

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

(SICSA)

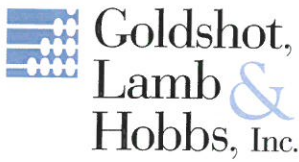
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

**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, 2017 and 2016, 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, 2017 and 2016, 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, Inc.

July 6, 2018

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 745,958	\$ 491,713
Sponsorships Receivable (No Allowance)	11,150	10,000
Contributions Receivable (No Allowance)	223,076	57,216
Investments	2,431,178	2,623,539
Prepaid Expenses	130,409	7,379
Total Current Assets	<u>3,541,771</u>	<u>3,189,847</u>
<u>PROPERTY AND EQUIPMENT - NET</u>	<u>2,281,126</u>	<u>1,586,001</u>
<u>OTHER ASSETS</u>		
Contributions Receivable - Two to Five Years	<u>253,389</u>	<u>114,760</u>
TOTAL ASSETS	<u><u>\$ 6,076,286</u></u>	<u><u>\$ 4,890,608</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 62,893	\$ 19,322
Sales Tax Payable	487	424
Accrued Payroll and Payroll Taxes	37,245	33,357
Deferred Grant Income	58,648	8,769
Deferred Sponsorship Income	14,750	-
Total Current Liabilities	<u>174,023</u>	<u>61,872</u>
<u>NET ASSETS</u>		
Unrestricted	5,078,308	3,744,526
Temporarily Restricted	823,955	1,084,210
Total Net Assets	<u>5,902,263</u>	<u>4,828,736</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,076,286</u></u>	<u><u>\$ 4,890,608</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, 2017 AND 2016

	2017	2016
<u>UNRESTRICTED NET ASSETS</u>		
Revenues, Gains and Other Support:		
Contributions	\$ 1,063,904	\$ 1,129,796
United Way and Combined Federal Campaign	27,396	31,214
Special Events		
(Net of Expenses of \$62,644 and \$63,986, respectively)	199,557	185,498
Program Service Fees	432,871	424,347
Investment Income	58,668	42,427
Net Realized and Unrealized Gain on Investments	190,380	92,992
Loss on Disposal of Assets	(5,234)	-
Miscellaneous Income (Expense) - Net	2,121	(1,748)
Net Assets Released from Restriction	956,573	303,016
Total Unrestricted Revenues, Gains and Other Support	2,926,236	2,207,542
<u>EXPENSES</u>		
Program Services	1,223,018	1,145,294
Supporting Services:		
Management and General	167,131	139,053
Fundraising	202,305	220,293
Total Unrestricted Expenses	1,592,454	1,504,640
<u>INCREASE IN UNRESTRICTED NET ASSETS</u>	1,333,782	702,902
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	696,318	381,107
Net Assets Released from Restriction	(956,573)	(303,016)
<u>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</u>	(260,255)	78,091
<u>CHANGE IN NET ASSETS</u>	1,073,527	780,993
<u>NET ASSETS - BEGINNING OF YEAR</u>	4,828,736	4,047,743
<u>NET ASSETS - END OF YEAR</u>	\$ 5,902,263	\$ 4,828,736

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, 2017

	Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 678,000	\$ 123,077	\$ 97,293	\$ 898,370
Medical Supplies	78,048	-	-	78,048
Animal Supplies	23,164	-	-	23,164
Office Expenses	19,289	2,777	2,376	24,442
Veterinary Care	24,963	-	-	24,963
Spay/Neuter	211,578	-	-	211,578
Spay/Neuter - Depreciation	9,980	-	-	9,980
Maintenance	18,673	2,688	2,300	23,661
Utilities	29,411	4,234	3,622	37,267
Depreciation - Other	50,898	7,327	6,269	64,494
Volunteer Activity	1,275	-	-	1,275
Insurance	12,433	1,790	1,531	15,754
Miscellaneous	9,480	1,365	1,168	12,013
Postage	2,473	356	305	3,134
Strategic Planning and Professional				
Fundraising Fees	-	-	53,559	53,559
Newsletter	15,212	-	24,005	39,217
Advertising	9,074	-	6,049	15,123
Professional Fees and Dues	17,639	2,539	2,173	22,351
Bank Charges	10,188	-	1,502	11,690
Property Taxes	1,240	178	153	1,571
Investment Expense	-	20,800	-	20,800
Total	<u>\$ 1,223,018</u>	<u>\$ 167,131</u>	<u>\$ 202,305</u>	<u>\$ 1,592,454</u>

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

**SOCIETY FOR THE IMPROVEMENT OF
CONDITIONS FOR STRAY ANIMALS
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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	<u>\$ 1,145,294</u>	<u>\$ 139,053</u>	<u>\$ 220,293</u>	<u>\$ 1,504,640</u>

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, 2017 AND 2016

	2017	2016
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 1,073,527	\$ 780,993
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	74,474	74,874
Donated Stock	-	(990,857)
Donated Pet Food	(110,770)	-
Donated Computer Equipment	(1,250)	-
Loss on Disposal of Assets	5,234	-
Realized and Unrealized (Gain) on Investments	(191,328)	(92,992)
	849,887	(227,982)
Changes in Operating Assets and Liabilities:		
Sponsorships Receivable	(1,150)	(2,750)
Contributions Receivable	(304,489)	850,236
Prepaid Expenses	(12,260)	(3,574)
Accounts Payable	43,571	(20,495)
Sales Tax Payable	63	(148)
Accrued Payroll and Payroll Taxes	3,888	8,951
Deferred Grant Income	49,879	(11,700)
Deferred Sponsorship Income	14,750	-
Net Cash Provided by Operating Activities	644,139	592,538
<u>INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(773,583)	(164,378)
Proceeds from Sales of Investments	837,048	1,049,631
Purchases of Investments	(453,359)	(1,200,869)
Net Cash Used by Investing Activities	(389,894)	(315,616)
<u>INCREASE IN CASH AND CASH EQUIVALENTS</u>	254,245	276,922
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	491,713	214,791
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	\$ 745,958	\$ 491,713

No cash was paid for interest or income taxes for the years ended December 31, 2017 and 2016.

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, 2017 AND 2016

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

Organized and incorporated in 1974, SICSA’s mission is to promote the welfare and adoption of companion animals, and to nurture loving, lifelong relationships between animals and people. SICSA offers numerous animal-centered programs and services including: caring for stray and unwanted companion animals until they can be re-homed; high-quality medical care, nutrition, socialization, training and support for animals awaiting placement; expert and easily-accessible matching and adoption services; experienced and low-cost spay and neuter services for low and moderate income families in our community; professional humane education programs for children, youth and adults to help inform and promote issues around animal welfare and pet owner responsibility; and community involvement through volunteerism for young people and adults. The Organization receives support in the form of contributions from the community and various program service fees (spay/neuter, intake, and adoption).

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, 2017 and 2016. 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, 2017 AND 2016

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, 2017 AND 2016

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, 2017 and 2016 was \$74,474 and \$74,874, respectively.

Deferred Grant, Sponsorship 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 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, 2017 AND 2016

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, 2017.

The federal tax returns of the Organization for 2016, 2015 and 2014 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 \$15,123 and \$10,245 for the years ended December 31, 2017 and 2016, respectively.

Concentration of Contribution Revenue

For the year ended December 31, 2017, approximately 11% of the Organization's contribution revenue came from one donor.

Date of Management's Review

Subsequent events have been evaluated through July 6, 2018, which is the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

2. INVESTMENTS:

The investments consist of the following at December 31, 2017 and 2016:

	2017			Estimated Fair Value
	Cost	Net Unrealized Gains	Net Unrealized Losses	
Unrestricted:				
Mutual Funds	\$ 779,598	\$ 0	\$ (2,340)	\$ 777,258
Exchange Traded Funds	1,076,135	84,005	0	1,160,140
Corporate Equity Securities	258,427	101,200	0	359,627
Pooled Separate Accounts	<u>67,831</u>	<u>66,322</u>	<u>0</u>	<u>134,153</u>
	<u>\$ 2,181,991</u>	<u>\$ 251,527</u>	<u>\$ (2,340)</u>	<u>\$ 2,431,178</u>
	2016			
	Cost	Net Unrealized Gains	Net Unrealized Losses	Estimated Fair Value
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	<u>71,980</u>	<u>49,883</u>	<u>0</u>	<u>121,863</u>
	<u>\$ 2,558,984</u>	<u>\$ 91,296</u>	<u>\$ (26,741)</u>	<u>\$ 2,623,539</u>

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.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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, 2017 and 2016 are as follows:

	2017			
	<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	\$ 777,258	\$ 777,258	\$ 0	\$ 0
Exchange Traded Funds	1,160,140	1,160,140	0	0
Corporate Equity				
Securities	359,627	359,627	0	0
Pooled Separate Accounts	<u>134,153</u>	<u>0</u>	<u>134,153</u>	<u>0</u>
	<u>\$ 2,431,178</u>	<u>\$ 2,297,025</u>	<u>\$ 134,153</u>	<u>\$ 0</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

3. FAIR MARKET MEASUREMENTS (CONTINUED):

	2016			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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>

4. PROPERTY AND EQUIPMENT:

	2017	2016
Land	\$ 79,817	\$ 79,817
Buildings	1,618,950	1,618,950
Building Improvements	157,217	157,217
Kennel Equipment	90,952	90,952
Other Equipment	231,172	240,343
Construction in Process	<u>905,807</u>	<u>135,565</u>
	3,083,915	2,322,844
Less Accumulated Depreciation	<u>(802,789)</u>	<u>(736,843)</u>
Total	<u>\$2,281,126</u>	<u>\$1,586,001</u>

5. TEMPORARILY RESTRICTED NET ASSETS:

Substantially all of the restrictions on net assets for the years ended December 31, 2017 and 2016 relate to funds raised through public support.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

5. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED):

Temporarily restricted assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Purpose Restrictions:		
Capital Campaign for New Building	\$ 790,494	\$1,069,210
Intake Diversion / Keep Them Home Program	15,871	0
Satellite Cats Program	10,667	0
'Cat' inuing Education and Enrichment Program	4,000	0
Brown Campership Fund	1,525	0
Hurricane Harvey Relief Fund	1,398	0
Pre-Adoption Dog Enrichment	<u>0</u>	<u>15,000</u>
Total	<u>\$ 823,955</u>	<u>\$1,084,210</u>

6. BOARD DESIGNATED NET ASSETS:

As of December 31, 2017 and 2016, the Board of Trustees had designated \$700,000 and \$400,000, respectively, of unrestricted net assets as a general endowment fund to support the capital campaign for construction of a new facility. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Changes in endowment net assets for the year ended December 31, 2017 and 2016, are as follows:

	<u>2017</u>			<u>Total Net</u>
	<u>Board</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Endowment</u>
	<u>Designated</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Assets</u>
Endowment Net Assets,				
Beginning of Year	\$ 400,000	\$ 1,084,210	\$ 0	\$ 1,484,210
Contributions/Income	300,000	696,318	0	996,318
Investment Income	0	0	0	0
Net Appreciation	0	0	0	0
Amounts Appropriated				
For Expenditure	<u>0</u>	<u>(956,573)</u>	<u>0</u>	<u>(956,573)</u>
Endowment Net Assets,				
End of Year	<u>\$ 700,000</u>	<u>\$ 823,955</u>	<u>\$ 0</u>	<u>\$ 1,523,955</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

6. BOARD DESIGNATED NET ASSETS (CONTINUED):

Changes in endowment net assets for the year ended December 31, 2016, are as follows:

	2016			Total Net Endowment Assets
	Board Designated	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 0	\$ 1,006,119	\$ 0	\$ 1,006,119
Contributions/Income	400,000	381,107	0	781,107
Investment Income	0	0	0	0
Net Appreciation	0	0	0	0
Amounts Appropriated For Expenditure	<u>0</u>	<u>(303,016)</u>	<u>0</u>	<u>(303,016)</u>
Endowment Net Assets, End of Year	<u>\$ 400,000</u>	<u>\$ 1,084,210</u>	<u>\$ 0</u>	<u>\$ 1,484,210</u>

7. 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 reposting 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, furniture and equipment, 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

7. CONTRIBUTIONS (CONTINUED):

Donated items and services of \$125,515 and \$31,225 were recorded in the statement of activities for the years ended December 31, 2017 and 2016, respectively.

8. PROMISES TO GIVE:

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.

Unconditional promises to give at December 31, 2017 and 2016 are as follows:

	2017	2016
Receivable in Less than One Year	\$ 229,770	\$ 58,932
Receivable in Two to Five Years	274,620	125,240
Total Unconditional Promises to Give	504,390	184,172
Less Discounts to Net Present Value	(27,925)	(12,196)
Less Allowance for Uncollectible Promises Receivable	(0)	(0)
Net Unconditional Promises to Give	\$ 476,465	\$ 171,976

Conditional promises to give at December 31, 2017 consist of a \$500,000 match for the construction of the new facility. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met.

9. 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, 2017 and 2016 were \$13,982 and \$8,096, respectively.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

10. 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 balances totaled \$362,923 and \$186,679 at December 31, 2017 and 2016, 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.

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, 2017 and 2016, and have issued our report thereon dated July 6, 2018. 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, 2017 and 2016, 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.

July 6, 2018

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

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<u>CONTRIBUTIONS</u>		
General Donations	\$ 588,346	\$ 489,851
Capital Campaign Contributions	869,744	305,861
Grant Income	54,204	109,564
Estates and Trusts	247,928	605,627
Total Contributions (including restricted contributions of \$696,318 and \$381,107, respectively)	\$ 1,760,222	\$ 1,510,903
<u>UNITED WAY AND COMBINED FEDERAL CAMPAIGN</u>	\$ 27,396	\$ 31,214
<u>SPECIAL EVENTS</u>		
Cat's Meow Auction Income	\$ 77,504	\$ 56,686
Cat's Meow Auction Expense	(26,409)	(21,474)
Net Cat's Meow Auction	51,095	35,212
Red Dog Racer Income	5,307	4,444
Red Dog Racer Expense	(600)	(613)
Net Red Dog Racer	4,707	3,831
Lift Your Leg Walk Income	53,768	68,582
Lift Your Leg Walk Expense	(18,482)	(24,556)
Net Lift Your Leg Walk	35,286	44,026
A Night to Remember Income	2,728	1,545
A Night to Remember Expense	(1,612)	(972)
Net A Night to Remember	1,116	573
Friends of SICSA Income	29,774	25,610
Friends of SICSA Expense	(2,498)	(3,617)
Net Friends of SICSA	27,276	21,993

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>SPECIAL EVENTS (Continued)</u>		
Kroger Community Rewards Income	11,927	12,795
Kroger Community Rewards Expense	-	-
Net Kroger Community Rewards	<u>11,927</u>	<u>12,795</u>
Humane Education Income	46,661	49,128
Humane Education Expense	<u>(9,232)</u>	<u>(8,895)</u>
Net Humane Education	<u>37,429</u>	<u>40,233</u>
Other Events - Net	<u>30,721</u>	<u>26,835</u>
Total Special Events - Net	<u>\$ 199,557</u>	<u>\$ 185,498</u>
<u>PROGRAM SERVICE FEES</u>		
Spay/Neuter Income	\$ 156,615	\$ 161,349
Dog Placement	141,602	137,224
Cat Placement	69,376	64,601
Intake Fees	29,143	32,603
Microchip Fund	2,522	3,095
License Sales	1,109	2,400
Wellness Program Fees	21,801	12,896
Gift Shop	<u>10,703</u>	<u>10,179</u>
Total Program Service Fees	<u>\$ 432,871</u>	<u>\$ 424,347</u>
<u>OTHER INCOME</u>		
Investment Income	\$ 58,668	\$ 42,427
Net Realized and Unrealized Gain on Investments	190,380	92,992
Loss on Disposal of Assets	(5,234)	-
Miscellaneous Income (Expense) - Net	<u>2,121</u>	<u>(1,748)</u>
Total Other Income	<u>\$ 245,935</u>	<u>\$ 133,671</u>
Total Revenues, Gains and Other Support	<u>\$ 2,665,981</u>	<u>\$ 2,285,633</u>

See independent auditor's report on supplementary information.