

**United Poultry Concerns,
Inc.**

**Compiled
Financial Statements**

**For the Year Ended
December 31, 2022**

United Poultry Concerns, Inc.
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BETA SOLUTIONS CPA, LLC
11160-C1 SOUTH LAKES DRIVE #617
RESTON, VA 20191
(P) 703-376-8836 (F) 571-453-2946

The Board of Directors
United Poultry Concerns, Inc.
P.O. Box 150
Machipongo, VA 23405

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, 2022, 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 or a conclusion nor provide any assurance on these financial statements.

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

A handwritten signature in blue ink that reads "Kevin L. Matthews". The signature is fluid and cursive, with a long horizontal flourish at the end.

Beta Solutions CPA, LLC
Tysons, VA 20191

January 4, 2024

UNITED POULTRY CONCERNS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

Current Assets	
Cash (Notes 4 and 7)	\$ 207,719
Short-term investments (Notes 4 and 5)	734,924
Contributions receivable (Note 4)	-
Inventory (Note 4)	935
Other assets	100
Total Current Assets	<u>943,678</u>
Property and Equipment (Notes 4 and 6)	229,550
Less: Accumulated depreciation (Notes 4 and 6)	<u>(95,266)</u>
Total Property and Equipment	134,284
TOTAL ASSETS	<u><u>\$ 1,077,962</u></u>

LIABILITIES AND EQUITY

Current Liabilities	
Accounts Payable	\$ 1,450
Payroll tax liabilities	2,467
Accrued liabilities	<u>(1,316)</u>
Total Current Liabilities	2,601
Total Liabilities	<u>2,601</u>
Equity	
Net assets without donor restrictions	1,042,846
Net assets with donor restrictions (Note 2)	<u>32,515</u>
Total Equity	1,075,361
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 1,077,962</u></u>

See accountants' compilation report and notes to financial statements.

**UNITED POULTRY CONCERNS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
INCREASES IN NET ASSETS			
Donations (Notes 2 and 4)	\$ 358,832	\$ 5,385	\$ 364,217
Merchandise sales, net (Note 4)	2,652		2,652
Cost of inventory sold (Note 4)	(1,326)		(1,326)
Interest & Dividends, investment gains and losses (Notes 4 and 5)	(85,799)		(85,799)
Employee Retention Tax Credit	26,197		26,197
TOTAL INCREASES IN NET ASSETS	<u>300,557</u>	<u>5,385</u>	<u>305,941</u>
DECREASES IN NET ASSETS			
Program expenses (Note 2)	278,035		278,035
Operating expenses			
Management and general (Note 2)	43,190		43,190
Fundraising (Note 2)	27,480		27,480
Total operating expenses	<u>70,670</u>	<u>-</u>	<u>70,670</u>
TOTAL DECREASES IN NET ASSETS	<u>348,706</u>	<u>-</u>	<u>348,706</u>
Change in Net Assets	(48,149)	5,385	(42,764)
Net Assets at the Beginning of the Year	<u>1,090,995</u>	<u>27,130</u>	<u>1,118,125</u>
Adjusted net assets at the Beginning of the Year	1,090,995	27,130	1,118,125
Net Assets at the End of the Year	<u>\$ 1,042,846</u>	<u>\$ 32,515</u>	<u>\$ 1,075,361</u>

See accountants' compilation report and notes to financial statements.

**UNITED POULTRY CONCERNS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

Cash Flows From Operating Activities:	
(Decrease) in net assets	\$ (42,764)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation (Note 6)	4,337
Net change in investments due to unrealized loss (Note 5)	99,627
Changes in assets and liabilities:	
Decrease in accrued liabilities	(9,041)
Decrease in inventories	1,326
Decrease in Other Assets	167
Net Cash Provided by Operating Activities:	<u>53,652</u>
 Cash Flows From Investing Activities:	
Purchase of investments (Note 5)	<u>(11)</u>
Net Cash Used in Investing Activities	(11)
 Decrease in Cash	53,641
 Cash at the Beginning of the Year	<u>154,078</u>
 Cash at the End of the Year (Note 4)	<u>\$ 207,719</u>
 Interest paid during the year	<u>\$ -</u>
 Income taxes paid during the year (Note 4)	<u>\$ -</u>

See accountants' compilation report and notes to financial statements.

UNITED POULTRY CONCERNS, INC
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2022

	Program Service Expense	Management and General Expenses	Fundraising Expenses
Accounting	1,396	11,164	1,396
Advertisement	77,832	-	8,648
Automobile Expense	170	21	21
Bank Service Charges	-	212	-
Charitable Contribution	1,026	-	-
Computer Expense	-	3,074	-
Depreciation	-	4,337	-
Fundraising Expense	-	-	40
Insurance Liability Insurance	400	3,198	400
Insurance Workman's Comp	60	1,082	60
Internet	179	22	22
Legal Fees	1,159	145	145
Licenses and Permits	-	30	-
Meals	-	19	19
Miscellaneous Program Expense	3,412	-	-
Office Supplies	43	780	43
Operating Supplies	4,658	822	-
Paypal fees	1,117	62	62
Payroll Taxes	2,463	462	154
Photography	65	7	-
Postage and Delivery	17,095	2,137	2,137
Printing and Reproduction	38,745	-	6,837
Repairs & Maintenance	1,541	86	86
Sanctuary Care	150	-	-
Salaries and Wages	43,416	8,140	2,713
Services	70,586	3,921	3,921
Tax:Property Tax	2,207	123	123
Telephone	2,046	114	114
Travel	719	332	55
Utilities	6,284	2,900	483
Veterinarian Fees	1,266	-	-
TOTAL EXPENSES BY CATEGORY	278,035	43,190	27,480
TOTAL EXPENSES			\$ 348,706

See accountants' compilation report and notes to financial statements.

**United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2022**

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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, 2022

- 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 2022, UPC received \$364 thousand in donations, including \$158 thousand from seven 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 \$32, 514 restricted funds at December 31, 2022. 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, 2022, UPC incurred 80% for program services, 12% for administrative operations and 8% 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, 2022

4. Summary of Significant Accounting Policies (Continued):

Advertising – Advertising costs are expensed as incurred, as advertising campaigns generally are for 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. No materials or equipment were donated in the year ended December 31, 2022.

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 the 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, 2022

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 – The carrying amount is a reasonable estimate of fair value for those short-term instruments.
- 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 \$935 at December 31, 2022.

Property and Equipment – Property and equipment are stated at historical cost. The cost of maintenance and repairs is recorded as an expense when incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which ranges 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 2018, 2019, and 2020 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, 2022

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 affect specific report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events – The date subsequent events were evaluated for disclosure was January 4, 2023, when 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, 2022, the aggregate cost and carrying amount of investments by major type are as follows:

	Carrying value	Cost	Unrealized Gain(Loss)
Certificates of deposit	\$ 62,460	\$ 61,261	\$ 1,199
Mutual funds	670,904	780,708	(109,803)
 Total	 \$733,364	 \$841,969	 \$108,604

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, 2022, capital gains distributions totaled \$526. Net unrealized losses for the year ended December 31, 2022, at \$108,962.

UPC reports fair value measurements of financial assets and liabilities using a hierarchy for observable independent market inputs and unobservable market assumptions. Accordingly, the above estimates do not necessarily indicate the values that could be realized in a current market exchange. Using 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, 2022

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, 2022, mutual funds owned by UPC are measured at fair value using Level 1 inputs, and the certificates of deposit are valued using Level 2 inputs.

6. Property and Equipment – Property and equipment on December 31, 2022, consists of the following:

Building and improvements	\$176,933
Land	30,000
Machinery and equipment	17,776
Software	4,841
Less: Accumulated depreciation	<u>(95,266)</u>
Total	<u>\$134,284</u>

Depreciation expenses for the year ended December 31, 2022, totaled \$4,337.

7. Concentration of Credit Risk – UPC maintains bank accounts at two institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. No cash bank balances exceeded federally insured limits on deposits at December 31, 2022. 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 who 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 the 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.