

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

(SICSA)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society for the Improvement of Conditions for Stray Animals
(SICSA)
Washington Township, Ohio

We have audited the accompanying financial statements of Society for the Improvement of Conditions for Stray Animals (SICSA) (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Society for the Improvement of Conditions for Stray Animals (SICSA) as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Goldshot, Lamb & Hobbs, Inc.

August 18, 2021

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>ASSETS</u>	
	2020	2019
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 655,637	\$ 1,173,437
Sponsorships Receivable (No Allowance)	1,183	12,482
Contributions Receivable (No Allowance)	109,412	217,697
Investments	1,635,392	1,552,591
Pet Wants Inventory	14,046	7,076
Medical and Surgical Inventory	28,101	-
Prepaid Expenses	12,962	12,592
Total Current Assets	2,456,733	2,975,875
<u>PROPERTY AND EQUIPMENT - NET</u>	10,259,871	9,280,225
<u>OTHER ASSETS</u>		
Quasi-Endowment Investments	148,695	139,154
Unamortized Loan Fee	10,111	10,889
Contributions Receivable - Two to Five Years	20,090	84,398
	178,896	234,441
TOTAL ASSETS	\$ 12,895,500	\$ 12,490,541
	<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 82,492	\$ 638,652
Accrued Interest	36,469	-
Accrued Payroll and Payroll Taxes	79,455	58,611
Current Portion of Long-Term Debt	131,074	172,458
Deferred Grant Income	236,969	198,060
Deferred Sponsorship Income	3,000	6,000
Total Current Liabilities	569,459	1,073,781
<u>LONG-TERM LIABILITIES</u>		
Long-Term Debt (Net of Current Portion)	4,623,477	3,359,578
<u>NET ASSETS</u>		
Without Donor Restrictions	7,702,564	6,345,032
With Donor Restrictions	-	1,712,150
Total Net Assets	7,702,564	8,057,182
TOTAL LIABILITIES AND NET ASSETS	\$ 12,895,500	\$ 12,490,541

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

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

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues, Gains and Other Support:		
Contributions	\$ 1,173,656	\$ 1,056,701
United Way and Combined Federal Campaign	7,315	8,055
Special Events (Net of Expenses of \$20,297 and \$54,004, respectively)	178,476	197,793
Program Service Fees	452,461	596,001
Investment Income	36,308	47,299
Net Realized and Unrealized Gain on Investments	115,800	320,187
Loss on Disposal of Assets	(2,504)	(4,295)
Miscellaneous Income (Expense) - Net	8,133	8,209
Net Assets Released from Restriction	1,915,703	91,671
Total Revenues, Gains and Other Support	3,885,348	2,321,621
 <u>EXPENSES</u>		
Program Services	2,264,424	1,811,059
Supporting Services:		
Management and General	87,248	60,841
Fundraising	176,144	156,086
Total Expenses	2,527,816	2,027,986
 <u>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	1,357,532	293,635
 <u>NET ASSETS WITH DONOR RESTRICTIONS</u>		
Contributions	203,553	757,036
Net Assets Released from Restriction	(1,915,703)	(91,671)
 <u>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</u>	(1,712,150)	665,365
 <u>CHANGE IN NET ASSETS</u>	(354,618)	959,000
 <u>NET ASSETS - BEGINNING OF YEAR</u>	8,057,182	7,098,182
 <u>NET ASSETS - END OF YEAR</u>	\$ 7,702,564	\$ 8,057,182

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

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Adoption and Prevention Services	Spay / Neuter Services	Humane Education	Total Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 744,309	\$ 212,040	\$ 112,292	\$ 1,068,641	\$ 48,969	\$ 88,531	\$ 1,206,141
Medical Supplies	-	-	61,930	61,930	-	-	61,930
Animal Supplies	17,046	-	-	17,046	-	-	17,046
Office Expenses	42,760	12,182	6,451	61,393	2,813	5,086	69,292
Veterinary Care	21,357	-	-	21,357	-	-	21,357
Spay/Neuter	-	407,139	-	407,139	-	-	407,139
Spay/Neuter - Depreciation	-	9,724	-	9,724	-	-	9,724
Maintenance	30,046	8,559	4,533	43,138	1,977	3,574	48,689
Utilities	67,321	19,179	10,157	96,657	4,429	8,008	109,094
Depreciation - Other	150,921	42,995	22,769	216,685	9,929	17,951	244,565
Volunteer Activity	6,712	-	-	6,712	-	-	6,712
Insurance	11,197	3,190	1,689	16,076	737	1,332	18,145
Miscellaneous	9,224	2,628	1,392	13,244	607	1,097	14,948
Postage	2,056	586	310	2,952	135	245	3,332
Professional Fundraising Fees	-	-	-	-	-	3,421	3,421
Newsletter	14,253	172	86	14,511	-	22,411	36,922
Advertising	4,181	4,181	4,181	12,543	-	8,362	20,905
Professional Fees and Dues	29,868	8,508	4,506	42,882	1,965	3,552	48,399
Bank Charges	8,218	2,341	1,240	11,799	541	977	13,317
Property Taxes	972	277	146	1,395	64	115	1,574
Investment Expense	-	-	-	-	8,731	-	8,731
Interest Expense	96,535	27,501	14,564	138,600	6,351	11,482	156,433
Total	<u>\$ 1,256,976</u>	<u>\$ 761,202</u>	<u>\$ 246,246</u>	<u>\$ 2,264,424</u>	<u>\$ 87,248</u>	<u>\$ 176,144</u>	<u>\$ 2,527,816</u>

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

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Adoption and Prevention Services	Spay / Neuter Services	Humane Education	Total Program Services	Management and General	Fundraising	Total
Employee and Related Costs	\$ 678,610	\$ 193,323	\$ 102,380	\$ 974,313	\$ 44,647	\$ 80,716	\$ 1,099,676
Medical Supplies	-	-	97,713	97,713	-	-	97,713
Animal Supplies	103,115	-	-	103,115	-	-	103,115
Office Expenses	21,735	6,192	3,279	31,206	1,430	2,585	35,221
Veterinary Care	43,337	-	-	43,337	-	-	43,337
Spay/Neuter	-	324,216	-	324,216	-	-	324,216
Spay/Neuter - Depreciation	-	9,968	-	9,968	-	-	9,968
Maintenance	27,956	7,964	4,217	40,137	1,839	3,325	45,301
Utilities	22,336	6,363	3,370	32,069	1,470	2,657	36,196
Depreciation - Other	40,186	11,449	6,063	57,698	2,644	4,781	65,123
Volunteer Activity	8,323	-	-	8,323	-	-	8,323
Insurance	10,426	2,970	1,573	14,969	686	1,240	16,895
Miscellaneous	6,973	1,986	1,052	10,011	459	829	11,299
Postage	2,449	698	370	3,517	161	291	3,969
Professional Fundraising Fees	-	-	-	-	-	21,149	21,149
Newsletter	17,910	381	190	18,481	-	29,151	47,632
Advertising	3,359	3,359	3,359	10,077	-	6,718	16,795
Professional Fees and Dues	13,935	3,970	2,102	20,007	917	1,657	22,581
Bank Charges	7,319	2,085	1,104	10,508	482	871	11,861
Property Taxes	970	277	147	1,394	64	116	1,574
Investment Expense	-	-	-	-	6,042	-	6,042
Interest Expense	-	-	-	-	-	-	-
Total	<u>\$ 1,008,939</u>	<u>\$ 575,201</u>	<u>\$ 226,919</u>	<u>\$ 1,811,059</u>	<u>\$ 60,841</u>	<u>\$ 156,086</u>	<u>\$ 2,027,986</u>

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

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	2020	2019
Change in Net Assets	\$ (354,618)	\$ 959,000
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	257,193	75,091
Donated Equipment	-	(14,519)
Loss on Disposal of Assets	2,504	4,295
Realized and Unrealized Gain on Investments	<u>(213,144)</u>	<u>(275,533)</u>
	(308,065)	748,334
Changes in Operating Assets and Liabilities:		
Sponsorships Receivable	11,299	(6,232)
Contributions Receivable	172,593	180,983
Pet Wants Inventory	(6,970)	(7,076)
Medical and Surgical Inventory	(28,101)	-
Prepaid Expenses	(370)	77,032
Accounts Payable and Accrued Expenses:	(556,160)	566,185
Accrued Interest	36,469	-
Accrued Payroll and Payroll Taxes	20,844	9,729
Deferred Grant Income	38,909	157,442
Deferred Sponsorship Income	<u>(3,000)</u>	<u>(3,135)</u>
Net Cash Provided (Used) by Operating Activities	<u>(622,552)</u>	<u>1,723,262</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(1,238,565)	(6,747,983)
Proceeds from Sales of Investments	406,860	265,803
Purchases of Investments	<u>(286,058)</u>	<u>(421,451)</u>
Net Cash Used by Investing Activities	<u>(1,117,763)</u>	<u>(6,903,631)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from Long-Term Debt	1,252,559	3,532,036
Payments on Long-Term Debt	(30,044)	-
Loan Fees	-	(11,667)
Net Cash Provided by Financing Activities	<u>1,222,515</u>	<u>3,520,369</u>
<u>DECREASE IN CASH AND CASH EQUIVALENTS</u>	(517,800)	(1,660,000)
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>1,173,437</u>	<u>2,833,437</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 655,637</u>	<u>\$ 1,173,437</u>

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of SICSA (the “Organization”) is presented to assist in understanding the Organization's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

Organized and incorporated in 1974, SICSA’s mission is to promote the welfare and adoption of companion animals, and to nurture loving, lifelong relationships between animals and people. SICSA offers numerous animal-centered programs and services including: caring for stray and unwanted companion animals until they can be re-homed; high-quality medical care, nutrition, socialization, training and support for animals awaiting placement; expert and easily-accessible matching and adoption services; experienced and low-cost spay and neuter services for low and moderate income families in our community; professional humane education programs for children, youth and adults to help inform and promote issues around animal welfare and pet owner responsibility; and community involvement through volunteerism for young people and adults. The Organization receives support in the form of contributions from the community and various program service fees (spay/neuter, intake, and adoption).

Basis of Presentation

The financial statements of the have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of SICSA’s management and the board of trustees.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SICSA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common among multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied. Employee and related costs, office expenses, maintenance, utilities, insurance, miscellaneous, postage, strategic planning, professional fees and dues, and property taxes are allocated based on time and effort.

Cash and Cash Equivalents

The Organizations cash consists of cash on deposits with banks. Cash equivalents represent money market funds, which are held in the investment portfolio for long-term purposes.

Sponsorships Receivable

Due to the nature and aging of all sponsorships receivable, management believes that all amounts will be collectible. Therefore, no allowance for doubtful accounts is considered necessary.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the years in which the promises are received. The interest rate used in computing the discount of the estimated future cash flows was 3%. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Contributions Receivable (continued)

An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of the fund-raising activity.

Revenue Recognition

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

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

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

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

Inventories

Inventories include dog and cat food, chews, treats and miscellaneous items for Pet Wants franchise and various medical and surgical supplies used in the veterinary clinic. All inventories are stated at the lower of cost (first-in, first-out) or market value.

Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are measured at fair value in the statements of financial position.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Investments (continued)

Unrealized gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Property and equipment is depreciated or amortized as follows:

	<u>Life (in Years)</u>	<u>Method</u>
Building	39	Straight-Line
Building Improvements	7 - 39	Straight-Line
Kennel and Other Equipment	3 - 7	MACRS/Straight-Line

The MACRS method of depreciation is not significantly different from accelerated depreciation in accordance with generally accepted accounting principles. Routine maintenance, repairs and renewals are charged to expense as incurred. The Organization capitalizes all expenditures in excess of \$500 for property and equipment. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Deferred Grant, Sponsorship and Other Income

Deferred grant income represents grant monies received in advance for spay/neuter services to be provided in a future period. Other deferred income includes sponsorship income for future fundraising events which are deferred and recognized in the period in which they relate.

Income Taxes

SICSA is exempt from income taxes under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions that require recognition or disclosure in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Income Taxes (continued)

The federal tax returns of the Organization for 2019, 2018 and 2017 are subject to examination by the taxing authority, generally for three years after the due date.

Advertising Expense

Advertising costs are expensed as incurred and totaled \$15,604 and \$16,795 for the years ended December 31, 2020 and 2019, respectively.

Loan Costs

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

New Pronouncements

The Organization has adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to clarify and improve the guidance in generally accepted accounting principles for distinguishing transactions that are contributions from those that are exchange transactions and provides guidance for determining if a contribution that is a promise to give is conditional.

The Organization also adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 was issued to improve the effectiveness of disclosure requirements on fair value measurements.

The Organization does not believe the application of the provisions has a material effect on the amounts presented.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Reclassifications

The Organization changed its presentation of the endowment funds held at the Dayton Foundation. While these funds are board-designated, they determined that they should be presented as quasi-endowment funds in other assets due to the nature of the investment statement from the Dayton Foundation. This statement indicates that the intent of the funds is to be held for long-term investments, with only a designated portion of earnings available for general operating purposes. The Organization can withdraw the funds completely at any time.

Additionally, the Organization identified several classifications of net assets that were in substance exchange transactions and deferred revenue, rather than net assets with restrictions.

The above reclassifications had no effect on the net assets or changes in net assets of the Organization as of and for the years ended December 31, 2020 and 2019.

2. INVESTMENTS:

Investment values as of December 31, 2020 and 2019 were as follows:

	<u>2020</u>			
	<u>Cost</u>	<u>Net Unrealized Gains</u>	<u>Net Unrealized Losses</u>	<u>Estimated Fair Value</u>
Mutual Funds	\$ 587,678	\$ 106,672	\$ 0	\$ 694,350
Exchange Traded Funds	334,983	59,666	0	394,649
Corporate Equity Securities	401,091	145,302	0	546,393
Pooled Separate Accounts	<u>56,333</u>	<u>92,362</u>	<u>0</u>	<u>148,695</u>
Total	<u>\$ 1,380,085</u>	<u>\$ 404,002</u>	<u>\$ 0</u>	<u>\$ 1,784,087</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

2. INVESTMENTS (continued):

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

3. FAIR VALUE MEASUREMENTS:

Accounting standards have a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles. These standards apply whenever other authoritative literature requires (or permits) certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist of trading securities. The Organization also uses fair value concepts to test various long-lived assets for impairment, in the event a triggering event has occurred.

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction, between market participants at the measurement date in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Organization uses valuation techniques in a consistent manner from year-to-year.

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

3. FAIR VALUE MEASUREMENTS (continued):

Fair values of the Organizations financial assets measured on a recurring basis as December 31, 2020 and 2019 are as follows:

	2020			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual Funds	\$ 694,350	\$ 694,350	\$ 0	\$ 0
Exchange Traded Funds	394,649	394,649	0	0
Corporate Equity				
Securities	546,393	546,393	0	0
Pooled Separate Accounts	<u>148,695</u>	<u>0</u>	<u>148,695</u>	<u>0</u>
Total	<u>\$ 1,784,087</u>	<u>\$ 1,635,392</u>	<u>\$ 148,695</u>	<u>\$ 0</u>
	2019			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual Funds	\$ 617,752	\$ 617,752	\$ 0	\$ 0
Exchange Traded Funds	364,617	364,617	0	0
Corporate Equity				
Securities	570,222	570,222	0	0
Pooled Separate Accounts	<u>139,154</u>	<u>0</u>	<u>139,154</u>	<u>0</u>
Total	<u>\$ 1,691,745</u>	<u>\$ 1,552,591</u>	<u>\$ 139,154</u>	<u>\$ 0</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

4. ENDOWMENT FUNDS:

As of December 31, 2020 and 2019, the Board has designated \$148,695 and \$139,154, respectively, of net assets without restriction as a general endowment to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

These funds are held at the Dayton Foundation. This fund has a spending policy of appropriating for distribution 4% of its board-designated endowment fund's average fair value of the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to grow at an average of 4% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Composition of and changes in endowment funds for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Board Designated Endowment Funds, Beginning of Year	\$ 139,154	\$ 121,277
Investment Income, Net of Investment Fees	1,004	1,696
Net Appreciation	13,692	21,345
Amounts Appropriated for Expenditure	<u>(5,155)</u>	<u>(5,164)</u>
Board Designated Endowment Funds, End of Year	<u>\$ 148,695</u>	<u>\$ 139,154</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

5. AVAILABILITY AND LIQUIDITY:

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and Cash Equivalents	\$ 655,637	\$ 1,173,437
Investments	1,784,087	1,691,745
Contributions Receivable, Current Portion	<u>109,412</u>	<u>217,697</u>
Total Financial Assets	2,549,136	3,082,879
Less amounts not available to be used within one year:		
Net assets with donor restrictions	0	1,712,150
Less net assets with purpose restrictions to be met in		
Less than a year	0	0
Quasi-endowment funds	<u>148,695</u>	<u>139,154</u>
Financial assets available to meet general expenditures		
Less than a year	<u>\$ 2,400,441</u>	<u>\$ 1,231,575</u>

The Organization's goal is generally to maintain financial assets to meet approximately one year of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and various publicly traded bonds, equities and mutual funds.

6. PROPERTY AND EQUIPMENT:

	<u>2020</u>	<u>2019</u>
Land	\$ 871,756	\$ 833,659
Buildings	9,688,182	1,618,950
Building Improvements	157,217	157,217
Kennel and Vet Clinic Equipment	274,865	95,452
Other Equipment	351,379	232,662
Pet Wants Franchise	38,500	38,500
Construction in Process	<u>0</u>	<u>7,236,657</u>
Total	11,381,899	10,213,097
Less Accumulated Depreciation	<u>(1,122,028)</u>	<u>(932,872)</u>
Total – Net of Accumulated Depreciation	<u>\$10,259,871</u>	<u>\$ 9,280,225</u>

**SOCIETY FOR THE IMPROVEMENT OF
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

7. NET ASSETS:

Net assets with donor restrictions were as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Purpose Restrictions:		
Capital Campaign for New Building	\$ <u>0</u>	\$ <u>1,712,150</u>

Changes in restricted net assets for the years ended December 31, 2020 and 2019, are as follows:

	2020		
	With Board Designations	With Donor Restrictions	Total Net Assets
Net Assets, Beginning of Year	\$ 139,154	\$ 1,712,150	\$ 1,851,304
Contributions/Income	14,696	203,553	218,249
Amounts Appropriated For Expenditure	<u>(5,155)</u>	<u>(1,915,703)</u>	<u>(1,920,858)</u>
Net Assets, End of Year	<u>\$ 148,695</u>	<u>\$ 0</u>	<u>\$ 148,695</u>
	2019		
	With Board Designations	With Donor Restrictions	Total Net Assets
Net Assets, Net Assets, Beginning of Year	\$ 1,221,277	\$ 1,046,785	\$ 2,268,062
Contributions/Income	23,041	757,036	780,077
Amounts Appropriated For Expenditure	<u>(1,105,164)</u>	<u>(91,671)</u>	<u>(1,196,835)</u>
Net Assets, End of Year	<u>\$ 139,154</u>	<u>\$ 1,712,150</u>	<u>\$ 1,851,304</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

8. CONTRIBUTIONS:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expire in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated items and services are reflected as contributions in the accompanying statements of activities at their estimated values at date of receipt. Donated items include dog and cat pet food, furniture and equipment, and donated vehicles. Donated Services consist primarily of professional fees. A substantial number of volunteers have made significant contributions of their time in furtherance of SICSA's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Donated items and services of \$38,483 and \$24,244 were recorded in the statement of activities for the years ended December 31, 2020 and 2019, respectively.

9. PROMISES TO GIVE:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates (3%) applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

9. PROMISES TO GIVE (continued):

Unconditional promises to give at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in Less than One Year	\$ 101,702	\$ 224,229
Receivable in Two to Five Years	<u>33,468</u>	<u>91,012</u>
Total Unconditional Promises to Give	135,170	315,241
Less Discounts to Net Present Value	(5,668)	(13,146)
Less Allowance for Uncollectible Promises Receivable	<u>(0)</u>	<u>(0)</u>
Net Unconditional Promises to Give	<u>\$ 129,502</u>	<u>\$ 302,095</u>

10. LONG-TERM DEBT:

	<u>2020</u>	<u>2019</u>
Note payable – Old Fort Bank, monthly installments of \$29,573 including interest based on Federal Home Loan Bank of Cincinnati (5 th District) plus a margin of 1.4% (4.75% at December 31, 2020 and 2019, respectfully), due December 2034, payments deferred June – July 2020 and December 2020 – January 2021 per CARES Act, secured by substantially all business assets.	\$ 4,519,956	\$ 3,532,036
Payroll Protection Program Loan – Old Fort Bank, requires monthly payments of interest at 1% beginning November 2020, principal and any remaining accrued interest due at maturity, April 2022. Loan was forgiven in February 2021.	<u>234,595</u> 4,754,551	<u>0</u> 3,532,036
Less: Current Portion	<u>131,074</u>	<u>172,458</u>
Long-term Debt - Net of Current Portion	<u>\$ 4,623,477</u>	<u>\$ 3,359,578</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

10. LONG-TERM DEBT (continued):

Maturities of long-term debt are as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 131,074
2022	384,233
2023	156,902
2024	164,520
2025	172,507
Thereafter	<u>3,745,315</u>
Total	<u>\$ 4,754,551</u>

The Organization's loan agreement with Old Fort Bank contains certain restrictions and covenants. Under these restrictions, the Organization must provide internally prepared and audited financial statements to the bank, and provide information related to capital campaign activities. December 31, 2020 and 2019, the Company was in compliance with its financial covenants.

11. RETIREMENT PLAN:

The Organization has a SIMPLE individual retirement account (IRA). The plan matches employee deferrals up to 3% of compensation for eligible participants. Match expense for the years ended December 31, 2020 and 2019 were \$16,820 and \$16,176, respectively.

12. CONCENTRATIONS:

The Organization's cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's uninsured balances totaled \$311,232 and \$811,480 at December 31, 2020 and 2019, respectively.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization's financial statements.

For the years ended December 31, 2020 and 2019, approximately 18% and 36% of the Organization's contribution revenue came from one and two donors, respectively.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

13. CASH FLOW INFORMATION:

Cash paid for interest and income taxes for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Interest	<u>\$150,923</u>	<u>\$ 44,280</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

14. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through August 18, 2021, the date the financial statements were available to be issued.

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

In April 2020, the Organization obtained a Paycheck Protection Program Loan under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) from Old Fort Bank in the amount of \$234,595. The loan has a forgiveness option from the Small Business Administration (SBA) if the Organization satisfies certain requirements. Any unforgiven amount of the loan will be required to be repaid over a two-year term with interest at 1%. The Organization satisfied these requirements and the loan was forgiven by the SBA in February 2021.

In February 2021, the Organization received a second Paycheck Protection Program Loan in the amount of \$137,353 under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act). The loan can be forgiven if the Organization uses the proceeds for certain purposes. The Organization expects the loan to be fully forgiven.



Certified Public Accountants

Business Advisors

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Society for the Improvement of Conditions for Stray Animals
(SICSA)
Washington Township, Ohio

We have audited the financial statements of the Society for the Improvement of Conditions for Stray Animals (SICSA) (a nonprofit organization) as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated August 18, 2021. Our audits were performed for the purpose of forming an opinion of the financial statements as a whole. The schedules of revenues, gains, and other support for the years ended December 31, 2020 and 2019, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Goldshot, Lamb & Hobbs, Inc.

August 18, 2021

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

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<u>CONTRIBUTIONS</u>		
General Donations	\$ 568,664	\$ 499,485
Capital Campaign Contributions	184,652	557,381
Grant Income	386,830	57,424
Estates and Trusts	237,063	699,447
Total Contributions (including restricted contributions of \$203,553 and \$757,036, respectively)	\$ 1,377,209	\$ 1,813,737
 <u>UNITED WAY AND COMBINED FEDERAL CAMPAIGN</u>		
	\$ 7,315	\$ 8,055
 <u>SPECIAL EVENTS</u>		
The Poop Show Event Income	\$ 81,255	\$ -
The Poop Show Event Expense	(11,405)	-
Net Poop Show Event	69,850	-
 Cat's Meow Auction Income	 -	 55,614
Cat's Meow Auction Expense	-	(17,198)
Net Cat's Meow Auction	-	38,416
 Red Dog Racer Income	 -	 3,964
Red Dog Racer Expense	(25)	(629)
Net Red Dog Racer	(25)	3,335
 Lift Your Leg Walk Income	 27,642	 59,932
Lift Your Leg Walk Expense	-	(16,288)
Net Lift Your Leg Walk	27,642	43,644
 A Night to Remember Income	 -	 1,813
A Night to Remember Expense	-	(547)
Net A Night to Remember	-	1,266
 Friends of SICSA Income	 45,775	 37,061
Friends of SICSA Expense	(5,019)	(4,155)
Net Friends of SICSA	40,756	32,906

See independent auditor's report on supplementary information.

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

SCHEDULES OF REVENUES, GAINS AND OTHER SUPPORT (CONTINUED)

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<u>SPECIAL EVENTS (Continued)</u>		
Kroger Community Rewards Income	11,823	11,785
Kroger Community Rewards Expense	-	-
Net Kroger Community Rewards	11,823	11,785
Humane Education Income	7,213	48,042
Humane Education Expense	(2,290)	(8,359)
Net Humane Education	4,923	39,683
Other Events - Net	23,507	26,758
Total Special Events - Net	\$ 178,476	\$ 197,793
<u>PROGRAM SERVICE FEES</u>		
Spay/Neuter Income	\$ 254,800	\$ 290,185
Dog Placement	99,266	131,841
Cat Placement	78,093	88,724
Intake Fees	23,950	34,342
Microchip Fund	2,175	3,580
License Sales	802	1,774
Wellness Program Fees	26,640	43,499
Gift Shop (Net of Expenses)	6,613	11,187
Help Center (Net of Expenses)	(3,056)	(1,057)
Pet Wants Franchise (Net of Expenses)	(36,822)	(8,074)
Total Program Service Fees	\$ 452,461	\$ 596,001
<u>OTHER INCOME</u>		
Investment Income	\$ 36,308	\$ 47,299
Net Realized and Unrealized Gain on Investments	115,800	320,187
Loss on Disposal of Assets	(2,504)	(4,295)
Miscellaneous Income (Expense) - Net	8,133	8,209
Total Other Income	\$ 157,737	\$ 371,400
Total Revenues, Gains and Other Support	\$ 2,173,198	\$ 2,986,986

See independent auditor's report on supplementary information.