

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

(SICSA)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society for the Improvement of Conditions for Stray Animals (SICSA)
Washington Township, 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, 2019 and 2018, 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, 2019 and 2018, 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.

September 30, 2020

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	<u>ASSETS</u>	
	2019	2018
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,173,437	\$ 2,833,437
Sponsorships Receivable (No Allowance)	12,482	6,250
Contributions Receivable (No Allowance)	217,697	255,242
Investments	1,691,745	1,260,564
Pet Wants Inventory	7,076	-
Prepaid Expenses	12,592	89,624
Total Current Assets	3,115,029	4,445,117
<u>PROPERTY AND EQUIPMENT - NET</u>	9,280,225	2,596,331
<u>OTHER ASSETS</u>		
Unamortized Loan Fee	10,889	-
Contributions Receivable - Two to Five Years	84,398	227,836
	95,287	227,836
TOTAL ASSETS	\$ 12,490,541	\$ 7,269,284
	<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 638,652	\$ 72,467
Accrued Payroll and Payroll Taxes	58,611	48,882
Current Portion of Long-Term Debt	172,458	-
Deferred Grant Income	198,060	40,618
Deferred Sponsorship Income	6,000	9,135
Total Current Liabilities	1,073,781	171,102
<u>LONG-TERM LIABILITIES</u>		
Long-Term Debt (Net of Current Portion)	3,359,578	-
<u>NET ASSETS</u>		
Without Donor Restrictions	6,143,222	5,849,587
With Donor Restrictions	1,913,960	1,248,595
Total Net Assets	8,057,182	7,098,182
TOTAL LIABILITIES AND NET ASSETS	\$ 12,490,541	\$ 7,269,284

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, 2019 AND 2018

	2019	2018
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues, Gains and Other Support:		
Contributions	\$ 1,056,701	\$ 1,394,965
United Way and Combined Federal Campaign	8,055	21,522
Special Events (Net of Expenses of \$54,004 and \$60,899, respectively)	197,793	223,229
Program Service Fees	596,001	543,924
Investment Income	47,299	62,658
Net Realized and Unrealized Gain (Loss) on Investments	320,187	(128,974)
Loss on Disposal of Assets	(4,295)	-
Miscellaneous Income (Expense) - Net	779	(2,225)
Net Assets Released from Restriction	91,671	572,332
Total Revenues, Gains and Other Support	2,314,191	2,687,431
<u>EXPENSES</u>		
Program Services	1,803,629	1,633,906
Supporting Services:		
Management and General	60,841	63,098
Fundraising	156,086	219,148
Total Expenses	2,020,556	1,916,152
<u>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	293,635	771,279
<u>NET ASSETS WITH DONOR RESTRICTIONS</u>		
Contributions	757,036	996,972
Net Assets Released from Restriction	(91,671)	(572,332)
<u>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</u>	665,365	424,640
<u>CHANGE IN NET ASSETS</u>	959,000	1,195,919
<u>NET ASSETS - BEGINNING OF YEAR</u>	7,098,182	5,902,263
<u>NET ASSETS - END OF YEAR</u>	\$ 8,057,182	\$ 7,098,182

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, 2019

	Adoption and Prevention Services	Spay / Neuter Services	Humane Education	Total Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 678,610	\$ 193,323	\$ 102,380	\$ 974,313	\$ 44,647	\$ 80,716	\$ 1,099,676
Medical Supplies	-	-	97,713	97,713	-	-	97,713
Animal Supplies	103,115	-	-	103,115	-	-	103,115
Office Expenses	21,735	6,192	3,279	31,206	1,430	2,585	35,221
Veterinary Care	43,337	-	-	43,337	-	-	43,337
Spay/Neuter	-	324,216	-	324,216	-	-	324,216
Spay/Neuter - Depreciation	-	9,968	-	9,968	-	-	9,968
Maintenance	27,956	7,964	4,217	40,137	1,839	3,325	45,301
Utilities	22,336	6,363	3,370	32,069	1,470	2,657	36,196
Depreciation - Other	40,186	11,449	6,063	57,698	2,644	4,781	65,123
Volunteer Activity	893	-	-	893	-	-	893
Insurance	10,426	2,970	1,573	14,969	686	1,240	16,895
Miscellaneous	6,973	1,986	1,052	10,011	459	829	11,299
Postage	2,449	698	370	3,517	161	291	3,969
Professional Fundraising Fees	-	-	-	-	-	21,149	21,149
Newsletter	17,910	381	190	18,481	-	29,151	47,632
Advertising	3,359	3,359	3,359	10,077	-	6,718	16,795
Professional Fees and Dues	13,935	3,970	2,102	20,007	917	1,657	22,581
Bank Charges	7,319	2,085	1,104	10,508	482	871	11,861
Property Taxes	970	277	147	1,394	64	116	1,574
Investment Expense	-	-	-	-	6,042	-	6,042
Total	\$ 1,001,509	\$ 575,201	\$ 226,919	\$ 1,803,629	\$ 60,841	\$ 156,086	\$ 2,020,556

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
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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	2019	2018
Change in Net Assets	\$ 959,000	\$ 1,195,919
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	75,091	72,324
Donated Equipment	(14,519)	(5,975)
Loss on Disposal of Assets	4,295	-
Realized and Unrealized (Gain) Loss on Investments	<u>(275,533)</u>	<u>128,974</u>
	748,334	1,391,242
Changes in Operating Assets and Liabilities:		
Sponsorships Receivable	(6,232)	4,900
Contributions Receivable	180,983	(6,613)
Pet Wants Inventory	(7,076)	-
Prepaid Expenses	77,032	40,785
Accounts Payable and Accrued Expenses	566,185	9,087
Accrued Payroll and Payroll Taxes	9,729	11,637
Deferred Grant Income	157,442	(18,030)
Deferred Sponsorship Income	<u>(3,135)</u>	<u>(5,615)</u>
Net Cash Provided by Operating Activities	<u>1,723,262</u>	<u>1,427,393</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(6,747,983)	(381,554)
Proceeds from Sales of Investments	265,803	2,837,266
Purchases of Investments	<u>(421,451)</u>	<u>(1,795,626)</u>
Net Cash Provided (Used) by Investing Activities	<u>(6,903,631)</u>	<u>660,086</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from Long-Term Debt	3,532,036	-
Loan Fees	<u>(11,667)</u>	-
Net Cash Provided by Financing Activities	<u>3,520,369</u>	-
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(1,660,000)	2,087,479
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>2,833,437</u>	<u>745,958</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 1,173,437</u>	<u>\$ 2,833,437</u>

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, 2019 AND 2018

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, 2019 AND 2018

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.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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.

Revenue Recognition

Revenue from contracts with customers is derived primarily from grant income and other income. Revenue is recognized upon transfer of control of the promised products or services (performance obligations) contained in the customer contract in an amount that reflects the consideration the Organization expects to receive from satisfying the performance obligations. Prior to recognizing revenue, the Organization identifies the contract, performance obligations, and transaction price, and allocates the transaction price to the underlying performance obligations.

The Organization's revenues from contracts with customers are from performance obligations satisfied over time and at a point in time. Revenue from contracts with customers that are satisfied over time is derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

Event revenue is comprised of various fees charged for events hosted by the Organization. The Organization hosts several social events for which attendees purchase a ticket or pay a course fee. Revenue is recognized as each performance obligation is satisfied at a point in time.

Other revenue is recognized over time and at a point in time as the related performance obligations are satisfied.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended with retrospective application to the prior periods. The adjustment was applied to all contracts that are not complete as of the date of initial application. The Organization does not believe the application of the provisions has a material effect on the amounts presented.

Inventories

Inventories (representing dog and cat food, chews, treats and miscellaneous items for Pet Wants franchise) are stated at the lower of cost (first-in, first-out) or market value.

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.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The federal tax returns of the Organization for 2018, 2017 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 \$16,795 and \$10,041 for the years ended December 31, 2019 and 2018, respectively.

Loan Costs

Loan costs are capitalized and amortized over the terms of the related long-term debt using a method that approximates the effective-interest method.

Concentration of Contribution Revenue

For the years ended December 31, 2019 and 2018, approximately 36% and 16% of the Organization's contribution revenue came from four and one donor, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

2. INVESTMENTS:

The investments consist of the following at December 31, 2019 and 2018:

	2019			
	Cost	Net Unrealized Gains	Net Unrealized Losses	Estimated Fair Value
Unrestricted:				
Mutual Funds	\$ 575,120	\$ 42,632	\$ 0	\$ 617,752
Exchange Traded Funds	393,213	0	(28,596)	364,617
Corporate Equity Securities	427,490	142,732	0	570,222
Pooled Separate Accounts	<u>60,483</u>	<u>78,671</u>	<u>0</u>	<u>139,154</u>
Total	<u>\$ 1,456,306</u>	<u>\$ 264,035</u>	<u>\$ (28,596)</u>	<u>\$ 1,691,745</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

2. INVESTMENTS (continued):

	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

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.

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.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

3. FAIR MARKET MEASUREMENTS (continued):

Fair values of the Organizations financial assets measured on a recurring basis as December 31, 2019 and 2018 are as follows:

	2019			
	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	\$ 617,752	\$ 617,752	\$ 0	\$ 0
Exchange Traded Funds	364,617	364,617	0	0
Corporate Equity				
Securities	570,222	570,222	0	0
Pooled Separate Accounts	<u>139,154</u>	<u>0</u>	<u>139,154</u>	<u>0</u>
Total	<u>\$ 1,691,745</u>	<u>\$ 1,552,591</u>	<u>\$ 139,154</u>	<u>\$ 0</u>

	2018			
	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	\$ 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>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

4. AVAILABILITY AND LIQUIDITY:

The following represents the Organization's financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and Cash Equivalents	\$ 1,173,437	\$ 2,833,437
Investments	1,691,745	1,260,564
Contributions Receivable, Current Portion	<u>217,697</u>	<u>255,242</u>
Total Financial Assets	3,082,879	4,349,243
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,913,960	1,248,595
Less net assets with purpose restrictions to be met in		
Less than a year	0	0
Net Assets designated by the board	<u>0</u>	<u>1,100,000</u>
Financial assets available to meet general expenditures		
Less than a year	<u>\$ 1,168,919</u>	<u>\$ 2,000,648</u>

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.

5. PROPERTY AND EQUIPMENT:

	<u>2019</u>	<u>2018</u>
Land	\$ 833,659	\$ 833,659
Buildings	1,618,950	1,618,950
Building Improvements	157,217	157,217
Kennel Equipment	95,452	95,452
Other Equipment	232,662	234,191
Pet Wants Franchise	38,500	0
Construction in Process	<u>7,236,657</u>	<u>529,390</u>
	10,213,097	3,468,859
Less Accumulated Depreciation	<u>(932,872)</u>	<u>(872,528)</u>
Total	<u>\$9,280,225</u>	<u>\$2,596,331</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

6. NET ASSETS:

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions		
Capital Campaign for New Building	\$1,712,150	\$1,207,793
Intake Diversion / Keep Them Home Program	21,452	24,167
Satellite Cats Program	23,250	16,000
Brown Campership Fund	0	635
Spay / Neuter Program	<u>157,108</u>	<u>0</u>
Total	<u>\$1,913,960</u>	<u>\$1,248,595</u>

As of December 31, 2019 and 2018, the Board of Trustees had designated \$0 and \$1,100,000, 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.

Changes in restricted net assets for the years ended December 31, 2019 and 2018, are as follows:

	<u>2019</u>		
	<u>With Board Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Net Assets, Beginning of Year	\$ 1,100,000	\$ 1,248,595	\$ 2,348,595
Contributions/Income	0	757,036	757,036
Amounts Appropriated For Expenditure	<u>(1,100,000)</u>	<u>(91,671)</u>	<u>(1,191,671)</u>
Net Assets, End of Year	<u>\$ 0</u>	<u>\$ 1,913,960</u>	<u>\$ 1,913,960</u>
	<u>2018</u>		
	<u>With Board Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Net Assets, Net Assets, Beginning of Year	\$ 700,000	\$ 823,955	\$ 1,523,955
Contributions/Income	400,000	996,972	1,396,972
Amounts Appropriated For Expenditure	<u>0</u>	<u>(572,332)</u>	<u>(572,332)</u>
Net Assets, End of Year	<u>\$ 1,100,000</u>	<u>\$ 1,248,595</u>	<u>\$ 2,348,595</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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 \$24,244 and \$20,367 were recorded in the statement of activities for the years ended December 31, 2019 and 2018, 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
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

8. PROMISES TO GIVE (continued):

Unconditional promises to give at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in Less than One Year	\$ 224,229	\$ 262,900
Receivable in Two to Five Years	<u>91,012</u>	<u>245,696</u>
Total Unconditional Promises to Give	315,241	508,596
Less Discounts to Net Present Value	(13,146)	(25,518)
Less Allowance for Uncollectible Promises Receivable	<u>(0)</u>	<u>(0)</u>
Net Unconditional Promises to Give	<u>\$ 302,095</u>	<u>\$ 483,078</u>

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 until loan maximum is reached. The loan requires interest-only payments through December 31, 2019, and principal and interest payments of \$29,573 thereafter.

	<u>2019</u>	<u>2018</u>
Note payable – Old Fort Bank, monthly installments of \$29,573 including interest based on Federal Home Loan Bank of Cincinnati (5 th District) plus a margin plus a margin of 1.4% (4.75% at December 31, 2019) due December 2034, secured by substantially all business assets.	\$ 3,532,036	\$ 0
Less: Current Portion	<u>172,458</u>	<u>0</u>
Long-term Debt - Net of Current Portion	<u>\$ 3,359,578</u>	<u>\$ 0</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

9. LONG-TERM DEBT (continued):

Maturities of long-term debt are as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 172,458
2021	180,769
2022	189,545
2023	198,747
2024	208,396
Thereafter	<u>2,582,121</u>
Total	<u>\$ 3,532,036</u>

The Organization's loan agreement with Old Fort Bank contains certain restrictions and covenants. Under these restrictions, the Organization must provide internally prepared and audited financial statements to the bank, and provide information related to capital campaign activities. At December 31, 2019 and 2018, the Company was in compliance with its financial covenants.

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, 2019 and 2018 were \$16,176 and \$19,338, respectively.

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 \$811,480 and \$2,276,472 at December 31, 2019 and 2018, 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

12. CASH FLOW INFORMATION:

Cash paid for interest and income taxes and other non-cash transactions for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Interest	<u>\$ 44,280</u>	<u>\$ 0</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

13. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through September 30, 2020, the date the financial statements were available to be issued.

The COVID-19 pandemic is having a substantial impact on the economy and the normal operations of most businesses and non-profit organizations. The severity of the financial impact of this pandemic on the financial position and long-term operations of the Organization is not known at this time.

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$234,950 under the CARES Act. The loan can be forgiven if the Organization uses the proceeds for certain purposes. The Organization expects the loan to be fully forgiven.



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)
Washington Township, 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, 2019 and 2018, and have issued our report thereon dated September 30, 2020. 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, 2019 and 2018, 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 30, 2020

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

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<u>CONTRIBUTIONS</u>		
General Donations	\$ 499,485	\$ 474,696
Capital Campaign Contributions	557,381	1,333,288
Grant Income	57,424	89,870
Estates and Trusts	699,447	494,083
Total Contributions (including restricted contributions of \$757,036 and \$996,972, respectively)	\$ 1,813,737	\$ 2,391,937
<u>UNITED WAY AND COMBINED FEDERAL CAMPAIGN</u>	\$ 8,055	\$ 21,522
<u>SPECIAL EVENTS</u>		
Cat's Meow Auction Income	\$ 55,614	\$ 77,639
Cat's Meow Auction Expense	(17,198)	(29,451)
Net Cat's Meow Auction	38,416	48,188
Red Dog Racer Income	3,964	4,523
Red Dog Racer Expense	(629)	(658)
Net Red Dog Racer	3,335	3,865
Lift Your Leg Walk Income	59,932	60,019
Lift Your Leg Walk Expense	(16,288)	(17,846)
Net Lift Your Leg Walk	43,644	42,173
A Night to Remember Income	1,813	4,813
A Night to Remember Expense	(547)	(759)
Net A Night to Remember	1,266	4,054
Friends of SICSA Income	37,061	33,964
Friends of SICSA Expense	(4,155)	(2,540)
Net Friends of SICSA	32,906	31,424

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, 2019 AND 2018

	2019	2018
<u>SPECIAL EVENTS (Continued)</u>		
Kroger Community Rewards Income	11,785	11,981
Kroger Community Rewards Expense	-	-
Net Kroger Community Rewards	11,785	11,981
Humane Education Income	48,042	50,329
Humane Education Expense	(8,359)	(7,763)
Net Humane Education	39,683	42,566
Other Events - Net	26,758	38,978
Total Special Events - Net	\$ 197,793	\$ 223,229
<u>PROGRAM SERVICE FEES</u>		
Spay/Neuter Income	\$ 290,185	\$ 257,488
Dog Placement	131,841	141,997
Cat Placement	88,724	76,427
Intake Fees	34,342	28,978
Microchip Fund	3,580	3,410
License Sales	1,774	616
Wellness Program Fees	43,499	21,211
Gift Shop	11,187	13,797
Help Center (Net of Expenses)	(1,057)	-
Pet Wants Franchise Loss (Net of Expenses)	(8,074)	-
Total Program Service Fees	\$ 596,001	\$ 543,924
<u>OTHER INCOME</u>		
Investment Income	\$ 47,299	\$ 62,658
Net Realized and Unrealized Gain (Loss) on Investments	320,187	(128,974)
Loss on Disposal of Assets	(4,295)	-
Miscellaneous Income (Expense) - Net	779	(2,225)
Total Other Income	\$ 363,970	\$ (68,541)
Total Revenues, Gains and Other Support	\$ 2,979,556	\$ 3,112,071

See independent auditor's report on supplementary information.