

BONK, CUSHMAN, EAGLE & GARCIA
CERTIFIED PUBLIC ACCOUNTANTS

JAMES C. BONK, III C.P.A., C.F.E., C.F.F.
AN ACCOUNTANCY CORPORATION

STEVEN A. CUSHMAN, C.P.A.
AN ACCOUNTANCY CORPORATION

RYAN R. EAGLE, E.A.
A CORPORATION

ANDRES D. GARCIA, C.P.A.
AN ACCOUNTANCY CORPORATION

MISSION VALLEY CORPORATE CENTER
591 CAMINO DE LA REINA, SUITE 1216
SAN DIEGO, CALIFORNIA 92108

(619) 297-8080 FAX (619) 297-8087

SPAY NEUTER ACTION PROJECT
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2021

CONTENTS	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-9

BONK, CUSHMAN, EAGLE & GARCIA

CERTIFIED PUBLIC ACCOUNTANTS

JAMES C. BONK, III C.P.A., C.F.E., C.F.F.
AN ACCOUNTANCY CORPORATION

STEVEN A. CUSHMAN, C.P.A.
AN ACCOUNTANCY CORPORATION

RYAN R. EAGLE, E.A.
A CORPORATION

ANDRES D. GARCIA, C.P.A.
AN ACCOUNTANCY CORPORATION

MISSION VALLEY CORPORATE CENTER
591 CAMINO DE LA REINA, SUITE 1216
SAN DIEGO, CALIFORNIA 92108

(619) 297-8080 FAX (619) 297-8087

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Spay Neuter Action Project, Inc.

We have audited the accompanying financial statements of Spay Neuter Action Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spay Neuter Action Project, Inc., as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bonk, Cushman, Eagle & Garcia
Bonk, Cushman, Eagle & Garcia

December 17, 2021

SPAY NEUTER ACTION PROJECT
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

ASSETS:

Cash and Cash Equivalents	\$ 336,572
Total Current Assets	<u>336,572</u>
Property and Equipment	240,926
Bus #2	310,192
Less: (Accumulated Depreciation)	<u>(249,276)</u>
Property & Equipment, Net	<u>301,842</u>
Total Assets	<u>\$ 638,414</u>

LIABILITIES:

Total Current Liabilities	\$ <u> </u>
---------------------------	----------------------

NET ASSETS:

Without Donor Restrictions	<u>638,414</u>
Total Net Assets	<u>638,414</u>
Total Liabilities & Net Assets	<u>\$ 638,414</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Spay and Neuter Fees	\$ 69,767	\$ -	\$ 69,767
Contributions	296,981	1,500	298,481
Grants	82,007	-	82,007
Interest	65	-	65
SBA PPP Loans - Grants	106,200	-	106,200
Net Assets Released from Restrictions	<u>135,968</u>	<u>(135,968)</u>	<u>-</u>
 Total Support & Revenue	 690,988	 (134,468)	 556,520
 EXPENSES:			
Program Services			
Neuter Scooter Clinics	<u>295,234</u>	<u>-</u>	<u>295,234</u>
 Supporting Services:			
Management & General	19,747	-	19,747
Fundraising	<u>42,008</u>	<u>-</u>	<u>42,008</u>
 Total Supporting Services	 <u>61,755</u>	 <u>-</u>	 <u>61,755</u>
 Total Expenses	 <u>356,989</u>	 <u>-</u>	 <u>356,989</u>
 Change in Net Assets	 333,999	 (134,468)	 199,531
 Net Assets, Beginning of Year	 <u>304,415</u>	 <u>134,468</u>	 <u>438,883</u>
 Net Assets, End of Year	 <u>\$ 638,414</u>	 <u>\$ -</u>	 <u>\$ 638,414</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	<u>SUPPORTING SERVICES</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	
Payroll & Related				
Salaries & Wages	\$ 134,792	\$ -	\$ 32,822	\$ 167,614
Payroll Taxes	15,704	-	1,882	17,586
	<hr/>	<hr/>	<hr/>	<hr/>
Total Payroll & Related	150,496	-	34,704	185,200
Other Expenses				
Supplies	43,272	-	-	43,272
Veterinarians	38,775	-	-	38,775
Bus Repairs and Gasoline	12,744	-	-	12,744
Advertising	1,365	1,604	7,304	10,273
Telephone	4,992	4,033	-	9,025
Insurance	6,194	1,867	-	8,061
Website	-	5,734	-	5,734
Storage	5,266	-	-	5,266
Professional fees	-	3,000	-	3,000
Office Expenses	-	2,255	-	2,255
Staff Meals and Travel	2,179	-	-	2,179
Medical Care	1,699	-	-	1,699
Sanctuary Costs	1,460	-	-	1,460
Licenses and Permits	162	858	-	1,020
Bank Fees	-	396	-	396
Miscellaneous	338	-	-	338
Laundry	20	-	-	20
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Expenses	118,466	19,747	7,304	145,517
Depreciation	26,272	-	-	26,272
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 295,234	\$ 19,747	\$ 42,008	\$ 356,989

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets		\$ 199,531
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		26,272
(Increase) Decrease in:		
Cash Restricted to Purchase Bus #2		120,094
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		<u>345,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Bus #2 purchase		(147,886)
CASH FLOWS (USED) BY INVESTING ACTIVITIES		<u>(147,886)</u>
Net Increase in Cash and Cash Equivalents		198,011
Cash & Cash Equivalents, March 31, 2020		<u>138,561</u>
Cash & Cash Equivalents, March 31, 2021		<u><u>\$ 336,572</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

Note 1. Nature of Organization

Spay Neuter Action Project (SNAP), Inc. (the Organization) is the first and only organization in San Diego County that provides comprehensive programs to solve the core causes of pet overpopulation and its tragic consequences. SNAP's mission is to achieve zero euthanasia of adoptable and treatable pets in San Diego County through prevention by providing public awareness, educational materials, affordable spay/neuter procedures, and subsidies when qualified.

SNAP was co-founded in 1990 by Candy Schumann. She was a volunteer in a local animal shelter and after seeing countless stray animals come and go, she knew that adoption alone was not going to solve the problem. Candy realized that to reduce the number of animals euthanized in shelters every year, it would be necessary to reduce the number of homeless animals coming into shelters in the first place.

As of today, over two decades later, SNAP has spayed and neutered over 60,000 animals in clinics throughout San Diego County. The Neuter Scooter is a mobile surgery bus which began operations in 2003, primarily serving communities in southwest San Diego County, including City Heights, El Cajon and Chula Vista. The Neuter Scooter travels to low-income neighborhoods, providing affordable spay/neuter services right where they are most needed.

SNAP is funded through grants, private donations, and corporate sponsorships. In addition to SNAP spay/neuter services, SNAP offers information about spay/neuter as well as classes and workshops for people of all ages.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

The Organization also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections, as amended by ASU 2016-14. The Organization uses the terms *Net Assets Without Donor Restrictions* and *Net Assets With Donor Restrictions* to describe the two required net asset classes.

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

Net Assets With Donor Restrictions: net assets subject to donor-imposed stipulations.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

Note 2. Summary of Significant Accounting Policies, continued

Fund Accounting: continued.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Contributions: Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents: The Organization has defined cash and cash equivalents as cash in banks and money market accounts with an initial maturity of three months or less.

Property and Equipment: Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the useful lives of the assets, which vary between five or seven years for buses, equipment, and medical instruments

Depreciation expense for the year ended March 31, 2021 amounted to \$26,272.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates: The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing these services.

Compensated Absences: Compensated absences for sick pay and personal time off have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Concentration of Credit and Financial Risks: The Organization maintains cash balances with federally insured institutions. Accounts at federally insured institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

Note 3. Income Tax Status

The Organization is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The FASB Interpretation No.48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) which was subsequently included in the FASB Codification as ASC 740, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Organization has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Organization's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Note 4. Property and Equipment

Property and equipment consist of the following at March 31, 2021:

Bus #1	\$ 214,670	
Equipment and Medical Instruments	26,256	
Total Property and Equipment	240,926	
Bus #2	310,192	
Less: Accumulated Depreciation.....	(249,276)	
	<u>\$ 301,842</u>	

Note 5. Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows are relatively consistent throughout the year due to year-round grant writing and earning of spay and neuter fees. To manage liquidity the Organization maintains adequate cash balances.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>03/31/2021</u>	
Financial assets at year-end	\$ 336,572	
Less those unavailable for general expenditures within one year due to:	<u>none</u>	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 336,572</u>	

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

Note 6. Advertising

The Organization uses advertising to promote its programs. These advertising costs are expensed as incurred.

Note 7. SBA PPP Loans - Grants

The Organization received a promissory note from California Bank & Trust for the Paycheck Protection Program (PPP) to help the Organization through the COVID-19 pandemic. On May 3, 2020, the Organization received a promissory note in the amount of \$58,200 with a fixed annual interest rate of 1%.

The Organization submitted their forgiveness application subsequent to March 31, 2021, and on July 13, 2021, California Bank & Trust informed the Organization that all principal and interest was forgiven in full for the first PPP loan.

The Organization received a second promissory note from California Bank & Trust for the Paycheck Protection Program (PPP2). On February 1, 2021, the Organization received a promissory note in the amount of \$48,000 with a fixed annual interest rate of 1%.

The Organization submitted their forgiveness application subsequent to March 31, 2021, and on October 20, 2021, California Bank & Trust informed the Organization that all principal and interest was forgiven in full for the second PPP loan.

The Organization has elected to record these forgiven loan funds totaling \$106,200, as income in the financial statements for the year ended March 31, 2021.

Note 8. Subsequent Events

The management of the Organization have reviewed the results of operations and evaluated subsequent events for the period of time from its year end March 31, 2021 through December 17, 2021, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.