

EMANCIPET, INC.  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
  
YEAR ENDED DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Emancipet, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Emancipet, Inc. 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 Emancipet, Inc. 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 opinions.

#### ***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 Emancipet, Inc.'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 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 Emancipet, Inc.'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 Emancipet, Inc.'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.

*Dindia, Chappell, Morrison & Co., P.C.*

Austin, Texas

November 7, 2022

FINANCIAL STATEMENTS

## EMANCIPET, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,740,875	\$ 3,686,013
Receivables:		
Accounts receivable, net	216,385	412,714
Grants and contracts receivable	939,108	50,198
Pledges and other receivables	297,036	220,973
Prepaid expenses	68,422	50,766
Inventory	832,947	766,779
Total current assets	<u>9,094,773</u>	<u>5,187,443</u>
Fixed assets, net	<u>877,487</u>	<u>1,134,360</u>
Other assets		
Security deposits	<u>29,819</u>	<u>29,819</u>
<b>Total assets</b>	<u><u>\$ 10,002,079</u></u>	<u><u>\$ 6,351,622</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 847,310	\$ 757,540
Accrued payroll	381,785	531,484
Accrued vacation payable	156,898	120,135
Deferred rent	121,298	100,751
Total current liabilities	<u>1,507,291</u>	<u>1,509,910</u>
Total liabilities	<u>1,507,291</u>	<u>1,509,910</u>
Net assets		
Without donor restrictions	5,257,832	4,361,112
With donor restrictions	3,236,956	480,600
Total net assets	<u>8,494,788</u>	<u>4,841,712</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 10,002,079</u></u>	<u><u>\$ 6,351,622</u></u>

See accompanying Notes to Financial Statements.

## EMANCIPET, INC.

## STATEMENTS OF ACTIVITIES

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants and contracts	\$ 2,234,158	\$ 3,336,509	\$ 5,570,667
Contributions	1,450,177	-	1,450,177
Program services	15,714,285	-	15,714,285
Fund raising events	189,495	-	189,495
Less direct benefit to donors	(18,482)	-	(18,482)
Net fund raising activities	<u>171,013</u>	<u>-</u>	<u>171,013</u>
Contributed goods and services	80,782	-	80,782
Investment income (loss)	1,418	-	1,418
Other income	28,811	-	28,811
Net assets released from donor imposed restrictions	<u>580,153</u>	<u>(580,153)</u>	<u>-</u>
<b>Total revenues and other support</b>	<u>20,260,797</u>	<u>2,756,356</u>	<u>23,017,153</u>
<b>EXPENSES</b>			
Program services	15,325,139	-	15,325,139
Supporting services			
Management and general	2,685,989	-	2,685,989
Fund raising	<u>1,352,949</u>	<u>-</u>	<u>1,352,949</u>
<b>Total expenses</b>	<u>19,364,077</u>	<u>-</u>	<u>19,364,077</u>
<b>CHANGE IN NET ASSETS (deficit)</b>	896,720	2,756,356	3,653,076
<b>NET ASSETS</b>			
Beginning of year	<u>4,361,112</u>	<u>480,600</u>	<u>4,841,712</u>
<b>End of year</b>	<u>\$ 5,257,832</u>	<u>\$ 3,236,956</u>	<u>\$ 8,494,788</u>

See accompanying Notes to Financial Statements.

## EMANCIPET, INC.

## STATEMENTS OF ACTIVITIES - Continued

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
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>
<b>Total revenues and other support</b>	<u>19,157,602</u>	<u>(689,133)</u>	<u>18,468,469</u>
<b>EXPENSES</b>			
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>
<b>Total expenses</b>	<u>17,186,031</u>	<u>-</u>	<u>17,186,031</u>
<b>CHANGE IN NET ASSETS (deficit)</b>	1,971,571	(689,133)	1,282,438
<b>NET ASSETS</b>			
Beginning of year	<u>2,389,541</u>	<u>1,169,733</u>	<u>3,559,274</u>
<b>End of year</b>	<u>\$ 4,361,112</u>	<u>\$ 480,600</u>	<u>\$ 4,841,712</u>

See accompanying Notes to Financial Statements.



## EMANCIPET, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

EXPENSES	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
Salaries	\$ 6,769,134	\$ 1,306,566	\$ 986,704	\$ 9,062,404
Payroll taxes	535,687	103,398	78,085	717,170
Employee benefits	459,815	227,956	8,314	696,085
Total personnel costs	<u>7,764,636</u>	<u>1,637,920</u>	<u>1,073,103</u>	<u>10,475,659</u>
Medical supplies	5,431,315	-	-	5,431,315
Professional fees	262,559	528,041	71,797	862,397
Rent	505,207	153,035	-	658,242
Technology	71,653	133,094	70,183	274,930
Depreciation	281,749	4,787	-	286,536
Bank charges	220,541	10,056	14,844	245,441
Supplies	176,152	8,225	17,633	202,010
Equipment	109,529	55,017	3,990	168,536
Utilities	144,308	9,867	-	154,175
Emergency vet care	84,454	-	-	84,454
Postage and printing	5,388	1,746	74,078	81,212
Telephone	74,550	4,877	-	79,427
Maintenance and repairs	62,653	10,915	316	73,884
Travel and meetings	48,149	17,566	4,314	70,029
Insurance	777	66,305	-	67,082
Bad debts	40,151	13,636	-	53,787
Miscellaneous	-	18,707	11,333	30,040
Automobile expense	20,362	19	-	20,381
Dues and subscriptions	4,561	10,300	5,367	20,228
Marketing	9,045	87	5,421	14,553
Continuing education	7,400	856	570	8,826
Interest expense	-	933	-	933
<b>Total expenses</b>	<u><u>\$ 15,325,139</u></u>	<u><u>\$ 2,685,989</u></u>	<u><u>\$ 1,352,949</u></u>	<u><u>\$ 19,364,077</u></u>

See accompanying Notes to Financial Statements.

## EMANCIPET, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES - Continued

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
Technology	33,787	137,865	64,563	236,215
Depreciation	310,443	1,857	-	312,300
Bank charges	201,997	26,913	4,042	232,952
Supplies	152,444	119,235	4,151	275,830
Equipment	212,135	79,938	455	292,528
Utilities	114,689	27,723	-	142,412
Emergency vet care	80,377	3,006	-	83,383
Postage and printing	3,860	2,252	32,512	38,624
Telephone	118,024	8,183	-	126,207
Maintenance and repairs	55,507	20,530	-	76,037
Travel and meetings	45,446	8,260	3,315	57,021
Insurance	2,744	64,446	-	67,190
Bad debts	9,548	17,705	-	27,253
Miscellaneous	10,935	2,749	73	13,757
Automobile expense	36,830	1,698	-	38,528
Dues and subscriptions	3,667	12,487	8,604	24,758
Marketing	3,888	3,183	4,456	11,527
Continuing education	1,000	625	1,371	2,996
Interest expense	-	7,113	-	7,113
<b>Total expenses</b>	<b>\$ 13,421,075</b>	<b>\$ 3,079,892</b>	<b>\$ 685,064</b>	<b>\$ 17,186,031</b>

See accompanying Notes to Financial Statements.

## EMANCIPET, INC.

## STATEMENTS OF CASH FLOW

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
Change in net assets (decrease)	\$ 3,653,076	\$ 1,282,438
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	286,536	312,300
Bad debts	53,787	27,253
(Gain)/loss on sale of assets	-	118,095
Forgivable portion of long-term debt	-	1,358,200
(Increase) decrease in operating assets		
Receivables		
Accounts receivable	142,542	(108,699)
Grants and contracts receivable	(888,910)	962,552
Pledges and other receivables	(76,063)	(72,374)
Prepaid expense	(17,656)	109,816
Inventory	(66,168)	(236,277)
Increase (decrease) in operating liabilities		
Accounts payable	89,770	(9,698)
Accrued payroll	(149,699)	152,375
Accrued vacation payable	36,763	12,420
Funds received in advance	-	(82,382)
Deferred rent	20,547	48,513
Net cash provided by (used by) operating activities	<u>3,084,525</u>	<u>3,874,532</u>
<b>CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(29,663)</u>	<u>(153,974)</u>
Net cash provided by (used by) investing activities	<u>(29,663)</u>	<u>(153,974)</u>
<b>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>		
Proceeds from line of credit	-	261,000
Payments on line of credit	-	(521,000)
Proceeds from long-term debt	-	(1,358,200)
Proceeds from sale of land	-	722,089
Net cash provided by (used by) financing activities	<u>-</u>	<u>(896,111)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>3,054,862</u>	<u>2,824,447</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>3,686,013</u>	<u>861,566</u>
<b>End of year</b>	<u><u>\$ 6,740,875</u></u>	<u><u>\$ 3,686,013</u></u>

See accompanying Notes to Financial Statements.

EMANCIPET, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2021 and 2020

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**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.

**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.

**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.

EMANCIPET, INC.  
NOTES TO FINANCIAL STATEMENTS – continued  
Years Ended December 31, 2021 and 2020

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

**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 2021 and 2020, the Organization had bad debts of \$53,787 and \$27,253, respectively. As of December 31, 2021 and 2020, the Organization had allowance for doubtful accounts of \$14,000 and \$30,000, 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 \$5,000. 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 2021 and 2020, 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, 2021 and 2020, volunteers donated 144 hours and 184 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, 2021 and 2020

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**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 2018.

**Advertising Costs:** The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. The Organization incurred \$14,553 and \$11,527 in advertising costs during 2021 and 2020, respectively.

**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.

**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.

**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 2021 and 2020, cash balances exceeded the insurance coverage by \$6,097,242 and \$3,308,593, respectively.

At December 31, 2021 and 2020, approximately 74% and 62%, 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, 2021 and 2020**

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**NOTE 3: LAND AVAILABLE FOR SALE**

Land was acquired by the Organization through a merger with Animal Trustees of Austin in 2016. During 2020, this land was sold.

**NOTE 4: FIXED ASSETS**

At year-end 2021 and 2020, fixed assets consisted of the following:

	<u>2021</u>	<u>2020</u>
Buildings	\$ 169,933	\$ 169,933
Leasehold improvements	1,187,019	1,171,586
Surgical and wellness equipment	504,162	504,162
Office equipment and other	139,787	125,745
Automotive equipment	898,876	898,876
Artwork	18,000	18,000
	<u>2,917,777</u>	<u>2,888,302</u>
Less accumulation depreciation	<u>2,040,290</u>	<u>1,753,942</u>
	<u>\$ 877,487</u>	<u>\$ 1,134,360</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, 2021 and 2020 is \$-0- and \$-0-, 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 2021 and 2020, rent expense for the office equipment totaled \$25,289 and \$27,782, 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, 2021 and 2020**

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**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 2027
Houston, TX	November 2023
Houston, TX	March 2030

During 2021 and 2020 rent expense for the office and clinic spaces totaled \$658,242 and \$625,505, 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: 2022- \$471,557; 2023- \$467,433; 2024- \$371,564; 2025- \$314,689; 2026- \$318,838 and Thereafter- \$504,613.

**NOTE 8: RELATED PARTY TRANSACTIONS**

During 2021 and 2020, the Organization had related party contributions in the amount of \$46,854 and \$539,592, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,358,027	\$ 3,205,413
Receivables, program and other cost reimbursements	301,385	462,912
Receivables, other	<u>297,036</u>	<u>220,973</u>
Available without restriction within one year	<u>\$ 4,956,448</u>	<u>\$ 3,889,298</u>

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

**NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS**

During 2021 and 2020, \$580,153 and \$1,318,267, 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.



**EMANCIPET, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**  
**Years Ended December 31, 2021 and 2020**

**NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS – continued**

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
PCI COQA	\$ 1,408,580	\$ -
PCI Roosevelt	835,600	-
PCI Tidwell	831,100	-
Pets for Life	58,161	58,161
Skin Conditions	50,000	50,000
EmanciCredit	16,904	50,000
Julie Scholarship	13,500	13,500
ASPCA Scholarships	10,000	10,000
Friedman NPB	8,000	-
KILN Cats	5,111	10,000
PCI Tech	-	142,262
PCI Fin	-	83,732
Healthy Paws	-	47,088
North Philadelphia Cats	-	8,656
Bark	-	7,201
	<u>\$ 3,236,956</u>	<u>\$ 480,600</u>

**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 2021 and 2020, 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 2021 and 2020, 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Contributed goods:		
Supplies	\$ 9,063	\$ 84,650
Contributed services:		
IT and other services	44,440	33,174
Rent and utilities	27,279	27,279
Total contributed goods and services	<u>\$ 80,782</u>	<u>\$ 145,103</u>