



**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Financial Statements

**December 31, 2024 and 2023
(With Independent Auditors' Report Thereon)**

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

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Independent Auditors' Report

The Board of Directors
Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc.:

Opinion

We have audited the financial statements of Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc. (the "Society"), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 the Society's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 the Society'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 the Society'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.

CBIZ CPAs P.C.

July 22, 2025
St. Petersburg, Florida

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statements of Financial Position

December 31, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents	\$ 2,820,015	2,134,585
Accounts receivable, net:		
Grants	288,323	249,361
Bequests and trusts	242,680	1,159,111
Pledges	24,123	77,136
Other	44,247	16,012
Inventory	18,057	16,906
Prepaid expenses	86,957	158,920
Discontinued operations	-	83,376
Total current assets	3,524,402	3,895,407
Investments	4,822,019	4,615,616
Bequests and trusts receivable, less current portion	452,248	495,078
Pledges receivable, less current portion	37,766	36,517
Community Foundation investments	33,878	27,822
Property and equipment, net	1,983,623	1,628,445
Operating lease right-of-use assets	60,305	29,452
Other assets	5,950	5,950
Discontinued operations, less current portion	-	3,106,182
Total assets	\$ 10,920,191	13,840,469
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 185,283	92,881
Accrued expenses	268,977	381,950
Deferred revenue	27,093	27,080
Operating lease liabilities, current portion	18,227	14,287
Other current liabilities	11,031	4,048
Current liabilities from discontinued operations	-	253,883
Total current liabilities	510,611	774,129
Non-current liabilities:		
Operating lease liabilities, less current portion	42,078	15,165
Annuity obligation, less current portion	67,013	94,446
Discontinued operations, less current portion	-	2,122,041
Total liabilities	619,702	3,005,781
Net assets:		
Without donor restrictions:		
Undesignated	548,781	-
Operating reserves	4,210,870	4,029,765
Net investment in property and equipment	1,983,623	2,521,000
Board designated for facility enhancement	-	36,170
Total net assets without donor restrictions	6,743,274	6,586,935
With donor restrictions	3,557,215	4,247,753
Total net assets	10,300,489	10,834,688
Total liabilities and net assets	\$ 10,920,191	13,840,469

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statement of Activities

**For the Year Ended December 31, 2024
(With Comparative Totals for 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Revenue, support, and gains:				
Special events, net	\$ 288,684	-	288,684	203,758
Contributions and grants	2,057,959	824,822	2,882,781	2,123,334
Bequests and trusts	1,399,329	192,818	1,592,147	1,419,129
In-kind support	6,036	-	6,036	93,497
Adoption, intake and other fees	655,501	-	655,501	788,927
Sales of pet supplies and urns, net	32,898	-	32,898	33,688
Investment return, net	306,984	8,113	315,097	337,500
Gain on sale of equipment	-	-	-	6,400
Change in value of split-interest agreements	9,419	-	9,419	(12,423)
Other income	21,015	-	21,015	57,334
Net assets released from restrictions:				
Satisfaction of donor use restrictions	527,477	(527,477)	-	-
Expiration of time restrictions	1,188,814	(1,188,814)	-	-
Total revenue, support, and gains	6,494,116	(690,538)	5,803,578	5,051,144
Operating expenses:				
Program services	4,419,297	-	4,419,297	3,887,404
Supporting services	2,702,197	-	2,702,197	2,367,379
Total operating expenses	7,121,494	-	7,121,494	6,254,783
Change in net assets from continuing operations	(627,378)	(690,538)	(1,317,916)	(1,203,639)
Discontinued operations:				
Veterinary services revenue	1,648,886	-	1,648,886	2,572,731
Gain on sale of property used for veterinary services, net	892,138	-	892,138	-
Less: veterinary services program expenses	(1,757,307)	-	(1,757,307)	(3,370,441)
Change in net assets from discontinued operations	783,717	-	783,717	(797,710)
Change in net assets	156,339	(690,538)	(534,199)	(2,001,349)
Net assets at the beginning of the year	6,586,935	4,247,753	10,834,688	12,836,037
Net assets at the end of the year	\$ 6,743,274	3,557,215	10,300,489	10,834,688

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statement of Activities

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains:			
Special events, net	\$ 203,758	-	203,758
Contributions and grants	1,465,777	657,557	2,123,334
Bequests and trusts	637,053	782,076	1,419,129
In-kind support	93,497	-	93,497
Adoption, intake and other fees	788,927	-	788,927
Sales of pet supplies and urns, net	33,688	-	33,688
Investment return, net	328,994	8,506	337,500
Gain on sale of equipment	6,400	-	6,400
Change in value of split-interest agreements	(12,423)	-	(12,423)
Other income	57,334	-	57,334
Net assets released from restrictions:			
Satisfaction of donor use restrictions	34,642	(34,642)	-
Expiration of time restrictions	1,057,705	(1,057,705)	-
Total revenue, support, and gains	4,695,352	355,792	5,051,144
Operating expenses:			
Program services	3,887,404	-	3,887,404
Supporting services	2,367,379	-	2,367,379
Total operating expenses	6,254,783	-	6,254,783
Change in net assets from continuing operations	(1,559,431)	355,792	(1,203,639)
Discontinued operations:			
Veterinary services revenue	2,572,731	-	2,572,731
Less: veterinary services program expenses	(3,370,441)	-	(3,370,441)
Change in net assets from discontinued operations	(797,710)	-	(797,710)
Change in net assets	(2,357,141)	355,792	(2,001,349)
Net assets at the beginning of the year	8,944,076	3,891,961	12,836,037
Net assets at the end of the year	\$ 6,586,935	4,247,753	10,834,688

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statement of Functional Expenses

**For the Year Ended December 31, 2024
(With Comparative Totals for 2023)**

	Continuing Operations					Discounted Operations	Total Expenses	
	Program Services	Supporting Services		Total	Total Expenses from Continuing Operations			
	Shelter and Other Programs	Management and General	Development			Veterinary Services	2024	2023
Personnel expenses:								
Salaries	\$ 2,813,143	603,564	594,523	1,198,087	4,011,230	852,421	4,863,651	5,437,212
Payroll taxes	209,641	43,178	42,212	85,390	295,031	63,396	358,427	399,727
Employee benefits	243,490	62,105	64,938	127,043	370,533	92,945	463,478	536,609
Total personnel costs	3,266,274	708,847	701,673	1,410,520	4,676,794	1,008,762	5,685,556	6,373,548
Professional fees and contract services	224,781	386,215	309,808	696,023	920,804	217,236	1,138,040	885,149
Office supplies	5,435	9,832	21,850	31,682	37,117	4,164	41,281	27,611
Kennel food and supplies	116,883	-	602	602	117,485	1,711	119,196	129,920
Clinic medicine and supplies	309,998	-	-	-	309,998	280,170	590,168	701,753
Communications	26,968	2,332	2,291	4,623	31,591	16,352	47,943	50,279
Advertising	31,687	585	30,441	31,026	62,713	1,922	64,635	154,415
Postage and shipping	1,695	901	269,752	270,653	272,348	128	272,476	247,873
Building repairs and maintenance	33,649	37,741	43,876	81,617	115,266	13,259	128,525	144,449
Utilities	77,392	9,249	12,537	21,786	99,178	23,944	123,122	134,331
Insurance	72,871	11,306	14,211	25,517	98,388	38,023	136,411	122,572
Equipment rental and maintenance	45,893	283	3,106	3,389	49,282	10,037	59,319	74,702
Printing and publications	5,824	706	27,449	28,155	33,979	-	33,979	37,665
Automotive	14,707	336	344	680	15,387	1,592	16,979	18,021
Conferences, conventions and meetings	25,289	9,419	5,103	14,522	39,811	4,378	44,189	43,513
Interest expense	-	-	-	-	-	93,557	93,557	115,591
Bad debt expense (recoveries)	11,741	-	-	-	11,741	(3,852)	7,889	(96,226)
Other	36,454	20,823	24,638	45,461	81,915	36,001	117,916	139,477
In-kind expense	3,189	-	1,104	1,104	4,293	-	4,293	75,076
Total expenses before depreciation and amortization	4,310,730	1,198,575	1,468,785	2,667,360	6,978,090	1,747,384	8,725,474	9,379,719
Depreciation and amortization	108,567	14,930	19,907	34,837	143,404	9,923	153,327	245,505
Total expenses	\$ 4,419,297	1,213,505	1,488,692	2,702,197	7,121,494	1,757,307	8,878,801	9,625,224

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statement of Functional Expenses

For the Year Ended December 31, 2023

	Continuing Operations					Discounted Operations	
	Program Services	Supporting Services			Total Expenses from Continuing Operations	Veterinary Services	Total Expenses
	Shelter and Other Programs	Management and General	Development	Total			
Personnel expenses:							
Salaries	\$ 2,408,245	549,747	663,097	1,212,844	3,621,089	1,816,123	5,437,212
Payroll taxes	179,674	40,315	45,512	85,827	265,501	134,226	399,727
Employee benefits	217,152	64,474	60,519	124,993	342,145	194,464	536,609
Total personnel costs	2,805,071	654,536	769,128	1,423,664	4,228,735	2,144,813	6,373,548
Professional fees and contract services	207,893	189,798	174,279	364,077	571,970	313,179	885,149
Office supplies	8,973	4,430	4,667	9,097	18,070	9,541	27,611
Kennel food and supplies	120,993	-	952	952	121,945	7,975	129,920
Clinic medicine and supplies	261,161	-	-	-	261,161	440,592	701,753
Communications	27,634	1,899	2,172	4,071	31,705	18,574	50,279
Advertising	63,675	56	79,810	79,866	143,541	10,874	154,415
Postage and shipping	154	627	246,433	247,060	247,214	659	247,873
Building repairs and maintenance	35,610	39,630	41,364	80,994	116,604	27,845	144,449
Utilities	74,200	10,211	11,032	21,243	95,443	38,888	134,331
Insurance	70,518	7,943	9,522	17,465	87,983	34,589	122,572
Equipment rental and maintenance	44,350	2,450	3,819	6,269	50,619	24,083	74,702
Printing and publications	16,791	660	20,214	20,874	37,665	-	37,665
Automotive	12,428	494	918	1,412	13,840	4,181	18,021
Conferences, conventions and meetings	20,640	7,872	9,810	17,682	38,322	5,191	43,513
Interest expense	-	-	-	-	-	115,591	115,591
Bad debt expense (recoveries)	(100,000)	-	-	-	(100,000)	3,774	(96,226)
Other	33,823	13,614	25,787	39,401	73,224	66,253	139,477
In-kind expense	74,153	-	923	923	75,076	-	75,076
Total expenses before depreciation and amortization	3,778,067	934,220	1,400,830	2,335,050	6,113,117	3,266,602	9,379,719
Depreciation and amortization	109,337	15,541	16,788	32,329	141,666	103,839	245,505
Total expenses	\$ 3,887,404	949,761	1,417,618	2,367,379	6,254,783	3,370,441	9,625,224

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (534,199)	(2,001,349)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	143,404	141,167
Cash received under capital grants	(581,549)	-
Donated vehicles	-	(18,421)
Gain on disposal of property and equipment	-	(6,400)
Net realized and unrealized gains on investments	(210,581)	(218,503)
Change in value of split-interest agreements	(9,419)	12,423
Donated securities	(21,252)	(6,121)
Discontinued operations, net	(878,832)	107,986
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	943,828	1,108,069
Inventories	(1,151)	4,968
Prepaid expenses and other assets	71,963	(27,383)
Increase (decrease) in operating liabilities:		
Accounts payable	92,402	22,121
Accrued expenses	(112,973)	77,145
Deferred revenue	13	(11,635)
Discontinued operations, net	(79,321)	(36,833)
Net cash used in operating activities	(1,177,667)	(852,766)
Cash flows from investing activities:		
Property and equipment purchases	(498,190)	(246,356)
Proceeds from sale of property and equipment	-	6,400
Purchases of investments	(1,302,274)	(427,225)
Proceeds from the sale of investments	1,322,313	899,439
Discontinued operations, net	3,988,005	(361,751)
Net cash provided (used in) by investing activities	3,509,854	(129,493)
Cash flows from financing activities:		
Cash received under capital grants	581,549	-
Payments to annuitants	(11,031)	(19,947)
Discontinued operations, net	(2,217,275)	(87,441)
Net cash used in financing activities	(1,646,757)	(107,388)
Net change in cash and cash equivalents	685,430	(1,089,647)
Cash and cash equivalents at beginning of year	2,134,585	3,224,232
Cash and cash equivalents at end of year	\$ 2,820,015	2,134,585
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 90,174	111,943
Additions to operating lease right-of-use assets and operating lease liabilities recognized from new leases	\$ 47,812	17,174

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Description of Organization

The Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc. (the “Society”), a Florida not-for-profit corporation, has as its mission to improve the community by promoting humane care, preventing animal cruelty, and reducing pet overpopulation.

(b) Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

(c) Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments with original maturities of three months or less.

(d) Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Society provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience, third-party contracts, and other circumstances, which may affect the ability of donors or others to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Society’s policy to charge off uncollectible accounts when management determines the receivable will not be collected.

(e) Contributions Receivable

The Society records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

(f) Inventories

Supplies inventories purchased for use in program and supporting services are carried at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(g) Investments

Investments are reported at fair value. Fair value is determined by using quoted market prices, where available. Where not available, the present value of estimated, expected future cash flows or another reasonable method is used. No investment or group of investments represents a significant concentration of market risk.

(h) Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for property and equipment in excess of \$2,500 and with a useful life of at least one year are capitalized. Similarly, donated property and equipment with a fair market value in excess of \$2,500 as of the date of receipt are capitalized.

(i) Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Society's Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Society's Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Society's Board has designated a portion of net assets without donor restrictions as an operating reserve for the purpose of ensuring the sustainability of the Society's mission.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Society reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Society to spend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(j) Advertising

The Society's policy is to expense advertising costs as incurred. Advertising costs were approximately \$64,600 and \$154,400 during the years ended December 31, 2024 and 2023, respectively.

(k) Revenue Recognition

The Society has multiple revenue streams that are accounted for as reciprocal exchange transactions including veterinary services, pet supplies and other sales, and adoption and intake services. Revenue is recognized at a point in time when the Society satisfies a performance obligation when services or products are provided to a customer, or when an animal is delivered to a customer. Veterinary service revenue includes online pharmacy revenue in which the Society is acting as an agent facilitating the sale of third-party prescriptions to customers. Online pharmacy revenue is reported net of related expenses. Sales taxes related to these sales are collected from customers and remitted to the appropriate taxing authority and are not reflected in the Society's statements of activities as revenue.

(l) Contributions

The Society recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is recognized are presented as revenues without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions received pending designation by the donor are considered to be net assets with donor restrictions until donor stipulations are known at which time such amounts are reclassified, if required. The Society received one conditional pledge from a donor in the amount of \$400,000 that has not been fully recognized as of December 31, 2024 because the condition has not been met.

A portion of the Society's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Society received cost-reimbursable grants of approximately \$168,000 that were not recognized at December 31, 2024 because qualifying expenditures have not yet been incurred.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(m) Donated Materials and Services

Many individuals volunteer their time and perform a variety of tasks that assist the Society with its cruelty prevention and animal care and placement programs. Amounts have been reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by an individual possessing those skills and which would be typically purchased if not provided by donation. The Society also receives a significant number of volunteer hours per year that have not been recorded in the accompanying financial statements.

(n) Income Taxes

The Society has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Society's tax-exempt purpose is exempt from Federal and State income taxes. The Society is treated as a publicly supported organization, and not as a private foundation. The Society has adopted the provisions of Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Society's income tax filings for the year ended December 31, 2021 and thereafter remain subject to examination.

(o) Functional Allocation of Expenses

The costs of providing the Society's various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses directly attributable to a specific functional area of the Society are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on the Society's square footage analysis for all indirect occupancy-related expenses.

(p) Fair Value Measurements

The Society has adopted the provisions of ASC Topic 820, *Fair Value Measurement*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liability (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(q) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 increases or decreases in net assets during the period. Actual results could differ from those estimates.

(r) Going Concern Evaluation

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Society performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. Management's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the financial statements were available for issuance.

(s) Leases

The Society leases certain office equipment under operating lease agreements. The Society determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, net and current and non-current operating lease liabilities on the accompanying statements of financial position.

Operating ROU assets represent the Society's right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As an accounting policy election, the Society uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments if the rate implicit in a lease is not readily determinable. The Society does not assume renewals in its determination of the lease term unless it is reasonably certain that it will exercise that option. The Society's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Society has lease agreements comprised of lease and non-lease components. The non-lease components are primarily comprised of equipment maintenance and real estate taxes that are passed on from the lessor. The Society made an accounting policy election by class of underlying asset not to separate lease and non-lease components in a contract. The Society's lease agreements may also include rental payments based on equipment usage and other variable factors. Operating lease liabilities are not remeasured as a result of changes in equipment usage. These variable payments are recognized in the period in which the related obligation is incurred and are excluded from the measurement of the operating lease ROU asset and operating lease liability. Additionally, the Society has elected not to recognize a lease liability or ROU asset for short-term leases (leases with a term of twelve months or less).

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(t) Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

(2) Contributions Receivable

Contributions receivable at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Bequests and trusts	\$ 144,841	1,104,102
Trust receivable over 10 years	550,087	550,087
Pledges	<u>62,640</u>	<u>115,913</u>
Total contributions receivable	757,568	1,770,102
Less:		
Unamortized discount on pledges	<u>751</u>	<u>2,260</u>
Net contribution receivable	<u>\$ 756,817</u>	<u>1,767,842</u>
Amounts due in:		
Less than one year	\$ 266,803	1,236,247
One to five years	<u>490,765</u>	<u>533,855</u>
	<u>\$ 757,568</u>	<u>1,770,102</u>

Contributions due in more than one year are discounted to net present value using a discount rate of 4.25% and 4.23% at December 31, 2024 and 2023, respectively.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(3) Investments

At December 31, 2024 and 2023, the cost and market values of investments were as follows:

	2024		2023	
	Cost	Market	Cost	Market
Money market funds	\$ 567,993	567,993	251,918	251,918
Common stock	1,643,777	1,938,641	1,578,613	1,972,194
Corporate bonds	955,922	928,833	960,474	928,213
Mutual funds - equities	518,143	736,526	538,602	769,506
U.S. savings bonds	139,875	354,021	120,000	383,520
	<u>3,825,710</u>	<u>4,526,014</u>	<u>3,449,607</u>	<u>4,305,351</u>
Gift annuities:				
Money market funds	3,515	3,515	8,585	8,585
Common stock	88,160	118,666	101,888	141,901
Corporate bonds	155,465	151,726	149,297	140,028
Mutual funds - equities	12,309	22,098	12,309	19,751
	<u>259,449</u>	<u>296,005</u>	<u>272,079</u>	<u>310,265</u>
	<u>\$ 4,085,159</u>	<u>4,822,019</u>	<u>3,721,686</u>	<u>4,615,616</u>

Investment return for the years ended December 31, 2024 and 2023 includes the following:

	2024	2023
Interest and dividends	\$ 131,362	148,490
Net realized and unrealized gains (losses)	210,584	218,503
Investment management fees	<u>(26,849)</u>	<u>(29,493)</u>
Total investment return	315,097	337,500
Restricted investment return	8,113	8,506
Investment return designated for current operations	<u>104,513</u>	<u>118,997</u>
Investment return in excess of (deficient to cover) amounts designated for current operations	<u>\$ 202,471</u>	<u>209,997</u>

The Society designates a portion of its investment return for current operations based on current cash flow needs, as described in Note 13.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(4) Property and Equipment

Property and equipment at December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>	<u>Estimated Life</u>
Land	\$ 32,302	32,302	n/a
Building and improvements	3,672,278	3,628,350	n/a
Furniture and fixtures	32,234	32,234	10 - 30 years
Office equipment	483,812	483,730	5 - 7 years
Vehicles	116,350	116,350	5 - 7 years
Construction in progress	908,986	454,724	5 - 10 years
	5,245,962	4,747,690	
Less accumulated depreciation	<u>(3,262,339)</u>	<u>(3,119,245)</u>	
	<u>\$ 1,983,623</u>	<u>1,628,445</u>	

Depreciation expense for the years ended December 31, 2024, and 2023, was \$143,404 and \$141,167 respectively.

(5) Split-Interest Gifts

Charitable Gift Annuities

The Society is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Society at the beginning of the contract and the Society makes predetermined periodic payments to the donor or their named beneficiary over their lifetime. Upon the donors' death, the remaining assets are available for the Society's use. As required by the State of Florida these amounts are segregated from other assets of the Society in separate investment accounts. In connection with these gifts, the Society records a liability representing the estimated present value of the future payments required under the gift annuity contract over the remainder of the donor's life expectancy using discount rates ranging from approximately 1% to 7%. The difference between the total amount of the gift and the estimated liability is considered to be a restricted contribution. During the years ended December 31, 2024 and 2023, no funds were received by the Society under its charitable gift annuity program and therefore, no contributions were recorded.

(6) Funds Held by Community Foundations

In 1999, the Society established accounts at the Community Foundation of Tampa Bay and Pinellas County Community Foundation (the "Foundations"), naming itself the beneficiary. Under the terms of the fund agreement, the Foundations have not been granted variance power over the funds. Earnings on these funds are distributed on a periodic basis to the Society. At December 31, 2024, the balance of investments held by the Foundations was \$33,878 and \$27,822, respectively.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Subject to time restrictions:		
Bequests	\$ 694,928	1,654,189
Charitable gift annuities	41,598	94,603
Contributions restricted for future periods	<u>-</u>	<u>2,225</u>
	<u>736,526</u>	<u>1,751,017</u>
Subject to use restrictions:		
Unappropriated endowment earnings	31,360	23,247
Animal medical care and adoption fees	25,756	55,476
Restricted for capital expenditures	19,250	19,250
Restricted for Better Way Home campaign	<u>1,798,840</u>	<u>1,453,280</u>
	<u>1,875,206</u>	<u>1,551,253</u>
Endowments subject to the Society's spending policy and appropriation:		
General endowment	253,466	253,466
Feline endowment	92,017	92,017
Education program endowment	150,000	150,000
Summer camp endowment	100,000	100,000
Behavior program endowment	100,000	100,000
Spay/neuter and crisis care endowment	<u>250,000</u>	<u>250,000</u>
	<u>945,483</u>	<u>945,483</u>
	<u>\$ 3,557,215</u>	<u>4,247,753</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(8) Long-Term Debt

The Society's long-term debt consists of the following notes payable at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
4.875% construction note payable to a commercial bank, due in monthly installments of principal and interest through January 2025, with a final balloon payment due February 2025; secured by real property and \$677,750 of investment securities.	\$ -	2,217,010
Total long-term debt	-	2,217,010
Less unamortized debt issuance costs	-	3,383
Long-term debt, less unamortized debt issuance costs	-	2,213,627
Less current installments	-	91,586
Long-term debt, less current installments	\$ -	2,122,041

Total interest expense was \$90,174 and \$111,943 for the years ended December 31, 2024 and 2023, respectively.

On October 17, 2024, the Society repaid in full the outstanding balance of the mortgage note payable associated with the veterinary center facility. The repayment was funded directly from the proceeds of the sale of the related building, which had been classified as held for sale in connection with the discontinued operations of the veterinary center. Refer to Note 18 for additional information regarding discontinued operations.

(9) Leases

The Society leases certain office equipment and facilities under noncancellable operating leases which expire over the next five years.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(9) Leases - Continued

The following table summarizes the operating lease line items in the accompanying statements of financial position at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use-assets	\$ <u>60,305</u>	<u>29,452</u>
Total right-of-use assets	60,305	29,452
Current portion of operating lease liabilities	18,227	14,287
Operating lease liabilities, less current portion	<u>42,078</u>	<u>15,165</u>
Total operating lease liabilities	\$ <u><u>60,305</u></u>	<u><u>29,452</u></u>

As of December 31, 2024 and 2023, the weighted average remaining lease terms were 4.50 years and 3.01 years, respectively, and the weighted average discount rates were 4.14% and 3.35%, respectively. Operating cash flows from operating leases were \$15,257 and \$16,220 for the years ended December 31, 2024 and 2023, respectively.

The following summarizes the components in the accompanying statements of activities for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 17,748	16,220
Variable lease costs	<u>16,996</u>	<u>19,631</u>
Total lease costs	\$ <u><u>34,744</u></u>	<u><u>35,851</u></u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(9) Leases - Continued

Future maturities of operating lease liabilities as of December 31, 2024 were as follows:

<u>Year Ending December 31,</u>	
2025	\$ 18,299
2026	15,102
2027	14,749
2028	12,887
2029	<u>10,280</u>
Total operating lease payments	71,317
Less imputed interest	<u>11,012</u>
Present value of lease liabilities	60,305
Less current portion	<u>18,227</u>
Lease liabilities, net of current portion	<u><u>\$ 42,078</u></u>

(10) Retirement Plan

In 1994, the Society established a 403(b) retirement plan for eligible employees. Under this plan, the Society matches 25% of employee contributions up to \$1,500. For the years ended December 31, 2024 and 2023, the Society made matching contributions of approximately \$35,000 and \$36,000, respectively.

(11) Concentration of Credit Risk

The Society maintains its cash balances with a large regional financial institution. As of December 31, 2024, total cash balances exceeded federal insurance limits by approximately \$2,313,821.

(12) Endowments

The Society's endowments consist of several individual funds established by donors for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the State of Florida *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA") and ASC Topic 958-205-45-28, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, the Society classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Society reclassifies the amount appropriated as a component of net assets without donor restrictions.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(12) Endowments - Continued

The Board of Directors has interpreted Florida UPMIFA 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 this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable and classified as net assets with donor restrictions until appropriated for expenditure.

Investment Return Objectives, Risk Parameters, and Strategies: The Society has adopted investment policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The policies stipulate that the endowment investments should be managed as a long-term goal designed to maximize the returns without exposure to undue risk. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns.

Spending Policy: The Society has a policy of appropriating for distribution each year the amount of the Society's current operating cash flow deficit. The Society's endowment funds contain certain net assets with donor restrictions that are not subject to general spending policies.

Endowment net asset composition by type of fund as of December 31, 2024 and 2023 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
December 31, 2024:			
Board-designated endowment funds	\$ -	-	-
Donor-restricted endowment funds	-	976,843	976,843
	<u>\$ -</u>	<u>976,843</u>	<u>976,843</u>
December 31, 2023:			
Board-designated endowment funds	\$ -	-	-
Donor-restricted endowment funds	-	968,730	968,730
	<u>\$ -</u>	<u>968,730</u>	<u>968,730</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(12) Endowments - Continued

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
Balance at December 31, 2022	\$ -	960,224	960,224
Investment income	-	2,999	2,999
Net appreciation	-	5,507	5,507
Balance at December 31, 2023	-	968,730	968,730
Investment income	-	2,691	2,691
Net appreciation	-	5,422	5,422
Balance at December 31, 2024	\$ -	976,843	976,843

(13) Liquidity and Availability of Resources

The Society is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Occasionally, the Board designates certain bequests and a portion of investment return to its operating reserve. The operating reserve was established to fund the long-term needs of the Society and may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(13) Liquidity and Availability of Resources - Continued

As of December 31, 2024 and 2023, the Society's financial assets available to meet cash needs for general expenditures within one year were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 2,820,015	2,134,585
Bequests and trusts receivable	694,928	1,654,189
Pledges and other receivables	68,370	129,665
Investments	4,822,019	4,615,616
Beneficial interest in assets held by others	<u>33,878</u>	<u>27,822</u>
Total financial assets	8,439,210	8,561,877
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Unappropriated earnings on endowment restricted for summer camp	(31,360)	(23,247)
Investments pledged as collateral	-	(677,750)
Long-term bequests and trusts receivable	(452,248)	(495,078)
Long-term pledges receivable	(37,766)	(36,517)
Donor imposed use restrictions	(1,806,080)	(1,493,714)
Charitable gift annuities	(41,598)	(94,603)
Endowments	(945,483)	(945,483)
Board-designations:		
Operating reserves	(4,210,870)	(4,029,765)
Facility enhancement	<u>-</u>	<u>(36,170)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 913,805</u>	<u>729,550</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(14) Fair Value Measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are money market mutual funds, common stock, and equity mutual funds.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The Society's investments in corporate bonds are included in Level 2. The fair value of the Society's investment funds held by the Foundations is based on valuation information provided by the Foundations which is primarily derived from or corroborated by observable market data as it relates to the Foundations' underlying investments.
- Level 3: Valuation is based on unobservable inputs. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Society's assessment of the quality, risk, or liquidity profile of the asset.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(14) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at December 31, 2024 are as follows:

	Fair Value as of December 31, 2024	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 571,508	571,508	-	-
Corporate bonds	1,080,559	-	1,080,559	-
Common stock:				
Communication services	51,188	51,188	-	-
Consumer discretionary	131,830	131,830	-	-
Consumer staples	132,503	132,503	-	-
Energy	88,166	88,166	-	-
Financials	272,819	272,819	-	-
Freight and logistics	35,308	35,308	-	-
Healthcare	246,094	246,094	-	-
Industrials	185,142	185,142	-	-
Information technology	252,943	252,943	-	-
International	371,801	371,801	-	-
Materials	34,497	34,497	-	-
Real estate	119,719	119,719	-	-
Utilities	135,297	135,297	-	-
Mutual funds:				
Mid cap	379,678	379,678	-	-
Small cap	378,946	378,946	-	-
U.S. savings bonds	354,021	354,021	-	-
	4,822,019	3,741,460	1,080,559	-
Community Foundation investments	33,878	-	33,878	-
	\$ 4,855,897	3,741,460	1,114,437	-

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(14) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at December 31, 2023 are as follows:

	Fair Value as of December 31, 2023	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 260,503	260,503	-	-
Corporate bonds	1,068,241	-	1,068,241	-
Common stock:				
Communication services	36,946	36,946	-	-
Consumer discretionary	132,082	132,082	-	-
Consumer staples	168,252	168,252	-	-
Energy	77,006	77,006	-	-
Financials	297,068	297,068	-	-
Freight and logistics	-	-	-	-
Healthcare	294,923	294,923	-	-
Industrials	225,894	225,894	-	-
Information technology	223,556	223,556	-	-
International	364,040	364,040	-	-
Materials	41,069	41,069	-	-
Real estate	138,532	138,532	-	-
Utilities	114,727	114,727	-	-
Mutual funds:				
Mid cap	382,819	382,819	-	-
Small cap	406,438	406,438	-	-
U.S. savings bonds	383,520	-	383,520	-
	4,615,616	3,163,855	1,451,761	-
Community Foundation investments	27,822	-	27,822	-
	<u>\$ 4,643,438</u>	<u>3,163,855</u>	<u>1,479,583</u>	<u>-</u>

(15) In-Kind Support

For the years ended December 31, 2024 and 2023, in-kind support included the following:

	2024	2023
Pet food, medical, kennel and shelter supplies	\$ 3,189	74,153
Development items	1,104	923
	<u>\$ 4,293</u>	<u>75,076</u>

Pet food, medical, kennel and shelter supplies are used by the Society in its Shelter program and development items are used by the Society in its special events. Pet food, medical, kennel, shelter and development supplies are valued at wholesale values that would be received for selling similar items in the United States.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(16) Commitments and Contingencies

The Society has an employment agreement with a key employee which expires in 2029. The agreement establishes a base salary, provisions for salary increases and for earning an incentive bonus and other benefits. The agreement may be terminated with or without cause by either party, which could result in separation payments not to exceed six months of base salary under certain circumstances, as defined by the agreement.

In May 2021, the Society purchased certain equipment and entered into a six-year purchasing commitment with an equipment leasing vendor whereby the Society committed to buying approximately \$158,400 of services and testing supplies on an annual contract year or \$950,400 cumulatively over the six-year term in exchange for certain credits which were used to acquire \$75,990 of equipment in 2021 and \$18,713 of equipment lease payments which were forgiven. The Society purchased approximately \$127,000 and \$156,000 of services and testing supplies under the purchasing agreement for the years ended December 31, 2024 and 2023, respectively. The Society's remaining minimum purchase commitment between 2025 and 2027 is approximately \$514,000.

The Society is involved in various legal actions arising during the ordinary course of its operations. The potential loss under these claims, if any, is not determinable at this time. Management believes any potential loss would be expected to fall within the Society's insurance policy limits. The only anticipated financial exposure would be payment of the insurance policy deductible, a nominal amount. In the opinion of management, no material liability exists with respect to these claims.

(17) Federal Financial Assistance

The CARES Act provides an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter and available to entities who received Paycheck Protection Program loans. Based on the 2021 relief provisions, the Society qualified and applied for the tax credit in 2022 retrospectively for calendar year 2020 and the first two calendar quarters through June 30, 2021.

The Society has elected to apply the provisions of ASU 2018-08, *Clarifying Guidance for Contributions Received and Contributions Made (Topic 958-605)* as the relevant guidance for a not-for-profit entity for this type of conditional federal award. During the year ended December 31, 2022, the Society accrued approximately \$1.44 million in ERC which is included with contributions and grants in the accompanying statement activities. The Society collected approximately \$1.2 million of the ERC in 2023 and received the balance of approximately \$250,000 in May 2024.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
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Notes to Financial Statements - Continued

(18) Discontinued Operations

On January 30, 2024 the Society's Board of Directors approved a plan to sell The Veterinary Center (the "Component"), which represented a major business line. The Society's financial statements have been prepared with the assets, liabilities, results of activities, and cash flows of this Component displayed separately as discontinued operations for all periods presented.

The discontinued operations of the Component represented a strategic shift in the Society's operations and had a significant effect on the Society's financial results. The Society successfully completed the sale of the Component for total cash consideration of approximately \$4 million on October 17, 2024.

At December 31, 2024 and 2023, the major classes of assets and liabilities classified as discontinued were as follows:

	<u>2024</u>	<u>2023</u>
Carrying amounts of major classes of assest included as part of discontinued operations:		
Cash and cash equivalents	\$ -	400
Inventory	<u>-</u>	<u>82,976</u>
Total current assets	-	83,376
Property and equipment, net	<u>-</u>	<u>3,106,182</u>
Total assets of the disposal group classified as discontinued operations in the statement of financial position	\$ <u><u>-</u></u>	<u><u>3,189,558</u></u>
Carrying amounts of major classes of liabilties included as part of discontinued operations:		
Accounts payable	\$ -	56,882
Accrued expenses	-	105,415
Long term debt, current	<u>-</u>	<u>91,586</u>
Total current liabilities	-	253,883
Long-term debt, less current portion	<u>-</u>	<u>2,122,041</u>
Total liabilities of the disposal group classified as discontinued operations in the statement of financial position	\$ <u><u>-</u></u>	<u><u>2,375,924</u></u>

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Notes to Financial Statements - Continued

(18) Discontinued Operations - Continued

Cash flows attributable to the discontinued operations for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities of discontinued operations:		
Change in net assets of discontinued operations	\$ 783,717	(797,710)
Adjustments to reconcile change in net assets of discontinued operations to net cash used in operating activities:		
Depreciation	9,923	104,338
Amortization of loan issuance costs	3,383	3,648
Gain on disposal of assets held for sale	(892,138)	-
Operating cash flows for amounts included in the measurement of discontinued operations, net:		
Increase (decrease) in inventories	82,976	(7,113)
Decrease in accounts payable	(56,882)	(17,834)
Decrease in accrued expenses	(105,415)	(11,886)
Operating cash flows from discontinued operations	\$ <u>(174,436)</u>	<u>(726,557)</u>
Cash flows from investing activities discontinued operation:		
Property and equipment purchases	\$ -	(361,751)
Proceeds from sale of assets held for sale	<u>3,988,005</u>	<u>-</u>
Investing cash flows from discontinued operations	\$ <u>3,988,005</u>	<u>(361,751)</u>
Cash flows from financing activities of discontinued operations:		
Principal payments on long-term debt	\$ <u>(2,217,275)</u>	<u>(87,441)</u>
Financing cash flows from discontinued operations	\$ <u>(2,217,275)</u>	<u>(87,441)</u>

There were no continuing cash flows or obligations related to the disposed component as of the sale date of October 17, 2024.

(19) Subsequent Events

The Society has evaluated subsequent events through July 22, 2025, the date the financial statements were available for issuance.