MONMOUTH COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

FINANCIAL STATEMENTS

DECEMBER 31, 2020
Independent Auditor’s Report

TO: THE BOARD OF TRUSTEES
MONMOUTH COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
EATONTOWN, NEW JERSEY

I have audited the accompanying financial statements of the Monmouth County Society for the Prevention of Cruelty to Animals (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Monmouth County Society for the Prevention of Cruelty to Animals as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Monmouth County Society for the Prevention of Cruelty to Animals and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Monmouth County Society for the Prevention of Cruelty to Animals’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

My 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 my 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, I:

- 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Monmouth County Society for the Prevention of Cruelty to Animal’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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Monmouth County Society for the Prevention of Cruelty to Animal’s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

ROGER K. STEIN
Certified Public Accountant

Neptune, New Jersey

June 28, 2021
MONMOUTH COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:
Cash $ 1,913,853
Accounts receivable 83,741
Prepaid expenses 42,051
Total Current Assets 2,039,645

Property, Buildings and Equipment:
Land 14,265
Buildings and improvements 8,129,712
Equipment and furniture 1,059,613
Transportation equipment 390,130
Leasehold improvements 213,896
Less: Accumulated depreciation (4,015,752)
Net Property, Buildings and Equipment 5,791,864

Other Assets:
Investments 3,126,900
Total Assets $ 10,958,409

LIABILITIES

Current Liabilities:
Accounts payable $ 107,740
Accrued expenses 61,991
Notes payable - current portion 51,635
Total Current Liabilities 221,366

Other Liabilities:
Notes payable - long term portion 2,569,322
Total Liabilities 2,790,688

NET ASSETS

Without donor restrictions 7,906,069
With donor restrictions 261,652
Total Net Assets 8,167,721

Total Liabilities and Net Assets $ 10,958,409

The accompanying notes are an integral part of these Financial Statements.
MONMOUTH COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Without Donor Restrictions | With Donor Restrictions | Total
--- | --- | ---
Revenues, gains, and other support:
Program fees - Animal Services | $ 569,266 | $ - | $ 569,266
Program fees - Medical Clinic | 1,183,665 | 1,183,665
Program fees - Community Services | 200 | 200
Program fees and fines - Law Enforcement | 5,892 | 5,892
Sales - Animal Supplies | 16,522 | 16,522
Sales - Thrift Store | 117,605 | 117,605
Animal control contracts | 417,483 | 417,483
Donations | 2,404,303 | 519,262 | 2,923,565
Fund-raisers - Gross revenues of $507,471
   Less expenses of (29,812) | 477,659 | 477,659
Bequests | 536,896 | 536,896
Investment income | 77,572 | 77,572
Loss on assets retired from service | (10,380) | (10,380)
Net unrealized and realized gains on investments | 130,135 | 130,135
Miscellaneous income | 1,007 | - | 1,007
| 5,927,825 | 519,262 | 6,447,087

Net assets released from restrictions:
Satisfaction of program restrictions | 535,382 | (535,382) | -
Total revenues, gains, and other support | 6,463,207 | (16,120) | 6,447,087

Expenses:
Program services | 4,473,470 | - | 4,473,470
Supporting services | 357,706 | 357,706
Management and general | 664,362 | 664,362
Fund-raising | 5,495,538 | - | 5,495,538

Change in net assets | 967,669 | (16,120) | 951,549

Net assets at beginning of year | 6,938,400 | 277,772 | 7,216,172
Net assets at end of year | $ 7,906,069 | $ 261,652 | $ 8,167,721

The accompanying notes are an integral part of these Financial Statements.
## MONMOUTH COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

### STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Animal Services</td>
<td>Medical Clinic</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$ 1,301,232</td>
<td>$ 693,984</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>137,603</td>
<td>68,826</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>123,185</td>
<td>80,546</td>
</tr>
<tr>
<td>Utilities</td>
<td>84,527</td>
<td>9,113</td>
</tr>
<tr>
<td>Supplies, drugs and food</td>
<td>291,274</td>
<td>366,432</td>
</tr>
<tr>
<td>Merchandise supplies</td>
<td>11,702</td>
<td>11,702</td>
</tr>
<tr>
<td>Professional fees</td>
<td>3,300</td>
<td>3,300</td>
</tr>
<tr>
<td>Medical assistance</td>
<td>37,435</td>
<td>68,795</td>
</tr>
<tr>
<td>Training and education</td>
<td>8,229</td>
<td>389</td>
</tr>
<tr>
<td>Insurance</td>
<td>105,909</td>
<td>60,214</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>47,077</td>
<td>9,728</td>
</tr>
<tr>
<td>Public relations and newsletter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office and general</td>
<td>111,330</td>
<td>72,461</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>12,095</td>
<td>20,637</td>
</tr>
<tr>
<td>Depreciation</td>
<td>249,718</td>
<td>28,377</td>
</tr>
<tr>
<td>Travel and conferences</td>
<td>6,195</td>
<td>1,650</td>
</tr>
<tr>
<td>Law enforcement</td>
<td>4,376</td>
<td>4,376</td>
</tr>
<tr>
<td>Fund-raising expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>88,442</td>
<td>10,050</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,611,024</strong></td>
<td><strong>$ 1,490,813</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these Financial Statements.
MONMOUTH COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets
Adjustments to reconcile changes in net assets
to net cash provided by operating activities:
  Depreciation and amortization  342,559
  Loss on assets retired from service  10,380
  Net unrealized and realized gains on investments (130,135)
(Increase) decrease in operating assets:
  Accounts receivable (9,306)
  Prepaid expenses  2,319
Increase (decrease) in operating liabilities:
  Accounts payable (4,587)
  Accrued expenses (112,486)
  Deferred income (2,519)

NET CASH PROVIDED BY OPERATING ACTIVITIES  1,047,774

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment (389,363)
Purchase of investments (1,760,692)
Sale of investments  1,564,399

NET CASH USED BY INVESTING ACTIVITIES (585,656)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from loan  520,000
Reduction of mortgage payable (47,552)

NET CASH PROVIDED BY FINANCING ACTIVITIES  472,448

NET INCREASE IN CASH  934,566
CASH AT JANUARY 1, 2020  979,287
CASH AT DECEMBER 31, 2020 $ 1,913,853

The accompanying notes are an integral part of these Financial Statements.
MONMOUTH COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities - The Organization is a nonprofit corporation which provides shelter and care for animals, humane law enforcement, informational services to the community regarding animal care, a clinic that spays and neuters animals as well as providing other care.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Resources available to support operations and are not subject to donor restrictions.

With donor restrictions - Resources that are subject to donor-imposed restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions - Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. If there is no unconditional promise, the contribution is recognized when received. Contributions received are recorded as support without donor restrictions or support with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services - During the year ended December 31, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. No amounts have been reflected in the financial statements for other contributed services; however, a substantial number of volunteers have donated significant amounts of their time in relation to the Organization's program services and other activities.

Use 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. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Management believes that the estimates and assumptions are reasonable in the circumstances.
Note 1 - (continued)

Accounts Receivable - The Organization has animal housing contracts with various towns in Monmouth County which are earned and billed monthly. On a periodic basis, the Organization evaluates its accounts receivable and, if necessary, establishes an allowance for credit losses. There was no allowance for credit losses at December 31, 2020.

Revenue Recognition - Effective January 1, 2019, the Organization retrospectively changed its accounting methods for revenue recognition and financial instruments as a result of implementing the requirements in the Financial Accounting Standard Board’s Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. The new revenue recognition guidance requires the recognition of revenue when promised services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services. The Organization adopted the simplified approach under ASC 606 which is a modified retrospective application with a cumulative effect adjustment to net assets in the year of adoption. Management determined there was no adjustment required to the financial statements.

Program Service Fees - The Organization charges fees for adoption, shelter, medical services, and animal supplies. The revenue is billed, collected and recognized when the service is rendered.

Gift Shop - The Organization recognizes revenue from its retail operations when the sale is made. The Organization collects sales tax on certain transactions and remits to the State of New Jersey. The Organization’s accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

The Organization adopted the guidance under FASB ASC 405-20-40-1 in regards to recognition of the proceeds of the SBA Paycheck Protection Program loan. The proceeds of the loan are recorded as a liability until the loan is forgiven and the Organization is legally released from the liability. The Organization’s loan in the amount of $520,000 is recorded as a liability as of December 31, 2020. The loan was forgiven in full in March 2021.

Property and Equipment - Property and equipment are carried at cost. Depreciation and amortization are computed using the straight-line and accelerated methods over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense, as incurred. Depreciation and amortization expense for the year was $342,559.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.
Note 1 - (continued)

The Organization evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2020, the Organization recognized no liability on uncertain tax positions.

Investments - The Organization’s investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. In 2020, the Organization incurred investment expenses of $19,125 which is reflected in the investment income on the statement of activities.

Fair Value - The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Marketable equity and U.S. government securities are valued at quoted prices in active markets for identical assets (Level I). Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Note 2 - Investments - Cost and fair value of investments at December 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Available for sale</th>
<th>Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Gross Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Securities (Level I)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities &amp; Energy</td>
<td>$326,927</td>
<td>$54,814</td>
<td>($26,885)</td>
<td>$354,856</td>
</tr>
<tr>
<td>Services</td>
<td>145,234</td>
<td>3,444</td>
<td>(6,205)</td>
<td>142,473</td>
</tr>
<tr>
<td>Financial</td>
<td>419,730</td>
<td>24,933</td>
<td>(6,561)</td>
<td>438,102</td>
</tr>
<tr>
<td>Technology</td>
<td>340,276</td>
<td>77,792</td>
<td>(15,880)</td>
<td>402,188</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>422,346</td>
<td>36,411</td>
<td>(11,914)</td>
<td>446,843</td>
</tr>
<tr>
<td>Healthcare/Drugs</td>
<td>168,313</td>
<td>6,582</td>
<td>(9,163)</td>
<td>165,732</td>
</tr>
<tr>
<td>Entertainment</td>
<td>36,036</td>
<td>17,730</td>
<td>(432)</td>
<td>53,334</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>769,779</td>
<td>33,555</td>
<td>(4,007)</td>
<td>799,327</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,628,641</td>
<td>255,261</td>
<td>(81,047)</td>
<td>2,802,855</td>
</tr>
</tbody>
</table>

| Corporate Debt (Level I)                  |        |                        |                         |                 |
| Financial                                 | 98,282 |                        | (98,282)                | -               |
| Bond Mutual Fund                          | 313,428 | 10,617                | -                        | 324,045         |
| Bond Mutual Fund                          | 411,710 | 10,617                | (98,282)                | 324,045         |
| **Total Investments**                      | $3,040,351 | $265,878            | ($179,329)              | $3,126,900      |
Note 3 - Derivatives - Derivative contracts include forwards, futures, swaps and options, all of which are bilateral contracts or payment exchange agreements, whose values derive from the value of an underlying asset, reference rate or index. A forward contract obliges one party to buy and the other to sell, a specific underlying product or instrument at a specific price, amount, and date in the future. The Organization, through its investment broker, sells options on stocks that they own.

Note 4 - Line of Credit - The Organization has a $250,000 line of credit with 1st Constitution Bank, of which none was outstanding as of December 31, 2020. The rate is 4.25%. The line of credit, secured by a mortgage on the Eatontown property, is due to expire October 2021.

Note 5 - Notes Payable - Notes payable at December 31, 2020 consists of the following:

The Organization has a mortgage note with 1st Constitution Bank which is secured by the Eatontown property. The mortgage note is payable in monthly installments including interest currently at 5.5%. The interest rate adjusts to the 5-year US Treasury Note rate in effect on April 1, 2021 plus 3% per year, with a floor of 5.5%. The rate adjusts every five years beginning May 1, 2024 and thereafter. The mortgage note is due April 2039. 

$ 2,111,538

In April 2020, the Organization received a Paycheck Protection Program loan from 1st Constitution Bank. The loan was forgiven in full by the Small Business Administration in March 2021. 

520,000

Total Notes Payable 

$ 2,631,538

The Organization has adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statement of functional expenses.

Long-term debt at December 31, 2020, consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable</td>
<td>$ 2,631,538</td>
</tr>
<tr>
<td>Less: Unamortized debt issuance costs</td>
<td>10,581</td>
</tr>
<tr>
<td>Long-term debt, less unamortized</td>
<td>2,620,957</td>
</tr>
<tr>
<td>Debt issuance costs</td>
<td></td>
</tr>
<tr>
<td>Less: current portion</td>
<td>51,635</td>
</tr>
<tr>
<td>Total long-term debt, less current</td>
<td>$ 2,569,322</td>
</tr>
</tbody>
</table>
Note 5 - (continued)

Maturity of long-term debt is as follows:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$ 51,635</td>
</tr>
<tr>
<td>2022</td>
<td>574,582</td>
</tr>
<tr>
<td>2023</td>
<td>57,696</td>
</tr>
<tr>
<td>2024</td>
<td>60,985</td>
</tr>
<tr>
<td>2025</td>
<td>64,460</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,811,599</td>
</tr>
<tr>
<td></td>
<td><strong>$2,620,957</strong></td>
</tr>
</tbody>
</table>

Note 6 - Net Assets With Donor Restrictions - Activities related to net assets with donor restrictions in the current year are summarized as follows:

<table>
<thead>
<tr>
<th>Net Assets With Donor Restrictions-End of Year</th>
<th>Restricted Donations Received During Year</th>
<th>Satisfied by Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Services</td>
<td>$ 202,142</td>
<td>$ 133,270</td>
</tr>
<tr>
<td>Medical Clinic</td>
<td>75,630</td>
<td>170,992</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>-</td>
<td>215,000</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$ 277,772</strong></td>
<td><strong>$ 519,262</strong></td>
</tr>
</tbody>
</table>

Note 7 - Liquidity - The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual, donor-imposed or board-imposed restrictions within one year of the statement of financial position date:

Financial assets at December 31, 2020:

- Cash $ 1,913,853
- Accounts receivable $ 83,741
- Investments $ 3,126,900

Less those unavailable for general expenditures within one year, due to:

- Contractual or donor-imposed restrictions: Restricted for Animal Services program ( 172,673)
  Restricted for Medical Clinic program ( 68,979)
  Restricted for Building Improvements ( 20,000)

Financial assets available to meet cash needs for general expenditure within one year $ 4,862,842
Note 7 - (continued)

As part of the Organization’s liquidity management, the Organization structures its financial assets to be available as general expenditures and liabilities become due. The Organization also has a line of credit of $250,000 with 1st Constitution Bank that is available for any expenditures.

Note 8 - Functional Allocation of Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to the programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 9 - Operating Leases - The Organization leases office equipment under an operating lease with a term of five years. The lease expense was $19,930 for the year ended December 31, 2020.

The following is a schedule of minimum rental payments under the leases at December 31, 2020:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$26,148</td>
</tr>
<tr>
<td>2022</td>
<td>26,148</td>
</tr>
<tr>
<td>2023</td>
<td>26,148</td>
</tr>
<tr>
<td>2024</td>
<td>26,148</td>
</tr>
<tr>
<td>2025</td>
<td>26,148</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>130,740</td>
</tr>
</tbody>
</table>

Note 10 - Cash Flows - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Total interest paid for the year was $119,529.

Note 11 - Professional Employer Service Agreement - The Organization has a professional employer service agreement with Insperity PEO Services, LP. All of the Organization’s employees are leased from Insperity PEO Services, LP.

Note 12 - Concentrations of Credit Risk - The Organization maintains cash balances at a financial institution which are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2020, the Organization’s uninsured cash balances totaled $1,371,250.

Note 13 - Thrift Store - The Organization operates a thrift store that sells clothing and other items with gross revenue of $117,605 in 2020. Costs are reported under community services expense. Most of the labor was volunteers. No inventory was reported since management determined it was not material to the financial statements.
MONMOUTH COUNTY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 14 - Contingencies - In March 2020, by executive order, the State of New Jersey mandated non-essential businesses to close due to the Coronavirus pandemic and some restrictions continue as of the report date. The Organization is still in operation and has received assistance through SBA Coronavirus relief programs. Management has determined that although there has been some impact to operations, there are no material adjustments necessary as of the report date.

Note 15 - Subsequent Events - The Organization has evaluated subsequent events through June 28, 2021, which is the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified by management.