



Consolidated Financial Statements and Supplementary Information

December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of The American Society for the Prevention of Cruelty to Animals

Opinion

We have audited the consolidated financial statements of The American Society for the Prevention of Cruelty to Animals (the ASPCA), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the ASPCA as of December 31, 2023 and 2022, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of the ASPCA 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ASPCA's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 ASPCA'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
 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that
 raise substantial doubt about the ASPCA's ability to continue as a going concern for a reasonable
 period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented on page 26 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position of the individual organizations and it is not a required part of the consolidated financial statements. Such information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

New York, New York May 22, 2024

Baker Tilly US, LLP

Consolidated Statements of Financial Position December 31, 2023 and 2022

	2023	2022
Assets		
Assets		
Cash and cash equivalents	\$ 93,343,267	\$ 84,541,277
Bequests and contributions receivable, net of discount of		
\$15,000 in 2023 and \$139,000 in 2022	25,058,016	23,094,158
Other receivables	4,704,621	6,178,448
Prepaid expenses and other assets	4,382,797	4,996,962
Investments	376,644,218	329,830,252
Beneficial interest in trusts held by others	23,451,582	21,080,664
Land, buildings and equipment, net	87,416,602	77,164,879
Right-of-use assets	25,070,285	30,046,023
Total assets	\$ 640,071,388	\$ 576,932,663
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 26,403,884	\$ 21,967,523
Other liabilities	1,431,575	1,295,444
Annuity obligations	6,958,641	7,458,825
Operating leases liabilities	29,069,490	34,487,232
Loan payable	23,679,278	24,563,933
Total liabilities	87,542,868	89,772,957
Net Assets		
Net assets without donor restrictions	477,297,266	406,914,183
Net assets with donor restrictions	75,231,254	80,245,523
Total net assets	552,528,520	487,159,706
Total liabilities and net assets	\$ 640,071,388	\$ 576,932,663

Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2023 (With Summarized Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Operating Support and Revenues				
Contributions, memberships, grants				
and sponsorships	\$ 243,179,506	\$ 16,595,788	\$ 259,775,294	\$ 265,842,493
Shelter and veterinary service fees	25,172,174	-	25,172,174	21,999,600
Bequests and trusts	54,266,680	19,700,213	73,966,893	68,349,897
Royalties, licenses and other	9,497,561	-	9,497,561	9,036,987
Investment return designated for operations	-	-	-	4,700,000
Net assets released from donor restrictions	45,217,454	(45,217,454)		
Total operating support				
and revenues	377,333,375	(8,921,453)	368,411,922	369,928,977
Operating Expenses				
Program expenses:	100 017 010		100 015 010	
Shelter and veterinary services	129,045,649	-	129,045,649	117,775,925
Public education and communications	86,182,914	-	86,182,914	90,027,603
Policy, response and engagement	52,633,927		52,633,927	50,837,770
Total program expenses	267,862,490		267,862,490	258,641,298
Supporting expenses: Membership development and				
fundraising	70,284,420	-	70,284,420	66,154,031
Management and general	17,372,364		17,372,364	15,601,457
Total supporting expenses	87,656,784		87,656,784	81,755,488
Total operating expenses	355,519,274		355,519,274	340,396,786
Change in net assets from				
operating activities	21,814,101	(8,921,453)	12,892,648	29,532,191
Nonoperating Activities				
Net investment return (loss)	48,929,974	1,158,176	50,088,150	(44,724,123)
Net appreciation (depreciation) on beneficial				, , ,
interest in trusts held by others	-	2,370,918	2,370,918	(5,257,718)
Contributions related to endowment	-	378,090	378,090	388,026
Other nonoperating	(360,992)		(360,992)	(404,053)
Total nonoperating activities	48,568,982	3,907,184	52,476,166	(49,997,868)
Change in net assets	70,383,083	(5,014,269)	65,368,814	(20,465,677)
Net Assets, Beginning	406,914,183	80,245,523	487,159,706	507,625,383
Net Assets, Ending	\$ 477,297,266	\$ 75,231,254	\$ 552,528,520	\$ 487,159,706

Consolidated Statement of Activities and Change in Net Assets Year Ended December 31, 2022

	Without With Donor Donor Restrictions Restrictions		Total
Operating Support and Revenues			
Contributions, memberships, grants			
and sponsorships	\$ 251,105,776	\$ 14,736,717	\$ 265,842,493
Shelter and veterinary service fees	21,999,600	-	21,999,600
Bequests and trusts	46,323,020	22,026,877	68,349,897
Royalties, licenses and other	9,011,987	25,000	9,036,987
Investment return designated for operations	4,700,000	-	4,700,000
Net assets released from donor restrictions	34,930,344	(34,930,344)	
Total operating support and revenues	368,070,727	1,858,250	369,928,977
Operating Expenses			
Program expenses:			
Shelter and veterinary services	117,775,925	-	117,775,925
Public education and communications	90,027,603	-	90,027,603
Policy, response and engagement	50,837,770		50,837,770
Total program expenses	258,641,298		258,641,298
Supporting expenses:			
Membership development and			
fundraising	66,154,031	-	66,154,031
Management and general	15,601,457	-	15,601,457
•			
Total supporting expenses	81,755,488	-	81,755,488
Total operating expenses	340,396,786		340,396,786
Change in net assets from			
operating activities	27,673,941	1,858,250	29,532,191
Nonoperating Activities			
Net investment loss	(43,797,660)	(926,463)	(44,724,123)
Net depreciation on beneficial	, , ,	, ,	, , ,
interest in trusts held by others	-	(5,257,718)	(5,257,718)
Contributions related to endowment	-	388,026	388,026
Other nonoperating	(404,053)		(404,053)
Total nonoperating activities	(44,201,713)	(5,796,155)	(49,997,868)
Change in net assets	(16,527,772)	(3,937,905)	(20,465,677)
Net Assets, Beginning	423,441,955	84,183,428	507,625,383
Net Assets, Ending	\$ 406,914,183	\$ 80,245,523	\$ 487,159,706

The American Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses Year Ended December 31, 2023 (With Summarized Comparative Totals for 2022)

	Program Expenses			S	Supporting Expense				
		Public			Membership				
	Shelter and	Education	Policy,	Total	Development	Management	Total	Total	Total
	Veterinary	and	Response and	Program	and	and	Supporting	Expenses	Expenses
	Services	Communications	Engagement	Expenses	Fundraising	General	Expenses	2023	2022
Compensation	\$ 66,098,047	\$ 6,118,340	\$ 23,513,467	\$ 95,729,854	\$ 9,678,852	\$ 8,269,086	\$ 17,947,938	\$ 113,677,792	\$ 101,431,085
Employee benefits	21,791,270	2,001,559	7,823,466	31,616,295	3,170,388	2,647,520	5,817,908	37,434,203	31,743,103
Supplies	2,205,146	94,591	1,256,680	3,556,417	53,638	62,721	116,359	3,672,776	3,529,288
Telephone	774,774	66,847	364,414	1,206,035	159,315	94,087	253,402	1,459,437	1,814,881
Postage and shipping	112,069	7,352,222	180,101	7,644,392	5,024,856	45,760	5,070,616	12,715,008	15,527,457
Rent	1,343,288	242,752	1,874,061	3,460,101	682,367	1,607,703	2,290,070	5,750,171	5,741,004
Repairs and maintenance	1,110,795	15,349	291,217	1,417,361	41,660	102,096	143,756	1,561,117	1,527,786
Data processing	1,794,291	5,493,605	1,026,862	8,314,758	8,807,898	706,775	9,514,673	17,829,431	20,763,974
Printing	47,522	7,596,421	125,711	7,769,654	4,898,101	31,783	4,929,884	12,699,538	19,941,331
Auto expenses	706,124	843	258,635	965,602	1,942	5,704	7,646	973,248	984,267
Travel, conferences and seminars	3,362,688	115,611	2,482,959	5,961,258	153,416	200,061	353,477	6,314,735	6,386,235
Insurance	971,285	24,027	1,153,330	2,148,642	77,540	208,838	286,378	2,435,020	2,102,189
Utilities	1,066,244	27,259	984,851	2,078,354	81,857	180,532	262,389	2,340,743	1,737,025
Veterinary and medical services	8,884,267	855	1,484,521	10,369,643	154,488	136	154,624	10,524,267	9,694,999
Media buys, promotion and related costs	134,354	36,595,707	1,034,533	37,764,594	23,382,921	161,193	23,544,114	61,308,708	56,432,835
Professional services	6,094,278	19,679,731	5,016,052	30,790,061	13,785,256	2,419,720	16,204,976	46,995,037	39,357,600
Grants	6,192,121	-	1,182,688	7,374,809	-	-	-	7,374,809	11,859,279
Other	1,269,866	727,557	983,162	2,980,585	52,959	405,388	458,347	3,438,932	2,940,363
Tatal average bafana									
Total expenses before	100.050.100	00.450.070	54 000 740	004 440 445	70 007 454	47.440.400	07.050.557	040 504 070	000 544 704
depreciation and amortization	123,958,429	86,153,276	51,036,710	261,148,415	70,207,454	17,149,103	87,356,557	348,504,972	333,514,701
Depreciation and amortization	5,087,220	29,638	1,597,217	6,714,075	76,966	223,261	300,227	7,014,302	6,882,085
Total expenses	\$ 129,045,649	\$ 86,182,914	\$ 52,633,927	\$ 267,862,490	\$ 70,284,420	\$ 17,372,364	\$ 87,656,784	\$ 355,519,274	\$ 340,396,786

The American Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

		Program E	S					
		Public			Membership			
	Shelter and		ducation Policy, Total		Development	Management	Total	
	Veterinary	and	Response and	Program	and	and	Supporting	Total
	Services	Communications	Engagement	Expenses	Fundraising	General	Expenses	Expenses
Compensation	\$ 58,550,095	\$ 5,352,656	\$ 21,062,671	\$ 84,965,422	\$ 9,112,403	\$ 7,353,260	\$ 16,465,663	\$ 101,431,085
Employee benefits	18,229,820	1,698,527	6,646,315	26,574,662	2,920,608	2,247,833	5,168,441	31,743,103
Supplies	1,950,692	92,328	1,390,295	3,433,315	46,499	49,474	95,973	3,529,288
Telephone	1,017,627	60,971	361,748	1,440,346	274,669	99,866	374,535	1,814,881
Postage and shipping	128,237	9,333,743	209,257	9,671,237	5,795,358	60,862	5,856,220	15,527,457
Rent	1,357,040	256,386	1,777,432	3,390,858	731,070	1,619,076	2,350,146	5,741,004
Repairs and maintenance	1,206,235	16,464	156,344	1,379,043	44,687	104,056	148,743	1,527,786
Data processing	2,205,961	6,986,045	1,479,010	10,671,016	9,316,805	776,153	10,092,958	20,763,974
Printing	11,082	12,435,748	166,295	12,613,125	7,279,804	48,402	7,328,206	19,941,331
Auto expenses	767,690	804	207,563	976,057	2,184	6,026	8,210	984,267
Travel, conferences and seminars	3,425,120	135,099	2,631,589	6,191,808	87,714	106,713	194,427	6,386,235
Insurance	847,702	30,491	908,195	1,786,388	86,442	229,359	315,801	2,102,189
Utilities	904,801	28,514	540,911	1,474,226	82,730	180,069	262,799	1,737,025
Veterinary and medical services	7,723,706	709	1,865,258	9,589,673	103,396	1,930	105,326	9,694,999
Media buys, promotion and related costs	104,370	35,842,322	1,167,011	37,113,703	19,191,605	127,527	19,319,132	56,432,835
Professional services	6,068,242	16,874,121	3,454,421	26,396,784	10,922,519	2,038,297	12,960,816	39,357,600
Grants	6,296,409	=	5,562,870	11,859,279	-	-	=	11,859,279
Other	1,606,678	806,202	149,636	2,562,516	59,323	318,524	377,847	2,940,363
Total expenses before								
depreciation and amortization	112,401,507	89,951,130	49,736,821	252,089,458	66,057,816	15,367,427	81,425,243	333,514,701
Down dation and according to	5.074.440	70.470	4.400.646	0.554.646	00.645	004.000	000 0 17	0.000.007
Depreciation and amortization	5,374,418	76,473	1,100,949	6,551,840	96,215	234,030	330,245	6,882,085
Total expenses	\$ 117,775,925	\$ 90,027,603	\$ 50,837,770	\$ 258,641,298	\$ 66,154,031	\$ 15,601,457	\$ 81,755,488	\$ 340,396,786

Consolidated Statements of Cash Flows Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 65,368,814	\$ (20,465,677)
Adjustment to reconcile change in net assets to	. , ,	. (, , , ,
net cash flows from operating activities:		
Depreciation and amortization	7,014,302	6,882,085
Net realized and unrealized (gains) losses	(36,659,302)	52,198,826
Change in annuity obligations	(500,184)	(168,072)
Unrealized (gain) loss on beneficial interests in perpetual	(000,101)	(100,012)
trusts held by others	(2,370,918)	5,257,718
Net accretion of operating leases	(442,004)	(125,782)
Contributions restricted for endowments	(378,090)	(388,026)
Change in discount for bequests and contributions receivable	(124,000)	115,000
Changes in assets and liabilities:	(121,000)	110,000
Bequests and contributions receivable	(1,839,858)	1,075,756
Other receivables	1,473,827	(261,259)
Prepaid expenses and other assets	614,165	2,040,636
·		
Accounts payable and accrued expenses Other liabilities	4,319,794	(3,619,179)
Other liabilities	136,131	300,264
Net cash flows from operating activities	36,612,677	42,842,290
Cash Flows From Investing Activities		
Additions to land, buildings and equipment	(17,266,025)	(19,587,683)
Purchases of investments	, ,	(90,395,808)
Proceeds from sales of investments	(74,499,546)	•
	64,344,882	83,085,955
Increase in accounts payable related to land, buildings	116 F67	046.675
and equipment	116,567	246,675
Net cash flows from investing activities	(27,304,122)	(26,650,861)
Cash Flows From Financing Activities		
Contributions restricted for endowments	378,090	388,026
Proceeds from loan payable	-	25,000,000
Repayments of loan payable	(884,655)	(436,067)
Ropaymonto of Ioan payable	(001,000)	(100,007)
Net cash flows from financing activities	(506,565)	24,951,959
Net change in cash and cash equivalents	8,801,990	41,143,388
Cash and Equivalents, Beginning	84,541,277	43,397,889
Cash and Equivalents, Ending	\$ 93,343,267	\$ 84,541,277
Supplemental Disclosures		
Cash paid during the year for interest	\$ 780,405	\$ 404,053

Notes to Consolidated Financial Statements December 31, 2023 and 2022

1. Description of the Organization

The American Society for the Prevention of Cruelty to Animals (the ASPCA) believes that animals are entitled to kind and respectful treatment at the hands of humans and deserve protection under the law. Founded in 1866, the ASPCA was the first animal welfare organization to be established in North America, and today, is a leading voice for animals, addressing critical issues to prevent the cruelty to and suffering of dogs, cats, equines and farm animals in the United States. The ASPCA's programs—direct care, legislative efforts, research, and training and outreach—protect and save animal lives by increasing access to affordable veterinary care, advancing animal behavioral rehabilitation, securing legislative protections, supporting animal adoption and fostering, and assisting animal victims of cruelty, neglect or disaster.

As a 501(c)(3) not-for-profit corporation with more than two million supporters nationwide, the ASPCA is headquartered in New York City, where it maintains a strong local presence and numerous facilities. The ASPCA also operates facilities throughout the country including in Los Angeles, Miami, North Carolina, Washington, D.C., Illinois, Ohio and Oklahoma. The ASPCA's programs and activities are grouped within five main areas: (1) shelter and veterinary services, including grants to other animal welfare organizations (2) policy, response and engagement programs, including grants to other animal welfare organizations.

- (3) public education and communications, (4) membership development and fundraising and
- (5) management and general operations.

ASPCA Carson, LLC, is a California limited liability company, created in February 2023, which is organized and operated exclusively for charitable purposes and is operated exclusively to further the charitable purposes of its sole member, the ASPCA. ASPCA Carson, LLC holds property in California to be used by the ASPCA.

ASPCA Veterinary Services of North Carolina, P.C. is a professional corporation that provides the veterinary services of qualified, licensed veterinarians exclusively to the ASPCA in North Carolina, by way of a professional services agreement. These services include the veterinary services needed to operate a high-volume, high-quality companion animal sterilization training clinic in order to alleviate shelter pet overpopulation. This corporation was formed pursuant to the North Carolina Veterinary Practice Act. The ASPCA provides management services to ASPCA Veterinary Services of North Carolina, P.C. per a management services agreement.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit entities and include the accounts of the ASPCA, ASPCA Carson, LLC and ASPCA Veterinary Services of North Carolina, P.C. in which the ASPCA has a controlling and economic interest. All significant intercompany balances and transactions have been eliminated in consolidation.

Net Asset Classifications

The ASPCA's net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the ASPCA and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Resources that are available for the general support of the ASPCA's operations and are not subject to donor-imposed restrictions.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Net Assets With Donor Restrictions - Net assets of which the use has been restricted by donors to specific purposes and/or the passage of time. In addition, net assets with donor restrictions also includes endowment gains, which have not been appropriated for expenditure. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or a purpose is accomplished, or endowment funds are appropriated through an action of the Board, those net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities and change in net assets as net assets released from donor restrictions. Net assets with donor restrictions also include the assets whereby donors have stipulated that the principal contributed be invested and retained in perpetuity, with investment return available for expenditure according to the restrictions, if any, imposed by those donors. Such resources also include the ASPCA's beneficial interests in perpetual trusts held by others.

Cash and Cash Equivalents

Cash equivalents are defined as short-term highly liquid investments with original maturities of three months or less, except for those cash equivalents included in the ASPCA's investment portfolio that are held for long-term investment purposes.

Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The ASPCA measures the fair value of its financial assets using a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy is categorized into three levels using the following guidelines:

Level 1 - Inputs are quoted prices in active markets for identical assets, which are directly observable at year-end.

Level 2 - Inputs are other than quoted prices in active markets, which may be directly or indirectly observable at year-end.

Level 3 - Holdings that have little or no pricing observability at year-end. These are measured using management's best estimate of fair value, where inputs to determine fair value are not observable and require significant management judgment and estimation.

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 as of December 31, 2023 and 2022:

Short-term investments - Cash and cash equivalents held for long-term purposes.

Common stocks - Publicly traded in active markets.

Fixed income securities - Primarily publicly traded in active markets.

Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the ASPCA are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the ASPCA are deemed to be actively traded.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Alternative investments - These funds do not make known, nor do they advertise their value and their performance data is not readily available. They do not have a readily determinable fair value and are valued at net asset value (NAV), which is assessed for reasonableness by ASPCA management.

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 ASPCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Overall challenges to the economic environment have created significant financial market volatility and illiquidity. The ASPCA is not immune to the impacts of these market conditions. It should be noted that it is possible that fair values could change rapidly.

The carrying value of cash and cash equivalents approximates fair value as of December 31, 2023 and 2022. The carrying amounts of the ASPCA's investments and beneficial interest in trusts held by others approximate fair value and are presented in the fair value hierarchy in Notes 3 and 4, respectively.

Investments

Investment transactions are accounted for on the dates the purchases or sales are executed (trade date). Dividend income is recorded on the ex-dividend date; interest income is recorded as earned on the accrual basis. Investment returns are presented net of external investment expenses/fees and internal investment expenses, when applicable.

Split-Interest Agreements

The ASPCA has recognized the following types of split-interest agreements:

Beneficial Interests in Perpetual Trusts Held by Others

Donors have established and funded trusts that are administered by third-party trustees. Under the terms of these trusts, the ASPCA has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. The ASPCA does not control the assets held by the respective third-party trustees. Accordingly, the ASPCA recognizes its interest in such trusts, based on the fair value of the trusts.

Charitable Remainder Trusts

Donors have established and funded trusts under which specified distributions are to be made to a designated beneficiary or beneficiaries over the trusts' terms. Upon termination of the trusts' terms, the ASPCA receives their interest in the assets remaining in those trusts. Trusts are recorded as increases to net assets at the fair value of trust assets, less the present value of the estimated future payments to be made under the specific terms of the trusts.

Charitable Gift Annuities

Donors have contributed assets to the ASPCA in exchange for a promise by the ASPCA to pay a fixed amount or percentage for a specified period of time to such donors or to individuals or organizations designated by those donors. Under the terms of such agreements, no trusts exist as the assets received are held by, and the annuity liability is an obligation of, the ASPCA. The discount rates used to measure the liabilities ranged from 4.60% to 5.80% as of December 31, 2023 and from 1.60% to 5.20% as of December 31, 2022.

Split-interest agreements are recognized as revenue when notification of an irrevocable split-interest agreement occurs and when fair value can reasonably be determined.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Land, Buildings and Equipment

Land owned by the ASPCA is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation that is calculated using the straight-line method over the estimated useful lives of the assets. It is ASPCA policy to capitalize all purchases in excess of \$5,000 with useful lives greater than one year.

Land, buildings and equipment contributed to the ASPCA are reported at fair value in the consolidated financial statements at the time of the contribution. Depreciation is calculated on buildings and equipment using the straight-line method over the estimated useful lives of the assets.

The ASPCA reports gifts of property, plant and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the ASPCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The ASPCA reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2023 and 2022, there have been no such losses.

Leases

The ASPCA leases office space and equipment used in operations. For many of these leases, the ASPCA is responsible for paying property taxes, insurance, as well as maintenance and repair costs. The ASPCA's real estate leases generally have initial lease terms of five to ten years or more and typically include one or more options to renew, with renewal terms that generally extend the lease term for an additional five to ten years or more. The ASPCA assesses renewal options using a "reasonably certain" threshold, which is understood to be a high threshold, and therefore the majority of its leases' terms do not include renewal periods for accounting purposes. For leases where the ASPCA is reasonably certain to exercise its renewal option, the option periods are included within the lease term and, therefore, the measurement of the right-of-use asset and lease liability. The payment structure of the ASPCA's leases generally include annual escalation clauses that are either fixed or variable in nature, some of which are dependent upon published indices.

Certain leases include an option to terminate the lease, the terms and condition of which vary by contract. These options allow the parties to the contract to terminate their obligations typically in return for an agreed upon financial consideration amount. The ASPCA's lease agreements do not contain material residual value guarantees.

Subsequent to the lease commencement date, the ASPCA reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

Accrued Vacation

Employees accrue vacation based on tenure and salary band. Unused vacation balances carry over to future years, subject to a cap. As of December 31, 2023 and 2022, accrued vacation obligations were approximately \$7,041,000 and \$6,590,000, respectively.

The ASPCA's obligation for accrued vacation is included as a liability in the accompanying consolidated statements of financial position and represents the cost of unused employee vacation time payable in the event of employee terminations.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Revenue Recognition

Contributions and memberships are nonreciprocal transactions and are considered to be available for use without donor restrictions, unless they are specifically restricted by the donor. Contributions are recognized as revenue, at their fair value, when they become unconditional promises to give. Contributions of securities and other tangible assets are recorded at fair value at the date of gift. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions, such as a barrier and right of return or release, are substantially met. Bequests are recorded as revenue when notification of an irrevocable right to receive such assets exists and when a fair value can reasonably be determined. Bequests and contributions receivable are expected to be received within one year.

Shelter and Veterinary Services fee revenues from the Animal Hospital, Animal Poison Control Center, ASPCA Spay/Neuter Alliance and Community Medicine are primarily recognized at the time services are delivered. Revenue derived from contracts for Shelter and Veterinary Services customers, mostly are from Animal Poison Control corporate clients and New York City Department of Health and Mental Hygiene. The performance obligations in these contracts are distinct and revenue is recognized when the performance obligations are satisfied. Customers are charged based on the corresponding standalone prices.

ASPCA enters into various agreements that provide royalty and licensing revenues. Revenues relating to royalty contracts are recognized in accordance with the terms and conditions included therein.

The ASPCA enters into various grant and sponsorship agreements. Revenue relating to these agreements is recognized in accordance with the terms and conditions included therein. Grants are evaluated to determine if they represent an exchange transaction or contribution. If determined to be an exchange transaction, the grant is recognized as expenses are incurred.

In addition, donated services are considered contributed nonfinancial assets and are reported at fair value in the consolidated financial statements only when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The ASPCA received and reported contributed nonfinancial assets revenue and related expense for the years ended December 31, 2023 and 2022 of approximately \$894,000 and \$988,000, respectively.

Donated materials are also considered contributed nonfinancial assets and are reported at fair value at the date of the donation. The ASPCA received and reported approximately \$102,000 and \$718,000 of donated materials primarily in pet supplies for the years ended December 31, 2023 and 2022, respectively.

Allowance for Doubtful Accounts

Management must make estimates of the uncollectability of receivables. Management specifically analyzes historical bad debts, current funding trends and changes in payment terms and rates when evaluating the allowance for doubtful accounts.

Allocation of Expenses on a Functional Basis

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the ASPCA. These include depreciation and amortization, administration, communications, media promotion, information technology, facilities operations, occupancy and maintenance. Depreciation and amortization and occupancy costs are allocated on a square footage or units of service basis. Costs of other categories were allocated on estimates of time and effort.

Expenses are presented according to the program services for which they were incurred and are summarized on a functional basis in the accompanying consolidated statements of activities and change in net assets and functional expenses.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

The various program services and supporting activities of the ASPCA are as follows:

Shelter and Veterinary Services - Includes the ASPCA Animal Hospital, Adoption Center, Animal Recovery Center, Canine Annex for Recovery & Enrichment and Kitten Nursery in New York City; Community Veterinary Clinics and spay/neuter facilities in New York City, Miami and Los Angeles; the ASPCA Spay/Neuter Alliance in Asheville, North Carolina; the Equine Transition & Adoption Center in Oklahoma; Relocation and Placement efforts nationwide; Shelter Medicine Services offered across the country; the Northern Tier Shelter Initiative; Shelter Services Operations; the Animal Poison Control Center, a 24-hour Animal Poison Control telephone hotline in Champaign, Illinois; and grant-making efforts to support other animal welfare organizations.

Public Education and Communications - Includes activities to create public awareness that engages audiences to support the ASPCA's mission on priority issues. It also includes ASPCA communications, including internal, external and marketing communications, that drive public engagement with the ASPCA's many programs.

Policy, Response and Engagement focuses on rescuing and rehabilitating animals, changing policies to improve animal welfare, ensuring enforcement of existing cruelty laws and providing resources and support to keep pets and people together. This includes Legal Advocacy & Investigations and Humane Law Enforcement and Community Engagement in New York City; Forensic Sciences in New York and Florida, including the ASPCA Veterinary Forensic Science Center in Gainesville, Florida, which assists local, state, and federal agencies; Government Relations based in Washington, D.C. which focuses on national, state and local legislative initiatives; the Behavioral Sciences Team and the Behavioral Rehabilitation Center in Weaverville, North Carolina; the Cruelty Recovery Center in Ohio; the National Field Response team, which conducts animal field investigations and response efforts nationwide; Farm Animal Welfare; and grant-making efforts to support other animal welfare organizations.

Membership Development and Fundraising - Involves the direction of the overall fundraising affairs of the ASPCA to support our lifesaving work, which includes engaging individuals and organizations to support our mission through cause partnerships and events, philanthropy, membership, legacy giving and other development efforts.

Management and General Operations - Includes the direction of the overall affairs and management of the ASPCA, including finance functions, facilities operations, project management, real estate and capital projects, process improvement, information technology, legal operations, people management and development and strategy and research.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to the valuation of alternative investments, annuity obligations, the beneficial interest in third-party trusts, the useful lives of fixed assets, the expense allocation on a functional basis and the collectability of receivables. Actual results could differ from those estimates.

Advertising Expenses

The ASPCA uses advertising to educate the public and bring awareness to its programs and mission. The production costs of advertising are expensed as incurred. Advertising costs totaled approximately \$61,309,000 and \$56,433,000 for the years ended December 31, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Measure of Operations

The ASPCA uses the "change in net assets from operating activities" as the measure of net assets that are available to support current and future programs and services. Operating activities include all revenues and expenses related to carrying out the ASPCA's mission. Nonoperating activities include contributions, bequest and trusts restricted for endowment, changes in beneficial interests in trusts held by others, and other activities considered to be of a more unusual or nonrecurring nature. In addition, the ASPCA has a spending policy under which a predetermined amount of investment return is authorized to fund operations. The difference between the actual investment return and the amount authorized and appropriated to fund operations is reported as nonoperating.

Income Taxes

The ASPCA, ASPCA Carson, LLC and ASPCA Veterinary Services of North Carolina, P.C. qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding provisions of the laws in New York State, California and North Carolina and are not subject to federal or state income taxes. Accordingly, donors are entitled to a charitable contribution deduction as defined in the IRC. Continued qualification of tax-exempt status is contingent upon compliance with the requirements of the IRC.

The ASPCA recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for 2023 or 2022.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications have no effect on net assets or operating results of the prior year.

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. The adoption of ASU No. 2016-13 did not have a material impact on the consolidated financial statements.

3. Investments

Investments as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Cash and cash equivalents	\$ 2,630,337	\$ 1,125,676
Common stocks	44,705	43,208
Fixed income securities	1,312,814	1,241,510
Mutual funds	316,245,907	260,754,964
Alternative investments	56,410,455	66,664,894
Total investments	\$ 376,644,218	\$ 329,830,252

Notes to Consolidated Financial Statements December 31, 2023 and 2022

The net return on investments and interest-bearing cash and cash equivalents for the years ended December 31, 2023 and 2022 consist of the following:

	 2023	 2022
Interest and dividends, net of expenses of approximately \$891,000 and \$781,000, respectively Unrealized gains (losses) Realized (losses) gains	\$ 13,428,848 39,489,334 (2,830,032)	\$ 7,474,703 (51,148,397) 3,649,571
Net return (loss) on investments	50,088,150	(40,024,123)
Investment return designated for operations	 	 (4,700,000)
Investment return (loss), nonoperating	\$ 50,088,150	\$ (44,724,123)

Spending Policy

The objective of the ASPCA's spending policy is to allocate in a reasonable and balanced manner the total earnings from the investment portfolio between current spending and reinvestment for future earnings and expenditures in order for the purchasing power of the investment portfolio to be maintained or enhanced. Such purchasing power is to provide a stable source of income to the operating fund of the ASPCA and to meet certain working capital and/or capital expenditures needs. Budgeted annual spending is generally set at the lesser of 5% of the investment portfolio's average five-year portfolio value or 5% of the beginning year balance and is subject to approval by the Finance Committee and the Board during the annual budget review and approval process. Any overage will reduce future spending by the amount of such overage (reduction implemented over subsequent one to three years). The Finance Committee and the Board approved a spending amount to be used for operations in 2023, however the ASPCA did not utilize it. The Finance Committee and the Board approved a spending amount which was used for operations in 2022 in the amount of \$4,700,000.

The following tables present the ASPCA's fair value hierarchy for those investments measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	2023								
	Active for	ed Prices in ve Markets Identical Assets Level 1)	Ob	gnificant Other oservable Inputs Level 2)	Total				
Common stocks	\$	44,705	\$	-	\$	44,705			
Fixed income securities		1,247,750		65,064		1,312,814			
Mutual funds Alternative investments reported at net	3	07,730,368		8,515,539		316,245,907			
asset value						56,410,455			
Cash and cash equivalents						2,630,337			
Total investments					\$	376,644,218			

Notes to Consolidated Financial Statements December 31, 2023 and 2022

				2022		
	Activ for	ed Prices in ve Markets Identical Assets Level 1)	0	ignificant Other bservable Inputs (Level 2)	Total	
Common stocks	\$	43,208	\$	-	\$	43,208
Fixed income securities		1,176,338		65,172		1,241,510
Mutual funds	2	53,198,862		7,556,102		260,754,964
Alternative investments reported at net asset value						66,664,894
Cash and cash equivalents						1,125,676
Total investments					\$	329,830,252

Investments with a fair value of \$11,153,396 and \$10,049,158 and cash equivalents of \$398,676 and \$334,800 as of December 31, 2023 and 2022, respectively, were held in investment accounts relating to charitable gift annuities, in compliance with the insurance laws of various states. The ASPCA maintains separate and distinct reserve funds adequate to meet the future payments of all outstanding charitable gift annuities administered by the ASPCA.

Certain information regarding the liquidity and redemption features of the ASPCA's alternative investments (measured at NAV) is as follows:

	2023					
		Net Asset Value		Unfunded ommitments	Redemption Frequency	Redemption Notice Period
 (a) Equity long, international (b) Fund of funds, private equity (c) Private equity in liquidation (d) Private equity (e) Emerging markets (f) Equity long 	\$	414,596 3,083,800 21,254,589 12,621,895 19,035,575	\$	613,839 760,478 745,863 -	Monthly None None Annual Daily Monthly	15 days N/A N/A 60 days 3-5 days 15 days
Total	\$	56,410,455	\$	2,120,180		
	_	Net Asset Value		202 Unfunded ommitments	Redemption Frequency	Redemption Notice Period
 (a) Equity long, international (b) Fund of funds, private equity (c) Private equity in liquidation (d) Private equity (e) Emerging markets (f) Equity long 	\$	22,080,385 518,985 4,216,069 11,522,833 12,035,536 16,291,086	\$	621,054 2,982,149 781,080	Monthly None None Annual Daily Monthly	15 days N/A N/A 60 days 3-5 days 15 days
Total	\$	66,664,894	\$	4,384,283		

- (a) This category includes investments in a limited partnership that invests primarily in international equity securities.
- (b) This category includes investments in a fund that invests in a diversified portfolio of interests in private investment funds, principally established global buyout, mezzanine and venture capital funds primarily through secondary market transactions.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

- (c) This category includes several private equity funds that invest in privately held corporations and domestic and international venture capital and private funds. Certain of these investments can never be redeemed by the ASPCA and, in these instances; distributions are received through the liquidation of the underlying assets of the fund. The ASPCA management expects liquidations to take place from approximately 2024 through 2025.
- (d) This category includes several private equity funds that invest in privately held corporations and domestic and international venture capital and private funds.
- (e) This category includes investments in a fund that invests in a diversified portfolio of emerging market securities.
- (f) This category includes investments in a limited partnership that invests primarily in equity index option premiums.

4. Beneficial Interests in Trusts Held by Others

Beneficial interests in trusts held by others in the accompanying consolidated statements of financial position are remainder interests in several irrevocable trusts. The present value of the ASPCA's share of future interests in charitable remainder trusts amounted to approximately \$726,000 and \$713,000 as of December 31, 2023 and 2022, respectively, and has been included in net assets with donor restrictions. The present values of the trusts are calculated using discount rates between 3.8% and 4.0% as of December 31, 2023 and 5.0% and 5.2% as of December 31, 2022. Beneficial interests in perpetual third-party trusts of approximately \$22,725,000 and \$20,368,000 valued at the ASPCA's share of the fair value of the underlying trust assets, are included in net assets with donor restrictions as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the ASPCA's beneficial interests in trusts held by third-party trustees were classified as Level 3 instruments within the fair value hierarchy. The underlying assets consist of a broad basket of securities, primarily including equities, bonds and cash and are independently valued by a firm who custodies these assets. These assets are subject to a time restriction and thus the value is discounted back to the net present value as of December 31, 2023 and 2022. The underlying securities are subject to overall market risk that may result in the ultimate realized value of these assets being materially different from the stated balances as of December 31, 2023 and 2022.

The following table summarizes the changes in the ASPCA's Level 3 beneficial interests in trusts held by third party trustees for the years ended December 31, 2023 and 2022:

			2023	
	Re	haritable emainder Trusts	Perpetual Trusts	Total
Balance, December 31, 2022	\$	712,725	\$ 20,367,939	\$ 21,080,664
Acquisitions Dispositions		-		- - -
Net appreciation		13,490	 2,357,428	 2,370,918
Balance, December 31, 2023	\$	726,215	\$ 22,725,367	\$ 23,451,582

Notes to Consolidated Financial Statements December 31, 2023 and 2022

			2022	
	Re	naritable emainder Trusts	Perpetual Trusts	Total
Balance, December 31, 2021	\$	733,508	\$ 25,604,874	\$ 26,338,382
Acquisitions Dispositions Net depreciation		(18,022) (2,761)	- (5,236,935)	(18,022) (5,239,696)
Balance, December 31, 2022	\$	712,725	\$ 20,367,939	\$ 21,080,664

5. Land, Buildings and Equipment, Net

Land, buildings and equipment as of December 31, 2023 and 2022 consisted of the following:

	Estimated Useful Lives	2023	2022
Land	-	\$ 15,238,822	\$ 10,932,205
Buildings	20-40 years	31,435,470	31,435,468
Building improvements	3-25 years	40,355,722	38,813,891
Leasehold Improvements	3-20 years	22,446,460	22,421,878
Furniture, fixtures and equipment	3-10 years	15,346,673	16,696,257
Transportation equipment	4-6 years	9,533,248	8,617,456
Construction in progress	-	18,630,833	9,811,881
Total cost		152,987,228	138,729,036
Less accumulated depreciation and			
amortization		(65,570,626)	(61,564,157)
Net land, buildings and equipment		\$ 87,416,602	\$ 77,164,879

As of December 31, 2023 and 2022, future commitments of approximately \$29,521,000 and \$23,300,000, respectively, relate to signed construction contracts.

6. Loan Payable

On June 1, 2022, the ASPCA entered into a loan agreement with a financial institution in the amount of \$25,000,000 for the purchase of land and the development of a building. The loan bears interest at 3.57% per annum. The loan requires monthly payments of principal and interest, based on a 20-year amortization schedule with a maturity date of May 1, 2042. The loan does not require the ASPCA to maintain collateral.

Scheduled future principal payments of loan payable are as follows for the years ending December 31:

2024	\$ 919	,578
2025	955	,818,
2026	990	,994
2027	1,027	,465
2028	1,063	,280
Thereafter	18,722	,143
	\$ 23,679	,278

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Interest expense on the loan payable for the year ended December 31, 2023 and 2022, was approximately \$780,000 and \$404,000, respectively.

The ASPCA is subject to certain covenant requirements with respect to certain organizational and operational restrictions as defined in the Term Sheet. In addition, the ASPCA is required to maintain a ratio of unrestricted liquidity to total funded debt, including capitalized operating leases, of no less than 1:1 measured at December 31st of each year and each second fiscal quarter of each fiscal year. As of December 31, 2023, the ASPCA is in compliance with this financial covenant.

7. Pension and Deferred Compensation Plans

Defined Contribution Plan

The ASPCA sponsors a 401(k) defined contribution retirement plan. Substantially all full-time employees over age 21 are eligible to participate. The ASPCA matches 100% of pretax employee contributions up to 4% of eligible compensation in each pay period. Employee and matching employer contributions are immediately 100% vested. Additional employer contributions are also made as a percentage of compensation in each pay period. These additional contributions are fully vested for employees who have attained at least three years of eligible service. Employer contributions, representing matching employee contributions plus additional employer contributions, totaled approximately \$6,590,000 and \$5,776,000 in 2023 and 2022, respectively.

Deferred Compensation Plan

During 2019, the ASPCA adopted a 457(b) deferred compensation plan (the B Plan) for certain of its employees. The B Plan permits only employer-funded discretionary contributions. Pursuant to the B Plan document, the B Plan's assets are considered general assets of the ASPCA until the assets are distributed to the respective beneficiaries. As a result, the B Plan's net assets available for benefits of approximately \$913,000 and \$584,000 as of December 31, 2023 and 2022, respectively, are included in prepaid expenses and other assets and other liabilities in the ASPCA's consolidated statements of financial position. For the years ended December 31, 2023 and 2022, the ASPCA contributed \$180,000 and \$164,000, respectively, into the B Plan.

During 2020, the ASPCA adopted a 457(f) deferred compensation plan (the F Plan) for the President and Chief Executive Officer. The F Plan accrues an annual employer-funded amount of \$50,000 that remains unvested until the end of a five-year employment term, at which point the F Plan renews in five year increments contingent on continuous employment.

8. Allocation of Joint Costs

Direct appeal joint costs incurred in connection with mailing educational and informational materials are allocated to program and supporting services on the basis of the content of the respective materials. For the years ended December 31, 2023 and 2022, these costs were allocated as follows:

		2023		2022
Program services	\$ 7	3,297,619	\$	76,344,113
Membership development and fundraising	5	4,515,928		50,714,525
Management and general		314,888		307,705
-			_	
Total	<u>\$ 12</u>	8,128,435	\$	127,366,343

Notes to Consolidated Financial Statements December 31, 2023 and 2022

9. Net Assets

The ASPCA's net assets are summarized as follows as of December 31, 2023 and 2022:

	2023	2022
Without donor restrictions	\$ 477,297,266	\$ 406,914,183
Total without donor restrictions	477,297,266	406,914,183
With donor restrictions:		
Restricted in perpetuity	31,255,472	28,519,954
Restricted for use in future periods	17,278,265	23,472,842
Purpose restricted, shelter and veterinary services	20,240,904	23,506,020
Purpose restricted, policy, response and engagement	375,000	250,000
Purpose restricted, grants and sponsorships	5,884,154	4,065,460
Purpose restricted, other	197,459	431,247
Total with donor restrictions	75,231,254	80,245,523
Total not assets	Ф ББО БОО БОО	¢ 407.450.706
Total net assets	\$ 552,528,520	\$ 487,159,706

During each year, net assets released from donor restrictions resulted from the satisfying of the following donor restrictions:

	 2023	 2022
Shelter and veterinary services	\$ 14,610,740	\$ 8,380,582
Policy, response and engagement	2,812,429	2,869,371
Grants and sponsorships	2,898,772	3,790,510
Time restrictions satisfied	23,828,852	19,316,813
Other	 1,066,661	573,068
Total	\$ 45,217,454	\$ 34,930,344

10. Liquidity and Availability of Resources

The ASPCA's financial assets available within one year of the consolidated statements of financial position dates for general expenditure such as operating expenses are as follows as of December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents Other receivables Contributions receivable, net Short-term investments Investments available for current use	\$ 93,343,267 4,704,621 24,674,683 2,231,661 353,880,379	\$ 84,541,277 6,178,448 19,660,408 790,876 310,503,403
Total	478,834,611	421,674,412
Less amounts unavailable for general expenditures within one year	75,231,254	80,245,523
Total financial assets available	\$ 403,603,357	\$ 341,428,889

Notes to Consolidated Financial Statements December 31, 2023 and 2022

The financial assets in the table above have been reduced by amounts not available for general use because of contractual or donor restrictions within one year of the date of the consolidated statements of financial position. Income from donor-restricted endowments is also restricted for specific purposes and has not been appropriated, and therefore, is not available for general expenditures.

As part of the ASPCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the ASPCA invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the ASPCA has a \$25 million committed line of credit, which can be drawn to help manage unanticipated liquidity needs. However, the donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see Note 3 for disclosures about investments).

11. Endowment Net Assets

Interpretation of Relevant Law

The ASPCA's endowment is made up of donor-restricted endowment funds. The ASPCA's endowment is subject to the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA). Under NYPMIFA, the ASPCA manages an endowment fund consisting of donor-restricted funds that are not wholly expendable on a current basis. The ASPCA maintains the historic value of each endowment fund and appropriates the appreciation of each fund, but not the original value. These funds are maintained in the ASPCA's investment portfolio, which is governed by the investment policy. Appropriation occurs in the form of the spending policy, which is approved by the board of directors of the ASPCA during the annual budget process.

Return Objectives and Risk Parameters

The Board has adopted investment and spending policies for the ASPCA's endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment funds and maintain the purchasing power of the endowment over time.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the ASPCA relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The ASPCA targets a diversified asset allocation within prudent risk constraints.

Spending Policy

The ASPCA applies the spending policy described in Note 3 to its endowment funds.

Funds With Deficiencies

Due to unfavorable market fluctuations, from time-to-time the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, with restriction contribution. There were no such deficiencies in either 2023 or 2022.

Notes to Consolidated Financial Statements December 31, 2023 and 2022

The following summarizes the ASPCA's endowment net assets as of December 31:

	With Donor Restrictions			
		2023		2022
Endowment composition:				
Perpetual endowment funds	\$	8,530,105	\$	8,152,015
Unappropriated endowment earnings		5,654,455		4,496,280
Total endowment funds	\$	14,184,560	\$	12,648,295
Changes in endowment net assets:				
Endowment net assets, beginning	\$	12,648,295	\$	13,186,835
Contributions and bequests		378,090		388,026
Investment return (loss)		1,158,175		(926,566)
Endowment net assets, ending	\$	14,184,560	\$	12,648,295

There were no endowment net assets without donor restrictions as of December 31, 2023 and 2022.

12. Operating Leases

The ASPCA has noncancelable operating leases, which expire in various years through 2041. Most of these leases generally contain renewal options and require the ASPCA to pay all executory costs (property taxes, maintenance and insurance). The ASPCA considers the renewal options in determining the lease term used to establish the right-to-use asset.

The ASPCA's right-of-use assets pertaining to these operating leases represent the right to use the facilities for their respective lease terms, and the corresponding operating leases liabilities represent the obligation to make lease payments arising from the respective leases. Such right-of-use assets and operating leases liabilities are recognized at each of the leases' commencement dates at the present value of lease payments over the lease term for leases with initial terms greater than a year. As these leases do not provide an implicit rate, the ASPCA utilized the incremental borrowing rate based on information available at the lease commencement date in determining the present value of lease payments. A right-of-use asset and operating lease liability are not recognized for leases with an initial term of 12 months or less, and the ASPCA recognizes lease expense for such leases over the lease term within occupancy expenses in the consolidated statements of functional expenses.

The components of lease cost included in the accompanying consolidated statements of functional expenses for the years ended December 31, 2023 and 2022 are as follows:

	 2023	 2022
Operating lease cost: Lease cost, leases with terms greater than one year Short-term lease cost	\$ 5,354,408 113,824	\$ 5,304,849 362,125
Total lease cost	\$ 5,468,232	\$ 5,666,974

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Other information related to the ASPCA's operating leases and supplemental cash flows for the years ended December 31, 2023 and 2022 are as follows:

	 2023	 2022
Operating cash flows from operating leases *	\$ 5,942,726	\$ 5,430,630
Right-of-use leased assets obtained in exchange for new operating lease obligations	-	4,002,728
Weighted-average remaining lease term: Operating leases	8.82 years	9.1 years
Weighted-average discount rate on operating leases	2.7%	2.7%

Cash flows relating to operating lease costs for leases with terms greater than one year. Excludes variable lease costs.

Future minimum lease payments as of December 31, 2023 were:

2024 2025 2026 2027 2028 Thereafter	\$	5,845,741 5,891,308 6,007,537 2,043,413 1,528,683 11,632,571 32,949,253
Less interest		(3,879,763)
Total	\$	29,069,490
Future minimum lease payments as of December 31, 2022 were:		
2023 2024 2025 2026 2027 Thereafter	\$ 	5,842,766 5,997,582 6,047,704 6,168,626 2,043,413 13,161,254
Less interest		(4,774,113)
Total	\$	34,487,232

Notes to Consolidated Financial Statements December 31, 2023 and 2022

13. Commitments and Contingencies

Litigation

The ASPCA is a defendant in several lawsuits arising in the normal course of operations. All of the significant suits and many of the others involve insured risks, subject to deductibles and co-insurance requirements. While outside counsel cannot predict the outcome of such litigation, management does not expect the net financial outcome to have a material effect on the financial position, change in net assets and cash flows of the ASPCA.

Financing Activities

The ASPCA renegotiated its revolving line of credit with TD Bank on June 1, 2022 in the amount of \$25,000,000 with an interest rate per annum of 1.36% percentage points in excess of the Secured Overnight Financing Rate (SOFR) or a fluctuating interest rate equal to prime. The purpose of the line of credit is for the short-term working capital needs of the ASPCA. There was no payable balance on the line of credit as of December 31, 2023 and 2022.

Concentration of Credit Risks

Financial instruments that potentially subject the ASPCA to concentrations of credit risk consist principally of cash, cash equivalents and investments. The ASPCA maintains its cash and cash equivalents in various bank deposit accounts that at times may exceed federally insured limits. To minimize risk, the ASPCA's cash accounts are placed with high-credit quality financial institutions, while the ASPCA's investment portfolio is diversified with several investment managers in a variety of asset classes. The ASPCA regularly evaluates its depository arrangements and investments, including performance thereof.

14. Subsequent Events

Subsequent events have been evaluated through May 22, 2024, which is the date the consolidated financial statements were available to be issued.

The American Society for the Prevention of Cruelty to Animals Consolidating Statement of Financial Position December 31, 2023

	ASPCA	ASPCA Veterinary Services of NC, PC	ASPCA Carson, LLC	Eliminations	ASPCA Consolidated
Assets					
Assets					
Cash and cash equivalents Beguests and contributions receivable,	\$ 92,688,586	\$ 630,268	\$ 24,413	\$ -	\$ 93,343,267
net of discount of \$15.000	25,058,016	_	_	_	25,058,016
Other receivables	4,704,621	-	-	-	4,704,621
Due from ASPCA Veterinary					
Services of NC, PC	1,427,379	-	-	(1,427,379)	-
Prepaid expenses and other assets	4,382,797	-	-	-	4,382,797
Investments	376,644,218	-	-	-	376,644,218
Beneficial interest in trusts held by others	23,451,582	-	-	-	23,451,582
Land, buildings and equipment, net	82,913,884	-	4,502,718	-	87,416,602
Right-of-use assets	25,070,285				25,070,285
Total assets	\$ 636,341,368	\$ 630,268	\$ 4,527,131	\$ (1,427,379)	\$ 640,071,388
Liabilities and Net Assets (Deficiency)					
Liabilities					
Accounts payable and accrued expenses	\$ 26,377,122	\$ -	\$ 26,762	\$ -	\$ 26,403,884
Due to ASPCA	-	1,427,379	-	(1,427,379)	-
Other liabilities	1,431,575	-	_	-	1,431,575
Annuity obligations	6,958,641	-	-	_	6,958,641
Operating leases liabilities	29,069,490	-	-	_	29,069,490
Loan payable	23,679,278				23,679,278
Total liabilities	87,516,106	1,427,379	26,762	(1,427,379)	87,542,868
Net Assets (Deficiency)					
Net assets without donor restrictions	473,595,948	(799,051)	4,500,369	-	477,297,266
Net assets with donor restrictions	75,229,314	1,940			75,231,254
Total net assets (deficiency)	548,825,262	(797,111)	4,500,369	_	552,528,520
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Total liabilities and net assets					
(deficiency)	\$ 636,341,368	\$ 630,268	\$ 4,527,131	\$ (1,427,379)	\$ 640,071,388