

EMANCIPET, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Emancipet, Inc.
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Emancipet, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Emancipet, Inc., as of December 31, 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.

Other Matters

2019 Financial Statements

Another auditor previously reviewed Emancipet, Inc.'s 2019 financial statements, no material modifications were made on those reviewed financial statements in their report dated September 2, 2021. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Dindler, Chappell, Morrison & Co., P.C.

Austin, Texas

April 6, 2022

FINANCIAL STATEMENTS

EMANCIPET, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u> (Reviewed)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,686,013	\$ 861,566
Receivables:		
Accounts receivable, net	561,313	479,867
Grants and contracts receivable	50,198	1,012,750
Pledges and other receivables	72,374	-
Prepaid expenses	50,766	160,582
Inventory	766,779	530,502
Land - available for sale	-	840,184
Total current assets	<u>5,187,443</u>	<u>3,885,451</u>
Fixed assets, net	<u>1,134,360</u>	<u>1,292,686</u>
Other assets		
Security deposits	<u>29,819</u>	<u>29,819</u>
Total assets	<u><u>\$ 6,351,622</u></u>	<u><u>\$ 5,207,956</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 757,540	\$ 767,238
Accrued payroll	531,484	379,109
Accrued vacation payable	120,135	107,715
Funds received in advance	-	82,382
Deferred rent	100,751	52,238
Line of credit	-	260,000
Total current liabilities	<u>1,509,910</u>	<u>1,648,682</u>
Total liabilities	<u>1,509,910</u>	<u>1,648,682</u>
Net assets		
Without donor restrictions	4,361,112	2,389,541
With donor restrictions	480,600	1,169,733
Total net assets	<u>4,841,712</u>	<u>3,559,274</u>
Total liabilities and net assets	<u><u>\$ 6,351,622</u></u>	<u><u>\$ 5,207,956</u></u>

See accompanying Notes to Financial Statements.

EMANCIPET, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ 1,483,200	\$ 590,000	\$ 2,073,200
Contributions	2,290,496	39,134	2,329,630
Program services	13,885,731	-	13,885,731
Fund raising events	149,205	-	149,205
Less direct benefit to donors	<u>(16,631)</u>	<u>-</u>	<u>(16,631)</u>
Net fund raising activities	132,574	-	132,574
Contributed goods and services	145,103	-	145,103
Investment income (loss)	8,871	-	8,871
Gain (loss) on sale of assets	(118,095)	-	(118,095)
Other income	11,455	-	11,455
Net assets released from donor imposed restrictions	<u>1,318,267</u>	<u>(1,318,267)</u>	<u>-</u>
Total revenues and other support	<u>19,157,602</u>	<u>(689,133)</u>	<u>18,468,469</u>
EXPENSES			
Program services	13,421,075	-	13,421,075
Supporting services			
Management and general	3,079,892	-	3,079,892
Fund raising	<u>685,064</u>	<u>-</u>	<u>685,064</u>
Total expenses	<u>17,186,031</u>	<u>-</u>	<u>17,186,031</u>
CHANGE IN NET ASSETS (deficit)	1,971,571	(689,133)	1,282,438
NET ASSETS			
Beginning of year	<u>2,389,541</u>	<u>1,169,733</u>	<u>3,559,274</u>
End of year	<u>\$ 4,361,112</u>	<u>\$ 480,600</u>	<u>\$ 4,841,712</u>

See accompanying Notes to Financial Statements.

EMANCIPET, INC.

STATEMENTS OF ACTIVITIES - Continued

Year Ended December 31, 2019
(Reviewed)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ 99,999	\$ 1,677,455	\$ 1,777,454
Contributions	1,076,629	-	1,076,629
Program services	10,603,285	-	10,603,285
Fund raising events	534,018	-	534,018
Less direct benefit to donors	(66,557)	-	(66,557)
Net fund raising activities	467,461	-	467,461
Contributed goods and services	274,357	-	274,357
Rental income	4,000	-	4,000
Investment income (loss)	3,493	-	3,493
Net assets released from donor imposed restrictions	1,157,913	(1,157,913)	-
Total revenues and other support	<u>13,687,137</u>	<u>519,542</u>	<u>14,206,679</u>
EXPENSES			
Program services	10,825,986	-	10,825,986
Supporting services			
Management and general	2,443,526	-	2,443,526
Fund raising	907,513	-	907,513
Total expenses	<u>14,177,025</u>	<u>-</u>	<u>14,177,025</u>
CHANGE IN NET ASSETS (deficit)	(489,888)	519,542	29,654
NET ASSETS			
Beginning of year	<u>2,879,429</u>	<u>650,191</u>	<u>3,529,620</u>
End of year	<u><u>\$ 2,389,541</u></u>	<u><u>\$ 1,169,733</u></u>	<u><u>\$ 3,559,274</u></u>

See accompanying Notes to Financial Statements.

EMANCIPET, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

EXPENSES	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
Salaries	\$ 6,022,775	\$ 1,539,508	\$ 450,491	\$ 8,012,774
Payroll taxes	416,618	106,493	31,162	554,273
Employee benefits	390,555	199,007	41	589,603
Total personnel costs	6,829,948	1,845,008	481,694	9,156,650
Medical supplies	4,655,316	-	-	4,655,316
Professional fees	95,177	506,924	79,828	681,929
Rent	443,313	182,192	-	625,505
Depreciation	310,443	1,857	-	312,300
Equipment	212,135	79,938	455	292,528
Supplies	152,444	119,235	4,151	275,830
Technology	33,787	137,865	64,563	236,215
Bank charges	201,997	26,913	4,042	232,952
Utilities	114,689	27,723	-	142,412
Telephone	118,024	8,183	-	126,207
Emergency vet care	80,377	3,006	-	83,383
Maintenance and repairs	55,507	20,530	-	76,037
Insurance	2,744	64,446	-	67,190
Travel and meetings	45,446	8,260	3,315	57,021
Postage and printing	3,860	2,252	32,512	38,624
Automobile expense	36,830	1,698	-	38,528
Bad debts	9,548	17,705	-	27,253
Dues and subscriptions	3,667	12,487	8,604	24,758
Miscellaneous	10,935	2,749	73	13,757
Marketing	3,888	3,183	4,456	11,527
Interest expense	-	7,113	-	7,113
Continuing education	1,000	625	1,371	2,996
Total expenses	\$ 13,421,075	\$ 3,079,892	\$ 685,064	\$ 17,186,031

See accompanying Notes to Financial Statements.

EMANCIPET, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

Year Ended December 31, 2019

(Reviewed)

EXPENSES	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
Salaries	\$ 4,623,488	\$ 1,556,110	\$ 330,837	\$ 6,510,435
Payroll taxes	351,810	118,922	24,775	495,507
Employee benefits	448,871	124,994	916	574,781
Total personnel costs	5,424,169	1,800,026	356,528	7,580,723
Medical supplies	3,509,683	-	-	3,509,683
Professional fees	257,221	38,164	373,139	668,524
Rent	335,225	136,754	-	471,979
Depreciation	267,468	12,217	-	279,685
Equipment	175,422	32,112	2,544	210,078
Supplies	271,410	26,945	1,001	299,356
Technology	1,717	139,386	57,112	198,215
Bank charges	107,581	29,413	12,158	149,152
Utilities	108,744	15,755	-	124,499
Telephone	23,178	69,503	10	92,691
Emergency vet care	31,291	-	-	31,291
Maintenance and repairs	44,817	8,003	534	53,354
Insurance	20,946	33,093	-	54,039
Travel and meetings	169,492	51,449	5,193	226,134
Postage and printing	8,010	4,915	22,785	35,710
Automobile expense	39,797	5,025	222	45,044
Bad debts	-	-	10,000	10,000
Dues and subscriptions	8,080	12,658	9,478	30,216
Miscellaneous	8,583	20,349	3,940	32,872
Marketing	8,549	6,183	47,443	62,175
Interest expense	2,998	-	-	2,998
Continuing education	1,605	1,576	5,426	8,607
Total expenses	\$ 10,825,986	\$ 2,443,526	\$ 907,513	\$ 14,177,025

See accompanying Notes to Financial Statements.

EMANCIPET, INC.

STATEMENTS OF CASH FLOW

Years Ended December 31, 2020 and 2019

	<u>2020</u>	2019 (Reviewed)
CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ 1,282,438	\$ 29,654
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	312,300	279,685
Bad debts	27,253	10,000
Donated fixed assets	-	(150,000)
(Gain)/loss on sale of assets	118,095	-
Forgivable portion of long-term debt	1,358,200	-
(Increase) decrease in operating assets		
Accounts receivable	(108,699)	(446,197)
Grants and contracts receivable	962,552	-
Pledges and other receivables	(72,374)	(18,543)
Prepaid expense	109,816	(89,339)
Inventory	(236,277)	(7,826)
Increase (decrease) in operating liabilities		
Accounts payable	(9,698)	278,786
Accrued payroll	152,375	141,523
Accrued vacation payable	12,420	-
Funds received in advance	(82,382)	-
Deferred rent	48,513	58,182
Net cash provided by (used by) operating activities	<u>3,874,532</u>	<u>85,925</u>
CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES		
Purchase of fixed assets	(153,974)	(404,015)
Net cash provided by (used by) investing activities	<u>(153,974)</u>	<u>(404,015)</u>
CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES		
Proceeds from line of credit	261,000	660,000
Payments on line of credit	(521,000)	(400,000)
Proceeds from long-term debt	(1,358,200)	-
Proceeds from sale of land	722,089	-
Net cash provided by (used by) financing activities	<u>(896,111)</u>	<u>260,000</u>
NET INCREASE (DECREASE) IN CASH	2,824,447	(58,090)
CASH AND CASH EQUIVALENTS		
Beginning of year	861,566	919,656
End of year	<u>\$ 3,686,013</u>	<u>\$ 861,566</u>
Supplemental Information		
Interest paid	<u>\$ 7,113</u>	<u>\$ 2,998</u>

See accompanying Notes to Financial Statements.

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Emancipet, Inc. (the Organization) is a not-for-profit community service agency founded in June 1999. The Organization provides free and low-cost spay/neuter services and wellness clinics to various private, not-for-profit, and governmental entities in Central Texas, Houston and Philadelphia.

The Organization's major programs include free and low-cost spay/neuter services and wellness clinics. The Organization's spay/neuter program is designed to address the issue of pet homelessness and overpopulation in Central Texas, Houston, and Philadelphia. The wellness clinics provide low cost, walk-in services for pets including vaccines and preventative medicine.

Summary of Significant Accounting Policies

Accounting Estimates: The preparation of 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.

Basis of Accounting: The financial statements of the Organization have been prepared using the accrual basis method of accounting, which includes recognition of revenues and related accounts receivable as funds are earned and recognition of expenses and related accounts payable as obligations are incurred, regardless of when cash is received or disbursed. Revenues received in advance of being earned are reported as deferred revenue. Expenses paid in advance are reported as prepaid items.

Adopted Accounting Pronouncements: In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019.

Net Assets Classes: The Organization reports the following net assets classes:

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. While these resources are reported as unrestricted, an organization manages them in compliance with its exempt purposes, governing board designations, legal requirements, and contractual obligations.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Inventories: Inventories consist of medical supplies and animal health products. Inventories are stated at the lower of cost (first-in, first-out method) or market.

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2020 and 2019

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents: For purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Receivables: Receivables are considered past due based on how recently payments have been received. At year end, no significant balances were considered past due. The Organization does not require collateral on any of its receivable and does not charge interest on account balances. The Organization uses the allowance method of accounting to value the receivables. The allowance for uncollectible accounts is determined by a review of account balances at year-end. Accounts considered a problem to collect are reflected as an allowance for uncollectible accounts. At such time as a receivable is determined to be uncollectible, the account is written off against the allowance. During 2020 and 2019, the Organization had bad debts of \$27,253 and \$10,000, respectively. As of December 31, 2020 and 2019, the Organization had allowance for doubtful accounts of \$30,000 and \$6,000, respectively. The allowance for uncollectible accounts is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Fixed Assets: Fixed assets are capitalized at cost, if the estimated useful service life of the item is more than one year and the cost of the item is over \$2,500. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. If donors stipulated how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation of fixed assets is computed over the estimated useful service life of the asset (generally 3-15 years) using the straight line method of computation. Depreciation expense and accumulated depreciation reported in the financial statements are considered accounting estimates. The estimates may be adjusted as more current information becomes available and any adjustment could be significant.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. During 2020 and 2019, the Organization did not adjust the carrying amount of any fixed assets.

Revenue Recognition: The Organization receives revenue and other support from various sources. The significant sources are as follows:

Grants and Contributions: The Organization receives grants from funding sources that are considered conditional promises to give as they are third party reimbursements. Such funding is reported as revenues when the conditions are met. Generally, the conditions to be met are compliance with the delivery of specific program services within budgetary requirements. Unconditional promises to give to the Organization are reported when the funding is awarded.

Contributed Goods and Services: During the year ended December 31, 2020 and 2019, volunteers donated 184 hours and 33 hours, respectively, to the Organization's program services and fund-raising campaigns. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The valuation of contributed goods and services reported in the financial statements is considered a significant accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2020 and 2019

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Program Service Fees and Fundraising Events: Program service fees and fundraising events are recorded when funds are considered earned, regardless of when cash is received. Program service fees, which includes fees to participate in various programs, sales of trainings and merchandise, are earned when the services are performed, or in accordance with the service agreement. Fundraising event revenue, which includes sponsorships, tickets, and funds raised during the events, is recorded when the event takes place. Amounts received in advance from program service fees or fundraising events are recorded as deferred revenue.

Allocation of Costs: The Organization allocates common costs between program services, management and general, and fund raising based on estimates of the Organization 's activities benefiting from the cost. The estimates are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of the Organization.

Federal Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization believes it is no longer subject to examination by the IRS for years prior to 2017.

Advertising Costs: The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. The Organization incurred \$11,527 and \$62,175 in advertising costs during 2020 and 2019, respectively.

Reclassifications: Certain reclassifications have been made to the prior year amounts in order to conform to the current year presentation. Net assets are unchanged due to these reclassifications.

COVID-19: As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses. While the disruption is currently expected to be temporary, the extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organization's clients, funders, employees and vendors, which are uncertain and cannot be predicted.

Subsequent Events: Management has evaluated subsequent events through the date of the *Independent Auditor's Report*, which is the date the financial statements were available for issuance. There are no significant subsequent events requiring disclosure as of that date.

NOTE 2: RISKS AND CONCENTRATIONS

Cash balances with a financial institution in excess of Federal Deposit Insurance Corporation insurance coverage are considered an off-balance sheet credit risk. Throughout the year, cash balances exceeded the institutions' FDIC coverage. The Organization does not require collateral for any of its deposits. The Organization considers its funds to be in high quality financial institutions and constantly monitors its financial positions with the institutions and does not anticipate any nonperformance by the institutions. At year-end 2020 and 2019, cash balances exceeded the insurance coverage by \$3,308,593 and \$914,075, respectively.

At December 31, 2020 and 2019, approximately 62% and 75%, respectively, of the Organization's total receivables were from three funding sources and two funding sources, respectively.

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2020 and 2019

NOTE 3: LAND AVAILABLE FOR SALE

Land was acquired by the Organization through a merger with Animal Trustees of Austin in 2016. As of December 31, 2019, the land was held as land available for sale at a value of \$840,184. During 2020, this land was sold.

NOTE 4: FIXED ASSETS

At year-end 2020 and 2019, fixed assets consisted of the following:

	<u>2020</u>	<u>2019</u> (Reviewed)
Buildings	\$ 169,933	\$ 169,933
Leasehold improvements	1,171,586	772,719
Surgical and wellness equipment	504,162	480,561
Office equipment and other	125,745	125,745
Automotive equipment	898,876	898,876
Construction in progress	-	268,494
Artwork	18,000	18,000
	<u>2,888,302</u>	<u>2,734,328</u>
Less accumulation depreciation	<u>1,753,942</u>	<u>1,441,642</u>
	<u>\$ 1,134,360</u>	<u>\$ 1,292,686</u>

NOTE 5: LINE OF CREDIT

The Organization maintains a revolving line of credit for business use, collateralized by various assets of the Organization. The maximum available credit on this line is \$400,000 and the interest rate is 4.75%. The outstanding balance at December 31, 2020 and 2019 is \$-0- and 260,000, respectively.

NOTE 6: LONG-TERM DEBT

The Organization entered into a promissory note in May 2020 for \$1,358,200 under the terms and conditions of the Paycheck Protection Program of the United States Small Business Administration (SBA) and the CARES Act, which enacted in April 2020. The note bears interest of 1% and is payable in monthly installments of principal and interest beginning in November 2020 through April 2022. The provisions of the loan allow for the loan to be forgiven if certain conditions are met before repayment begins. Funds that meet the conditions as forgivable have been included in grants and contracts revenue in the statement of activities.

The Paycheck Protection Flexibility Act of 2020, P.L. 116-142, extended the deferral period for loan payments to either (1) the date the SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for the loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. In July 2021, the Organization received loan forgiveness for the balance of the loan.

NOTE 7: RENTAL AND PURCHASE COMMITMENTS

The Organization leases office equipment under non-cancelable operating leases. During 2020 and 2019, rent expense for the office equipment totaled \$27,782 and \$24,016, respectively. The Organization has a non-cancelable lease for office space in Austin, TX under an operating lease which expires in September 2027.

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2020 and 2019

NOTE 7: RENTAL AND PURCHASE COMMITMENTS – continued

The Organization has non-cancelable leases for the following clinics;

<u>Location</u>	<u>Expiration</u>
Austin, TX	July 2024
Pflugerville, TX	March 2032
Killeen, TX	March 2022
Philadelphia, PA	April 2021
Houston, TX	August 2021
Houston, TX*	March 2030

*The Organization opened a new clinic in Houston, TX in 2019.

During 2020 and 2019 rent expense for the office and clinic spaces totaled \$625,505 and \$471,979, respectively.

For accounting purposes, these leases are treated as operating leases. As operating leases, the future obligations are not reported in the financial statements. The future minimum lease payments required on these leases are as follows: 2021- \$389,371; 2022- \$332,842; 2023- \$329,493; 2024- \$282,867; 2025- \$223,424 and Thereafter- \$701,827.

NOTE 8: RELATED PARTY TRANSACTIONS

During 2020 and 2019, the Organization had related party contributions in the amount of \$539,592 and \$264,479, respectively, from key employees and members of the board of directors.

NOTE 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2020</u>	<u>2019</u>
		(Reviewed)
Cash and cash equivalents	\$ 3,205,413	\$ 687,854
Receivables, program and other cost reimbursements	611,511	496,596
Receivables, other	72,374	-
Available without restriction within one year	<u>\$ 3,889,298</u>	<u>\$ 1,184,450</u>

As part of the liquidity management plan, the Organization invest cash in excess of daily requirements in savings and money market funds.

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2020 and 2019

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

During 2020 and 2019, \$1,318,267 and \$1,157,913, respectively, in net assets with donor restrictions were released from accompanying stipulations due to the Organization’s action or due to the passage of time and are reported as transfers from net assets with donor restrictions to net assets without donor restrictions in the financial statements.

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u> (Reviewed)
Subject to expenditure for specified purpose:		
PCI Tech	\$ 142,262	\$ 625,000
PCI Fin	83,732	315,000
Pets for Life	58,161	-
Skin Conditions	50,000	-
EmanciCredit	50,000	50,000
Healthy Paws	47,088	-
Julie Scholarship	13,500	13,500
KILN Cats	10,000	147
ASPCA Scholarships	10,000	10,000
North Philadelphia Cats	8,656	10,032
Bark	7,201	9,935
Houston 2	-	105,098
Puerto Rico	-	31,021
	<u>\$ 480,600</u>	<u>\$ 1,169,733</u>

EMANCIPET, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2020 and 2019

NOTE 11: CONTRIBUTED GOODS AND SERVICES

The City of Austin donates the use of real estate for the placement of the Organization’s physical operations. During 2020 and 2019, the value for the use of this real estate is \$18,567 each year. The City of Austin also donates the monthly utilities used in the Organization’s operations. During 2020 and 2019, the value of these utilities is \$8,712 each year. The agreement with the City of Austin is verbal and is cancellable upon notice.

Non-cash donations of goods and services reported in the financial statements for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u> (Reviewed)
Contributed goods:		
Supplies	\$ 84,650	\$ 21,187
Mobile van	-	150,000
Office furniture	-	22,357
Contributed services:		
IT and other services	33,174	29,534
Rent and utilities	27,279	27,279
Marketing services	-	24,000
Total contributed goods and services	<u>\$ 145,103</u>	<u>\$ 274,357</u>