

**Audited Financial Statements**

**Spay-Neuter Services of Indiana, Inc.**  
**d/b/a Pet Friendly Services of Indiana**

**December 31, 2022 and 2021**





**Spay-Neuter Services of Indiana, Inc.**  
d/b/a Pet Friendly Services of Indiana

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**Donovan CPAs**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Spay-Neuter Services of Indiana, Inc.  
Indianapolis, Indiana

**Opinion**

We have audited the accompanying financial statements of Spay-Neuter Services of Indiana, Inc. d/b/a Pet Friendly Services of Indiana, Inc.(SNSI), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 SNSI as of December 31, 2022, and the statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Year Audited Financial Statements**

The financial statements of SNSI as of and for the year ended December 31, 2021 were audited by other auditors whose report dated May 10, 2022 expressed an unmodified opinion on those statements.

**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 SNSI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SNSI'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.

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 SNSI'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 SNSI'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.



Donovan CPAs  
Indianapolis, Indiana

June 9, 2023

**Spay-Neuter Services of Indiana, Inc.**  
d/b/a Pet Friendly Services of Indiana

**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 238,658	\$ 318,799
Accounts receivable	79,135	83,077
Total current assets	317,793	401,876
<b>Total Assets</b>	<b>\$ 317,793</b>	<b>\$ 401,876</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 7,688	\$ 7,441
Unearned certificate revenue	32,325	26,975
Certificates payable	210,497	160,070
Total current liabilities	250,510	194,486
Total Liabilities	250,510	194,486
<b>Net Assets</b>		
Without donor restrictions	49,543	186,555
With donor restrictions	17,740	20,835
Total Net Assets	67,283	207,390
<b>Total Liabilities and Net Assets</b>	<b>\$ 317,793</b>	<b>\$ 401,876</b>

**Spay-Neuter Services of Indiana, Inc.**  
d/b/a Pet Friendly Services of Indiana

**Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2022 and 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022 Totals</b>
<b>Revenue</b>			
Contributions	\$ 119,499	\$ 25,000	\$ 144,499
Grants	18,000	-	18,000
Certificates	131,198	-	131,198
License plate	-	735,250	735,250
Fundraising, net of expenses (\$19,060)	50,975	-	50,975
Interest	519	-	519
Net assets released from restrictions	763,345	(763,345)	-
Total revenue	1,083,536	(3,095)	1,080,441
<b>Expenses</b>			
Program services	1,084,666	-	1,084,666
Management and general	135,882	-	135,882
Fundraising	-	-	-
Total expenses	1,220,548	-	1,220,548
<b>Net Increase (Decrease) In Net Assets</b>	(137,012)	(3,095)	(140,107)
<b>Net Assets, Beginning of Year</b>	186,555	20,835	207,390
<b>Net Assets, End of Year</b>	\$ 49,543	\$ 17,740	\$ 67,283
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Totals</b>
<b>Revenue</b>			
Contributions	\$ 118,795	\$ -	\$ 118,795
Grants	6,549	-	6,549
Certificates	178,649	-	178,649
License plate	-	730,300	730,300
Fundraising, net of expenses (\$18,531)	21,490	-	21,490
Interest	190	-	190
Net assets released from restrictions	754,726	(754,726)	-
Total revenue	1,080,399	(24,426)	1,055,973
<b>Expenses</b>			
Program services	1,022,807	-	1,022,807
Management and general	137,068	-	137,068
Fundraising	-	-	-
Total expenses	1,159,875	-	1,159,875
<b>Net Increase (Decrease) In Net Assets</b>	(79,476)	(24,426)	(103,902)
<b>Net Assets, Beginning of Year</b>	266,031	45,261	311,292
<b>Net Assets, End of Year</b>	\$ 186,555	\$ 20,835	\$ 207,390





**Spay-Neuter Services of Indiana, Inc.**  
d/b/a Pet Friendly Services of Indiana

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**Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flow From Operating Activities</b>		
Change in net assets	\$ (140,107)	\$ (103,902)
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities</b>		
Decrease (increase) in accrued receivable	3,942	(82,017)
Increase (decrease) in accounts payable	247	4,175
Increase (decrease) in unearned certificate revenue	5,350	(31,125)
Increase (decrease) in certificates payable	50,427	3,571
<b>Net Cash Provided By Operating Activities</b>	<u>(80,141)</u>	<u>(209,298)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(80,141)	(209,298)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>318,799</u>	<u>528,097</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 238,658</u>	<u>\$ 318,799</u>

**Spay-Neuter Services of Indiana, Inc.**  
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**Notes to Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**Note 1 – Nature of Activities**

Background

Spay-Neuter Services of Indiana, Inc. d/b/a Pet Friendly Services of Indiana, Inc.(SNSI) was formed as an Indiana not-for-profit organization in 1977.

Mission Statement

SNSI's mission is to continuously work hard to provide affordable options to spay/neuter surgeries with the goal of eliminating the killing of healthy and treatable cats, dogs, puppies and kittens.

Purpose Statement

SNSI's purpose is to help provide a solution to the pet overpopulation problem in Indiana through sponsorship of several different low cost spay/neuter programs throughout the year.

Programs

SNSI has three programs:

- Spay-Neuter Assistance Program (SNAP) provides \$25 surgeries to limited-income pet parents. Neighborhoods with lower income tend to have a much higher number of homeless animals. People are willing to adopt a stray cat or dog, but frequently cannot afford the cost of a spay/neuter surgery. The SNAP program helps people with big hearts but small budgets. The SNAP program also ensures there are not unwanted litters, which would likely end up as strays or at the "intake" doors of local shelters. During the years ended December 31, 2022 and 2021, SNAP provided grants of \$525,268 and \$499,516, respectively.
- Pet Friendly Plate Program (PFPP) supports hundreds of hard-working shelters and rescue groups, which are generally underfunded, understaffed, or simply an "all-volunteer" organization with foster animals in their homes. SNSI's free surgeries help make animal adoptions ready and allow rescue groups to "pull" additional at-risk dogs and cats from shelters. Rescue groups have the capacity to focus on behavior and medical needs and find the perfect adoptive family for their animals. During the years ended December 31, 2022 and 2021, PFPP provided grants of \$141,662 and \$123,989, respectively.
- Community Cat Program (CCC) provides thousands of free spay/neuter surgeries and vaccinations to more than 100 programs that trap-neuter-return (TNR) feral and free-roaming cats. Many of these programs are start-ups that lack funding but are committed to prevent shelter intake so that shelters can focus on adoptable dogs and cats. SNSI's unique partnership with Public Vet reaches underserved communities which include some that do not have a veterinarian in the county. SNSI also authored the Community Cat Guide for Municipal Leaders to make elected officials aware of lifesaving programs that are supported by their communities. During the years ended December 31, 2022 and 2021, CCC provided grants of \$271,640 and \$256,796, respectively.

# Spay-Neuter Services of Indiana, Inc.

## d/b/a Pet Friendly Services of Indiana

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### **Note 2 – Significant Accounting Policies**

#### Accounting Method

SNSI' financial statements are prepared on the accrual basis of accounting.

#### Use of Estimates

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

#### Subsequent Events

SNSI evaluated subsequent events through June 9, 2023, which is the date the financial statements were available to be issued. The evaluation determined that there are no subsequent events that necessitated further disclosure in and/or adjustments to the accompanying financial statements.

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, SNSI considers all highly liquid debt instruments purchased with a maturity of three months or less to be considered cash and cash equivalents. The carrying amount of cash approximates fair value due to the type of investments and the maturity dates.

#### Accounts Receivable

Accounts receivable are stated at the amount SNSI's management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for doubtful accounts as of December 31, 2022 and 2021 is \$0 and \$0, respectively.

#### Certificates Payable

Certificates payable represents management's estimate of future anticipated surgery expenses at December 31<sup>st</sup>, based upon the number of known unredeemed low cost spay/neuter certificates at year end. Certificates expire after three months, however, certain circumstances may arise where a certificate is good for up to 12 months.

#### Net Assets

The financial statements are prepared in accordance with Financial Statements of Not-for-Profit Organizations. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are classified as either without or with donor restrictions. The following class of net assets and a brief description is as follows:

*Net Assets Without Donor Restrictions* – These amounts are not subject to usage restrictions based on donor-imposed requirements and include general assets and liabilities of SNSI. These amounts also include previously restricted assets where restrictions are met or expire. The net assets without donor restrictions may be used freely at the direction of management to support SNSI's purpose and operations.

*Net Assets With Donor Restrictions* – These amounts are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by management's actions. Certain assets may be restricted in perpetuity. When a restriction expires, the amount is reclassified to without donor restrictions and reported in the statements of activities as net assets released from restrictions.

# Spay-Neuter Services of Indiana, Inc.

## d/b/a Pet Friendly Services of Indiana

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### **Note 2 – Significant Accounting Policies (continued)**

#### Contributions

Contributions are recorded as support, at fair value, when received in the period the contribution is received or a promise is made. It is SNSI's policy to record contributions with donor restrictions received and fulfilled in the same accounting period in the net assets without donor restrictions class. Contributions not restricted by the donor are reported as an increase in net assets without restrictions. All other donor restricted contributions are recognized as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give are reported at their net realizable fair value as promises to give in the accompanying statements of financial position. Unconditional promises to give that are expected to be collected in future years are discounted to present values using a risk-free rate of return, at the date the contribution is made. The collectability of the promises to give are evaluated by management periodically throughout the year, and an allowance for uncollectible amounts is recorded in the period such a determination is made. Conditional promises to give are not recorded until the conditions are satisfied. Contributions received by SNSI consist of support provided by primarily individuals, corporations, and foundations. At December 31, 2022 and 2021, SNSI did not record any promises to give, respectively.

#### Revenue Recognition

Revenue for program fees consists of selling a certificate for low costs spay and neuter services. For a low cost of \$25, eligible clients are able to purchase a certificate and redeem the certificate for spay and neuter services at participating veterinarian clinics. The single performance obligation for SNSI is the obligation for SNSI to pay for such services as the client redeems the certificate. Revenue for program fees are recognized at a point in time as the certificate is redeemed and the spay and neuter service is performed. Revenue from contracts with customers for the years ended December 31, 2022 and 2021 total \$131,198 and \$178,649, respectively, and is all recorded at a point in time.

Less than 15% of the certificates are not redeemed by clients. Accordingly, a contract liability (unearned certificate revenue) is recorded until the performance obligation is satisfied. At December 31, 2022 and 2021, unearned certificate revenue totals \$32,325 and \$26,975, respectively.

#### Allocation of Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. Accordingly, personnel and staffing costs are allocated among the programs and supporting services that benefit from those costs based on estimates of time and effort spent on the related activities. Remaining other costs are actual costs recorded among the programs and supporting services that benefit.

#### Income Taxes

SNSI is exempt from federal and state income tax under the provisions of Section 501(c)(5) of the Internal Revenue Code; therefore, no provision for income taxes is made in the financial statements. SNSI is classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

Generally accepted accounting principles in the United States require SNSI to examine its tax positions for uncertain positions. SNSI is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. SNSI's policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses and total \$0 for the years ended December 31, 2022 and 2021.

SNSI's federal and state income tax returns are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

# Spay-Neuter Services of Indiana, Inc.

## d/b/a Pet Friendly Services of Indiana

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### **Note 2 – Significant Accounting Policies (continued)**

#### Advertising

SNSI uses advertising to promote programs among the public it serves and is expensed as received. For the years ended December 31, 2022 and 2021, advertising expenses are \$17,780 and \$11,892, respectively.

#### Reclassification

Certain accounts in the 2021 financial statements are reclassified for comparative purposes to conform with the presentation in the 2022 financial statements. Total assets, liabilities, net assets, and changes in net assets are unchanged due to these reclassifications.

### **Note 3 – Net Assets With Donor Restrictions**

SNSI receives license plate and grants from multiple granting organizations. The funds received under these agreements are restricted for the use of spay and neuter services only and are reported as net assets with donor restrictions. At December 31, 2022 and 2021, SNSI has net assets with donor restrictions of \$17,740 and \$20,835, respectively. During the years December 31, 2022 and 2021, SNSI released \$763,345 and \$754,726, respectively, from net assets with donor restrictions.

### **Note 4 – Retirement Plan**

SNSI started a SIMPLE 401(k) retirement plan on January 1, 2022. SNSI requires a matching contribution of 100% of participant's elective deferrals up to 3% of participants' compensation. All employees are eligible to participate. During the years December 31, 2022 and 2021, SNSI's retirement plan contributions are \$7,025 and \$0, respectively.

### **Note 5 – Operating Leases**

SNSI signed an annual office and storage lease. For the years ended December 31, 2022 and 2021, the lease requires monthly payments of \$1,497 and \$1,406, respectively. For the years ended December 31, 2022 and 2021, the total facility lease expense is \$17,962 and \$17,716, respectively. Since the lease is for one year, the lease standard does not apply.

### **Note 6 – Accounting Service Agreement**

SNSI entered into an accounting service agreement with B2B Professionals, Inc., an unrelated entity. During the years ended December 31, 2022 and 2021, the service agreement allows a fee for standard services rendered plus additional fees for other services. During the years ended December 31, 2022 and 2021, fees of \$19,292 and \$16,535 respectively, were earned and paid.

**Spay-Neuter Services of Indiana, Inc.**  
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**Note 7 – Liquidity**

SNSI's liquidity management consists of the following quantitative and qualitative measurements:

Quantitative measurement - SNSI's resources available for general use within one year at December 31, 2022 and 2021 are:

	<u>2022</u>	<u>2021</u>
Financial assets (current assets)	\$ 317,793	\$ 401,876
Not available within one year (prepaid expenses)	-	-
Total financial assets at year end	<u>317,793</u>	<u>401,876</u>
Less current obligations (total liabilities)	<u>(250,510)</u>	<u>(194,486)</u>
Financial assets available for general use within one year	<u>\$ 67,283</u>	<u>\$ 207,390</u>

Qualitative measurement - SNSI receives a significant amount of its support through contributions, certificates and license plates. Because these sources require resources to be used in a particular manner or in a future period, SNSI must maintain sufficient resources to meet those responsibilities to its members. Thus, financial assets may not be available for general expenditure within one year. In the course of business, management structures SNSI's financial assets to be available as its general expenditures, liabilities, and other obligations come due, and endeavors to maintain cash balances equal the entire certificates payable amount.

**Note 8 – Concentrations and Contingencies**

Concentration in Major Contributors

Proceeds received from contributions from donors in conjunction with the Indiana Bureau of Motor Vehicles for sales of specialty license plates represent approximately 68% and 69% of SNSI's revenue for the years ended December 31, 2022 and 2021, respectively.

Concentration in Credit Risk

SNSI continually monitors its position with, and the credit quality of, the financial institutions with which it invests. Financial instruments that potentially subject SNSI to concentration of credit risk consist principally of cash. Periodically throughout the reporting period, SNSI maintained balances in excess of federally insured limits. Management believes SNSI placed all cash with high-credit quality financial institutions and that there is no significant concentration of credit risk with respect to cash.

SNSI maintains cash balances at different financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for those accounts that earn interest and unlimited coverage on those accounts that are non-interest bearing. At December 31, 2022 and 2021, SNSI's uninsured cash balances total \$55,855 and \$68,548, respectively.

**Spay-Neuter Services of Indiana, Inc.**  
d/b/a Pet Friendly Services of Indiana

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**Schedule of Lead Auditor  
For the Year Ended December 31, 2022**

Auditor Information: Donovan CPAs  
9292 N. Meridian Street, Suite 150  
Indianapolis, IN 46260

Phone Number: (317) 844-8300

Fax Number: (317) 745-6545

Auditor Contact: David W. Lemler, CPA

Auditor Contact Title: Partner

Auditor Contact Email: [dlemler@cpadonovan.com](mailto:dlemler@cpadonovan.com)