

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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2023

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

For the Year Ending December 31, 2023

CONTENTS

	<u>Pages</u>
Board of Trustees.....	1
Independent Auditor's Report.....	2 - 3
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8 - 17

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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2023

Board of Trustees

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Chris Zimmerman
Gilligan Company

President & CEO

Mike Retzlaff

Independent Auditor's Report

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

Opinion

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, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SPCA Cincinnati and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SPCA Cincinnati's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SPCA Cincinnati's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SPCA Cincinnati's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Chamberlin Owen & Co., Inc.

Chamberlin Owen, & Co., Inc.

Erlanger, Kentucky

May 2, 2024

SPCA CINCINNATI STATEMENT OF FINANCIAL POSITION December 31, 2023
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	<u>2023</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,040,402
Estates/Trusts receivable	36,543
Accounts receivable	7,557
Total current assets	<u>2,084,502</u>
Property and equipment	12,151,190
Less: Accumulated depreciation	<u>(4,936,139)</u>
Total property and equipment, net	<u>7,215,051</u>
Restricted & board designated assets	
Restricted cash endowment	939,276
Restricted cash & equivalents	568,710
Board designated cash & equivalents	8,618,988
Board designated investments	5,256,846
Total restricted & designated assets	<u>15,383,820</u>
Other assets	
Beneficial interests in trusts	1,233,286
Prepaid expenses	50,657
Pet supply store inventory	8,135
Total other assets	<u>1,292,078</u>
Total assets	<u><u>\$ 25,975,451</u></u>
Liabilities and net assets	
Liabilities	
Current liabilities	
Accounts payable	\$ 19,998
Accrued expenses	145,688
Current portion of debt	157,130
Total current liabilities	<u>322,816</u>
Long term liabilities	
Commercial notes payable	12,000
Promissary note	896,835
Capital leases	2,479
Total long term liabilities	<u>911,314</u>
Total liabilities	<u>1,234,130</u>
Net assets	
With donor restrictions	16,617,106
Without donor restrictions	8,124,215
Total net assets	<u>24,741,321</u>
Total liabilities and net assets	<u><u>\$ 25,975,451</u></u>

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

SPCA CINCINNATI STATEMENT OF ACTIVITIES For the Year Ending December 31, 2023
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	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gain, and other support			
Cash contributions	\$ 1,962,334	\$ 50,000	\$ 2,012,334
Estate and trust income	2,115,453	-	2,115,453
Investment income	326,458	100,895	427,353
Animal sales, net	55,413	-	55,413
Animal calls	24,762	-	24,762
Other fees/income	31,772	-	31,772
In-kind donations	269,200	-	269,200
Net gains (losses) on investments	-	489,838	489,838
Northside lease income	219,600	-	219,600
Grant income	27,000	202,195	229,195
Special event revenue - net of direct expenses of \$336,244	315,282	-	315,282
Net assets released from restrictions			
Satisfaction of program restrictions	680,514	(680,514)	-
Total revenues, gains, and other support	6,027,788	162,414	6,190,202
Expenses			
Program services			
Shelter services	1,254,461	-	1,254,461
Shelter veterinary services	976,150	-	976,150
Shelter to shelter transfer program	702,658	-	702,658
Humane investigations	231,604	-	231,604
Farm education center	131,601	-	131,601
Total program services	3,296,474	-	3,296,474
Supporting services			
Management and general	320,401	-	320,401
Development	1,072,416	-	1,072,416
Depreciation	333,232	-	333,232
Total expenses	5,022,523	-	5,022,523
Change in net assets	1,005,265	162,414	1,167,679
Net assets at beginning of year	7,118,950	16,454,692	23,573,642
Net assets at end of year	\$ 8,124,215	\$ 16,617,106	\$ 24,741,321

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

SPCA CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2023

	Program Services							Totals		
	Shelter Services	Shelter Veterinary Services	Shelter to Shelter Transfer Program	Humane Investigations	Farm Education Center	Total Programs	Management and General	Development	2023	Memo Only 2022
Salaries	\$ 572,780	\$ 316,543	\$ 335,531	\$ 116,445	\$ 62,142	\$ 1,403,441	\$ 218,019	\$ 337,132	\$ 1,958,592	\$ 1,790,355
Benefits and taxes	194,953	104,459	110,725	38,427	20,507	469,071	69,766	107,882	646,719	552,042
Total salaries and related costs	767,733	421,002	446,256	154,872	82,649	1,872,512	287,785	445,014	2,605,311	2,342,397
Building/maintenance	59,071	41,183	36,858	15,150	33,642	185,904	5,997	7,996	199,897	224,486
Communications	12,612	10,150	9,084	3,734	2,109	37,689	1,675	2,513	41,877	50,358
Contracted services	11,087	6,670	5,969	2,454	-	26,180	1,164	1,745	29,089	41,191
Development expenses	-	-	-	-	-	-	-	67,234	67,234	72,193
Insurance expense	21,055	17,234	15,424	6,340	-	60,053	2,669	4,004	66,726	66,083
Interest	11,842	10,280	9,201	3,782	-	35,105	1,560	2,340	39,006	44,559
Clinic supplies	-	346,561	-	-	55	346,616	-	-	346,616	370,770
Kennel Supplies	211,356	-	69,724	-	958	282,038	-	-	282,038	298,271
Miscellaneous	44,178	38,385	34,353	14,120	408	131,444	5,842	8,763	146,049	85,224
Printing/postage	12,274	-	-	-	-	12,274	546	818	13,638	19,522
Professional fees	48,279	38,581	34,528	14,192	3,325	138,905	6,174	9,260	154,339	171,071
Supplies	16,081	13,960	12,494	5,135	-	47,670	2,119	3,178	52,967	59,837
Special events expenses	-	-	-	-	-	-	-	330,141	330,141	254,619
Third party fund raising	-	-	-	-	-	-	-	518,347	518,347	532,104
Travel/vehicles	8,929	7,751	6,937	2,852	-	26,469	1,176	1,765	29,410	27,115
Uniforms	4,231	2,763	2,472	1,016	-	10,482	-	-	10,482	8,476
Utilities	25,733	21,630	19,358	7,957	8,455	83,133	3,695	5,542	92,370	94,548
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Less expense included with revenue on the statement of activities and changes in net assets	-	-	-	-	-	-	-	(336,244)	(336,244)	(294,550)
Total expenses before depreciation	1,254,461	976,150	702,658	231,604	131,601	3,296,474	320,401	1,072,416	4,689,291	4,468,274
Depreciation, unallocated	-	-	-	-	-	-	-	-	333,232	321,664
Total expenses	\$ 1,254,461	\$ 976,150	\$ 702,658	\$ 231,604	\$ 131,601	\$ 3,296,474	\$ 320,401	\$ 1,072,416	\$ 5,022,523	\$ 4,789,938

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

SPCA CINCINNATI STATEMENT OF CASH FLOWS For the Year Ending December 31, 2023
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	<u>2023</u>
Cash flows from operating activities	
Change in net assets	\$ 1,167,679
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:	
Depreciation and amortization	333,232
Unrealized (gain)/loss on investments	(489,838)
Change in operating assets:	
Other assets and deposits	(102,940)
Estates/Trusts receivable	43,540
Accounts receivable	(7,557)
Change in operating liabilities:	
Accounts payable	(14,362)
Other liabilities	(25,617)
Net change in cash from operating activities	<u>904,137</u>
Cash flows from investing activities	
Purchases and sales of investment securities	530,824
Purchase of property and equipment	(90,887)
Net change in cash from investing activities	<u>439,937</u>
Cash flows from financing activities	
(Increase) decrease in board designated funds	(124,018)
Payments on notes payable	(151,578)
Payments on capital leases	(5,034)
Net change in cash from financing activities	<u>(280,630)</u>
Net change in cash and cash equivalents	1,063,444
Beginning cash and cash equivalents	<u>976,958</u>
Ending cash and cash equivalents	<u><u>\$ 2,040,402</u></u>
Supplemental data	
Interest paid	<u>\$ 39,006</u>
Non-cash in-kind contributions	<u>\$ 269,200</u>

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

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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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. 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 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

Approximately 37% of the Organization's designated investment account is held in one security. The Board has analyzed this security over a period of years and has determined that this security performs at or above market performance over the years analyzed. The Board has determined that this risk is acceptable to the Organization.

The remainder of the Organization's investments are limited 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.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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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, 2023, the Organization had collected balances of approximately \$286,247 at Miami Savings Bank and \$461,697 at Northside Bank & Trust in excess of the FDIC insured limits.

Contributions

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

Allowance for Doubtful Accounts

The Organization had pledges receivable of \$0 at December 31, 2023. 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.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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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 \$269,200 as of December 31, 2023 and are recorded as revenues and as offsetting expenses of the same amount.

NOTE B – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2023, the Organization had investments consisting of various public company stock equities. The market value of these investments was \$14,815,109 with \$1,135,437 of this amount classified as cash or cash equivalents.

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, 2023, are as follows:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equity securities:				
Cincinnati Financial	\$ 5,223,553	\$ 5,223,553	\$ -	\$ -
Procter and Gamble Co.	33,293	33,293	-	-
Johnson Investments	8,422,826	8,422,826	-	-
Total equity securities	13,679,672	13,679,672	-	-
Cash and Cash Equivalents:				
Certificates of Deposit	1,135,438	1,135,438	-	-
Total cash and cash equivalents	1,135,438	1,135,438	-	-
Total investments	\$14,815,110	\$ 14,815,110	\$ -	\$ -

NOTE C – 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

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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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, 2023 were:

	FMV at December 31,			FMV at
	2022	Additions	Deletions	December 31, 2023
Robinson Endowment	\$ 211,459	\$ 8,564	\$ (8,564)	\$ 211,459
Brooks Estate Endowment	727,817	29,477	(29,477)	727,817
	<u>\$ 939,276</u>	<u>\$ 38,041</u>	<u>\$ (38,041)</u>	<u>\$ 939,276</u>

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, 2023.

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.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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NOTE D – BOARD DESIGNATED INVESTMENTS

The Organization holds \$13,875,834 as board designated investments. These long-term investments are being held in anticipation of future needs of the Organization. These funds are not available for operating expenses of the Organization.

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

The Organization has unconditional rights to distributions from the following trusts. The fair values of these beneficial interest trusts at December 31, 2023 are as follows:

Trust Name	Trust Type	Fair Value at December 31, 2023
Elizabeth Miller Irrevocable Charitable Trust	Perpetual	\$ 408,369
Carole C. & Charles Kehrer Charitable Trust	Perpetual	204,597
Alex C. Young Charitable Trust	Perpetual	620,320
Total Beneficial Interest in Trusts		\$ 1,233,286

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, 2023 was \$408,369. During 2023, the unrestricted income received from this trust was \$19,422.

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, 2023 was \$4,091,948 and the beneficial interest was \$204,597. During 2023, the unrestricted income received from this trust was \$14,846.

The Alex C. Young Charitable Trust – The Alex C. Young Trust was funded in 2019 and is permanently in trust, currently with Comerica Bank, with the Organization as a 7.78% beneficiary. In 2020, this trust was merged with the Elizabeth Young Charitable Trust. The Organization receives bi-monthly interest payments on the corpus of this trust. The market value of this trust at December 31, 2023 was \$7,973,262 and the beneficial interest was \$620,320. During 2023, the unrestricted income received from this trust was \$30,800.

Other Trusts – The Organization has also been named as the beneficiary in several other remainder trusts whose value cannot currently be ascertained due to the 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 \$1,307,806 and the estimated beneficial interest is \$1,307,806.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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NOTE F – 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, 2022	Additions	Deletions	Balance December 31, 2023
Construction in progress	\$ -	\$ -	\$ -	\$ -
Colerain Facility				
Land	75,000	-	-	75,000
Buildings	1,310,724	-	-	1,310,724
Furniture and equipment	77,569	-	-	77,569
Conrey Road Facility				
Land	400,000	-	-	400,000
Buildings	8,203,479	-	-	8,203,479
Furniture and equipment	954,234	90,884	-	1,045,118
Simmonds Farm				
Land	176,750	-	-	176,750
Buildings	429,235	-	-	429,235
Furniture and equipment	79,965	-	-	79,965
Vehicles	355,617	3	(2,270)	353,350
Subtotal	12,062,573	90,887	(2,270)	12,151,190
Less: Accum. Depreciation	(4,605,177)	(333,232)	2,270	(4,936,139)
Property and equipment, net	\$ 7,457,396	\$ (242,345)	\$ -	\$ 7,215,051

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 \$41,353 in contributions to the plan for the year ended December 31, 2023.

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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NOTE H – LEASE

Capital Lease

The Organization has a vehicle under a capital lease at December 31, 2023. This vehicle is included at cost as a fixed asset on the balance sheet and is depreciated based on its respective asset category.

The following is a listing of the vehicle under a capital lease and the remaining lease balance:

<u>Item Leased</u>	<u>Lease Date</u>	<u>Maturity Date</u>	<u>Asset Cost</u>	<u>Term (Mo.)</u>	<u>Remaining Balance</u>
2020 Subaru Ascent	6/1/2020	6/1/2026	\$ 24,000	60	<u>\$ 8,031</u>
Capital Lease Balance					<u>\$ 8,031</u>

The 2020 Subaru leased in June of 2020 has a balloon payment at the end of the lease period of \$12,000. At the end of the 60-month maturity period, this amount will be eligible for a follow-on lease, a note, or full payment. This balloon payment is currently held as a long-term liability.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2024	\$ 5,552	\$ 543	\$ 6,095
2025	2,479	61	2,540
Totals	<u>\$ 8,031</u>	<u>\$ 604</u>	<u>\$ 8,635</u>

NOTE I – LINE OF CREDIT

The Organization has a revolving line of credit with PNC Bank, for \$325,000, which is secured by the Organization's investment funds. At December 31, 2023, the total amount drawn on the line of credit was \$0 leaving an available balance of \$325,000.

NOTE J – PROMISSORY NOTE

On November 14, 2020, the Organization converted a construction line of credit with PNC Bank for \$1,800,000 to a loan for \$1,515,777 to finance the K-9 expansion. The loan has monthly payments of \$12,631. The term of the note is 10 years at a fixed interest rate of 3.31%. The note is secured by the Organization's investment funds.

SPCA CINCINNATI
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE K – DEBT SUMMARY

The following is a summary of the changes in the Organization’s debt during 2023, and the balances that exist at December 31, 2023:

Debt type	Balance at December 31, 2022	Additions	Principal Payments	Balance at December 31, 2023	Current Portion
Capital lease	\$ 13,065	\$ -	\$ (5,034)	\$ 8,031	\$ 5,552
Lease balloon payment	12,000	-	-	12,000	-
Promissory note	1,199,990	-	(151,577)	1,048,413	151,578
Totals	\$ 1,225,055	\$ -	\$ (156,611)	\$ 1,068,444	\$ 157,130

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 are restricted for the following purposes or periods:

Restricted Purpose	Balance at December 31, 2022	Restricted Contributions	Released from Restrictions	Balance at December 31, 2023
Cincinnati Financial at PNC	\$ 5,169,530	\$ 1,675,213	\$ (1,621,190)	\$ 5,223,553
Cincinnati Financial at 5/3	442,325	79,099	(521,424)	-
P&G Asset Account	1,667	-	(1,667)	-
P&G held at PNC	33,434	9,152	(9,292)	33,294
PNC CDs	-	410,402	-	410,402
Vanguard	731,284	1,959	(733,243)	-
MSB Savings	517,259	-	(517,259)	-
NSB&T CDs	600,000	24,321	-	624,321
MSB CDs	200,657	412	(100,355)	100,714
Equities in Stock Gift Account	2,339	-	(2,339)	-
5/3 Lockbox Account for transfer	3,005,355	-	(3,005,355)	-
5/3 Stock Gift Account	1,139,206	-	(1,139,206)	-
5/3 Asset Account Money Market	96,354	-	(96,354)	-
Johnson Investment Counsel	1,288,557	7,856,825	(1,661,832)	7,483,550
PNC Money Fund	523,849	-	(523,849)	-
Endowment	939,276	-	-	939,276
PNC Farm Checking	7,105	50,000	(32,992)	24,113
PNC Farm Savings	151,780	3,152	(50,000)	104,932
Simmonds Farm-MSB Checking	146,436	750,295	(787,496)	109,235
Simmonds Farm-MSB Savings	204,495	250,325	(132,741)	322,079
Bernard Foundation grant	99,880	150,000	(241,529)	8,351
Beneficial interest in trusts	1,153,904	79,382	-	1,233,286
Less: Inter-account rebalancing	-	(10,497,609)	10,497,609	-
	\$ 16,454,692	\$ 842,928	\$ (680,514)	\$ 16,617,106

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

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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NOTE M – FUND RAISING

The Organization received total solicited revenues of \$1,472,865 from its fund raising and direct mail activities and \$651,526 from special events activities. The Organization incurred direct, related expenses from both activities of \$336,244 for the year ended December 31, 2023.

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 2023, insurance premiums in the amount of \$66,726 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 with 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 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:

	<u>2023</u>
Cash and cash equivalents	\$ 2,040,403
Accounts receivable	7,557
Estates/Trusts receivable	36,543
Restricted & board designated assets	<u>15,383,819</u>
Subtotal financial assets, at year end	17,468,322
Less assets unavailable for general expenditures within one year, due to:	
Endowments	(939,276)
Board imposed restrictions:	(13,875,834)
Restricted cash and cash equivalents:	<u>(568,710)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 2,084,502</u>

SPCA CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2023
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The Organization receives 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 May 2, 2024, the date on which the financial statements were available for issue. The Organization has no events subsequent to December 31, 2023 through May 2, 2024, to disclose.