

**United Poultry Concerns,
Inc.**

**Compiled
Financial Statements**

**For the Year Ended
December 31, 2020**

United Poultry Concerns, Inc.
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The Board of Directors
United Poultry Concerns, Inc.
P.O. Box 150
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Accountants' Compilation Report

Management is responsible for the accompanying financial statements of United Poultry Concerns, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information defined in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement. However, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information

We are not independent with respect to United Poultry Concerns, Inc. as of and for the year ended December 31, 2020 because the partner of the firm conducting the engagement has served as a financial advisor for United Poultry Concerns, Inc. with respect to a portion of its investment portfolio.

Bourne, Painter & Bradley, P.C.
Bourne, Painter, & Bradley, P.C
Silver Spring, MD

August 2, 2021

UNITED POULTRY CONCERNS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

Current Assets	
Cash (Notes 4 and 7)	\$ 227,786
Short-term investments (Notes 4 and 5)	842,513
Contributions receivable (Note 4)	-
Inventory (Note 4)	3,184
Other assets	266
Total Current Assets	<u>1,073,749</u>
Property and Equipment (Notes 4 and 6)	229,550
Less: Accumulated depreciation (Notes 4 and 6)	<u>(84,779)</u>
Total Property and Equipment	144,771
TOTAL ASSETS	<u><u>\$ 1,218,520</u></u>

LIABILITIES AND EQUITY

Current Liabilities	
Payroll tax liabilities	\$ 5,150
Accrued liabilities	12,260
Total Current Liabilities	<u>17,410</u>
Total Liabilities	<u>17,410</u>
Equity	
Net assets without donor restrictions	1,173,164
Net assets with donor restrictions (Note 2)	27,946
Total Equity	<u>1,201,110</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 1,218,520</u></u>

See accountants' compilation report and notes to the financial statements.

Beginning

296,582

788,062

3,713

3,984

267

54,451

(3,713)

(800)

229,547

(75,370)

3

(9,409)

229547

1,246,785

7,375

23,510

(2,225)

(11,250)

1,208,564

7,336

1,246,785

\$ (0)

**UNITED POULTRY CONCERNS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
INCREASES IN NET ASSETS			
Donations (Notes 2 and 4)	\$ 254,892	\$ 27,946	\$ 282,838
Merchandise sales, net (Note 4)	1,510		1,510
Cost of inventory sold (Note 4)	(800)		(800)
Interest & Dividends, investment gains and losses (Notes 4 and 5)	54,989		54,989
Assets released from restrictions	7,336	(7,336)	-
TOTAL INCREASES IN NET ASSETS	<u>317,927</u>	<u>20,610</u>	<u>338,537</u>
 DECREASES IN NET ASSETS			
Program expenses (Note 2)	303,761		303,761
Operating expenses			
Management and general (Note 2)	23,836		23,836
Fundraising (Note 2)	25,730		25,730
Total operating expenses	<u>49,566</u>	-	<u>49,566</u>
TOTAL DECREASES IN NET ASSETS	<u>353,327</u>	<u>-</u>	<u>353,327</u>
Change in Net Assets	(35,400)	20,610	(14,790)
Net Assets at the Beginning of the Year	<u>1,208,564</u>	<u>7,336</u>	<u>1,215,900</u>
Adjusted net assets at the Beginning of the Year	1,208,564	7,336	1,215,900
Net Assets at the End of the Year	<u>\$ 1,173,164</u>	<u>\$ 27,946</u>	<u>\$ 1,201,110</u>

See accountants' compilation report and notes to financial statements.

**UNITED POULTRY CONCERNS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

Cash Flows From Operating Activities:	
(Decrease) in net assets	\$ (14,790)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation (Note 6)	9,409
Net unrealized (gain) on investments (Note 5)	(54,172)
Changes in assets and liabilities:	
Decrease in contributions receivable	3,713
Increase in accrued liabilities	(13,475)
Increase in inventories	800
Net Cash Provided by Operating Activities:	<u>(68,515)</u>
Cash Flows From Investing Activities:	
Purchase of investments (Note 5)	(278)
Purchase of fixed assets	(3)
Net Cash Used in Investing Activities	<u>(281)</u>
Decrease in Cash	(68,796)
Cash at the Beginning of the Year	<u>296,582</u>
Cash at the End of the Year (Note 4)	<u><u>\$ 227,786</u></u>
Interest paid during the year	<u><u>\$ -</u></u>
Income taxes paid during the year (Note 4)	<u><u>\$ -</u></u>

See accountants' compilation report and notes to financial statements.

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

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See accompanying financial statements and Accountants' Compilation report.

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

- 1. Organization** – United Poultry Concerns, Inc. (UPC) was incorporated in Maryland in 1990 as a non-profit corporation that addresses the treatment of domestic fowl in food production, science, education, entertainment, and human companionship situations.

UPC seeks to make the public aware of how poultry are treated by our society and elsewhere in the world. UPC assists the public to see how treatment of these birds affects health, education, occupational safety, and the environment. UPC informs people about and actively promotes alternatives. UPC does this through extensive investigation, its chicken sanctuary, public talks, writings, mailings, conferences, information displays, and film presentations using such sources as public interest groups, animal advocacy organizations, poultry trade publications, government agencies, and scientific journals and proceedings.

- 2. Donations** – In 2020, UPC received \$288 thousand in donations, including \$147 thousand from six different major donors. These donors included charitable trusts, estates, foundations, and gift funds. The remainder was received in federal grants, individual donors, foundations, gift funds, and charitable trusts.

Restricted Funds – UPC had \$27,946 restricted funds at December 31, 2020. The temporary restriction was made for the purpose of raising funds for a campaign to educate the public and end the use of ritualistic slaughter of fowl in a religious ritual known as Kaporos. This effort includes obtaining relief through the judicial system in New York State. All of these funds were invested in cash.

- 3. Expenditures** – Of the total costs incurred for the year ended December 31, 2020, UPC incurred 86% for program services, 7% for administrative operations and 7% for fundraising.

- 4. Summary of Significant Accounting Policies:**

Basis of Presentation – The accompanying financial statements have been prepared using the accrual basis of accounting.

See accompanying financial statements and Accountants' Compilation report.

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

4. Summary of Significant Accounting Policies (Continued):

Advertising – Advertising costs are expensed as incurred, as advertising campaigns generally are for periods of less than one year.

Donated Materials and Services – Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. The value of indirect expenses of volunteer services could not be estimated. Stock donated was valued at market value. There were no materials or equipment donated in the year ended December 31, 2020.

Revenues – Revenues from contributions without donor restrictions are recognized when paid by the donor. Pledges made are not enforceable promises – therefore, they are not accrued unless the contribution was disbursed during the year or actually received in the subsequent period. UPC reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e., when a stipulated time restriction ends or purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted donations. Revenue from contracts is recognized as the related qualifying expenses are incurred. Revenue is deferred when funds are received but not yet expended for the contractual purpose.

Cash Equivalents – For purposes of the statement of cash flows, cash equivalents include money market, time deposits, certificates of deposit, and all highly liquid instruments with original maturities of three months or less. Cash and cash equivalents do not include temporary cash held in custodial accounts or restricted investments.

See accompanying financial statements and Accountants' Compilation report.

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

4. Summary of Significant Accounting Policies (Continued):

Fair Value of Financial Instruments – The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which that value is practical to estimate:

- Cash and cash equivalents – For those short-term instruments, the carrying amount is a reasonable estimate of fair value.
- Investments – Carrying amounts and fair values for mutual fund securities are based on quoted market prices. Certificates of deposit are reported at estimated fair value based on the principal balances invested, since due to their relatively short maturities their interest rates approximate current market rates.

Merchandise inventory – Inventories are stated at the lower of cost, determined by first-in, first-out basis, or market. They generally consist of books, educational materials for children, t-shirts, stickers, buttons, and other items. The balance on hand was \$3,184 at December 31, 2020.

Property and Equipment – Property and equipment are stated at historical cost. The cost of maintenance and repairs is recorded as expense when incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which range from five to 39 years. UPC, Inc.'s policy is to capitalize all property and equipment acquisitions in excess of \$500.

Income Taxes – United Poultry Concerns, Inc. is exempt from federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code. The organization is classified as a public charity. UPC files a Form 990 annually, and taxable years 2017, 2018, and 2019 are all open tax years for purposes of Internal Revenue Service examinations.

Functional Allocation of Expenses – The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been either directly charged to the programs and supporting services as incurred or allocated based on usage.

See accompanying financial statements and Accountants' Compilation report.

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

4. Summary of Significant Accounting Policies (Continued):

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events – The date through which subsequent events were evaluated for disclosure was August 2, 2021, the date the compiled financial statements were available for release. There were no subsequent events deemed material by management that required disclosure.

5. Investments – As of December 31, 2020, the aggregate cost and carrying amount of investments by major type is as follows:

	<u>Carrying value</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Certificates of deposit	\$ 61,808	\$ 61,261	\$ 547
Mutual funds	780,705	600,000	180,705
Total	<u>\$842,513</u>	<u>\$661,261</u>	<u>\$ 181,252</u>

Realized and unrealized gains and losses are included in the statement of activities as part of investment and other income. For the year ended December 31, 2020, net realized gains/losses were \$0. Net unrealized gains for the year ended December 31, 2020 were \$54,172.

UPC reports fair value measurements of financial assets and liabilities using a hierarchy for observable independent market inputs and unobservable market assumptions. Accordingly, the estimates presented above do not necessarily indicate the values that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value. The three levels of the hierarchy are described below:

See accompanying financial statements and Accountants' Compilation report.

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

5. Investments (Continued):

Level 1 – Quoted prices in active markets for identical investments.

Level 2 – Other significant observable inputs (including quoted market prices for similar investments, interest rates, credit risk, etc.).

Level 3 – Significant unobservable inputs (including UPC’s own assumptions in determining the fair value of investments.

As of December 31, 2020, mutual funds owned by UPC are measured at fair value using Level 1 inputs, and the certificates of deposit are value using Level 2 inputs.

6. Property and Equipment – Property and equipment at December 31, 2020 consists of the following:

Building and improvements	\$176,933
Land	30,000
Machinery and equipment	17,776
Software	4,841
Less: Accumulated depreciation	<u>(84,779)</u>
Total	<u>\$144,771</u>

Depreciation expense for the year ended December 31, 2020 totaled \$9,409.

7. Concentration of Credit Risk – UPC maintains bank accounts at two institutions that are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. No cash bank balances exceeded federally insured limits on deposits at December 31, 2020. UPC monitors risk, does not anticipate any credit losses and has not experienced any credit losses on any of these balances.

8. Related Party Transactions—UPC’s Board of Directors consists of five members, which are considered related parties. One of these individuals is the President and CEO of UPC who receives a salary as an employee. Another individual is Treasurer of UPC who is paid as a contractor for her services as Treasurer. There were no related party transactions other than these payments.

See accompanying financial statements and Accountants’ Compilation report.

Supplemental Schedules

UNITED POULTRY CONCERNS, INC
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020

PROGRAM SERVICES EXPENSES (Note 3)	
Advertising (Note 4)	\$ 66,450
Payroll and payroll taxes	64,596
Kaporos Expense	38,000
Printing and Reproduction	36,334
Services	26,879
Postage and Delivery	21,144
Professional fees	10,820
Depreciation Expense	7,527
Operating Supplies	5,601
Insurance	5,361
Utilities	4,358
Travel	2,952
Veterinarian fees	2,825
Telephone	2,116
Conference Expense	1,545
Paypal Fees	1,322
Repairs and maintenance	1,281
Real Estate Tax	999
Miscellaneous	840
Gifts	720
Casual Labor	678
Dues and Subscriptions	507
Supplies	466
Contributions	440
TOTAL PROGRAM SERVICES EXPENSES	<u>303,761</u>
MANAGEMENT AND GENERAL EXPENSES (Note 3)	
Payroll and payroll taxes	11,518
Postage and Delivery	2,643
Utilities	2,011
Services	1,493
Travel	1,362
Professional Fees	1,353
Operating Supplies	988
Depreciation Expense	941
Dues and Subscriptions	507
Miscellaneous	430
Bank Service Charge	281
Computer Expenses	191
Telephone	118
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>23,836</u>
FUNDRAISING EXPENSES (Note 3)	
Advertising (Note 4)	7,383
Printing and Reproduction	6,412
Payroll and Payroll Taxes	4,006
Postage and Delivery	2,643
Services	1,493
Professional Fees	1,353
Depreciation Expense	941
Miscellaneous	439
Utilities	335
Travel	227
Fundraising	208
Conference Expenses	172
Telephone	118
TOTAL FUNDRAISING EXPENSES	<u>25,730</u>
TOTAL EXPENSES	<u>\$ 353,327</u>

See accountants' compilation report and notes to financial statements