

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS**

(SICSA)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

**GOLDSHOT, LAMB & HOBBS, INC.
CERTIFIED PUBLIC ACCOUNTANTS
3066 KETTERING BOULEVARD
DAYTON, OHIO 45439**

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Certified Public Accountants

Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society for the Improvement of Conditions for Stray Animals
(SICSA)
Kettering, Ohio

We have audited the accompanying financial statements of Society for the Improvement of Conditions for Stray Animals (SICSA) (a non-profit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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 accounting principles generally accepted in the United States of America; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Society for the Improvement of Conditions for Stray Animals (SICSA) as of December 31, 2016 and 2015, 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.

Goldshot, Lamb & Hobbs, chc.

August 23, 2017

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
(SICSA)**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>ASSETS</u>	
	2016	2015
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 491,713	\$ 214,791
Sponsorships Receivable (No Allowance)	10,000	7,250
Contributions Receivable (No Allowance)	57,216	985,142
Investments	2,623,539	1,388,452
Prepaid Expenses	7,379	3,805
Total Current Assets	<u>3,189,847</u>	<u>2,599,440</u>
 <u>PROPERTY AND EQUIPMENT - NET</u>	 <u>1,586,001</u>	 <u>1,496,497</u>
 <u>OTHER ASSETS</u>		
Contributions Receivable - Two to Five Years	<u>114,760</u>	<u>37,070</u>
 TOTAL ASSETS	 <u><u>\$ 4,890,608</u></u>	 <u><u>\$ 4,133,007</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 19,322	\$ 39,817
Sales Tax Payable	424	572
Accrued Payroll and Payroll Taxes	33,357	24,406
Deferred Grant Income	8,769	20,469
Total Current Liabilities	<u>61,872</u>	<u>85,264</u>
 <u>NET ASSETS</u>		
Unrestricted	3,744,526	3,041,624
Temporarily Restricted	1,084,210	1,006,119
Total Net Assets	<u>4,828,736</u>	<u>4,047,743</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 4,890,608</u></u>	 <u><u>\$ 4,133,007</u></u>

The accompanying notes are an integral part of these financial statements.

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
(SICSA)**

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<u>UNRESTRICTED NET ASSETS</u>		
Revenues, Gains and Other Support:		
Contributions	\$ 1,129,796	\$ 582,050
United Way and Combined Federal Campaign	31,214	27,251
Special Events		
(Net of Expenses of \$63,986 and \$58,056, respectively)	185,498	195,297
Program Service Fees	424,347	330,718
Investment Income	42,427	35,503
Net Realized and Unrealized Gain (Loss) on Investments	92,992	(80,747)
Miscellaneous Income (Expense) - Net	(1,748)	851
Net Assets Released from Restriction	303,016	121,546
Total Unrestricted Revenues, Gains and Other Support	2,207,542	1,212,469
<u>EXPENSES</u>		
Program Services	1,145,294	1,145,387
Supporting Services:		
Management and General	139,053	128,636
Fundraising	220,293	117,848
Total Unrestricted Expenses	1,504,640	1,391,871
<u>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</u>	702,902	(179,402)
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	381,107	1,074,993
Net Assets Released from Restriction	(303,016)	(121,546)
<u>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</u>	78,091	953,447
<u>CHANGE IN NET ASSETS</u>	780,993	774,045
<u>NET ASSETS - BEGINNING OF YEAR</u>	4,047,743	3,273,698
<u>NET ASSETS - END OF YEAR</u>	\$ 4,828,736	\$ 4,047,743

The accompanying notes are an integral part of these financial statements.

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
(SICSA)**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 637,602	\$ 101,130	\$ 94,299	\$ 833,031
Medical Supplies	73,746	-	-	73,746
Animal Supplies	29,840	-	-	29,840
Office Expenses	13,161	2,087	1,946	17,194
Veterinary Care	24,387	-	-	24,387
Spay/Neuter	184,141	-	-	184,141
Spay/Neuter - Depreciation	10,068	-	-	10,068
Maintenance	15,268	2,422	2,258	19,948
Utilities	29,426	4,667	4,352	38,445
Depreciation - Other	49,603	7,867	7,336	64,806
Volunteer Activity	199	-	-	199
Insurance	10,910	1,730	1,614	14,254
Miscellaneous	3,270	519	484	4,273
Postage	2,686	426	397	3,509
Strategic Planning and Professional Fundraising Fees	8,821	1,399	74,430	84,650
Newsletter	16,196	-	24,618	40,814
Advertising	6,147	-	4,098	10,245
Professional Fees and Dues	17,550	2,783	2,595	22,928
Bank Charges	11,071	-	1,688	12,759
Property Taxes	1,202	191	178	1,571
Investment Expense	-	13,832	-	13,832
Total	\$ 1,145,294	\$ 139,053	\$ 220,293	\$ 1,504,640

The accompanying notes are an integral part of these financial statements.

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
(SICSA)**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 663,575	\$ 78,068	\$ 39,034	\$ 780,677
Medical Supplies	53,929	-	-	53,929
Animal Supplies	18,053	-	-	18,053
Office Expenses	22,641	2,664	1,332	26,637
Veterinary Care	23,962	-	-	23,962
Spay/Neuter	165,632	-	-	165,632
Spay/Neuter - Depreciation	8,720	-	-	8,720
Maintenance	17,195	2,023	1,011	20,229
Utilities	30,387	3,575	1,787	35,749
Depreciation - Other	49,831	5,862	2,931	58,624
Volunteer Activity	1,510	-	79	1,589
Insurance	14,382	1,692	846	16,920
Miscellaneous	4,010	-	-	4,010
Postage	1,946	229	114	2,289
Strategic Planning and Professional Fundraising Fees	9,862	1,160	60,080	71,102
Newsletter	38,581	-	6,808	45,389
Advertising	9,127	-	2,282	11,409
Professional Fees and Dues	3,292	16,072	-	19,364
Bank Charges	8,752	-	1,544	10,296
Property Taxes	-	-	-	-
Investment Expense	-	17,291	-	17,291
Total	\$ 1,145,387	\$ 128,636	\$ 117,848	\$ 1,391,871

The accompanying notes are an integral part of these financial statements.

**SOCIETY FOR THE IMPROVEMENT OF
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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 780,993	\$ 774,045
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	74,874	67,344
Donated Stock	(990,857)	-
Donated Property and Equipment	-	(3,500)
Realized and Unrealized Loss (Gain) on Investments	(92,992)	80,747
	(227,982)	918,636
Changes in Operating Assets and Liabilities:		
Sponsorships Receivable	(2,750)	(1,000)
Contributions Receivable	850,236	(1,022,212)
Prepaid Expenses	(3,574)	6,062
Accounts Payable	(20,495)	(36,111)
Sales Tax Payable	(148)	(131)
Accrued Payroll and Payroll Taxes	8,951	4,065
Deferred Grant Income	(11,700)	(40,017)
Other Deferred Income	-	(4,195)
Net Cash Provided (Used) by Operating Activities	592,538	(174,903)
<u>INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(164,378)	(105,260)
Proceeds from Sales of Investments	1,049,631	819,830
Purchases of Investments	(1,200,869)	(767,848)
Net Cash Used by Investing Activities	(315,616)	(53,278)
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	276,922	(228,181)
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	214,791	442,972
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	\$ 491,713	\$ 214,791

No cash was paid for interest or income taxes for the years ended December 31, 2016 and 2015.

The accompanying notes are an integral part of these financial statements.

**SOCIETY FOR THE IMPROVEMENT OF
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(SICSA)**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of SICSA (the “Organization”) is presented to assist in understanding the Organization's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

SICSA was organized and incorporated in 1974, and strives to help neglected cats and dogs. The Organization’s mission is to promote the welfare of dogs and cats through a comprehensive effort to include: educating pet owners, advancing spaying/neutering, and placing companion animals in appropriate homes. In addition to the pet adoption program, the Organization offers the following community services: lost and found registry, cat ID program, dog training classes, pet facilitated therapy program, spay/neuter assistance program, pet bereavement support group, and public education. The Organization receives support in the form of contributions from the community, various program service fees such as spay/neuter fees, dog and cat placement fees, license sales, training fees and gift shop sales.

Basis of Presentation

The Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets. The Organization has temporarily restricted net assets as of December 31, 2016 and 2015. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

The Organization considers all checking and savings accounts to be cash equivalents.

Sponsorships Receivable

Due to the nature and aging of all sponsorships receivable, management believes that all amounts will be collectible. Therefore, no allowance for doubtful accounts is considered necessary.

Contributions Receivable

Contributions receivable consists of unconditional promises to give and are recorded in the year the promise is made. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 3%. The discount will be recognized as contributions revenue in future years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of the fund-raising activity.

Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are measured at fair value in the statements of financial position.

Unrealized gains and losses on investments are reported in the statements of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property and Equipment

Property and equipment is recorded at cost when purchased, and at fair value when received as a donation. The Organization capitalizes all expenditures in excess of \$500 for property and equipment. Property and equipment is depreciated or amortized as follows:

	<u>Life (in Years)</u>	<u>Method</u>
Building	39	Straight-Line
Building Improvements	7 - 39	Straight-Line
Kennel and Other Equipment	3 - 7	MACRS/Straight-Line

The MACRS method of depreciation is not significantly different from accelerated depreciation in accordance with generally accepted accounting principles. Routine maintenance, repairs and renewals are charged to expense as incurred. Renewals and betterments which substantially increase the life of property and equipment are capitalized. At retirement or sale, the costs of the assets, less related accumulated depreciation or amortization, are removed from the accounts and the resulting gains and losses are included in income.

Depreciation expense for the years ended December 31, 2016 and 2015 was \$74,873 and \$67,344, respectively.

Deferred Grant and Other Income

Deferred grant income represents grant monies received in advance for spay/neuter services to be provided in a future period. Other deferred income includes sponsorship income from advertising sales for future SICSA calendars and sponsorship income for future fundraising events which are deferred and recognized in the period in which they relate.

Income Taxes

SICSA is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is presented in these financial statements.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Uncertainty in Income Taxes

The Organization has evaluated the tax positions it has taken, or expects to take, in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Generally accepted accounting principles require the benefit arising from an uncertain tax position to be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy as of December 31, 2016.

The federal tax returns of the Organization for 2014, 2015 and 2016 are subject to examination by the taxing authority, generally for three years after the due date.

Advertising Expense

Advertising costs are expensed as incurred and totaled \$10,245 and \$11,409 for the years ended December 31, 2016 and 2015, respectively.

Concentration of Contribution Revenue

For the year ended December 31, 2015, approximately 46% of the Organization's contribution revenue came from one donor. The receivable from this donor was \$9,143 and \$1,000,000 at December 31, 2016 and 2015, respectively.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

2. INVESTMENTS:

The investments consist of the following at December 31, 2016 and 2015:

	2016			Estimated Fair Value
	Cost	Net Unrealized Gains	Net Unrealized Losses	
Unrestricted:				
Mutual Funds	\$ 1,153,600	\$ 2,554	\$ 0	\$ 1,156,154
Exchange Traded Funds	1,080,190	0	(26,741)	1,053,449
Corporate Equity Securities	253,214	38,859	0	292,073
Pooled Separate Accounts	71,980	49,883	0	121,863
	\$ 2,558,984	\$ 91,296	\$ (26,741)	\$ 2,623,539
	2015			
	Cost	Net Unrealized Gains	Net Unrealized Losses	Estimated Fair Value
Unrestricted:				
Mutual Funds	\$ 0	\$ 0	\$ 0	\$ 0
Exchange Traded Funds	1,081,704	0	(91,377)	990,327
Corporate Equity Securities	259,312	15,818	0	275,130
Pooled Separate Accounts	76,098	46,897	0	122,995
	\$ 1,417,114	\$ 62,715	\$ (91,377)	\$ 1,388,452

3. FAIR VALUE MEASUREMENTS:

Accounting standards have a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles. These standards apply whenever other authoritative literature requires (or permits) certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist of trading securities. The Organization also uses fair value concepts to test various long lived assets for impairment, in the event a triggering event has occurred.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

3. FAIR MARKET MEASUREMENTS (CONTINUED):

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction, between market participants at the measurement date in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Organization uses valuation techniques in a consistent manner from year-to-year.

Fair values of the Organizations financial assets measured on a recurring basis as December 31, 2016 and 2015 are as follows:

	2016			
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Mutual Funds	\$ 1,156,154	\$ 1,156,154	\$ 0	\$ 0
Exchange Traded Funds	1,053,449	1,053,449	0	0
Corporate Equity				
Securities	292,073	292,073	0	0
Pooled Separate Accounts	<u>121,863</u>	<u>0</u>	<u>121,863</u>	<u>0</u>
	<u>\$ 2,623,539</u>	<u>\$ 2,501,676</u>	<u>\$ 121,863</u>	<u>\$ 0</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

3. FAIR MARKET MEASUREMENTS (CONTINUED):

	2015			
Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments				
Exchange Traded Funds	\$ 990,327	\$ 990,327	\$ 0	\$ 0
Corporate Equity				
Securities	275,130	275,130	0	0
Pooled Separate Accounts	<u>122,995</u>	<u>0</u>	<u>122,995</u>	<u>0</u>
	<u>\$ 1,388,452</u>	<u>\$ 1,265,457</u>	<u>\$ 122,995</u>	<u>\$ 0</u>

4. PROPERTY AND EQUIPMENT:

	2016	2015
Land	\$ 79,817	\$ 79,817
Buildings	1,618,950	1,618,950
Building Improvements	157,217	157,217
Kennel Equipment	90,952	84,258
Other Equipment	240,343	257,608
Construction in Process	<u>135,565</u>	<u>0</u>
	2,322,844	2,197,850
Less Accumulated Depreciation	<u>(736,843)</u>	<u>(701,353)</u>
Total	<u>\$1,586,001</u>	<u>\$1,496,497</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

5. TEMPORARILY RESTRICTED NET ASSETS:

Substantially all of the restrictions on net assets for the years ended December 31, 2016 and 2015 relate to funds raised through public support.

Temporarily restricted assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions:		
Capital Campaign for New Building	\$1,069,210	\$1,001,636
ASCPA Foster Ambassador Program	0	1,627
Subsidized Adoptions, Spay/Neuter Services and Medical Animal Care	0	2,856
Pre-Adoption Dog Enrichment	<u>15,000</u>	<u>0</u>
Total	<u>\$1,084,210</u>	<u>\$1,006,119</u>

6. CONTRIBUTIONS:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donated items and services are reflected as contributions in the accompanying statements of activities at their estimated values at date of receipt. Donated items include dog and cat pet food, cabinets, and donated vehicles. Donated Services consist primarily of professional fees. A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fund-raising campaigns. However, these amounts have not been recognized in the statements of activities because the criteria for recognition has not been met.

Donated items and services of \$31,225 and \$15,219 were recorded in the statement of activities for the years ended December 31, 2016 and 2015, respectively.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

7. PROMISES TO GIVE:

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates (3%) applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

8. OPERATING LEASE:

The Organization leased a copier under an operating lease that required monthly payments of \$652 and expired in May 2015. Lease expense, including copier maintenance and copying charges, was \$0 and \$7,389 for the years ended December 31, 2016 and 2015, respectively.

9. CONCENTRATIONS OF CREDIT RISK:

The Organization's cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's uninsured cash balances totaled \$186,679 and \$0 at December 31, 2016 and 2015, respectively.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization's financial statements.

10. RETIREMENT PLAN:

The Organization has a SIMPLE individual retirement account (IRA). The plan matches employee deferrals up to 3% of compensation for eligible participants. Match expense for the years ended December 31, 2016 and 2015 were \$8,096 and \$7,160, respectively.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

11. SUBSEQUENT EVENT:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 23, 2017, the date the financial statements were available to be issued.

The Organization began a capital campaign in 2015 to expand its operations by acquiring land and constructing a new facility as noted in Note 5. The Organization has an executed contract to purchase land that is contingent on environmental approval.



Certified Public Accountants

Business Advisors

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Society for the Improvement of Conditions for Stray Animals
(SICSA)
Kettering, Ohio

We have audited the financial statements of the Society for the Improvement of Conditions for Stray Animals (SICSA) (a nonprofit organization) as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon dated August 23, 2017. Our audits were performed for the purpose of forming an opinion of the financial statements as a whole. The schedules of revenues, gains, and other support for the years ended December 31, 2016 and 2015, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Goldshot, Lamb & Hobbs, Inc.

August 23, 2017

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
(SICSA)**

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<u>CONTRIBUTIONS</u>		
General Donations	\$ 489,851	\$ 455,734
Capital Campaign Contributions	305,861	1,024,712
Grant Income	109,564	65,415
Estates and Trusts	605,627	111,182
Total Contributions (including restricted contributions of \$381,107 and \$1,074,993, respectively)	\$ 1,510,903	\$ 1,657,043
 <u>UNITED WAY AND COMBINED FEDERAL CAMPAIGN</u>		
	\$ 31,214	\$ 27,251
 <u>SPECIAL EVENTS</u>		
Calendar Sale Income	\$ -	\$ 444
Calendar Sale Expense	-	-
Net Calendar Sales	-	444
 Cat's Meow Auction Income	 56,686	 68,050
Cat's Meow Auction Expense	(21,474)	(21,306)
Net Cat's Meow Auction	35,212	46,744
 Red Dog Racer Income	 4,444	 5,100
Red Dog Racer Expense	(613)	(538)
Net Red Dog Racer	3,831	4,562
 Lift Your Leg Walk Income	 68,582	 65,750
Lift Your Leg Walk Expense	(24,556)	(22,287)
Net Lift Your Leg Walk	44,026	43,463
 A Night to Remember Income	 1,545	 2,899
A Night to Remember Expense	(972)	(923)
Net A Night to Remember	573	1,976
 Friends of SICSA Income	 25,610	 26,779
Friends of SICSA Expense	(3,617)	(3,656)
Net Friends of SICSA	21,993	23,123

See independent auditor's report on supplementary information.

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
(SICSA)**

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT (CONTINUED)

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<u>SPECIAL EVENTS (Continued)</u>		
Kroger Community Rewards Income	12,795	17,752
Kroger Community Rewards Expense	-	-
Net Kroger Community Rewards	12,795	17,752
Humane Education Income	49,128	40,771
Humane Education Expense	(8,895)	(6,934)
Net Humane Education	40,233	33,837
Other Events - Net	26,835	23,396
Total Special Events - Net	\$ 185,498	\$ 195,297
<u>PROGRAM SERVICE FEES</u>		
Spay/Neuter Income	\$ 161,349	\$ 112,569
Dog Placement	137,224	121,395
Cat Placement	64,601	47,327
Intake Fees	32,603	26,711
Microchip Fund	3,095	5,802
License Sales	2,400	3,154
Wellness Program Fees	12,896	-
Gift Shop	10,179	13,760
Total Program Service Fees	\$ 424,347	\$ 330,718
<u>OTHER INCOME</u>		
Investment Income	42,427	35,503
Net Realized and Unrealized Gain (Loss) on Investments	92,992	(80,747)
Miscellaneous Income (Expense) - Net	(1,748)	851
Total Other Income	\$ 133,671	\$ (44,393)
Total Revenues, Gains and Other Support	\$ 2,285,633	\$ 2,165,916

See independent auditor's report on supplementary information.