Main Line Rescue, Inc.
d/b/a Main Line Animal Rescue

Financial Statements
Years Ended December 31, 2020 and 2019

bbd

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MAIN LINE RESCUE, INC.
D/B/A MAIN LINE ANIMAL RESCUE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Main Line Rescue, Inc.
d/b/a Main Line Animal Rescue
Chester Springs, Pennsylvania

We have audited the accompanying financial statements of the Main Line Rescue, Inc. d/b/a Main Line Animal Rescue (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 Main Line Rescue, Inc, d/b/a Main Line Animal Rescue as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Prior Period Financial Statements

The financial statements of Main Line Rescue, Inc, d/b/a Main Line Animal Rescue as of December 31, 2019, were audited by other auditors, whose report dated November 10, 2020, expressed an unmodified opinion on those statements.

BBD LLP

Philadelphia, Pennsylvania
September 30, 2021

MAIN LINE RESCUE, INC.
D/B/A MAIN LINE ANIMAL RESCUE

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 273,899	$ 107,957
Inventory	906	2,658
Contribution receivable	-	111,000
Prepaid expenses and other assets	3,628	16,713
Total current assets	278,433	238,328
PROPERTY AND EQUIPMENT, net	4,204,022	4,352,366
OTHER ASSETS		
Intangible assets, net of accumulated amortization of $27,760 in 2020 and $15,283 in 2019	11,321	23,798
Investments	-	201,796
Total other assets	11,321	225,594
Total assets	$ 4,493,776	$ 4,816,288
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	$ -	$ 462,500
Accounts payable and accrued expense	12,713	13,019
Due to affiliate	865,970	735,910
Economic Injury Disaster Loan, current portion	1,794	-
Total current liabilities	880,477	1,211,429
Economic Injury Disaster Loan	148,206	-
Total liabilities	1,028,683	1,211,429
NET ASSETS		
Without donor restrictions	3,292,978	3,556,671
With donor restrictions	172,115	48,188
Total net assets	3,465,093	3,604,859
Total liabilities and net assets	$ 4,493,776	$ 4,816,288

See accompanying notes

MAIN LINE RESCUE, INC.
D/B/A MAIN LINE ANIMAL RESCUE

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 656,535	$ 24,315	$ 680,850
Contributions in-kind	4,555	-	4,555
Bequests	128,433	-	128,433
Grants	104,670	323,350	428,020
Special events, net of expenses	176,436	-	176,436
Net realized and unrealized loss on investments	(5,990)	-	(5,990)
Other revenue	53,772	-	53,772
Release from restrictions	223,738	(223,738)	-
Total support and revenue	1,342,149	123,927	1,466,076
EXPENSES			
Program services			
Rescue, rehabilitation and placement	1,377,851	-	1,377,851
Support services			
Management and general	113,073	-	113,073
Fundraising/development	114,918	-	114,918
Total expenses	1,605,842	-	1,605,842
CHANGE IN NET ASSETS	(263,693)	123,927	(139,766)
NET ASSETS			
Beginning of year	3,556,671	48,188	3,604,859
End of year	$ 3,292,978	$ 172,115	$ 3,465,093

See accompanying notes

MAIN LINE RESCUE, INC.
D/B/A MAIN LINE ANIMAL RESCUE

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 679,142	$ 63,952	$ 743,094
Contributions in-kind	16,948	-	16,948
Bequests	200,553	-	200,553
Grants	78,335	9,000	87,335
Special events, net of expenses	207,988	16,905	224,893
Net realized and unrealized gain on investments	36,069	-	36,069
Other revenue	6,217	-	6,217
Release from restrictions	102,156	(102,156)	-
Total support and revenue	1,327,408	(12,299)	1,315,109
EXPENSES			
Program services			
Rescue, rehabilitation and placement	1,385,577	-	1,385,577
Support services			
Management and general	204,690	-	204,690
Fundraising/development	350,633	-	350,633
Total expenses	1,940,900	-	1,940,900
CHANGE IN NET ASSETS	(613,492)	(12,299)	(625,791)
NET ASSETS			
Beginning of year	4,170,163	60,487	4,230,650
End of year	$ 3,556,671	$ 48,188	$ 3,604,859

See accompanying notes

MAIN LINE RESCUE, INC.
D/B/A MAIN LINE ANIMAL RESCUE

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2020 and 2019

	2020				2019			
	Rescue, Rehabilitation and Placement	Management and General	Fundraising	Total	Rescue, Rehabilitation and Placement	Management and General	Fundraising	Total
Employment expenses	$ 839,856	$ 52,020	$ 58,102	$ 949,978	$ 716,750	$ 58,682	$ 71,006	$ 846,438
Animal care expenses	105,028	-	-	105,028	195,301	-	-	195,301
Office and technology expenses	11,186	637	51	11,874	51,077	12,357	349	63,783
Utilities	58,284	-	-	58,284	47,022	-	-	47,022
Facilities and vehicle expenses	105,667	-	-	105,667	69,922	-	-	69,922
Professional services	-	58,988	19,928	78,916	25,247	97,910	217,526	340,683
Development, marketing and events	-	-	36,722	36,722	16,948	-	61,424	78,372
Leased equipment	2,521	144	12	2,677	2,728	-	-	2,728
Bank fees, credit card charges and payroll fees	21,475	1,219	98	22,792	11,361	35,629	91	47,081
Travel, meals, entertainment and other	1,134	65	5	1,204	14,920	112	237	15,269
Depreciation and amortization	232,700	-	-	232,700	234,301	-	-	234,301
Total expenses	$ 1,377,851	$ 113,073	$ 114,918	$ 1,605,842	$ 1,385,577	$ 204,690	$ 350,633	$ 1,940,900

See accompanying notes

MAIN LINE RESCUE, INC.
D/B/A MAIN LINE ANIMAL RESCUE

STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (139,766)	$ (625,791)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	232,700	234,301
Net realized and unrealized investment (gains) losses on investments	5,990	(36,069)
Decrease (increase) in		
Contribution receivable	111,000	(89,904)
Due from affiliate	-	9,157
Inventory	1,752	(2,658)
Prepaid expenses and other assets	13,085	(16,713)
Increase (decrease) in		
Accounts payable and accrued expenses	(306)	(15,317)
Due to affiliate	130,060	735,910
Net cash provided by (used for) operating activities	354,515	192,916
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(71,879)	(64,906)
Proceeds from the sale of investments	195,806	3,907
Purchase of investments	-	(4,253)
Net cash provided by (used for) investing activities	123,927	(65,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on line of credit	(462,500)	(462,500)
Proceeds from Economic Injury Disaster Loan	150,000	-
Net cash provided by (used for) financing activities	(312,500)	(462,500)
Change in cash	165,942	(334,836)
CASH		
Beginning of year	107,957	442,793
End of year	$ 273,899	$ 107,957
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 9,108	$ 34,776

See accompanying notes

(1) NATURE OF OPERATIONS

Main Line Rescue, Inc. d/b/a Main Line Animal Rescue (the ***"Organization"***), is a Pennsylvania nonprofit corporation, specializing in the rescue and placement of abused, unwanted and abandoned companion animals. The Organization never discriminates on the basis of health, age or breed. By involving and educating the community, the Organization works to raise the public's awareness of the plight of homeless animals as well as to realize the benefits of adopting an animal in need. The animals are examined, vaccinated, spayed or neutered and receive any and all medical treatment before they are placed in carefully screened homes.

The Organization's sources of revenue mainly include grants and contributions from donors (including at special events). The Organization relies on donor support and does not receive funding from federal, state or local government agencies. Additionally, the Organization has a strong network of volunteers that support its mission and help connect the Organization to its community.

During 2020, volunteers contributed over 18,532 hours of service to the Organization. During 2019, volunteers contributed over 32,578 hours of service to the Organization.

In 2018, the Organization affiliated with the Pennsylvania Society for the Prevention of Cruelty to Animals (***"PSPCA"***) and PSPCA became the sole member of the Organization. Accordingly, governance of the Organization resides with the Board of Directors of the PSPCA. As of the date of the affiliation, the PSPCA provides both the support and management of the Organization in order for the Organization to continue with its mission and purpose. Main Line Rescue, Inc. d/b/a Main Line Animal Rescue will be included in the consolidated financial statements of the PSPCA. These financial statements only include the accounts of Main Line Rescue, Inc. d/b/a Main Line Animal Rescue.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions. As of December 31, 2019, the Board of Directors designated funds of $190,919 to function as a board-designated endowment. In 2020, these funds in the amount of $195,806 were undesignated by the Board of Directors and are now available for operations.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as ***"net assets released from restrictions"***.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution.

Accounting Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles (***"GAAP"***), management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Cash is a financial instrument which potentially subjects the Organization to concentrations of credit risk. The Organization maintains cash deposits at a high-quality financial institution. At times, such deposits may exceed federally-insured limits.

Inventory

Inventory, consisting of merchandise sold by the Organization, is valued at the lower of cost or net realizable value.

Property and Equipment

Land owned by the Organization is stated at cost, if purchased. Property and equipment are capitalized and recorded at cost, if purchased. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. The Organization will capitalize assets purchased with a cost greater than $2,500, as described in the Organization's capitalization policy. Maintenance and minor repairs are charged to expense when incurred. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities. The Organization records contributed assets at their fair value as of the date of contribution.

The estimated useful lives for depreciation are:

Buildings	39 years
Building improvements	39 years
Furniture and equipment	5 – 10 years
Vehicles	7 years

Intangible Assets

Intangible assets, representing website development costs, have been recorded at cost and capitalized. Capitalized costs are amortized over the period benefited.

Investments

Investments are recorded in the statements of financial position at fair value, as determined based on quoted market prices. The net changes in fair value and the realized gains and losses on investments sold are reflected in the statements of activities as net realized and unrealized gains or losses on investments.

The Organization invests in a professional-managed portfolio that contains various types of securities. Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect the investment balances and the amounts reported in the financial statements.

All investments were liquidated in 2020. Investments as of December 31, 2019 consisted of:

Mutual funds	$ 200,732
Money market	1,064
	$ 201,796

Fair Value Measurements of Assets and Liabilities

Generally accepted accounting principles (***"GAAP"***) define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the PSPCA. Unobservable inputs reflect the PSPCA's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the PSPCA has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the PSPCA's own assumptions.

All investments held as of December 31, 2019 were measured at fair value on a recurring basis using Level 1 inputs.

Revenue Recognition

Program revenues are recognized as revenue when the services are provided to the clients. Program revenue is made up of mainly adoptions, public veterinary care, and spay and neuter and other surgeries. Performance obligations are determined based on the nature of the services provided. The Organization recognizes revenue for performance obligations satisfied over time based on actual charges incurred in relation to the total expected charges. Generally, performance obligations satisfied over time related to animals receiving inpatient care. The Organization measures performance obligations from admission to the point when there are no further services required for the animal, which is generally the time of discharge. The Organization recognizes revenues for performance obligations satisfied at a point in time, which generally relate to animals receiving outpatient or same day services when: (1) the services are provided and (2) when it is believed the animal does not require additional services.

Contributions, bequests, and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions, bequests, promises to give and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions. Contributions, bequests, and grants that are expected to be collected within one year are recorded at their net realizable value.

Unconditional contributions, bequests, and grants are recognized as revenue when the related promise to give is received. Conditional contributions, bequests, and grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization holds special fundraising events throughout the year. The Organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place. Amounts received in advance are deferred until the date of the event.

In-kind Contributions and Donated Services

The Organization records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization records the value of contributed goods when there is an objective basis available to measure their value.

Contributed services and goods are included as support in the accompanying statement of activities at their estimated values at the time received. During the year ended December 31, 2020, in-kind contributions of $4,555 have been recorded as revenue in the statement of activities and are included as program expenses in the statement of activities and functional expenses.

A substantial number of volunteers have donated time to the activities of the Organization. However, such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include employment expenses, office and technology and bank and payroll fees and credit card charges, which are allocated based on estimates of time and effort.

Income Taxes

The Internal Revenue Service has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (***"Code"***); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code. As a result, no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Reclassifications

Certain amounts in the 2019 summarized comparative totals have been reclassified in order to conform to the 2020 presentation.

(3) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statements of financial position date, which has been reduced by financial assets not available within one year.

	2020	2019
Cash	$ 273,899	$ 107,957
Pledges receivable	-	111,000
Investments	-	201,796
	273,899	420,753
Less: financial assets not available within one year		
Restricted by donors for specific purposes	(172,115)	(48,188)
Board-designated endowment	-	(190,919)
Financial assets available within one year	$ 101,784	$ 181,646

Liquidity Management

The Organization has a goal to maintain financial assets on hand to meet 30 days of normal operating expenses, which are, on average, approximately $140,000.

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

	2020	2019
Land	$ 76,124	$ 76,124
Buildings and improvements	3,979,794	3,921,431
Furniture and equipment	560,338	557,713
Vehicles	37,341	37,341
	4,653,597	4,592,609
Less: accumulated depreciation	(449,575)	(240,243)
	$ 4,204,022	$ 4,352,366

Depreciation expense was $220,223 and $220,459 for the years ended December 31, 2020 and 2019, respectively.

(5) LINE OF CREDIT

The Organization had available a line of credit with a commercial bank providing a maximum credit of $1,000,000. Borrowings under the line of credit were due on demand, bears interest at the prime rate (3.25 % at December 31, 2020) and was guaranteed by a long-term donor. There was an outstanding balance of $462,500 on the line of credit as of December 31, 2019. This line-of-credit was paid off in 2020 and is no longer available to the Organization.

Interest expense incurred on the line of credit was $9,108 and $34,776 for the years ended December 31, 2020 and 2019, respectively.

(6) LOAN PAYABLE- ECONOMIC INJURY DISASTER LOAN PROGRAM

In June 2020, the Organization received an unsecured loan in the amount of $150,000 from the Small Business Administration under the economic injury loan program. Pursuant to the terms of the agreement, monthly payments of principal and interest in the amount of $641 will begin in June 2021 and be due payable each month through May 2050. The loan bears interest at a rate of 2.75% per annum.

The loan payable matures as follows:

2021	$ 1,794
2022	3,662
2023	3,764
2024	3,869
2025	3,977
Thereafter	132,934
	$ 150,000

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	Balance December 31, 2019	Additions	Releases	Balance December 31, 2020
Subject to expediture for specified purposes				
Capital expenditures	$ 34,287	$ 10,000	$ (44,287)	$ -
Direct animal care expense	13,901	14,315	(26,551)	1,665
Other	-	323,350	(152,900)	170,450
	$ 48,188	$ 347,665	$ (223,738)	$ 172,115

	Balance December 31, 2018	Additions	Releases	Balance December 31, 2019
Subject to expediture for specified purposes				
Capital expenditures	$ 60,487	$ 30,000	$ (56,200)	$ 34,287
Direct animal care expense	-	59,857	(45,956)	13,901
	$ 60,487	$ 89,857	$ (102,156)	$ 48,188

(8) RELATED PARTY TRANSACTIONS

Amounts due to the Pennsylvania Society for the Prevention of Cruelty to Animals (***"PSPCA"***) are unsecured, with no set payment terms and generally noninterest bearing. Amounts due to the PSPCA at December 31, 2020 and 2019 were $865,970 and $735,910, respectively.

As part of its affiliation agreement, the PSPCA will provide both management and administrative support to the Organization and its charitable purpose and mission. Costs expended by the PSPCA on behalf of the Organization are to be reimbursed by the Organization. For the year ended December 31, 2020, the Organization did not remit any reimbursement to PSPCA for those services.

(10) LITIGATION

The Organization is involved in litigation related to its mission of rescuing abused animals. Management believes the resolution of these matters will not have a material effect on the Organization's financial position or results of operations.

(11) OPERATING LEASES

The Organization leases certain office equipment under lease obligations which have been classified as operating leases. The leases require monthly payments of $459 through March 2026.

The following are the minimum payments, as of December 31, 2020, required under the leases:

Year ending June 30,	
2021	$ 4,131
2022	5,508
2023	5,508
2024	5,508
2025	5,508
2022	1,377
	$ 27,540

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2021, the date on which the financial statements were available to be issued. The extent of the continued impact of COVID-19 on the Organization’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. In February 2021, the Organization sold the Grubbs Mill Property, including land and building, for approximately $585,000. No other material subsequent events have occurred since December 31, 2020 that would require recognition or disclosure in the financial statements.