

ASPCA: An Animal's Best Friend?

Joe Thomas, Middle Tennessee State University

Disclaimer: This case was prepared by the author and is intended to be used as a basis for class discussion. The views presented here are those of the author based on his professional judgment and do not necessarily reflect the views of the Society for Case Research. Copyright © 2015 by the Society for Case Research and the author. No part of this work may be reproduced or used in any form or by any means without the written permission of the Society for Case Research.

Ed Stevenson was watching television one night with his grandmother when an advertisement for the American Society for the Prevention of Cruelty to Animals (ASPCA) appeared. It showed several dogs and cats that, according to the ad, had been neglected or abused. Ed's grandmother commented that she was considering leaving a significant portion of her estate to the ASPCA as her children, "really did not need the money." She went on to comment, however, that she knew some charities did not really do what they claimed to do and misused their funds. She asked Ed, a college student, to look into the ASPCA and their activities to see if they were truly reputable and deserved her financial contribution. Did the organization seem well managed? Was it using most of its money to help animals? Were the actions really helping the animals? Was the organization doing anything a reasonable person would consider unethical?

About the ASPCA

Ed began his research of the organization by visiting the ASPCA's website. The website contained much historical information. For example, the ASPCA was founded in 1866 by a special act of the New York State legislature and became the first humane organization in the Western Hemisphere. Its founder, Henry Bergh, started the organization with the mission statement, "To provide effective means for the prevention of cruelty to animals throughout the United States" (About the ASPCA, 2013).

This mission statement had been expanded to the current ASPCA Mission Statement

Founded in 1866, the American Society for the Prevention of Cruelty to Animals (ASPCA) was the first humane organization established in the Americas, and today has more than one million supporters throughout North America. The ASPCA's mission is to provide effective means for the prevention of cruelty to animals throughout the United States. The ASPCA provides local and national leadership in animal-assisted therapy, animal behavior, animal poison control, anti-cruelty, humane education, legislative services, and shelter outreach. The New York City headquarters houses a full-service, accredited animal hospital, adoption center, and mobile clinic outreach program. The Humane Law Enforcement

department enforces New York's animal cruelty laws (Charity Navigator, 2013).

Bergh modeled his association after England's Royal Society for the Prevention of Cruelty to Animals, which had been founded 26 years earlier. After receiving his charter from the New York state legislature and pushing for the passing of the "anti-cruelty law," Bergh and his staff of three began their mission fighting for the rights of animals. They spent their days inspecting slaughterhouses, staking out dog fighting pits or inspecting liveries for signs of horse abuse. When he wasn't on the lookout for offenses against animals, Bergh spent time speaking to school children and adult societies about the importance of ending animal abuses. These activities earned Bergh the nickname "The Great Meddler" (About the ASPCA, 2013).

The ASPCA accomplished many things in its early years. In 1867, the ASPCA operated the first injured horse ambulance. In 1875, the ASPCA created the first sling for horse rescue. In addition, the organization helped to create fresh drinking water carts for the use of pulled-cart horses (also frequented by local dogs, cats and even humans!). Bergh and his team even intervened on the behalf of pigeons, finding humane alternatives to live pigeons during shooting events.

By Bergh's death in 1888, the ASPCA had grown in both size and importance. Buffalo, Boston and San Francisco had enacted their own Humane Society groups and 37 of the 38 states had passed anti-cruelty laws. However, the work of the ASPCA did not stop with Bergh's death. In 1894, the Society was placed over the New York City animal control department whose operations had become increasingly corrupt. Prior to ASPCA control, the publicly employed dogcatchers were paid per dog instead of per hour and were often accused of stealing properly confined pets to increase pay. As many as 300 dogs were rounded up per day and drowned in the city's East River. The ASPCA's newly founded shelter was funded by the licensure fees it had established to protect working animals. The organization also set up a shelter and attempted to adopt out the collected stray animals. Any animals unclaimed were euthanized in a more humane manner than had previously been used. The ASPCA operated these animal shelters in New York until 1995 (About the ASPCA, 2013).

Nationally, the ASPCA supported many causes over its history. These causes include the establishment of a veterinary hospital for domestic pets in 1912, and a training program for dogs and owners to help make better pets and pet owners. The ASPCA also helped ensure pets wore proper licenses for identification. More recently, the ASPCA supported efforts to have animals micro-chipped for identification purposes and to aid in their relocation to rightful owners. The ASPCA also participated in the continued effort to spay and neuter pets to control populations and keep numbers of stray animals who may need to be put down as low as possible (History, 2013).

Ed found the group was currently headquartered in New York City where Matthew Bershadker was the President and CEO and Tim F. Wray was currently the Board Chair (ASPCA, 2013). The ASPCA claimed to be the first humane organization to be given

legal authority to investigate and actually make arrests for crimes committed against animals. The society currently provided local and national leadership in three main areas: “Caring for pet parents and pets, providing positive outcomes for at-risk animals and serving victims of animal cruelty” (ASPCA Programs and Services, 2013). This was accomplished through the establishment of local community outreach programs and animal health services, running a 24-hour, 365 day per year animal poison control hotline, and funding grants for local animal organizations (ASPCA Programs and Services, 2013).

Membership

The ASPCA claimed more than 2 million members to help with the protection of animals (ASPCA Get Involved, 2013). The members paid no monthly or annual dues but were encouraged to become involved locally to prevent animal cruelty. Members were also encouraged to make a one-time donation or become an ASPCA Guardian by setting up a recurring monthly donation to the organization (ASPCA Membership, 2013).

The Annual Report also showed a number of ways members could become active in ASPCA. Members were encouraged to become an ASPCA Ambassador and organize a variety of fund raising activities. It was suggested members create a tribute page on the ASPCA where guests could make donations to ASPCA in lieu of giving a gift at a wedding, graduation, etc.

Another option was to become members of Team ASPCA. This was a national endurance and fundraising program dedicated to helping animal lovers walk, run or cycle with the goal of helping the ASPCA provide life-saving programs and services to animals nationwide. Team members participated in marathons, half-marathons, and other endurance events across the country to raise funds, and awareness of ASPCA (ASPCA Get Involved, 2013).

Revenues and Income

As shown in Table 1, the ASPCA had total revenues for fiscal year ending December 2012 of \$163,615,458 up from a 2011 total of \$148,247,629. Of this revenue, nearly 85% or \$138 million came from contributions and grants to the organization. Fundraising accounted for approximately \$471,000 of the revenues. Government grants accounted for another \$24,300. The majority of revenue came from undisclosed contributions, gifts, and grants. Non-cash contributions totaled almost \$2 million (Form 990, 2013).

ASPCA’s non-donated revenue came largely from profits generated by their clinical ventures including the Animal Poison Control Call Center, which charged a fee of \$65 per consultation for non-members and \$60 per consultation for members, the Bergh Animal Hospital, the Mobile Veterinary Clinic, Adoption Centers and The Glendale Veterinary Clinic. Combined, these activities generated revenues of \$14,332,923, approximately 10% of total annual revenue.

The Bergh Animal Hospital, located in New York City's Upper East Side, contained a 24-hour animal Intensive Care Unit and provided many other advanced services. It was staffed by three full time internists, a full-time surgeon, 12 generalists as well as many part-time specialists. The hospital also employed licensed veterinary technicians that were able to provide 24-hour care. In 2012, the animal hospital handled 5,326 emergencies, an increase of 8% from 2011 (Annual Report, 2012). The animal hospital contributed \$5,062,711 to total revenue (Form 990, 2013).

The Mobile Veterinary Clinics included six vehicles that offered affordable spay and neuter surgery. The mobile clinics operated within New York City and provided services to all of New York's five boroughs (Annual Report, 2012). The Mobile Veterinary Clinics contributed \$644,889 to total program service revenue in 2012 (Form 990, 2013).

In 2012, the ASPCA's adoption centers found homes for 3,476 cats and dogs. The adoption centers also took in 1,483 animals from other shelters that were at risk of being euthanized (Annual Report, 2012). The adoption centers contributed \$482,867 to total program service revenue (Form 990, 2013).

The Glendale Veterinary Clinic offered basic veterinary services for animals. These services included annual checkups, preventative medicine, dental services, dermatology and cancer care. The Glendale Veterinary Clinic contributed \$170,798 to the total program service revenue (Form 990, 2013).

Table 1: Revenues and Expenses for the Year Ended December 31, 2012

Revenues:

Contributions and memberships	\$ 137,616,740
Program service revenue	14,332,923
Investment income	7,961,781
Other revenue	3,704,014
Total revenue	\$ 163,615,458

Expenses:

Grants and similar amounts paid	\$ 17,018,180
Salaries, benefits, and other compensation	60,424,407
Total fundraising expenses	31,287,839
Other expenses	89,371,282
Total expenses	\$ 168,616,519

Change in net assets **\$ (5,001,061)**

Net assets at end of year **\$ 185,451,137**

(Form 990, 2013)

Expenditures

Additionally, the ASPCA's Form 990, Table 1, listed expenses of \$168,616,519 for Fiscal Year Ending December 2012. This represented a \$5 million decrease in operating assets from 2011.

The ASPCA engaged in a variety of activities aimed at improving the welfare of animals. The organization was involved in a number of legislative activities as well as funding grants to animal related organizations.

Legislative initiatives were at both the federal and state levels. A sample of federal initiatives include

- National Defense Authorization Act – authorized the adoption and lifelong veterinarian care for retired military dogs.
- Helped get the Animal Fighting Spectator Act in the Senate
- Led an effort to ban spending tax dollars on horse slaughterhouse inspections.
- Organized “Paws for Celebration!” informing legislators and their staff about the work of shelters and rescues.
- Organized supporters to submit comments to the U.S. Department of Agriculture (USDA) in support of regulations of dog breeders selling puppies to the public sight unseen, including over the Internet.
- Worked with USDA requiring mandatory minimum penalties at horse shows for violations of the anti-soring provisions of the federal Horse Protection Act” (Annual Report, 2013, p. 17).

In 2010, the ASPCA launched a new ASPCA Field Investigations and Response (FIR) Team. This organization was a group of responders that participated in 27 separate raids and rescues, as well as more than 120 investigations. The FIR Team focused on remote locations that had trouble absorbing the volume of animals made homeless by disaster. The ASPCA also created a Shelter Response Partner program in 2010, which connected shelters and rescue groups across the country that were willing to take in animals from these areas (BBB.org, 2012).

However, not all of the ASPCA interventions were successful. Some even made Ed question the integrity of the organization. For example, in July 2000, the ASPCA took Feld Entertainment, owner of Ringling Bros. Circus, to court alleging mistreatment of elephants. In 2009, after years of litigation, the case was dismissed after finding the key witness in the case was accepting money from the ASPCA. It was discovered that approximately \$190,000 was paid to the witness over the course of the case. After the case was dismissed, Feld Entertainment sued the ASPCA for “violations of the RICO (Racketeer Influenced and Corrupt Organizations Act) statute and Virginia Conspiracy Act, malicious prosecution, and abuse of process” (ASPCA Pays, 2012). A settlement was reached on December 28th 2012 that required the ASPCA to pay Feld Entertainment \$9.3 million in damages.

Efforts at the state level, “led to the passage of 35 new laws to protect animals and helped defeat 12 bills that would have rolled back protection for animals” (Annual Report, p. 17) This legislation included efforts to control puppy mills (Ohio), use of dogs for hunting purposes (California), prohibited tail-docking of cattle (Massachusetts), sale of animals at roadside stands and parking lots (Louisiana), and led the effort to ban horse slaughter and the transport of horses for slaughter (New Jersey) (Annual Report, p. 17).

Communities could also apply through their major animal sheltering agencies to become ASPCA partner communities. Launched in 2007, there were now 11 ASPCA Partner Communities located in Austin, TX, Buncombe County, NC, Charleston County, SC, Cleveland, OH, Miami-Dade County, FL, Oklahoma City, OK, Sacramento, CA, Shelby County, AL, Spokane, WA, Tallahassee, FL and Tampa, FL. These partners worked with ASPCA’s experts to meet certain requirements to remain partners. In exchange the partners received financial and physical support from the ASPCA in the form of direct grants, strategic planning assistance, training and capacity-building (ASPCA Partnership, Annual Report 2012).

The ASPCA awarded 1,665 grants totaling more than \$17 million to organizations in all 50 states. Grants supported animal shelters, rescue groups, humane law enforcement agencies, sanctuaries, and in-clinic and mobile spay/neuter providers. The median grant was \$5,000 (Annual Report, 2012, p. 18). A few of the grants included funds to

- Enable humane organizations to better respond to cruelty incidents and train law enforcement officials to help identify and prosecute cruelty cases.
- Enable sanctuaries and other equine welfare groups to care for and retrain retired race horses.
- Grow the capacity of farm-animal welfare organizations, including rescuing and rehabilitating farm animals who were the victims of cruelty and advancing humane-farming research.
- Boost relocation efforts by helping move animals from high supply/low demand to areas of higher demand for adoptions.
- Respond to natural disasters and emergencies like Hurricane Sandy and areas of the country suffering from drought conditions and food shortages.

There had been controversy about the use of some funds. Between 2008 and 2012, Edwin Sayres, former ASPCA President and CEO, helped secure hundreds of thousands of dollars from the ASPCA’s grant program for Nyclass. Nyclass was an organization opposing the use of horse drawn carriages. Controversy surrounded the attempts by Nyclass to eliminate the tradition of horse drawn carriages in New York. Many people questioned whether or not using horses for pulling carriages was actually animal cruelty. The fact that Mr. Sayres was drawing funds from the ASPCA to support such a controversial organization upset many people within the organization, especially since he was co-President of Nyclass (“Controversial Anti NY Carriage, 2012).

The Form 990 only showed \$1.8 million for fundraising fees. However, there was another \$23 million spent on advertising and promotion, including the television advertisement asking viewers to donate. Ed discovered there had been some controversy surrounding ASPCA's fundraising efforts. In 2011, a complaint was filed against the organization for deceptive fundraising practices. The claim was that since the ASPCA started aggressively advertising, it had hurt local humane societies. The complaint argued that some people donating to the ASPCA thought they were donating to their local humane organization. The complaint also argued the funds donated to the ASPCA were not being distributed fairly among the local organizations (Friesecke, 2012; Jones, 2011).

The "other expenses" category intrigued Ed. He was curious what went into that category. One of the larger expenditures was "fees for services" which included fees for legal service, lobbying, professional fund raising, etc. The category totaled nearly \$14 million. He also found approximately \$10 million was spent for information technology. Travel and conference expenses accounted for \$5 million. Operating supplies were another \$16 million. Veterinarian and medical services accounted for approximately \$4.8 million.

Employment

ASPCA salaries and related expenses were another large expense, slightly over \$60 million. The Form 990 indicated the ASPCA employed 811 individuals during 2012. There were also 751 volunteers working for the organization. The ASPCA listed 24 uncompensated members of the board for 2012.

The CEO until May 31, 2013 was paid a total of \$560,368, down about \$50,000 from 2011. The Chief Operating Officer had total compensation of \$484,778. There were 17 other officers and key employees earning in excess of \$200,000 each (Form 990, 2013). Further reading into the Form 990 revealed that compensation of officers, trustees, and other key employees totaled almost \$4 million. Other salaries and wages accounted for \$43 million. Benefits and pensions were another \$9 million. Payroll taxes accounted for another \$4 million.

Corporate Partnerships

ASPCA had worked with several large brand name sponsors in recent years for mutual benefit. The large brands brought large donations and exposure for the non-profit, while the ASPCA lent its goodwill and allowed the company to label itself as "animal friendly." Some more well-known current ASPCA Corporate Partners included Clorox and its Fresh Step cat litter brand, Freekibble.com a website that donated pet food to shelter animals and ASPCA's own Pet Health Insurance. Additionally, Lowes had partnered with the ASPCA to brand its collection of dog supplies. Carpenter Company used its partnership with the ASPCA to brand its Stainmaster line of carpet as compatible with pet ownership, even donating a percentage of each sale back to the ASPCA. Subaru was one of the newest and most high profile corporate partners. Subaru partnered with

local ASPCA shelters to help adopt out rescue dogs. Subaru also offered Guardian and Founders Society members special discounts and sponsored the national endurance team to raise awareness of animal cruelty issues. In return, ASPCA listed the non-profit as a member of their end of year "Share the Love" Event. Subaru also donated several vehicles to both ASPCA's CSI Response Team and local Partner Communities (Corporate Partnerships, 2013).

Conclusion

After doing his preliminary research Ed did not know quite what to recommend. What was his assessment of ASPCA? Was it well-managed? Did it make good use of its resources? Was it doing what a reasonable person would expect from an organization supporting animal rights?

References

- "About the ASPCA." *ASPCA*. N.p., n.d. Web. 14 Apr. 2013. <<http://www.asPCA.org/about-us/about-the-asPCA.aspx>>.
- "American Society for the Prevention of Cruelty to Animals." *Charity Navigator*. N.p., n.d. Web. 15 Apr. 2013. <<http://www.charitynavigator.org/index.cfm?bay=search.summary>>.
- "Animal Fighting Spectator Prohibition Act." *Animal Welfare Institute*. N.p., 2013. Web. 15 Apr. 2013. <<http://awionline.org/content/animal-fighting-spectator-prohibition-act>>.
- "ASPCA | ASPCA Membership." *ASPCA | ASPCA Membership*. N.p., n.d. Web. 15 Apr. 2013. <https://donate.asPCA.org/Donate/Donations/Website/Website_Membership.aspx?PlacementID=2471481>.
- "ASPCA Partnership." *ASPCA*. N.p., n.d. Web. 15 Apr. 2013. <<http://www.asPCA.org/adoption/asPCA-partnership>>.
- "ASPCA Pays Nearly \$10 Million to Feld Entertainment in Racketeering Lawsuit Settlement." *Humanewatch.org*. N.p., n.d. Web. 28 December 2012. <<http://www.humanewatch.org/?s=asPCA>>
- "ASPCA Pays \$9.3 Million in Landmark Ringling Bros. and Barnum & Bailey Circus Settlement." *Feld Entertainment*. N.p., n.d. Web. 28 December 2012. <<http://www.feldentertainment.com/Press/PressRelease.aspx?id=62237>>
- "ASPCA Programs and Services." *ASPCA*. N.p., n.d. Web. 15 Apr. 2013. <<http://www.asPCA.org/about-us/programs-services-landing.aspx>>.

"BBB.org." *American Society for the Prevention of Cruelty to Animals*. BBB.org, 2012. Web. 14 Apr. 2013. <<http://www.bbb.org/charity-reviews/national/animal-protection/american-society-for-the-prevention-of-cruelty-to-animals-in-new-york-ny-151/financial>>.

Bernstein, Jacob. "Angst at the ASPCA." *The New York Times*. Web. 8 June 2013. <http://www.nytimes.com/2013/06/30/fashion/angst-at-the-aspca.html?pagewanted=all&_r=1&>

"Controversial Anti NY Carriage, ASPCA Head to Step Down." *Horse Back Magazine*. Web. 25 July 2012. <<http://horsebackmagazine.com/hb/archives/16954>>

"Corporate Partnerships." *ASPCA*. N.p., n.d. Web. 15 Apr. 2013. <<http://www.aspca.org/about-us/corporate-partners/>>.

"Form 990 2011." *ASPCA*. N.p., n.d. Web. 14 Apr. 2013. <<http://www.aspca.org/about-us/legal-information/~media/Files/about-us/legal-information/form-990-doc-2011.ashx>>.

Friesecke, Karen. "What The HSUS, ASPCA & Charity Navigator Don't Tell You About Fundraising Costs." *The Doggie Stylish Blog*. Web. 2 October 2012. <<http://www.doggiestylish.com/blog/2012/10/what-the-hsus-aspca-charity-navigator-dont-tell-you-about-fundraising-costs/>>

"Get Involved." *ASPCA*. N.p., n.d. Web. 15 Apr. 2013. <<http://www.aspca.org/Home/Get-Involved>>.

"History." *ASPCA*. N.p., n.d. Web. 14 Apr. 2013. <<http://www.aspca.org/about-us/history.aspx>>.

Jones, Kiki. "Complaint Filed Against the ASPCA for Deceptive Fundraising Practices." *Central Coast News*. Web. 5 May 2011. <<http://www.kionrightnow.com/story/14570918/complaint-filed-against-the-aspca-for>>

Yang, Eileen. "Blog." *Mission Measurement*. N.p., 2 Nov. 2009. Web. 15 Apr. 2013. <http://missionmeasurement.com/ideas/blog_entry/corporate-nonprofit-partnerships-what-makes-them-work>.