

CENTRAL CALIFORNIA S.P.C.A.

FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT AUDITORS
AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
JUNE 30, 2017

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Report of Independent Auditors

The Board of Directors
Central California S.P.C.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Central California S.P.C.A., which comprise the statement of financial position as of June 30, 2017, 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 from 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 of 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance 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 15 through 21 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 statement 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.



Fresno, California
September 7, 2018

CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,612,027
Accounts receivable	26,563
Contribution receivable	763,637
Investments	3,659,465
Inventory	102,600
Prepaid expenses	164,077
	<hr/>
Total current assets	6,328,369
Plant, property, and equipment, less accumulated depreciation	3,101,559
	<hr/>
Total assets	<u><u>\$ 9,429,928</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 158,712
Accrued expenses	5,241
Accrued pension plan	79,324
Accrued compensated absences	108,997
Accrued payroll	89,044
Current portion of capital lease payable	21,092
	<hr/>
Total current liabilities	462,410
Capital lease payable, less current portion	49,555
Commitments and contingencies	-
	<hr/>
Total liabilities	511,965
Net assets:	
Net assets, unrestricted	8,794,599
Net assets, temporarily restricted	123,364
	<hr/>
Total net assets	8,917,963
	<hr/>
Total liabilities and net assets	<u><u>\$ 9,429,928</u></u>

See Report of Independent Auditors.
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, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Program services:			
Animal shelter	\$ 450,785	\$ -	\$ 450,785
Animal hospital	348,051	-	348,051
Microchip	80,800	-	80,800
Other	51,457	-	51,457
Surgery annex	477,446	-	477,446
Government contracts:			
Animal shelter	3,651,000	-	3,651,000
Donations	1,178,268	51,867	1,230,135
Other	50,643	-	50,643
Investment income	263,795	-	263,795
Fundraising	41,096	-	41,096
	6,593,341	51,867	6,645,208
Net assets released from restriction	70,704	(70,704)	-
Total revenue, gains and other support	6,664,045	(18,837)	6,645,208
Expenses			
Program services:			
Animal shelter	3,510,936	-	3,510,936
Animal hospital	483,055	-	483,055
Microchip	43,979	-	43,979
Horse	32,745	-	32,745
Other	525,255	-	525,255
Surgery annex	348,724	-	348,724
	4,944,694	-	4,944,694
Supporting services:			
General and administrative	754,641	-	754,641
Fundraising	256,255	-	256,255
Total expenses	5,955,590	-	5,955,590
Change in net assets	708,455	(18,837)	689,618
Net assets, beginning of year	8,086,144	142,201	8,228,345
Net assets, end of year	\$ 8,794,599	\$ 123,364	\$ 8,917,963

See Report of Independent Auditors.
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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 689,618
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	241,164
Gain on sale of assets	(8,419)
Bad debt expense	848
Realized and unrealized gain on investments	(152,351)
Bond amortization	5,264
(Increase) decrease in operating assets:	
Accounts receivable	(18,444)
Contribution receivable	(763,637)
Inventory	38,171
Prepaid expenses	36,867
Increase (decrease) in operating liabilities:	
Accounts payable	73,232
Accrued expenses	(2,656)
Accrued pension plan	5,251
Accrued compensated absences	(12,969)
Accrued payroll	17,907
Other liabilities	(830)
Net cash provided by operating activities	<u>149,016</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant, property, and equipment	(82,248)
Proceeds from the sale of plant, property, and equipment	8,419
Purchase of marketable securities	(181,978)
Proceeds from the sale of marketable securities	<u>83,694</u>
Net cash used in investing activities	<u>(172,113)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capital lease payable	<u>(8,209)</u>
Net cash used in financing activities	<u>(8,209)</u>
Net decrease in cash and cash equivalents	(31,306)
Cash and cash equivalents at beginning of year	<u>1,643,333</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,612,027</u></u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>	
Cash paid during the year for:	
Interest	<u><u>\$ 3,830</u></u>
Non-cash investing and financing transactions:	
Equipment purchased with capital lease	<u><u>\$ 65,000</u></u>

See Report of Independent Auditors.
The accompanying notes are an integral part of these financial statements.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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. During the current fiscal year, S.P.C.A. discontinued their hospital operations. The gift 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 educational presentations to all age groups, both on site and at agency/school/club/organization locations by appointment. S.P.C.A. will provide tours and educational resource information, as well as, provide and staff education information booths by appointment. 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, 2017.

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, 2017

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 9). 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 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).

Contributions and Pledges Receivable

Contributions and pledges are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. S.P.C.A. will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. A promise that calls for specific outcomes to be achieved will be treated as a conditional promise to give.

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.

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.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$228,994 for the year ended June 30, 2017.

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 \$132,683 for the year ended June 30, 2017, 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, 2017

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, 2017.

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 2012 to 2016.

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, 2017:

Cash, checking, and savings	\$ 1,588,914
Money market funds	<u>23,113</u>
Total	<u><u>\$ 1,612,027</u></u>

At June 30, 2017, 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.

3. CONTRIBUTION RECEIVABLE

During the year ended June 30, 2017, S.P.C.A. received a bequest from a donor in the amount of \$763,637. The amount was collected in full in the subsequent fiscal year; therefore, no discount to net present value was considered necessary as the net realizable value is considered a reasonable estimate of fair value.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

4. INVESTMENTS

Investments consist of the following at June 30, 2017:

Equities and options	\$ 1,677,428
Mutual funds	416,763
Corporate bonds	1,416,725
Municipal bonds	<u>148,549</u>
Total	<u>\$ 3,659,465</u>

The composition of the investment return reported in the statement of activities for the year ended June 30, 2017, is as follows:

Interest and dividends	\$ 111,444
Net realized and unrealized gains on investments	<u>152,351</u>
Total investment return	<u>\$ 263,795</u>

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

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.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

5. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2017:

	Level 1	Level 2	Level 3	Total
Equities and options	\$ 1,677,428	\$ -	\$ -	\$ 1,677,428
Mutual funds	416,763	-	-	416,763
Corporate bonds	-	1,416,725	-	1,416,725
Municipal bonds	-	148,549	-	148,549
	<u>\$ 2,094,191</u>	<u>\$ 1,565,274</u>	<u>\$ -</u>	<u>\$ 3,659,465</u>

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, 2017:

	Estimated Useful Lives	
Land		\$ 27,420
Buildings and improvements	7-39 years	6,149,327
Machinery and equipment	5-15 years	305,274
Office equipment	3-7 years	120,642
Automobiles and trucks	5 years	693,486
		<u>7,296,149</u>
Less accumulated depreciation		<u>4,194,590</u>
		<u>\$ 3,101,559</u>

Depreciation expense was \$241,164 for the year ended June 30, 2017.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

7. NET ASSETS

Net assets consist of the following at June 30, 2017:

Unrestricted net assets	\$ 8,794,599
Temporarily restricted net assets:	
Wellness/Medical Assistance fund	51,374
Other	71,990
	<u>123,364</u>
Total net assets	<u>\$ 8,917,963</u>

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, 2017. S.P.C.A. has federal and California net operating loss carryovers of \$834,000 and \$761,000, respectively, which expire in years ranging from 2019 through 2037.

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, 2017, was \$83,355.

10. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2017, S.P.C.A. received the following non-cash contributions of materials that have been reflected in the financial statements of the S.P.C.A.:

	Program Services	General and Administrative	Fundraising	Total
Supplies	\$ 53,895	\$ 1,375	\$ 5,827	\$ 61,097
Advertising	-	-	660	660
	<u>\$ 53,895</u>	<u>\$ 1,375</u>	<u>\$ 6,487</u>	<u>\$ 61,757</u>

During the year ended June 30, 2017, there were no donations received that were capitalized.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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	\$ 4,944,693
Supporting services:	
General and administrative	754,641
Fundraising	256,255
	<u>1,010,896</u>
Total	<u>\$ 5,955,589</u>

12. CONCENTRATION OF CREDIT RISK

At June 30, 2017, 100% of the contribution receivable was from one donor.

For the year ended June 30, 2017, the City of Fresno contract accounted for approximately 62% 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 during the years ended June 30, 2021 and June 30, 2023. Equipment lease expense was \$9,493 for the year ended June 30, 2017. Future minimum lease payments under the operating leases are as follows:

Year Ending June 30:

2018	\$ 9,501
2019	9,501
2020	9,501
2021	8,901
2022	7,102
Thereafter	<u>1,184</u>
Total minimum lease payments	<u>\$ 45,690</u>

Capital Leases

S.P.C.A. has a noncancellable capital lease, for office equipment, that expires during the year ended June 30, 2018. In addition, S.P.C.A. has a noncancellable capital lease, for veterinary equipment, that expires during the year ended June 30, 2021. The assets under the capital leases are 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 are included in depreciation expense for the year ended June 30, 2017.

CENTRAL CALIFORNIA S.P.C.A.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

13. LEASES (CONTINUED)

Capital Leases (Continued)

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

Machinery and equipment	\$ 65,000
Office equipment	<u>22,991</u>
	87,991
Less accumulated depreciation	<u>14,486</u>
	<u>\$ 73,505</u>

The lease agreements contain bargain purchase options at the end of the lease terms.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2017:

Year Ending June 30:

2018	\$ 24,585
2019	18,449
2020	18,449
2021	<u>16,912</u>
Total minimum lease payments	78,395
Less amount representing interest	<u>7,748</u>
Present value of net minimum lease payments	70,647
Less current portion	<u>21,092</u>
	<u>\$ 49,555</u>

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

In August 2017, S.P.C.A. received a bequest from a donor, consisting of property, material belongings, and cash, with an approximate value of \$420,000. The bequest is expected to be collected in full within the subsequent fiscal year.

S.P.C.A. has evaluated subsequent events through September 7, 2018, 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, 2017

	Program Services	General & Administrative	Department Total
Revenue and support			
Program services-			
Animal sales	\$ 217,574	\$ -	\$ 217,574
Discounts and promos	(104,445)	-	(104,445)
DOA disposal	15,740	-	15,740
Impounding	64,298	-	64,298
Lab fees	800	-	800
License fees	85,799	-	85,799
Owner relinquished	130,354	-	130,354
Penal code § 597 investigation	5,345	-	5,345
Pharmacy	5,021	-	5,021
Truck service charge	2,745	-	2,745
Vaccinations	27,554	-	27,554
Total program services	450,785	-	450,785
Government contracts-			
City contract	3,651,000	-	3,651,000
Total government contracts	3,651,000	-	3,651,000
Donations-			
Unrestricted	55,111	-	55,111
Total donations	55,111	-	55,111
Other revenue-			
Gain on sale of fixed assets	8,419	-	8,419
Miscellaneous	1,616	-	1,616
Total other revenue	10,035	-	10,035
Total revenue and support	4,166,931	-	4,166,931

See Report of Independent Auditors.

CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF ACTIVITIES - UNRESTRICTED
ANIMAL SHELTER (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	General & Administrative	Department Total
Expenses			
Accounting	\$ 29,691	\$ 7,423	\$ 37,114
Advertising	784	-	784
Animal food	28,898	-	28,898
Audit	4,500	1,125	5,625
Bad debt expense	180	-	180
Bank charges	7,272	1,818	9,090
Depreciation	191,814	-	191,814
Dues & subscriptions	2,980	745	3,725
Education & training	9,394	2,348	11,742
Environmental disposal	20,234	-	20,234
Equipment expense	12,166	3,042	15,208
Freezer rental	29,012	-	29,012
Fuel	45,578	-	45,578
Insurance	487,213	61,616	548,829
Interest	1,271	318	1,589
Lab fees	179	-	179
Legal	2,454	613	3,067
Miscellaneous	12,785	3,196	15,981
Outside services	338,603	84,651	423,254
Payroll taxes	137,467	21,786	159,253
Pension plan	47,103	14,444	61,547
Radio communications	7,731	-	7,731
Repairs & maintenance	63,432	15,858	79,290
Salaries	1,427,186	269,992	1,697,178
Security	3,814	953	4,767
Supplies - enforcement	12,431	-	12,431
Supplies - euthanasia	13,462	-	13,462
Supplies - kennel supplies	126,917	-	126,917
Supplies - medical	11,140	-	11,140
Supplies - office	29,293	7,323	36,616
Taxes - other	-	462	462
Telephone & internet	80,898	20,224	101,122
Travel	1,300	325	1,625
Uniforms	6,641	-	6,641
Utilities	102,131	25,533	127,664
Vaccination	74,023	-	74,023
Vehicle expenses	50,516	-	50,516
Veterinary fees	90,443	-	90,443
Total expenses	3,510,936	543,795	4,054,731
	<u>\$ 655,995</u>	<u>\$ (543,795)</u>	<u>\$ 112,200</u>

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CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF ACTIVITIES - UNRESTRICTED
ANIMAL HOSPITAL
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	General & Administrative	Department Total
Revenue and support			
Program services-			
Anesthesia	\$ 2,725	\$ -	\$ 2,725
Animal food	3,744	-	3,744
Dentistry	8,059	-	8,059
Discounts and promos	(13,681)	-	(13,681)
Flea products	20,031	-	20,031
Hospitalization	9,124	-	9,124
Immunization	87,826	-	87,826
Laboratory	14,847	-	14,847
Office consultation	48,495	-	48,495
Outpatient	12,577	-	12,577
Pet accessories	2,135	-	2,135
Pharmacy	95,096	-	95,096
Radiology	8,075	-	8,075
Spaying and neutering	22,109	-	22,109
Special procedure	12,183	-	12,183
Surgery	5,514	-	5,514
Treatment	9,192	-	9,192
Total program services	348,051	-	348,051
Donations-			
Unrestricted	556	-	556
Total donations	556	-	556
Other revenue-			
Miscellaneous	4,865	-	4,865
Total other revenue	4,865	-	4,865
Total revenue and support	353,472	-	353,472

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CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF ACTIVITIES - UNRESTRICTED
ANIMAL HOSPITAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	General & Administrative	Department Total
Expenses			
Accounting	\$ 6,173	\$ 1,543	\$ 7,716
Advertising	1,514	-	1,514
Animal food	6,045	-	6,045
Audit	3,000	750	3,750
Bad debt expense	668	-	668
Bank charges	7,307	1,827	9,134
Depreciation	22,750	-	22,750
Dues & subscriptions	146	36	182
Education & training	1,501	375	1,876
Environmental disposal	3,481	-	3,481
Equipment expense	2,127	532	2,659
Insurance	47,274	10,765	58,039
Interest	1,038	260	1,298
Lab fees	3,047	-	3,047
Legal	640	160	800
Miscellaneous	758	190	948
Outside services	570	143	713
Payroll taxes	17,534	4,048	21,582
Pension plan	4,202	1,531	5,733
Repairs & maintenance	8,025	2,006	10,031
Salaries	191,426	50,496	241,922
Security	1,380	345	1,725
Supplies - medical	106,021	-	106,021
Supplies - office	3,682	921	4,603
Supplies - other	2,177	544	2,721
Taxes - property	1,791	-	1,791
Telephone & internet	5,101	1,275	6,376
Utilities	10,580	2,645	13,225
Vaccination	23,097	-	23,097
Total expenses	483,055	80,392	563,447
	<u>\$ (129,583)</u>	<u>\$ (80,392)</u>	<u>\$ (209,975)</u>

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CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF ACTIVITIES - UNRESTRICTED AND RESTRICTED
SPECIAL
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted				Temporarily Restricted	
	Program Services	General & Administrative	Other	Total	Program Services	Department Total
Revenue and support						
Donations	\$ -	\$ -	\$ 1,122,601	\$ 1,122,601	\$ 51,867	\$ 1,174,468
Investment income	-	-	263,795	263,795	-	263,795
Fundraising	-	-	41,096	41,096	-	41,096
Grooming services	34,664	-	-	34,664	-	34,664
Microchip	127,777	-	-	127,777	-	127,777
Pet accessories	13,560	-	-	13,560	-	13,560
Discounts and promos	(46,977)	-	-	(46,977)	-	(46,977)
Other	3,233	-	35,291	38,524	-	38,524
	<u>132,257</u>	<u>-</u>	<u>1,462,783</u>	<u>1,595,040</u>	<u>51,867</u>	<u>1,646,907</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>70,704</u>	<u>70,704</u>	<u>(70,704)</u>	<u>-</u>

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CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF ACTIVITIES - UNRESTRICTED AND RESTRICTED
SPECIAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted				Temporarily Restricted	
	Program Services	General & Administrative	Other	Total	Program Services	Department Total
Expenses						
Accounting	\$ 10,229	\$ 2,557	\$ -	\$ 12,786	\$ -	\$ 12,786
Advertising	130,385	-	-	130,385	-	130,385
Animal food	241	-	-	241	-	241
Audit	1,800	450	-	2,250	-	2,250
Bank charges	4,066	1,016	-	5,082	-	5,082
Board of Directors expense	-	771	-	771	-	771
Calendars	7,900	-	-	7,900	-	7,900
Contributions	-	200	-	200	-	200
Cremation expense	13,780	-	-	13,780	-	13,780
Depreciation	19,228	-	-	19,228	-	19,228
Dues & subscriptions	1,138	285	-	1,423	-	1,423
Education & training	2,450	613	-	3,063	-	3,063
Employee parties & incentives	-	10,631	-	10,631	-	10,631
Equipment expense	1,834	458	-	2,292	-	2,292
Foster shelter	6,256	-	-	6,256	-	6,256
Fundraising	-	-	256,255	256,255	-	256,255
Grooming expense	813	-	-	813	-	813
Horse expense	32,745	-	-	32,745	-	32,745
Insurance	38,554	8,885	-	47,439	-	47,439
Legal	620	155	-	775	-	775
Magazine	29,269	-	-	29,269	-	29,269
Microchip supplies	43,979	-	-	43,979	-	43,979
Miscellaneous	1,490	373	-	1,863	-	1,863
Outside services	2,493	623	-	3,116	-	3,116
Payroll taxes	12,134	4,259	-	16,393	-	16,393
Penal code § 597 investigation	51,931	-	-	51,931	-	51,931
Pension plan	6,571	1,364	-	7,935	-	7,935
Public relations	255	-	-	255	-	255
Repairs & maintenance	7,290	1,822	-	9,112	-	9,112
Salaries	139,953	48,497	-	188,450	-	188,450
Security	468	117	-	585	-	585
Special events	3,966	-	-	3,966	-	3,966
Supplies - office	4,762	1,190	-	5,952	-	5,952
Supplies - other	6,900	1,725	-	8,625	-	8,625
Taxes - other	-	181	-	181	-	181
Taxes - property	7,126	-	-	7,126	-	7,126
Telephone & internet	2,518	629	-	3,147	-	3,147
Travel	376	94	-	470	-	470
Utilities	679	170	-	849	-	849
Veterinary fees	3,668	-	-	3,668	-	3,668
Volunteer department	4,112	-	-	4,112	-	4,112
Total expenses	601,979	87,065	256,255	945,299	-	945,299
	<u>\$ (469,722)</u>	<u>\$ (87,065)</u>	<u>\$ 1,277,232</u>	<u>\$ 720,445</u>	<u>\$ (18,837)</u>	<u>\$ 701,608</u>

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CENTRAL CALIFORNIA S.P.C.A.
STATEMENT OF ACTIVITIES - UNRESTRICTED
SURGERY ANNEX
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	General & Administrative	Department Total
Revenue and support			
Program services-			
Flea products	\$ 278	\$ -	\$ 278
Immunization	43,996	-	43,996
Miscellaneous vet services	1,571	-	1,571
Pet accessories	6,226	-	6,226
Pharmacy	6,488	-	6,488
Spaying and neutering	457,763	-	457,763
State civil fines	25,015	-	25,015
Discounts and promos	(63,891)	-	(63,891)
Total program services	477,446	-	477,446
Other revenue-			
Miscellaneous	452	-	452
Total other revenue	452	-	452
Total revenue and support	477,898	-	477,898
Expenses			
Accounting	4,558	1,140	5,698
Audit	700	175	875
Bank charges	6,631	1,658	8,289
Depreciation	7,372	-	7,372
Dues & subscriptions	581	145	726
Education & training	2,078	519	2,597
Environmental disposal	2,615	-	2,615
Equipment expense	984	246	1,230
Insurance	45,378	5,715	51,093
Interest	751	188	939
Legal	154	39	193
License, permits & registrations	336	-	336
Miscellaneous	505	126	631
Outside services	16,711	4,178	20,889
Payroll taxes	16,139	1,915	18,054
Pension plan	7,292	1,561	8,853
Repairs & maintenance	3,724	931	4,655
Salaries	181,334	23,947	205,281
Supplies - medical	32,904	-	32,904
Supplies - office	1,034	259	1,293
Supplies - other	724	181	905
Telephone & internet	1,863	466	2,329
Uniforms	353	-	353
Vaccination	13,650	-	13,650
Veterinary fees	353	-	353
Total expenses	348,724	43,389	392,113
	\$ 129,174	\$ (43,389)	\$ 85,785

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