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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2021

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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2021

CONTENTS

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

FINANCIAL STATEMENTS

For the Year Ending December 31, 2021

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, 2021, 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, 2021, 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

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

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
April 14, 2022

SPCA CINCINNATI
STATEMENT OF FINANCIAL POSITION
December 31, 2021

		2021
Assets		
Current assets		
Cash and cash equivalents	$	2,727,911
Investments		390,052
Estates/Trusts receivable		4,000
Accounts receivable		224,479
Total current assets		3,346,442
Property and equipment		11,956,726
Less: Accumulated depreciation		(4,342,905)
Total property and equipment, net		7,613,821
Restricted & board designated assets		
Restricted cash endowment		937,613
Board designated cash & equivalents		1,588,086
Board designated investments		6,244,347
Total restricted & designated assets		8,770,046
Other assets		
Beneficial interests in trusts		1,441,529
Prepaid expenses		13,431
Pet supply store inventory		14,139
Total other assets		1,469,099
Total assets	$	21,199,408
Liabilities and net assets		
Liabilities		
Current liabilities		
Accounts payable	$	25,376
Accrued expenses		119,370
Current portion of debt		157,674
Total current liabilities		302,420
Long term liabilities		
Commercial notes payable		12,000
Promissary note		1,199,990
Capital leases		11,533
Total long term liabilities		1,223,523
Total liabilities		1,525,943
Net assets		
With donor restictions		10,678,285
Without donor restictions		8,995,180
Total net assets		19,673,465
Total liabilities and net assets	$	21,199,408

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

SPCA CINCINNATI
STATEMENT OF ACTIVITIES
For the Year Ending December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gain, and other support			
Cash contributions	$ 1,686,346	$ 300,463	$ 1,986,809
Estate and trust income	1,845,537	1,446,260	3,291,797
Investment income	71,441	83,038	154,479
Animal sales, net	58,309	-	58,309
Animal calls	25,278	-	25,278
Other fees/income	25,757	-	25,757
In-kind donations	230,598	-	230,598
Net (losses) gains on investments	86,204	1,455,717	1,541,921
Northside lease income	219,600	-	219,600
Grant income	683,758	93,535	777,293
Special event revenue - net of direct expenses of $214,521	314,401	-	314,401
Net assets released from restrictions			
Satisfaction of program restrictions	1,230,680	(1,230,680)	-
Total revenues, gains, and other support	6,477,909	2,148,333	8,626,242
Expenses			
Program services			
Shelter services	929,155	-	929,155
Shelter veterinary services	781,012	-	781,012
Shelter to shelter transfer program	611,492	-	611,492
Farm education center	83,785	-	83,785
Total program services	2,405,444	-	2,405,444
Supporting services			
Management and general	278,525	-	278,525
Development	927,574	-	927,574
Depreciation	317,865	-	317,865
Total expenses	3,929,408	-	3,929,408
Change in net assets	2,548,501	2,148,333	4,696,834
Net assets at beginning of year	6,446,679	8,529,952	14,976,631
Net assets at end of year	$ 8,995,180	$ 10,678,285	$19,673,465

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

SPCA CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2021

	Program Services							Totals	
	Shelter Services	**Shelter Vetrinary Services**	**Shelter to Shelter Transfer Program**	**Farm Education Center**	**Total Programs**	**Management and General**	**Development**	**2021**	***Memo Only* 2020**
Salaries	$ 419,455	$ 270,562	$ 279,637	$ 53,001	$ 1,022,655	$ 202,840	$ 265,576	$ 1,491,071	$ 2,238,711
Benefits and taxes	128,111	82,251	85,010	16,112	311,484	61,663	79,673	452,820	642,357
Total salaries and related costs	547,566	352,813	364,647	69,113	1,334,139	264,503	345,249	1,943,891	2,881,068
Building/maintenance	48,729	31,398	32,411	4,984	117,522	2,474	3,711	123,707	68,269
Communications	14,815	9,546	9,854	1,868	36,083	-	1,116	37,199	50,284
Contracted services	14,471	9,324	9,625	-	33,420	3,841	1,152	38,414	44,530
Development expenses	-	-	-	-	-	-	58,454	58,454	18,698
Insurance expense	27,008	17,403	17,964	-	62,375	1,299	1,299	64,974	105,202
Interest	21,043	13,559	13,997	-	48,599	-	-	48,599	21,359
Clinic supplies	-	267,119	-	-	267,119	-	-	267,119	1,132,873
Kennel Supplies	120,851	-	80,568	2,441	203,860	-	-	203,860	193,512
Miscellaneous	32,135	20,706	21,374	1,355	75,570	1,599	2,794	79,963	118,059
Printing/postage	10,743	-	-	200	10,943	-	8,652	19,595	17,261
Professional fees	27,443	17,682	18,253	-	63,378	2,023	2,023	67,423	65,923
Supplies	26,914	17,342	17,901	-	62,157	-	-	62,157	63,276
Special events expenses	-	-	-	-	-	-	168,593	168,593	103,809
Third party fund raising	-	-	-	-	-	-	507,967	507,967	454,345
Travel/vehicles	7,411	4,775	4,929	-	17,115	1,314	-	18,429	38,018
Uniforms	1,439	925	955	-	3,319	-	190	3,509	5,603
Utilities	28,587	18,420	19,014	3,824	69,845	1,470	2,206	73,521	110,709
Bad debt expense	-	-	-	-	-	-	38,689	38,689	-
Less expense included with revenue on the statement of activities and changes in net assets	-	-	-	-	-	-	(214,521)	(214,521)	-
Total expenses before depreciation	929,155	781,012	611,492	83,785	2,405,444	278,525	927,574	3,611,543	5,492,798
Depreciation, unallocated	-	-	-	-	-	-	-	317,865	317,474
Total expenses	$ 929,155	$ 781,012	$ 611,492	$ 83,785	$ 2,405,444	$ 278,525	$ 927,574	$ 3,929,408	$ 5,810,272

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

SPCA CINCINNATI
STATEMENT OF CASH FLOWS
For the Year Ending December 31, 2021

		2021
Cash flows from operating activities		
Change in net assets	$	4,696,834
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization		317,865
Unrealized (gain)/loss on investments		(86,204)
Change in operating assets:		
Other assets and deposits		(42,899)
Estates/Trusts receivable		46,000
Accounts receivable		(224,479)
Change in operating liabilities:		
Accounts payable		14,130
Other liabilities		(19,916)
Net change in cash from operating activities		4,701,331
Cash flows from investing activities		
Purchases and sales of investment securities		(1,933,064)
Proceeds from disposal of property and equipment		5,000
Purchase of property and equipment		(251,164)
Net change in cash from investing activities		(2,179,228)
Cash flows from financing activities		
(Increase) decrease in board designated funds		(2,148,333)
Payments on notes payable		(151,578)
Payments on capital leases		(27,440)
Net change in cash from financing activities		(2,327,351)
Net change in cash and cash equivalents		194,752
Beginning cash and cash equivalents		2,533,159
Ending cash and cash equivalents	$	2,727,911
Supplemental data		
Interest paid	$	48,599
Non-cash in-kind contributions	$	230,598

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 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
Ninety-four percent (94%) 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.

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, 2021, the Organization had collected balances of approximately $589,374 at Miami Savings Bank 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, 2021. 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 $230,598 as of December 31, 2021 and are recorded as revenues and as offsetting expenses of the same amount.

NOTE B – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2021, the Organization had investments consisting of various public company stock equities. The market value of these investments was $7,416,866 with $1,133,555 of this amount classified as cash or cash equivalents on the balance sheet for a net investment balance of $6,283,311.

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, 2021, are as follows:

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equity securities:				
Cincinnati Financial	$ 6,244,347	$ 6,244,347	$ -	$ -
Procter and Gamble Co.	38,964	38,964	-	-
Total equity securities	6,283,311	6,283,311	-	-
Cash and Cash Equivalents:				
Fifth Third	747,123	747,123	-	-
PNC Money Fund	386,432	386,432	-	-
Total cash and cash equivalents	1,133,555	1,133,555	-	-
Total investments	$ 7,416,866	$ 7,416,866	$ -	$ -

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 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, 2021 were:

	FMV at December 31, 2020	Additions	Deletions	FMV at December 31, 2021
Robinson Endowment	$ 211,459	$ -	$ -	$ 211,459
Brooks Estate Endowment	-	726,154	-	726,154
	$ 211,459	$ 726,154	$ -	$ 937,613

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, 2021.

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 D – BOARD DESIGNATED INVESTMENTS

The Organization holds $6,244,347 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, 2021 are as follows:

Trust Name	Trust Type	Fair Value at December 31, 2021
Eliabeth Miller Irrevocable Charitable Trust	Perpetual	$ 485,270
Carole C. & Charles Kehrer Charitable Trust	Perpetual	228,877
Alex C. Young Charitable Trust	Perpetual	727,382
Total Beneficial Interest in Trusts		$ 1,441,529

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, 2021 was $485,270. During 2021, the unrestricted income received from this trust was $19,266.

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, 2021 was $4,577,546 and the beneficial interest was $228,877. During 2021, the unrestricted income received from this trust was $12,508.

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, 2021 was $9,349,388 and the beneficial interest was $727,382. During 2021, the unrestricted income received from this trust was $34,834.

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 $1,471,271 and the estimated beneficial interest is $1,471,271.

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, 2020	Additions	Deletions	Balance December 31, 2021
Construction in progress	$ 165,787	$ -	$ (165,787)	$ -
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	845,697	53,537	-	899,234
Simmonds Farm				
Land	176,750	-	-	176,750
Buildings	237,243	191,992	-	429,235
Furniture and equipment	74,330	5,635	-	79,965
Vehicles	304,770	-	-	304,770
Subtotal	11,705,562	251,164	-	11,956,726
Less: Accum. Depreciation	(4,025,040)	(317,865)	-	(4,342,905)
Property and equipment, net	$ 7,680,522	$ (66,701)	$ -	$ 7,613,821

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 $21,339 in contributions to the plan for the year ended December 31, 2021.

NOTE H – LEASES

Capital Leases

The Organization has both vehicles and equipment under capital leases at December 31, 2021. 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
Colerain Front Office HVAC	7/6/2018	7/9/2023	$ 11,900	60	$ -
2018 Chevrolet Silverado	6/29/2018	6/30/2021	30,773	36	-
2020 Subaru Ascent	6/1/2020	6/1/2026	24,000	60	17,629
				Capital Lease Balance	$ 17,629

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 contracts:

Year	Principal Amount	Interest Amount	Total Debt Service
2022	$ 4,564	$ 1,532	$ 6,096
2023	5,034	1,062	6,096
2024	5,552	543	6,095
2025	2,479	61	2,540
Totals	$ 17,629	$ 3,198	$ 20,827

NOTE I – LINE OF CREDIT

The Organization has a revolving line of credit with PNC Bank, for $325,000, which is secured by the Organization investment funds. At December 31, 2021, the total amount drawn on the lines of credit was $0 leaving an available balance of $325,000.

NOTE J – PROMISSORY NOTES

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

NOTE K – DEBT SUMMARY

The following is a summary of the changes in the Organization’s debt during 2021, and the balances that exist at December 31, 2021:

Debt type	Balance at December 31, 2020	Additions	Principal Payments	Balance at December 31, 2021	Current Portion
Capital leases	$ 33,069	$ -	$ (15,440)	$ 17,629	$ 6,096
Lease balloon payments	24,000	-	(12,000)	12,000	-
Promissory notes	1,503,147	-	(151,578)	1,351,569	151,578
Totals	$ 1,560,216	$ -	$ (179,018)	$ 1,381,198	$ 157,674

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 are restricted for the following purposes or periods:

Restricted Purpose	Balance at December 31, 2020	Restricted Contributions	Released from Restrictions	Balance at December 31, 2021
Bernard Foundation grant	$ 151,780	$ 93,535	$ -	$ 245,315
Beneficial interest in trusts	1,359,525	82,004	-	1,441,529
Cincinnati Financial at PNC	4,411,191	1,340,978	-	5,752,169
Cincinnati Financial at 5/3	377,439	114,739	-	492,178
Vanguard	-	720,106	-	720,106
MSB Savings	515,858	874	-	516,732
MSB Savings Other	-	160	-	160
MSB CDs	50,625	300,463	-	351,088
Animal control	1,198,840	-	(1,198,840)	-
Simmonds Farm-MSB Checking	23,740	-	(6,840)	16,900
Simmonds Farm-MSB Savings	229,495	-	(25,000)	204,495
Endowment	211,459	726,154	-	937,613
	$ 8,529,952	$ 3,379,013	$ (1,230,680)	$ 10,678,285

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 $1,607,059 from its fund raising and direct mail activities and $528,922 from special events activities. The Organization incurred direct, related expenses from both activities of $676,560 for the year ended December 31, 2021.

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 2021, insurance premiums in the amount of $64,974 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 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:

	2021
Cash and cash equivalents	$ 5,253,610
Investments at market rate	6,634,399
Estates/Trusts receivable	4,000
Subtotal financial assets, at year end	11,892,009
Less assets unavailable for general expenditures within one year, due to:	
Board imposed restrictions:	
Designated by Board with purpose restrictions	(8,770,046)
Financial assets available to meet cash needs for general expenditures within one year:	$ 3,121,963

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 – FUTURE CHANGES IN ACCOUNTING STANDARDS

ASU 2016-02 *– Leases (Topic 842)* –This standard eliminates "operating leases" and requires entities to recognize, on the balance sheet, both a "right of use" asset that is amortized over the lease term and a lease liability, initially measured at the present value of the future lease payments. The Organization will apply this standard beginning on January 1, 2022.

NOTE R – COVID-19 GLOBAL PANDEMIC

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

The primary effects on the Organization from the COVID-19 Global Pandemic during 2021 were:

- Some program activities were moved to virtual platforms.
- Some staff work was moved to remote worksites.
- Some fundraising events were cancelled, rescheduled, or held virtually.
- The Organization applied for and recognized $374,193 in Employer Retention Tax Credits as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.
- The 2022 budget has been passed with additional cash reserves being held to incorporate the potential effects of the pandemic on the Organization's financial condition.

NOTE S – RECLASSIFICATION OF BOARD DESIGNATED FUNDS

The beginning balances of Board Designated Funds have been reclassified to include cash and investment accounts that had previously not been formally assigned by the Board as Board Designated Funds. This reclassification did not change the net position of the Organization.

NOTE T – SUBSEQUENT EVENTS

The Organization's management has evaluated events through April 14, 2022, the date on which the financial statements were available for issue. The Organization has no events subsequent to December 31, 2021 through April 14, 2022, to disclose.