

BRANDYWINE VALLEY SPCA
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

JOHN R. HANNA & SONS LLC
Accounting, Audit, and Tax Services
Media, Pennsylvania

BRANDYWINE VALLEY SPCA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brandywine Valley SPCA
West Chester, Pennsylvania

Opinion

We have audited the accompanying financial statements of the Brandywine Valley SPCA (a nonprofit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of the Brandywine Valley SPCA 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brandywine Valley SPCA 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 Brandywine Valley SPCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brandywine Valley SPCA'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 Brandywine Valley SPCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

John R. Hanna & Sons LLC

Media, Pennsylvania
July 30, 2025

**BRANDYWINE VALLEY SPCA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,501,745	\$ 1,167,572
Unconditional support receivable	-	7,394
Other receivables	668,349	142,022
Prepaid expenses	104,316	16,569
Security deposits	1,833	1,833
Current portion of contributions receivable from charitable lead annuity trusts	<u>19,342</u>	<u>18,415</u>
TOTAL CURRENT ASSETS	<u>2,295,585</u>	<u>1,353,805</u>
NONCURRENT ASSETS		
Operating lease right-of-use asset	18,652	38,999
Long-term investments	5,401,878	3,711,902
Property and equipment, net of accumulated depreciation of 3,688,202 (2024) and \$3,102,454 (2023)	18,006,002	13,596,907
Contributions receivable from charitable lead annuity trusts, net of current portion	41,158	64,085
Beneficial interest in perpetual trusts	<u>1,778,192</u>	<u>451,914</u>
TOTAL NONCURRENT ASSETS	<u>25,245,882</u>	<u>17,863,807</u>
TOTAL ASSETS	<u>\$ 27,541,467</u>	<u>\$ 19,217,612</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,147,518	\$ 906,127
Current portion of long-term debt	78,961	76,393
Accrued payroll and payroll taxes	383,724	179,625
Deferred revenue	759,318	548,221
Current portion of operating lease liability	<u>20,626</u>	<u>20,389</u>
TOTAL CURRENT LIABILITIES	<u>2,390,147</u>	<u>1,730,755</u>
LONG TERM LIABILITIES		
Long-term debt	877,436	956,397
Long-term operating lease liability	<u>-</u>	<u>20,626</u>
TOTAL LONG-TERM LIABILITIES	<u>877,436</u>	<u>977,023</u>
NET ASSETS		
Without Donor Restrictions	21,238,602	15,925,420
With Donor Restrictions	<u>3,035,282</u>	<u>584,414</u>
TOTAL NET ASSETS	<u>24,273,884</u>	<u>16,509,834</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,541,467</u>	<u>\$ 19,217,612</u>

The accompanying notes are an integral part of these financial statements.

**BRANDYWINE VALLEY SPCA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues, gains and other support:		
Contributions and grant revenue	\$ 3,760,749	\$ 3,882,379
Memorial funds and bequests	1,199,979	1,015,185
Investment gain/(loss)	394,874	440,498
Program revenue	11,576,970	9,458,845
Special events	2,167,417	2,589,341
Special event costs	(1,052,896)	(1,046,101)
Capital Campaign	304,515	926,285
Capital Campaign costs	-	(236)
Gain (loss) on Disposal of Assets	6,934	(917)
Net assets released from restrictions	<u>22,000</u>	<u>31,614</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>18,380,542</u>	<u>17,296,893</u>
Expenses:		
Program services, animal welfare	<u>16,164,240</u>	<u>15,421,362</u>
Supporting services:		
Management and general	313,314	428,294
Fund-raising	<u>611,590</u>	<u>643,665</u>
TOTAL SUPPORTING SERVICES	<u>924,904</u>	<u>1,071,959</u>
TOTAL EXPENSES	<u>17,089,144</u>	<u>16,493,321</u>
Asset transfer upon Humane Society of Harrisburg Area dissolution		
	<u>4,021,784</u>	<u>-</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>5,313,182</u>	<u>803,572</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released from restrictions	(22,000)	(31,614)
Gain (loss) in perpetual trusts	53,483	23,846
Less: Investment management fees	(3,334)	-
Gain (loss) in endowment	3,989	-
Asset transfer upon Humane Society of Harrisburg Area dissolution	<u>2,418,730</u>	<u>-</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>2,450,868</u>	<u>(7,768)</u>
CHANGE IN NET ASSETS	<u>\$ 7,764,050</u>	<u>\$ 795,804</u>

The accompanying notes are an integral part of these financial statements.

**BRANDYWINE VALLEY SPCA
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
NET ASSETS AT JANUARY 1, 2023	\$ 15,121,848	\$ 592,182	\$ 15,714,030
Change in net assets	<u>803,572</u>	<u>(7,768)</u>	<u>795,804</u>
NET ASSETS AT DECEMBER 31, 2023	15,925,420	584,414	16,509,834
Change in net assets	<u>5,313,182</u>	<u>2,450,868</u>	<u>7,764,050</u>
NET ASSETS AT DECEMBER 31, 2024	<u>\$ 21,238,602</u>	<u>\$ 3,035,282</u>	<u>\$ 24,273,884</u>

The accompanying notes are an integral part of these financial statements.

**BRANDYWINE VALLEY SPCA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024				2023			
	Program Services		Supporting Services		Program Services		Supporting Services	
	Animal Welfare	Management and General	Fund-Raising	Totals	Animal Welfare	Management and General	Fund-Raising	Totals
FUNCTIONAL EXPENSES								
Payroll	\$ 8,356,072	\$ 153,618	\$ 263,365	\$ 8,773,055	\$ 7,815,957	\$ 233,175	\$ 322,135	\$ 8,371,267
Adoption Center rental/Office Lease expenses	52,661	-	-	52,661	24,061	-	-	24,061
Advertising and promotion	89,818	-	11,500	101,318	44,723	-	19,601	64,324
Transportation expenses	75,179	13,696	6,158	95,033	85,992	6,755	10,089	102,836
Animal food	98,329	-	-	98,329	156,541	-	-	156,541
Animal supplies, transportation, and cremation expense	110,322	-	-	110,322	178,154	-	-	178,154
Depreciation	567,522	25,416	3,830	596,768	543,698	26,428	5,693	575,819
Emergency vet care	180,669	-	-	180,669	253,234	-	-	253,234
Employee vet care	587,865	16,461	22,313	626,639	563,850	33,311	35,066	632,227
Insurance	228,444	9,038	8,972	246,454	145,987	8,476	8,226	162,689
Interest expense	31,861	-	-	31,861	38,927	-	-	38,927
Investment fees	-	16,618	-	16,618	-	14,453	-	14,453
Lab fees, small medical equipment, and vaccinations	1,244,906	-	-	1,244,906	1,085,408	-	-	1,085,408
Professional fees and subcontractor expenses	413,977	24,160	61,389	499,526	357,308	35,562	40,700	433,570
Maintenance and repairs	401,705	1,817	1,888	405,410	508,102	7,276	9,251	524,629
Mega Adoption expenses	458,468	-	-	458,468	411,005	-	-	411,005
Merchant service fees and merchandise purchases	71,432	4,687	83,062	159,181	177,243	4,639	58,923	240,805
Office administrative costs, uniforms, and supplies expense	699,284	27,768	83,443	810,495	563,835	27,877	68,843	660,555
Payroll taxes	633,689	9,977	20,287	663,953	572,708	15,776	25,906	614,390
Postage	23,264	2,994	3,511	29,769	23,703	3,366	3,621	30,690
Real estate taxes	-	4,898	-	4,898	-	4,756	-	4,756
Rescue Partner expense	111,072	-	-	111,072	222,500	-	-	222,500
Training and conference	15,084	392	1,691	17,167	21,103	4,231	2,211	27,545
Utilities and telephone	333,546	1,774	17,612	352,932	316,367	2,213	16,644	335,224
Veterinarian and medical supplies	1,379,071	-	-	1,379,071	1,310,956	-	-	1,310,956
Volunteer supplies	-	-	22,569	22,569	-	-	16,756	16,756
TOTAL FUNCTIONAL EXPENSES	\$ 16,164,240	\$ 313,314	\$ 611,890	\$ 17,089,444	\$ 15,421,362	\$ 428,294	\$ 643,665	\$ 16,493,321

The accompanying notes are an integral part of these financial statements.

**BRANDYWINE VALLEY SPCA
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	\$ 7,764,050	\$ 795,804
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Investment fees	19,952	14,453
Dividends reinvested in long-term investments	(130,176)	(92,983)
Depreciation	596,768	575,819
Realized gains (losses) on long-term investments	70,583	41,194
Unrealized gains (losses) on long-term investments	220,103	314,039
Gain (Loss) in perpetual trusts	53,483	23,846
(Gain) Loss on disposal of assets	(6,934)	917
Changes in:		
Unconditional support receivable	7,394	2,951
Other receivables	(526,327)	(66,556)
Prepaid expenses	(87,657)	26,887
Operating leases	20,347	20,348
Security deposit	-	14,999
Contributions receivable from charitable lead annuity trusts	22,000	31,614
Accounts payable and accrued expenses	241,391	497,372
Accrued payroll and payroll taxes	204,099	27,976
Deferred revenue	211,097	(473,507)
Operating lease liability	(20,389)	(18,332)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,659,784</u>	<u>1,736,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,012,243)	(1,157,208)
Sale (Purchase) of investments	(3,236,975)	(789,699)
NET CASH USED BY INVESTING ACTIVITIES	<u>(8,249,218)</u>	<u>(1,946,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(76,393)	(469,428)
NET CASH USED BY FINANCING ACTIVITIES	<u>(76,393)</u>	<u>(469,428)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>334,173</u>	<u>(679,494)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,167,572</u>	<u>1,847,066</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,501,745</u>	<u>\$ 1,167,572</u>

The accompanying notes are an integral part of these financial statements.

**BRANDYWINE VALLEY SPCA
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ 31,861	\$ 38,927
Noncash investing and financing activities:		
Reinvestment of dividends	\$ 130,176	\$ 92,983
Investment fees paid using proceeds from the sale of investments	\$ 19,952	\$ 14,453

The accompanying notes are an integral part of these financial statements.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The primary mission of the Brandywine Valley SPCA (the “Organization”) is to put the “human” back in animal treatment and advocate on their behalf. Included in this mission is for the Organization to promote the welfare and humane treatment of animals; to prevent cruelty to animals by providing shelter for unwanted or stray animals; and to provide shelter, protection and adoption services for animals to the public communities in Chester and Delaware Counties, Pennsylvania, as well as in the State of Delaware. The Organization’s vision is to be the recognized leader in animal welfare that empowers communities to treat life with respect and dignity. In January 2016, the Organization’s name (formerly the Chester County Society for the Prevention of Cruelty to Animals) was changed to the Brandywine Valley SPCA to include the expansion of the Organization’s services which now include the Delaware area, which includes New Castle, Delaware, Georgetown, Delaware, Dover, Delaware, and various counties in the State of Delaware.

In 2024, the Brandywine Valley SPCA entered into an affiliation agreement with the Humane Society of Harrisburg Area to further the organization’s goal of providing lifesaving services to those who need it most. At the end of the year, the Humane Society of Harrisburg Area officially merged with the Brandywine Valley SPCA to become one entity under one EIN.

In October of 2024, the Brandywine Valley SPCA became the contracted animal control and services provider for Washington, D.C.’s Department of Health. This contractual partnership allowed for the Brandywine Valley SPCA to bring their knowledge and expertise to the District in a critical time of transition with their previous provider.

The Organization’s revenues are primarily from animal protection and control services, adoption revenue, contributions, program fees, fund-raising events, and capital campaign funding. A significant amount of revenues, gains and other support received by the Organization are from the residents and businesses of Chester County, Delaware County, and from counties within the State of Delaware. The Organization also receives funding through fees for services provided to municipal governments in Chester County and in Delaware County.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, donors currently qualify for the maximum charitable deduction allowed by the Internal Revenue Code.

Financial Statement Presentation

The financial presentation follows the recommendations of ASC 958-205, Not-For-Profit Entities – Presentation of Financial Statements. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions – Resources not subject to donor or grantor restrictions over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board members have set aside for a particular purpose.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets 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 restricted support.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards

For the years ended December 31, 2024 and 2023, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in formation about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions (see Financial Statement Presentation above).

In April 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-10, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue guidance, including industry specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration an entity expects to receive in exchange for those goods or services. The Organization implemented this ASU, for the year ended December 31, 2021.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This ASU provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted ASU 2018-08 in 2019 under the modified prospective approach. The adoption of this ASU did not materially impact the financial statements for contributions received.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. In connection with the adoption of FASB ASC 842, the Organization has recognized a right-of-use asset of \$18,652 and an operating lease liability of \$20,626 as of December 31, 2024. The Organization has elected to use a risk-free rate to discount its office lease to net present value. The Organization's reporting for the comparative period presented in the financial statements is in accordance with previous lease accounting standards. The implementation of the standard did not have an impact on the Organization's operating results and cash flows, however, as a result of differences in accounting for the assets, liabilities and expense items related to the Organization's leases, certain variances may exist between the 2024 and 2023 financial statements. These amounts are not material.

Support Without Donor Restrictions and Support With Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Capitalization and Depreciation

Property and equipment are stated at cost. Major improvements are charged to the property accounts, while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. Depreciation is computed under the straight-line method over estimated useful lives of 40 years for the building and 5 to 12 years for building improvements and equipment. Donated property and equipment are recorded as fixed assets and reflected as contributions at their estimated values as of the date of receipt. Such contributions are reported as unrestricted support unless the donor has restricted the contributed asset to a

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

specific purpose, in which case, the contributed asset is reported as temporarily restricted support. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions with the expiration of the donor restriction.

Contributions

The Organization reports revenue in accordance with FASB ASC 958-605, *Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence or nature of any donor restrictions. 25 estates and trusts accounted for approximately 5% of the Organization's support for the year ended December 31, 2024 and ten estates and trusts accounted for approximately 6% of the Organization's support for the year ended December 31, 2023.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Promises to give are recorded at net realizable value if expected to be collected in one year and at the present value of the estimated future cash flows if expected to be collected in more than one year. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

A significant portion of the Organization's uncollateralized, unconditional support receivable is from donors located in Chester County, Pennsylvania.

Cash and Cash Equivalents

The Organization considers liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of funds in the Organization's checking, savings, money market accounts and certificates of deposit with original maturities of 90 days or less. Cash balances are insured by the Federal Deposit Insurance Corporation. As of December 31, 2024 and 2023, the uninsured portion of this balance was \$1,019,948 and \$1,229,116, respectively. The Organization has not experienced any loss in such accounts. Management believes the Organization is not exposed to any significant credit risk on its cash balances.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization adopted FASB ASC 958-320, *Investments—Debt and Equity Securities*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Certificates of deposit held for investment that are not debt securities are included in “investments, other.” Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as “short-term investments, other.” Certificates of deposit with remaining maturities greater than one year are classified as “long-term investments.”

Donated Services

The Organization receives donated services related to its operations and special events. There were no donated services in 2024 and in 2023.

Deferred Revenue

Deferred revenue consists of grant revenue and revenue from animal control contracts that were received and unearned at December 31, 2024 and unearned animal protective services revenue from townships in Chester and Delaware Counties.

Pension Plan and Deferred Compensation Plan

The Organization has a Section 403(b) pension plan covering all full-time employees who may contribute to their accounts upon employment and who have attained the age of 21. The plan is funded by voluntary employee contributions and employer matching contributions. For the year ended December 31, 2024, the Organization’s contribution to its Section 403(b) pension plan was \$104,224.

In December 2019, the Organization established a Section 457(b) deferred compensation plan which covers key management employees. The plan is funded by employer contributions. For the year ended December 31, 2024, the Organization’s contribution to its Section 457(b) deferred compensation plan was \$91,000.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, the expenses directly related to the program are allocated with certain common costs of the Organization based primarily on time spent and other estimates made by management.

Advertising and Promotion Costs

The Organization expenses advertising and promotion costs as incurred. Advertising and promotion costs for the years ended December 31, 2024 and 2023, were \$101,318 and \$64,324, respectively.

Date of Management's Review

Management has evaluated subsequent events through July 30, 2025, the date which the financial statements were available to be issued.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of:

	<u>2024</u>	<u>2023</u>
Land	\$ 3,188,535	\$ 1,118,535
Buildings	16,364,211	14,002,585
Furniture and equipment	1,045,404	940,395
Vehicles	1,096,054	637,846
Leasehold improvements	<u>-</u>	<u>-</u>
	21,694,204	16,699,361
Accumulated depreciation	<u>(3,688,202)</u>	<u>(3,102,454)</u>
	<u>\$ 18,006,002</u>	<u>\$ 13,596,907</u>

NOTE 3 INVESTMENTS

Investments are stated at market value at December 31, 2024 and 2023 and consist of the following:

	<u>2024</u>	<u>2023</u>
Money Market Fund	\$ 5,778	\$ -
Common/Preferred Stock	3,290	2,219
Exchange Traded Funds	4,666,937	3,175,852
Mutual Funds	2,994	-
Government Securities	453,806	444,735
Assets Held by the Community Foundation	<u>269,073</u>	<u>89,096</u>
	<u>\$ 5,401,878</u>	<u>\$ 3,711,902</u>

Investment return is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 151,363	\$ 92,983
Net realized and unrealized gains	<u>300,983</u>	<u>347,515</u>
	<u>\$ 452,346</u>	<u>\$ 440,498</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 INVESTMENTS (CONTINUED)

Beneficial interest in assets held by the Chester County Community Foundation (the “Foundation”) are funds disbursed by the Organization to be held and invested by the Foundation on behalf of the Organization.

In addition, the Organization is a beneficiary of certain contributions received directly by the Foundation. Variance power authorizing the Foundation to determine the frequency and amount of distributions to the Organization is to remain vested in the Board of the Foundation unless investment results fail to achieve certain criteria for three consecutive years. Normal distributions are estimated to be up to 5% of the average year-end value of the fund. At December 31, 2024 and 2023, the Foundation held funds totaling \$64,053 and \$60,341, respectively, at fair market value in such accounts.

NOTE 4 FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a valuation hierarchy for disclosure of the inputs to the valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices to similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. *Level 3* inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The assets carried at fair value measured on a recurring basis are summarized as follows:

	2024		2023	
	<u>Level 1</u>	<u>Level 3</u>	<u>Level 1</u>	<u>Level 3</u>
Money Market Fund	\$ 5,778	\$ -	\$ -	\$ -
Common/preferred stocks	3,290	-	2,219	-
Certificates of deposit	-	-	-	-
Government securities	453,806	-	444,735	-
Corporate bonds	-	-	-	-
Exchange traded products	4,666,937	-	3,175,852	-
Mutual funds	2,994	-	-	-
Beneficial interest in assets held by the Community Foundation	-	269,073	-	89,096
Beneficial interest in perpetual trusts	-	1,778,192	-	451,914
Contributions receivable from charitable lead annuity trusts	-	60,500	-	82,500
	<u>\$ 5,132,805</u>	<u>\$ 2,107,765</u>	<u>\$ 3,622,806</u>	<u>\$ 623,510</u>

Investments in common/preferred stocks, government securities, corporate bonds and mutual funds have quoted prices for identical assets in active markets; therefore, the investments are measured at fair value using these readily available Level 1 inputs.

The beneficial interest in assets held by the Community Foundation and the beneficial interest in perpetual trusts were measured at fair value using net asset value based on the percentage of interest of the underlying assets. These assets were held by third parties and, accordingly, classified as Level 3 inputs.

The contributions receivable from charitable lead annuity trusts were derived using a discounted cash flow model with inputs derived from unobservable market data. The contributions receivable from charitable lead annuity trusts are included at their carrying values in the statements of financial position, which approximated their fair values at December 31, 2024 and 2023.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in the fair value of the Organization's Level 3 assets are summarized as follows:

BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION FUNDS	
BALANCE, JANUARY 1, 2023	\$ 78,468
Realized gains (losses)	2,650
Unrealized gains (losses)	6,766
Investment income	2,331
Contributions	20
Fees	<u>(1,139)</u>
 BALANCE, DECEMBER 31, 2023	 89,096
Realized gains (losses)	5,622
Unrealized gains (losses)	(1,101)
Investment income	2,243
Contributions	-
Fees	(1,285)
Beneficial interest in assets transferred by Humane Society of Harrisburg Area Inc.	<u>174,498</u>
 BALANCE, DECEMBER 31, 2024	 <u>\$ 269,073</u>
 BENEFICIAL INTEREST IN PERPETUAL TRUSTS	
BALANCE, JANUARY 1, 2023	\$ 428,068
Gain (loss) in perpetual trusts	<u>23,846</u>
 BALANCE, DECEMBER 31, 2023	 451,914
Gain (loss) in perpetual trusts	53,483
Fees	(3,334)
Beneficial interest in perpetual trusts from Humane Society of Harrisburg Area Inc.	<u>1,276,129</u>
 BALANCE, DECEMBER 31, 2024	 <u>\$ 1,778,192</u>
 CONTRIBUTIONS RECEIVABLE FROM CHARITABLE LEAD ANNUITY TRUSTS	
BALANCE, JANUARY 1, 2023	\$ 114,114
Distribution paid to the Organization	(31,614)
Change in value of split-interest trust agreements	<u>-</u>
 BALANCE, DECEMBER 31, 2023	 82,500
Distribution paid to the Organization	(22,000)
Change in value of split-interest trust agreements	<u>-</u>
 BALANCE, DECEMBER 31, 2024	 <u>\$ 60,500</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 5 ENDOWMENT INVESTMENTS

Endowment investments consisted of the following at December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 388,992	\$ -	\$ 388,992
Donor-restricted Endowment Funds	<u>-</u>	<u>1,146,041</u>	<u>1,146,041</u>
Total funds	<u>\$ 388,992</u>	<u>\$ 1,146,041</u>	<u>\$ 1,535,033</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2024	\$ 198,330	\$ -	\$ 198,330
Interest and dividends	5,465	5,937	11,402
Realized gain (loss) on investments	6,613	-	6,613
Unrealized gain (loss) on investments	5,832	(1,948)	3,884
Investment fees	<u>(1,746)</u>	<u>-</u>	<u>(1,746)</u>
Total investment return	<u>214,494</u>	<u>3,989</u>	<u>218,483</u>
Contributions	-	-	-
Distributions	-	-	-
Asset transfer upon Humane Society of Harrisburg Area dissolution	<u>174,498</u>	<u>1,142,052</u>	<u>1,316,550</u>
Endowment net assets, December 31, 2024	<u>\$ 388,992</u>	<u>\$ 1,146,041</u>	<u>\$ 1,535,033</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 5 ENDOWMENT INVESTMENTS (CONTINUED)

Endowment investments consisted of the following at December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 198,330	\$ -	\$ 198,330
Donor-restricted Endowment Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$ 198,330</u>	<u>\$ -</u>	<u>\$ 198,330</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2023	\$ 174,956	\$ -	\$ 174,956
Interest and dividends	5,045	-	5,045
Realized gain (loss) on investments	1,740	-	1,740
Unrealized gain (loss) on investments	18,109	-	18,109
Investment fees	<u>(1,540)</u>	<u>-</u>	<u>(1,540)</u>
Total investment return	<u>198,310</u>	<u>-</u>	<u>198,310</u>
Contributions	20	-	20
Distributions	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2023	<u>\$ 198,330</u>	<u>\$ -</u>	<u>\$ 198,330</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable from charitable lead annuity trusts consist of the following:

	<u>2024</u>	<u>2023</u>
Beacham Charitable Lead Annuity Trust III discounted at 4.94%, annuity of \$22,000 paid quarterly for 25 years until December 31, 2027	<u>\$ 60,500</u>	<u>\$ 82,500</u>
	<u>\$ 60,500</u>	<u>\$ 82,500</u>

A charitable lead annuity trust (CLAT) is an arrangement in which the donor establishes and funds a trust with a fixed dollar amount, and distributions are paid to a designated not-for-profit organization over a specified period. The Organization recognizes its beneficial interest in those assets as temporarily restricted contribution revenue and as a contribution receivable measured at the present value of the expected future cash inflows.

Expected future cash flows for each of the next five years and in the aggregate are as follows:

Year Ending <u>December 31,</u>	
2025	\$ 22,000
2026	22,000
2027	<u>16,500</u>
	60,500
Amount of unamortized discount	<u>-</u>
PRESENT VALUE OF EXPECTED FUTURE CASH FLOWS	<u>\$ 60,500</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6 CONTRIBUTIONS RECEIVABLE (CONTINUED)

For the years ended December 31, 2024 and 2023, the amortized discount recorded in the statements of activities in the net assets with donor restrictions class as a change in the value of split-interest agreements was \$-0- and \$-0-, respectively.

NOTE 7 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the beneficiary of two perpetual trusts. Under the terms of the split-interest agreements, the Organization is to receive investment income on the trusts' assets for its unrestricted use in perpetuity. As the Organization is to receive the investment income in perpetuity, the fair market value of the investments, based on the Organization's proportionate interest as an income beneficiary, is used to record the present value of future benefits expected to be received by the Organization.

The beneficial interest in perpetual trusts reported on the statements of financial position consists of the following:

	<u>2024</u>	<u>2023</u>
Fanny T. Cochran Trust	\$ 251,274	\$ 210,609
Leonard Hastings Schoff Trust	247,727	241,305
Gerald R. Fetrow Trust	81,115	-
Anita Scholten Trust	529,517	-
Alberta C. Hubley Trust	128,573	-
Pauline M. Orosky Trust	121,208	-
Frank R. Metzger Trust	<u>418,778</u>	<u>-</u>
	<u>\$ 1,778,192</u>	<u>\$ 451,914</u>

The trusts' assets are primarily invested in cash and cash equivalents and common stocks at December 31, 2024 and 2023.

NOTE 8 COMMERCIAL TERM LOANS

On December 15, 2020, the Organization obtained a twenty-year mortgage loan from WSFS Bank to fund the purchase of the property at 290 Churchmans Road in New Castle, Delaware, in the amount of \$1,600,000, with monthly payments of \$9,030, including interest at 3.15%. Interest paid for the year ended December 31, 2024 was \$31,961. There was no interest capitalized on this loan in 2024.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 COMMERCIAL TERM LOANS (CONTINUED)

Expected future minimum payments of long-term debt for the remaining outstanding loans are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 78,961
2026	81,520
2027	84,162
2028	86,827
2029	89,704
Thereafter	<u>535,223</u>
	<u>\$ 956,397</u>

NOTE 9 LINE OF CREDIT

In May 2018, the Organization entered into a line of credit agreement with WSFS Bank in the amount of \$1,000,000, at a variable interest rate of 4.75%. During 2024, there were no borrowings or reductions on this line of credit.

NOTE 10 LEASE COMMITMENT

On October 27, 2022, the Organization entered into a building lease agreement for an office building and warehouse space in New Castle, Delaware. This is a three-year lease agreement, beginning on December 1, 2022. The future maturities of lease liabilities are presented in the following table:

Years ended December 31,	
2025	\$ 21,384
Total lease payments	21,384
Less: Present value discount	<u>(758)</u>
Total lease obligation	<u>\$ 20,626</u>

Operating lease rental expense for the year ended December 31, 2024 was \$52,661.

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 NET ASSETS

Net assets consist of the following:

	<u>2024</u>	<u>2023</u>
WITHOUT DONOR RESTRICTIONS	<u>\$ 21,238,602</u>	<u>\$ 15,925,420</u>
WITH DONOR RESTRICTIONS		
Beacham Charitable Lead Trusts	60,500	82,500
Fanny T. Cochran Trust	251,274	210,609
Leonard Hastings Schoff Trust	247,727	241,305
Gerald R. Fetrow Trust	81,115	-
Anita Scholten Trust	529,517	-
Alberta C. Hubley Trust	128,572	-
Pauline M. Orosky Trust	121,208	-
Frank R. Metzger Trust	418,778	-
HSHA Endowment	1,146,041	-
Suzanne L. Williamson Endowment	50,000	50,000
HSHA Purpose Restrictions	<u>550</u>	<u>-</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>3,035,282</u>	<u>584,414</u>
	<u>\$ 24,273,884</u>	<u>\$ 16,509,834</u>

Net assets are released from donor restrictions by passage of time, by incurring expenses that satisfy the restricted purpose, or by occurrence of other events specified by donors. Details on the net assets released from restrictions are as follows:

	<u>2024</u>	<u>2023</u>
Beacham Charitable Lead Trust for operation of shelter	<u>\$ 22,000</u>	<u>\$ 31,614</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets as of December 31, 2024 and 2023 that could readily be made available within one year to fund expenses without limitations:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash	\$ 1,501,745	\$ 1,167,572
Total Receivables	<u>687,691</u>	<u>167,831</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,189,436</u>	<u>\$ 1,335,403</u>

**NOTE 13 MERGER WITH THE HUMANE SOCIETY OF HARRISBURG
AREA, INC.**

Effective December 19, 2024, the Organization merged with The Humane Society of Harrisburg, Inc., a nonprofit entity focused on building a better community for pets and people through compassion, protection, education, and collaboration.

Under the terms of the merger agreement, Brandywine Valley SPCA was designated as the surviving organization, and all assets and liabilities of The Human Society of Harrisburg Area, Inc. were transferred to the Brandywine Valley SPCA.

The assets acquired and liabilities assumed in the merger were recorded at their fair values as of December 19, 2024. A summary of significant classes of assets and liabilities recognized is as follows:

Cash and cash equivalents	\$ 605,720
Accounts receivable	24,868
Investments	2,999
Fixed assets, net of accumulated depreciation	4,174,304
Beneficial interest in trusts	1,276,129
Endowment funds:	
Investments	1,142,052
Interest in net assets of community foundations	<u>174,498</u>
Total assets	<u>\$ 7,400,570</u>

**BRANDYWINE VALLEY SPCA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 MERGER WITH THE HUMANE SOCIETY OF HARRISBURG AREA, INC. (CONTINUED)

Accounts payable	\$	145,243
Accrued expenses		4,924
Deferred income		48,254
Mortgage payable		<u>761,635</u>
Total liabilities		<u>960,056</u>
Net assets without donor restrictions		4,021,784
Net assets with donor restrictions		<u>2,418,730</u>
Total net assets		<u>6,440,514</u>
Total liabilities and net assets	\$	<u>7,400,570</u>

The merger resulted in an increase in net assets with donor restrictions of \$2,418,730 and an increase in net assets without donor restrictions of \$4,021,784.

In this particular merger, no goodwill was recognized as the fair value of assets acquired exceeded the liabilities assumed.

The financial statements include the results of operations of The Humane Society of Harrisburg Area, Inc. from December 19, 2024 through December 31, 2024. The revenues and expenses of The Humane Society of Harrisburg Area, Inc. prior to December 19, 2024 are not reflected in these financial statements.

As part of the merger process, comprehensive due diligence was conducted to evaluate the financial, legal, and operational aspects of both organizations.

There have been no significant subsequent events impacting the merger or the financial reporting of the combined entity.

Following the merger, the accounting policies of The Humane Society of Harrisburg Area, Inc. were conformed to those of the Brandywine Valley SPCA to ensure consistency in financial reporting. No significant adjustments were required to align accounting policies.

NOTE 14 RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified to conform to the current year presentation.