

**SPCA OF WAKE COUNTY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**



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**SPCA OF WAKE COUNTY, INC.  
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YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 to the financial statements, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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  
November 18, 2020

**SPCA OF WAKE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,244,386	\$ 514,887
Marketable Securities	706,021	680,596
Receivables:		
Pledge Receivables	-	210,069
Refundable Taxes	6,698	9,279
Clinic Receivable	15,085	-
Inventories	45,983	44,971
Prepaid Expenses	39,739	16,596
Total Current Assets	<u>2,057,912</u>	<u>1,476,398</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	1,028,325	647,340
Subtotal	<u>5,346,245</u>	<u>4,965,260</u>
Less: Accumulated Depreciation	<u>2,329,955</u>	<u>2,214,354</u>
Property and Equipment, Net	3,016,290	2,750,906
<b>OTHER ASSETS</b>		
Cash Surrender Value of Life Insurance Policies	45,401	43,327
Property Held for Resale	-	700
	<u>45,401</u>	<u>44,027</u>
 Total Assets	 <u><u>\$ 5,119,603</u></u>	 <u><u>\$ 4,271,331</u></u>

See accompanying Notes to Financial Statements.



**SPCA OF WAKE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ -	\$ 75,000
Accounts Payable	44,891	84,253
Accrued Expenses:		
Accrued Wages and Payroll Liabilities	12,365	79,589
Accrued Vacation	80,202	64,377
Accrued Interest	557	557
Other	17,169	20,905
Deferred Grant Revenue	-	279
Current Portion of Capital Lease	8,165	9,173
Current Portion of Notes Payable	<u>145,751</u>	<u>34,536</u>
Total Current Liabilities	309,100	368,669
<b>CAPITAL LEASE OBLIGATION, LESS CURRENT MATURITIES</b>	37,249	1,685
<b>NOTES PAYABLE, LESS CURRENT MATURITIES</b>	<u>1,122,331</u>	<u>427,947</u>
Total Liabilities	1,468,680	798,301
<b>NET ASSETS</b>		
Without Donor Restrictions	3,294,668	3,047,448
With Donor Restrictions	<u>356,255</u>	<u>425,582</u>
Total Net Assets	<u>3,650,923</u>	<u>3,473,030</u>
Total Liabilities and Net Assets	<u><u>\$ 5,119,603</u></u>	<u><u>\$ 4,271,331</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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>SUPPORT, REVENUES, AND GAINS</b>			
Contributions, Including In-Kind Contributions of \$413,284	\$ 2,945,398	\$ 82,743	\$ 3,028,141
Adoption and Surrender Fees	353,486	-	353,486
Spay Neuter Clinic Rent	973	-	973
Special Events	531,033	-	531,033
Retail Sales	109,832	-	109,832
Other Fees and Services	47,481	-	47,481
Investment Income:			
Net Realized Loss on Sale of Marketable Securities, Net of Expense	9,091	-	9,091
Net Appreciation in Fair Value of Marketable Securities	4,407	3,889	8,296
Interest and Dividends	13,695	948	14,643
Subtotal	4,015,396	87,580	4,102,976
Net Assets Released from Donor Restrictions	156,907	(156,907)	-
Total Support, Revenues, and Gains	4,172,303	(69,327)	4,102,976
<b>EXPENSES</b>			
Program Services	3,295,831	-	3,295,831
General and Administrative	304,193	-	304,193
Fundraising	325,059	-	325,059
Total Expenses	3,925,083	-	3,925,083
<b>CHANGE IN NET ASSETS</b>	247,220	(69,327)	177,893
Net Assets - Beginning of Year	3,047,448	425,582	3,473,030
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,294,668</u>	<u>\$ 356,255</u>	<u>\$ 3,650,923</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 FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services	General and Administrative	Fundraising	Total
<b>EXPENSES</b>				
Salaries and Benefits	\$ 1,817,045	\$ 199,253	\$ 67,946	\$ 2,084,244
Fundraising and Other Events	217,913	11,828	233,704	463,445
Retail Sales	46,286	-	-	46,286
Shelter, Supplies, and Services, Including				
In-Kind Expenses of \$324,176	596,117	-	-	596,117
Medical/Veterinarian/Spay/Neuter Fund	99,114	-	-	99,114
Capital Campaign	-	-	16,469	16,469
Training and Development	17,602	5,839	1,021	24,462
Professional Fees	-	18,881	-	18,881
Insurance - General	18,769	1,022	97	19,888
Travel	2,226	-	26	2,252
Utilities	126,119	1,474	616	128,209
Repairs and Maintenance	20,476	308	99	20,883
Postage	249	18,323	8	18,580
Merchant and Bank Fees	21,127	37,985	-	59,112
Office and Computer	130,223	1,603	3,792	135,618
Dues and Subscriptions	1,288	742	48	2,078
Taxes and Licenses	-	-	227	227
Community Outreach and Advertising	1,854	-	-	1,854
Loan Interest	24,931	436	182	25,549
Miscellaneous	7,905	4,877	138	12,920
Total Expenses Before				
Depreciation and Amortization	3,149,244	302,571	324,373	3,776,188
Depreciation and Amortization	146,587	1,622	686	148,895
Total Expenses	<u>\$ 3,295,831</u>	<u>\$ 304,193</u>	<u>\$ 325,059</u>	<u>\$ 3,925,083</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.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 177,893	\$ 210,103
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Gain on Investments	(25,997)	(28,894)
Depreciation and Amortization	148,895	141,746
Increase in Cash Surrender Value of Life Insurance Policies	(2,074)	(1,507)
Changes in Assets and Liabilities:		
Accounts Receivable	198,265	(197,214)
Inventories	(1,012)	(8,653)
Prepaid Expenses	(23,143)	6,600
Accounts Payable	(39,362)	14,632
Accrued Expenses	(55,135)	9,905
Deferred Revenue	(279)	(592)
Net Cash Provided by Operating Activities	378,051	146,126
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Marketable Securities, Net	572	(941)
Purchase of Capital Expenditures	(361,925)	(23,889)
Net Cash Used by Investing Activities	(361,353)	(24,830)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (Repayments of) Borrowings on Line of Credit	(75,000)	75,000
Proceeds from Notes Payable	838,098	-
Payments on Notes Payable	(32,499)	(33,079)
Payment on Capital Lease	(17,798)	(6,591)
Net Cash Provided by Financing Activities	712,801	35,330
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	729,499	156,626
Cash and Cash Equivalents - Beginning of Year	514,887	358,261
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,244,386</u>	<u>\$ 514,887</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 25,549</u>	<u>\$ 25,857</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION</b>		
Equipment obtained under Capital Lease	<u>\$ 59,024</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.