

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

Board of Trustees

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

Charles A. Van Gorder, CPA
John P. Walker, CPA, MBA
Lori A. Owen, CPA
John R. Chamberlin, CPA, MBA
Members of AICPA & KyCPA
Licensed in Kentucky & Ohio

Independent Auditor's Report

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

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, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SPCA Cincinnati as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker, & Co., Inc.
Erlanger, Kentucky
April 8, 2013

SPCA - CINCINNATI STATEMENT OF FINANCIAL POSITION December 31, 2012
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ASSETS	Animal Control	Humane Operations	Capital Campaign	Total
Current Assets				
Cash and cash equivalents	\$ 103,775	\$ 398,505	\$ 148,104	\$ 650,384
Investments	-	653,375	-	653,375
Current portion of pledges receivable	-	5,000	-	5,000
Total Current Assets	103,775	1,056,880	148,104	1,308,759
Fixed Assets				
Land	-	651,750	-	651,750
Buildings	-	7,918,423	-	7,918,423
Furnishings and equipment	-	980,366	-	980,366
Vehicles	-	482,736	-	482,736
Less: Accumulated depreciation	-	(2,637,536)	-	(2,637,536)
Net Fixed Assets	-	7,395,739	-	7,395,739
Other Assets				
Pledges receivable, long term portion	-	5,000	-	5,000
Prepaid expenses	-	4,100	-	4,100
Restricted cash	-	6,335	-	6,335
Total Other Assets	-	15,435	-	15,435
TOTAL ASSETS	\$ 103,775	\$ 8,468,054	\$ 148,104	\$ 8,719,933
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 25,679	\$ 243,999	\$ -	\$ 269,678
Accrued expenses	-	114,571	-	114,571
Current portion of debt	-	207,748	-	207,748
Total Current Liabilities	25,679	566,318	-	591,997
Long Term Liabilities				
Commercial notes payable	-	28,022	-	28,022
Capital leases	-	78,133	-	78,133
Total Long Term Liabilities	-	106,155	-	106,155
TOTAL LIABILITIES	25,679	672,473	-	698,152
NET ASSETS				
Restricted by statute	78,096	-	-	78,096
Temporarily restricted	-	148,737	148,104	296,841
Unrestricted	-	7,646,844	-	7,646,844
TOTAL NET ASSETS	78,096	7,795,581	148,104	8,021,781
TOTAL LIABILITIES AND NET ASSETS	\$ 103,775	\$ 8,468,054	\$ 148,104	\$ 8,719,933

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

SPCA - CINCINNATI STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

	Animal Control	Humane Operations	Capital Campaign	Total
REVENUES				
Contractual revenue	\$ 1,118,400	\$ -	\$ -	\$ 1,118,400
Cash contributions	-	1,379,862	-	1,379,862
Estate and trust income	-	531,878	-	531,878
Investment income	-	33,896	23	33,919
Animal sales, net	-	50,987	-	50,987
Animal calls	-	84,812	-	84,812
Fees - Cincinnati pit bulls	-	26,675	-	26,675
Fees - Board of Health	-	6,945	-	6,945
Other fees/income	1,972	5,625	-	7,597
In-kind donations	-	84,349	-	84,349
Gain on investments	-	153,855	-	153,855
Special events	-	406,989	-	406,989
TOTAL REVENUES	<u>1,120,372</u>	<u>2,765,873</u>	<u>23</u>	<u>3,886,268</u>
TEMPORARILY RESTRICTED ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>105,000</u>	<u>(105,000)</u>	<u>-</u>
TOTAL SUPPORT	<u>1,120,372</u>	<u>2,870,873</u>	<u>(104,977)</u>	<u>3,886,268</u>
EXPENSES				
Program services				
Animal Control	1,151,338	-	-	1,151,338
Farm Education Center	-	39,318	-	39,318
Humane Services	-	1,663,185	-	1,663,185
Total program services	<u>1,151,338</u>	<u>1,702,503</u>	<u>-</u>	<u>2,853,841</u>
Supporting services				
Management and general	-	323,574	-	323,574
Development	-	837,006	-	837,006
TOTAL EXPENSES	<u>1,151,338</u>	<u>2,863,083</u>	<u>-</u>	<u>4,014,421</u>
NET OPERATING PROFIT (LOSS)	(30,966)	7,790	(104,977)	(128,153)
NON-OPERATING REVENUES (EXPENSES)				
Depreciation	-	(322,746)	-	(322,746)
Net transfers in to (out of) fund	<u>95,473</u>	<u>21,776</u>	<u>(117,249)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	64,507	(293,180)	(222,226)	(450,899)
NET ASSETS AT BEGINNING OF YEAR	<u>13,589</u>	<u>8,088,761</u>	<u>370,330</u>	<u>8,472,680</u>
NET ASSETS AT END OF YEAR	<u>\$ 78,096</u>	<u>\$ 7,795,581</u>	<u>\$ 148,104</u>	<u>\$ 8,021,781</u>

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

SPCA - CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Program Services					Totals	
	Animal Control	Farm Education Center	Humane Services	Total Programs	Management and General	Development	Memo Only 2011
Salaries	\$ 551,152	\$ -	\$ 807,285	\$ 1,358,437	\$ 172,633	\$ 192,688	\$ 1,635,716
Benefits and taxes	140,213	-	205,411	345,624	43,918	49,020	424,589
Total Salaries and Related Costs	691,365	-	1,012,696	1,704,061	216,551	241,708	2,060,305
Advertising	-	-	-	-	-	47,303	67,367
Building/maintenance	-	23,559	98,719	122,278	-	-	134,477
Communications	46,115	1,520	39,284	86,919	-	9,488	81,620
Contracted services	-	-	-	-	79,466	-	19,374
Events/fund raising	-	150	-	150	-	148,262	196,572
Insurance expense	-	-	51,764	51,764	-	-	49,557
Interest	-	971	22,097	23,068	-	-	64,264
Kennel - med/vet/clinic	117,797	-	37,545	155,342	-	-	189,375
Kennel - supplies	176,168	-	153,464	329,632	-	-	229,402
Lease expense	4,212	3,444	-	7,656	3,312	2,611	17,868
Miscellaneous	26,070	799	24,204	51,073	2,427	-	100,805
Printing/postage	-	-	-	-	-	11,206	22,806
Professional fees	-	325	30,061	30,386	18,506	-	227,916
Public relations	-	3,477	40,569	44,046	-	-	42,907
Supplies	11,150	-	44,603	55,753	-	-	41,197
Third party fund raising	-	-	-	-	-	367,639	446,234
Training	-	-	500	500	-	-	3,164
Travel/vehicles	27,001	-	2,995	29,996	3,312	8,789	53,995
Uniforms	4,414	-	-	4,414	-	-	5,343
Utilities	47,046	5,073	104,684	156,803	-	-	167,334
Write off of pledge	-	-	-	-	-	-	100,000
Write off of bond costs	-	-	-	-	-	-	74,768
Total Expenses	\$ 1,151,338	\$ 39,318	\$ 1,663,185	\$ 2,853,841	\$ 323,574	\$ 837,006	\$ 4,396,650

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

SPCA - CINCINNATI STATEMENT OF CASH FLOWS For the Year Ended December 31, 2012

	2012
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (450,899)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization	322,746
Unrealized (gain)/loss on investments	(144,235)
(Increase) decrease in operating assets:	
Other assets and deposits	7,536
Pledges receivable	105,000
Increase (decrease) in operating liabilities:	
Accounts payable	54,304
Other liabilities	13,641
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(91,907)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investment securities	167,283
Purchase of property and equipment	<u>(148,769)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>18,514</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds received from issuance of long-term debt	36,975
Payment on notes payable	(181,688)
Proceeds from new capital leases	14,834
Payment on capital leases	<u>(50,145)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(180,024)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(253,417)</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>903,801</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 650,384</u></u>
SUPPLEMENTAL DATA	
Interest paid	\$ 23,068
Non-cash in-kind contributions	<u><u>\$ 84,349</u></u>

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

SPCA – CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2012
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ORGANIZATION

Founded in 1907, the Hamilton County Society for the Prevention of Cruelty to Animals, doing business as SPCA Cincinnati (Organization) is a not-for-profit corporation organized to provide a means to prevent cruelty to animals throughout Hamilton County and the State of Ohio. This mission is accomplished by maintaining animal shelters in both Cincinnati and Sharonville, Ohio; providing pick-up and drop-off services for stray and unwanted animals; providing adoption services for stray animals; and providing education on the humane/proper treatment of animals.

The Organization also has a contractual agreement with the Hamilton County, Ohio Board of Commissioners to furnish facilities, materials, and personnel to perform the necessary services for the housing, feeding, veterinary care, and humane disposal of unlicensed stray dogs within Hamilton County, Ohio. Contractual compensation under this contract is subject to state audit and funds received and related expenses incurred in relation to this contract are presented separately in the financial statements.

The Organization is a non-profit organization exempt from tax under Internal Revenue Code Section 501(c)(3) and the Internal Revenue Service has determined the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities in three classes of net assets: unrestricted net assets which have no donor-imposed restrictions; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and assets that are restricted by statute for use of the Hamilton County Dog Warden account.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statement of activities.

SPCA – CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2012
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Concentration of Credit Risk

The Organization maintains its cash in bank deposits, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in these accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Interest Rate Risk

In accordance with the Organization's policy, interest rate risk is limited by investing in diversified portfolios with a combination of the highest rate of return and the lowest risk to ensure maximum security of principal. Investments are undertaken in a manner that seeks to ensure the preservation of capital in its portfolio.

Credit Risk

The Organization limits its investments to diversified, managed portfolios which contain funds with varying credit ratings applied. Because of the diversity of these funds, the credit risk of the investments, in the aggregate, is reduced to an acceptable level.

Custodial Credit Risk

For deposits, this is the risk that, in the event of a bank failure, the Organization's deposits will not be returned. As of December 31, 2012, the Organization's deposits at PNC Bank of \$497,824 exceed the amount insured by Federal Deposit Insurance Corporation insurance by \$247,824. The Organization's deposits at other banks are fully collateralized.

Revenue Concentration Risk

The Organization received 28.8% of its total revenues from contracts with the Hamilton County, Ohio Board of Commissioners for dog warden services.

Contributions

Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the temporarily or permanently restricted net asset class. Temporarily restricted contributions, whose restrictions are met in the same period as the contribution, are reported as unrestricted contributions.

The expiration of donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. All contributions made to the Organization are considered available for unrestricted use, unless specifically restricted by the donor.

SPCA – CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2012
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Allowance for Doubtful Accounts

The Organization has reviewed its pledges receivable balance of \$10,000 at December 31, 2012 and determined that the entire amount is in the process of being collected over time. Therefore, the Organization does not utilize an allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost except for donated property, which is capitalized at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over 5 – 40 years.

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities, and accordingly, certain costs have been allocated between the program and supporting services.

In-Kind Donations

The organization receives donations of pet food and pet supplies on an in-kind basis. The amounts of these donations were estimated to be \$50,000 as of December 31, 2012 and are recorded as revenues and as offsetting expenses of the same amount.

NOTE B – INVESTMENTS

At December 31, 2012, the Organization had investments consisting of various public company stock equities. The market value of these investments was \$657,061 with \$3,686 of this amount classified as cash or cash equivalents on the balance sheet for a net investment balance of \$653,375.

Investments as of December 31, 2012, are summarized as follows:

<u>Account Description</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Carrying Value</u>
Fifth Third Stock	\$ 1,389	\$ 6,278	\$ 6,278
Cincinnati Financial	358,524	595,898	595,898
Entergy Corp.	840	4,462	4,462
JM Smucker	293	517	517
Verizon Communications	1	736	736
Frontier	-	17	17
Duke Energy	16,355	18,630	18,630
Spectra	10,810	11,992	11,992
Procter and Gamble Co.	13,370	14,845	14,845
Totals	<u>\$ 401,582</u>	<u>\$ 653,375</u>	<u>\$ 653,375</u>

SPCA – CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2012
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NOTE C – PLEDGES RECEIVABLE

The Organization has received unconditional promises to give cash from several unrelated donors. These pledges receivable have been included in the financial statements at the pledged value. Total pledges receivable at December 31, 2012 was \$10,000.

NOTE D – PROPERTY AND EQUIPMENT

The Organization has elected to capitalize assets with a cost of \$500 or more. Capital assets are depreciated using the straight-line method and charged as an expense against operations; total capital assets and accumulated depreciation are reported on the statement of net assets. 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, 2011	Additions	Deletions	Balance December 31, 2012
Colerain Facility				
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Buildings	1,157,268	-	-	1,157,268
Furniture and equipment	357,680	5,300	-	362,980
Conrey Road Facility				
Land	400,000	-	-	400,000
Buildings	6,558,089	-	-	6,558,089
Furniture and equipment	560,020	-	-	560,020
Simmonds Farm				
Land	176,750	-	-	176,750
Buildings	145,000	58,066	-	203,066
Furniture and equipment	23,861	33,505	-	57,366
Vehicles	396,479	86,257	-	482,736
Subtotal	9,850,147	183,128	-	10,033,275
Less: accum. depreciation	(2,314,790)	(322,746)	-	(2,637,536)
Property and equipment, net	<u>\$ 7,535,357</u>	<u>\$ (139,618)</u>	<u>\$ -</u>	<u>\$ 7,395,739</u>

SPCA – CINCINNATI
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

The restrictions on net assets at December 31, 2012 consist of the following items: funding the organization has pledged to receive in the next two (2) years; the cash balances of the capital campaign account, the farm cash account, and the farm savings account which is restricted year to year, for use in funding capital projects of the Organization; and the balance of restricted cash.

The following is a schedule of temporarily restricted net assets that will become available during the periods listed:

<u>Funds becoming available in fiscal year ending June 30:</u>	<u>Temporarily Restricted At: December 31, 2012</u>
2013	\$ 5,000
2014	5,000
Total pledges receivable	10,000
Capital campaign account	148,104
Farm cash account	5,504
Farm savings account	126,898
Restricted cash accounts	6,335
Total Temporarily Restricted	<u>\$ 296,841</u>

NOTE F – IRREVOCABLE CHARITABLE REMAINDER TRUSTS

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

The Elizabeth Miller Trust

The Elizabeth Miller Trust was established in the early 1900's and is permanently in trust, currently with PNC Bank, with the Organization as its sole beneficiary. The Organization receives quarterly interest payments on the corpus of this trust. The market value of this trust at December 31, 2012 was \$351,664. During 2012, the unrestricted income received from this trust was \$17,306; the fees and charges to manage the trust was \$3,999.

The Dorothy C. Walton Trust

The Dorothy C. Walton Trust was established in 1967 and is in trust, currently with PNC Bank, with the Organization as its sole beneficiary, until September 17, 2017, fifty (50) years after the death of Ms. Walton. At this future date, the corpus of the trust will be turned over to the Organization to use for its mission of humane treatment and care of animals. The Organization currently receives quarterly interest payments on the corpus of this trust. The market value of this trust at December 31, 2012 was \$156,458. During 2012, the unrestricted income received from this trust was \$3,503; the fees and charges to manage the trust was \$2,131.

SPCA – CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2012
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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 \$29,502 in contributions to the plan for the year ended December 31, 2012.

NOTE H – LEASES

The Organization utilizes both capital and operating leases to lease vehicles and computer equipment. The information on both the capital and operating leases is as follows:

Capital Leases

The Organization has both vehicles and equipment under capital lease at December 31, 2012. 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
Computer Equipment	9/16/2008	8/16/2013	\$ 48,725	60	\$ 7,939
2008 Ford E-250 Van	7/9/2008	6/9/2013	38,423	60	4,490
2008 Ford E-250 Van	7/16/2008	6/16/2013	35,102	60	3,428
2011 Ford Transit 65354	8/2/2011	7/2/2017	22,122	72	17,636
2012 Ford Transit 62741	8/25/2011	7/25/2015	12,122	48	7,916
2012 Full Size Van 08851	9/1/2011	8/1/2017	37,591	72	30,444
2013 Full Size Van 08850	9/1/2011	8/1/2017	37,591	72	30,444
2013 Ford Explorer	11/12/2012	11/12/2015	14,834	36	14,152
Capital Lease Balance					<u>\$ 116,449</u>

The 2013 Ford explorer leased in November of 2012 has a balloon payment at the end of the lease period of \$11,900. At the end of the 36 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
2013	\$ 38,678	\$ 7,342	\$ 46,020
2014	23,810	5,206	29,016
2015	23,414	3,177	26,591
2016	18,157	1,439	19,596
2017	12,390	303	12,693
Totals	<u>\$ 116,449</u>	<u>\$ 17,467</u>	<u>\$ 133,916</u>

SPCA – CINCINNATI NOTES TO FINANCIAL STATEMENTS December 31, 2012
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Operating Leases

The Organization leases 4 vehicles under operating leases. These vehicles are not included in fixed assets on the balance sheet. The following table is a listing of the vehicles under these operating leases and a summary of the future lease payments required to fulfill the leasing contracts:

Item Leased	Lease Date	Maturity Date	Purchase Amount	Term (Mo.)	Remaining Balance
2008 Ford Explorer	2/18/2008	1/18/2013	\$ 5,875	60	\$ 368
2010 Ford F-150 PU	12/22/2010	11/22/2013	8,273	36	3,157
Elavon, point sale eq.	3/14/2011	2/14/2015	5,616	48	4,212
Operating Lease Balance					<u>\$ 7,737</u>

The following is a summary of future lease payments required to fulfill operating lease contracts:

Payment	
Year	Amount
2013	\$ 4,929
2014	1,404
2015	351
Total	<u>\$ 6,684</u>

NOTE I – LINE OF CREDIT

The Organization has a revolving line of credit with a Fifth Third Bank for a maximum of \$200,000, which is secured by Organization investment funds. The revolving credit agreement matured and was renewed on January 1, 2012. At December 31, 2012, there was no outstanding balance on the line of credit.

NOTE J – DEMAND BOND/COMMERCIAL NOTE PAYABLE

On April 1, 2008, the Organization issued Adjustable Rate Taxable Securities (Bonds). The principal on the bonds will be paid directly from funds drawn by the trustee, US Bank, under an irrevocable letter of credit issued by Fifth Third Bank. On April 1, 2012 the bond was refinanced through Fifth Third Bank as a Commercial Term Note for \$2,454,500. Terms of the note are 5 years at an interest rate of 4.76%. A one-time payment of \$2,000,000 was made on June 1, 2011. The balance of the note as of December 31, 2012 was \$164,104. The loan is secured by organization assets.

Annual note payment requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 164,104	\$ 3,799	\$ 167,903
Totals	<u>\$ 164,104</u>	<u>\$ 3,799</u>	<u>\$ 167,903</u>

SPCA – CINCINNATI
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE K – FURNACE LOAN

On May 9th, 2012, the organization purchased a furnace and wrote a promissory note to CFC Investment Company to finance the furnace. The loan has monthly payments of \$165. The terms of the note are 3 years at an interest rate of 7.555%. The balance of the note as of December 31, 2012 was \$4,223. The loan is secured by organization assets.

Annual note payment requirements to maturity are as follows:

Year Ending Dec 31,	Principal	Interest	Total
2013	\$ 1,720	\$ 260	\$ 1,980
2014	1,854	126	1,980
2015	649	10	659
Totals	<u>\$ 4,223</u>	<u>\$ 396</u>	<u>\$ 4,619</u>

NOTE L – JOHN DEERE TRACTOR LOAN

On April 6th, 2012, the organization purchased a John Deere Tractor and wrote a promissory note to CFC Investment Company to finance the tractor. The loan has monthly payments of \$391. The terms of the note are 5 years at an interest rate of 6.939%. The balance of the note as of December 31, 2012 was \$17,227. The loan is secured by organization assets.

Annual note payment requirements to maturity are as follows:

Year Ending Dec 31,	Principal	Interest	Total
2013	\$ 3,610	\$ 1,082	\$ 4,692
2014	3,869	823	4,692
2015	4,146	546	4,692
2016	4,443	249	4,692
2017	1,159	13	1,172
Totals	<u>\$ 17,227</u>	<u>\$ 2,713</u>	<u>\$ 19,940</u>

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NOTE M – DEBT SUMMARY

The following is a summary of the changes in the Organization's debt during 2012, and the balances that exist at December 31, 2012:

Debt type	Balance at December 31, 2011	Additions	Principal Payments	Balance at December 31, 2012	Current Portion
5/3 mortgage note	\$ 342,167	\$ -	\$ (178,063)	\$ 164,104	\$ 164,104
Capital leases	151,760	14,834	(50,145)	116,449	38,316
Lease balloon payment	-	11,900	-	11,900	-
Furnace loan	-	5,300	(1,077)	4,223	1,719
Tractor loan	-	19,775	(2,548)	17,227	3,609
Totals	<u>\$ 493,927</u>	<u>\$ 51,809</u>	<u>\$ (231,833)</u>	<u>\$ 313,903</u>	<u>\$ 207,748</u>

NOTE N – FUND RAISING

The Organization received total solicited revenues of \$1,379,862 from its fund raising and direct mail activities and \$406,989 from special events activities. The Organization incurred direct, related expenses from both activities of \$536,595 for the year ended December 31, 2012.

NOTE O – 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 P – RELATED PARTY TRANSACTIONS

The Chairman of the Board of Trustees of the Organization is a member of the Board of Directors of a publicly traded for-profit corporation. The Organization leases equipment and vehicles, under both operating and capital leases as described in NOTE H above, from a finance company which is a subsidiary of that corporation. Additionally the Chairman is 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 2012, insurance premiums in the amount of \$51,764 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 Q – SUBSEQUENT EVENTS

The Organization's management has evaluated events through April 8, 2013, the date on which the financial statements were available for issue. The Organization did not have any events subsequent to December 31, 2012 through April 8, 2013 to disclose.