

Independent Auditors' Report

To the Board of Directors
Montgomery County Society for the
Prevention of Cruelty to Animals
Conshohocken, Pennsylvania

We have audited the accompanying financial statements of the Montgomery County Society for the Prevention of Cruelty to Animals (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Montgomery County Society for the Prevention of Cruelty to Animals as of December 31, 2017 and 2016, 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.



Oaks, Pennsylvania
March 8, 2018

**MONTGOMERY COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,425,166	\$ 1,279,070
Investments	43,621,359	37,301,261
TOTAL CASH AND INVESTMENTS	<u>45,046,525</u>	<u>38,580,331</u>
Inventories	34,136	23,526
Prepaid expenses	47,557	34,489
TOTAL CURRENT ASSETS	45,128,218	38,638,346
LAND, BUILDINGS AND EQUIPMENT, net	<u>1,870,478</u>	<u>1,861,767</u>
TOTAL ASSETS	<u>\$ 46,998,696</u>	<u>\$ 40,500,113</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 97,522	\$ 60,260
Accrued payroll and payroll taxes	47,021	39,016
TOTAL CURRENT LIABILITIES	<u>144,543</u>	<u>99,276</u>
NET ASSETS		
Unrestricted	33,753,098	29,164,357
Temporarily restricted	13,101,055	11,236,480
TOTAL NET ASSETS	<u>46,854,153</u>	<u>40,400,837</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 46,998,696</u>	<u>\$ 40,500,113</u>

See accompanying notes.

**MONTGOMERY COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Shelter operations		
Small animals	\$ 69,452	\$ 81,826
Adoptions	76,519	85,223
Resale items	21,462	24,828
Miscellaneous	482,531	439,664
Public support		
Memberships	151,604	118,054
Fall appeal	88,007	106,989
Miscellaneous donations	390,072	394,765
Estates and donations	1,561,976	1,437,873
Municipal appropriations	1,950	2,950
State appropriations	7,840	7,280
Interest and dividends	432,249	426,677
Net unrealized and realized gain on investments	3,629,541	1,361,901
Net assets released from restrictions	-	12,260
TOTAL SUPPORT AND REVENUE	<u>6,913,203</u>	<u>4,500,290</u>
Operating expenses		
Salaries and payroll taxes	1,397,121	1,373,270
Bank fees	150	200
Employee medical insurance	146,274	145,684
Shelter	100,579	82,896
Veterinarian supplies	127,563	139,246
Residence and horse farm	13,034	13,712
Publicity and humane education	27,865	24,688
Heat, light and maintenance	156,564	186,345
Insurance	138,959	113,348
Motorized equipment	13,164	14,076
Office supplies and expenses	7,926	6,180
Other	300	730
Payroll preparation	7,208	7,116
Telephone	17,883	17,176
Humane enforcement and training	5,667	575
Legal fees	4,876	5,689
Accounting fees	10,680	10,525
Miscellaneous	2,234	9,059
Water	7,266	7,619
Fund-raising expenses	25,041	22,348
Resale items	3,725	2,952
Depreciation	110,383	117,002
TOTAL OPERATING EXPENSES	<u>2,324,462</u>	<u>2,300,436</u>
CHANGE IN UNRESTRICTED NET ASSETS FORWARD	<u>\$ 4,588,741</u>	<u>\$ 2,199,854</u>

**MONTGOMERY COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
CHANGE IN UNRESTRICTED NET ASSETS FORWARDED	\$ <u>4,588,741</u>	\$ <u>2,199,854</u>
TEMPORARILY RESTRICTED NET ASSETS		
Income from investments	32,489	27,016
Contributions	-	3,563
Net unrealized and realized gain on investments	1,832,086	643,494
Net assets released from restriction	<u>-</u>	<u>(12,260)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>1,864,575</u>	<u>661,813</u>
CHANGE IN NET ASSETS	6,453,316	2,861,667
NET ASSETS AT BEGINNING OF YEAR	<u>40,400,837</u>	<u>37,539,170</u>
NET ASSETS AT END OF YEAR	<u>\$ 46,854,153</u>	<u>\$ 40,400,837</u>

See accompanying notes.

**MONTGOMERY COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>
FUNCTIONAL EXPENSES				
Salaries, officers	\$ 4,684	\$ 151,458	\$ -	\$ 156,142
Salaries	959,166	106,574	-	1,065,740
Employee benefits	192,974	15,412	-	208,386
Payroll taxes	102,991	8,956	-	111,947
Accounting fees	-	10,680	-	10,680
Legal fees	-	4,876	-	4,876
Bank fees	-	200	-	200
Office	7,567	7,567	-	15,134
Telephone	8,941	8,942	-	17,883
Occupancy	257,831	45,415	-	303,246
Training expenses	5,101	566	-	5,667
Depreciation	93,825	16,558	-	110,383
Shelter	100,579	-	-	100,579
Veterinarian	127,563	-	-	127,563
Residence and horse farm	13,034	-	-	13,034
Publicity and humane education	27,865	-	-	27,865
Miscellaneous	-	3,207	-	3,207
Fund-raising expenses	-	-	25,041	25,041
Resale items	3,725	-	-	3,725
Vehicle expenses	6,582	6,582	-	13,164
	<u>6,582</u>	<u>6,582</u>	<u>-</u>	<u>13,164</u>
 TOTAL FUNCTIONAL EXPENSES	 \$ <u>1,912,428</u>	 \$ <u>386,993</u>	 \$ <u>25,041</u>	 \$ <u>2,324,462</u>

See accompanying notes.

2016

<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>
\$ 4,556	\$ 147,321	\$ -	\$ 151,877
944,427	104,936	-	1,049,363
51,303	5,700	-	57,003
103,523	11,503	-	115,026
-	10,525	-	10,525
-	5,689	-	5,689
-	200	-	200
6,648	6,648	-	13,296
8,588	8,588	-	17,176
378,570	66,807	-	445,377
575	-	-	575
99,452	17,550	-	117,002
82,896	-	-	82,896
139,246	-	-	139,246
13,712	-	-	13,712
24,688	-	-	24,688
-	17,409	-	17,409
-	-	22,348	22,348
2,952	-	-	2,952
7,038	7,038	-	14,076
<u>\$ 1,868,174</u>	<u>\$ 409,914</u>	<u>\$ 22,348</u>	<u>\$ 2,300,436</u>

**MONTGOMERY COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,453,316	\$ 2,861,667
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	110,383	117,002
(Increase) decrease in		
Inventories	(10,610)	5,567
Prepaid expenses	(13,068)	(2,041)
Increase (decrease) in		
Accounts payable	37,262	15,865
Accrued payroll and payroll taxes	8,005	(1,228)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,585,288</u>	<u>2,996,832</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net	(6,320,098)	(3,644,414)
Purchase of equipment and building improvements	(119,094)	(195,044)
NET CASH USED BY INVESTING ACTIVITIES	<u>(6,439,192)</u>	<u>(3,839,458)</u>
NET INCREASE (DECREASE) IN CASH	146,096	(842,626)
CASH AT BEGINNING OF YEAR	<u>1,279,070</u>	<u>2,121,696</u>
CASH AT END OF YEAR	<u>\$ 1,425,166</u>	<u>\$ 1,279,070</u>

See accompanying notes.