

**SPCA OF WAKE COUNTY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**



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**SPCA OF WAKE COUNTY, INC.  
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CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
SPCA of Wake County, Inc.  
Raleigh, North Carolina

We have audited the accompanying financial statements of SPCA of Wake County, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the 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 the 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 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 auditors' 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.

Board of Directors  
SPCA of Wake County, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter Regarding a Change in Accounting Principle***

As discussed in Note 2, the Organization adopted a recently issued accounting standard related to the presentation of the financial statements for nonprofit entities. The new standards required changes in the presentation of the financial statements and related disclosures. The accounting change has been retrospectively applied to prior periods presented as if the policy had always been in use. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Raleigh, North Carolina  
September 25, 2019

**SPCA OF WAKE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 514,887	\$ 358,261
Marketable Securities	680,596	650,761
Receivables:		
Pledge Receivables	210,069	14,119
Refundable Taxes	9,279	8,015
Inventories	44,971	36,318
Prepaid Expenses	16,596	23,196
Total Current Assets	<u>1,476,398</u>	<u>1,090,670</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Land and Improvements	689,833	689,833
Building and Improvements	3,600,818	3,600,818
Vehicles	27,269	27,269
Furniture, Fixtures, and Equipment	647,340	623,451
Subtotal	<u>4,965,260</u>	<u>4,941,371</u>
Less: Accumulated Depreciation	2,214,354	2,072,608
Property and Equipment, Net	<u>2,750,906</u>	<u>2,868,763</u>
 <b>OTHER ASSETS</b>		
Cash Surrender Value of Life Insurance Policies	43,327	41,820
Property Held for Resale	700	700
	<u>44,027</u>	<u>42,520</u>
 Total Assets	 <u><u>\$ 4,271,331</u></u>	 <u><u>\$ 4,001,953</u></u>

See accompanying Notes to Financial Statements.



**SPCA OF WAKE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ 75,000	\$ -
Accounts Payable	84,253	69,621
Accrued Expenses:		
Accrued Wages and Payroll Liabilities	79,589	63,615
Accrued Vacation	64,377	73,848
Accrued Interest	557	557
Other	20,905	17,503
Deferred Grant Revenue	279	871
Current Portion of Capital Lease	9,173	8,276
Current Portion of Note Payable	<u>34,536</u>	<u>33,249</u>
Total Current Liabilities	368,669	267,540
<b>LONG-TERM CAPITAL LEASE, LESS CURRENT MATURITIES</b>	1,685	9,173
<b>NOTE PAYABLE, LESS CURRENT MATURITIES</b>	<u>427,947</u>	<u>462,313</u>
Total Liabilities	798,301	739,026
<b>NET ASSETS</b>		
Without Donor Restrictions	3,047,448	3,148,422
With Donor Restrictions	<u>425,582</u>	<u>114,505</u>
Total Net Assets	<u>3,473,030</u>	<u>3,262,927</u>
Total Liabilities and Net Assets	<u>\$ 4,271,331</u>	<u>\$ 4,001,953</u>

See accompanying Notes to Financial Statements.

**SPCA OF WAKE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>SUPPORT, REVENUES, AND GAINS</b>			
Contributions, Including In-Kind Contributions of \$764,793	\$ 3,072,394	\$ 306,398	\$ 3,378,792
Adoption and Surrender Fees	352,065	-	352,065
Spay Neuter Clinic Rent	7,244	-	7,244
Special Events	600,887	-	600,887
Retail Sales	124,043	-	124,043
Other Fees and Services	25,819	-	25,819
Investment Income:			
Net Realized Gain on Sale of Marketable Securities, Net of Expense	14,947	-	14,947
Net Appreciation in Fair Value of Marketable Securities	(4,131)	4,516	385
Interest and Dividends	13,740	163	13,903
Total Support, Revenues, and Gains	<u>4,207,008</u>	<u>311,077</u>	<u>4,518,085</u>
<b>EXPENSES</b>			
Program Services	3,503,354	-	3,503,354
General and Administrative	309,664	-	309,664
Fundraising	494,964	-	494,964
Total Expenses	<u>4,307,982</u>	<u>-</u>	<u>4,307,982</u>
<b>CHANGE IN NET ASSETS</b>	(100,974)	311,077	210,103
Net Assets - Beginning of Year	<u>3,148,422</u>	<u>114,505</u>	<u>3,262,927</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 3,047,448</u></u>	<u><u>\$ 425,582</u></u>	<u><u>\$ 3,473,030</u></u>

See accompanying Notes to Financial Statements.

**SPCA OF WAKE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>SUPPORT, REVENUES, AND GAINS</b>			
Contributions, Including In-Kind Contributions of \$469,783	\$ 2,471,295	\$ 1,700	\$ 2,472,995
Adoption and Surrender Fees	279,680	-	279,680
Spay Neuter Clinic Rent	43,041	-	43,041
Special Events	658,056	-	658,056
Retail Sales	114,586	-	114,586
Other Fees and Services	27,209	-	27,209
Investment Income:			
Net Realized Gain on Sale of Marketable Securities, Net of Expense	16,334	-	16,334
Net Appreciation in Fair Value of Marketable Securities	8,304	(812)	7,492
Interest and Dividends	11,475	843	12,318
Total Support, Revenues, and Gains	<u>3,629,980</u>	<u>1,731</u>	<u>3,631,711</u>
<b>EXPENSES</b>			
Program Services	3,187,320	-	3,187,320
General and Administrative	321,592	-	321,592
Fundraising	487,007	-	487,007
Total Expenses	<u>3,995,919</u>	<u>-</u>	<u>3,995,919</u>
<b>CHANGE IN NET ASSETS</b>	(365,939)	1,731	(364,208)
Net Assets - Beginning of Year	<u>3,514,361</u>	<u>112,774</u>	<u>3,627,135</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 3,148,422</u></u>	<u><u>\$ 114,505</u></u>	<u><u>\$ 3,262,927</u></u>

See accompanying Notes to Financial Statements.



**SPCA OF WAKE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	Program Services	General and Administrative	Fundraising	Total
<b>EXPENSES</b>				
Salaries and Benefits	\$ 1,706,517	\$ 207,263	\$ 86,826	\$ 2,000,606
Fundraising and Other Events	210,562	16,991	256,278	483,831
Retail Sales	53,914	-	-	53,914
Shelter, Supplies, and Services, Including				
In-Kind Expenses of \$764,793	910,472	-	-	910,472
Medical/Veterinarian/Spay/Neuter Fund	115,935	-	-	115,935
Capital Campaign	-	-	147,248	147,248
Training and Development	13,538	5,792	893	20,223
Professional Fees	-	14,355	-	14,355
Insurance - General	19,644	1,087	95	20,826
Travel	4,514	157	51	4,722
Utilities	121,828	1,434	599	123,861
Repairs and Maintenance	31,451	455	168	32,074
Postage	500	15,873	690	17,063
Merchant and Bank Fees	20,689	36,148	-	56,837
Office and Computer	109,207	4,030	542	113,779
Dues and Subscriptions	2,632	24	10	2,666
Taxes and Licenses	457	-	404	861
Community Outreach and Advertising	1,663	-	-	1,663
Loan Interest	25,232	441	184	25,857
Miscellaneous	15,354	3,856	233	19,443
Total Expenses Before				
Depreciation and Amortization	3,364,109	307,906	494,221	4,166,236
Depreciation and Amortization	139,245	1,758	743	141,746
Total Expenses	<u>\$ 3,503,354</u>	<u>\$ 309,664</u>	<u>\$ 494,964</u>	<u>\$ 4,307,982</u>

See accompanying Notes to Financial Statements.

**SPCA OF WAKE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Program Services	General and Administrative	Fundraising	Total
<b>EXPENSES</b>				
Salaries and Benefits	\$ 1,559,746	\$ 221,987	\$ 101,109	\$ 1,882,842
Fundraising and Other Events	234,924	20,406	379,645	634,975
Retail Sales	48,504	-	-	48,504
Shelter, Supplies, and Services, Including In-Kind Expenses of \$469,783	641,906	-	-	641,906
Medical/Veterinarian/Spay/Neuter Fund	202,879	-	-	202,879
Training and Development	19,747	6,915	2,162	28,824
Professional Fees	-	18,930	-	18,930
Insurance - General	17,061	804	61	17,926
Travel	3,315	5	2	3,322
Utilities	109,473	946	393	110,812
Repairs and Maintenance	32,386	482	180	33,048
Postage	3,167	8,712	1,671	13,550
Merchant and Bank Fees	17,778	32,067	-	49,845
Office and Computer	104,751	3,672	540	108,963
Dues and Subscriptions	2,256	341	12	2,609
Taxes and Licenses	-	-	202	202
Loan Interest	21,915	383	160	22,458
Miscellaneous	9,394	3,848	-	13,242
Total Expenses Before Depreciation and Amortization	3,029,202	319,498	486,137	3,834,837
Depreciation and Amortization	158,118	2,094	870	161,082
Total Expenses	<u>\$ 3,187,320</u>	<u>\$ 321,592</u>	<u>\$ 487,007</u>	<u>\$ 3,995,919</u>

See accompanying Notes to Financial Statements.

**SPCA OF WAKE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 210,103	\$ (364,208)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and Unrealized Gain on Investments	(28,894)	(29,826)
Depreciation and Amortization	141,746	161,082
Increase in Cash Surrender Value of Life Insurance Policies	(1,507)	(1,644)
Changes in Assets and Liabilities:		
Accounts Receivable	(197,214)	(18,583)
Inventories	(8,653)	(10,526)
Prepaid Expenses	6,600	(4,540)
Accounts Payable	14,632	5,677
Accrued Expenses	9,905	38,745
Deferred Revenue	(592)	-
Net Cash Provided (Used) by Operating Activities	<u>146,126</u>	<u>(223,823)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Marketable Securities, Net	(941)	(110,479)
Purchase of Capital Expenditures	<u>(23,889)</u>	<u>(35,331)</u>
Net Cash Used by Investing Activities	<u>(24,830)</u>	<u>(145,810)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings on Line of Credit	75,000	-
Payments on Note Payable	(33,079)	(31,967)
Payment on Capital Lease	<u>(6,591)</u>	<u>(7,465)</u>
Net Cash Provided (Used) by Financing Activities	<u>35,330</u>	<u>(39,432)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	156,626	(409,065)
Cash and Cash Equivalents - Beginning of Year	<u>358,261</u>	<u>767,326</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 514,887</u></u>	<u><u>\$ 358,261</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u><u>\$ 25,857</u></u>	<u><u>\$ 22,458</u></u>

See accompanying Notes to Financial Statements.