



**CHARLOTTESVILLE – ALBEMARLE
SOCIETY FOR THE PREVENTION OF
CRUELTY TO ANIMALS, INC.**

FINANCIAL REPORT

December 31, 2015



**CHARLOTTESVILLE – ALBEMARLE
SOCIETY FOR THE PREVENTION OF CRUELTY
TO ANIMALS, INC.**

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

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, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year partially summarized comparative information has been derived from the SPCA’s 2014 financial statements, and in our report dated April 13, 2015 we expressed an unmodified opinion on those 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 the Charlottesville – Albemarle Society for the Prevention of Cruelty to Animals, Inc. as of December 31, 2015, 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
May 19, 2016

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014**

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 605,678	\$ 790,254
Investments (Note 2)	5,843,552	4,180,691
Accounts receivable	21,017	14,521
Contributions receivable (Note 3)	59,532	135,221
Other current assets	37,108	15,194
Total current assets	6,566,887	5,135,881
Property and equipment, net (Note 4)	5,383,536	5,462,430
Other assets		
Beneficial interest in Bleecker Trust (Notes 2 and 9)	708,071	777,083
USDA loan reserve (Note 6)	191,250	191,250
Restricted cash held for Pace endowment (Note 9)	26,000	26,000
Total other assets	925,321	994,333
Total assets	\$ 12,875,744	\$ 11,592,644
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 32,250	\$ 20,796
Accrued expenses (Note 5)	120,477	99,514
Current portion – notes payable (Note 6)	97,624	93,346
Total current liabilities	250,351	213,656
Long-term liabilities		
Notes payable (Note 6)	2,345,718	2,443,342
Total liabilities	2,596,069	2,656,998
Net assets		
Unrestricted	9,388,796	7,907,967
Temporarily restricted (Note 8)	764,879	901,679
Permanently restricted (Note 9)	126,000	126,000
Total net assets	10,279,675	8,935,646
Total liabilities and net assets	\$ 12,875,744	\$ 11,592,644

The Notes to Financial Statements are
an integral part of these statements.

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2015 and Summarized for the Year Ended December 31, 2014

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT					
Contributions and gifts	\$ 550,844	\$ 116,450	\$ -	\$ 667,294	\$ 684,205
Grants	71,750	-	-	71,750	47,734
Bequests	1,953,503	-	-	1,953,503	520,204
Local government appropriations	791,500	-	-	791,500	771,520
Special events, net of related expenses of \$201,597	277,171	-	-	277,171	319,507
Rummage store sales	499,011	-	-	499,011	497,083
Program services fees	492,299	-	-	492,299	449,948
In-kind contributions	122,713	-	-	122,713	86,978
Income distributions from the Bleecker Trust	39,407	-	-	39,407	56,510
Investment income	75,966	-	-	75,966	125,070
Realized and unrealized gains on investments	16,543	-	-	16,543	281,975
Loss on disposal of assets	(1,152)	-	-	(1,152)	(489)
Miscellaneous income	408	-	-	408	1,008
Change in value of beneficial interest in Bleecker Trust	-	(69,012)	-	(69,012)	(38,104)
Net assets released from restrictions (Note 10)	184,238	(184,238)	-	-	-
Total revenues, gains, and other support	<u>5,074,201</u>	<u>(136,800)</u>	<u>-</u>	<u>4,937,401</u>	<u>3,803,149</u>
EXPENSES					
Program services	3,045,288	-	-	3,045,288	3,168,689
Management and general	284,398	-	-	284,398	196,153
Fundraising	263,686	-	-	263,686	198,692
Total expenses	<u>3,593,372</u>	<u>-</u>	<u>-</u>	<u>3,593,372</u>	<u>3,563,534</u>
Change in net assets	1,480,829	(136,800)	-	1,344,029	239,615
NET ASSETS					
Beginning	<u>7,907,967</u>	<u>901,679</u>	<u>126,000</u>	<u>8,935,646</u>	<u>8,696,031</u>
Ending	<u>\$ 9,388,796</u>	<u>\$ 764,879</u>	<u>\$ 126,000</u>	<u>\$ 10,279,675</u>	<u>\$ 8,935,646</u>

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015 and Summarized for the Year Ended December 31, 2014

	2015				2014
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 1,346,737	\$ 120,120	\$ 86,500	\$ 1,553,357	\$ 1,534,908
Payroll taxes	102,545	9,147	6,586	118,278	125,713
Employee benefits	191,669	17,096	12,311	221,076	272,292
External veterinarian expense	24,040	-	-	24,040	21,440
Pet care	77,484	-	-	77,484	116,653
Clinic expense	235,570	-	-	235,570	252,777
Cleaning and janitorial	61,091	-	-	61,091	55,542
Utilities	99,641	3,180	3,180	106,001	116,806
Repairs and maintenance	70,701	-	-	70,701	114,312
Miscellaneous	44,900	57,890	-	102,790	46,058
Rent	209,149	-	-	209,149	203,057
Supplies and office systems	53,051	1,751	17,482	72,284	64,750
Equipment	16,229	-	-	16,229	19,822
Telephone	19,493	734	734	20,961	18,874
Advertising	-	4,014	-	4,014	13,779
In-kind services	117,313	-	-	117,313	85,545
Insurance	26,156	942	942	28,040	27,185
Legal and accounting fees	11,422	25,570	7,581	44,573	41,840
Recruiting	-	1,122	-	1,122	-
Investment management	-	32,041	-	32,041	42,552
Other fundraising	-	-	117,579	117,579	52,588
Total expenses before depreciation and interest	2,707,191	273,607	252,895	3,233,693	3,226,493
Depreciation	228,781	7,302	7,302	243,385	218,213
Interest	109,316	3,489	3,489	116,294	118,828
Total expenses	<u>\$ 3,045,288</u>	<u>\$ 284,398</u>	<u>\$ 263,686</u>	<u>\$ 3,593,372</u>	<u>\$ 3,563,534</u>

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

**STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014**

	2015	2014
OPERATING ACTIVITIES		
Change in net assets	\$ 1,344,029	\$ 239,615
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(16,543)	(281,975)
Depreciation	243,385	218,213
Loss on disposal of property and equipment	1,152	489
Change in value of Bleecker Trust	69,012	38,104
(Increase) decrease in assets:		
Accounts receivable	(6,496)	(7,374)
Contributions receivable	75,689	(67,221)
Other current assets	(21,914)	22,360
Increase in liabilities:		
Accounts payable and accrued expenses	32,417	14,649
Net cash provided by operating activities	1,720,731	176,860
INVESTING ACTIVITIES		
Net purchase of investments	(1,646,318)	(127,093)
Acquisition of property and equipment	(165,643)	(174,704)
Net cash used in investing activities	(1,811,961)	(301,797)
FINANCING ACTIVITIES		
Principal repayments	(93,346)	(89,255)
Net cash used in financing activities	(93,346)	(89,255)
Net decrease in cash and cash equivalents	(184,576)	(214,192)
CASH AND CASH EQUIVALENTS		
Beginning	790,254	1,004,446
Ending	\$ 605,678	\$ 790,254
Supplemental disclosure:		
Cash paid for interest	\$ 116,251	\$ 120,342

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets 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 temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 1. Significant Accounting Policies (Continued)

Basis of financial statement presentation and accounting: (Continued)

Temporarily restricted net assets 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.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs. These net assets include the beneficial interest in the Bleecker Trust and the Pace endowment.

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.

Accounts receivable:

Accounts receivable are unsecured and are mainly due from local animal hospitals. Management has determined that an allowance for uncollectible accounts is not necessary, as it follows the direct write-off method. The write-off method is believed to approximate the allowance method.

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 \$1,000 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

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 1. Significant Accounting Policies (Continued)

Contributions:

Contributions, including contributions receivable, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or absence of any donor restrictions, in the period the donor's commitment is received. Unrestricted, unconditional promises to give are recognized as temporarily restricted revenues unless the donor explicitly stipulates its use to support current period activities.

Contributions of assets other than cash are recorded at their estimated 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 the temporarily restricted net asset class, and a reclassification to unrestricted net assets 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 the temporarily restricted net asset class, and a reclassification to unrestricted net assets 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 the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

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.

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 1. Significant Accounting Policies (Continued)

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.

The estimated fair value for specific groups of financial instruments is presented within the notes applicable to such items. If not specifically presented, fair value is estimated to approximate the related carrying value.

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.

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.

Advertising costs:

The SPCA expenses the cost of advertising as incurred. Such costs amounted to \$4,014 and \$13,779 for the years ended December 31, 2015 and December 31, 2014, respectively.

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 1. Significant Accounting Policies (Continued)

Comparative information:

The financial statements include certain prior year summarized comparative information (statement of activities and statement of functional expenses) in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the prior year from which the summarized information was derived.

Subsequent events:

Subsequent events were considered through May 19, 2016, the date the financial statements were available to be issued.

Note 2. Investments

Investments are reported at fair value and consist of the following:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 538,928	\$ 20,881
Fixed income funds	1,303,179	739,080
Equities:		
Information technology	1,201,893	714,453
Emerging Markets	-	181,080
Healthcare	779,148	1,114,262
Financial service	900,118	498,626
Food service	200,579	160,992
Air freight and delivery	269,444	222,340
Equipment and machinery	190,482	106,134
Retail	-	164,808
Resorts and casinos	253,025	-
Other	206,756	258,035
	<u>\$ 5,843,552</u>	<u>\$ 4,180,691</u>

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 2. Investments (Continued)

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

	2015			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 538,928	\$ 538,928	\$ -	\$ -
Fixed income	1,303,179	1,303,179	-	-
Mutual funds – equities	4,001,445	4,001,445	-	-
Beneficial interest in Blecker Trust	708,071	-	-	708,071
Total financial assets	\$ 6,551,623	\$ 5,843,552	\$ -	\$ 708,071

	2014			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 20,881	\$ 20,881	\$ -	\$ -
Fixed income	739,080	739,080	-	-
Mutual funds – equities	3,420,730	3,420,730	-	-
Beneficial interest in Blecker Trust	777,083	-	-	777,083
Total financial assets	\$ 4,957,774	\$ 4,180,691	\$ -	\$ 777,083

A reconciliation of the activity of financial assets valued using Level 3 inputs follows:

	2015	2014
Balance, beginning	\$ 777,083	\$ 815,187
Unrealized (depreciation) appreciation	(29,605)	18,406
Distributions	(39,407)	(56,510)
Balance, ending	\$ 708,071	\$ 777,083

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.

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 3. Contributions Receivable

Contributions receivable are expected to be collected in less than one year. Management has determined an allowance for uncollectible amounts is unnecessary.

At December 31, 2015, the SPCA had also 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. Property and Equipment

Property and equipment consist of the following:

	2015	2014
Land	\$ 381,110	\$ 381,110
Construction in progress	127,949	85,459
Buildings and improvements	6,612,111	6,551,391
Furniture, fixtures, and equipment	564,940	606,089
	7,686,110	7,624,049
Less: Accumulated depreciation	(2,302,574)	(2,161,619)
Net property and equipment	\$ 5,383,536	\$ 5,462,430

Note 5. Accrued Expenses

Accrued expenses consist of the following:

	2015	2014
Interest	\$ 25,451	\$ 25,408
Vacation	71,804	56,090
Salaries	16,704	12,843
Other	6,518	5,173
	\$ 120,477	\$ 99,514

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 6. Notes Payable

Notes payable consist of the following:

	2015	2014
USDA construction loan, interest at 4.625%, annual installments including interest, of \$196,471 through October 2033, secured by a deed of trust.	\$ 2,278,268	\$ 2,365,383
USDA operating loan, interest at 4.000%, annual installments, including interest, of \$13,126 through July 2033, secured by a deed of trust.	165,074	171,305
	2,443,342	2,536,688
Less current portion	(97,624)	(93,346)
	\$ 2,345,718	\$ 2,443,342

Debt matures as follows:

2016	\$ 97,624
2017	102,096
2018	106,776
2019	111,670
2020	116,789
2021 and thereafter	1,908,387
	\$ 2,443,342

The USDA construction loan security agreement requires the SPCA to establish a reserve account of \$191,250. It may be used to pay certain costs as approved by the lender.

Note 7. Employee Benefits

Retirement benefits are provided for eligible employees through a simple IRA plan. The SPCA contributes up to 3% of the employee's salary which totaled \$19,276 and \$14,111 in 2015 and 2014, respectively.

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of:

	2015	2014
Contributions receivable, restricted by time and available for general use	\$ 59,532	\$ 135,221
Accumulated appreciation on Bleecker Trust	608,071	677,682
Capital contributions	97,276	88,776
	\$ 764,879	\$ 901,679

Note 9. Endowments

Endowments are composed of the following:

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Bleecker Trust	\$ 608,071	\$ 100,000	\$ 708,071
Pace endowment	-	26,000	26,000
	\$ 608,071	\$ 126,000	\$ 734,071
	2014		
	Temporarily Restricted	Permanently Restricted	Total
Bleecker Trust	\$ 677,682	\$ 100,000	\$ 777,682
Pace endowment	-	26,000	26,000
	\$ 677,682	\$ 126,000	\$ 803,682

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 9. Endowments (Continued)

The following schedule summarizes changes in endowment net assets:

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 677,682	\$ 126,000	\$ 803,682
Investment return:			
Interest and dividends	30,610	-	30,610
Realized and unrealized losses	(47,441)	-	(47,441)
Investment fees	(13,373)	-	(13,373)
Total investment return	(30,204)	-	(30,204)
Distributions	(39,407)	-	(39,407)
Endowment net assets, end of year	<u>\$ 608,071</u>	<u>\$ 126,000</u>	<u>\$ 734,071</u>
	2014		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 715,187	\$ 126,000	\$ 841,187
Investment return:			
Interest and dividends	30,059	-	30,059
Realized and unrealized gains	1,295	-	1,295
Investment fees	(12,349)	-	(12,349)
Total investment return	19,005	-	19,005
Distributions	(56,510)	-	(56,510)
Endowment net assets, end of year	<u>\$ 677,682</u>	<u>\$ 126,000</u>	<u>\$ 803,682</u>

(Continued)

**CHARLOTTESVILLE – ALBEMARLE SOCIETY FOR THE
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 9. Endowments (Continued)

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 SPCA is permitted to use all interest earned on the PACE endowment towards operations. The Bleecker Trust distributes 5% of the net fair market value of the assets in the trust to the SPCA throughout the year.

Note 10. Net Assets Released from Restrictions

Net assets released from restrictions consist of the following:

	2015	2014
Capital improvements	\$ 42,355	\$ 81,071
General operations	6,662	11,443
Expiration of time restrictions	135,221	68,000
	\$ 184,238	\$ 160,514

Note 11. Leases

The SPCA is currently obligated under three leases for facilities. One lease is renewed annually, the second lease is through May 31, 2016, and the third lease is through January 1, 2021. Future minimum lease payments are as follows:

2016	\$ 140,000
2017	144,200
2018	148,526
2019	148,972
2020	153,441
	\$ 735,139