



Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Financial Report

December 31, 2025

Charlottesville – Albemarle Society for the
Prevention of Cruelty to Animals, Inc.

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Independent Auditor’s Report

To the Board of Directors
Charlottesville – Albemarle Society for the
Prevention of Cruelty to Animals, Inc.
Charlottesville, Virginia

Opinion

We have audited the accompanying financial statements of the Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc. (the “SPCA”), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SPCA as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SPCA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SPCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SPCA'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the SPCA's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
April 22, 2026



Financial Statements

**Charlottesville – Albemarle Society for the
Prevention of Cruelty to Animals, Inc.**

Statement of Financial Position

December 31, 2025

(With Summarized Comparative Information as of December 31, 2024)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 878,032	\$ 405,840
Investments (Note 2)	7,121,608	5,530,592
Pledges receivable	49,952	55,867
Grant receivable (Note 13)	72,458	-
Other current assets	53,935	80,629
Total current assets	8,175,985	6,072,928
PROPERTY AND EQUIPMENT, net (Note 5)	6,722,073	6,904,127
OTHER ASSETS		
Beneficial interest in Bleecker Trust (Notes 2 and 10)	672,394	633,176
Restricted cash for USDA loan reserve (Note 7)	196,471	196,471
Total other assets	868,865	829,647
Total assets	\$ 15,766,923	\$ 13,806,702
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 45,902	\$ 49,757
Accrued expenses (Note 6)	66,458	183,851
Unearned revenue (Note 1)	208,677	-
Current portion – notes payable (Note 7)	156,472	141,802
Total current liabilities	477,509	375,410
LONG-TERM LIABILITIES		
Notes payable (Note 7)	956,170	1,104,677
Total liabilities	1,433,679	1,480,087
NET ASSETS		
Without donor restrictions	13,388,343	11,670,908
With donor restrictions (Note 9)	944,901	655,707
Total net assets	14,333,244	12,326,615
Total liabilities and net assets	\$ 15,766,923	\$ 13,806,702

**Charlottesville – Albemarle Society for the
Prevention of Cruelty to Animals, Inc.**

Statement of Activities

Year Ended December 31, 2025

(With Summarized Comparative Information for the Year Ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions and gifts	\$ 1,256,483	\$ 302,923	\$ 1,559,406	\$ 1,437,093
Grants	160,671	72,459	233,130	41,071
Bequests	613,824	-	613,824	315,452
Local government appropriations	1,476,564	-	1,476,564	1,095,670
Special events, net of related expenses of \$52,638	152,417	-	152,417	284,383
Rummage store sales	843,213	-	843,213	524,668
Program services fees	669,790	-	669,790	742,463
In-kind contributions	27,586	-	27,586	50,265
Income distributions from the Bleecker Trust	36,538	-	36,538	36,247
Net investment income	1,506,611	-	1,506,611	185,646
Sale of land easement	100,000	-	100,000	-
Miscellaneous income	2,151	-	2,151	1,271
Change in value of beneficial interest in Bleecker Trust	-	53,554	53,554	19,567
Net assets released from restrictions (Note 11)	139,742	(139,742)	-	-
Total revenue, gains, and other support	<u>6,985,590</u>	<u>289,194</u>	<u>7,274,784</u>	<u>4,733,796</u>
EXPENSES				
Program services	4,153,453	-	4,153,453	4,531,284
Management and general	435,737	-	435,737	562,687
Fundraising	678,965	-	678,965	735,744
Total expenses	<u>5,268,155</u>	<u>-</u>	<u>5,268,155</u>	<u>5,829,715</u>
Change in net assets	1,717,435	289,194	2,006,629	(1,095,919)
Beginning net assets	11,670,908	655,707	12,326,615	13,422,534
Ending net assets	<u><u>\$ 13,388,343</u></u>	<u><u>\$ 944,901</u></u>	<u><u>\$ 14,333,244</u></u>	<u><u>\$ 12,326,615</u></u>

**Charlottesville – Albemarle Society for the
Prevention of Cruelty to Animals, Inc.**

**Statement of Functional Expenses
Year Ended December 31, 2025**

(With Summarized Comparative Information for the Year Ended December 31, 2024)

	2025				2024
	Program Services	Management and General		Fundraising	Total
		Total			
Salaries	\$ 2,221,269	\$ 265,278	\$ 468,822	\$ 2,955,369	\$ 3,012,899
Payroll taxes	170,997	20,520	36,479	227,996	233,100
Employee benefits	204,681	24,562	43,665	272,908	347,293
External veterinarians	172,671	-	-	172,671	52,921
Pet care	66,668	-	-	66,668	57,966
Clinic	270,528	-	-	270,528	302,595
Cleaning and janitorial	73,492	-	-	73,492	73,869
Utilities	102,583	3,274	3,274	109,131	106,703
Repairs and maintenance	128,652	3,999	4,337	136,988	144,998
Miscellaneous	33,650	1,126	4,645	39,421	56,745
Rent	138,765	-	-	138,765	168,567
Supplies and office systems	76,433	11,230	71,816	159,479	165,667
Equipment	11,569	-	-	11,569	12,861
Telephone	26,003	830	830	27,663	28,443
Advertising	32,572	-	21,715	54,287	53,582
In-kind services	27,586	-	-	27,586	50,265
Insurance	83,044	2,650	2,651	88,345	82,596
Professional fees	-	88,463	-	88,463	74,880
Loss on employee retention cred	-	-	-	-	415,345
Recruiting	-	3,838	-	3,838	1,759
Other fundraising	-	-	10,764	10,764	47,149
Loss on disposal of assets	-	-	-	-	492
Total expenses before depreciation and interest	3,841,163	425,770	668,998	4,935,931	5,490,695
Depreciation	260,648	8,319	8,319	277,286	278,233
Interest	51,642	1,648	1,648	54,938	60,787
Total expenses	\$ 4,153,453	\$ 435,737	\$ 678,965	\$ 5,268,155	\$ 5,829,715

**Charlottesville – Albemarle Society for the
Prevention of Cruelty to Animals, Inc.**

Statement of Cash Flows

December 31, 2025

(With Summarized Comparative Information as of December 31, 2024)

	2025	2024
OPERATING ACTIVITIES		
Change in net assets	\$ 2,006,629	\$ (1,095,919)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities		
Realized and unrealized gain on investments	(1,420,184)	(95,775)
Depreciation	277,286	278,233
Change in value of Bleecker Trust	(39,218)	(19,567)
(Increase) decrease in assets		
Pledges receivable	5,915	101,308
Grant receivable	(72,458)	-
Employee retention credit receivable	-	415,345
Other current assets	26,694	(21,767)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	296,106	27,128
Unearned revenue	(208,677)	-
Net cash and cash equivalents provided by (used in) operating activities	872,093	(411,014)
INVESTING ACTIVITIES		
Sales of investments	502,933	1,075,339
Purchases of investments	(673,765)	(345,264)
Purchase of property and equipment	(95,232)	(112,727)
Net cash and cash equivalents provided by (used in) investing activities	(266,064)	617,348
FINANCING ACTIVITIES		
Principal repayments on notes payable	(133,837)	(135,410)
Net cash and cash equivalents used in financing activities	(133,837)	(135,410)
Net increase in cash and cash equivalents	472,192	70,924
CASH AND CASH EQUIVALENTS		
Beginning	602,311	531,387
Ending	\$ 1,074,503	\$ 602,311
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 52,411	\$ 61,062
Cash is reported in the Statement of Financial Position as:		
Cash	\$ 878,032	\$ 405,840
Restricted cash for USDA loan reserve	196,471	196,471
	\$ 1,074,503	\$ 602,311

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

Note 1 – Significant Accounting Policies

The Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc. (the “SPCA”) provides a safe environment for the lost, abandoned, and homeless animals of Charlottesville and Albemarle County and places them in good homes. The SPCA strives to set a standard of excellence and leadership in animal care, humane education, and progressive animal welfare programs.

The following programs and supporting services are included in the accompanying financial statements:

Animal care and spay/neuter resources: The SPCA provides shelter, nourishment, and vaccinations for the animals which are brought to it. The SPCA also provides medical care treating minor illnesses frequently and often more severe medical conditions, including emergency veterinarian treatment. The SPCA spays or neuters each animal prior to adoption. In addition to assuring all the SPCA animals are spayed or neutered, the SPCA provides subsidized and free spay/neuter programs for low-income residents.

Adoption: The SPCA evaluates all animals for behavior and health issues prior to adoption. The SPCA finds homes for all healthy and behaviorally sound animals.

Management and general: This includes the functions necessary to ensure an adequate working environment, provide coordination and articulation of the SPCA’s program strategy, and manage the financial and budgetary responsibilities of the SPCA.

Fundraising: This provides the structure necessary to encourage and secure private financial support.

Basis of Financial Statement Presentation and Accounting

The financial statements of the SPCA have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with these principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying financial statements present information regarding the SPCA’s financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The two classes are differentiated based on the existence or absence of donor-imposed restrictions.

Net Assets without Donor may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net Assets with Donor Restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the SPCA pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and amounts invested in certificates of deposit with no permanently imposed donor restrictions. Short-term, highly liquid investments, such as mutual and money market funds that are components of externally managed investment portfolios, are classified as investments.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, as determined by quoted market prices, in the statements of financial position. Net unrealized and realized gains or losses are reflected in the statements of activities.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Property and Equipment

Property and equipment is stated at cost or at fair value at the date of gift, less accumulated depreciation. Expenditures for new construction, major renewals and replacements, and equipment exceeding \$5,000 are generally capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10-40 years
Furniture, fixtures, and equipment	3-15 years

Contributions

Contributions, including contributions receivable, are recognized as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or absence of any donor restrictions, in the period the donor's commitment is received. Unconditional promises to give are recognized as net assets with donor restrictions revenues unless the donor explicitly stipulates its use to support current period activities.

Contributions of assets other than cash are recorded at their fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received with donor-imposed restrictions are reported as revenues of net assets with donor restrictions, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are recorded as revenues of net asset with donor restrictions, and a reclassification to net asset without donor restrictions is made to reflect the expiration of such restrictions.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of net assets without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of net assets with donor restrictions; the restrictions are considered to be released when the assets are placed in service.

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

In-kind contributions are received to support the operations of various programs and special events and are recognized at fair value.

Beneficial Interest in Bleecker Trust

The SPCA participates in a split-interest agreement that is unconditional and irrevocable. This arrangement was established when a donor created the Bleecker Trust from which the SPCA receives benefits. The SPCA accounts for this agreement by recording its share of the present value of the estimated future cash receipts from the trust (which approximates its share of the related assets of the trust).

Functional Allocation of Expenses

The costs of providing the SPCA's programs and support services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program and support services benefited. These expenses include payroll and related expenses, which are allocated based on estimates of time and effort. Other allocated costs, including office supplies, utilities, insurance, and telephone costs, are allocated based on facility square footage.

Fair Value Measurements

The SPCA carries various assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a market-based approach is used. Additionally, the SPCA categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as reflected below. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

Credit Risk Concentrations

Financial instruments which potentially subject the SPCA to concentrations of credit risk consist principally of cash and cash equivalents, investments, and the USDA loan reserve. A portion of the SPCA's bank deposits are in excess of federally-insured limits.

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

Income Taxes

The SPCA is an organization described in *Internal Revenue Code* (“IRC”) §501(c)(3) and accordingly, is exempt from federal and state income taxes under IRC §501(a). The SPCA has also been classified as an organization which is not a private foundation under IRC §509(a)(2). Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Revenue Recognition

The SPCA assesses new contracts and identifies related performance obligations for promises to transfer distinct goods or services to customers. Revenue is recognized as performance obligations until the terms of a contract are satisfied. The SPCA charges fees for adoptions, spay/neuter, rummage store, clinic and other services which are recognized at the point of sale.

The following table summarizes revenue by the SPCA’s main sources of revenue for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Contracts with customers		
Adoptions	\$ 425,630	\$ 418,532
Spay/Neuter	118,239	162,151
Rummage store	843,213	524,668
Clinic services	55,878	88,208
All others	70,043	73,572
	<u>\$ 1,513,003</u>	<u>\$ 1,267,131</u>

The SPCA receives support through grants. Grant revenue is recognized and recorded upon receipt. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the SPCA with the requirements of the grant in effect for the term of the grant.

The Organization also receives contributions from local governments, businesses and the general public. Revenue generated from fundraising activities are recorded in the period the donor’s commitment is received and are not considered contractual in nature. See Note 9 and 11 for discussion on net assets with donor restrictions and releases from restrictions, respectively.

The SPCA receives revenue from Rummage Store sales and programs including adoption fees that are recognized as revenue upon receipt.

Economic Factors

Since the SPCA generates its revenue from individuals out of their discretionary income, its revenue sources are directly linked to the local and regional economy. These factors could impact the amount, timing, and uncertainty of revenue and cash flows.

Unearned Revenue

In 2025, the SPCA modified their joint funding agreement with the City of Charlottesville and County of Albemarle. This contract requires funds to be paid based on a population and per capita basis. Amounts paid by the City of Charlottesville

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

amounted to \$632,808, of which, \$208,677 is considered unearned revenue as this amount is applicable to the following fiscal year.

Subsequent Events

Subsequent events have been evaluated through April 22, 2026, the date the financial statements were available to be issued.

Subsequent to year end, the SPCA received \$496,840 related to an Employee Retention Credit (ERC) Claim for qualifying payroll costs from other periods. Management had previously written off the related receivable due to uncertainty regarding collectability.

Because the receipt occurred after year end and relates to conditions that did not exist as of the balance sheet date, this has been evaluated as a nonrecognized subsequent event, and no adjustment has been made to the accompanying financial statements. The SPCA will recognize these funds in calendar year 2026.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the SPCA's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Note 2 – Investments

Investments consist of the following:

	2025	2024
Money market funds	\$ 607,340	\$ 611,564
US Treasury bills	556,924	513,149
Mutual funds – equities:		
Information technology	3,006,660	2,067,767
Basic materials	1,210,042	473,363
Financial service	340,707	460,922
Oil and gas	767,304	896,917
Equipment and machinery	368,573	-
Consumer cyclical	-	143,152
Fashion	-	363,758
Retail	264,058	-
	\$ 7,121,608	\$ 5,530,592

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements December 31, 2025

The following is a summary of the inputs used in determining the fair values of financial assets measured on a recurring basis:

	2025			
	Fair Value	Level	Level 2	Level 3
Investments				
Money market funds	\$ 607,340	\$ 607,340	\$ -	\$ -
US Treasury bills	556,924	556,924	-	-
Mutual funds – equities	5,957,344	5,957,344	-	-
Beneficial interest in:				
Bleecker Trust	672,394	-	672,394	-
Total financial assets	\$ 7,794,002	\$ 7,121,608	\$ 672,394	\$ -

	2024			
	Fair Value	Level	Level 2	Level 3
Investments				
Money market funds	\$ 611,564	\$ 611,564	\$ -	\$ -
US Treasury bills	513,149	513,149	-	-
Mutual funds – equities	4,405,879	4,405,879	-	-
Beneficial interest in:				
Bleecker Trust	633,176	-	633,176	-
Total financial assets	\$ 6,163,768	\$ 5,530,592	\$ 633,176	\$ -

Level 2 assets are valued by a third party using inputs other than quoted prices in Level 1 and include values of similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

The fair value of investments is determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of funds held in trust by others is determined by the present value of expected future cash flows.

Note 3 – Conditional Contributions

At December 31, 2025, the SPCA had received bequests, intentions, and other conditional contributions receivable that were unable to be valued as of the date of the financial statements. These intentions to give are not recognized as assets until the conditions are essentially satisfied and valuation is determined.

Note 4 – Liquidity and Availability

The following table reflects the SPCA’s financial assets as of December 31, 2025, reduced for amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

within one year, assets held for others, or because the governing board has set aside the funds for a specific purpose. These board designations could be drawn upon if the board approves that action.

The SPCA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the SPCA keeps three months of operating expenses and one year of debt service available at all times. The SPCA invests cash in excess of current needs in various certificates of deposit and investment accounts.

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 878,032	\$ 405,840
Investments	7,121,608	5,530,592
Pledges receivable	49,952	55,867
Grant receivable	72,458	-
Beneficial interest in Bleecker Trust	672,394	633,176
USDA loan reserve	196,471	196,471
Total financial assets	8,990,915	6,821,946
Less those unavailable for general expenditure within one year		
Beneficial interest in Bleecker Trust	(672,394)	(633,176)
USDA loan reserve	(196,471)	(196,471)
Other purpose restrictions	(271,697)	(22,531)
Total unavailable assets	(1,140,562)	(852,178)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,850,353	\$ 5,969,768

Note 5 – Property and Equipment

Property and equipment consist of the following:

	2025	2024
Land	\$ 1,914,468	\$ 1,914,468
Construction in progress	15,295	15,295
Buildings and improvements	8,724,434	8,638,820
Furniture, fixtures, and equipment	847,893	841,432
	11,502,090	11,410,015
Less accumulated depreciation	(4,780,017)	(4,505,888)
Net property and equipment	\$ 6,722,073	\$ 6,904,127

Construction in progress balance relates to survey fees for the building master plan.

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

Note 6 – Accrued Expenses

Accrued expenses consist of the following:

	2025	2024
Interest	\$ 4,121	\$ 2,527
Vacation	33,715	31,648
Salaries	24,503	122,769
Other	4,119	26,907
	\$ 66,458	\$ 183,851

Note 7 – Notes Payable

Notes payable consist of the following:

	2025	2024
USDA construction loan, interest at 4.625%, annual installments, including interest of \$196,471, through October 2032, secured by a deed of trust.	\$ 1,104,672	\$ 1,246,479
Dell Financial Services loan, short term loan, monthly installments, including interest \$9,617, through October 2026.	7,970	-
Less current portion	(156,472)	(141,802)
	\$ 956,170	\$ 1,104,677

Debt matures as follows:

	Year Ending		
2026	\$	156,472	
2027		155,516	
2028		162,863	
2029		170,558	
Thereafter		467,233	
	\$	1,112,642	

The USDA construction loan security agreement requires the SPCA to establish a reserve account of \$196,471, which is equal to one annual installment of principal and interest. It may be used to pay certain costs as approved by the lender.

Note 8 – Employee Benefits

Retirement benefits are provided for eligible employees through a SIMPLE IRA plan. The SPCA switched from a SIMPLE IRA plan to a Safe Harbor 401k in January 2020. The SPCA contributes a Safe Harbor Match of 100% on salary deferrals up to 3% of compensation plus 50% on deferrals between 3% and 5% of compensation. Contributions to this plan for 2025 and 2024 were \$37,853 and \$60,444 respectively.

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of:

	2025	2024
Endowments	\$ 672,394	\$ 633,176
Contributions restricted for capital and other projects	272,507	22,531
	\$ 944,901	\$ 655,707

Note 10 – Endowments

Endowments are composed of the following:

	2025	2024
Bleecker Trust	\$ 672,394	\$ 633,176
	\$ 672,394	\$ 633,176

The following schedule summarizes changes in endowment net assets:

	2025	2024
Endowment net assets, beginning of year	\$ 633,176	\$ 639,609
Investment return		
Interest and dividends	21,151	24,077
Realized and unrealized gains	65,332	41,916
Investment fees	(10,727)	(10,165)
Total investment return	74,218	55,828
Distributions	(36,538)	(62,261)
Endowment net assets, end of year	\$ 672,394	\$ 633,176

The SPCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner to preserve and expand the SPCA's purchasing power in perpetuity through sustained growth in its investment assets. To satisfy its investment objective, the SPCA relies on an overall investment program that is prudently diversified across a variety of asset classes, economic characteristics, and security issuers. The intended target rate of return over a full market cycle should be at least adequate to compensate for the total of the targeted spending, prevailing inflation, and anticipated SPCA expenses of the same period. Actual returns in any given year may vary from the targeted rate of return. The investment strategy includes target asset allocations, acceptable ranges around those targets, and a rebalancing policy.

The Bleecker Trust distributes up to 5% of the net fair value of the assets in the trust to the SPCA throughout the year. The corpus of the Bleecker Trust is permanently restricted in the amount of \$100,000 in both 2025 and 2024.

Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc.

Notes to Financial Statements

December 31, 2025

Note 11 – Net Assets Released from Restrictions

Net assets released from restrictions during the year consisted primarily of amounts related to completed building renovations, pet food and supplies, and the small veterinary campaigns on prior-year capital campaign contributions.

Note 12 – Leases

The SPCA is under obligation for a lease related to Rummage store facilities through December 31, 2026. The SPCA is obligated to pay \$14,000 per month with a three percent escalation per year for three years for the Rummage Facility. Total future minimum lease payments for the Rummage Facility Lease are as follows:

2026	\$	178,231
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Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*, was effective beginning January 1, 2022. The SPCA reviews their leases and determined that the Rummage Facility lease that meets the guidelines of ASC 842 is not material to the financial statements as a whole. The SPCA will evaluate each year.

Note 13 – Grant Receivable

Grant receivable consists of a multi-year grant where the SPCA receives \$25,000 a year through 2028.

Grant receivable as of December 31, 2025 are as follows:

Receivable in less than one year	\$	25,000
Receivable in one to five years		50,000
		<hr/>
		75,000
Less discount to net present value (3%)		(2,542)
		<hr/>
Total grant receivable	\$	72,458
		<hr/>

Grant receivables are reported on the basis of discounted cash flows.