts and Grants	270,218	-	270,218
Foundation Contributions and Grants	183,048	-	183,048
Contributions and Sponsorships	1,528,513	-	1,528,513
Board Giving	20,893	-	20,893
Special Events	15,000	-	15,000
In-kind Contributions	162,919	-	162,919
Other Fees	23,213	-	23,213
Other Fees: ERC	167,328	-	167,328
	2,680,747	-	2,680,747
Investment Income:			
Interest and Dividend Income	16,004	-	16,004
Unrealized Gain/(Loss) on Investments	5,245	-	5,245
	21,249	-	21,249
Net Assets Released from Restrictions	10,000	(10,000)	-
Total Revenue, Gains and Other Support	2,711,996	(10,000)	2,701,996
Expenses and Losses:			
Program Services	2,575,327	-	2,575,327
Management and General	176,126	-	176,126
Fundraising	481,724	-	481,724
Total Expense and Losses	3,233,177	-	3,233,177
Change in Net Assets	(521,181)	(10,000)	(531,181)
Net Assets - Beginning	5,747,705	517,229	6,264,934
Net Assets - Ending	\$ 5,226,524	\$ 507,229	\$ 5,733,753

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Public Support:			
Program Service Fees	\$ 334,921	\$ -	\$ 334,921
State and Local Contracts and Grants	256,601	-	256,601
Foundation Contributions and Grants	130,923	-	130,923
Contributions and Sponsorships	2,216,606	-	2,216,606
Board Giving	66,636	-	66,636
Special Events	19,542	-	19,542
In-kind Contributions	28,977	-	28,977
Other Fees	14,038	-	14,038
Other Fees: ERC	272,395	-	272,395
	3,340,639	-	3,340,639
Investment Income:			
Interest and Dividend Income	8,533	-	8,533
Unrealized Gain/(Loss) on Investments	(6,700)	-	(6,700)
	1,833	-	1,833
Net Assets Released from Restrictions	54,144	(54,144)	-
Total Revenue, Gains and Other Support	3,396,616	(54,144)	3,342,472
Expenses and Losses:			
Program Services	2,537,579	-	2,537,579
Management and General	172,854	-	172,854
Fundraising	478,374	-	478,374
Total Expense and Losses	3,188,807	-	3,188,807
Change in Net Assets	207,809	(54,144)	153,665
Net Assets - Beginning	5,539,896	571,373	6,111,269
Net Assets - Ending	\$ 5,747,705	\$ 517,229	\$ 6,264,934

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023**

	Program	Management and General	Fundraising	Total
Employee Salaries	\$ 1,315,172	\$ 99,887	\$ 249,716	\$ 1,664,775
Payroll Taxes and Benefits	264,231	20,068	50,171	334,470
Vet, Lab Fees and Medical Supplies	225,895	-	-	225,895
Depreciation	169,577	12,879	32,198	214,654
Repairs and Maintenance	50,713	3,852	9,629	64,194
Office Expense	64,029	4,863	12,158	81,050
Supplies	88,555	6,726	16,814	112,095
Utilities	107,648	8,176	20,439	136,263
Professional Fees	150,518	11,432	28,579	190,529
Insurance	42,660	3,240	8,100	54,000
Printing and Advertising	21,011	1,596	3,989	26,596
Auto Expense	8,719	662	1,656	11,037
Meetings and Training	5,485	417	1,042	6,944
Special Events	-	-	36,906	36,906
Interest Expenses	28,130	2,136	5,341	35,607
Lease Expense	30,456	-	-	30,456
Rent Expense	-	-	4,506	4,506
Real Estate Taxes	2,528	192	480	3,200
	\$ 2,575,327	\$ 176,126	\$ 481,724	\$ 3,233,177

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022**

	Program	Management and General	Fundraising	Total
Employee Salaries	\$ 1,307,083	\$ 99,272	\$ 248,180	\$ 1,654,535
Payroll Taxes and Benefits	241,988	18,379	45,947	306,314
Vet, Lab Fees and Medical Supplies	261,683	-	-	261,683
Depreciation	149,794	11,377	28,442	189,613
Repairs and Maintenance	50,242	3,816	9,540	63,598
Office Expense	64,829	4,924	12,309	82,062
Supplies	42,970	3,264	8,159	54,393
Utilities	132,713	10,079	25,199	167,991
Professional Fees	171,500	13,025	32,563	217,088
Insurance	41,444	3,148	7,869	52,461
Printing and Advertising	20,825	1,582	3,954	26,361
Auto Expense	16,219	1,232	3,080	20,531
Meetings and Training	4,698	357	892	5,947
Special Events	-	-	17,007	17,007
Interest Expenses	29,339	2,228	5,571	37,138
Rent Expense	-	-	29,234	29,234
Real Estate Taxes	2,252	171	428	2,851
	\$ 2,537,579	\$ 172,854	\$ 478,374	\$ 3,188,807

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022**

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ (531,182)	\$ 153,665
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities		
Depreciation	211,118	186,078
Amortization	1,768	1,768
Investment income	(446)	(541)
Unrealized (Gain)/Loss on Investments	(5,245)	6,700
Interest on Operating Lease	(1,681)	-
Operating Lease Expense	30,456	-
(Increase)/Decrease in Accounts Receivable	89,941	166,310
(Increase)/Decrease in ERC Other Receivable	-	150,581
(Increase)/Decrease in Prepaid Expenses	(6,772)	(81)
(Increase)/Decrease in Thrift Shop Inventory	(4,972)	(8,739)
Increase/(Decrease) in Accounts Payable	125,570	40,792
Increase/(Decrease) in PPP Loan	-	(272,395)
Increase/(Decrease) in Accrued Expenses	(16,526)	30,576
Total Adjustments	423,211	301,049
Net Cash Provided by/(Used in) Operating Activities	(107,971)	454,714
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(658,264)	(135,909)
Other Investing Activities	1,768	1,767
Net Cash (Provided by)/Used in Investing Activities	(656,496)	(134,142)

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2023 and 2022**

	2023	2022
Cash Flows from Financing Activities		
Principal Payments on Capital Lease	(4,232)	(3,688)
Principal Payments on Operating Lease	(27,007)	-
Principal Payments on Debt	(39,698)	(38,296)
Net Cash Provided by/(Used in) Financing Activities	(70,937)	(41,984)
Net Increase/(Decrease) in Cash and Cash Equivalents	(835,404)	278,588
Cash and Cash Equivalents - Beginning	1,983,268	1,704,680
Cash and Cash Equivalents - Ending	\$ 1,147,864	\$ 1,983,268

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Paid for Interest	\$ 35,607	\$ 37,138
Non-Cash Operating and Investing Activities		
Donated Food	\$ 2,978	\$ 6,970
Donated Special Events and Auction Items	\$ 36,906	\$ 17,007
Donated Adoption Center Supplies	\$ 45,232	\$ -
Donated Fixed Assets	\$ 76,742	\$ -
Donated Propane	\$ -	\$ 5,000
Donated Repairs	\$ 1,061	\$ -
Right of Use Assets Obtained in Exchange for Capital Lease Obligations	\$ 5,958	\$ -
Right of Use Assets Obtained in Exchange for Operating Lease Obligations	\$ 87,477	\$ -

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

1. Nature of Organization:

Dutchess County Society for the Prevention of Cruelty to Animals, Inc. ("the Organization"), is a nonprofit organization that was established to prevent cruelty to animals.

2. Summary of Significant Accounting Policies:

Basis of accounting:

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

Pervasiveness 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 revenues and expenses during the reporting period.

Financial statement presentation:

The Organization records contributions received as unrestricted or restricted support depending on the existence or absence of any donor-imposed restrictions.

Fair value of financial instruments:

The carrying amounts of financial instruments, including cash equivalents, receivables, payables, and short-term borrowings arising in the ordinary course of business, approximate fair value due to the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the interest rates fluctuate with market interest rates, or the fixed rates are based on current rates offered to the Organization for debt with similar terms and maturities.

Subsequent events:

The date to which events occurring after December 31, 2023, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is May 2, 2024, which is the date on which the financial statements were available to be issued.

Concentration of credit risk:

The Organization maintains its cash in accounts whose balances may exceed the insurance limits of the Federal Deposit Insurance Corporation at various times throughout the year. The Organization has experienced no losses related to cash balances in excess of federally insured limits.

Cash and cash equivalents:

The Organization considers all cash accounts, which are not subject to significant withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Accounts receivable:

The Organization provides for bad debts using the reserve method; however, accounts receivable is already shown at their net realizable value after any necessary write-offs. The allowance for doubtful accounts is based on specifically identified amounts that management believes to be uncollectible. Management has determined that no allowance for doubtful accounts is necessary as of December 31, 2023 and 2022.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued):

Pledges receivable:

Unconditional pledges are recognized as pledges receivable at their estimated net present value when pledged. Temporarily restricted net assets are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Expenses are generally reported as decreases in unrestricted net assets. Pledges of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Investments:

Investments are stated at fair market value. Realized gains and losses are recorded at the time a security is sold. Unrealized holding gains and losses represent changes in the fair market value of the investments and are reported in the statement of activities.

Fixed assets:

Fixed assets are stated at cost. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. Depreciation expense for assets acquired under capital leases is included with depreciation expense on owned assets.

Loan closing costs:

Loan closing costs are being amortized by the straight-line method over a period of twenty years.

Leases:

Effective January 1, 2023, the Organization adopted FASB ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease obligation on the statement of financial position for all leases with terms exceeding 12 months. Leases are classified as either finance (or capital) or operating, with classification affecting the pattern of expenses recognition in the statement of activities. Leases with a term of 12 months or less will not record a ROU asset and lease obligation and the payments will be charged to expense on a straight-line basis over the lease term.

Net assets with donor restrictions:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions satisfied in the same period as received are reported as unrestricted support.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. These assets must be either used or maintained by the Organization in accordance with the restrictions placed on them. When a restriction expires or certain criteria are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported. Management has determined that no allowance for doubtful accounts is necessary as of December 31, 2023 and 2022.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued):

Contributions:

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. When net assets with donor restrictions expire, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor imposed restrictions that are satisfied within the same operating cycle are recorded as unrestricted pursuant to SFAS No. 116.

In-kind contributions:

Contributions of donated goods and services that require specialized skills and would typically need to be purchased if not provided by donation are recorded at fair value in the period received. See Note 13.

Functional allocation of expenses:

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management. Management and general expenses include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising:

Advertising expenses are expensed as incurred and totaled \$26,596 and \$26,361 as of December 31, 2023 and 2022, respectively.

Accounting for uncertainty in income taxes:

The Organization files an annual 990 as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no Federal or New York State taxes are paid by the Organization. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to December 31, 2020.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 706,416	\$ 1,410,315
Cash on hand	-	-
Cash – capital projects	109,715	65,363
Money market funds	331,733	507,590
Total	\$ 1,147,864	\$ 1,983,268

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

4. Fair Value Measurements:

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

As of December 31, 2023				
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$50,023	\$50,023	\$ -	\$ -

As of December 31, 2022				
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$44,332	\$44,332	\$ -	\$ -

5. Investments:

The following is a summary of the changes in the balances of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 1) for the year ended December 31, 2023:

Balance as of January 1, 2023	\$44,332
Additions	52
Unrealized gain	5,193
Dividend and interest income	1,213
Administration and management fees	(767)
Balance as of December 31, 2023	\$50,023

The underlying investments of the pooled "endowment" fund, held with Community Foundations of the Hudson Valley, are comprised of 69% equity and 31% fixed income securities based on the Foundation's fund investment policy.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

6. Property and Equipment:

Property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$276,350	\$276,350
Buildings	6,277,174	6,205,432
Building improvements	1,257,665	744,367
Leasehold improvements	65,959	62,350
Machinery and equipment	406,776	387,766
Vehicles	124,612	80,342
Furniture and fixtures	21,020	19,686
Land improvements	39,853	34,853
	<u>8,469,409</u>	<u>7,811,145</u>
Less: accumulated depreciation	(2,513,003)	(2,300,117)
Total property and equipment, net	<u>\$5,956,406</u>	<u>\$5,511,028</u>

Total depreciation expense was \$212,886 and \$187,846 at December 31, 2023 and 2022, respectively.

7. Loan Closing Costs:

Loan closing costs consisted of the following:

	<u>Cost Basis</u>	<u>Accum. Amortization</u>	<u>Net</u>
As of December 31, 2023			
Loan Closing Costs	\$ 25,907	\$ (5,093)	\$ 20,814

Total amortization expense was \$1,768 and \$1,768 at December 31, 2023 and 2022, respectively.

Estimated aggregate amortization will be expensed in the future years as follows:

2024	\$ 1,768
2025	1,768
2026	1,768
2027	1,768
2028	1,768
Thereafter:	<u>11,974</u>
Total:	<u>\$ 20,814</u>

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

8. Mortgage Payable:

The Organization's mortgage payable consisted of the following:

As of December 31, 2023

3.55% mortgage loan note from TD Bank, due in monthly payments of \$6,275.42 including interest, through March 8, 2031, when a balloon payment is due	\$967,641
Less: Current Maturities	(41,698)
	\$925,943

Aggregate maturities required on long-term debt at December 31, 2023 are due in future years as follows:

2024	\$41,698
2025	43,202
2026	44,761
2027	46,376
2028	48,050
Thereafter:	<u>743,554</u>
Total:	<u>\$967,641</u>

Total interest expense was \$35,607 and \$37,008 at December 31, 2023 and 2022, respectively. The Organization has agreed, among other things, to (1) to provide audited financial statements within 120 days from fiscal year-end and (2) to maintain minimum debt service ratio of 1.10:1.

9. Capital Lease Obligations:

Effective January 1, 2023, the Organization adopted ASU 2016-02. Leases (Topic 842). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms exceeding 12 months.

The Organization leases copy machines that may be purchased for a nominal amount at the expiration of the lease. These items are classified as machinery and equipment in the fixed asset portion of the balance sheets and total \$45,414. Depreciation of these leased assets is included in depreciation expense.

Amounts reported on the statement of financial position as of December 31, 2023 are as follows:

Right of use asset, capital lease – net	\$4,534
Obligation under capital lease	\$4,889

See auditor’s report.

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9. Capital Lease Obligations (continued):

Minimum future lease payments having initial terms in excess of one year as of December 31, 2023 are as follows:

2024	\$1,727
2025	1,613
2026	1,662
Less: present value discount	(113)
<u>Total minimum lease payments</u>	<u>\$4,889</u>

Supplemental statement of financial position information related to the capital lease as follows:

Weighted average remaining lease term (in years)	3.03
Weighted average discount rate	7.00%

10. Operating Lease Obligation:

Effective January 1, 2023, the Organization adopted ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms exceeding 12 months.

The Organization entered into a lease for its thrift store space with a 3-year term expiring May 31, 2025. The thrift store premises lease provides for an annual minimum rent payable in monthly installments plus the tenant’s proportionate share of various maintenance and utility expenses including heat, electricity, telephone and internet, plumbing, lawn maintenance and snow removal. These variable lease payments are not included in the lease payments used to determine lease liability and are recognized when incurred.

Amounts reported on the statement of financial position as of December 31, 2023 are as follows:

Right of use asset, operating lease - net	\$42,295
Obligation under operating lease	\$44,063

Minimum future lease payments having initial terms in excess of one year as of December 31, 2023 are as follows:

2024	\$31,704
2025	13,210
Less: present value discount	(851)
<u>Total minimum lease payments</u>	<u>\$44,063</u>

Operating lease expense for the year ended December 31, 2023 was \$30,456.

Supplemental statement of financial position information related to the operating lease as follows:

Weighted average remaining lease term (in years)	1.42
Weighted average discount rate	2.84%

See auditor’s report.

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11. Accrued Expenses:

Accrued expenses consisted of the following:

	<u>2023</u>	<u>2022</u>
Accrued payroll	\$81,304	\$92,397
Accrued expenses	21,530	26,963
Total accrued expenses	\$102,834	\$119,360

12. Net Assets with Donor Restrictions:

These amounts represent grants or contributions received by the Organization for specific purposes. The restrictions indicate that the funds must be used for community service projects, specific programs or the rehabilitation of the intake center and existing shelter in accordance with applicable donor restrictions. Therefore, these assets are reported as assets with donor restrictions.

Net assets with donor restrictions were available for the following purposes:

	<u>2023</u>	<u>2022</u>
General support	\$487,229	\$487,229
Shelter / adoption support	20,000	30,000
Total accrued expenses	\$507,229	\$517,229

13. Contributed Services and Materials:

Donated items or supplies, professional services and fixed assets are reflected as contributions in the accompanying statements at their estimated fair market value at the date of receipt because they can be objectively measured and valued. The Organization receives significant food donations.

In-kind contributions consisted of the following:

	<u>2023</u>	<u>2022</u>
Food	\$2,978	\$6,970
Special events and auction items	36,906	17,007
Adoption center supplies	45,232	-
Fixed assets	76,742	-
Propane	-	5,000
Repairs	1,061	-
Net Contributions	\$162,919	\$28,977

See auditor's report.

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14. Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year-end	\$1,197,887
Less those unavailable for general expenditures within one year due to Donor-imposed restrictions:	<u>(507,229)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 690,658</u>

The Organization's goal is to maintain financial assets to meet 15% of prior year's operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

See auditor's report.