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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2019

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CONTENTS

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For the Year Ending December 31, 2019

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

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, 2019, 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 • Fax: (859) 655-4780

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, 2019, 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
April 8, 2020

SPCA CINCINNATI
STATEMENT OF FINANCIAL POSITION
December 31, 2019

	Animal Control	Humane Operations	Total
Assets			
Current assets			
Cash and cash equivalents	$ 99	$ 1,922,600	$ 1,922,699
Investments	-	5,601,713	5,601,713
Endowment	-	211,459	211,459
Estates/Trusts receivable	-	85,000	85,000
Accounts receivable	-	17,157	17,157
Pledges receivable	-	20,500	20,500
Total current assets	99	7,858,429	7,858,528
Property and equipment			
Nondepreciated property and equipment			
Construction in progress	-	73,862	73,862
Land	-	651,750	651,750
Depreciated property and equipment	-	10,196,275	10,196,275
Less: Accumulated depreciation	-	(4,356,055)	(4,356,055)
Total property and equipment, net	-	6,565,832	6,565,832
Other assets			
Beneficial interests in trusts	-	1,247,138	1,247,138
Prepaid expenses	-	24,225	24,225
Pet supply store inventory	-	32,948	32,948
Total other assets	-	1,304,311	1,304,311
Total assets	$ 99	$ 15,728,572	$ 15,728,671
Liabilities and net assets			
Liabilities			
Current liabilities			
Accounts payable	$ 15,736	$ 91,917	$ 107,653
Accrued expenses	-	146,041	146,041
Current portion of debt	-	52,340	52,340
Total current liabilities	15,736	290,298	306,034
Long term liabilities			
Commercial notes payable	-	24,000	24,000
Promissary note	-	29,869	29,869
Capital leases	-	84,306	84,306
Total long term liabilities	-	138,175	138,175
Total liabilities	15,736	428,473	444,209
Net assets			
With donor restictions	(15,637)	1,965,774	1,950,137
Without donor restictions	-	13,334,325	13,334,325
Total net assets	(15,637)	15,300,099	15,284,462
Total liabilities and net assets	$ 99	$ 15,728,572	$ 15,728,671

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

SPCA CINCINNATI
STATEMENT OF ACTIVITIES
For the Year Ending December 31, 2019

	Without Donor Restrictions	With Donor Restrictions		
	Humane Operations	**Humane Operations**	**Animal Control**	**Total**
Revenues, gain, and other support				
Contractual revenue	$ -	$ -	$ 1,812,960	$ 1,812,960
Cash contributions	1,917,182	294,134	-	2,211,316
Estate and trust income	1,063,173	-	-	1,063,173
Investment income	130,598	-	-	130,598
Animal sales, net	86,740	-	-	86,740
Animal calls	79,519	-	-	79,519
Fees - Pit Bulls	-	1,910	-	1,910
Fees - Board of Health	-	8,338	-	8,338
Other fees/income	35,588	-	2,715	38,303
In-kind donations	589,367	-	-	589,367
Net gains (losses) on investments	911,493	707,502	-	1,618,995
Grant income	-	1,019,000	-	1,019,000
Special events	585,909	-	-	585,909
Net assets released from restrictions				
Satisfaction of program restrictions	1,203,221	(1,203,221)	-	-
Total revenues, gains, and other support	6,602,790	827,663	1,815,675	9,246,128
Expenses				
Program services				
Animal control	-	-	1,792,781	1,792,781
Farm education center	113,949	-	-	113,949
Humane services	3,610,194	-	-	3,610,194
Total program services	3,724,143	-	1,792,781	5,516,924
Supporting services				
Management and general	326,152	-	-	326,152
Development	1,084,410	-	-	1,084,410
Depreciation	297,595	-	-	297,595
Total expenses	5,432,300	-	1,792,781	7,225,081
Change in net assets	1,170,490	827,663	22,894	2,021,047
Net assets at beginning of year	12,163,835	1,138,111	(38,531)	13,263,415
Net assets at end of year	$ 13,334,325	$ 1,965,774	$ (15,637)	$ 15,284,462

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

SPCA CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2019

	Program Services						Totals	
	Animal Control	Farm Education Center	Humane Services	Total Programs	Management and General	Development	2019	*Memo Only* 2018
Salaries	$ 923,139	$ 46,492	$ 1,201,531	$ 2,171,162	$ 264,583	$ 247,449	$ 2,683,194	$ 2,632,383
Benefits and taxes	170,412	8,582	393,735	572,729	49,765	45,679	668,173	525,351
Total salaries and related costs	1,093,551	55,074	1,595,266	2,743,891	314,348	293,128	3,351,367	3,157,734
Advertising	-	-	-	-	-	35,000	35,000	36,805
Building/maintenance	93,319	47,866	94,031	235,216	-	-	235,216	203,759
Communications	31,874	2,007	16,203	50,084	-	-	50,084	52,562
Contracted services	10,016	-	30,425	40,441	4,758	2,379	47,578	45,602
Development expenses	-	-	-	-	-	45,542	45,542	-
Insurance expense	43,669	-	87,590	131,259	-	-	131,259	78,444
Interest	-	-	8,516	8,516	-	-	8,516	7,009
Kennel - med/vet/clinic	258,750	100	1,256,098	1,514,948	-	-	1,514,948	1,283,628
Kennel - supplies	65,651	939	196,012	262,602	-	-	262,602	302,771
Miscellaneous	39,787	948	67,079	107,814	-	901	108,715	116,329
Printing/postage	-	-	23,600	23,600	-	4,700	28,300	8,922
Professional fees	11,557	-	57,063	68,620	7,046	1,380	77,046	166,231
Supplies	22,735	-	53,424	76,159	-	-	76,159	82,429
Special events expenses	-	-	-	-	-	235,418	235,418	-
Third party fund raising	-	-	-	-	-	465,513	465,513	414,683
Training	16,880	-	31,347	48,227	-	-	48,227	37,499
Travel/vehicles	38,213	647	8,906	47,766	-	-	47,766	41,519
Uniforms	15,486	80	-	15,566	-	449	16,015	9,638
Utilities	51,293	6,288	84,634	142,215	-	-	142,215	162,998
Total expenses before depreciation	1,792,781	113,949	3,610,194	5,516,924	326,152	1,084,410	6,927,486	6,208,562
Depreciation, unallocated	-	-	-	-	-	-	297,595	273,839
Total expenses	$ 1,792,781	$ 113,949	$ 3,610,194	$ 5,516,924	$ 326,152	$ 1,084,410	$ 7,225,081	$ 6,482,401

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

SPCA CINCINNATI
STATEMENT OF CASH FLOWS
For the Year Ending December 31, 2019

	2019
Cash flows from operating activities	
Change in net assets	$ 2,021,047
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization	297,595
Loss on disposal of property and equipment	298
Unrealized (gain)/loss on investments	(1,618,995)
(Increase) decrease in operating assets:	
Other assets and deposits	(686,842)
Estates/Trusts receivable	15,322
Accounts receivable	(6,021)
Pledges receivable	15,500
Increase (decrease) in operating liabilities:	
Accounts payable	(29,703)
Other liabilities	(582)
Net change in cash from operating activities	7,619
Cash flows from investing activities	
Purchases of investment securities	49,070
Purchase of property and equipment	(437,376)
Net change in cash from investing activities	(388,306)
Cash flows from financing activities	
Proceeds from new capital leases	52,460
Payments on note payable	(8,436)
Payments on capital leases	(37,888)
Net change in cash from financing activities	6,136
Net change in cash and cash equivalents	(374,551)
Beginning cash and cash equivalents	2,297,250
Ending cash and cash equivalents	$ 1,922,699
Supplemental data	
Interest paid	$ 8,516
Non-cash in-kind contributions	$ 589,367

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, 2019, the Organization had collected balances of approximately $533,835 at Miami Savings Bank in excess of the FDIC insured limits.

Revenue Concentration Risk
The Organization received 19.6% of its total revenues from contracts with the Hamilton County, Ohio Board of Commissioners for dog warden services.

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 $20,500 at December 31, 2019. 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 $589,367 as of December 31, 2019 and are recorded as revenues and as offsetting expenses of the same amount.

NOTE B – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2019, the Organization had investments consisting of various public company stock equities. The market value of these investments was $5,953,121 with $139,949 of this amount classified as cash or cash equivalents on the balance sheet for a net investment balance of $5,813,172.

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, 2019, are as follows

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equity securities:				
Cincinnati Financial	$ 5,783,421	$ 5,783,421	$ -	$ -
Procter and Gamble Co.	29,751	29,751	-	-
Total equity securities	5,813,172	5,813,172	-	-
Cash and Cash Equivalents				
PNC Money Fund	139,949	139,949	-	-
Total investments	$ 5,953,121	$ 5,953,121	$ -	$ -

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, 2019 was $20,500.

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, 2019 were:

Net Assets with Donor Restrictions to be held in perpetuity

	FMV at December 31, 2018	Additions	Deletions	FMV at December 31, 2019
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, 2019.

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, 2018	Additions	Deletions	Balance December 31, 2019
Colerain Facility				
Land	$ 75,000	$ -	$ -	$ 75,000
Buildings	1,310,724	-	-	1,310,724
Furniture and equipment	384,783	-	-	384,783
Conrey Road Facility				
Construction in progress	-	73,862	-	73,862
Land	400,000	-	-	400,000
Buildings	6,500,924	189,612	-	6,690,536
Furniture and equipment	807,840	121,442	-	929,282
Simmonds Farm				
Land	176,750	-	-	176,750
Buildings	237,243	-	-	237,243
Furniture and equipment	74,330	-	-	74,330
Vehicles	696,849	52,460	(179,932)	569,377
Subtotal	10,664,443	437,376	(179,932)	10,921,887
Less: accum. depreciation	(4,238,094)	(297,595)	179,634	(4,356,055)
Property and equipment, net	$ 6,426,349	$ 139,781	$ (298)	$ 6,565,832

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, 2019 are as follows:

Trust Name	Trust Type	Fair Value at December 31, 2019
Eliabeth Miller Irrevocable Charitable Trust	Perpetual	$ 437,105
Carole C. & Charles Kehrer Charitable Trust	Perpetual	180,570
Alex C. Young Charitable Trust	Perpetual	498,348
Elizabeth Young Charitable Trust	Perpetual	131,115
Total Beneficial Interest in Trusts		$ 1,247,138

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, 2019 was $437,105. During 2019, 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, 2019 was $3,611,400 and the beneficial interest was $180,570. During 2019, the unrestricted income received from this trust was $12,693; the fees and charges to manage the trust was $48,414.

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. The Organization receives bi-monthly interest payments on the corpus of this trust. The market value of this trust at December 31, 2019 was $6,405,500 and the beneficial interest was $498,348. During 2019, the unrestricted income received from this trust was $3,897; the fees and charges to manage the trust were $18,074.

The Elizabeth Young Charitable Trust – The Elizabeth Young Trust was funded in 2019 and is permanently in trust, currently with Comerica Bank, with the Organization as a 7.78% beneficiary. The Organization receives bi-monthly interest payments on the corpus of this trust. The market value of this trust at December 31, 2019 was $1,685,285 and the beneficial interest was $131,115. During 2019, the unrestricted income received from this trust was $0; the fees and charges to manage the trust were $50,011.

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 $1,232,563 and the estimated beneficial interest is $1,232,563.

Phyllis Romanow Charitable Remainder Unitrust – The Organization has been designated to receive 7.5% of trust balance on the death of a designated family member. This amount is currently estimated to be $156,203 and the estimated beneficial interest is $11,715.

Arthur Romanow Charitable Remainder Unitrust – The Organization has been designated to receive 7.5% of trust balance on the death of a designated family member. This amount is currently estimated to be $197,652 and the estimated beneficial interest is $14,824.

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 $24,886 in contributions to the plan for the year ended December 31, 2019.

NOTE H – LEASES

Capital Leases

The Organization has both vehicles and equipment under capital leases at December 31, 2019. 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
2014 Kennels Conrey	7/30/2014	7/30/2019	$ 41,011	60	$ -
2016 Ford Explorer	12/10/2015	12/10/2020	27,471	60	6,545
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	22,589
2015 Ford Transit	12/29/2016	12/29/2022	42,039	72	22,589
Colerain Front Office HVAC	7/6/2018	7/9/2023	11,900	60	8,870
2018 Chevrolet Silverado	6/29/2018	6/30/2021	30,773	36	15,447
2019 Ram Promaster Van	12/10/2019	12/10/2024	26,230	72	25,847
2019 Ram Promaster Van	12/10/2019	12/10/2024	26,230	72	25,847
			Capital Lease Balance		$ 127,734

The 2016 Ford explorer leased in December of 2015 and the 2018 Chevrolet Silverado leased in June of 2018 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. 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:

Year	Principal Amount	Interest Amount	Total Debt Service
2020	$ 43,428	$ 3,216	$ 46,644
2021	31,662	4,106	35,768
2022	28,906	2,036	30,942
2023	13,064	653	30,942
2024	10,674	278	10,952
Totals	$ 127,734	$ 10,289	$ 155,248

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, 2019, the total amount drawn on the lines of credit was $0 leaving an available balance of $375,000.

The Organization has a construction line of credit with PNC Bank for $1,800,000, which is secured by Organization investment funds. At December 31, 2019 no draws have been taken against this line of credit, leaving a balance owed of $0.

NOTE J – PROMISSORY 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.

NOTE K – DEBT SUMMARY

The following is a summary of the changes in the Organization's debt during 2019, and the balances that exist at December 31, 2019:

Debt type	Balance at December 31, 2018	Additions	Principal Payments	Balance at December 31, 2019	Current Portion
Capital leases	$ 113,162	$ 52,460	$ (37,888)	$ 127,734	$ 43,428
Lease balloon payments	24,000	-	-	24,000	-
Promissory note	47,217	-	(8,436)	38,781	8,912
Totals	$ 184,379	$ 52,460	$ (46,324)	$ 190,515	$ 52,340

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 are restricted for the following purposes or periods:

Restricted Purpose	Balance at December 31, 2018	Restricted Contributions	Released from Restrictions	Balance at December 31, 2019
Bernard Foundation grant	$ 84,732	$ 1,019,000	$ (1,074,187)	$ 29,545
Beneficial interest in trusts	539,761	707,377	-	1,247,138
Animal control	(38,531)	1,815,675	(1,792,781)	(15,637)
Animal fees	-	10,248	(10,248)	-
Simmonds Farm	513,618	125	(44,924)	468,819
Endowment	-	211,459	-	211,459
K-9 expansion	-	82,675	(73,862)	8,813
	$ 1,099,580	$ 3,846,559	$ (2,996,002)	$ 1,950,137

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 $1,889,128 from its fund raising and direct mail activities and $585,909 from special events activities. The Organization incurred direct, related expenses from both activities of $738,355 for the year ended December 31, 2019.

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 2019, insurance premiums in the amount of $133,441 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:

		2019
Cash and cash equivalents	$	1,922,699
Investments at market rate		5,813,172
Estates/Trusts receivable		85,000
Accounts receivable		17,157
Pledges receivable		20,500
Subtotal financial assets, at year end		7,858,528
Less assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions		1,950,137
Financial assets available to meet cash needs for general expenditures within one year:	$	5,908,391

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– SUBSEQUENT EVENTS

The Organization's management has evaluated events through April 8, 2020, the date on which the financial statements were available for issue. The Organization has two events subsequent to December 31, 2019 through April 8, 2020, to disclose.

The Organization has elected to terminate the annual dog warden contract with Hamilton County effective December 31, 2019. The Organization has a temporary contract through June 30, 2020 and is currently in the process of transitioning these responsibilities to the County. The final termination date for this transition is not yet known.

Due to worldwide economic conditions related to the COVID-19 virus pandemic, the fair-market value of Organization's investment account has, as of the date of these financial statements, decreased approximately 25.1% from its' market value at December 31, 2019. The Organization's management expects the investments to recover fully with future market performance.