

CENTRAL CALIFORNIA S.P.C.A.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
AND  
SUPPLEMENTARY INFORMATION

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FOR THE YEAR ENDED  
JUNE 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Central California S.P.C.A.  
Fresno, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Central California S.P.C.A. (a non-profit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation to the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also

includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central California S.P.C.A. as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information on pages 17 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Morse Wittwer Sampson, LLP*

Morse Wittwer Sampson, LLP  
Fresno, California  
February 18, 2016

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,802,485
Accounts receivable	21,210
Investments	3,415,553
Inventory	137,778
Prepaid expenses	100,734
	<hr/>
Total current assets	5,477,760
Other assets:	
Cash surrender value of life insurance	21,178
	<hr/>
Total other assets	21,178
Plant, property, and equipment, less accumulated depreciation	3,366,056
	<hr/>
Total assets	\$ 8,864,994
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 140,460
Accrued expenses	14,554
Accrued pension plan	54,825
Accrued compensated absences	129,143
Accrued payroll	56,436
Deferred compensation	21,178
Other current liabilities	8,580
Current portion of capital lease payable	6,665
	<hr/>
Total current liabilities	431,841
Commitments and contingencies	-
Capital lease payable, less current portion	12,762
	<hr/>
Total liabilities	444,603
Net assets:	
Net assets, unrestricted	8,358,286
Net assets, temporarily restricted	62,105
	<hr/>
Total net assets	8,420,391
	<hr/>
Total liabilities and net assets	\$ 8,864,994
	<hr/> <hr/>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Program services:			
Animal shelter	\$ 371,211	\$ -	\$ 371,211
Animal hospital	985,445	-	985,445
Microchip	54,857	-	54,857
Other	38,501	-	38,501
Surgery annex	262,348	-	262,348
Government contracts:			
Animal shelter	3,230,304	-	3,230,304
Donations	1,801,423	5,349	1,806,772
Other	42,042	-	42,042
Investment income	7,904	-	7,904
Fundraising	37,681	-	37,681
	<u>6,831,716</u>	<u>5,349</u>	<u>6,837,065</u>
Net assets released from restriction	<u>39,341</u>	<u>(39,341)</u>	<u>-</u>
Total revenue, gains and other support	<u>6,871,057</u>	<u>(33,992)</u>	<u>6,837,065</u>
Expenses			
Program services:			
Animal shelter	3,008,184	-	3,008,184
Animal hospital	1,040,584	-	1,040,584
Microchip	50,695	-	50,695
Horse	36,632	-	36,632
Wish List	2,311	-	2,311
Other	374,947	-	374,947
Surgery annex	272,158	-	272,158
	<u>4,785,511</u>	<u>-</u>	<u>4,785,511</u>
Supporting services:			
General and administrative	615,211	-	615,211
Fundraising	238,937	-	238,937
Total expenses	<u>5,639,659</u>	<u>-</u>	<u>5,639,659</u>
Change in net assets	1,231,398	(33,992)	1,197,406
Net assets, beginning of year	<u>7,126,888</u>	<u>96,097</u>	<u>7,222,985</u>
Net assets, end of year	<u>\$ 8,358,286</u>	<u>\$ 62,105</u>	<u>\$ 8,420,391</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 1,197,406
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	225,945
Gain on sale of assets	(3,371)
Bad debt expense	3,693
Realized and unrealized loss on investments	105,954
Bond amortization	678
Contributed plant, property, and equipment capitalized	(3,500)
Contributed investment capitalized	(1,284,000)
(Increase) decrease in operating assets:	
Accounts receivable	350,878
Inventory	3,969
Prepaid expenses	49,378
Increase (decrease) in operating liabilities:	
Accounts payable	42,657
Accrued expenses	5,699
Accrued pension plan	(11,773)
Accrued compensated absences	(17,250)
Accrued payroll	(1,591)
Deferred compensation	(95,372)
Other liabilities	3,380
Net cash provided by operating activities	<u>572,780</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of plant, property, and equipment	(59,992)
Proceeds from the sale of plant, property, and equipment	4,537
Purchase of marketable securities	(226,402)
Proceeds from the sale of marketable securities	182,700
Proceeds from the sale of annuity contract	95,372
Redemption of certificate of deposit	134,964
Net cash provided by investing activities	<u>131,179</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on long-term debt	(71,000)
Payments on capital lease payable	(2,172)
Net cash used in financing activities	<u>(73,172)</u>
Net increase in cash and cash equivalents	630,787
Cash and cash equivalents at beginning of year	<u>1,171,698</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,802,485</u></u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:	
Interest	<u>\$          992</u>
Non-cash investing and financing transactions:	
Equipment purchased with capital lease	<u>\$      21,599</u>
In-kind contributions:	
Plant, property, and equipment	\$          3,500
Investments, net of \$71,000 of long-term debt	<u>          1,284,000</u>
	<u>\$      1,287,500</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.



CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

Organization and Nature of Activities

The Central California Society for the Prevention of Cruelty to Animals (S.P.C.A.), a California Corporation, was organized in August 1946, and operates in Fresno County to protect the welfare of all animals. S.P.C.A.'s primary sources of revenue are a contract with the City of Fresno, animal sales, hospital services fees, and spay/neuter fees. Animal protection services include providing shelter for lost pets and strays, rescuing animals living under cruel and inhumane conditions, and placing healthy animals up for adoption. The facility includes an on-site hospital which is open to the general public, but which also provides health care as needed for the animals in the shelter. The thrift shop and grooming parlor serves the general public, and net proceeds from this facility are used to support the operations of the animal shelter. The education department provides books, films and games, as well as teacher resource units and educational kits, on a free loan basis. S.P.C.A. will provide tours, teacher in-service presentations, and consultation services by appointment. A pet therapy program is also in place, whereby employee/volunteers and animals visit patients in convalescent hospitals. The surgery annex fulfills a requirement passed into law to spay and neuter pets prior to adoption. The stray animals' building was built to accommodate a further requirement (SB1785) to hold stray animals for longer periods of time.

Basis of Presentation

The financial statement presentation follows accounting principles generally accepted in the United States of America (GAAP). Under GAAP, S.P.C.A. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted: Unrestricted net assets generally result from revenue generated by receiving unrestricted contributions and restricted contributions whose donor stipulations are met in the same reporting period, providing services, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions (fundraising expenses), and performing administrative functions.

Temporarily Restricted: Gifts of cash and other assets are considered temporarily restricted if received with donor stipulations that limit the use of the donated assets whose donor stipulations are not met in the same reporting period. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 restriction."

Permanently Restricted: Permanently restricted net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit S.P.C.A. to expend all of the income (or other economic benefits) derived from the donated assets. S.P.C.A. had no permanently restricted net assets at June 30, 2015.

Method of Accounting

S.P.C.A. uses the accrual basis method of accounting in accordance with GAAP.

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Actual results could differ from those estimates.

In-Kind Contributions

Volunteers contribute significant amounts of time to S.P.C.A.'s program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods are recorded at fair value at the date of donation. S.P.C.A. records donated professional services at the respective fair values of the services received (Note 10). The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, additions to plant, property, and equipment, or investments.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, S.P.C.A. considers cash accounts, money market funds and certificates of deposits with original maturities of three (3) months or less to be cash equivalents. All deposit accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Investments

Investments in marketable securities consist primarily of publicly traded mutual funds, common stock, and bonds and are recorded at fair value. Unrealized gains and losses are included in the change in net assets. These investments are covered by the Securities Investor Protection Corporation up to \$500,000 (including \$250,000 of cash).

Investments in real estate are initially recorded at the fair value as of the dates the investments are donated and thereafter such investments are carried primarily at current appraised values. Changes in fair value are included in the change in net assets.

Contributions and Pledges Receivable

Unconditional contributions and pledges receivable are recorded at estimated net realizable value and are recognized as revenue in the period received. There were no such receivables recorded at June 30, 2015.

Accounts Receivable

Accounts receivable consist of amounts due on account to the animal hospital and interest and dividends due on other investments. The amounts are considered to be collectible; therefore, no provision for uncollectible accounts has been recorded.

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory for the animal shelter, animal hospital, grooming parlor and pet supplies is stated at the lower of cost or market, determined on an average cost basis. Inventory consists of animal food, veterinary supplies, animal control supplies, and miscellaneous supplies.

Plant, Property, and Equipment

It is S.P.C.A.'s policy to capitalize property and equipment over \$2,000. Purchased property and equipment is capitalized at cost, donated property and equipment is recorded at fair value. S.P.C.A. does not imply restrictions on the use of contributed property and equipment received without donor stipulations.

Expenditures that increase the life of the related assets are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred.

Depreciation of plant, property, and equipment is provided using the straight-line method.

Sales Discounts and Promotions

S.P.C.A. provides various sales discounts and promotions throughout the fiscal year. Revenues, gains and other support on the statement of activities is reported net of sales discounts and promotions in the amount of \$463,042 for the year ended June 30, 2015.

Advertising

Advertising expenses, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. Advertising expense was \$77,222 for the year ended June 30, 2015, none of which was capitalized.

Exchange Transactions

Revenues earned from contracts and grants with the City of Fresno and local agencies are considered to be exchange transactions because revenue is not earned until services have been performed and eligibility requirements have been met. Revenue from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities into three categories: program, supporting, and fundraising.

Fundraising Expenses

Costs of acquiring or applying for a contract or grant are categorized as indirect or supporting expenses and are not separately stated as fundraising expenses. Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place.

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

S.P.C.A. is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the State of California Corporate Code. S.P.C.A. is subject to taxation on any unrelated business income.

S.P.C.A. classifies interest and penalties on tax assessments as a general and administrative expense when incurred. No such expenses were incurred for the year ended June 30, 2015.

S.P.C.A. recognizes the effect of income tax provisions only if those positions are more likely than not of being sustained. S.P.C.A. has considered its tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination.

S.P.C.A. is subject to examination by the Internal Revenue Service and California Franchise Tax Board for tax years ranging from 2010 to 2014.

Compensated Absences

Employees of S.P.C.A. are entitled to paid vacation, paid sick days, and personal days off, depending on length of service and other factors. S.P.C.A. records a liability for amounts due employees for accrued vacation at pay rates currently in effect for the employee.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2015:

Cash, checking, and savings	\$ 1,779,386
Money market funds	<u>23,099</u>
Total	<u>\$ 1,802,485</u>

At June 30, 2015, and throughout the year, S.P.C.A. has maintained balances in various checking and money market accounts in excess of federally insured limits. S.P.C.A. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

3. INVESTMENTS

Investments consist of the following at June 30, 2015:

Equities and options	\$ 1,411,672
Mutual funds	409,072
Corporate bonds	198,277
Municipal bonds	96,532
Land	<u>1,300,000</u>
 Total	 <u>\$ 3,415,553</u>

The composition of the investment return reported in the statement of activities for the year ended June 30, 2015 is as follows:

Interest and dividends	\$ 71,400
Net realized and unrealized gains (losses) on investments	(105,954)
Rental income	42,560
Rental expense	<u>(102)</u>
 Total investment return	 <u>\$ 7,904</u>

Investment revenues are reported net of related investment expenses in the statement of activities.

4. DEFERRED COMPENSATION PLAN

S.P.C.A. established a deferred compensation plan (the "Plan") under Section 457(b) of the Internal Revenue Code. The Plan is maintained primarily for the purpose of providing deferred compensation for a select group of management, or highly-compensated employees as those terms are defined under the provision of the Employee Retirement Income Security Act of 1974, as amended.

At June 30, 2015, investments in the Plan were \$21,178 and consisted of the cash surrender value on a life insurance policy.

Additions or distributions to participants made from the investments after retirement or employment termination are not profits or expenses of S.P.C.A. During the year ended June 30, 2015, distributions or withdrawals from the Plan amounted to \$101,818 and earnings amounted to \$5,703. The outstanding obligation amounted to \$21,178 at June 30, 2015.

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

5. FAIR VALUE MEASUREMENTS

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The following table sets forth by level, within the fair value hierarchy, S.P.C.A.'s assets at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Equities and options	\$ 1,411,672	\$ -	\$ -	\$ 1,411,672
Mutual funds	409,072	-	-	409,072
Corporate bonds	-	198,277	-	198,277
Municipal bonds	-	96,532	-	96,532
Land	-	1,300,000	-	1,300,000
Cash surrender value of life insurance policy	-	-	21,178	21,178
	<u>\$ 1,820,744</u>	<u>\$ 1,594,809</u>	<u>\$ 21,178</u>	<u>\$ 3,436,731</u>

The fair value for investment in land is determined using the market approach based primarily on current appraised values and other market information for similar property.

The following table reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) of the cash surrender value of life insurance policy with New York Life Insurance Company for the year ended June 30, 2015:

Balance as of June 30, 2014	\$ 117,293
Earnings	5,703
Participant distributions	<u>(101,818)</u>
Balance as of June 30, 2015	<u>\$ 21,178</u>

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The assets included in the Level 3 measurements are part of S.P.C.A.'s deferred compensation plan (Note 4).

The life insurance policy is not actively traded and significant other observable inputs are not available. Thus, the fair value of the cash surrender value of life insurance policy is equivalent to the current contract account value. No adjustments are made to fair value measurements based on current market conditions.

S.P.C.A. recognizes transfers between levels in the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

The carrying amount of cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accounts payable, other liabilities, and capital lease payable approximates fair value.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring measurements. S.P.C.A.'s Board of Directors assesses and approves these policies and procedures. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates the unobservable inputs used in the fair value measurements based on third-party information.

6. PLANT, PROPERTY, AND EQUIPMENT

Plant, property, and equipment consist of the following at June 30, 2015:

	<u>Estimated Useful Lives</u>	
Land		\$ 27,420
Buildings and improvements	7-39 years	6,134,190
Machinery and equipment	5-15 years	223,693
Office equipment	3-7 years	119,251
Automobiles and trucks	5 years	<u>625,105</u>
		7,129,659
Less accumulated depreciation		<u>3,763,603</u>
		<u>\$ 3,366,056</u>

Depreciation expense was \$225,945 for the year ended June 30, 2015.

7. NET ASSETS

Net assets consist of the following at June 30, 2015:

Unrestricted net assets	<u>\$ 8,358,286</u>
Temporarily restricted net assets:	
Horses fund	50,535
Other	<u>11,570</u>
	<u>62,105</u>
Total net assets	<u>\$ 8,420,391</u>

CENTRAL CALIFORNIA S.P.C.A.  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

8. INCOME TAXES

Although S.P.C.A. is exempt from taxes as noted in Note 1, taxes must be paid on income from unrelated business sources. Under current law, income derived from the animal hospital, the grooming parlor, and sale of pet supplies is considered unrelated business income. For federal purposes, S.P.C.A. does not have any tax liability as of June 30, 2015. S.P.C.A. has federal and California net operating loss carryovers of \$231,000 and \$181,000, respectively, which expire in years ranging from 2019 through 2035.

9. RETIREMENT PLAN

S.P.C.A. has a 401K savings plan (the "401K Plan") that allows the trustees of the 401K Plan full authority to choose investment options. All employees age 21 years and over, with two years of service to S.P.C.A. may voluntarily contribute to the 401K Plan, through payroll deductions, on a pre-tax basis. These employees also have a choice of investment options. S.P.C.A. must contribute an amount equal to 5% of eligible employee's annual compensation. The total contribution to the 401K Plan by S.P.C.A. for the year ended June 30, 2015 was \$59,629.

10. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2015, S.P.C.A. received the following non-cash contributions of materials, services, and free use of facilities that have been reflected in the financial statements of the S.P.C.A.:

	Program Services	General and Administrative	Fundraising	Total
Supplies	\$ 36,265	\$ -	\$ 2,005	\$ 38,270
Free use of facilities	9,800	-	-	9,800
Advertising	34,600	-	-	34,600
	<u>\$ 80,665</u>	<u>\$ -</u>	<u>\$ 2,005</u>	<u>\$ 82,670</u>

During the year ended June 30, 2015, S.P.C.A. received a donation of a new file server and a parcel of land, valued at \$3,500 and \$1,355,000, respectively. The parcel of land was encumbered by debt valued at \$71,000 which was paid in full by S.P.C.A. upon receipt of the donation. The file server was capitalized to plant, property, and equipment and the land was capitalized to investments.

11. FUNCTIONAL EXPENSES

The costs of providing various programs and activities have been summarized below on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Functional expenses reported in the accompanying statement of activities consisted of the following:

Program services	<u>\$ 4,785,511</u>
Supporting services:	
General and administrative	615,211
Fundraising	<u>238,937</u>
	<u>854,148</u>
Total	<u>\$ 5,639,659</u>



CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

12. CONCENTRATION OF CREDIT RISK

For the year ended June 30, 2015, the City of Fresno contract accounted for approximately 47% of S.P.C.A.'s total revenue.

13. LEASES

Operating Leases

S.P.C.A. has two noncancellable operating leases, for office equipment, that expire at various dates during the year ended June 30, 2017. Equipment lease expense was \$10,806 for the year ended June 30, 2015. Future minimum lease payments under the operating leases are \$10,806 for the year ended June 30, 2016 and \$6,797 for the year ended June 30, 2017.

Capital Leases

S.P.C.A. has a noncancellable capital lease, for office equipment, that expires during the year ended June 30, 2018. The assets and liabilities under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense for the year ended June 30, 2015.

The following is an analysis of the leased assets included in Plant, Property, and Equipment:

Office equipment	\$	21,599
Less accumulated depreciation		-
		\$ 21,599

The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2015:

Year Ending June 30:		
2016	\$	8,372
2017		8,372
2018		5,581
Total minimum lease payments		22,325
Less amount representing interest		2,898
Present value of net minimum lease payments		\$ 19,427

CENTRAL CALIFORNIA S.P.C.A.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

14. CONTRACTS AND FEES FROM GOVERNMENTAL AGENCIES

S.P.C.A.'s grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether the program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from those governmental audits cannot be reasonably estimated and, accordingly, S.P.C.A. has no provision for the possible disallowance of program costs recorded in its financial statements.

15. SUBSEQUENT EVENTS

S.P.C.A. sold its investment in land in November 2015 for \$1,300,000.

S.P.C.A. has evaluated subsequent events through February 18, 2016, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED  
ANIMAL SHELTER  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	General & Administrative	Department Total
Revenue and support			
Program services-			
Animal sales	\$ 237,056	\$ -	\$ 237,056
Discounts and promos	(173,012)	-	(173,012)
DOA disposal	15,065	-	15,065
Impounding	79,958	-	79,958
Lab fees	2,090	-	2,090
License fees	75,567	-	75,567
Owner relinquished	121,956	-	121,956
Pharmacy	72	-	72
Truck service charge	3,725	-	3,725
Vaccinations	8,734	-	8,734
Total program services	<u>371,211</u>	<u>-</u>	<u>371,211</u>
Government contracts-			
City contract	<u>3,230,304</u>	<u>-</u>	<u>3,230,304</u>
Total government contracts	<u>3,230,304</u>	<u>-</u>	<u>3,230,304</u>
Donations-			
Unrestricted	<u>31,269</u>	<u>-</u>	<u>31,269</u>
Total donations	<u>31,269</u>	<u>-</u>	<u>31,269</u>
Other revenue-			
Gain on sale of fixed assets	3,371	-	3,371
Miscellaneous	935	-	935
Total other revenue	<u>4,306</u>	<u>-</u>	<u>4,306</u>
Total revenue and support	<u>3,637,090</u>	<u>-</u>	<u>3,637,090</u>

See Independent Auditor's Report.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED  
ANIMAL SHELTER (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	General & Administrative	Department Total
Expenses			
Accounting	\$ 30,987	\$ 7,747	\$ 38,734
Advertising	813	-	813
Animal food	24,698	-	24,698
Audit	4,500	1,125	5,625
Bank charges	13,476	3,369	16,845
Depreciation	185,576	-	185,576
Dues & subscriptions	2,021	505	2,526
Education & training	7,841	1,960	9,801
Employee parties & incentives	-	259	259
Environmental disposal	6,935	-	6,935
Environmental fee	638	-	638
Equipment expense	7,983	1,996	9,979
First aid	1,687	-	1,687
Freezer rental	28,296	-	28,296
Fuel	57,132	-	57,132
Insurance	502,146	28,806	530,952
Interest	610	152	762
Legal	3,233	808	4,041
License, permits & registrations	175	-	175
Miscellaneous	1,577	394	1,971
Outside services	156,776	39,194	195,970
Payroll taxes	116,715	19,392	136,107
Penal code § 597 investigation	2,661	-	2,661
Pension plan	32,540	9,967	42,507
Radio communications	7,536	-	7,536
Repairs & maintenance	47,991	11,998	59,989
Salaries	1,219,080	239,124	1,458,204
Security	6,447	1,612	8,059
Supplies - enforcement	9,224	-	9,224
Supplies - euthanasia	10,865	-	10,865
Supplies - kennel supplies	76,248	-	76,248
Supplies - medical	25,393	-	25,393
Supplies - office	22,164	5,541	27,705
Supplies - other	8,005	2,001	10,006
Telephone & internet	70,030	17,508	87,538
Uniforms	4,253	-	4,253
Utilities	97,476	24,369	121,845
Vaccination	72,879	-	72,879
Vehicle expenses	44,636	-	44,636
Veterinary fees	96,941	-	96,941
Total expenses	<u>3,008,184</u>	<u>417,827</u>	<u>3,426,011</u>
	<u>\$ 628,906</u>	<u>\$ (417,827)</u>	<u>\$ 211,079</u>

See Independent Auditor's Report.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED  
ANIMAL HOSPITAL  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	General & Administrative	Department Total
Revenue and support			
Program services-			
Anesthesia	\$ 11,281	\$ -	\$ 11,281
Animal food	12,733	-	12,733
Dentistry	32,865	-	32,865
Discounts and promos	(22,462)	-	(22,462)
Flea products	80,577	-	80,577
Hospitalization	12,131	-	12,131
Immunization	209,379	-	209,379
Laboratory	66,030	-	66,030
Office consultation	117,418	-	117,418
Outpatient	46,407	-	46,407
Pet accessories	8,269	-	8,269
Pharmacy	239,469	-	239,469
Radiology	9,907	-	9,907
Spaying and neutering	83,547	-	83,547
Special procedure	25,598	-	25,598
Surgery	26,359	-	26,359
Treatment	25,758	-	25,758
Veterinary fees	179	-	179
Total program services	<u>985,445</u>	<u>-</u>	<u>985,445</u>
Donations-			
Unrestricted	<u>220</u>	<u>-</u>	<u>220</u>
Total donations	<u>220</u>	<u>-</u>	<u>220</u>
Other revenue-			
Miscellaneous	<u>1,038</u>	<u>-</u>	<u>1,038</u>
Total other revenue	<u>1,038</u>	<u>-</u>	<u>1,038</u>
Total revenue and support	<u>986,703</u>	<u>-</u>	<u>986,703</u>

See Independent Auditor's Report.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED  
ANIMAL HOSPITAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	General & Administrative	Department Total
Expenses			
Accounting	\$ 16,350	\$ 4,088	\$ 20,438
Advertising	8,550	-	8,550
Animal food	9,858	-	9,858
Audit	3,000	750	3,750
Bad debt expense	3,693	-	3,693
Bank charges	15,987	3,997	19,984
Depreciation	12,739	-	12,739
Dues & subscriptions	896	224	1,120
Education & training	1,854	463	2,317
Environmental disposal	6,700	-	6,700
Equipment expense	1,039	260	1,299
Insurance	117,760	5,578	123,338
Interest	184	46	230
Lab fees	22,143	-	22,143
Legal	6,010	1,503	7,513
License, permits & registrations	1,198	-	1,198
Miscellaneous	3,533	883	4,416
Outside services	9,806	2,452	12,258
Payroll taxes	41,326	3,642	44,968
Pension plan	9,611	1,758	11,369
Repairs & maintenance	14,757	3,689	18,446
Salaries	447,417	45,116	492,533
Security	1,812	453	2,265
Supplies - medical	233,379	-	233,379
Supplies - office	9,808	2,452	12,260
Supplies - other	5,226	1,306	6,532
Taxes - property	1,588	-	1,588
Telephone & internet	2,975	744	3,719
Travel	102	25	127
Utilities	10,644	2,661	13,305
Vaccination	20,639	-	20,639
Total expenses	<u>1,040,584</u>	<u>82,090</u>	<u>1,122,674</u>
	<u>\$ (53,881)</u>	<u>\$ (82,090)</u>	<u>\$ (135,971)</u>

See Independent Auditor's Report.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED AND RESTRICTED  
SPECIAL  
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted			Total	Temporarily	Department
	Program	General &	Other		Restricted	
	Services	Administrative			Program	
					Services	
Revenue and support						
Donations	\$ -	\$ -	\$ 1,769,184	\$ 1,769,184	\$ 5,349	\$ 1,774,533
Investment income	-	-	7,904	7,904	-	7,904
Fundraising	-	-	37,681	37,681	-	37,681
Grooming services	24,509	-	-	24,509	-	24,509
Microchip	139,581	-	-	139,581	-	139,581
Pet accessories	11,621	-	-	11,621	-	11,621
Discounts and promos	(84,724)	-	-	(84,724)	-	(84,724)
Other	2,371	-	36,698	39,069	-	39,069
	<u>93,358</u>	<u>-</u>	<u>1,851,467</u>	<u>1,944,825</u>	<u>5,349</u>	<u>1,950,174</u>
Net assets released from restriction	-	-	39,341	39,341	(39,341)	-

See Independent Auditor's Report.



CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED AND RESTRICTED  
SPECIAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted				Temporarily Restricted	
	Program Services	General & Administrative	Other	Total	Program Services	Department Total
Expenses						
Accounting	\$ 9,894	\$ 2,473	\$ -	\$ 12,367	\$ -	\$ 12,367
Advertising	67,386	-	-	67,386	-	67,386
Audit	1,800	450	-	2,250	-	2,250
Bank charges	2,016	504	-	2,520	-	2,520
Board of Directors expense	-	889	-	889	-	889
Calendars	6,984	-	-	6,984	-	6,984
Contributions	-	2,000	-	2,000	-	2,000
Cremation expense	16,389	-	-	16,389	-	16,389
Depreciation	19,228	-	-	19,228	-	19,228
Dues & subscriptions	1,265	316	-	1,581	-	1,581
Education & training	1,282	320	-	1,602	-	1,602
Employee parties & incentives	-	6,585	-	6,585	-	6,585
Equipment expense	1,756	439	-	2,195	-	2,195
Foster shelter	4,949	-	-	4,949	-	4,949
Fundraising	-	-	238,937	238,937	-	238,937
Grooming expense	312	-	-	312	-	312
Horse expense	36,632	-	-	36,632	-	36,632
Insurance	27,973	7,664	-	35,637	-	35,637
Legal	3,761	940	-	4,701	-	4,701
Magazine	34,620	-	-	34,620	-	34,620
Microchip supplies	50,695	-	-	50,695	-	50,695
Miscellaneous	284	71	-	355	-	355
Outside services	92	23	-	115	-	115
Payroll taxes	5,099	5,151	-	10,250	-	10,250
Penal code § 597 investigation	6,763	-	-	6,763	-	6,763
Pension plan	1,485	1,836	-	3,321	-	3,321
Public relations	5,357	-	-	5,357	-	5,357
Repairs & maintenance	11,258	2,814	-	14,072	-	14,072
Salaries	53,754	56,558	-	110,312	-	110,312
Security	1,638	410	-	2,048	-	2,048
Special events	65,963	-	-	65,963	-	65,963
Supplies - enforcement	357	-	-	357	-	357
Supplies - office	4,106	1,026	-	5,132	-	5,132
Supplies - other	348	87	-	435	-	435
Taxes - other	-	150	-	150	-	150
Taxes - property	6,314	-	-	6,314	-	6,314
Telephone & internet	4,192	1,048	-	5,240	-	5,240
Uniforms	710	-	-	710	-	710
Utilities	492	123	-	615	-	615
Veterinary fees	1,652	-	-	1,652	-	1,652
Volunteer department	5,468	-	-	5,468	-	5,468
Wish List expense	2,311	-	-	2,311	-	2,311
Total expenses	<u>464,585</u>	<u>91,877</u>	<u>238,937</u>	<u>795,399</u>	<u>-</u>	<u>795,399</u>
	<u>\$ (371,227)</u>	<u>\$ (91,877)</u>	<u>\$ 1,651,871</u>	<u>\$ 1,188,767</u>	<u>\$ (33,992)</u>	<u>\$ 1,154,775</u>

See Independent Auditor's Report.

CENTRAL CALIFORNIA S.P.C.A.  
STATEMENT OF ACTIVITIES - UNRESTRICTED  
SURGERY ANNEX  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	General & Administrative	Department Total
Revenue and support			
Program services-			
Immunization	\$ 24,747	\$ -	\$ 24,747
Miscellaneous vet services	8,607	-	8,607
Pet accessories	1,572	-	1,572
Pharmacy	2,464	-	2,464
Spaying and neutering	383,247	-	383,247
State civil fines	24,555	-	24,555
Discounts and promos	(182,844)	-	(182,844)
Total program services	<u>262,348</u>	<u>-</u>	<u>262,348</u>
Donations-			
Unrestricted	<u>750</u>	<u>-</u>	<u>750</u>
Total donations	<u>750</u>	<u>-</u>	<u>750</u>
Total revenue and support	<u>263,098</u>	<u>-</u>	<u>263,098</u>
Expenses			
Accounting	3,815	954	4,769
Advertising	473	-	473
Animal food	167	-	167
Audit	700	175	875
Bank charges	785	196	981
Depreciation	8,402	-	8,402
Dues & subscriptions	136	34	170
Education & training	399	100	499
Environmental disposal	1,379	-	1,379
Equipment expense	1,702	425	2,127
Insurance	37,999	1,859	39,858
Miscellaneous	2,707	677	3,384
Outside services	2,606	651	3,257
Payroll taxes	14,242	1,214	15,456
Pension plan	4,410	586	4,996
Repairs & maintenance	4,166	1,041	5,207
Salaries	153,161	15,039	168,200
Supplies - medical	28,783	-	28,783
Supplies - office	400	100	500
Telephone & internet	1,463	366	1,829
Vaccination	4,263	-	4,263
Total expenses	<u>272,158</u>	<u>23,417</u>	<u>295,575</u>
	<u>\$ (9,060)</u>	<u>\$ (23,417)</u>	<u>\$ (32,477)</u>

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