

**DUTCHESS COUNTY SOCIETY
FOR THE PREVENTION OF CRUELTY TO
ANIMALS, INC.**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Dutchess County Society for the Prevention of Cruelty to Animals, Inc.:

Opinion

We have audited the accompanying financial statements of Dutchess County Society for the Prevention of Cruelty to Animals, Inc., ("the Organization", a non-profit entity) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dutchess County Society for the Prevention of Cruelty to Animals, Inc. as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dutchess County Society for the Prevention of Cruelty to Animals, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dutchess County Society for the Prevention of Cruelty to Animals, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Dutchess County Society for the Prevention of Cruelty to Animals, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dutchess County Society for the Prevention of Cruelty to Animals, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

GRADY CPA PC

Rhinebeck, New York
May 3, 2022

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021 and 2020**

ASSETS	2021	2020
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 1,704,680	1,197,460
Investments (Note 4)	50,491	56,078
Accounts Receivable	420,561	473,288
ERC Other Receivable	150,581	-
Inventory	26,272	21,442
Prepaid Expenses	11,092	1,886
Total Current Assets	2,363,677	1,750,154
Property and Equipment, Net (Note 6)	5,562,965	5,933,324
Other Assets:		
Loan Closing Costs (Note 7)	24,349	22,972
Security Deposits	500	500
Total Other Assets	24,849	23,472
Total Assets	\$ 7,951,491	7,706,950
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current Portion of Mortgage Payable (Note 8)	\$ 38,844	50,414
Current Portion of Obligation Under Capital Lease (Note 9)	3,948	2,730
Accounts Payable	103,629	90,803
Accrued Expenses (Note 10)	410,288	218,917
Total Current Liabilities	556,709	362,864
Long-Term Liabilities:		
PPP Loan Payable	272,395	272,300
Mortgage Payable - Net of Current Position (Note 8)	1,006,791	1,034,980
Capital Lease - Net of Current Portion (Note 9)	4,327	1,033
Total Long-Term Liabilities	1,283,513	1,308,313
Net Assets:		
Net Assets Without Donor Restrictions	5,539,896	5,444,400
Net Assets With Donor Restrictions (Note 11)	571,373	591,373
Total Net Assets	6,111,269	6,035,773
Total Liabilities and Net Assets	\$ 7,951,491	7,706,950

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Public Support:			
Program Service Fees	\$ 366,074	\$ -	\$ 366,074
State and Local Contracts and Grants	159,770	-	159,770
Foundation Contributions and Grants	90,101	-	90,101
Contributions and Sponsorships	1,821,170	-	1,821,170
Board Giving	41,603	-	41,603
In-kind Contributions	12,831	-	12,831
Other Fees	66,859	-	66,859
Other Fees: ERC	188,227	-	188,227
	2,746,635	-	2,746,635
Investment Income:			
Interest and Dividend Income	9,960	-	9,960
Realized Gain/(Loss) on Investments	331	-	331
Unrealized Gain/(Loss) on Investments	6,444	-	6,444
	16,735	-	16,735
Net Assets Released from Restrictions	20,000	(20,000)	-
Total Revenue, Gains and Other Support	2,783,370	(20,000)	2,763,370
Expenses and Losses:			
Program Services	2,154,514	-	2,154,514
Management and General	144,400	-	144,400
Fundraising	388,960	-	388,960
Total Expense and Losses	2,687,874	-	2,687,874
Change in Net Assets	95,496	(20,000)	75,496
Net Assets - Beginning	5,444,400	591,373	6,035,773
Net Assets - Ending	\$ 5,539,896	\$ 571,373	\$ 6,111,269

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Public Support:			
Program Service Fees	\$ 370,092	\$ -	\$ 370,092
State and Local Contracts and Grants	164,047	-	164,047
Foundation Contributions and Grants	355,398	-	355,398
Contributions and Sponsorships	1,614,860	-	1,614,860
Board Giving	18,325	-	18,325
In-kind Contributions	8,069	-	8,069
Other Fees	19,180	-	19,180
	2,549,971	-	2,549,971
Investment Income:			
Interest and Dividend Income	8,166	-	8,166
Unrealized Gain/(Loss) on Investments	555	-	555
	8,721	-	8,721
Net Assets Released from Restrictions	487,284	(487,284)	-
Total Revenue, Gains and Other Support	3,045,976	(487,284)	2,558,692
Expenses and Losses:			
Program Services	2,124,266	-	2,124,266
Management and General	162,902	-	162,902
Fundraising	277,159	-	277,159
Total Expense and Losses	2,564,327	-	2,564,327
Change in Net Assets	481,649	(487,284)	(5,635)
Net Assets - Beginning	4,962,751	1,078,657	6,041,408
Net Assets - Ending	\$ 5,444,400	\$ 591,373	\$ 6,035,773

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021**

	Program	Management and General	Fundraising	Total
Employee Salaries	\$ 1,052,603	\$ 79,945	\$ 199,861	\$ 1,332,409
Payroll Taxes and Benefits	216,973	16,479	41,197	274,649
Vet, Lab Fees and Medical Supplies	253,233	-	-	253,233
Depreciation	158,263	12,020	30,050	200,333
Repairs and Maintenance	36,346	2,760	6,901	46,007
Office Expense	49,535	3,762	9,405	62,702
Supplies	36,880	2,801	7,002	46,683
Utilities	93,677	7,115	17,787	118,579
Professional Fees	158,935	12,071	30,178	201,184
Insurance	43,363	3,293	8,234	54,890
Printing and Advertising	3,248	247	617	4,112
Auto Expense	17,277	1,312	3,280	21,869
Meetings and Training	4,706	357	893	5,956
Interest Expenses	27,182	2,064	5,161	34,407
Rent Expense	-	-	27,959	27,959
Real Estate Taxes	2,293	174	435	2,902
	\$ 2,154,514	\$ 144,400	\$ 388,960	\$ 2,687,874

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020**

	Program	Management and General	Fundraising	Total
Employee Salaries	\$ 1,074,720	\$ 51,908	\$ 142,526	\$ 1,261,874
Payroll Taxes and Benefits	163,061	7,960	21,722	192,743
Vet, Lab Fees and Medical Supplies	314,945	-	-	314,945
Depreciation	185,598	9,013	23,605	218,216
Repairs and Maintenance	20,793	12,203	24	33,020
Office Expense	21,861	9,377	18,261	49,499
Supplies	26,651	7,268	692	34,611
Utilities	98,053	12,840	5,837	116,730
Professional Fees	72,438	45,751	8,896	127,085
Insurance	52,810	2,564	7,019	62,393
Printing and Advertising	-	325	10,036	10,361
Auto Expense	10,708	401	-	11,109
Meetings and Training	708	497	121	1,326
Interest Expenses	55,712	2,694	6,876	65,282
Rent Expense	-	-	28,909	28,909
Real Estate Taxes	2,080	101	276	2,457
Bad Debts Expense	24,128	-	2,359	26,487
	\$ 2,124,266	\$ 162,902	\$ 277,159	\$ 2,557,047

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020**

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 75,496	\$ (5,635)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities		
Depreciation	198,775	217,721
Amortization	1,558	1,558
Investment income	12,362	(14,922)
Unrealized (Gain)/Loss on Investments	(6,444)	(555)
Realized (Gain)/Loss on Investments	(331)	-
(Increase)/Decrease in Accounts Receivable	52,727	(319,344)
(Increase)/Decrease in ERC Other Receivable	(150,581)	-
(Increase)/Decrease in Prepaid Expenses	(9,206)	(709)
(Increase)/Decrease in Thrift Shop Inventory	(4,830)	1,294
(Increase)/Decrease in Security Deposits	-	500
Increase/(Decrease) in Accounts Payable	12,826	(38,812)
Increase/(Decrease) in PPP Loan	95	272,300
Increase/(Decrease) in Accrued Expenses	191,371	129,402
Total Adjustments	298,322	248,433
Net Cash Provided by(Used in) Operating Activities	373,818	242,798
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(29,974)	(189,690)
Proceeds from the Sale of Fixed Assets	200,000	-
Other Investing Activities	(1,377)	57
Net Cash Used in Investing Activities	168,649	(189,633)

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2021 and 2020**

<u>As of December 31</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Financing Activities		
Proceeds from Capital Leases	4,512	(10,850)
Principal Payments on Debt	(39,759)	(35,600)
Net Cash Provided by/(Used in) Financing Activities	(35,247)	(46,450)
Net Increase/(Decrease) in Cash and Cash Equivalents	507,220	6,715
Cash and Cash Equivalents - Beginning	1,197,460	1,190,745
Cash and Cash Equivalents - Ending	\$ 1,704,680	\$ 1,197,460

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Paid for Interest	\$ 34,407	\$ 65,282
Non-Cash Operating and Investing Activities		
Donated Food	\$ 2,824	\$ 18,032
Donated Special Events and Auction Items	\$ 21,903	\$ 11,876
Donated Office Supplies	\$ 2,981	\$ 9,388
Donated Vehicle Program Items	\$ 5,000	\$ -

See auditor's report. See notes to financial statements.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

1. Nature of Organization:

Dutchess County Society for the Prevention of Cruelty to Animals, Inc. ("the Organization"), is a nonprofit organization that was established to prevent cruelty to animals.

2. Summary of Significant Accounting Policies:

Basis of accounting:

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

Pervasiveness of estimates:

The preparation of 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 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.

Financial statement presentation:

The Organization records contributions received as unrestricted or restricted support depending on the existence or absence of any donor-imposed restrictions.

Fair value of financial instruments:

The carrying amounts of financial instruments, including cash equivalents, receivables, payables, and short-term borrowings arising in the ordinary course of business, approximate fair value due to the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the interest rates fluctuate with market interest rates, or the fixed rates are based on current rates offered to the Organization for debt with similar terms and maturities.

Subsequent events:

The date to which events occurring after December 31, 2021, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is May 03, 2022, which is the date on which the financial statements were available to be issued.

Concentration of credit risk:

The Organization maintains its cash in accounts whose balances may exceed the insurance limits of the Federal Deposit Insurance Corporation at various times throughout the year. The Organization has experienced no losses related to cash balances in excess of federally insured limits.

Cash and cash equivalents:

The Organization considers all cash accounts, which are not subject to significant withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued):

Accounts receivable:

The Organization provides for bad debts using the reserve method; however, accounts receivable is already shown at their net realizable value after any necessary write-offs. The allowance for doubtful accounts is based on specifically identified amounts that management believes to be uncollectible. Management has determined that no allowance for doubtful accounts is necessary as of December 31, 2021.

Pledges receivable:

Unconditional pledges are recognized as pledges receivable at their estimated net present value when pledged. Temporarily restricted net assets are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Expenses are generally reported as decreases in unrestricted net assets. Pledges of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Investments:

Investments are stated at fair market value. Realized gains and losses are recorded at the time a security is sold. Unrealized holding gains and losses represent changes in the fair market value of the investments and are reported in the statement of activities.

Fixed assets:

Fixed assets are stated at cost. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. Depreciation expense for assets acquired under capital leases is included with depreciation expense on owned assets.

Loan closing costs:

Loan closing costs are being amortized by the straight-line method over a period of twenty years.

Net assets with donor restrictions:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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 restrictions. Restrictions satisfied in the same period as received are reported as unrestricted support.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued):

Net assets with donor restrictions (continued):

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. These assets must be either used or maintained by the Organization in accordance with the restrictions placed on them. When a restriction expires or certain criteria are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported. Management has determined that no allowance for doubtful accounts is necessary as of December 31, 2021.

Contributions:

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. When net assets with donor restrictions expire, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor imposed restrictions that are satisfied within the same operating cycle are recorded as unrestricted pursuant to SFAS No. 116.

In-kind contributions:

Contributions of donated goods and services that require specialized skills and would typically need to be purchased if not provided by donation are recorded at fair value in the period received. See Note 12.

Functional allocation of expenses:

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management. Management and general expenses include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising:

Advertising expenses are expensed as incurred and totaled \$4,112 for the year ended December 31, 2021.

Accounting for uncertainty in income taxes:

The Organization files an annual 990 as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no Federal or New York State taxes are paid by the Organization. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued):

Accounting for uncertainty in income taxes (continued):

The Organization adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to December 31, 2018.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:	2021
Cash	\$ 1,150,403
Cash on Hand	-
Cash - Capital Projects	12,520
Money Market Funds	541,757
	\$ 1,704,680

4. Fair Value Measurements:

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

4. Fair Value Measurements (continued):

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of the future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

As of December 31, 2021				
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$50,491	\$50,491	\$ -	\$ -

5. Investments:

The following is a summary of the changes in the balances of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 1) for the year ended December 31, 2021:

Balance as of January 1, 2021	\$	56,078
Realized gain		-
Unrealized gain		6,444
Dividend and interest income		1,072
Administration fees		(516)
Stock donation		(12,587)
Balance as of December 31, 2021	\$	50,491

The underlying investments of the pooled "endowment" fund, held with Community Foundations of the Hudson Valley, are comprised of 69% equity and 31% fixed income securities based on the Foundation's fund investment policy.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

6. Property and Equipment:

Property and equipment consisted of the following:

<u>As of December 31, 2021</u>	
Land	\$ 276,350
Buildings	6,205,432
Building Improvements	680,857
Leasehold Improvements	62,350
Machinery and Equipment	315,367
Vehicles	80,342
Furniture and Fixtures	19,686
Land Improvements	34,852
	<u>7,675,236</u>
Less: Accumulated Depreciation	<u>(2,112,271)</u>
	<u>\$ 5,562,965</u>

Total depreciation expense was \$198,775 for the year ended December 31, 2021.

7. Loan Closing Costs:

Loan closing costs consisted of the following:

	Cost Basis	Amortization	Net
<u>As of December 31, 2021</u>			
Loan Closing Costs	\$ 25,907	\$ (1,558)	\$ 24,349

Total amortization expense was \$1,558 for the year ended December 31, 2021.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

7. Loan Closing Costs (continued):

Estimated aggregate amortization will be expensed in the future years as follows:

2022	\$1,558
2023	1,558
2024	1,558
2025	1,558
2026	1,558
Thereafter:	<u>12,066</u>
Total:	<u>\$ 19,856</u>

8. Mortgage Payable:

The Organization's mortgage payable consisted of the following:

As of December 31, 2021

3.55% mortgage loan note from TD Bank, due in monthly payments of \$6,275.42 including interest, through September 4, 2025, when a balloon payment is due	\$1,045,635
Less: Current Maturities	<u>(38,844)</u>
	<u>\$1,006,791</u>

Aggregate maturities required on long-term debt at December 31, 2021 are due in future years as follows:

2022	\$38,844
2023	40,246
2024	41,698
2025	43,202
2026	44,761
Thereafter:	<u>836,884</u>
Total:	<u>\$1,045,635</u>

Total interest expense was \$33,904. The Organization has agreed, among other things, to (1) to provide audited financial statements within 120 days from fiscal year-end and (2) to maintain minimum debt service ratio of 1.10:1.

See auditor's report.

**DUTCHESS COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

9. Capital Lease Obligation:

The Organization leases copy machines that may be purchased for a nominal amount at the expiration of the lease. These items are classified as Machinery and Equipment in the fixed asset portion of the balance sheets and total \$45,414. Depreciation of these leased assets is included in depreciation expense.

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2021:

	2022	\$3,948
	2023	4,327
	2024	-
Total Minimum Lease Payments		8,283
Less: Amount Representing Interest		(8)
Present Value of Minimum Lease Payments		\$8,275

10. Accrued Expenses:

Accrued expenses consisted of the following:

As of December 31, 2021	
Accrued Payroll:	\$66,786
Accrued Expenses:	343,502
	\$410,288

11. Net Assets with Donor Restrictions:

These amounts represent grants or contributions received by the Organization for specific purposes. The restrictions indicate that the funds must be used for community service projects, specific programs or the rehabilitation of the intake center and existing shelter in accordance with applicable donor restrictions. Therefore, these assets are reported as assets with donor restrictions.

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

As of December 31, 2021	
General Support	\$531,373
Shelter / Adoption Support	40,000
	\$571,373

See auditor's report.

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12. Contributed Services and Materials:

Donated items or supplies, professional services and fixed assets are reflected as contributions in the accompanying statements at their estimated fair market value at the date of receipt because they can be objectively measured and valued. The Organization receives significant food donations.

In-kind contributions consisted of the following:

As of December 31, 2021	
Food	\$2,824
Special Events	21,903
IT Services	2,981
Propane	5,000
Net Contributions	\$32,708

13. Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year-end	\$2,275,822
Less those unavailable for general expenditures within one year due to Donor-imposed restrictions:	<u>(571,373)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,553,867</u>

The Organization's goal is to maintain financial assets to meet 15% of prior year's operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

14. Payroll Protection Program:

A Payroll Protection Program (PPP) loan of \$272,395 was obtained with an interest rate of 1% per annum, matures in two years from the disbursement date of February 3, 2021. The Organization has followed all guidelines relating to the forgiveness of this loan. As of May 3, 2022, the date the financial statements are available for issue, the loan has been forgiven.

See auditor's report.

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15. **Uncertainty of COVID-19 Impact:**

In March 2020, the World Health Organization recognized the novel strain of COVID-19 as a pandemic. The COVID-19 outbreak has severely restricted the level of economic activity around the world and caused significant volatility in financial markets. In response to the COVID-19 outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forgo their time outside of their homes. Future effects of the COVID-19 pandemic are unknown, and as a result, the COVID-19 outbreak may have a material adverse impact of the Organization's financial position and operations. Given the uncertainty regarding the spread of COVID-19 the related financial statement impact cannot be reasonably predicted or estimated at this time.

See auditor's report.