

AUDITED FINANCIAL STATEMENTS

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana

*Years ended December 31, 2021 and 2020
with Independent Auditors' Report*

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana
Audited Financial Statements
Years ended December 31, 2021 and 2020

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Independent Auditors' Report

Board of Directors

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana

Opinion

We have audited the accompanying financial statements of Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana (a nonprofit organization), which comprise the statements of financial position of as of December 31, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana as of December 31, 2021 and 2020, and the changes in its net assets and its 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. 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 Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana 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 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 Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana'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 Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana'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 Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana'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.

Petrow Kane Leenhuis

May 10, 2022

Spay-Neuter Services of Indiana, Inc.
dba Pet Friendly Services of Indiana

Statements of Financial Position

Assets	December 31	
	2021	2020
Cash and cash equivalents	\$ 318,799	\$ 528,097
Accounts receivable	83,077	1,060
Total assets	\$ 401,876	\$ 529,157
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 7,441	\$ 3,266
Unearned certificate revenue	26,975	58,100
Certificates payable	160,070	156,499
Total liabilities	194,486	217,865
Net assets:		
Without donor restrictions	186,555	266,031
With donor restrictions	20,835	45,261
Total net assets	207,390	311,292
Total liabilities and net assets	\$ 401,876	\$ 529,157

Spay-Neuter Services of Indiana, Inc.
dba Pet Friendly Services of Indiana

Statements of Activities and Changes in Net Assets

	Year ended December 31, 2021			Year ended December 31, 2020		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
Revenues:						
Contributions	\$ 858,880	\$ -	\$ 858,880	\$ 838,717	\$ -	\$ 838,717
Program fees	178,649	-	178,649	98,787	-	98,787
Grants	6,549	-	6,549	26,700	-	26,700
Contributions - special events	30,236	-	30,236	11,799	-	11,799
Interest income	190	-	190	323	-	323
Total revenues	<u>1,074,504</u>	<u>-</u>	<u>1,074,504</u>	<u>976,326</u>	<u>-</u>	<u>976,326</u>
Revenue released from restrictions	24,426	(24,426)	-	152,198	(152,198)	-
	<u>1,098,930</u>	<u>(24,426)</u>	<u>1,074,504</u>	<u>1,128,524</u>	<u>(152,198)</u>	<u>976,326</u>
Expenses:						
Program services	1,022,807	-	1,022,807	824,899	-	824,899
Fundraising	18,531	-	18,531	4,601	-	4,601
General and administrative	137,068	-	137,068	120,201	-	120,201
	<u>1,178,406</u>	<u>-</u>	<u>1,178,406</u>	<u>949,701</u>	<u>-</u>	<u>949,701</u>
Change in net assets	(79,476)	(24,426)	(103,902)	178,823	(152,198)	26,625
Net assets at beginning of year	<u>266,031</u>	<u>45,261</u>	<u>311,292</u>	<u>87,208</u>	<u>197,459</u>	<u>284,667</u>
Net assets at end of year	<u>\$ 186,555</u>	<u>\$ 20,835</u>	<u>\$ 207,390</u>	<u>\$ 266,031</u>	<u>\$ 45,261</u>	<u>\$ 311,292</u>

See accompanying notes and independent auditors' report.

Spay-Neuter Services of Indiana
dba Pet Friendly Services of Indiana

Statements of Functional Expenses

	Year ended December 31, 2021				Year ended December 31, 2020			
	Program Services	Fundraising	Adminstrative	Total	Program Services	Fundraising	Adminstrative	Total
Personnel	\$ 129,692	\$ -	\$ 43,230	\$ 172,922	\$ 107,312	\$ -	\$ 35,771	\$ 143,083
Spay-neuter services	882,025	-	-	882,025	714,060	-	-	714,060
Professional fees	-	-	44,082	44,082	-	-	30,783	30,783
Conferences and meetings	-	5,534	-	5,534	-	3,738	-	3,738
Occupancy	-	-	17,716	17,716	-	-	17,579	17,579
Office supplies	-	1,387	6,519	7,906	-	416	5,132	5,548
Printing and postage	11,090	1,441	6,670	19,201	3,527	447	13,727	17,701
Insurance	-	-	1,726	1,726	-	-	1,775	1,775
Telephone	-	-	2,261	2,261	-	-	2,681	2,681
Advertising	-	10,169	2,932	13,101	-	-	233	233
Software and technology	-	-	10,436	10,436	-	-	11,007	11,007
Travel	-	-	278	278	-	-	348	348
Bank fees	-	-	1,218	1,218	-	-	1,165	1,165
	\$ 1,022,807	\$ 18,531	\$ 137,068	\$ 1,178,406	\$ 824,899	\$ 4,601	\$ 120,201	\$ 949,701

Spay-Neuter Services of Indiana, Inc.
dba Pet Friendly Services of Indiana

Statements of Cash Flows

	Years ended December 31	
	2021	2020
Operating activities:		
Change in net assets	\$ (103,902)	\$ 26,625
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(82,017)	(1,060)
Accounts payable	4,175	3,266
Unearned certificate revenue	(31,125)	7,300
Certificates payable	3,571	33,282
Net cash (used) provided by operating activities	(209,298)	69,413
 Net change in cash and cash equivalents	 (209,298)	 69,413
 Cash on deposit at beginning of year	 528,097	 458,684
 Cash on deposit at end of year	 \$ 318,799	 528,097

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Significant Accounting Policies

Organization

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana (“SNSI”) is a non-profit organization, formed in 1977 in the State of Indiana, whose 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. The mission of Spay-Neuter Services of Indiana, Inc. 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.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* requires not-for-profit organizations to report information regarding its financial position and operations according to two classes of net asset categories established according to their nature and purpose:

Net Assets Without Donor Restrictions: Net assets without donor restrictions represent funds which are fully available, at the discretion of management and the Board of Directors, for SNSI to utilize in any of its programs or supporting services.

Net Assets With Donor Restrictions: Net assets with donor restrictions are comprised of funds which are restricted by the donors for specific purposes. The restrictions are satisfied either by the passage of time or by actions of SNSI. Donor restrictions could also include resources with permanent member-imposed restrictions, which require the assets to be maintained in perpetuity but permit SNSI to expend all or part of the income derived from the assets.

Use of Estimates

Preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Significant Accounting Policies (continued)

Contributions and Support

Contributions are recorded as support, at fair value, when received in the period the contribution is received or 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, 2021 and 2020, 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 costs 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, 2021 and 2020 totaled \$178,649 and \$98,787, respectively, and was 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. Unearned certificate revenue totaled \$26,975 and \$58,100 at December 31, 2021 and 2020, respectively.

Certificates Payable

Certificates payable represents managements estimate of future anticipated surgery expenses at December 31, 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 twelve months.

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and money market funds and are stated at cost, which approximates fair value. SNSI has two accounts used for operating purposes.

Deposits at SNSI's financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. SNSI maintains its cash in bank accounts which, at times, may exceed the federally insured limits. SNSI has not experienced any losses in its deposit accounts and management believes it is not exposed to any significant credit risk on its cash. SNSI's uninsured cash balances at December 31, 2021 and 2020 were \$68,548 and \$277,846, respectively.

Income Tax Status

The Internal Revenue Service has determined that SNSI is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. SNSI is required to operate in conformity with the Internal Revenue Code to maintain its determination and annually file a Return of Organization Exempt from Income Tax. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

In consideration of Accounting Standards Codification ("ASC") 740-10-25 *Accounting for Uncertainties in Income Taxes*, SNSI has not taken any uncertain tax positions that should be recognized in the accompanying financial statements. SNSI's 2020, 2019 and 2018 tax returns are subject to examination by the Internal Revenue Service.

Expense Allocations

Functional expenses which are not specifically attributable to program services or supporting services are allocated by management based on various allocation factors.

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Significant Accounting Policies (continued)

2. Net Assets with Donor Restrictions

SNSI receives 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, 2021 and 2020, SNSI had net assets with donor restrictions of \$20,835 and \$45,261, respectively.

3. Concentrations of Credit Risk

Proceeds received from contributions from donors in conjunction with the Indiana Bureau of Motor Vehicles for sales of specialty license plates represented approximately 68% and 71% of SNSI's revenue for the years ended December 31, 2021 and 2020, respectively. Contributions through the license plate program are recognized as contributions without donor restrictions on the accompanying statement of activities.

4. Leases

SNSI leases its office space under an operating lease, through June 30, 2022. The lease calls for monthly rental payments of \$1,406. Lease expense was \$17,716 and \$17,579 for the years ended December 31, 2021 and 2020, respectively.

5. Debt

SNSI had a secured line of credit with a bank which provides for borrowings up to a maximum of \$50,000 at a rate of 4.25%, SNSI had this line of credit through April 30, 2021. There were no borrowings against this line during 2021. The line of credit has matured and was not renewed as of December 31, 2021.

Spay-Neuter Services of Indiana, Inc. dba Pet Friendly Services of Indiana
Notes to Financial Statements
December 31, 2021 and 2020

6. Analysis of Cash Flow

The information below reflects the SNSI's financial assets (cash and cash equivalents and accounts receivable) as of December 31, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of that date.

	2021	2020
Financial assets, at year-end	\$ 401,876	\$ 529,157
Less those unavailable for general expenditures within on year, due to:		
Contractual or donor-imposed restrictions:	(20,835)	(45,261)
Financial assets available to meet cash needs for general expenditures within one year	\$ 381,041	\$ 483,896

SNSI is primarily funded by contributions from donors that do not contain restrictions. Contributions that do contain restrictions, however, require that resources be used in a certain manner or in a future period. Therefore, SNSI must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, SNSI has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

7. Subsequent Events

In accordance with Accounting Standards Codification 855 *Subsequent Events*, SNSI has evaluated subsequent events through May 10, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.