

**Houston Society for the
Prevention of Cruelty to Animals
and Subsidiary**

CONSOLIDATED FINANCIAL STATEMENTS


December 31, 2018 and 2017



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Houston Society for the Prevention of Cruelty to Animals
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December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Houston Society for the Prevention of Cruelty to Animals
Houston, Texas

We have audited the accompanying consolidated financial statements of Houston Society for the Prevention of Cruelty to Animals and subsidiary (collectively, the "Organization") which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Houston Society for the Prevention of Cruelty to Animals and subsidiary as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 25 through 30 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and changes in net assets of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Carly Riggs & Ingram, L.L.C.

Houston, Texas
August 21, 2019

Houston Society for the Prevention of Cruelty to Animals Consolidated Statements of Financial Position

<i>December 31,</i>	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 704,845	\$ 2,832,397
Pledges receivable	91,152	361,871
Pledges receivable - capital campaign	1,152,999	1,647,992
Other receivables	201,713	171,455
Prepaid expenses	240,123	134,200
Total current assets	2,390,832	5,147,915
Property and equipment		
Land	7,005,836	7,005,836
Buildings and improvements	31,052,737	3,678,678
Property improvements	628,080	1,146,757
Furniture and equipment	2,654,365	2,261,315
Construction in progress	6,701,668	23,045,144
Accumulated depreciation	(4,527,479)	(4,286,170)
Property and equipment, net	43,515,207	32,851,560
Long-term assets		
Marketable securities	20,179,924	25,740,832
Marketable securities restricted for endowment	1,218,312	1,170,265
Marketable securities restricted for capital campaign	315,991	159,626
Pledges receivable - capital campaign	1,329,850	835,000
Total long-term assets	23,044,077	27,905,723
Total assets	\$ 68,950,116	\$ 65,905,198

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Consolidated Statements of Financial Position (Continued)

<i>December 31,</i>	2018	2017
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 1,255,726	\$ 2,102,110
Accrued payroll and benefits	259,690	265,131
Deferred revenue	73,750	67,550
Note payable, current	316,668	316,668
Total current liabilities	1,905,834	2,751,459
Long-term liabilities		
Line of credit	7,768,926	1,929,495
Note payable	1,899,997	2,216,665
Total long-term liabilities	9,668,923	4,146,160
Total liabilities	11,574,757	6,897,619
Commitments and contingencies		
Net assets		
Without donor restrictions		
Property and equipment, net	40,955,095	32,851,560
Undesignated	11,585,570	23,710,220
Total without donor restriction	52,540,665	56,561,780
With donor restrictions		
Purpose or timing restricted	3,616,382	1,275,534
Perpetual in nature	1,218,312	1,170,265
Total with donor restriction	4,834,694	2,445,799
Total net assets	57,375,359	59,007,579
Total liabilities and net assets	\$ 68,950,116	\$ 65,905,198

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Activities

For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Adoptions	\$ 831,952	\$ -	\$ 831,952
Admissions	237,341	-	237,341
Contributions	1,975,892	31,676	2,007,568
Online contributions	721,347	-	721,347
Direct mail	1,238,161	-	1,238,161
Trusts and bequests	2,631,244	48,047	2,679,291
Foundations	155,227	168,793	324,020
Capital campaign	-	3,954,543	3,954,543
Fundraising	559,918	117,036	676,954
Investment loss, net	(3,055,212)	2,744	(3,052,468)
Fees for services	173,016	-	173,016
Other	369,340	-	369,340
Net assets released from restrictions			-
Capital projects	1,543,584	(1,543,584)	-
Operations	390,360	(390,360)	-
Total revenue	7,772,170	2,388,895	10,161,065
Expenses			
Program services	9,777,330	-	9,777,330
Management and general	578,109	-	578,109
Fundraising	1,437,846	-	1,437,846
Total expenses	11,793,285	-	11,793,285
Changes in net assets	(4,021,115)	2,388,895	(1,632,220)
Net assets at beginning of year	56,561,780	2,445,799	59,007,579
Net assets at end of year	\$ 52,540,665	\$ 4,834,694	\$ 57,375,359

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Activities

For the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Adoptions	\$ 764,532	\$ -	\$ 764,532
Admissions	273,219	-	273,219
Contributions	3,978,768	2,158,861	6,137,629
Online contributions	5,605,309	-	5,605,309
Direct mail	1,540,944	43,869	1,584,813
Trusts and bequests	2,174,872	-	2,174,872
Foundations	383,825	779,045	1,162,870
Capital campaign	-	2,861,841	2,861,841
Fundraising	715,328	129,260	844,588
Investment income (loss)	2,840,244	(48,811)	2,791,433
Fees for services	206,178	-	206,178
Other	376,692	5,000	381,692
Net assets released from restrictions			
Capital projects	14,451,676	(14,451,676)	-
Operations	2,226,403	(2,226,403)	-
Total revenue	35,537,990	(10,749,014)	24,788,976
Expenses			
Program services	8,997,835	-	8,997,835
Management and general	745,917	-	745,917
Fundraising	1,443,228	-	1,443,228
Total expenses	11,186,980	-	11,186,980
Changes in net assets	24,351,010	(10,749,014)	13,601,996
Net assets at beginning of year	32,210,770	13,194,813	45,405,583
Net assets at end of year	\$ 56,561,780	\$ 2,445,799	\$ 59,007,579

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

<i>For the year ended December 31, 2018</i>	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	\$ 4,402,205	\$ 253,831	\$ 314,671	\$ 4,970,707
Benefits, training, and taxes	746,465	88,849	36,967	872,281
Total personnel expenses	5,148,670	342,680	351,638	5,842,988
Health care and supplies	1,322,224	-	-	1,322,224
Contract veterinary and deputy services	319,536	-	-	319,536
Education and community outreach	206,113	-	757,658	963,771
Technology and other administrative support	197,341	195,800	288,634	681,775
Maintenance and security	502,399	-	-	502,399
Insurance	304,781	19,409	5,734	329,924
Depreciation	711,716	-	-	711,716
Property taxes	288	-	-	288
Interest expense	362,152	-	-	362,152
Utilities	548,643	12,402	34,182	595,227
Vehicles	153,467	7,818	-	161,285
Total expenses	\$ 9,777,330	\$ 578,109	\$ 1,437,846	\$ 11,793,285

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

<i>For the year ended December 31, 2017</i>	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	\$ 4,303,330	\$ 292,754	\$ 330,677	\$ 4,926,761
Benefits, training, and taxes	638,334	78,791	34,606	751,731
Total personnel expenses	4,941,664	371,545	365,283	5,678,492
Health care and supplies	1,691,575	93	-	1,691,668
Contract veterinary and deputy services	239,738	-	-	239,738
Education and community outreach	153,382	-	784,742	938,124
Technology and other administrative support	176,821	337,111	255,429	769,361
Maintenance and security	517,881	-	-	517,881
Insurance	267,951	18,238	5,095	291,284
Depreciation	330,912	-	-	330,912
Property taxes	476	-	-	476
Interest expense	119,405	-	-	119,405
Utilities	410,938	7,432	32,679	451,049
Vehicles	147,092	11,498	-	158,590
Total expenses	\$ 8,997,835	\$ 745,917	\$ 1,443,228	\$ 11,186,980

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Consolidated Statements of Cash Flows

<i>For the years ended December 31,</i>	2018	2017
Operating activities		
Changes in net assets	\$ (1,632,220)	\$ 13,601,996
Adjustments to reconcile changes in net assets to net assets (used in) provided by operating activities		
Donated stock	-	(523,578)
Net realized and unrealized losses (gains) on investments	3,383,477	(2,478,942)
Depreciation	711,716	330,912
Loss on disposal of property and equipment	97,604	56,900
Contributions restricted for capital acquisitions	(3,954,543)	(2,861,841)
Contributions restricted for perpetual endowment	(48,047)	-
Donated property and equipment	(276,391)	(419,890)
Changes in operating assets and liabilities		
Pledges receivable	338,219	61,054
Other receivables	(30,258)	(73,955)
Prepaid expenses	(105,923)	2,243
Accounts payable	(846,384)	106,003
Accrued payroll and benefits	(5,441)	52,796
Deferred revenue	6,200	(19,793)
Net cash (used in) provided by operating activities	(2,361,991)	7,833,905
Investing activities		
Proceeds from sales of investments	21,551,889	19,596,127
Purchases of investments	(19,865,242)	(14,868,767)
Net change in cash and cash equivalents held as investments	286,372	1,191,067
Purchases of property and equipment	(11,203,391)	(16,077,478)
Proceeds from sales of assets	6,815	-
Net cash used in investing activities	(9,223,557)	(10,159,051)
Financing activities		
Repayment of long-term debt	(316,667)	(316,667)
Borrowings on line of credit	9,445,420	1,929,495
Payments on line of credit	(3,605,990)	-
Proceeds from contributions restricted for capital acquisitions	3,887,186	1,909,595
Proceeds from contributions restricted for perpetual endowment	48,047	-
Net cash provided by financing activities	9,457,996	3,522,423
Net change in cash and cash equivalents	(2,127,552)	1,197,277
Cash and cash equivalents at beginning of year	2,832,397	1,635,120
Cash and cash equivalents at end of year	\$ 704,845	\$ 2,832,397

The accompanying notes are an integral part of these consolidated financial statements.

**Houston Society for the Prevention of Cruelty to Animals
Consolidated Statements of Cash Flows (Continued)**

<i>For the years ended December 31,</i>	2018	2017
Supplemental cash flow information		
Cash paid for interest	\$ 362,152	\$ 119,405
Noncash investing and financing activities		
Accrued property and equipment expenditures	\$ 566,758	\$ 1,731,125

The accompanying notes are an integral part of these consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals

Notes to Consolidated Financial Statements

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

The consolidated financial statements of Houston Society for the Prevention of Cruelty to Animals (collectively, the "Organization") includes Houston Society for the Prevention of Cruelty to Animals ("Houston SPCA") and its wholly owned subsidiary, The Wildlife Center of Texas ("The Wildlife Center"). All significant inter-entity balances and transactions have been eliminated.

The Houston SPCA was founded in 1924 and is the oldest and largest animal protection agency in the Gulf Coast area, providing sheltering, adoption, humane education, and cruelty relief services to more than 40,000 animals a year.

The Wildlife Center was formed in 1992 to meet the increasing need for wildlife assistance in the Greater Houston and Upper Gulf Coast. The mission of The Wildlife Center is to care for injured, ill, and orphaned wildlife through rehabilitation, public education, and release.

The Organization is funded primarily by donations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its consolidated financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's consolidated financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

The accompanying information from the 2017 consolidated financial statements has been restated to conform to the 2018 presentation and disclosure requirements of ASU 2016-14.

Houston Society for the Prevention of Cruelty to Animals Notes to the Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 56,561,780	\$ -
Temporarily restricted net assets	1,275,534	-
Permanently restricted net assets	1,170,265	-
Net assets without donor restrictions	-	56,561,780
Net assets with donor restrictions	-	2,445,799
Total net assets	\$ 59,007,579	\$ 59,007,579

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

With Donor Restrictions: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes.

Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Without Donor Restrictions: Net assets not subject to donor-imposed stipulations.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash equivalents.

Pledges Receivable and Other Receivables

Pledges receivable and unconditional promises to give are recorded when the Organization receives notification of the pledge or promise to give. Amounts that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Management considers all outstanding receivables to be collectible. Accordingly, no allowance for doubtful accounts is considered necessary at December 31, 2018 and 2017.

Houston Society for the Prevention of Cruelty to Animals

Notes to the Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketable Securities

Investments in marketable securities are recorded at fair value. Investment return includes interest, dividends, and realized and unrealized gains or losses. Investment return is reported in the consolidated statements of activities as an increase in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in net assets with donor restrictions until expended in accordance with the donor-imposed restrictions.

Concentration of Credit Risk

At times throughout the years, the Organization may maintain certain bank accounts in excess of the Federal Deposit Insurance Corporation insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of the federally insured limit. Management believes that it is not exposed to any significant credit risk on cash accounts due to the strength of the financial institutions in which the funds are held.

As of December 31, 2018 and 2017, pledges due from two donors and five donors accounted for 61% and 60% of outstanding pledge receivables, respectively. As of December 31, 2018 and 2017, a balance due from one university and two estates accounted for 91% and 100%, respectively, of outstanding other receivables.

Property and Equipment

Property and equipment are recorded at cost if purchased, or in the case of donated property, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed by use of the straight-line method for financial reporting purposes.

Depreciation is provided by the straight-line method over the following useful lives:

Building and improvements	30-40 years
Property improvements	20 years
Furniture and equipment	3-10 years

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures, which materially increase values or extend useful lives of property and equipment, are capitalized.

Impairment of Long-Lived Assets

The Organization's long-lived assets are evaluated for impairment in accordance with generally accepted accounting principles, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference

Houston Society for the Prevention of Cruelty to Animals

Notes to the Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. Management believes no impairment has occurred with respect to long-lived assets at December 31, 2018 and 2017.

Deferred Revenue

Deferred revenue represents sponsorships for fundraising events set to occur in a future period. Deferred revenue is recognized as revenue in the year the fundraising event is held.

Compensated Absences

Compensated absences for sick, personal, and vacation time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Fair Value Considerations

The Organization uses fair value to measure certain financial and nonfinancial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

Cash and cash equivalents, receivables, marketable securities, and payables are carried in the accompanying consolidated statements of financial position at amounts which reasonably approximate fair value because of their short term nature. Based on market interest rates for similar loans, the fair value of long-term debt approximates their carrying value.

Contributions

The Organization's contributions are considered to be available without restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor stipulated time restriction ends or stipulated purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For the year ended December 31, 2018, there was one donor which accounted for 14% of contributions. For the year ended December 31, 2017, there were no donors that accounted for a concentration of contributions.

Houston Society for the Prevention of Cruelty to Animals Notes to the Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Program Services

Fees collected for admissions, adoptions and other programs are recognized as being earned in the accompanying consolidated statements of activities when services are rendered.

Donated Materials and Services

The Organization recognizes donated materials and services at their fair value when an unconditional commitment is received from the donor. The related expense for donated materials is recognized as the item is used. The related expense for donated services is recognized in the period received if the services received create or enhance nonfinancial assets that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended December 31, 2017, the Organization recognized health care and supplies expenses for preventive medicine donated by manufacturers of approximately \$300,000. The Organization stopped receiving health care and supplies in 2018. For the years ended December 31, 2018 and 2017, the Organization recognized animal food expenses donated of approximately \$211,000 and \$137,000, respectively. Additionally, for the years ended December 31, 2018 and 2017, the Organization recognized donated architect services of approximately \$274,000 and \$198,000, respectively, related to construction of the new facility. During 2017, the Organization also received donated furniture and equipment for the new facility totaling approximately \$221,000. The organization did not receive such a donation in 2018.

A substantial number of unpaid volunteers make significant contributions of their time to develop the Organization's programs. The value of the contributed time is not reflected in these consolidated statements because it does not require a specialized skill or create or enhance a nonfinancial asset.

During 2017, a substantial amount of animal supplies, animal food and other animal care items were donated to provide support to various local organizations in their disaster relief efforts as a result of Hurricane Harvey. The value of these contributed items is not reflected in the consolidated statements as the items were distributed to other local organizations. The estimated value of these items totaled approximately \$226,000.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are personnel expenses, which are allocated on the basis of estimates of time and effort; technology and other administrative support, which are allocated based on the users of computers and phones; insurance, which is allocated based on average headcount; depreciation and utilities, which are allocated based on the departments benefiting from the costs; and vehicles, which are allocated based on the departments using the vehicles.

Houston Society for the Prevention of Cruelty to Animals

Notes to the Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Organization uses advertising through TV, radio and other media to promote its programs in the area it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2018 and 2017, totaled \$113,775 and \$127,328, respectively.

Federal Income Taxes

The Houston SPCA and The Wildlife Center are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been made in these consolidated financial statements.

The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2018 and 2017, management believes there were no uncertain tax positions.

Use of Estimates

The preparation of the consolidated 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 amount of assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements. Actual results could vary from the estimates that were used.

Subsequent Events

The Organization has evaluated subsequent events through the date the consolidated financial statements were available for issuance on August 21, 2019. No matters were identified affecting the accompanying consolidated financial statements or related disclosures.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. The reclassification had no effect on changes in net assets.

Recent Financial Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which an organization serves as a resource recipient for fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of the guidance on its consolidated financial statements.

Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

NOTE 3: LIQUIDITY

The Organization has a strong financial base with access to liquid funds. The Organization has \$23,408,706 available to meet cash needs, with \$21,177,634 of liquid financial assets and \$2,231,074 of available Line of Credit with Cadence Bank. The Organization has been able to achieve this strong position over the years by investing its cash in excess of daily requirements into a balance portfolio of marketable securities. The marketable securities are designed to fund the long-term needs of the Organization, but can be made immediately available if an unforeseen liquidity need emerged.

The following table reflects the Organization's financial assets (cash and cash equivalents, receivables and marketable securities) as of December 31, 2018, reduced by amounts not available for general expenditures within one year.

<i>December 31,</i>	2018
Total financial assets	
Cash and cash equivalents	\$ 704,845
Pledges receivable	2,574,001
Other receivables	201,713
Marketable securities	21,714,227
Less those unavailable for general expenditure within one year due to:	
Pledges receivable restricted to capital	(2,482,849)
Marketable securities restricted to capital	(315,991)
Marketable securities restricted to endowment - perpetual in nature	(1,218,312)
Amounts available for general expenditures within one year	\$ 21,177,634

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consist of the following:

<i>December 31,</i>	2018	2017
Receivable in less than one year	\$ 1,244,151	\$ 2,009,863
Receivable in one to five years	1,329,850	835,000
	\$ 2,574,001	\$ 2,844,863



Houston Society for the Prevention of Cruelty to Animals Notes to the Consolidated Financial Statements

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three tier fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

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

Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity.

The Houston SPCA holds certain investments with UBS Financial Services, Inc. to be held for the exclusive benefit of the Houston SPCA. The Houston SPCA retains all rights to these funds and paid administrative fees totaling \$260,188 and \$174,119, for the years ended December 31, 2018 and 2017, respectively. Level 1 investments primarily consist of equity securities and mutual funds, which are traded in active markets. Level 2 investments consist of corporate bonds, asset-backed securities and U.S. government or agency obligations which are valued using recent executed transactions and market price quotations and asset-backed securities which are valued by the custodian using pricing models that utilize variables such as yield curves, prepayment speeds, default rates, loss severity, interest rate volatilities and spreads.

Houston Society for the Prevention of Cruelty to Animals Notes to the Consolidated Financial Statements

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

The values of assets measured at fair value on a recurring basis are as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
December 31, 2018				
Cash and cash equivalents	\$ 1,170,246	\$ -	\$ -	\$ 1,170,246
Corporate stocks	15,289,942	-	-	15,289,942
Mutual funds	2,560,619	-	-	2,560,619
Corporate bonds	-	918,434	-	918,434
Asset-backed securities	-	1,023,088	-	1,023,088
Preferred securities	-	60,381	-	60,381
U.S. government or agency obligations	-	691,517	-	691,517
	\$ 19,020,807	\$ 2,693,420	\$ -	\$ 21,714,227
December 31, 2017				
Cash and cash equivalents	\$ 1,603,830	\$ -	\$ -	\$ 1,603,830
Corporate stocks	19,688,987	-	-	19,688,987
Corporate bonds	-	1,879,074	-	1,879,074
Asset-backed securities	-	1,701,710	-	1,701,710
U.S. government or agency obligations	-	2,197,122	-	2,197,122
	\$ 21,292,817	\$ 5,777,906	\$ -	\$ 27,070,723

Investments are exposed to various risks such as interest rate risk, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position and the consolidated statements of activities.

Houston Society for the Prevention of Cruelty to Animals Notes to the Consolidated Financial Statements

NOTE 6: LONG-TERM DEBT

The Houston SPCA had a note payable agreement with Cadence bank for \$3,000,000 with an annual interest rate of 3.80%. The loan matures on June 15, 2023 and is secured by all property owned by the Houston SPCA in Harris County, Texas. Interest only payments are due each month through the maturity date along with annual principal reduction payments of \$316,667 per the terms of the agreement. Unpaid interest and principal is due at maturity. The note payable balance at December 31, 2018 and 2017 was \$2,216,665 and \$2,533,333, respectively.

The following is a summary of future minimum principal payments of the note payable:

<i>Year ending December 31,</i>	
2019	\$ 316,668
2020	316,668
2021	316,668
2022	316,668
2023	949,993
	\$ 2,216,665

NOTE 7: LINE OF CREDIT

On June 15, 2016, Houston SPCA entered into a revolving line of credit agreement with Cadence Bank totaling \$10,000,000 to finance the construction of certain real property in Houston, Texas. The line of credit is collateralized by property owned by Houston SPCA in Harris County, Texas. Borrowings under the credit agreement bear interest at the greater of the effective index rate or 3.50% and are payable monthly. As of December 31, 2018, the index rate was 4.50%. The line of credit matures on June 15, 2021 when all outstanding principal is due. Funds will be drawn as needed during construction. As of December 31, 2018, and 2017, \$7,768,926 and \$1,929,495 is outstanding on the line of credit, respectively.

NOTE 8: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets totaling \$1,543,584 and \$14,451,676 were released from donor restrictions related to capital projects for the years ended December 31, 2018 and 2017, respectively. An additional \$390,360 and \$2,226,403 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors for the years ended December 31, 2018 and 2017, respectively.

Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

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

<i>December 31,</i>	2018	2017
Subject to expenditure for specific purpose		
Capital campaign	\$ 2,560,112	\$ 146,409
Disaster relief	660,476	662,232
Programs	390,794	381,893
Restricted to periods ending after December 31,	5,000	85,000
Subject to the Organization's spending policy and appropriation -		
Perpetual endowment fund	1,218,312	1,170,265
	\$ 4,834,694	\$ 2,445,799

ASU 2016-14 eliminates the over-time approach for the expiration of restrictions on capital gifts and requires the use of the placed-in-service approach in the absence of donor explicit stipulations otherwise. The Organization obtained donations for construction of the new facility under its ongoing capital campaign. As of December 31, 2018, \$2,560,112 of net assets remained with donor restrictions until the assets are placed in service. Phase II of the capital campaign is still under construction as of December 31, 2018.

NOTE 10: ENDOWMENT

The Organization has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The Organization is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) which has been enacted by the State of Texas. The management of the Organization has interpreted TUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as net assets with donor restriction - perpetual in nature (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulation to the donor-restricted endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets donor restricted - perpetual in nature is available for expenditure and appropriated by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA.

In accordance with TUPMIFA, the Organization considers the following factors in making determination to appropriate accumulated donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments

Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

NOTE 10: ENDOWMENT (Continued)

(6) Other resources of the Organization

(7) The investment policies and objectives of the Organization

The Walter O. Caldwell, Jr. Fund Endowment and Melvin Davis Fund Endowment (collectively the “Endowments”) were established to support the Organization and its mission into the future. These Endowments are held with UBS. It was the Board of Directors’ objective not to be involved in the day-to-day investing of funds and to rely on the expertise of the UBS and their investment policy, objectives and guidelines. Under this policy, the endowment assets are invested in accordance with the investment polices approved by the Board of Directors.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. No deficiencies of this nature exist as of December 31, 2018 or 2017.

The Houston SPCA’s Board of Directors has established an Investment Portfolio Strategy policy. The Houston SPCA Investment and Finance Committees review the distribution policy at least annually and make recommendations to the Board of Directors based on their review. This policy does not include the Capital Campaign Fund or the Caldwell Fund.

Endowment net assets consisted of the following:

<i>December 31,</i>	2018	2017
Net assets without donor restrictions	\$ 7,969	\$ 2,731
Donor-restricted endowment funds - original donor restricted gift amount required to be retained by the donor	1,218,312	1,170,265
	\$ 1,226,281	\$ 1,172,996

Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

NOTE 10: ENDOWMENT (Continued)

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2017	\$ 938	\$ 1,170,265	\$ 1,171,203
Contributions	-	-	-
Investment return			
Investment income	348,011	-	348,011
Amounts appropriated for expenditure	(346,218)	-	(346,218)
Endowment net assets, December 31, 2017	\$ 2,731	\$ 1,170,265	\$ 1,172,996
Contributions	-	48,047	48,047
Investment return			
Investment income	5,238	-	5,238
Amounts appropriated for expenditure	-	-	-
Endowment net assets, December 31, 2018	\$ 7,969	\$ 1,218,312	\$ 1,226,281

NOTE 11: DEFINED CONTRIBUTION PLAN

The Organization provides a defined contribution plan under Section 403(b) of the Internal Revenue Code. Under the plan, eligible employees may contribute up to eighty-five percent of their salary but not to exceed the legal limit. The Organization's match is equal to fifty percent of employee contributions up to a maximum contribution of three percent of the participant's compensation. Organization contributions totaled \$51,295 and \$46,134 for the years ended December 31, 2018 and 2017, respectively.

NOTE 12: COMMITMENTS AND CONTINGENCIES

In 2018, Houston SPCA increased its commitment under a construction contract for the second phase of its new facility with a local contractor. Total construction costs are estimated to be \$14 million. As of December 31, 2018, construction costs of \$7 million have been incurred.

The Organization rents a warehouse for the storage of animal supplies and animal welfare equipment that expires January 31, 2021. Future minimum lease payments under the lease are as follows:

<i>For the years ending December 31,</i>	2018
2019	\$ 39,034
2020	40,205
2021	3,359
Total	\$ 82,598

Rent expense for the year ended December 31, 2018 totaled \$44,535, which is included in utilities expense in the accompanying consolidated financial statements.



Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

NOTE 13: CONDITIONAL PROMISES TO GIVE

As of December 31, 2018, the Organization had conditional promises to give totaling \$1,470,150. Included in this is \$250,000 for which payment of the funds are contingent upon compliance with the grantor's terms and conditions, and \$1,220,150 for which payment of the funds are contingent upon matching contributions of the capital campaign.



SUPPLEMENTARY INFORMATION

Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position

<i>December 31, 2018</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	\$ 662,113	\$ 42,732	\$ -	\$ 704,845
Pledges receivable	91,152	-	-	91,152
Pledges receivable - capital campaign	1,152,999	-	-	1,152,999
Other receivables	201,713	-	-	201,713
Due from affiliate	694,078	-	(694,078)	-
Prepaid expenses	239,882	241	-	240,123
Total current assets	3,041,937	42,973	(694,078)	2,390,832
Property and equipment				
Land	7,005,836	-	-	7,005,836
Buildings and improvements	31,052,737	-	-	31,052,737
Property improvements	628,080	-	-	628,080
Furniture and equipment	2,546,157	108,208	-	2,654,365
Construction in progress	6,701,668	-	-	6,701,668
Accumulated depreciation	(4,443,721)	(83,758)	-	(4,527,479)
Property and equipment, net	43,490,757	24,450	-	43,515,207
Long-term assets				
Marketable securities	20,179,924	-	-	20,179,924
Marketable securities restricted for endowment	1,218,312	-	-	1,218,312
Marketable securities restricted for capital campaign	315,991	-	-	315,991
Pledges receivable - capital campaign	1,329,850	-	-	1,329,850
Total long-term assets	23,044,077	-	-	23,044,077
Total assets	\$ 69,576,771	\$ 67,423	\$ (694,078)	\$ 68,950,116

See Independent Auditors' Report

Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position (Continued)

<i>December 31, 2018</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 1,254,716	\$ 1,010	\$ -	\$ 1,255,726
Accrued payroll and benefits	259,690	-	-	259,690
Due to affiliate	-	694,078	(694,078)	-
Deferred revenue	73,750	-	-	73,750
Note payable, current	316,668	-	-	316,668
Total current liabilities	1,904,824	695,088	(694,078)	1,905,834
Long-term liabilities				
Line of credit	7,768,926	-	-	7,768,926
Note payable	1,899,997	-	-	1,899,997
Total long-term liabilities	9,668,923	-	-	9,668,923
Total liabilities	11,573,747	695,088	(694,078)	11,574,757
Commitments and contingencies				
Net assets				
Without donor restrictions				
Property and equipment, net	40,930,645	24,450	-	40,955,095
Undesignated	12,254,917	(669,347)	-	11,585,570
Total without donor restrictions	53,185,562	(644,897)	-	52,540,665
With donor restrictions				
Purpose or timing restricted	3,599,150	17,232	-	3,616,382
Perpetual in nature	1,218,312	-	-	1,218,312
Total with donor restrictions	4,817,462	17,232	-	4,834,694
Total net assets	58,003,024	(627,665)	-	57,375,359
Total liabilities and net assets	\$ 69,576,771	\$ 67,423	\$ (694,078)	\$ 68,950,116

See Independent Auditors' Report

Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position

<i>December 31, 2017</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	\$ 2,689,180	\$ 143,217	\$ -	\$ 2,832,397
Pledges receivable	361,871	-	-	361,871
Pledges receivable - capital campaign	1,647,992	-	-	1,647,992
Other receivables	171,455	-	-	171,455
Due from affiliate	266,112	-	(266,112)	-
Prepaid expenses	133,804	396	-	134,200
Total current assets	5,270,414	143,613	(266,112)	5,147,915
Property and equipment				
Land	7,005,836	-	-	7,005,836
Buildings and improvements	3,678,678	-	-	3,678,678
Property improvements	1,146,757	-	-	1,146,757
Furniture and equipment	2,163,651	97,664	-	2,261,315
Construction in progress	23,045,144	-	-	23,045,144
Accumulated depreciation	(4,209,298)	(76,872)	-	(4,286,170)
Property and equipment, net	32,830,768	20,792	-	32,851,560
Long-term assets				
Marketable securities	25,740,832	-	-	25,740,832
Marketable securities restricted for endowment	1,170,265	-	-	1,170,265
Marketable securities restricted for capital campaign	159,626	-	-	159,626
Pledges receivable - capital campaign	835,000	-	-	835,000
Total long-term assets	27,905,723	-	-	27,905,723
Total assets	\$ 66,006,905	\$ 164,405	\$ (266,112)	\$ 65,905,198

See Independent Auditors' Report

Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position (Continued)

<i>December 31, 2017</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 2,100,832	\$ 1,278	\$ -	\$ 2,102,110
Accrued payroll and benefits	265,131	-	-	265,131
Due to affiliate	-	266,112	(266,112)	-
Deferred revenue	67,550	-	-	67,550
Note payable, current	316,668	-	-	316,668
Total current liabilities	2,750,181	267,390	(266,112)	2,751,459
Long-term liabilities				
Line of credit	1,929,495	-	-	1,929,495
Note payable	2,216,665	-	-	2,216,665
Total long-term liabilities	4,146,160	-	-	4,146,160
Total liabilities	6,896,341	267,390	(266,112)	6,897,619
Commitments and contingencies				
Net assets				
Without donor restrictions				
Property and equipment, net	32,830,768	20,792	-	32,851,560
Undesignated	23,931,229	(221,009)	-	23,710,220
Total without donor restrictions	56,761,997	(200,217)	-	56,561,780
With donor restrictions				
Purpose or timing restricted	1,178,302	97,232	-	1,275,534
Perpetual in nature	1,170,265	-	-	1,170,265
Total with donor restrictions	2,348,567	97,232	-	2,445,799
Total net assets	59,110,564	(102,985)	-	59,007,579
Total liabilities and net assets	\$ 66,006,905	\$ 164,405	\$ (266,112)	\$ 65,905,198

See Independent Auditors' Report

Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Activities

For the year ended December 31, 2018

	Houston SPCA			Wildlife Center of Texas			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenue								
Adoptions	\$ 831,952	\$ -	\$ 831,952	\$ -	\$ -	\$ -	\$ -	\$ 831,952
Admissions	153,205	-	153,205	84,136	-	84,136	-	237,341
Contributions	1,771,049	26,676	1,797,725	204,843	5,000	209,843	-	2,007,568
Online contributions	721,347	-	721,347	-	-	-	-	721,347
Direct mail	1,238,161	-	1,238,161	-	-	-	-	1,238,161
Trusts and bequests	2,631,244	48,047	2,679,291	-	-	-	-	2,679,291
Foundations	124,227	168,793	293,020	31,000	-	31,000	-	324,020
Capital campaign	-	3,954,543	3,954,543	-	-	-	-	3,954,543
Fundraising	518,254	117,036	635,290	41,664	-	41,664	-	676,954
Investment income	(3,055,212)	2,744	(3,052,468)	-	-	-	-	(3,052,468)
Fees for services	173,016	-	173,016	-	-	-	-	173,016
Other	614,894	-	614,894	10,946	-	10,946	(256,500)	369,340
Net assets released from restrictions								
Capital projects	1,543,584	(1,543,584)	-	-	-	-	-	-
Operations	305,360	(305,360)	-	85,000	(85,000)	-	-	-
Total revenue	7,571,081	2,468,895	10,039,976	457,589	(80,000)	377,589	(256,500)	10,161,065
Expenses								
Program services	9,183,736	-	9,183,736	850,094	-	850,094	(256,500)	9,777,330
Management and general	557,088	-	557,088	21,021	-	21,021	-	578,109
Fundraising	1,406,692	-	1,406,692	31,154	-	31,154	-	1,437,846
Total expenses	11,147,516	-	11,147,516	902,269	-	902,269	(256,500)	11,793,285
Changes in net assets	(3,576,435)	2,468,895	(1,107,540)	(444,680)	(80,000)	(524,680)	-	(1,632,220)
Net assets at beginning of year	56,761,997	2,348,567	59,110,564	(200,217)	97,232	(102,985)	-	59,007,579
Net assets at end of year	\$ 53,185,562	\$ 4,817,462	\$ 58,003,024	\$ (644,897)	\$ 17,232	\$ (627,665)	\$ -	\$ 57,375,359

See Independent Auditors' Report

Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Activities

For the year ended December 31, 2017

	Houston SPCA			Wildlife Center of Texas			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenue								
Adoptions	\$ 764,532	\$ -	\$ 764,532	\$ -	\$ -	\$ -	\$ -	\$ 764,532
Admissions	174,877	-	174,877	98,342	-	98,342	-	273,219
Contributions	3,600,785	2,053,371	5,654,156	377,983	105,490	483,473	-	6,137,629
Online contributions	5,605,309	-	5,605,309	-	-	-	-	5,605,309
Direct mail	1,540,944	43,869	1,584,813	-	-	-	-	1,584,813
Trusts and bequests	2,174,872	-	2,174,872	-	-	-	-	2,174,872
Foundations	372,825	779,045	1,151,870	11,000	-	11,000	-	1,162,870
Capital campaign	-	2,861,841	2,861,841	-	-	-	-	2,861,841
Fundraising	715,328	129,260	844,588	-	-	-	-	844,588
Investment income (loss)	2,840,244	(48,811)	2,791,433	-	-	-	-	2,791,433
Fees for services	206,178	-	206,178	-	-	-	-	206,178
Other	440,408	-	440,408	11,284	5,000	16,284	(75,000)	381,692
Net assets released from restrictions								
Capital projects	14,451,676	(14,451,676)	-	-	-	-	-	-
Operations	2,133,822	(2,133,822)	-	92,581	(92,581)	-	-	-
Total revenue	35,021,800	(10,766,923)	24,254,877	591,190	17,909	609,099	(75,000)	24,788,976
Expenses								
Program services	8,462,367	-	8,462,367	610,468	-	610,468	(75,000)	8,997,835
Management and general	722,413	-	722,413	23,504	-	23,504	-	745,917
Fundraising	1,418,555	-	1,418,555	24,673	-	24,673	-	1,443,228
Total expenses	10,603,335	-	10,603,335	658,645	-	658,645	(75,000)	11,186,980
Changes in net assets	24,418,465	(10,766,923)	13,651,542	(67,455)	17,909	(49,546)	-	13,601,996
Net assets at beginning of year	32,343,532	13,115,490	45,459,022	(132,762)	79,323	(53,439)	-	45,405,583
Net assets at end of year	\$ 56,761,997	\$ 2,348,567	\$ 59,110,564	\$ (200,217)	\$ 97,232	\$ (102,985)	\$ -	\$ 59,007,579

See Independent Auditors' Report.