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The American Society for the Prevention of Cruelty to Animals

Consolidated Financial Statements
and Supplementary Information

December 31, 2021 and 2020

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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 accompanying 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, 2021 and 2020, 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the ASPCA as of December 31, 2021 and 2020, 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 audits.

- 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.

Baker Tilly US, LLP

New York, New York
May 26, 2022

The American Society for the Prevention of Cruelty to Animals

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Assets		
Cash and cash equivalents	$ 43,397,889	$ 25,975,384
Bequests and contributions receivable, net of discount of $24,000 in 2021 and $100 in 2020	24,284,914	13,654,044
Other receivables	5,917,189	5,861,114
Prepaid expenses and other assets	7,037,598	5,488,607
Investments	374,719,225	305,088,304
Beneficial interest in trusts held by others	26,338,382	24,038,168
Land, buildings and equipment, net	64,459,281	61,164,799
Right-of-use assets	30,045,618	29,915,066
Total assets	$ 576,200,096	$ 471,185,486
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 22,753,781	$ 20,458,506
Grants payable	2,586,246	1,313,840
Other liabilities	995,180	800,498
Annuity obligations	7,626,897	7,344,131
Operating leases liabilities	34,612,609	34,333,275
Total liabilities	68,574,713	64,250,250
Net Assets		
Net assets without donor restrictions	423,441,955	333,774,636
Net assets with donor restrictions	84,183,428	73,160,600
Total net assets	507,625,383	406,935,236
Total liabilities and net assets	$ 576,200,096	$ 471,185,486

See notes to consolidated financial statements

The American Society for the Prevention of Cruelty to Animals

Consolidated Statement of Activities and Change in Net Assets
Year Ended December 31, 2021 (With Summarized Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Operating Support and Revenues				
Contributions, memberships, grants and sponsorships	$ 246,112,461	$ 22,802,053	$ 268,914,514	$ 238,206,799
Shelter and veterinary service fees	18,941,139	-	18,941,139	15,634,316
Bequests and trusts	52,229,330	25,618,462	77,847,792	43,810,736
Royalties, licenses and other	9,481,697	-	9,481,697	8,345,986
Net assets released from donor restrictions	40,255,586	(40,255,586)	-	-
Total operating support and revenues	367,020,213	8,164,929	375,185,142	305,997,837
Operating Expenses				
Program expenses:				
Shelter and veterinary services	102,962,979	-	102,962,979	90,068,261
Public education and communications	84,471,215	-	84,471,215	69,951,766
Policy, response and engagement	41,146,378	-	41,146,378	38,291,905
Total program expenses	228,580,572	-	228,580,572	198,311,932
Supporting expenses:				
Membership development and fundraising	60,146,241	-	60,146,241	55,056,031
Management and general	14,155,986	-	14,155,986	14,284,421
Total supporting expenses	74,302,227	-	74,302,227	69,340,452
Total operating expenses	302,882,799	-	302,882,799	267,652,384
Change in net assets from operating activities	64,137,414	8,164,929	72,302,343	38,345,453
Nonoperating Activities				
Net investment return	25,529,905	557,685	26,087,590	26,665,423
Net appreciation on beneficial interest in trusts held by others	-	2,300,214	2,300,214	1,860,894
Contributions related to endowment	-	-	-	279,399
Total nonoperating activities	25,529,905	2,857,899	28,387,804	28,805,716
Change in net assets	89,667,319	11,022,828	100,690,147	67,151,169
Net Assets, Beginning	333,774,636	73,160,600	406,935,236	339,784,067
Net Assets, Ending	$ 423,441,955	$ 84,183,428	$ 507,625,383	$ 406,935,236

See notes to consolidated financial statements

The American Society for the Prevention of Cruelty to Animals

Consolidated Statement of Activities and Change in Net Assets
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenues			
Contributions, memberships, grants and sponsorships	$ 222,710,347	$ 15,496,452	$ 238,206,799
Shelter and veterinary service fees	15,634,316	-	15,634,316
Bequests and trusts	29,197,667	14,613,069	43,810,736
Royalties, licenses and other	8,345,986	-	8,345,986
Net assets released from donor restrictions	34,825,753	(34,825,753)	-
Total operating support and revenues	310,714,069	(4,716,232)	305,997,837
Operating Expenses			
Program expenses:			
Shelter and veterinary services	90,068,261	-	90,068,261
Public education and communications	69,951,766	-	69,951,766
Policy, response and engagement	38,291,905	-	38,291,905
Total program expenses	198,311,932	-	198,311,932
Supporting expenses:			
Membership development and fundraising	55,056,031	-	55,056,031
Management and general	14,284,421	-	14,284,421
Total supporting expenses	69,340,452	-	69,340,452
Total operating expenses	267,652,384	-	267,652,384
Change in net assets from operating activities	43,061,685	(4,716,232)	38,345,453
Nonoperating Activities			
Net investment return	26,428,328	237,095	26,665,423
Net appreciation on beneficial interest in trusts held by others	-	1,860,894	1,860,894
Contributions related to endowment	-	279,399	279,399
Total nonoperating activities	26,428,328	2,377,388	28,805,716
Change in net assets	69,490,013	(2,338,844)	67,151,169
Net Assets, Beginning	264,284,623	75,499,444	339,784,067
Net Assets, Ending	$ 333,774,636	$ 73,160,600	$ 406,935,236

See notes to consolidated financial statements

The American Society for the Prevention of Cruelty to Animals

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021 (With Summarized Comparative Totals for 2020)

	Program Expenses				Supporting Expenses				
	Shelter and Veterinary Services	Public Education and Communications	Policy, Response and Engagement	Total Program Expenses	Membership Development and Fundraising	Management and General	Total Supporting Expenses	Total Expenses 2021	Total Expenses 2020
Compensation	$ 50,443,201	$ 4,969,634	$ 18,255,617	$ 73,668,452	$ 7,722,996	$ 6,423,756	$ 14,146,752	$ 87,815,204	$ 79,005,981
Employee benefits	15,504,442	1,578,593	5,726,093	22,809,128	2,438,698	1,904,466	4,343,164	27,152,292	24,984,966
Supplies	1,702,364	98,249	828,268	2,628,881	42,697	35,315	78,012	2,706,893	5,578,936
Telephone	967,716	57,319	323,343	1,348,378	132,258	84,694	216,952	1,565,330	1,365,419
Postage and shipping	88,331	9,438,436	157,597	9,684,364	5,708,963	51,509	5,760,472	15,444,836	11,130,494
Rent	1,473,889	255,649	1,455,762	3,185,300	829,954	1,509,951	2,339,905	5,525,205	5,094,938
Repairs and maintenance	1,205,578	15,452	137,155	1,358,185	48,914	91,380	140,294	1,498,479	1,205,965
Data processing	2,015,898	7,124,803	856,013	9,996,714	8,684,016	731,972	9,415,988	19,412,702	14,962,860
Printing	24,732	10,827,603	117,982	10,970,317	5,945,040	36,396	5,981,436	16,951,753	12,127,737
Auto expenses	698,380	463	173,353	872,196	1,464	2,958	4,422	876,618	729,925
Travel, conferences and seminars	2,862,363	42,654	1,606,997	4,512,014	83,934	214,014	297,948	4,809,962	3,760,175
Insurance	872,605	33,770	576,583	1,482,958	109,146	225,412	334,558	1,817,516	1,728,404
Utilities	854,324	30,546	207,163	1,092,033	96,719	180,424	277,143	1,369,176	1,061,009
Veterinary and medical services	7,011,308	144	1,171,119	8,182,571	-	-	-	8,182,571	5,619,728
Media buys, promotion and related costs	17,660	35,776,291	831,329	36,625,280	19,835,919	122,430	19,958,349	56,583,629	63,677,450
Professional services	5,795,995	13,449,533	2,839,078	22,084,606	8,286,233	2,077,066	10,363,299	32,447,905	15,647,464
Grants	5,292,353	-	5,085,148	10,377,501	-	-	-	10,377,501	12,653,002
Other	898,839	654,632	58,675	1,612,146	69,219	260,358	329,577	1,941,723	1,637,023
Total expenses before depreciation and amortization	97,729,978	84,353,771	40,407,275	222,491,024	60,036,170	13,952,101	73,988,271	296,479,295	261,971,476
Depreciation and amortization	5,233,001	117,444	739,103	6,089,548	110,071	203,885	313,956	6,403,504	5,680,908
Total expenses	$ 102,962,979	$ 84,471,215	$ 41,146,378	$ 228,580,572	$ 60,146,241	$ 14,155,986	$ 74,302,227	$ 302,882,799	$ 267,652,384

See notes to consolidated financial statements

The American Society for the Prevention of Cruelty to Animals

Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program Expenses				Supporting Expenses			
	Shelter and Veterinary Services	Public Education and Communications	Policy, Response and Engagement	Total Program Expenses	Membership Development and Fundraising	Management and General	Total Supporting Expenses	Total Expenses
Compensation	$ 44,234,464	$ 4,951,108	$ 16,369,467	$ 65,555,039	$ 6,908,132	$ 6,542,810	$ 13,450,942	$ 79,005,981
Employee benefits	13,999,039	1,638,264	5,098,955	20,736,258	2,203,485	2,045,223	4,248,708	24,984,966
Supplies	4,591,320	103,527	737,808	5,432,655	65,014	81,267	146,281	5,578,936
Telephone	875,144	61,659	273,075	1,209,878	61,860	93,681	155,541	1,365,419
Postage and shipping	70,726	6,464,928	62,080	6,597,734	4,496,803	35,957	4,532,760	11,130,494
Rent	2,537,407	141,507	1,063,074	3,741,988	447,945	905,005	1,352,950	5,094,938
Repairs and maintenance	507,397	60,927	55,118	623,442	192,866	389,657	582,523	1,205,965
Data processing	1,369,926	5,166,976	451,300	6,988,202	7,350,156	624,502	7,974,658	14,962,860
Printing	16,232	7,448,795	29,039	7,494,066	4,613,098	20,573	4,633,671	12,127,737
Auto expenses	580,284	512	143,613	724,409	1,688	3,828	5,516	729,925
Travel, conferences and seminars	2,656,849	43,112	864,971	3,564,932	78,873	116,370	195,243	3,760,175
Insurance	829,427	33,399	546,004	1,408,830	102,376	217,198	319,574	1,728,404
Utilities	526,910	35,426	159,968	722,304	112,141	226,564	338,705	1,061,009
Veterinary and medical services	4,506,233	148	1,113,347	5,619,728	-	-	-	5,619,728
Media buys, promotion and related costs	7,620	38,652,033	453,634	39,113,287	24,455,275	108,888	24,564,163	63,677,450
Professional services	3,916,655	4,343,099	1,837,225	10,096,979	3,580,097	1,970,388	5,550,485	15,647,464
Grants	4,499,519	-	8,153,483	12,653,002	-	-	-	12,653,002
Other	704,001	560,519	70,807	1,335,327	63,288	238,408	301,696	1,637,023
Total expenses before depreciation and amortization	86,429,153	69,705,939	37,482,968	193,618,060	54,733,097	13,620,319	68,353,416	261,971,476
Depreciation and amortization	3,639,108	245,827	808,937	4,693,872	322,934	664,102	987,036	5,680,908
Total expenses	$ 90,068,261	$ 69,951,766	$ 38,291,905	$ 198,311,932	$ 55,056,031	$ 14,284,421	$ 69,340,452	$ 267,652,384

See notes to consolidated financial statements

The American Society for the Prevention of Cruelty to Animals

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 100,690,147	$ 67,151,169
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	6,403,504	5,680,908
Net realized and unrealized gains	(20,321,483)	(22,641,919)
Change in annuity obligations	282,766	723,963
Unrealized gain on beneficial interests in perpetual trusts held by others	(2,300,214)	(1,860,894)
Net accretion of operating leases	148,782	186,398
Contributions restricted for endowments	-	(279,399)
Changes in assets and liabilities:		
Bequests and contributions receivable	(10,630,870)	444,896
Other receivables	(56,075)	1,930,269
Prepaid expenses and other assets	(1,548,991)	(2,035,859)
Accounts payable and accrued expenses	2,182,568	2,086,551
Grants payable	1,272,406	(221,859)
Other liabilities	194,682	660,044
Net cash flows from operating activities	76,317,222	51,824,268
Cash Flows From Investing Activities		
Additions to land, buildings and equipment	(9,697,986)	(9,187,181)
Purchases of investments	(72,415,935)	(114,408,358)
Proceeds from sales of investments	23,106,497	55,610,485
Increase in accounts payable related to land, buildings and equipment	112,707	880,051
Net cash flows from investing activities	(58,894,717)	(67,105,003)
Cash Flows From Financing Activities		
Contributions restricted for endowments	-	279,399
Net cash flows from financing activities	-	279,399
Net change in cash and cash equivalents	17,422,505	(15,001,336)
Cash and Equivalents, Beginning	25,975,384	40,976,720
Cash and Equivalents, Ending	$ 43,397,889	$ 25,975,384
Supplemental Disclosures		
Cash paid during the year for interest	$ -	$ 148,996

See notes to consolidated financial statements

1. Description of the Organization

The American Society for the Prevention of Cruelty to Animals (the ASPCA) is North America's first humane organization. The ASPCA provides effective means for the prevention of cruelty to animals throughout the United States. It has been headquartered in New York City since its founding in 1866 where it maintains a strong local presence. The ASPCA's activities are focused on four primary program areas: (1) shelter and veterinary services, (2) public education and communications, (3) policy, response and engagement programs and (4) grants to other animal welfare-related organizations. The ASPCA is a public charity, which is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). The ASPCA's vision is that all animals are to be treated with respect and kindness.

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 on the accrual basis 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 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.

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 asset 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, 2021 and 2020:

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).

Fixed income securities - 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.

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

Common stock - Publicly traded in active markets.

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 at least possible that fair values could change rapidly.

The carrying value of cash and cash equivalents approximates fair value as of December 31, 2021 and 2020. 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 0.60% to 1.60% as of December 31, 2021 and from 0.4% to 2.2% as of December 31, 2020.

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

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. Repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. At the time fixed assets are retired or disposed of, the fixed asset and related accumulated depreciation accounts are relieved of the applicable amounts, and any gain or loss is credited or charged to operations.

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. As of December 31, 2021 and 2020, 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, 2021 and 2020, accrued vacation obligations were approximately $5,933,000 and $5,440,000, 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.

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 income, 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 income 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 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, the Contributed services 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 reported contributed services revenue and related expense for the years ended December 31, 2021 and 2020 of approximately $921,000 and $519,000, respectively.

Donated materials are reported at fair value at the date of the donation. The ASPCA received and reported approximately $231,000 and $1,641,000 of donated materials primarily in pet supplies for the years ended December 31, 2021 and 2020, respectively.

Allowance for Doubtful Accounts

Periodically, the bequests and contributions receivable balances are reviewed and evaluated as to their collectability. An allowance is then set up based on these evaluations.

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 programs 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.

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

Shelter and Veterinary Services - Includes the ASPCA Animal Hospital in New York City, Spay/Neuter clinics in New York City, Los Angeles and Asheville, North Carolina, state-of-the-art Adoptions Center in New York City, the Behavioral Rehabilitation Center in Weaverville, North Carolina and the Animal Poison Control Center, a 24-hour Animal Poison Control telephone hotline in Urbana, Illinois.

Public Education and Communications - Includes activities to create public awareness of animal-related issues.

Policy, Response and Engagement - Includes Humane Law Enforcement in New York, national, state and local legislative initiatives, as well as animal behavior, animal field investigations and response and animal forensic activities.

Membership Development and Fundraising - Involves the direction of the overall fundraising affairs of the ASPCA, which include development and related areas.

Management and General - Includes the direction of the overall affairs of the ASPCA, such as portions of accounting, human resources, administration and related areas.

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 $56,584,000 and $63,524,000 for the years ended December 31, 2021 and 2020, respectively.

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 bequest and trust income 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 and ASPCA Veterinary Services of North Carolina, P.C. qualify as tax-exempt organizations under Section 501(c)(3) of the IRC and corresponding provisions of the State law in New York State 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 2021 or 2020.

Recently Issued Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently assessing the effect that ASU 2020-07 will have on the ASPCA's consolidated financial statements.

3. Investments

Investments as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Cash and cash equivalents	$ 62,857,214	$ 25,736,984
Common stocks	35,821	27,678
Fixed income securities	1,296,176	1,197,679
Mutual funds	246,661,561	218,686,227
Alternative investments	63,868,453	59,439,736
Total investments	$ 374,719,225	$ 305,088,304

The return on investments and interest-bearing cash and cash equivalents for the years ended December 31, 2021 and 2020 consist of the following:

	2021	2020
Interest and dividends, net of expenses of approximately $818,000 and $708,000, respectively	$ 5,766,107	$ 4,023,504
Unrealized gains	11,010,798	8,403,623
Realized gains	9,310,685	14,238,296
Net return on investments	$ 26,087,590	$ 26,665,423

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 2021, however the ASPCA did not utilize it. There was no approved amount to be used for operations in 2020.

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, 2021 and 2020:

	2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total**
Common stocks	$ 35,821	$ -	$ 35,821
Fixed income securities	1,231,002	65,174	1,296,176
Mutual funds	238,042,924	8,618,637	246,661,561
Alternative investments reported at net asset value			63,868,453
Cash and cash equivalents			62,857,214
Total investments			$ 374,719,225

	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total**
Common stocks	$ 27,678	$ -	$ 27,678
Fixed income securities	1,132,505	65,174	1,197,679
Mutual funds	208,607,334	10,078,893	218,686,227
Alternative investments reported at net asset value			59,439,736
Cash and cash equivalents			25,736,984
Total investments			$ 305,088,304

Investments with a fair value of $11,259,601 and $13,063,289 and cash equivalents of $688,720 and $229,353 as of December 31, 2021 and 2020, 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:

	2021			
	Net Asset Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
(a) Equity long	$ 28,985,532	$ -	Monthly	15 days
(b) Fund of funds, private equity	719,947	630,461	None	N/A
(c) Private equity in liquidation	6,135,405	2,972,149	None	N/A
(d) Private equity	12,088,232	781,080	Annual	60 days
(e) Emerging markets	15,939,337	-	Daily	3-5 days
Total	$ 63,868,453	$ 4,383,690		

	2020			
	Net Asset Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
(a) Equity long	$ 28,778,512	$ -	Monthly	15 days
(b) Fund of funds, private equity	730,315	630,461	None	N/A
(c) Private equity in liquidation	7,810,578	2,729,729	None	N/A
(d) Private equity	10,693,232	846,876	Annual	60 days
(e) Emerging markets	11,427,099	-	Daily	3-5 days
Total	$ 59,439,736	$ 4,207,066		

(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.

(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 2021 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.

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 $733,000 and $710,000 as of December 31, 2021 and 2020, respectively, and has been included in net assets with donor restrictions. The present values of the trusts are calculated using discount rates of 6.0% as of December 31, 2021 and 2020. Beneficial interests in perpetual third party trusts of approximately $25,605,000 and $23,328,000 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, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, 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, 2021 and 2020. 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, 2021 and 2020.

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, 2021 and 2020:

	2021		
	Charitable Remainder Trusts	Perpetual Trusts	Total
Balance, January 1, 2020	$ 709,942	$ 23,328,226	$ 24,038,168
Acquisitions	-	-	-
Dispositions	-	-	-
Net appreciation	23,566	2,276,648	2,300,214
Balance, December 31, 2021	$ 733,508	$ 25,604,874	$ 26,338,382

	2020		
	Charitable Remainder Trusts	Perpetual Trusts	Total
Balance, January 1, 2019	$ 686,825	$ 21,490,449	$ 22,177,274
Acquisitions	-	-	-
Dispositions	-	-	-
Net appreciation	23,117	1,837,777	1,860,894
Balance, December 31, 2020	$ 709,942	$ 23,328,226	$ 24,038,168

5. Land, Buildings and Equipment, Net

Land, buildings and equipment as of December 31, 2021 and 2020 consisted of the following:

	Estimated Useful Lives	2021	2020
Land	-	$ 8,105,334	$ 5,321,057
Buildings	20-40 years	28,247,720	28,247,720
Building improvements	3-25 years	37,385,627	34,397,564
Furniture, fixtures and equipment	3-10 years	35,325,291	28,856,996
Transportation equipment	4-6 years	8,691,705	8,944,367
Construction in progress		4,749,903	7,993,030
Total cost		122,505,580	113,760,734
Less accumulated depreciation and amortization		(58,046,299)	(52,595,935)
Net land, buildings and equipment		$ 64,459,281	$ 61,164,799

As of December 31, 2021 and 2020, future commitments of approximately $4,082,000 and $1,241,000, respectively, relate to signed construction contracts.

6. 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 $4,999,000 and $4,506,000 in 2021 and 2020, 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 $553,000 and $341,000 as of December 31, 2021 and 2020, 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, 2021 and 2020, the ASPCA contributed $137,000 and $156,000, 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.

7. Allocation of Joint Costs

Direct appeal program 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, 2021 and 2020, these costs were allocated as follows:

	2021	2020
Program	$ 74,979,530	$ 60,079,808
Membership development and fundraising	47,415,541	43,570,022
Management and general	268,599	179,557
Total	$ 122,663,670	$ 103,829,387

8. Grants

Grants are recorded as an expense and a liability based on funds committed per the grant agreements once final approval by the grants department has occurred and that the grants are either unconditional or the conditions have been substantially met. No grant payments may be made prior to the final approval.

Grants were spent in furtherance of the mission in the following program areas:

	2021	2020
Policy, response and engagement	$ 3,535,349	$ 6,495,000
Shelter and veterinary services	6,858,119	6,226,514
Grant refunds	(15,967)	(68,512)
Total grant expenses	$ 10,377,501	$ 12,653,002

9. Net Assets

The ASPCA's net assets are summarized as follows as of December 31, 2021 and 2020:

	2021	2020
Without donor restrictions	$ 423,441,955	$ 333,774,636
Total without donor restrictions	423,441,955	333,774,636
With donor restrictions:		
Restricted in perpetuity	33,368,865	31,092,216
Restricted for use in future periods	20,079,565	12,550,606
Purpose restricted, shelter and veterinary services	25,747,567	24,058,141
Purpose restricted, policy, response and engagement	608,177	1,108,387
Purpose restricted, grants and sponsorships	4,184,794	4,156,790
Purpose restricted, other	194,460	194,460
Total with donor restrictions	84,183,428	73,160,600
Total net assets	$ 507,625,383	$ 406,935,236

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

	2021	2020
Shelter and veterinary services	$ 13,590,152	$ 16,980,984
Policy, response and engagement	8,609,268	1,375,150
Grants and sponsorships	3,400,148	3,762,766
Time restrictions satisfied	14,523,285	12,415,056
Other	132,733	291,797
Total	$ 40,255,586	$ 34,825,753

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, as follows as of December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 43,397,889	$ 25,975,384
Other receivables	5,917,189	5,861,114
Contributions receivable, net	21,739,914	13,581,544
Short-term investments	62,168,493	25,507,631
Investments available for current use	292,838,419	258,524,041
Total	426,061,904	329,449,714
Less amounts unavailable for general expenditures within one year, due to:		
Restricted in perpetuity	33,368,865	31,092,216
Restricted for use in future periods	20,079,565	12,550,606
Purpose restricted, shelter and veterinary services	25,747,567	24,058,141
Purpose restricted, policy, response and engagement	608,177	1,108,387
Purpose restricted, grants and sponsorships	4,184,794	4,156,790
Purpose restricted, other	194,460	194,460
Total financial assets available	$ 341,878,476	$ 256,289,114

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 2021 or 2020.

The following summarizes the ASPCA's endowment net asset composition as of December 31, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment composition:			
Perpetual endowment funds	$ -	$ 7,763,989	$ 7,763,989
Unappropriated endowment earnings	-	5,422,846	5,422,846
Total endowment funds	$ -	$ 13,186,835	$ 13,186,835
Changes in endowment net assets:			
Endowment net assets, beginning	$ -	$ 12,629,150	$ 12,629,150
Contributions and bequests		-	-
Investment return	-	557,685	557,685
Endowment net assets, ending	$ -	$ 13,186,835	$ 13,186,835

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment composition:			
Perpetual endowment funds	$ -	$ 7,763,989	$ 7,763,989
Unappropriated endowment earnings	-	4,865,161	4,865,161
Total endowment funds	$ -	$ 12,629,150	$ 12,629,150
Changes in endowment net assets:			
Endowment net assets, beginning	$ -	$ 11,246,524	$ 11,246,524
Contributions and bequests		279,399	279,399
Investment return	-	1,103,227	1,103,227
Endowment net assets, ending	$ -	$ 12,629,150	$ 12,629,150

12. Operating Leases

The ASPCA has noncancelable operating leases, which expire in various years through 2041. Most of these leases generally do not 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, 2021 and 2020 are as follows:

	2021	2020
Operating lease cost:		
Lease cost, leases with terms greater than one year	$ 5,042,653	$ 4,887,796
Short-term lease cost	426,104	171,753
Total lease cost	$ 5,468,757	$ 5,059,549

Other information related to the ASPCA's operating leases and supplemental cash flows for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Operating cash flows from operating leases *	$ 5,087,312	$ 4,854,827
Right-of-use leased assets obtained in exchange for new operating lease obligations	4,204,110	9,155,257
Weighted-average remaining lease term: Operating leases	9.9 years	5.7 years
Weighted-average discount rate on operating leases	2.6%	2.6%

* 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, 2021 were:

2022	$ 5,189,100
2023	5,142,230
2024	5,212,889
2025	5,294,495
2026	5,414,062
Thereafter	13,539,050
	39,791,826
Less interest	(5,179,217)
Total	$ 34,612,609

Future minimum lease payments as of December 31, 2020 were:

2021	$ 5,013,360
2022	4,743,914
2023	4,688,139
2024	4,749,717
2025	4,822,060
Thereafter	16,003,476
	40,020,666
Less interest	(5,687,391)
Total	$ 34,333,275

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 December 8, 2021 in the amount of $25,000,000 with an interest rate per annum of 1.25% 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 balance on the line of credit as of December 31, 2021 and 2020.

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 26, 2022, which is the date the consolidated financial statements were available to be issued.

On March 31, 2022, the ASPCA acquired a property in Long Island City, New York, in the borough of Queens, in the amount of $5,950,000 as a future site for a community veterinarian clinic, which will provide affordable and accessible veterinary services to pet owners in an area that is currently underserved.

The American Society for the Prevention of Cruelty to Animals

Consolidating Statement of Financial Position
December 31, 2021

	ASPCA	ASPCA Veterinary Services of NC, PC	Eliminations	ASPCA Consolidated
Assets				
Assets				
Cash and cash equivalents	$ 42,846,188	$ 551,701	$ -	$ 43,397,889
Bequests and contributions receivable, net of discount of $24,000	24,284,914	-	-	24,284,914
Other receivables	5,189,016	728,173	-	5,917,189
Due from ASPCA Veterinary Services of NC, PC	160,270	-	(160,270)	-
Prepaid expenses and other assets	7,037,598	-	-	7,037,598
Investments	374,719,225	-	-	374,719,225
Beneficial interest in trusts held by others	26,338,382	-	-	26,338,382
Land, buildings and equipment, net	64,459,281	-	-	64,459,281
Right-of-use assets	30,045,618	-	-	30,045,618
Total assets	$ 575,080,492	$ 1,279,874	$ (160,270)	$ 576,200,096
Liabilities and Net Assets (Deficiency)				
Liabilities				
Accounts payable and accrued expenses	$ 21,011,449	$ 1,742,332	$ -	$ 22,753,781
Due to ASPCA	-	160,270	(160,270)	-
Grants payable	2,586,246	-	-	2,586,246
Other liabilities	995,180	-	-	995,180
Annuity obligations	7,626,897	-	-	7,626,897
Operating leases liabilities	34,612,609	-	-	34,612,609
Total liabilities	66,832,381	1,902,602	(160,270)	68,574,713
Net Assets (Deficiency)				
Net assets without donor restrictions	424,064,683	(622,728)	-	423,441,955
Net assets with donor restrictions	84,183,428	-	-	84,183,428
Total net assets (deficiency)	508,248,111	(622,728)	-	507,625,383
Total liabilities and net assets (deficiency)	$ 575,080,492	$ 1,279,874	$ (160,270)	$ 576,200,096