PENNSYLVANIA SOCIETY FOR
THE PREVENTION OF CRUELTY TO ANIMALS
Financial Statements
December 31, 2025
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

Pennsylvania Society for the Prevention of Cruelty to Animals
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December 31, 2025

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withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pennsylvania Society for the Prevention of Cruelty to Animals:

Opinion

We have audited the financial statements of the Pennsylvania Society for the Prevention of Cruelty to Animals (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pennsylvania Society for the Prevention of Cruelty to Animals as of December 31, 2025 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pennsylvania Society for the Prevention of Cruelty to Animals and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Pennsylvania Society for the Prevention of Cruelty to Animals' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Pennsylvania Society for the Prevention of Cruelty to Animals' 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 Pennsylvania Society for the Prevention of Cruelty to Animals' 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.

Report on Summarized Comparative Information

We have previously audited the Pennsylvania Society for the Prevention of Cruelty to Animals' 2024 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2026. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Withum Smith + Brown, PC

November 13, 2026

Pennsylvania Society for the Prevention of Cruelty to Animals
Statement of Financial Position
December 31, 2025 With Comparative Totals for 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 2,199,523	1,473,685
Accounts receivable, net	27,993	88,018
Contributions receivable, net	1,232,646	242,889
Prepaid expenses and other assets	315,008	265,296
Inventory	111,503	112,745
Investments	9,745,783	8,197,361
Property and equipment, net	8,761,410	8,808,759
Beneficial interest in perpetual trusts	13,640,981	13,023,541
Total assets	$ 36,034,847	$ 32,212,294
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 897,511	$ 938,572
Postretirement health benefits obligation	131,714	137,408
Notes payable	354,278	385,528
Total liabilities	1,383,503	1,461,508
Net assets		
Without donor restrictions	17,863,788	15,604,688
With donor restrictions	16,787,556	15,146,098
Total net assets	34,651,344	30,750,786
Total liabilities and net assets	$ 36,034,847	$ 32,212,294

The Notes to Financial Statements are an integral part of this statement.

Pennsylvania Society for the Prevention of Cruelty to Animals
Statement of Activities
Year Ended December 31, 2025 With Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenue and support				
Program revenue	$ 3,694,953	$ -	$ 3,694,953	$ 3,434,887
Contributions	4,169,687	129,000	4,298,687	3,665,164
Contributions of non-financial assets	466,984	-	466,984	333,441
Bequests	5,214,190	1,182,646	6,396,836	4,459,544
Grants	634,654	435,980	1,070,634	1,088,462
Special events, net of expenses of $267,889 and $316,521 for 2025 and 2024, respectively	822,853	-	822,853	839,166
Distributions from perpetual trusts	589,939	-	589,939	544,750
Investment income, net	809,900	136,842	946,742	467,813
Other revenue	23,595	-	23,595	90,881
Change in value of beneficial interest in perpetual trusts	-	617,440	617,440	(144,683)
Net assets released from restrictions	-	-	-	-
Endowment income distribution	79,867	(79,867)	-	-
Other	780,583	(780,583)	-	-
Total revenue and support	17,287,205	1,641,458	18,928,663	14,779,425
Expenses				
Program services				
Rescue, rehabilitation and placement	5,334,610	-	5,334,610	5,392,908
Shelter hospital, surgery and public veterinary care	5,680,461	-	5,680,461	5,419,731
Animal law enforcement, litigation and humane education	2,099,983	-	2,099,983	1,558,114
Total program services	13,115,054	-	13,115,054	12,370,753
Supporting services				
Management and general	573,850	-	573,850	466,712
Fundraising	1,339,201	-	1,339,201	1,241,026
Total supporting services	1,913,051	-	1,913,051	1,707,738
Total expenses	15,028,105	-	15,028,105	14,078,491
Change in net assets	2,259,100	1,641,458	3,900,558	700,934
Net assets				
Beginning of year	15,604,688	15,146,098	30,750,786	30,049,852
End of year	$ 17,863,788	$ 16,787,556	$ 34,651,344	$ 30,750,786

The Notes to Financial Statements are an integral part of this statement.

Pennsylvania Society for the Prevention of Cruelty to Animals
Statement of Functional Expenses
Year Ended December 31, 2025 With Comparative Totals for 2024

	Program Services			Supporting Expenses		Totals	
	Rescue Rehabilitation and Placement	Shelter Hospital, Surgery and Public Veterinary Care	Animal Law Enforcement, Litigation and Humane Education	Management and General	Fundraising	2025	2024
Animal and veterinary care expenses	$ 171,100	$ 1,683,076	$ 148,542	$ 721	$ 488	$ 2,003,927	$ 2,054,508
Employment expenses	3,742,106	3,442,550	1,482,617	403,724	878,070	9,949,067	9,398,869
Facilities, utilities and vehicle expenses	507,735	146,199	130,989	13,933	21,500	820,356	754,858
Information technology	64,735	63,660	24,468	9,664	64,428	226,955	245,805
Leased equipment and facility	94,425	23,936	10,761	9,232	15,199	153,553	127,958
Professional services	165,650	76,838	125,563	83,785	12,935	464,771	456,855
Program fees, bank fees and other	198,069	133,684	82,327	41,871	78,747	534,698	137,656
Development and marketing expenses	835	1,376	8,095	71	252,691	263,068	341,116
Depreciation	389,955	109,142	86,621	10,849	15,143	611,710	560,866
	$ 5,334,610	$ 5,680,461	$ 2,099,983	$ 573,850	$ 1,339,201	$ 15,028,105	$ 14,078,491

The Notes to Financial Statements are an integral part of this statement.

Pennsylvania Society for the Prevention of Cruelty to Animals
Statement of Cash Flows
Year Ended December 31, 2025 With Comparative Totals for 2024

	2025	2024
Operating activities		
Change in net assets	$ 3,900,558	$ 700,934
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(690,983)	(177,823)
Bad debt expense	14,950	20,591
Depreciation	611,710	560,866
Loss on disposal of property and equipment	25,854	-
Change in value of beneficial interest in perpetual trusts	(617,440)	144,683
Change in operating assets and liabilities		
Accounts receivable, net	45,075	(26,610)
Contributions receivable, net	(989,757)	169,752
Inventory	1,242	(33,722)
Prepaid expenses and other assets	(49,712)	8,205
Accounts payable and accrued expenses	(41,061)	25,254
Postretirement health benefits obligation	(5,694)	(5,591)
Net cash provided by operating activities	2,204,742	1,386,539
Investing activities		
Purchase of property and equipment	(590,215)	(543,640)
Purchase of investments	(2,163,427)	(9,439,259)
Proceeds from sale of investments	1,305,988	8,741,704
Net cash used in investing activities	(1,447,654)	(1,241,195)
Financing activities		
Proceeds from notes payable	-	137,220
Payments on notes payable	(31,250)	(33,250)
Net cash provided by (used in) financing activities	(31,250)	103,970
Net change in cash and cash equivalents	725,838	249,314
Cash and cash equivalents		
Beginning of year	1,473,685	1,224,371
End of year	$ 2,199,523	$ 1,473,685
Supplemental disclosure of cash flow information		
Interest paid	$ 16,433	$ 7,644

The Notes to Financial Statements are an integral part of this statement.

1. NATURE OF ACTIVITIES

The Pennsylvania Society for the Prevention of Cruelty to Animals (the "PSPCA" and a nonprofit organization) was established in the Commonwealth of Pennsylvania in 1867. The PSPCA has the distinction of being the state's oldest, largest and most comprehensive animal welfare organization, and is the second oldest humane organization in the United States. The PSPCA conducts its operations at its headquarters located in North Philadelphia, at two regional locations – the Central PA Center at Danville (Montour County) and the Lancaster Center. The PSPCA operates under a "no-kill" philosophy and is dedicated to preventing animal cruelty, rescuing animals from cruelty and neglect, rehabilitating animals medically and behaviorally, placing rescued animals with new, loving families, reducing pet overpopulation through low-cost spay and neuter services, and improving the health and quality of life of all animals in the region. The core services provided by the PSPCA include:

- Animal Law Enforcement – to prevent animal cruelty and neglect by enforcing Pennsylvania's anti-cruelty laws;
- Humane Litigation – to oversee the prosecution of cruelty cases brought by the Animal Law Enforcement team;
- Humane Education – to prevent animal cruelty and to promote responsible pet ownership and animal advocacy by educating children and adults in the community about the humane treatment of animals;
- Adoptions, Foster and Rescue – to place formerly neglected, abused or unwanted animals in forever homes, which includes collaboration with other animal shelters;
- Behavior & Enrichment – to assess incoming animals, design individual enrichment and/or behavior modification plans, and offer classes to provide training and support to adopters and current pet owners to improve pet retention;
- Surgical Services – to offer affordable and accessible surgical services to the community, including spay-neuter, which helps reduce pet overpopulation;
- Public Veterinary Care – to provide low-cost wellness, preventative, geriatric and end-of-life pet care services to the community, including exams and treatments, vaccine clinics, micro-chipping and flea/tick prevention; and
- Shelter Hospital Care – to provide high quality, personalized and compassionate veterinary treatment and medical rehabilitation of sick and injured animals in the PSPCA's care, a significant volume of which enter the shelter through Animal Law Enforcement, as well as providing innovative forensic support to our Animal Law Enforcement Team.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The PSPCA reports information regarding its financial position and activities according to the following classes of net assets:

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

Net Assets With Donor Restrictions: Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the PSPCA and/or the passage of time. When a restriction is satisfied, 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.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the PSPCA to expend the income generated in accordance with the provisions of the contribution.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates. Significant estimates include the net realizable value of accounts and contributions receivable, the fair value of investments, the fair value of the beneficial interest in perpetual trusts held by third parties, the depreciable lives of property and equipment and the allocation of functional expenses.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the PSPCA. Unobservable inputs reflect the PSPCA's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the PSPCA has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Money Market Funds and Certificates of Deposit: Valued at cost which approximates fair value.

U.S. Treasury, Corporate and Municipal Bonds: Valued based on investment managers use of pricing services using market data.

Common Stocks and Exchange Traded and Mutual Funds: Valued at quoted prices for identical assets or liabilities in active markets that the PSPCA has the ability to access.

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

Cash and Cash Equivalents
Cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition, except for those included in the investment portfolio.

Accounts Receivable, Net
Accounts receivable represent unsecured noninterest bearing obligations and are carried at original invoice amounts less an estimate made for credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by identifying troubled accounts and performing a historical and future looking analysis. Receivables are written off when deemed uncollectible. Any uncollectible amounts would not be material to the financial statements. Accounts receivable totaled $88,018 and $81,999 as of January 1, 2025 and 2024, respectively. Accounts receivable at December 31, 2025 are expected to be collected within one year.

Contributions Receivable, Net
The PSPCA records contributions receivable that are expected to be collected within one year at net realizable value (see Note 4). Contributions receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. The PSPCA monitors the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Inventory
Inventory, consisting of veterinary supplies and pharmaceuticals, is valued at the lower of cost (average cost) or net realizable value.

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value as determined by quoted market prices with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned.

The PSPCA invests in a professionally-managed portfolio that contains various types of securities (see Note 5). Such investments are exposed to market, interest rate and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment, Net
Property and equipment are capitalized and recorded at cost, if purchased, and at fair value at the date of donation if donated. Depreciation is calculated using the straight-line method over the lower of estimated useful lives of the respective assets or lease term, if applicable.

The estimated useful lives for depreciation are:

Description	Estimated Life (Years)
Land	N/A
Buildings and dog park	39-50
Building improvements	10-39
Furniture and equipment	5-10
Transportation equipment	4
Leasehold improvements	5
Website	8

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management has determined that no assessment was required for the year ended December 31, 2025.

Beneficial Interest in Perpetual Trusts
The PSPCA has been named as an irrevocable beneficiary of perpetual trusts held and administered by independent trustees. The perpetual trusts provide for the distribution of all or a portion of the net income of the trusts to the PSPCA; however, the PSPCA will never receive the assets of the trusts. At the date PSPCA receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statement of activities and a beneficial interest in perpetual trust is recorded in the statement of financial position at the fair value of the underlying trust assets. Thereafter, the beneficial interest in the trusts are reported at the fair value of the PSPCA's portion of trusts' assets in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities. Beneficial interest in perpetual trusts are measured at fair value using Level 3 valuation inputs.

Post-Retirement Health Benefits Obligation
The PSPCA sponsors a noncontributory defined post-retirement medical benefit plan covering certain retired employees. Benefits are limited to certain defined amounts and are payable under terms negotiated with each beneficiary. The plan is not currently funded and is subject to modification at the PSPCA's discretion, subject to certain limitations.

The PSPCA follows the accounting standards for postretirement benefits other than pensions, which requires the employer to recognize the funded status of the plan or the difference between the fair value of plan assets and the postretirement benefit obligation on the statements of financial position. The PSPCA recognizes the change in postretirement benefit obligation of the unfunded plan in net assets without donor restrictions.

Contributions
Contributions received (including bequests and grants) are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions are recognized when the related promise to give is received. Conditional contributions , that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met.

Contributions of Non-Financial Assets
The PSPCA records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The PSPCA records the value of donated materials at fair value on date of donation when there is an objective basis available to measure their value. Donated materials are included as support in the accompanying statement of activities at their estimated values at the time received.

Revenue Recognition
The PSPCA accounts for revenue from contracts with customers as exchange transactions in the statements of activities as revenue without donor restrictions.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the PSPCA performs the following steps in accordance with Topic 606: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the PSPCA satisfies each performance obligation.

Program revenues are recognized as revenue when the services are provided to the clients over the time of the service visit. Program revenue is made up of mainly sales of goods, adoption fees, medical procedures, medications, examination and other veterinary care. Performance obligations are determined based on the nature of the services provided. The PSPCA recognizes revenue for performance obligations satisfied over time based on actual charges incurred in relation to the total expected charges. Generally, performance obligations satisfied over time relate to animals receiving inpatient care. The PSPCA measures performance obligations from admission to the point when there are no further services required for the animal, which is generally the time of discharge. The PSPCA recognizes revenues for performance obligations satisfied at a point in time, which generally relate to animals receiving outpatient or same day services when: (1) the services are provided and (2) when it is believed the animal does not require additional services.

There were no contract liabilities at January 1, 2024.

Functional Allocation of Expenses
The costs of providing various program and supporting services have been presented on a functional basis in the statement of activities and detailed by natural classification in the statement of functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include depreciation which is allocated on a square footage basis, as well as employment expenses which have been allocated based on estimates of time and effort.

Income Tax Status
The Internal Revenue Service has classified the PSPCA as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code. As a result, no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The PSPCA believes that it had no uncertain tax positions as defined in GAAP.

Concentration of Credit Risk

The PSPCA has significant cash and money market fund balances at financial institutions which throughout the year regularly exceed the amounts insured by either the Federal Deposit Insurance Corporation for up to $250,000 or the Securities Investor Protection Corporation. Any loss incurred or lack of access to such funds could have a significant adverse impact on the PSPCA's financial condition, change in net assets, and cash flows.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the PSPCA's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the PSPCA's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year at December 31, 2025 and 2024.

	2025	2024
Cash and cash equivalents	$ 2,199,523	$ 1,473,685
Accounts receivable, net	27,993	88,018
Contributions receivable, net	1,232,646	242,889
Investments	9,745,783	8,197,361
Total financial assets	13,205,945	10,001,953
Less: Financial assets not available for general expenditures within one year		
Restricted by donors for specific purposes or periods	(624,356)	(889,959)
Restricted by donors to be maintained indefinitely	(1,289,573)	(1,232,598)
Total financial assets available within one year	$ 11,292,016	$ 7,879,396

Liquidity Management

The PSPCA has a goal to maintain financial assets, which consist of cash and cash equivalents, receivables and cash equivalents held in the PSPCA's investment account on hand to meet 30 days of normal operating expenses.

As part of its liquidity management, the PSPCA invests cash in excess of daily requirements in various investment funds held by the PSPCA's third party investment brokerage house. These funds can be easily accessed by the PSPCA. As more fully described in Note 7, the PSPCA also has a line of credit agreement in the amount of $950,000.

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net at December 31, 2025 and 2024 were as follows:

	2025	2024
Receivable in less than one year	$ 1,232,646	$ 203,111
Receivable in one to five years	-	50,000
	1,232,646	253,111
Less: Discount	-	(10,222)
Total contributions receivable, net	$ 1,232,646	$ 242,889

5. INVESTMENTS

Investments at December 31, 2025 and 2024 are comprised of the following:

	2025	2024
Cash and cash equivalents	$ 1,933,831	1,931,588
U.S. Treasury/Government Agency bonds	578,678	408,358
Municipal bonds	70,016	95,207
Corporate bonds	1,292,547	1,214,230
Exchange traded funds		
Fixed income	883,655	943,073
Equity	3,160,539	1,826,795
Equity mutual funds	472,683	51,329
Common stocks	1,353,834	1,726,781
Total investments	$ 9,745,783	$ 8,197,361

Investment income, net was comprised of the following at December 31, 2025 and 2024:

	2025	2024
Interest and dividends	$ 301,896	$ 322,102
Net realized and unrealized gain	690,983	177,823
Less: Investment management fees	(46,137)	(32,112)
	$ 946,742	$ 467,813

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31, 2025 and 2024:

	2025	2024
Land	$ 828,536	$ 828,536
Buildings, building improvements and dog park	13,987,923	13,622,421
Leasehold improvements	31,794	31,794
Furniture and equipment	2,734,324	2,682,454
Transportation equipment	1,032,873	913,787
Website	111,255	93,938
	18,726,705	18,172,930
Less: Accumulated depreciation	(9,965,298)	(9,364,171)
	$ 8,761,407	$ 8,808,759

Depreciation expense was $611,710 and $560,866 for the years ended December 31, 2025 and 2024, respectively.

7. LINE OF CREDIT

The PSPCA has a line of credit agreement with a bank in the amount of $950,000, of which up to $750,000 is available for borrowing and is due upon demand. There were no outstanding borrowings under the line as of December 31, 2025 and 2024. The interest rate on borrowings under the line of credit was 3.25% as of December 31, 2025 and 2024, respectively. Interest expense related to the line of credit was $-0- for each of the years ended December 31, 2025 and 2024, respectively.

The PSPCA has two letters of credit with the same bank in the amounts of $50,000 and $150,000 which are secured and reduce the available balance under the line of credit. There were no draws outstanding under either letter of credit as of December 31, 2025 and 2024.

8. POST-RETIREMENT HEALTH BENEFITS OBLIGATION

The PSPCA provides lifetime health insurance coverage to four former employees, in which the PSPCA pays 100% of the health insurance premiums. Premiums paid by the PSPCA were $20,560 and $22,325 for the years ended December 31, 2025 and 2024, respectively.

The PSPCA has recognized a liability by discounting the future payments of health insurance premiums by 6.2% at December 31, 2025 and 2024 over the remaining life expectancy for each former employee. The PSPCA has set aside no assets for this liability for the years ended December 31, 2025 and 2024.

The following health benefit payments are expected to be paid:

2026	$ 21,887
2027	21,887
2028	21,887
2029	21,579
2030	20,547
Thereafter	63,542
	171,329
Less: Discount	(39,615)
	$ 131,714

9. LOANS PAYABLE - ECONOMIC INJURY DISASTER LOAN PROGRAM

In June 2020, the PSPCA and Main Line Animal Rescue (merged into PSPCA in 2023) each received loans in the amount of $150,000 from the Small Business Administration under the economic injury loan program. Pursuant to the terms of the agreement, monthly payments of principal and interest in the amount of $641 began in June 2021 and are payable each month through May 2050. The loans bear interest at a rate of 2.75% per annum. The loan is secured by all the assets of PSPCA.

In 2024 the PSPCA entered into four vehicle non-interest-bearing loans totaling $137,220. Three of the loans are for a term of 60 months and require combined monthly payments of $1,760 through January 2029. The fourth loan is for a term of 36 months and requires monthly payments of $878 through May 2027. The loans are secured by the vehicles.

The loans payable mature as follows for years ending December 31:

Year ending December 31,	
2026	$ 39,834
2027	33,915
2028	29,759
2029	10,637
2030	9,125
Thereafter	231,008
	$ 354,278

10. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The following is a summary of the contributions of non-financial assets received by the PSPCA during the years ended December 31, 2025 and 2024. The contributions of nonfinancial assets are valued and are reported at the estimated fair value based on current rates for similar legal services, space and utilities and goods. The contributions of non-financial assets have been recorded as revenue in the statement of activities and are also included as program expenses in the statements of activities and functional expenses.

	2025	2024
Donated legal services	$ 26,058	$ 11,024
Donated space and utilities (Lancaster County)	54,898	54,898
Donated goods	386,028	267,519
	$ 466,984	$ 333,441

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	Balance December 31, 2024	Additions	Releases	Balance December 31, 2025
Subject to expenditure for specified purposes or periods				
Program support in specific county	$ 155,175	$ -	$ (28,808)	$ 126,367
Other program support	334,784	564,980	(401,775)	497,989
Available for use in future periods	400,000	1,182,646	(350,000)	1,232,646
	889,959	1,747,626	(780,583)	1,857,002
Net assets to be maintained indefinitely				
Endowments	1,232,598	136,842	(79,867)	1,289,573
Beneficial interest in perpetual trusts	13,023,541	617,440	-	13,640,981
Total net assets to be maintained indefinitely	14,256,139	754,282	(79,867)	14,930,554
	$ 15,146,098	$ 2,501,908	$ (860,450)	$ 16,787,556

	Balance December 31, 2023	Additions	Releases	Balance December 31, 2024
Subject to expenditure for specified purposes or periods				
Program support in specific county	$ 155,175	$ -	$ -	$ 155,175
Other program support	300,834	475,306	(441,356)	334,784
Available for use in future periods	9,698	450,000	(59,698)	400,000
	465,707	925,306	(501,054)	889,959
Net assets to be maintained indefinitely				
Endowments	1,208,856	99,686	(75,944)	1,232,598
Beneficial interest in perpetual trusts	13,168,224	(144,683)	-	13,023,541
Total net assets to be maintained indefinitely	14,377,080	(44,997)	(75,944)	14,256,139
	$ 14,842,787	$ 880,309	$ (576,998)	$ 15,146,098

Income from the endowments is for either operations or veterinary salaries. The endowments have a cumulative historic dollar value of $1,233,879 at December 31, 2025 and 2024. Certain individual endowments are underwater by $1,525 and $20,249 at December 31, 2025 and 2024, respectively.

12. ENDOWMENT FUNDS

An accounting standard was issued which provides guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The PSPCA is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

The PSPCA has adopted an investment policy for all investments to produce a predictable level of funds to meet the PSPCA's organizational objectives while achieving a maximum total return for the assets at a level consistent with prudent management. Under this policy, as approved by the Board, the assets are invested in a manner that is intended to produce returns that exceed the spending policy, while assuming a moderate level of investment risk. Actual returns may vary from the intended results. To satisfy its long-term rate of return objectives, the PSPCA relies on a total return strategy in which investment returns are achieved through both capital appreciation and yield. The PSPCA targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The spending policy calculates the amount of money annually distributed from the endowment fund to support various programs. The spending rate was equal to 7% of the endowment assets under management at the beginning of the years ended December 31, 2025 and 2024.

Changes in the invested endowment assets for the years ended December 31, 2025 and 2024 are as follows:

	With Donor Restrictions
Endowment assets, December 31, 2023	$ 1,208,856
Investment income, net	74,664
Additions	25,022
Spending policy distribution	(75,944)
Endowment assets, December 31, 2024	1,232,598
Investment income, net	136,842
Spending policy distribution	(79,867)
Endowment assets, December 31, 2025	$ 1,289,573

13. ANIMAL LAW ENFORCEMENT

The PSPCA performs its animal law enforcement activities under Pennsylvania statutes governing Humane Society Police Officers and operates under the supervision of the Pennsylvania Secretary of Agriculture. Neither the PSPCA nor its animal law enforcement officers are granted the same "qualified immunity" which attaches to federal, state and municipal law enforcement officers in the conduct of their official duties. With the passage of the Comprehensive Animal Cruelty Act 10 (formerly HB 1238) in Pennsylvania in June 2017, civil immunity is now provided for Humane Society police officers and veterinarians. However, the PSPCA may still be exposed to litigation arising from claims relating to its animal law enforcement function at the federal level. The PSPCA believes it has adequately insured those risks.

14. 403(b) THRIFT PLAN

The PSPCA has a defined contribution 403(b) thrift plan that is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and covers all employees (except leased employees and nonresident aliens). The PSPCA makes an employer matching contribution equal to 25% of the employee's salary reduction contributions limited to the first 6% for employees who are at least 18 years of age and have completed one year of service with the PSPCA. For the years ended December 31, 2025 and 2024, the PSPCA contributed, net of forfeitures to the plan, $36,264 and $32,733, respectively, to the 403(b) thrift plan.

15. LITIGATION

The PSPCA periodically finds itself a defendant in legal suits that have developed in the normal course of business. The PSPCA maintains both liability and umbrella insurance with limits of coverage which management believes to be more than adequate to cover any potential claims. Accordingly, the PSPCA has not accrued any claims liability as of and for the years ended December 31, 2025 and 2024.

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following is a summary of assets and liabilities measured at fair value on a recurring basis and the valuation inputs used to value them:

	December 31, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Cash and cash equivalents	$ 1,933,831	$ 1,933,831	$ -	$ -
U.S. Treasury/Government Agency bonds	578,678	578,678	-	-
Municipal bonds	70,016	-	70,016	-
Corporate bonds	1,292,547	-	1,292,547	-
Exchange traded funds	4,044,194	4,044,194	-	-
Equity mutual funds	472,683	472,683	-	-
Common stocks	1,353,834	1,353,834	-	-
Total investments	9,745,783	8,383,220	1,362,563	-
Beneficial interest in perpetual trusts	13,640,981	-	-	13,640,981
Total assets	$ 23,386,764	$ 8,383,220	$ 1,362,563	$ 13,640,981

	December 31, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Cash and cash equivalents	$ 1,931,588	$ 1,931,588	$ -	$ -
U.S. Treasury/Government				
Agency bonds	408,358	408,358	-	-
Municipal bonds	95,207	-	95,207	-
Corporate bonds	1,214,230	-	1,214,230	-
Exchange traded funds	2,769,868	2,769,868	-	-
Equity mutual funds	51,329	51,329	-	-
Common stocks	1,726,781	1,726,781	-	-
Total investments	8,197,361	6,887,924	1,309,437	-
Beneficial interest in perpetual trusts	13,023,541	-	-	13,023,541
Total assets	$ 21,220,902	$ 6,887,924	$ 1,309,437	$ 13,023,541

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2026, the date on which the financial statements were available to be issued. No events have occurred that require recognition or disclosure in the financial statements.