

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

(SICSA)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**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, 2018 and 2017, 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, 2018 and 2017, 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.

September 4, 2019

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>	
	2018	2017
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 2,833,437	\$ 745,958
Sponsorships Receivable (No Allowance)	6,250	11,150
Contributions Receivable (No Allowance)	255,242	223,076
Investments	1,260,564	2,431,178
Prepaid Expenses	89,624	130,409
Total Current Assets	4,445,117	3,541,771
<u>PROPERTY AND EQUIPMENT - NET</u>	2,596,331	2,281,126
<u>OTHER ASSETS</u>		
Contributions Receivable - Two to Five Years	227,836	253,389
TOTAL ASSETS	\$ 7,269,284	\$ 6,076,286
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 71,722	\$ 62,893
Sales Tax Payable	745	487
Accrued Payroll and Payroll Taxes	48,882	37,245
Deferred Grant Income	40,618	58,648
Deferred Sponsorship Income	9,135	14,750
Total Current Liabilities	171,102	174,023
<u>NET ASSETS</u>		
Without Donor Restrictions	5,849,587	5,078,308
With Donor Restrictions	1,248,595	823,955
Total Net Assets	7,098,182	5,902,263
TOTAL LIABILITIES AND NET ASSETS	\$ 7,269,284	\$ 6,076,286

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, 2018 AND 2017

	2018	2017
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues, Gains and Other Support:		
Contributions	\$ 1,394,965	\$ 1,063,904
United Way and Combined Federal Campaign	21,522	27,396
Special Events (Net of Expenses of \$60,899 and \$62,644, respectively)	223,229	199,557
Program Service Fees	543,924	432,871
Investment Income	62,658	58,668
Net Realized and Unrealized Gain (Loss) on Investments	(128,974)	190,380
Loss on Disposal of Assets	-	(5,234)
Miscellaneous Income (Expense) - Net	(2,225)	2,121
Net Assets Released from Restriction	572,332	956,573
Total Revenues, Gains and Other Support	2,687,431	2,926,236
<u>EXPENSES</u>		
Program Services	1,633,906	1,344,794
Supporting Services:		
Management and General	63,098	81,777
Fundraising	219,148	165,883
Total Expenses	1,916,152	1,592,454
<u>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	771,279	1,333,782
<u>NET ASSETS WITH DONOR RESTRICTIONS</u>		
Contributions	996,972	696,318
Net Assets Released from Restriction	(572,332)	(956,573)
<u>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</u>	424,640	(260,255)
<u>CHANGE IN NET ASSETS</u>	1,195,919	1,073,527
<u>NET ASSETS - BEGINNING OF YEAR</u>	5,902,263	4,828,736
<u>NET ASSETS - END OF YEAR</u>	\$ 7,098,182	\$ 5,902,263

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, 2018

	Adoption and Prevention Services	Spay / Neuter Services	Humane Education	Total Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 535,347	\$ 154,141	\$ 58,712	\$ 748,200	\$ 34,094	\$ 63,704	\$ 845,998
Medical Supplies	-	-	82,135	82,135	-	-	82,135
Animal Supplies	61,606	-	-	61,606	-	-	61,606
Office Expenses	17,875	5,146	1,960	24,981	1,138	2,127	28,246
Veterinary Care	27,102	-	-	27,102	-	-	27,102
Spay/Neuter	-	451,736	-	451,736	-	-	451,736
Spay/Neuter - Depreciation	-	9,358	-	9,358	-	-	9,358
Maintenance	15,290	4,403	1,677	21,370	974	1,819	24,163
Utilities	24,140	6,951	2,648	33,739	1,537	2,873	38,149
Depreciation - Other	39,845	11,472	4,370	55,687	2,538	4,741	62,966
Volunteer Activity	852	-	-	852	-	-	852
Insurance	9,885	2,846	1,084	13,815	630	1,176	15,621
Miscellaneous	27,695	7,974	3,037	38,706	1,764	3,296	43,766
Postage	2,276	656	250	3,182	145	271	3,598
Professional Fundraising Fees	-	-	-	-	-	101,250	101,250
Newsletter	19,200	339	170	19,709	-	30,836	50,545
Advertising	2,009	2,008	2,008	6,025	-	4,016	10,041
Professional Fees and Dues	15,240	4,388	1,671	21,299	970	1,813	24,082
Bank Charges	9,312	2,681	1,021	13,014	593	1,108	14,715
Property Taxes	995	286	109	1,390	63	118	1,571
Investment Expense	-	-	-	-	18,652	-	18,652
Total	\$ 808,669	\$ 664,385	\$ 160,852	\$ 1,633,906	\$ 63,098	\$ 219,148	\$ 1,916,152

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

	Adoption and Prevention Services	Spay / Neuter Services	Humane Education	Total Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 601,099	\$ 117,327	\$ 64,503	\$ 782,929	\$ 49,141	\$ 66,300	\$ 898,370
Medical Supplies	-	-	78,048	78,048	-	-	78,048
Animal Supplies	23,164	-	-	23,164	-	-	23,164
Office Expenses	16,354	3,192	1,755	21,301	1,337	1,804	24,442
Veterinary Care	24,963	-	-	24,963	-	-	24,963
Spay/Neuter	-	211,578	-	211,578	-	-	211,578
Spay/Neuter - Depreciation	-	9,980	-	9,980	-	-	9,980
Maintenance	15,832	3,090	1,699	20,621	1,294	1,746	23,661
Utilities	24,935	4,867	2,676	32,478	2,039	2,750	37,267
Depreciation - Other	43,152	8,423	4,631	56,206	3,528	4,760	64,494
Volunteer Activity	1,275	-	-	1,275	-	-	1,275
Insurance	10,541	2,057	1,131	13,729	862	1,163	15,754
Miscellaneous	8,037	1,569	863	10,469	657	887	12,013
Postage	2,098	409	225	2,732	171	231	3,134
Professional Fundraising Fees	-	-	-	-	-	53,559	53,559
Newsletter	14,738	316	158	15,212	-	24,005	39,217
Advertising	3,024	3,025	3,025	9,074	-	6,049	15,123
Professional Fees and Dues	14,954	2,919	1,605	19,478	1,223	1,650	22,351
Bank Charges	7,822	1,527	839	10,188	639	863	11,690
Property Taxes	1,051	205	113	1,369	86	116	1,571
Investment Expense	-	-	-	-	20,800	-	20,800
Total	\$ 813,039	\$ 370,484	\$ 161,271	\$ 1,344,794	\$ 81,777	\$ 165,883	\$ 1,592,454

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, 2018 AND 2017

	2018	2017
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 1,195,919	\$ 1,073,527
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	72,324	74,474
Donated Pet Food	-	(110,770)
Donated Equipment	(5,975)	(1,250)
Loss on Disposal of Assets	-	5,234
Realized and Unrealized (Gain) Loss on Investments	128,974	(191,328)
	1,391,242	849,887
Changes in Operating Assets and Liabilities:		
Sponsorships Receivable	4,900	(1,150)
Contributions Receivable	(6,613)	(304,489)
Prepaid Expenses	40,785	(12,260)
Accounts Payable	8,829	43,571
Sales Tax Payable	258	63
Accrued Payroll and Payroll Taxes	11,637	3,888
Deferred Grant Income	(18,030)	49,879
Deferred Sponsorship Income	(5,615)	14,750
Net Cash Provided by Operating Activities	1,427,393	644,139
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(381,554)	(773,583)
Proceeds from Sales of Investments	2,837,266	837,048
Purchases of Investments	(1,795,626)	(453,359)
Net Cash Provided (Used) by Investing Activities	660,086	(389,894)
<u>INCREASE IN CASH AND CASH EQUIVALENTS</u>	2,087,479	254,245
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	745,958	491,713
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	\$ 2,833,437	\$ 745,958

No cash was paid for interest or income taxes for the years ended December 31, 2018 and 2017.

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

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 financial statements of the have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of SICSA’s management and the board of trustees.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SICSA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common among multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied. Employee and related costs, office expenses, maintenance, utilities, insurance, miscellaneous, postage, strategic planning, professional fees and dues, and property taxes are allocated based on time and effort.

Cash and Cash Equivalents

The Organizations cash consists of cash on deposits with banks. Cash equivalents represent money market funds, which are held in the investment portfolio for long-term purposes.

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

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 their 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. The interest rate used in computing the discount of the estimated future cash flows was 3%. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. 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. The Organization capitalizes all expenditures in excess of \$500 for property and equipment. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes

SICSA is exempt from income taxes under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions that require recognition or disclosure in the financial statements.

The federal tax returns of the Organization for 2017, 2016 and 2015 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 \$10,041 and \$15,123 for the years ended December 31, 2018 and 2017, respectively.

Concentration of Contribution Revenue

For the years ended December 31, 2018 and 2017, approximately 20% and 21% of the Organization's contribution revenue came from one donor, respectively.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Date of Management's Review

Subsequent events have been evaluated through September 4, 2019, which is the date the financial statements were available to be issued.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

2. INVESTMENTS:

The investments consist of the following at December 31, 2018 and 2017:

	2018			
	Cost	Net Unrealized Gains	Net Unrealized Losses	Estimated Fair Value
Unrestricted:				
Mutual Funds	\$ 450,090	\$ 0	\$ (2,903)	\$ 447,187
Exchange Traded Funds	312,943	0	(14,735)	298,208
Corporate Equity Securities	352,368	41,524	0	393,892
Pooled Separate Accounts	63,952	57,325	0	121,277
Total	\$ 1,179,353	\$ 98,849	\$ (17,638)	\$ 1,260,564
	2017			
	Cost	Net Unrealized Gains	Net Unrealized Losses	Estimated Fair Value
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	67,831	66,322	0	134,153
Total	\$ 2,181,991	\$ 251,527	\$ (2,340)	\$ 2,431,178

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

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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, 2018 and 2017 are as follows:

	2018			
	<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	\$ 447,187	\$ 447,187	\$ 0	\$ 0
Exchange Traded Funds	298,208	298,208	0	0
Corporate Equity				
Securities	393,892	393,892	0	0
Pooled Separate Accounts	<u>121,277</u>	<u>0</u>	<u>121,277</u>	<u>0</u>
Total	<u>\$ 1,260,564</u>	<u>\$ 1,139,287</u>	<u>\$ 121,277</u>	<u>\$ 0</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

3. FAIR MARKET MEASUREMENTS (CONTINUED):

	2017			
	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	\$ 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	134,153	0	134,153	0
Total	\$ 2,431,178	\$ 2,297,025	\$ 134,153	\$ 0

4. AVAILABILITY AND LIQUIDITY:

The following represents the Organization's financial assets at December 31, 2018 and 2017:

	2018	2017
Financial assets at year-end:		
Cash and Cash Equivalents	\$ 2,833,437	\$ 745,958
Investments	1,260,564	2,431,178
Contributions Receivable, Current Portion	255,242	223,076
Total Financial Assets	4,349,243	3,400,212
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,248,595	823,955
Less net assets with purpose restrictions to be met in Less than a year	0	0
Net Assets designated by the board	1,100,000	700,000
Financial assets available to meet general expenditures Less than a year	\$ 2,000,648	\$ 1,653,181

The Organization's goal is generally to maintain financial assets to meet approximately one year of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and various publicly traded bonds, equities and mutual funds.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

5. PROPERTY AND EQUIPMENT:

	2018	2017
Land	\$ 79,817	\$ 79,817
Buildings	1,618,950	1,618,950
Building Improvements	157,217	157,217
Kennel Equipment	95,452	90,952
Other Equipment	234,191	231,172
Construction in Process	<u>1,283,232</u>	<u>905,807</u>
	3,468,859	3,083,915
Less Accumulated Depreciation	<u>(872,528)</u>	<u>(802,789)</u>
Total	<u>\$2,596,331</u>	<u>\$2,281,126</u>

6. RESTRICTED NET ASSETS:

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	2018	2017
Purpose Restrictions		
Capital Campaign for New Building	\$1,207,793	\$ 790,494
Intake Diversion / Keep Them Home Program	24,167	15,871
Satellite Cats Program	16,000	10,667
Brown Campership Fund	635	1,525
‘Cat’-inuing Education and Enrichment Program	0	4,000
Hurricane Harvey Relief Fund	<u>0</u>	<u>1,398</u>
Total	<u>\$1,248,595</u>	<u>\$ 823,955</u>

As of December 31, 2018 and 2017, the Board of Trustees had designated \$1,100,000 and \$700,000, respectively, of net assets without donor restrictions as a general 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.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

6. RESTRICTED NET ASSETS (CONTINUED):

Changes in restricted net assets for the years ended December 31, 2018 and 2017, are as follows:

	2018		
	With Board Restrictions	With Donor Restrictions	Total Net Assets
Net Assets, Beginning of Year	\$ 700,000	\$ 823,955	\$ 1,523,955
Contributions/Income	400,000	996,972	1,396,972
Investment Income	0	0	0
Net Appreciation	0	0	0
Amounts Appropriated For Expenditure	0	(572,332)	(572,332)
Net Assets, End of Year	<u>\$ 1,100,000</u>	<u>\$ 1,248,595</u>	<u>\$ 2,348,595</u>

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	2017		
	With Board Restrictions	With Donor Restrictions	Total Net Assets
Net Assets, Net Assets, Beginning of Year	\$ 400,000	\$ 1,084,210	\$ 1,484,210
Contributions/Income	300,000	696,318	996,318
Investment Income	0	0	0
Net Appreciation	0	0	0
Amounts Appropriated For Expenditure	0	(976,573)	(976,573)
Net Assets, End of Year	<u>\$ 700,000</u>	<u>\$ 823,955</u>	<u>\$ 1,523,955</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

7. CONTRIBUTIONS:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expire in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 made significant contributions of their time in furtherance of SICSA's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Donated items and services of \$20,367 and \$125,515 were recorded in the statement of activities for the years ended December 31, 2018 and 2017, 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 future years are recorded at the present value of their estimated 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. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

8. PROMISES TO GIVE (Continued):

Unconditional promises to give at December 31, 2018 and 2017 are as follows:

	2018	2017
Receivable in Less than One Year	\$ 262,900	\$ 229,770
Receivable in Two to Five Years	245,696	274,620
Total Unconditional Promises to Give	508,596	504,390
Less Discounts to Net Present Value	(25,518)	(27,925)
Less Allowance for Uncollectible Promises Receivable	(0)	(0)
Net Unconditional Promises to Give	\$ 483,078	\$ 476,465

Conditional promises to give at December 31, 2017 consist of a \$500,000 match for the construction of the new facility. The match condition was achieved in 2018 and the support was recognized in the statement of activities.

9. LONG-TERM DEBT:

At December 31, 2018, the Organization signed a promissory note with Old Fort Bank to provide financing for the construction of a new building. The note is for an amount not to exceed \$4,550,000. The note allows draws to be made through December 31, 2019, at which time the existing loan amount will convert to a term note. The note requires monthly payments of interest only during the draw period and 180 payments of principal and interest of the term loan balance beginning January 2020. The note bears interest using an interest rate based on the Federal Home Loan Bank of Cincinnati (5th District) plus a margin of 1.4% (4.75% at December 31, 2018). As of December 31, 2018, there were no advances against this note.

Although not required by the promissory note, the Organization voluntarily transferred approximately \$2,100,000 from their investments into an Old Fort cash account to pay for future construction costs. It is the intention of the Board to use these funds prior to making any draws on the promissory note.

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, 2018 and 2017 were \$19,338 and \$13,982, respectively.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

11. 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 \$2,276,472 and \$362,923 at December 31, 2018 and 2017, 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.



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, 2018 and 2017, and have issued our report thereon dated September 4, 2019. 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, 2018 and 2017, 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.

September 4, 2019

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

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>CONTRIBUTIONS</u>		
General Donations	\$ 474,696	\$ 588,346
Capital Campaign Contributions	1,333,288	869,744
Grant Income	89,870	54,204
Estates and Trusts	494,083	247,928
Total Contributions (including restricted contributions of \$996,972 and \$696,318, respectively)	\$ 2,391,937	\$ 1,760,222
 <u>UNITED WAY AND COMBINED FEDERAL CAMPAIGN</u>		
	\$ 21,522	\$ 27,396
 <u>SPECIAL EVENTS</u>		
Cat's Meow Auction Income	\$ 77,639	\$ 77,504
Cat's Meow Auction Expense	(29,451)	(26,409)
Net Cat's Meow Auction	48,188	51,095
 Red Dog Racer Income	 4,523	 5,307
Red Dog Racer Expense	(658)	(600)
Net Red Dog Racer	3,865	4,707
 Lift Your Leg Walk Income	 60,019	 53,768
Lift Your Leg Walk Expense	(17,846)	(18,482)
Net Lift Your Leg Walk	42,173	35,286
 A Night to Remember Income	 4,813	 2,728
A Night to Remember Expense	(759)	(1,612)
Net A Night to Remember	4,054	1,116
 Friends of SICSA Income	 33,964	 29,774
Friends of SICSA Expense	(2,540)	(2,498)
Net Friends of SICSA	31,424	27,276

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, 2018 AND 2017

	2018	2017
<u>SPECIAL EVENTS (Continued)</u>		
Kroger Community Rewards Income	11,981	11,927
Kroger Community Rewards Expense	-	-
Net Kroger Community Rewards	11,981	11,927
Humane Education Income	50,329	46,661
Humane Education Expense	(7,763)	(9,232)
Net Humane Education	42,566	37,429
Other Events - Net	38,978	30,721
Total Special Events - Net	\$ 223,229	\$ 199,557
<u>PROGRAM SERVICE FEES</u>		
Spay/Neuter Income	\$ 257,488	\$ 156,615
Dog Placement	141,997	141,602
Cat Placement	76,427	69,376
Intake Fees	28,978	29,143
Microchip Fund	3,410	2,522
License Sales	616	1,109
Wellness Program Fees	21,211	21,801
Gift Shop	13,797	10,703
Total Program Service Fees	\$ 543,924	\$ 432,871
<u>OTHER INCOME</u>		
Investment Income	\$ 62,658	\$ 58,668
Net Realized and Unrealized Gain (Loss) on Investments	(128,974)	190,380
Loss on Disposal of Assets	-	(5,234)
Miscellaneous Income (Expense) - Net	(2,225)	2,121
Total Other Income	\$ (68,541)	\$ 245,935
Total Revenues, Gains and Other Support	\$ 3,112,071	\$ 2,665,981

See independent auditor's report on supplementary information.