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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2020

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FINANCIAL STATEMENTS

For the Year Ending December 31, 2020

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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, 2020, and the related statement 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.

3216 Dixie Highway ■ Erlanger, KY ■ 41018 ■ Phone 859-431-0700 ■ www.cnocpa.com

Chamberlin Owen
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, 2020, 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.

Emphasis of a Matter – Implementation of New FASB Accounting Standard

As discussed in Note Q to the financial statements, effective January 1, 2020 SPCA Cincinnati adopted Financial Accounting Standards Board Accounting Standards Updates 2014-09 *Revenue From Contracts with Customers* (Topic 606) and 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinion is not modified with respect to these matters.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Erlanger, Kentucky
May 12, 2021

SPCA CINCINNATI
STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Animal Control	Humane Operations	Total
Assets			
Current assets			
Cash and cash equivalents	$ -	$ 2,533,159	$ 2,533,159
Investments	-	4,831,711	4,831,711
Estates/Trusts receivable	-	50,000	50,000
Accounts receivable	-	-	-
Pledges receivable	-	-	-
Total current assets	-	7,414,870	7,414,870
Property and equipment			
Nondepreciated property and equipment			
Construction in progress	-	165,787	165,787
Land	-	651,750	651,750
Depreciated property and equipment	-	11,053,812	11,053,812
Less: Accumulated depreciation	-	(4,025,040)	(4,025,040)
Total property and equipment, net	-	7,846,309	7,846,309
Other assets			
Beneficial interests in trusts	-	1,359,525	1,359,525
Prepaid expenses	-	48,913	48,913
Pet supply store inventory	-	17,762	17,762
Total other assets	-	1,426,200	1,426,200
Total assets	$ -	$ 16,687,379	$ 16,687,379
Liabilities and net assets			
Liabilities			
Current liabilities			
Accounts payable	$ -	$ 11,246	$ 11,246
Accrued expenses	-	139,286	139,286
Current portion of debt	-	167,019	167,019
Total current liabilities	-	317,551	317,551
Long term liabilities			
Commercial notes payable	-	24,000	24,000
Promissary note	-	1,351,568	1,351,568
Capital leases	-	17,629	17,629
Total long term liabilities	-	1,393,197	1,393,197
Total liabilities	-	1,710,748	1,710,748
Net assets			
With donor restictions	-	1,975,999	1,975,999
Without donor restictions	-	13,000,632	13,000,632
Total net assets	-	14,976,631	14,976,631
Total liabilities and net assets	$ -	$ 16,687,379	$ 16,687,379

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

SPCA CINCINNATI
STATEMENT OF ACTIVITIES
For the Year Ending December 31, 2020

	Without Donor Restrictions	With Donor Restrictions		
	Humane Operations	Humane Operations	Animal Control	Total
Revenues, gain, and other support				
Contractual revenue	$ -	$ -	$ 1,095,500	$ 1,095,500
Cash contributions	1,816,311	67,000	-	1,883,311
Estate and trust income	270,170	-	-	270,170
Investment income	134,170	-	-	134,170
Animal sales, net	64,518	-	-	64,518
Animal calls	43,714	-	-	43,714
Fees - Pit Bulls	-	27,190	-	27,190
Fees - Board of Health	-	3,348	-	3,348
Other fees/income	356,042	-	250	356,292
In-kind donations	196,096	-	-	196,096
Net (losses) gains on investments	(962,928)	112,518	-	(850,410)
Northside lease income	91,500			91,500
Grant income	656,600	1,085,300	-	1,741,900
Special events	445,142	-	-	445,142
Transfer from Humane Operations	-	-	118,727	118,727
Net assets released from restrictions				
Satisfaction of program restrictions	1,285,131	(1,285,131)	-	-
Total revenues, gains, and other support	4,396,466	10,225	1,214,477	5,621,168
Expenses				
Program services				
Animal control	-	-	1,198,840	1,198,840
Farm education center	78,505	-	-	78,505
Humane services	3,046,155	-	-	3,046,155
Total program services	3,124,660	-	1,198,840	4,323,500
Supporting services				
Management and general	345,492	-	-	345,492
Development	942,533	-	-	942,533
Depreciation	317,474	-	-	317,474
Total expenses	4,730,159	-	1,198,840	5,928,999
Change in net assets	(333,693)	10,225	15,637	(307,831)
Net assets at beginning of year	13,334,325	1,965,774	(15,637)	15,284,462
Net assets at end of year	$ 13,000,632	$ 1,975,999	-	$ 14,976,631

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

SPCA CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2020

	Program Services						Totals	
	Animal Control	Farm Education Center	Humane Services	Total Programs	Management and General	Development	2020	*Memo Only* 2019
Salaries	$ 591,451	$ 49,991	$ 1,008,445	$ 1,649,887	$ 286,772	$ 302,052	$ 2,238,711	$ 2,683,194
Benefits and taxes	109,182	9,228	415,250	533,660	52,938	55,759	642,357	668,173
Total salaries and related costs	700,633	59,219	1,423,695	2,183,547	339,710	357,811	2,881,068	3,351,367
Advertising	-	-	-	-	-	-	-	35,000
Building/maintenance	23,463	7,810	36,996	68,269	-	-	68,269	235,216
Communications	33,585	1,739	14,960	50,284	-	-	50,284	50,084
Contracted services	8,985	-	28,866	37,851	4,452	2,227	44,530	47,578
Development expenses	-	-	-	-	-	18,698	18,698	45,542
Insurance expense	20,917	-	84,285	105,202	-	-	105,202	131,259
Interest	-	-	21,359	21,359	-	-	21,359	8,516
Kennel - med/vet/clinic	189,976	292	942,605	1,132,873	-	-	1,132,873	1,514,948
Kennel - supplies	55,778	1,758	135,976	193,512	-	-	193,512	262,602
Miscellaneous	41,257	737	60,597	102,591	16	2,794	105,401	108,715
Printing/postage	-	-	14,861	14,861	-	2,400	17,261	28,300
Professional fees	21,335	-	44,588	65,923	-	-	65,923	77,046
Supplies	20,444	-	42,832	63,276	-	-	63,276	76,159
Special events expenses	-	-	-	-	-	103,809	103,809	235,418
Third party fund raising	-	-	-	-	-	454,345	454,345	465,513
Training	3,445	-	9,213	12,658	-	-	12,658	48,227
Transfer to Animal Control	-	-	118,727	118,727	-	-	118,727	-
Travel/vehicles	30,414	20	6,270	36,704	1,314	-	38,018	47,766
Uniforms	2,843	-	2,311	5,154	-	449	5,603	16,015
Utilities	45,765	6,930	58,014	110,709	-	-	110,709	142,215
Total expenses before depreciation	1,198,840	78,505	3,046,155	4,323,500	345,492	942,533	5,611,525	6,927,486
Depreciation, unallocated	-	-	-	-	-	-	317,474	297,595
Total expenses	$ 1,198,840	$ 78,505	$ 3,046,155	$ 4,323,500	$ 345,492	$ 942,533	$ 5,928,999	$ 7,225,081

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

SPCA CINCINNATI
STATEMENT OF CASH FLOWS
For the Year Ending December 31, 2020

		2020
Cash flows from operating activities		
Change in net assets	$	(307,831)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization		317,474
Gain on disposal of property and equipment		(110,306)
Unrealized loss/(gain) on investments		850,410
Change in operating assets:		
Other assets and deposits		(121,889)
Estates/Trusts receivable		35,000
Accounts receivable		17,157
Pledges receivable		20,500
Change in operating liabilities:		
Accounts payable		(96,407)
Other liabilities		(6,755)
Net change in cash from operating activities		597,353
Cash flows from investing activities		
Purchases of investment securities		(81,444)
Proceeds from disposal of property and equipment		291,270
Purchase of property and equipment		(1,554,420)
Net change in cash from investing activities		(1,344,594)
Cash flows from financing activities		
Proceeds from new capital leases		24,000
Proceeds from note payable		1,515,777
Payments on notes payable		(63,411)
Payments on capital leases		(118,665)
Net change in cash from financing activities		1,357,701
Net change in cash and cash equivalents		610,460
Beginning cash and cash equivalents		1,922,699
Ending cash and cash equivalents	$	2,533,159
Supplemental data		
Interest paid	$	21,359
Non-cash in-kind contributions	$	196,096

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

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. The Organization's mission is to be a driving force in promoting animal welfare, strengthening the human-animal bond, providing humane education and eliminating pet overpopulation.

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.

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 reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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 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. The cash and cash equivalents balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2020, the Organization had collected balances of approximately $319,717 at Miami Savings Bank in excess of the FDIC insured limits.

Revenue Concentration Risk
The Organization received 19.5% of its total revenues from contracts with the Hamilton County, Ohio Board of Commissioners for dog warden services. This contract was terminated as of July 31, 2020.

Contributions
Grants and other contributions of cash and other assets are reported as net assets with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, those net assets are reported in the statement of activities as net assets released from restrictions. Unconditional promises to give are recorded at their net realizable value. Gifts are considered to be available for unrestricted use or designation by the governing board unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt.

Allowance for Doubtful Accounts
The Organization had pledges receivable of $0 at December 31, 2020. 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.

Net Assets
Resources are classified into two net asset categories according to the existence or absence of donor-imposed restrictions. A description of the two net asset categories, as applied to the Organization is as follows:

1) Net assets without donor restrictions – Net assets available for general use and not subject to donor restrictions:
    - Undesignated net assets include the assets and liabilities associated with the principal mission of the Organization, including its net property and equipment. Board designated net assets can be an internally tracked subset of this category. This includes net assets which the board has determined should be invested for future needs of the Organization.

2) Net assets with donor restrictions:
    - Include grants and contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are

perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

Functional Expense Allocation
The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program and support services categories based on specific identification and Organization staff time spent within each functional area.

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

In-Kind Donations
The Organization receives donations of pet food, pet medications, and pet supplies, as well as professional services on an in-kind basis. The amounts of these donations were estimated to be $196,096 as of December 31, 2020 and are recorded as revenues and as offsetting expenses of the same amount.

NOTE B – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2020, the Organization had investments consisting of various public company stock equities. The market value of these investments was $5,091,621 with $259,910 of this amount classified as cash or cash equivalents on the balance sheet for a net investment balance of $4,831,711.

Investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. 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. There are no Level 2 or Level 3 investments.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2020, are as follows

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equity securities:				
Cincinnati Financial	$ 4,798,568	$ 4,798,568	$ -	$ -
Procter and Gamble Co.	33,143	33,143	-	-
Total equity securities	4,831,711	4,831,711	-	-
Cash and Cash Equivalents				
PNC Money Fund	259,910	259,910	-	-
Total investments	$ 5,091,621	$ 5,091,621	$ -	$ -

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, 2020 was $0.

NOTE D – ENDOWMENT

The Organization's endowment consists of one individual fund, established in 2019, to support the mission, program, and activities of SPCA Cincinnati's Pet Behavioral Department. The endowment includes a donor-restricted endowment fund. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body has interpreted the State of Ohio Uniform Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of Organization

The composition of net assets by endowment fund at December 31, 2020 were:

Net Assets with Donor Restrictions to be held in perpetuity

	FMV at December 31, 2019	Additions	Deletions	FMV at December 31, 2020
Robinson Endowment	$ 211,459	$ -	$ -	$ 211,459
Total Endowment	$ 211,459	$ -	$ -	$ 211,459

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation. No deficiencies of this nature are reported at December 31, 2020.

The Organization has adopted investment and spending policies for endowment assets which, similar to investment assets, attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity. Under the Organization's policies, endowment assets are invested in a manner that is intended to produce results that exceed spending plus inflation while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide an average rate of return of approximately 1.5% over time. Actual returns in any given year may vary from this amount.

NOTE E – 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

Property and Equipment includes:

Asset	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Construction in progress	$ 73,862	$ 1,604,868	$ (1,512,943)	$ 165,787
Colerain Facility				
Land	75,000	-	-	75,000
Buildings	1,310,724	-	-	1,310,724
Furniture and equipment	384,783	-	(307,214)	77,569
Conrey Road Facility				
Land	400,000	-	-	400,000
Buildings	6,690,536	1,512,943	-	8,203,479
Furniture and equipment	929,282	110,042	(193,627)	845,697
Simmonds Farm				
Land	176,750	-	-	176,750
Buildings	237,243	-	-	237,243
Furniture and equipment	74,330	-	-	74,330
Vehicles	569,377	97,222	(361,829)	304,770
Subtotal	10,848,025	1,720,207	(862,670)	11,705,562
Less: accum. depreciation	(4,356,055)	(317,474)	648,489	(4,025,040)
Property and equipment, net	$ 6,491,970	$ 1,402,733	$ (214,181)	$ 7,680,522

NOTE F – 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, 2020 are as follows:

Trust Name	Trust Type		Fair Value at December 31, 2020
Eliabeth Miller Irrevocable Charitable Trust	Perpetual	$	461,501
Carole C. & Charles Kehrer Charitable Trust	Perpetual		200,124
Alex C. Young Charitable Trust	Perpetual		697,901
Total Beneficial Interest in Trusts		$	1,359,526

Perpetual Trusts – The Organization is the recipient of investment income from four 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 and the beneficial interest of this trust at December 31, 2020 was $461,501. During 2020, the unrestricted income received from this trust was $18,248; the fees and charges to manage the trust were $4,863.

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, 2020 was $4,002,475 and the beneficial interest was $200,124. During 2020, the unrestricted income received from this trust was $12,693; the fees and charges to manage the trust was $49,923.

The Alex C. Young Charitable Trust – The Alex C. Young Trust was funded in 2019 and is permanently in trust, currently with Comerica Bank, with the Organization as a 7.78% beneficiary. In 2020, this trust was merged with the Elizabeth Young Charitable Trust. The Organization receives bi-monthly interest payments on the corpus of this trust. The market value of this trust at December 31, 2020 was $8,970,446 and the beneficial interest was $697,901. During 2020, the unrestricted income received from this trust was $3,897; the fees and charges to manage the trust were $18,074.

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 $1,330,978 and the estimated beneficial interest is $1,330,978.

Phyllis Romanow Charitable Remainder Unitrust – The Organization was designated to receive 7.5% of trust balance on the death of a designated family member. The remaining balance of $12,015 was distributed to the Organization in April 2020.

Arthur Romanow Charitable Remainder Unitrust – The Organization was designated to receive 7.5% of trust balance on the death of a designated family member. The remaining balance of $14,797 was distributed to the Organization in May 2020.

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 $26,331 in contributions to the plan for the year ended December 31, 2020.

NOTE H – LEASES

Capital Leases

The Organization has both vehicles and equipment under capital leases at December 31, 2020. 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:

Item Leased	Lease Date	Maturity Date	Asset Cost	Term (Mo.)	Remaining Balance
2016 Ford Explorer	12/10/2015	12/10/2020	27,471	60	$ -
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	-
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	-
Colerain Front Office HVAC	7/6/2018	7/9/2023	11,900	60	6,577
2018 Chevrolet Silverado	6/29/2018	6/30/2021	30,773	36	4,725
2019 Ram Promaster Van	12/10/2019	12/10/2024	26,230	72	-
2019 Ram Promaster Van	12/10/2019	12/10/2024	26,230	72	-
2020 Subaru Ascent	6/1/2020	6/1/2026	24,000	60	21,767
			Capital Lease Balance		$ 33,069

The 2018 Chevrolet Silverado leased in June of 2018 and the 2020 Subaru leased in June of 2020 both have a balloon payment at the end of the lease period of $12,000. At the end of the 60-month maturity period, these amounts will be eligible for a follow-on lease, a note, or full payment. These balloon payments are currently held as a long-term liability.

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

Year	Principal Amount	Interest Amount	Total Debt Service
2021	$ 11,293	$ 2,276	$ 13,569
2022	7,139	1,705	8,844
2023	6,606	1,092	7,698
2024	5,552	653	6,096
2025	2,479	61	2,540
Totals	$ 33,069	$ 5,787	$ 38,747

NOTE I – LINE OF CREDIT

The Organization has a revolving line of credit with PNC Bank, for $325,000, which is secured by the Organization investment funds. At December 31, 2020, the total amount drawn on the lines of credit was $0 leaving an available balance of $325,000.

The Organization has a construction line of credit with PNC Bank for $1,800,000, which was secured by Organization investment funds at December 31, 2019. On November 14, 2020, the Organization converted the line of credit to a promissory note. See Note J.

NOTE J – PROMISSORY NOTES

On November 14, 2020, the Organization converted a construction line of credit with PNC Bank for $1,800,000 to a loan for $1,515,777 to finance the K-9 expansion. The loan has monthly payments of $12,631. The terms of the note are 10 years at a fixed interest rate of 3.31%. The assets serve as collateral for the note.

On December 3, 2018, the organization purchased an x-ray machine and wrote a promissory note to CFC Investment Company to finance the equipment. The loan has monthly payments of $902. The terms of the note are 5 years at an interest rate of 5.505%. The equipment serves as collateral for the note. This note was paid in full March 5, 2020.

NOTE K – DEBT SUMMARY

The following is a summary of the changes in the Organization's debt during 2020, and the balances that exist at December 31, 2020:

Debt type	Balance at December 31, 2019	Additions	Principal Payments	Balance at December 31, 2020	Current Portion
Capital leases	$ 127,734	$ 24,000	$ (118,665)	$ 33,069	$ 15,441
Lease balloon payments	24,000	12,000	(12,000)	24,000	-
Promissory notes	38,781	1,515,777	(51,411)	1,503,147	151,578
Totals	$ 190,515	$ 1,551,777	$ (182,076)	$ 1,560,216	$ 167,019

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 are restricted for the following purposes or periods:

Restricted Purpose	Balance at December 31, 2019	Restricted Contributions	Released from Restrictions	Balance at December 31, 2020
Bernard Foundation grant	$ 29,545	$ 1,085,300	$ (963,065)	$ 151,780
Beneficial interest in trusts	1,247,138	112,387	-	1,359,525
Animal control	(15,637)	1,214,477	(1,198,840)	-
Animal fees	-	30,538	(30,538)	-
Simmonds Farm	468,819	50,131	(265,715)	253,235
Endowment	211,459	-	-	211,459
K-9 expansion	8,813	17,000	(25,813)	-
	$ 1,950,137	$ 2,509,833	$ (2,483,971)	$ 1,975,999

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

NOTE M – FUND RAISING

The Organization received total solicited revenues of $1,481,661 from its fund raising and direct mail activities and $445,142 from special events activities. The Organization incurred direct, related expenses from both activities of $558,154 for the year ended December 31, 2020.

NOTE N – 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 O – 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 2020, insurance premiums in the amount of $105,202 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.

NOTE P – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. As part of the Organization’s liquidity management, it invests cash in investments, typically equity securities.

The Organization has the following amounts that are available for use within one year for general purposes:

		2020
Cash and cash equivalents	$	2,533,159
Investments at market rate		4,831,711
Estates/Trusts receivable		50,000
Subtotal financial assets, at year end		7,414,870
Less assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions		1,975,999
Financial assets available to meet cash needs for general expenditures within one year:	$	5,438,871

The Organization receives contractual revenue, grants, and contributions that are restricted by donors and considers revenues restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization's endowment funds consist of a donor-restricted endowment. Income from the donor-restricted endowment is restricted for specific programming purposes. Donor-restricted endowment funds are not available for general expenditure.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization maintains current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization regularly monitors cash flows and monitors its reserves annually. In addition, the Organization's Board reviews the summarized financial reports quarterly.

NOTE Q – IMPLEMENTATION OF NEW FASB ACCOUNTING STANDARD

Effective January 1, 2020 the Organization adopted the requirements of Accounting Standards Update 2014-09 *Revenue From Contracts with Customers* (Topic 606) and Accounting Standards Update 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

Topic 606, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has adjusted the presentation in these financial statements accordingly.

Topic 958 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements.

The Organization adopted the requirements of this new guidance utilizing the modified retrospective method of transition. However, the adoption of this new guidance did not result in the Organization changing its policies for recognizing revenue and thus no cumulative adjustment to the Organization's net assets as of January 1, 2020 was required. The amounts reported in the financial statements for 2020 are the same amounts that would have been reported under the former guidance. The Organization did apply the new guidance using the practical expedient provided in Topics 606 and 958 that allows the guidance to be applied only to contracts and contributions that were not complete as of January 1, 2020. The effects of applying the practical expedient were not significant to the financial statements.

NOTE R – FUTURE CHANGES IN ACCOUNTING STANDARDS

ASU 2016-02 – *Leases (Topic 842)* –This standard eliminates "operating leases" and requires entities to recognize, on the balance sheet, both a "right of use" asset that is amortized over the lease term and a lease liability, initially measured at the present value of the future lease payments. The Organization will apply this standard beginning on January 1, 2021.

NOTE S – COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. The Organization's Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

The primary effects on the Organization from the COVID-19 Global Pandemic were:

- A significant decrease in the Organization's investment account value in March of 2020. The investment account has fully recovered its' market value as of the date of these financial statements.
- Program activities were moved to virtual platforms.
- Staff work was moved to remote worksites.
- Fundraising events were cancelled, however, 100% of the donations were approved by donors, in writing, to be used towards program services.
- The 2021 budget has been passed with additional cash reserves being held to incorporate the potential effects of the pandemic on the Organization's financial condition.

NOTE T – PAYCHECK PROTECTION PROGRAM LOAN

In response to the COVID-19 Global Pandemic, the Organization applied for and received a $656,600 Federal Small Business Administration *Paycheck Protection Program* loan from a local bank. The loan program specified that these proceeds be used for payroll costs, rent, and utilities during the pandemic. As of December 31, 2020, the loan has been fully forgiven as the qualifications were met and the loan amount was recognized as a grant on the income statement.

NOTE U– SUBSEQUENT EVENTS

The Organization's management has evaluated events through May 12, 2021, the date on which the financial statements were available for issue. The Organization has no events subsequent to December 31, 2020 through May 12, 2021, to disclose.