

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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2016

**HAMILTON COUNTY
SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS
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FINANCIAL STATEMENTS

For the Year Ending December 31, 2016

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SOCIETY FOR THE PREVENTION
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d.b.a. SPCA CINCINNATI**

FINANCIAL STATEMENTS

For the Year Ending December 31, 2016

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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, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2016, 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
March 27, 2017

SPCA CINCINNATI STATEMENT OF FINANCIAL POSITION December 31, 2016
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ASSETS	Animal Control	Humane Operations	Capital Campaign	Total
Current Assets				
Cash and cash equivalents	\$ 2,537	\$ 1,140,346	\$ 85,808	\$ 1,228,691
Investments	-	4,153,739	-	4,153,739
Accounts receivable	-	24,772	-	24,772
Total Current Assets	<u>2,537</u>	<u>5,318,857</u>	<u>85,808</u>	<u>5,407,202</u>
Fixed Assets				
Land	-	651,750	-	651,750
Buildings	-	8,036,991	-	8,036,991
Furnishings and equipment	-	1,030,702	-	1,030,702
Vehicles	-	609,832	-	609,832
Less: Accumulated depreciation	-	(3,718,386)	-	(3,718,386)
Net Fixed Assets	<u>-</u>	<u>6,610,889</u>	<u>-</u>	<u>6,610,889</u>
Other Assets				
Prepaid expenses	-	55,991	-	55,991
Pet supply store inventory	-	5,249	-	5,249
Total Other Assets	<u>-</u>	<u>61,240</u>	<u>-</u>	<u>61,240</u>
TOTAL ASSETS	<u>\$ 2,537</u>	<u>\$ 11,990,986</u>	<u>\$ 85,808</u>	<u>\$ 12,079,331</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 29,543	\$ 51,041	\$ -	\$ 80,584
Accrued expenses	-	167,027	-	167,027
Lines of credit	-	74,548	-	74,548
Current portion of debt	-	50,014	-	50,014
Total Current Liabilities	<u>29,543</u>	<u>342,630</u>	<u>-</u>	<u>372,173</u>
Long Term Liabilities				
Commercial notes payable	-	12,000	-	12,000
Capital leases	-	122,028	-	122,028
Total Long Term Liabilities	<u>-</u>	<u>134,028</u>	<u>-</u>	<u>134,028</u>
TOTAL LIABILITIES	<u>29,543</u>	<u>476,658</u>	<u>-</u>	<u>506,201</u>
NET ASSETS				
Restricted by statute	(27,006)	-	-	(27,006)
Temporarily restricted	-	820,684	85,808	906,492
Unrestricted	-	10,693,644	-	10,693,644
TOTAL NET ASSETS	<u>(27,006)</u>	<u>11,514,328</u>	<u>85,808</u>	<u>11,573,130</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,537</u>	<u>\$ 11,990,986</u>	<u>\$ 85,808</u>	<u>\$ 12,079,331</u>

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

SPCA CINCINNATI STATEMENT OF ACTIVITIES For the Year Ending December 31, 2016
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	Animal Control	Humane Operations	Capital Campaign	Total
REVENUES				
Contractual revenue	\$ 1,504,800	\$ -	\$ -	\$ 1,504,800
Cash contributions	-	1,803,638	-	1,803,638
Estate and trust income	-	405,355	-	405,355
Investment income	-	88,507	17,555	106,062
Animal sales, net	-	103,418	-	103,418
Animal calls	-	104,656	-	104,656
Fees - Pit Bulls	-	30,755	-	30,755
Fees - Board of Health	-	9,224	-	9,224
Other fees/income	1,931	29,731	-	31,662
In-kind donations	-	80,000	-	80,000
Gain on investments	-	898,760	-	898,760
Grant income	-	958,750	-	958,750
Special events, net	-	397,850	-	397,850
TOTAL REVENUES	<u>1,506,731</u>	<u>4,910,644</u>	<u>17,555</u>	<u>6,434,930</u>
TEMPORARILY RESTRICTED ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT	<u>1,506,731</u>	<u>4,910,644</u>	<u>17,555</u>	<u>6,434,930</u>
EXPENSES				
Program services				
Animal Control	1,526,917	-	-	1,526,917
Farm Education Center	-	29,577	-	29,577
Humane Services	-	2,643,941	-	2,643,941
Total program services	<u>1,526,917</u>	<u>2,673,518</u>	<u>-</u>	<u>4,200,435</u>
Supporting services				
Management and general	-	185,510	-	185,510
Development	-	634,287	-	634,287
Depreciation	-	285,623	-	285,623
TOTAL EXPENSES	<u>1,526,917</u>	<u>3,778,938</u>	<u>-</u>	<u>5,305,855</u>
NET OPERATING PROFIT (LOSS)	(20,186)	1,131,706	17,555	1,129,075
NON-OPERATING REVENUES				
Net transfers in to fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	(20,186)	1,131,706	17,555	1,129,075
NET ASSETS AT BEGINNING OF YEAR	<u>(6,820)</u>	<u>10,382,622</u>	<u>68,253</u>	<u>10,444,055</u>
NET ASSETS AT END OF YEAR	<u>\$ (27,006)</u>	<u>\$ 11,514,328</u>	<u>\$ 85,808</u>	<u>\$ 11,573,130</u>

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

SPCA CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2016

	Program Services				Management and General	Development	Totals	
	Animal Control	Farm Education Center	Humane Services	Total Programs			2016	Memo Only 2015
Salaries	\$ 739,357	\$ -	\$ 1,295,928	\$ 2,035,285	\$ 118,413	\$ 164,976	\$ 2,318,674	\$ 1,972,336
Benefits and taxes	159,923	-	280,300	440,223	25,613	35,684	501,520	443,168
Total Salaries and Related Costs	899,280	-	1,576,228	2,475,508	144,026	200,660	2,820,194	2,415,504
Advertising	-	-	-	-	-	54,165	54,165	41,805
Building/maintenance	13,052	9,466	82,856	105,374	3,390	-	108,764	101,766
Communications	30,290	952	30,292	61,534	-	-	61,534	66,627
Contracted services	11,292	-	22,584	33,876	33,877	-	67,753	70,557
Insurance expense	5,718	-	51,464	57,182	-	-	57,182	56,523
Interest	-	217	13,899	14,116	-	-	14,116	15,437
Kennel - med/vet/clinic	188,236	-	476,194	664,430	-	-	664,430	401,243
Kennel - supplies	175,281	-	101,630	276,911	-	-	276,911	280,849
Miscellaneous	39,161	1,428	39,161	79,750	3,159	-	82,909	64,683
Printing/postage	-	-	-	-	-	15,454	15,454	19,233
Professional fees	14,066	9,550	93,605	117,221	-	-	117,221	96,141
Public relations	-	-	1,617	1,617	1,058	501	3,176	4,781
Supplies	19,109	-	48,285	67,394	-	-	67,394	68,096
Third party fund raising	-	-	-	-	-	363,507	363,507	463,589
Training	-	-	1,193	1,193	-	-	1,193	6,742
Travel/vehicles	57,189	-	19,063	76,252	-	-	76,252	44,746
Uniforms	16,376	-	-	16,376	-	-	16,376	11,037
Utilities	57,867	7,964	85,870	151,701	-	-	151,701	162,820
Total Expenses	<u>\$ 1,526,917</u>	<u>\$ 29,577</u>	<u>\$ 2,643,941</u>	<u>\$ 4,200,435</u>	<u>\$ 185,510</u>	<u>\$ 634,287</u>	<u>\$ 5,020,232</u>	<u>\$ 4,392,179</u>

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

SPCA CINCINNATI STATEMENT OF CASH FLOWS For the Year Ending December 31, 2016
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	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 1,129,075
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization	285,623
Unrealized (gain)/loss on investments	(898,760)
(Increase) decrease in operating assets:	
Other assets and deposits	(51,960)
Accounts receivable	37,925
Increase (decrease) in operating liabilities:	
Accounts payable	(188,825)
Other liabilities	108,784
	<u>421,862</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from investment securities	93,474
Proceeds from disposal of fixed assets	1,763
Purchase of property and equipment	(167,136)
	<u>(71,899)</u>
NET CASH USED FOR INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on line of credit	(75,000)
Payments on notes payable	(4,085)
Proceeds from new capital leases	105,678
Payments on capital leases	(40,414)
	<u>(13,821)</u>
NET CASH USED FOR FINANCING ACTIVITIES	
NET INCREASE IN CASH AND CASH EQUIVALENTS	336,142
BEGINNING CASH AND CASH EQUIVALENTS	<u>892,549</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 1,228,691</u></u>
SUPPLEMENTAL DATA	
Interest paid	<u><u>\$ 14,116</u></u>
Non-cash in-kind contributions	<u><u>\$ 80,000</u></u>

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

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2016
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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 three classes of net assets: unrestricted net assets which have no donor-imposed restrictions; 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. Realized and unrealized 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

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2016
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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, 2016, the Organization's deposits at PNC Bank of \$281,376 and Fifth Third Bank of \$424,904 exceed the amount insured by Federal Deposit Insurance Corporation insurance by \$31,376 and \$174,904, respectively. The Organization's deposits at other banks are fully collateralized.

Revenue Concentration Risk

The Organization received 23.4% 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, 2016. 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.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2016
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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 \$80,000 as of December 31, 2016 and are recorded as revenues and as offsetting expenses of the same amount.

NOTE B – INVESTMENTS

At December 31, 2016, the Organization had investments consisting of various public company stock equities. The market value of these investments was \$4,219,891 with \$66,152 of this amount classified as cash or cash equivalents on the balance sheet for a net investment balance of \$4,153,739. 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, 2016, are summarized as follows:

Account Description	Cost	Fair Market Value	Fair Market Value
Cincinnati Financial	\$ 358,524	\$ 4,076,003	\$ 4,076,003
Duke Energy	16,355	22,665	22,665
Entergy Corp.	840	5,143	5,143
Fifth Third Stock	1,389	11,139	11,139
Frontier	-	14	14
JM Smucker	293	768	768
PNC Money Fund	71,505	66,152	66,152
Procter and Gamble Co.	13,370	19,103	19,103
Spectra	10,810	17,997	17,997
Verizon Communications	1	907	907
Totals	\$ 473,087	\$ 4,219,891	\$ 4,219,891

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, 2016 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

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2016
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Property and Equipment includes:

Asset	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Colerain Facility				
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Buildings	1,297,652	-	-	1,297,652
Furniture and equipment	323,474	26,108	-	349,582
Conrey Road Facility				
Land	400,000	-	-	400,000
Buildings	6,500,924	1,172	-	6,502,096
Furniture and equipment	606,790	-	-	606,790
Simmonds Farm				
Land	176,750	-	-	176,750
Buildings	203,066	34,177	-	237,243
Furniture and equipment	74,330	-	-	74,330
Vehicles	510,029	105,679	(5,876)	609,832
Subtotal	10,168,015	167,136	(5,876)	10,329,275
Less: accum. depreciation	(3,436,876)	(285,623)	4,113	(3,718,386)
Property and equipment, net	\$ 6,731,139	\$ (118,487)	\$ (1,763)	\$ 6,610,889

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

The restrictions on net assets at December 31, 2016 consist of the following items: funding the organization has pledged to receive in the next two (2) years; the cash balances of the capital campaign account, the farm cash account, and the farm savings account which is 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, 2016	
Capital campaign account	\$ 85,808
Farm cash accounts	239,128
Farm savings accounts	156,652
Grant funds	424,904
Total Temporarily Restricted	\$ 906,492

NOTE F – IRREVOCABLE CHARITABLE REMAINDER TRUSTS

The Organization is the beneficiary of the two following irrevocable charitable remainder trusts:

The Elizabeth Miller Trust

The Elizabeth 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, 2016 was \$386,001. During 2016, the unrestricted income received from this trust was \$16,918; the fees and charges to manage the trust was \$3,768.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2016
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The Dorothy C. Walton Trust

The Dorothy C. Walton Trust was established in 1967 and is in trust, currently with PNC Bank, with the Organization as its sole beneficiary, until September 17, 2017, fifty (50) years after the death of Ms. Walton. At this future date, the corpus of the trust will be turned over to the Organization to use for its mission of humane treatment and care of animals. The Organization currently receives quarterly interest payments on the corpus of this trust. The market value of this trust at December 31, 2016 was \$169,994. During 2016, the unrestricted income received from this trust was \$7,629; the fees and charges to manage the trust was \$1,803.

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 \$23,743 in contributions to the plan for the year ended December 31, 2016.

NOTE H – LEASES

Capital Leases

The Organization has both vehicles and equipment under capital leases at December 31, 2016. 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>
2011 Ford Transit 65354	8/2/2011	7/2/2017	\$ 22,122	72	\$ 2,898
2012 Full Size Van 08851	9/1/2011	8/1/2017	37,591	72	5,529
2013 Full Size Van 08850	9/1/2011	8/1/2017	37,591	72	5,529
2011 Ford Transit 62741	8/27/2013	8/27/2017	21,073	48	4,876
2014 Kennels Conrey	7/30/2014	7/30/2019	41,011	60	22,771
2014 Answering Machine	8/29/2014	8/29/2017	5,000	36	1,213
2014 Heat Pump AC	5/22/2014	5/22/2017	7,988	36	1,222
2016 Ford Explorer	12/10/2015	12/10/2020	27,471	60	22,935
2017 Ford Escape	10/5/2016	10/5/2022	21,601	72	20,836
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	41,537
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	41,537
			Capital Lease Balance		<u>\$ 170,883</u>

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.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2016
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The following is a summary of future lease payments required to fulfill the leasing contracts:

Year	Principal Amount	Interest Amount	Total Debt Service
2017	\$ 48,855	\$ 8,162	\$ 57,017
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	18,914	502	19,416
Totals	<u>\$ 170,883</u>	<u>\$ 23,493</u>	<u>\$ 194,376</u>

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, 2016, the total amount drawn on the lines of credit was \$74,548 leaving an available balance of \$300,452.

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 the note as of December 31, 2016 was \$1,159. The loan is secured by organization assets.

Annual note payment requirements to maturity are as follows:

Year Ending Dec 31,	Principal	Interest	Total
2017	\$ 1,159	\$ 13	\$ 1,172
Totals	<u>\$ 1,159</u>	<u>\$ 13</u>	<u>\$ 1,172</u>

NOTE K – DEBT SUMMARY

The following is a summary of the changes in the Organization's debt during 2016, and the balances that exist at December 31, 2016:

Debt type	Balance at December 31, 2015	Additions	Principal Payments	Balance at December 31, 2016	Current Portion
Capital leases	\$ 105,619	\$ 105,678	\$ (40,414)	\$ 170,883	\$ 48,855
Lease balloon payment	12,000	-	-	12,000	-
Promissory notes	5,244	-	(4,085)	1,159	1,159
Line of credit	149,548	-	(75,000)	74,548	74,548
Totals	<u>\$ 272,411</u>	<u>\$ 105,678</u>	<u>\$ (119,499)</u>	<u>\$ 258,590</u>	<u>\$ 124,562</u>

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NOTE L – FUND RAISING

The Organization received total solicited revenues of \$1,803,638 from its fund raising and direct mail activities and \$601,975 from special events activities. The Organization incurred direct, related expenses from both activities of \$567,632 for the year ended December 31, 2016.

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 2016, insurance premiums in the amount of \$57,182 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 – SUBSEQUENT EVENTS

The Organization's management has evaluated events through March 27, 2017, the date on which the financial statements were available for issue. The Organization did not have any events subsequent to December 31, 2016 through March 27, 2017 to disclose.