

**HAMILTON COUNTY  
SOCIETY FOR THE PREVENTION  
OF CRUELTY TO ANIMALS  
d.b.a. SPCA CINCINNATI**

**FINANCIAL STATEMENTS**

**For the Year Ending December 31, 2017**

**HAMILTON COUNTY**  
**SOCIETY FOR THE PREVENTION**  
**OF CRUELTY TO ANIMALS**  
**d.b.a. SPCA CINCINNATI**  
  
**FINANCIAL STATEMENTS**  
  
**For the Year Ending December 31, 2017**

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**HAMILTON COUNTY  
SOCIETY FOR THE PREVENTION  
OF CRUELTY TO ANIMALS  
d.b.a. SPCA CINCINNATI**

**FINANCIAL STATEMENTS**

**For the Year Ending December 31, 2017**

**Board of Trustees**

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USI Midwest

**Vice Chair:** Michael Frederick, DVM  
Miamitown Pet Hospital

**Secretary:** Robert J. May, AIC  
RJM Consulting, LLC

**Treasurer:** Mark Weber  
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Thom Brennaman  
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Peter Kambelos, MD  
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Betsy Niehoff  
Community Volunteer

Joseph Sanfillipo  
USA Collision Centers

David Bauman, DVM  
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Shelley Goering  
Kenwood By Senior Star

Kerry M. McManus  
Invisible Fence

Michele O'Rourke  
O'Rourke Wrecking Co.

Thomas R. Schiff  
John J. & Thomas R. Schiff Co.

Barbara Boat, PhD  
University of Cincinnati

Michael Catanzaro  
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Jeff Hock  
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Dale Menkhaus  
Community Volunteer

Judy Recker  
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James A. Tomaszewski Jr., Esq.  
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**President & CEO**

Jake White



Charles A. Van Gorder, CPA  
Lori A. Owen, CPA  
John R. Chamberlin, CPA, MBA  
Members of AICPA & KyCPA  
Licensed in Kentucky & Ohio

## Independent Auditor's Report

To the Board of Trustees of the  
Hamilton County Society for the Prevention of Cruelty to Animals  
d.b.a. SPCA Cincinnati  
Cincinnati, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the Hamilton County Society for the Prevention of Cruelty to Animals, doing business as and hereafter referred to as SPCA Cincinnati (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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.



Van Gorder, Walker & Co., Inc.  
Certified Public Accountants

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPCA Cincinnati as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Van Gorder, Walker & Co., Inc.*

Van Gorder, Walker, & Co., Inc.  
Erlanger, Kentucky  
May 10, 2018

<b>SPCA CINCINNATI</b> <b>STATEMENT OF FINANCIAL POSITION</b> <b>December 31, 2017</b>
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	Animal Control	Humane Operations	Capital Campaign	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 15,024	\$ 1,235,006	\$ 141,726	\$ 1,391,756
Investments	-	4,055,183	-	4,055,183
Estates/Trusts receivable	-	638,200	-	638,200
Accounts receivable	8,778	204,053	-	212,831
Total current assets	<u>23,802</u>	<u>6,132,442</u>	<u>141,726</u>	<u>6,297,970</u>
Property and equipment				
Land	-	651,750	-	651,750
Buildings	-	8,036,991	-	8,036,991
Furnishings and equipment	-	1,095,666	-	1,095,666
Vehicles	-	653,575	-	653,575
Less: Accumulated depreciation	-	(3,979,631)	-	(3,979,631)
Total property and equipment, net	<u>-</u>	<u>6,458,351</u>	<u>-</u>	<u>6,458,351</u>
Other assets				
Beneficial interests in trusts	-	745,846	-	745,846
Prepaid expenses	-	22,438	-	22,438
Employee advance	-	400	-	400
Pet supply store inventory	-	10,433	-	10,433
Total other assets	<u>-</u>	<u>779,117</u>	<u>-</u>	<u>779,117</u>
<b>Total assets</b>	<u><u>\$ 23,802</u></u>	<u><u>\$ 13,369,910</u></u>	<u><u>\$ 141,726</u></u>	<u><u>\$ 13,535,438</u></u>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 27,431	\$ 129,921	\$ -	\$ 157,352
Accrued expenses	-	132,110	-	132,110
Current portion of debt	-	30,660	-	30,660
Total current liabilities	<u>27,431</u>	<u>292,691</u>	<u>-</u>	<u>320,122</u>
Long term liabilities				
Commercial notes payable	-	12,000	-	12,000
Capital leases	-	91,111	-	91,111
Total long term liabilities	<u>-</u>	<u>103,111</u>	<u>-</u>	<u>103,111</u>
<b>Total liabilities</b>	<u>27,431</u>	<u>395,802</u>	<u>-</u>	<u>423,233</u>
<b>Net assets</b>				
Restricted by statute	(3,629)	-	-	(3,629)
Temporarily restricted	-	835,713	-	835,713
Permanently restricted	-	745,846	-	745,846
Unrestricted	-	11,392,549	141,726	11,534,275
<b>Total net assets</b>	<u>(3,629)</u>	<u>12,974,108</u>	<u>141,726</u>	<u>13,112,205</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 23,802</u></u>	<u><u>\$ 13,369,910</u></u>	<u><u>\$ 141,726</u></u>	<u><u>\$ 13,535,438</u></u>

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

**SPCA CINCINNATI**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ending December 31, 2017**

	Animal Control	Humane Operations	Capital Campaign	Total
<b>Revenues</b>				
Contractual revenue	\$ 1,610,136	\$ -	\$ -	\$ 1,610,136
Cash contributions	-	1,960,263	-	1,960,263
Estate and trust income	-	1,027,718	-	1,027,718
Investment income	-	80,674	55,918	136,592
Animal sales, net	-	100,762	-	100,762
Animal calls	-	110,104	-	110,104
Fees - Pit Bulls	-	10,395	-	10,395
Fees - Board of Health	-	4,169	-	4,169
Other fees/income	1,474	34,316	-	35,790
In-kind donations	-	82,000	-	82,000
Net realized/unrealized losses on investments	-	(21,354)	-	(21,354)
Grant income	-	1,027,500	-	1,027,500
Special events, net	-	392,757	-	392,757
<b>Total revenues</b>	<b>1,611,610</b>	<b>4,809,304</b>	<b>55,918</b>	<b>6,476,832</b>
<b>Temporarily restricted assets released from restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total support</b>	<b>1,611,610</b>	<b>4,809,304</b>	<b>55,918</b>	<b>6,476,832</b>
<b>Expenses</b>				
Program services				
Animal control	1,588,233	-	-	1,588,233
Farm education center	-	26,994	-	26,994
Humane services	-	3,371,401	-	3,371,401
Total program services	1,588,233	3,398,395	-	4,986,628
Supporting services				
Management and general	-	281,238	-	281,238
Development	-	695,231	-	695,231
Depreciation	-	267,864	-	267,864
<b>Total expenses</b>	<b>1,588,233</b>	<b>4,642,728</b>	<b>-</b>	<b>6,230,961</b>
<b>Change in net assets</b>	<b>23,377</b>	<b>166,576</b>	<b>55,918</b>	<b>245,871</b>
<b>Net assets at beginning of year</b>	<b>(27,006)</b>	<b>11,514,328</b>	<b>85,808</b>	<b>11,573,130</b>
Prior period adjustment	-	1,293,204	-	1,293,204
<b>Net assets at end of year</b>	<b>\$ (3,629)</b>	<b>\$ 12,974,108</b>	<b>\$ 141,726</b>	<b>\$ 13,112,205</b>

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

**SPCA CINCINNATI**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ending December 31, 2017**

	Program Services				Management and General	Development	Totals	
	Animal Control	Farm Education Center	Humane Services	Total Programs			2017	Memo Only 2016
Salaries	\$ 804,235	\$ -	\$ 1,419,677	\$ 2,223,912	\$ 167,678	\$ 226,107	\$ 2,617,697	\$ 2,318,674
Benefits and taxes	148,462	-	372,116	520,578	30,953	41,099	592,630	501,520
Total Salaries and Related Costs	952,697	-	1,791,793	2,744,490	198,631	267,206	3,210,327	2,820,194
Advertising	-	-	-	-	-	41,605	41,605	54,165
Building/maintenance	73,828	5,234	105,509	184,571	-	-	184,571	108,764
Communications	32,396	3,825	21,597	57,818	-	-	57,818	61,534
Contracted services	9,460	-	18,925	28,385	28,386	-	56,771	67,753
Insurance expense	22,046	-	44,760	66,806	-	-	66,806	57,182
Interest	-	13	9,907	9,920	-	-	9,920	14,116
Kennel - med/vet/clinic	250,914	210	848,659	1,099,783	-	-	1,099,783	664,430
Kennel - supplies	59,980	1,207	221,215	282,402	-	-	282,402	276,911
Miscellaneous	37,489	2,666	56,234	96,389	2,471	6,365	105,225	82,909
Printing/postage	-	-	7,126	7,126	-	4,980	12,106	15,454
Professional fees	17,889	2,783	71,558	92,230	51,750	-	143,980	117,221
Public relations	-	-	-	-	-	-	-	3,176
Supplies	24,437	785	48,828	74,050	-	702	74,752	67,394
Third party fund raising	-	-	-	-	-	374,057	374,057	363,507
Training	1,260	-	15,701	16,961	-	-	16,961	1,193
Travel/vehicles	43,331	1,497	10,833	55,661	-	316	55,977	76,252
Uniforms	9,581	76	-	9,657	-	-	9,657	16,376
Utilities	52,925	8,698	98,756	160,379	-	-	160,379	151,701
Total Expenses	<u>\$ 1,588,233</u>	<u>\$ 26,994</u>	<u>\$ 3,371,401</u>	<u>\$ 4,986,628</u>	<u>\$ 281,238</u>	<u>\$ 695,231</u>	<u>\$ 5,963,097</u>	<u>\$ 5,020,232</u>

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



<b>SPCA CINCINNATI</b> <b>STATEMENT OF CASH FLOWS</b> <b>For the Year Ending December 31, 2017</b>
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	<u>2017</u>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 245,871
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization	267,863
Loss on disposal of property and equipment	678
Unrealized (gain)/loss on investments	(69,205)
(Increase) decrease in operating assets:	
Other assets and deposits	27,969
Accounts receivable	(188,059)
Increase (decrease) in operating liabilities:	
Accounts payable	76,768
Other liabilities	<u>(34,917)</u>
<b>Net cash used for operating activities</b>	<u>326,968</u>
<b>Cash flows from investing activities</b>	
Proceeds from investment securities	76,920
Proceeds from disposal of property and equipment	975
Purchase of property and equipment	<u>(116,980)</u>
<b>Net cash used for investing activities</b>	<u>(39,085)</u>
<b>Cash flows from financing activities</b>	
Payments on line of credit	(74,548)
Payments on notes payable	(1,159)
Payments on capital leases	<u>(49,111)</u>
<b>Net cash used for financing activities</b>	<u>(124,818)</u>
<b>Net change in cash and cash equivalents</b>	163,065
<b>Beginning cash and cash equivalents</b>	<u>1,228,691</u>
<b>Ending cash and cash equivalents</b>	<u><u>\$ 1,391,756</u></u>
<b>Supplemental data</b>	
Interest paid	<u>\$ 9,920</u>
Non-cash in-kind contributions	<u>\$ 82,000</u>

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

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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## **ORGANIZATION**

Founded in 1907, the Hamilton County Society for the Prevention of Cruelty to Animals, doing business as SPCA Cincinnati (Organization) is a not-for-profit corporation organized to provide a means to prevent cruelty to animals throughout Hamilton County and the State of Ohio. This mission is accomplished by maintaining animal shelters in both Cincinnati and Sharonville, Ohio; providing pick-up and drop-off services for stray and unwanted animals; providing adoption services for stray animals; and providing education on the humane/proper treatment of animals.

The Organization also has a contractual agreement with the Hamilton County, Ohio Board of Commissioners to furnish facilities, materials, and personnel to perform the necessary services for the housing, feeding, veterinary care, and humane disposal of unlicensed stray dogs within Hamilton County, Ohio. Contractual compensation under this contract is subject to state audit and funds received and related expenses incurred in relation to this contract are presented separately in the financial statements.

The Organization is a non-profit organization exempt from tax under Internal Revenue Code Section 501(c)(3) and the Internal Revenue Service has determined the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### 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.

### Financial Statement Presentation

The Organization reports information regarding its financial position and activities in four classes of net assets: unrestricted net assets which have no donor-imposed restrictions; permanently restricted net assets which have donor-imposed stipulations that they be maintained permanently by the Organization; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and assets that are restricted by statute for use of the Hamilton County Dog Warden account.

### Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Investment income, unrealized gains and (losses) and realized gains and (losses) are included in the statement of activities.

### Concentration of Credit Risk

The Organization maintains its cash in bank deposits, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in these accounts. The Organization believes it is not exposed to any significant credit risk on cash.

### Interest Rate Risk

In accordance with the Organization's policy, interest rate risk is limited by investing in diversified portfolios with a combination of the highest rate of return and the lowest risk to ensure maximum security

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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of principal. Investments are undertaken in a manner that seeks to ensure the preservation of capital in its portfolio.

Credit Risk

The Organization limits its investments to diversified, managed portfolios which contain funds with varying credit ratings applied. Because of the diversity of these funds, the credit risk of the investments, in the aggregate, is reduced to an acceptable level.

Custodial Credit Risk

For deposits, this is the risk that, in the event of a bank failure, the Organization's deposits will not be returned. As of December 31, 2017, the Organization's deposits at Fifth Third Bank of \$301,479 exceed the amount insured by Federal Deposit Insurance Corporation insurance by \$51,479. The Organization's deposits at other banks are fully collateralized.

Revenue Concentration Risk

The Organization received 24.9% of its total revenues from contracts with the Hamilton County, Ohio Board of Commissioners for dog warden services.

Contributions

Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the temporarily or permanently restricted net assets class. Temporarily restricted contributions, whose restrictions are met in the same period as the contribution, are reported as unrestricted contributions.

The expiration of donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. All contributions made to the Organization are considered available for unrestricted use, unless specifically restricted by the donor.

Allowance for Doubtful Accounts

The Organization has no pledges receivable at December 31, 2017. Therefore, the Organization does not utilize an allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost except for donated property, which is capitalized at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over 5 – 40 years.

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities, and accordingly, certain costs have been allocated between the program and supporting services.

Inventories

Inventories are stated at cost. Cost is determined under the First-In, First-Out (FIFO) method.

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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In-Kind Donations

The organization receives donations of pet food and pet supplies on an in-kind basis. The amounts of these donations were estimated to be \$82,000 as of December 31, 2017 and are recorded as revenues and as offsetting expenses of the same amount.

**NOTE B – INVESTMENTS**

At December 31, 2017, the Organization had investments consisting of various public company stock equities. The market value of these investments was \$4,153,620 with \$98,437 of this amount classified as cash or cash equivalents on the balance sheet for a net investment balance of \$4,055,183. All investments are Level 1 investments. Level 1 investments are investments that have readily observable prices, are bought and sold on an open market, and whose prices have a reliable fair market value.

Investments as of December 31, 2017, are summarized as follows:

<u>Account Description</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Fair Market Value</u>
Cincinnati Financial	\$ 358,524	\$ 4,034,032	\$ 4,034,032
PNC Money Fund	71,505	98,437	98,437
Procter and Gamble Co.	13,370	21,151	21,151
Totals	<u>\$ 443,399</u>	<u>\$ 4,153,620</u>	<u>\$ 4,153,620</u>

**NOTE C – PLEDGES RECEIVABLE**

The Organization often receives unconditional promises to give cash from unrelated donors. These pledges receivable are included in the financial statements at the pledged value. Total pledges receivable at December 31, 2017 was \$0.

**NOTE D – PROPERTY AND EQUIPMENT**

The Organization has elected to capitalize assets with a cost of \$500 or more. Capital assets are depreciated using the straight-line method and charged as an expense against operations; total capital assets and accumulated depreciation are reported on the statement of net position. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40 years
Vehicles	5 years
Furniture and equipment	5 years

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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Property and Equipment includes:

Asset	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
<b>Colerain Facility</b>				
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Buildings	1,298,824	-	-	1,298,824
Furniture and equipment	323,474	30,823	-	354,297
<b>Conrey Road Facility</b>				
Land	400,000	-	-	400,000
Buildings	6,500,924	-	-	6,500,924
Furniture and equipment	632,898	34,141	-	667,039
<b>Simmonds Farm</b>				
Land	176,750	-	-	176,750
Buildings	237,243	-	-	237,243
Furniture and equipment	74,330	-	-	74,330
<b>Vehicles</b>				
	609,832	52,016	(8,273)	653,575
Subtotal	10,329,275	116,980	(8,273)	10,437,982
Less: accum. depreciation	(3,718,386)	(267,864)	6,619	(3,979,631)
Property and equipment, net	<u>\$ 6,610,889</u>	<u>\$ (150,884)</u>	<u>\$ (1,654)</u>	<u>\$ 6,458,351</u>

**NOTE E – BENEFICIAL INTEREST IN TRUST FUND ASSETS HELD BY OTHERS**

The Organization has unconditional rights to distributions from the following trusts. The fair values of these beneficial interest trusts at December 31, 2017 are as follows:

Trust Name	Trust Type	Fair Value at December 31, 2017
Eliabeth Miller Irrevocable Charitable Trust	Perpetual	\$ 425,210
Carole C. & Charles Kehrer Charitable Trust	Perpetual	170,856
Denise Mauduit Trust	Remainder	149,780
Total Beneficial Interest in Trusts		<u>\$ 745,846</u>

**Perpetual Trusts** – The Organization is the recipient of investment income from two perpetual trusts:

The Elizabeth Miller Irrevocable Charitable Trust – The Miller Trust was established in the early 1900's and is permanently in trust, currently with PNC Bank, with the Organization as its sole beneficiary. The Organization receives quarterly interest payments on the corpus of this trust. The market value of this trust at December 31, 2017 was \$425,210 and the beneficial interest was \$425,210. During 2017, the unrestricted income received from this trust was \$13,927; the fees and charges to manage the trust was \$4,718.

The Carole C. & Charles A. Kehrer Charitable Trust – The Kehrer Trust was established in 2012 and is permanently in trust, currently with Raymond James Financial, with the Organization as a 5% beneficiary. The Organization receives quarterly interest payments on the corpus of this trust. The market value of this trust at December 31, 2017 was \$3,417,122 and the beneficial interest was \$170,856. During 2017, the unrestricted income received from this trust was \$12,983; the fees and charges to manage the trust was \$67,329.

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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**Remainder Trust** – The Organization was named as the remainder beneficiary from one remainder trust:

The Denise Mauduit Trust – The Mauduit Trust was established in 1993 and is in trust at US Bank. The Organization will receive 25% of 70% of the trust balance on the death of a designated family member. The market value of this trust at December 31, 2017 was \$855,886 and the beneficial interest was \$149,780.

**Other Trusts** – The Organization has also been named as the beneficiary in three other remainder trusts whose value cannot currently be ascertained due to conditions in the individual trust documents. The following amounts are for disclosure purposes only and are not yet recognized in the financial statements:

The Flora R. Ploss Remainder Trust – The Organization has been designated to receive 100% of trust balance on the death of a designated family member. This amount is currently estimated to be \$1,194,531 and the estimated beneficial interest is \$1,194,531.

Phyllis Romanow Charitable Remainder Unitrust – The Organization has been designated to receive 25% of trust balance on the death of a designated family member. This amount is currently estimated to be \$159,068 and the estimated beneficial interest is \$39,767.

Arthur Romanow Charitable Remainder Unitrust – The Organization has been designated to receive 25% of trust balance on the death of a designated family member. This amount is currently estimated to be \$203,038 and the estimated beneficial interest is \$50,759.

**NOTE F – TEMPORARILY RESTRICTED NET ASSETS**

The restrictions on net assets at December 31, 2017 consist of the following items: funding the organization has pledged to receive in the next two (2) years; the cash balances of the Miami Savings Bank farm checking and savings accounts which are restricted year to year, for use in funding capital projects of the Organization; and the balance of restricted cash. The following is a schedule of temporarily restricted net assets:

Temporarily Restricted At:	
December 31, 2017	
MSB farm checking	\$ 91,000
MSB farm savings	433,119
Grant funds	236,575
2017 Fur Ball plea	75,020
Total Temporarily Restricted	<u>\$ 835,714</u>

**NOTE G – RETIREMENT PLAN**

The Organization maintains a contributory retirement plan under Section 403(b) of the Internal Revenue Code. Employee contributions are discretionary. The Organization has elected to match employee contributions up to a maximum of 6% of gross pay. The Organization made \$40,245 in contributions to the plan for the year ended December 31, 2017.

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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**NOTE H – LEASES**

Capital Leases

The Organization has both vehicles and equipment under capital leases at December 31, 2017. These vehicles and equipment are included at cost as fixed assets on the balance sheet and are being depreciated based on their respective asset category.

The following is a listing of the vehicles and equipment under capital lease and the remaining lease balances:

<u>Item Leased</u>	<u>Lease Date</u>	<u>Maturity Date</u>	<u>Asset Cost</u>	<u>Term (Mo.)</u>	<u>Remaining Balance</u>
2014 Kennels Conrey	7/30/2014	7/30/2019	\$ 41,011	60	\$ 14,386
2016 Ford Explorer	12/10/2015	12/10/2020	27,471	60	17,965
2017 Ford Escape	10/5/2016	10/5/2022	21,601	72	17,669
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	35,876
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	35,876
					Capital Lease Balance
					\$ 121,772

The 2016 Ford explorer leased in December of 2015 has a balloon payment at the end of the lease period of \$12,000. At the end of the 60 month maturity period, this amount will be eligible for a follow-on lease, a note, or full payment. This balloon payment is currently held as a long-term liability.

The following is a summary of future lease payments required to fulfill the leasing contracts:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2018	\$ 30,660	\$ 6,264	\$ 36,924
2019	28,820	4,355	33,175
2020	24,642	2,718	27,360
2021	18,992	1,492	20,484
2022	18,658	758	19,416
Totals	\$ 121,772	\$ 15,587	\$ 137,359

**NOTE I – LINES OF CREDIT**

The Organization has two revolving lines of credit with PNC Bank, one for \$50,000 and one for \$325,000, for a maximum of \$375,000, which is secured by Organization investment funds. At December 31, 2017, the total amount drawn on the lines of credit was \$0 leaving an available balance of \$375,000.

**NOTE J – PROMISSORY NOTE**

On April 6, 2012, the organization purchased a John Deere Tractor and wrote a promissory note to CFC Investment Company to finance the tractor. The loan has monthly payments of \$391. The terms of the note are 5 years at an interest rate of 6.939%. The balance of this note was paid in full as of December 31, 2017.

<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>December 31, 2017</b>
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**NOTE K – DEBT SUMMARY**

The following is a summary of the changes in the Organization’s debt during 2017, and the balances that exist at December 31, 2017:

Debt type	Balance at December 31, 2016	Additions	Principal Payments	Balance at December 31, 2017	Current Portion
Capital leases	\$ 170,883	\$ -	\$ (49,111)	\$ 121,772	\$ 30,660
Lease balloon payment	12,000	-	-	12,000	-
Promissory notes	1,159	-	(1,159)	-	-
Line of credit	74,548	-	(74,548)	-	-
Totals	<u>\$ 258,590</u>	<u>\$ -</u>	<u>\$ (124,818)</u>	<u>\$ 133,772</u>	<u>\$ 30,660</u>

**NOTE L – FUND RAISING**

The Organization received total solicited revenues of \$1,960,263 from its fund raising and direct mail activities and \$756,106 from special events activities. The Organization incurred direct, related expenses from both activities of \$737,406 for the year ended December 31, 2017.

**NOTE M – DONATED SERVICES**

The Organization receives services of volunteers who donate their time to administrative and oversight services to the Organization. These contributed services do not meet the requirements for recognition in the financial statements.

**NOTE N – RELATED PARTY TRANSACTIONS**

A board member for the Organization is a member of the Board of Directors of a publicly traded for-profit corporation. The Organization leases equipment and vehicles, under capital leases as described in NOTE H above, from a finance company which is a subsidiary of that corporation. Additionally, the board member is also a member of the board of an insurance company and the Chief Executive Officer of an insurance brokerage company. The Organization purchases insurance through the brokerage, which is written by the insurance company. During 2017, insurance premiums in the amount of \$56,806 were paid to the insurance brokerage. The Organization’s board believes that the pricing of the policies and the financial leases described above were compatible to the pricing from other sources for similar lease financing and insurance coverage available at the time of purchase.

The Chairman of the Board of the Organization is the President of the Commercial Division of USI. The Organization uses USI to broker its Health, Dental, and Vision insurance. Although the Organization uses USI to broker their insurance, it remits payments directly through Anthem, Superior Dental, and United Healthcare and makes no direct payments to USI.

**NOTE O – PRIOR PERIOD ADJUSTMENT**

During 2017, management elected to recognize Estates/Trusts receivable and Beneficial Interests in Trusts for the first time. The Organization made a net prior period adjustment of \$1,293,204, to recognize Estates/Trusts receivables of \$547,358 and Beneficial Interests in Trust of \$745,846, not previously recognized during fiscal year 2016.



<b>SPCA CINCINNATI</b> <b>NOTES TO FINANCIAL STATEMENTS</b> December 31, 2017
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**NOTE P – SUBSEQUENT EVENTS**

The Organization's management has evaluated events through May 10, 2018, the date on which the financial statements were available for issue. The Organization did not have any events subsequent to December 31, 2017 through May 10, 2018 to disclose.