

**Greenhill Humane Society, SPCA**  
**(A Nonprofit Organization)**  
**Independent Auditors' Report**  
**and**  
**Financial Statements**  
**June 30, 2023 and 2022**

---

# Contents

---

<b>Independent Auditors' Report</b>	1-2
-------------------------------------	-----

---

## Financial Statements

---

Statements of Financial Position	3-4
Statements of Activities	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8-9
Notes to Financial Statements	10-27

---

# **Mueller Yuva Osterman Rasmussen LLP**

## **Certified Public Accountants**

### **Independent Auditors' Report**

To the Board of Directors  
Greenhill Humane Society, SPCA  
Eugene, Oregon

### **Opinion**

We have audited the accompanying financial statements of Greenhill Humane Society, SPCA (a nonprofit organization) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Greenhill Humane Society, SPCA as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing 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 Greenhill Humane Society, SPCA 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 the 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 Greenhill Humane Society, SPCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

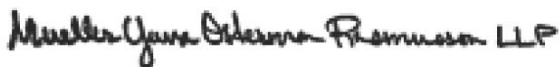
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment 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 Greenhill Humane Society, SPCA'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 Greenhill Humane Society, SPCA'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.



Mueller Yuva Osterman Rasmussen LLP

Eugene, Oregon

May 14, 2024

**Greenhill Humane Society, SPCA**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<u>Assets</u>	
	2023	2022
Current assets:		
Cash and cash equivalents	\$ 2,546,874	\$ 3,496,800
Accounts receivables	43,943	3,040
Unconditional promises to give, net	20,899	47,257
Inventory	8,304	4,385
Prepaid expenses and other assets	52,799	32,410
Total current assets	2,672,819	3,583,892
Property and equipment, net	6,720,196	6,154,954
Other assets:		
Restricted cash - capital campaign	-	26,251
Restricted cash - funds held in trust	32,006	34,006
Unconditional promises to give, net, less current portion	19,400	24,308
Investments	874,656	-
Endowment funds	200,686	197,269
Total other assets	1,126,748	281,834
Total assets	\$ 10,519,763	\$ 10,020,680

**Greenhill Humane Society, SPCA**  
**Statements of Financial Position (Continued)**  
**June 30, 2023 and 2022**

	2023	2022
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 36,703	\$ 30,927
Accrued expenses	161,076	146,006
Current portion of long-term debt	51,700	49,600
Total current liabilities	249,479	226,533
Long-term liabilities:		
Long-term debt, net of current portion	1,739,497	1,788,679
Funds held in trust	32,006	34,006
Total long-term liabilities	1,771,503	1,822,685
Total liabilities	2,020,982	2,049,218
Net assets:		
Net assets without donor restrictions	8,434,812	7,908,383
Net assets with donor restrictions	63,969	63,079
Total net assets	8,498,781	7,971,462
Total liabilities and net assets	\$ 10,519,763	\$ 10,020,680

**Greenhill Humane Society, SPCA**  
**Statements of Activities**  
**Years Ended June 30, 2023 and 2022**

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support:						
Donations and bequests	\$ 2,407,230	\$ 34,057	\$ 2,441,287	\$ 2,007,919	\$ 34,118	\$ 2,042,037
Capital campaign	-	9,490	9,490	-	80,236	80,236
Contributed nonfinancial assets	22,996	-	22,996	13,364	-	13,364
Special events, less direct costs	189,237	-	189,237	111,021	-	111,021
Sales and program fees, less cost of sales of \$16,584 in 2023 and \$15,815 in 2022	1,144,235	-	1,144,235	1,025,502	-	1,025,502
Investment income (loss)	44,125	-	44,125	(6,094)	-	(6,094)
Trust revenue	2,000	-	2,000	2,000	-	2,000
Net assets released from restrictions	42,657	(42,657)	-	151,460	(151,460)	-
Total revenues, gains and other support	<u>3,852,480</u>	<u>890</u>	<u>3,853,370</u>	<u>3,305,172</u>	<u>(37,106)</u>	<u>3,268,066</u>
Expenses						
Program services	2,738,235	-	2,738,235	2,418,622	-	2,418,622
Management and general	301,272	-	301,272	292,104	-	292,104
Fundraising	286,544	-	286,544	288,187	-	288,187
Total expenses	<u>3,326,051</u>	<u>-</u>	<u>3,326,051</u>	<u>2,998,913</u>	<u>-</u>	<u>2,998,913</u>
Change in net assets	526,429	890	527,319	306,259	(37,106)	269,153
Net assets, beginning of year	<u>7,908,383</u>	<u>63,079</u>	<u>7,971,462</u>	<u>7,602,124</u>	<u>100,185</u>	<u>7,702,309</u>
Net assets, end of year	<u>\$ 8,434,812</u>	<u>\$ 63,969</u>	<u>\$ 8,498,781</u>	<u>\$ 7,908,383</u>	<u>\$ 63,079</u>	<u>\$ 7,971,462</u>

**Greenhill Humane Society, SPCA**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 1,617,623	\$ 214,578	\$ 81,357	\$ 1,913,558
Payroll taxes	141,203	16,739	5,913	163,855
Employee benefits and insurance	172,130	25,844	19,380	217,354
Total personnel expenses	<u>1,930,956</u>	<u>257,161</u>	<u>106,650</u>	<u>2,294,767</u>
Animal care expenses:				
Supplies	21,814	-	-	21,814
Food	30,620	-	-	30,620
Veterinary services	155,333	-	-	155,333
Other animal care	21,568	-	-	21,568
Total animal care expenses	<u>229,335</u>	<u>-</u>	<u>-</u>	<u>229,335</u>
Other expenses:				
Bank fees	15,022	1,813	17,872	34,707
Depreciation and amortization	223,102	4,661	4,661	232,424
Dues and subscriptions	3,808	-	-	3,808
Facility and landscaping	8,120	165	165	8,450
Insurance	43,090	4,412	898	48,400
Interest	83,638	1,690	1,690	87,018
Miscellaneous expense	40,237	60	-	40,297
Operating supplies and equipment	34,241	-	-	34,241
Events/marketing/outreach	3,775	-	136,304	140,079
Printing and postage	3,059	8	13,499	16,566
Professional services	13,327	28,535	2,423	44,285
Repairs and maintenance	29,128	612	612	30,352
Staff training and conferences	4,101	25	-	4,126
Telephone and internet	12,733	923	563	14,219
Utilities	57,934	1,207	1,207	60,348
Vehicle expense	629	-	-	629
Trust expenses	2,000	-	-	2,000
Total other expenses	<u>577,944</u>	<u>44,111</u>	<u>179,894</u>	<u>801,949</u>
Total expenses	<u>\$ 2,738,235</u>	<u>\$ 301,272</u>	<u>\$ 286,544</u>	<u>\$ 3,326,051</u>



**Greenhill Humane Society, SPCA**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 1,420,380	\$ 193,431	\$ 75,180	\$ 1,688,991
Payroll taxes	114,795	17,614	7,766	140,175
Employee benefits and insurance	159,682	19,370	13,262	192,314
Total personnel expenses	<u>1,694,857</u>	<u>230,415</u>	<u>96,208</u>	<u>2,021,480</u>
Animal care expenses:				
Supplies	19,358	-	-	19,358
Food	31,023	-	-	31,023
Veterinary services	78,125	-	-	78,125
Other animal care	22,564	-	-	22,564
Total animal care expenses	<u>151,070</u>	<u>-</u>	<u>-</u>	<u>151,070</u>
Other expenses:				
Bank fees	11,500	240	19,091	30,831
Depreciation and amortization	218,102	4,571	4,571	227,244
Dues and subscriptions	3,364	-	-	3,364
Facility and landscaping	9,847	197	191	10,235
Insurance	44,065	3,479	918	48,462
Interest	81,142	1,554	1,638	84,334
Miscellaneous expense	30,223	-	-	30,223
Operating supplies and equipment	36,973	770	770	38,513
Events/marketing/outreach	31,782	-	144,454	176,236
Printing and postage	1,018	67	14,225	15,310
Professional services	14,674	45,679	2,712	63,065
Repairs and maintenance	19,294	402	402	20,098
Staff training and conferences	7,142	1,896	-	9,038
Telephone and internet	12,449	895	525	13,869
Utilities	48,007	1,000	1,000	50,007
Vehicle expense	710	-	-	710
Capital campaign expense	403	939	1,482	2,824
Trust expenses	2,000	-	-	2,000
Total other expenses	<u>572,695</u>	<u>61,689</u>	<u>191,979</u>	<u>826,363</u>
Total expenses	<u>\$ 2,418,622</u>	<u>\$ 292,104</u>	<u>\$ 288,187</u>	<u>\$ 2,998,913</u>

**Greenhill Humane Society, SPCA**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	Years Ended June 30,	
	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 527,319	\$ 269,153
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	232,424	227,245
Debt issuance costs amortized	2,511	2,511
Net realized and unrealized (gains) losses on investments	(37,111)	11,224
In-kind contributions	(22,996)	(13,364)
In-kind expenses	22,996	13,364
Provision for doubtful accounts	245	(324)
Contributions for long-term purposes	(17,415)	(119,780)
Increase (decrease) in operating assets and liabilities:		
Accounts receivables	(40,903)	4,319
Unconditional promises to give	31,021	20,727
Inventory	(3,919)	849
Other current assets	(20,389)	(4,685)
Accounts payable	5,776	(3,010)
Accrued payroll and payroll costs	15,070	18,989
Funds held in trust	(2,000)	(2,000)
Net cash from operating activities	<u>692,629</u>	<u>425,218</u>
Cash flows from investing activities		
Purchase of fixed assets	(797,666)	(177,098)
Proceeds (purchase) on sale of investments	(840,962)	7,858
Net cash from investing activities	<u>(1,638,628)</u>	<u>(169,240)</u>

**Greenhill Humane Society, SPCA**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2023 and 2022**

	Years Ended June 30,	
	2023	2022
Cash flows from financing activities		
Payments on long-term debt	\$ (49,593)	\$ (47,415)
Proceeds from contributions restricted to capital campaign	17,415	119,780
Net cash from financing activities	<u>(32,178)</u>	<u>72,365</u>
Net change in cash, cash equivalents and restricted cash	(978,177)	328,343
Cash, cash equivalents, and restricted cash, beginning of year	<u>3,557,057</u>	<u>3,228,714</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 2,578,880</u></u>	<u><u>\$ 3,557,057</u></u>
Supplemental disclosures of cash flow information:		
Cash and cash equivalents	\$ 2,546,874	\$ 3,496,800
Cash restricted for capital campaign	-	26,251
Cash restricted for funds held in trust	32,006	34,006
Total cash, cash equivalents, and restricted cash	<u><u>\$ 2,578,880</u></u>	<u><u>\$ 3,557,057</u></u>
Cash paid for interest	<u><u>\$ 85,138</u></u>	<u><u>\$ 86,052</u></u>

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies**

**Nature of operations** - Greenhill Humane Society, SPCA (the Organization) is a not-for-profit organization that provides care and shelter for animals, support and resources for people, and education to promote the humane treatment of animals. The Organization operates an animal shelter in Eugene, Oregon and relies on funding from individual and corporate donors.

**Program services** - The Organization's program services are paid for with donations, fundraisers, contracted income, and fees for products and services.

**Sheltering and adoptions** - During the year ended June 30, 2023, Greenhill Humane Society, SPCA cared for 3,829 animals in its Sheltering, Return to Owner, Adoption and Transfer Programs. During the year ended June 30, 2023, the Organization cared for 1,993 cats, 1,637 dogs, and 199 other animals. The Organization continues to maintain one of the highest live release rates in the country. The Organization saved 93% of the dogs that came to the shelter, 92% of the cats, and 89% of the other animals. Overall, the Organization's live release rate for the year ended June 30, 2023 was 92%.

The Organization runs the Second Chance Program which receives animals from other shelters and animal welfare agencies in Oregon, California, and beyond, giving them a second chance at finding a loving home when time and resources have run out at their shelter. During the year ended June 30, 2023, 194 animals were cared for through this program.

During the year ended June 30, 2023, a monthly average of 257 volunteers contributed 29,038 hours, and 225 foster families cared for 591 animals. Volunteers and foster families help in the daily care, training, socializing and rehabilitation of animals brought to the shelter. The volunteer and foster program works with schools, community service programs and the general public to help promote humane education through hands-on animal welfare experience.

**Spay/neuter services** – The Organization has an on-site veterinary medical clinic that performs spay/neuter services, essential surgeries, and a trap/neuter/return program. All of the animals at the Organization are provided with medical care and an environment that includes behavior training and enrichment programs. During the year ended June 30, 2023, the Organization performed 2,850 surgeries in their medical clinic including 2,712 spay/neuter surgeries and 138 other essential surgeries.

Greenhill's trap/neuter/return and shelter/neuter/return programs (TNR/SNR) provide free and low-cost spay/neuter surgeries for free-roaming, unowned community cats within Lane County. During the year ended June 30, 2023, the Organization performed 818 spay/neuter surgeries through these programs.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

*Pet Pantry* – Greenhill Humane Society, SPCA offers programs to support people with pets. Greenhill’s Pet Pantry offers pet food and supplies to people in need and works with local organizations to distribute the resources where they are most needed. In the year ended June 30, 2023, the Organization’s Pet Pantry distributed over 35 tons of pet food and 5 tons of cat litter.

*Community outreach and humane education* - Educating the community and promoting the animals and programs of Greenhill Humane Society, SPCA is crucial to helping achieve the vision of finding loving homes for all animals. The Organization reaches out to schools and other groups to educate about the importance of responsible pet ownership and the humane treatment of animals. The Organization participates in off-site adoption and awareness events, and photos and descriptions of animals available for adoption are available on the Organization's website and major on-line "petworking" sites. The Organization's website sees an average of 3,288 page visits per day. In the year ended June 30, 2023, the Organization’s outreach and education program reached more than 3,880 children and adults.

*Basis of presentation* – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Cash, cash equivalents, and restricted cash**– The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. Restricted cash is limited in use to payment of costs of constructing a new facility and of the related capital campaign and are included in cash on the statement of cash flows. Restricted cash includes money held in a pet trust.

**Concentrations of credit risk** – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, investments and receivables. The Organization maintains cash balances at multiple financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) or by the Securities Investor Protection Corporation (SIPC insured) up to \$250,000 at each institution. At June 30, 2023 and 2022, the Organization’s uninsured cash balances totaled \$2,303,049 and \$3,261,345, respectively. The Organization has not experienced any loss in these accounts and believes it is not exposed to any significant credit risk on its cash balances. Investments consist of assets invested in equity securities, debt securities, and alternate investments by various financial institutions and are subject to SIPC insurance protection. Receivable are carried at estimated net realizable values. As of June 30, 2023, the Organization had no significant concentrations of credit risk with respect to receivables.

**Receivables** – The Organization considers trade accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts was considered necessary. Management evaluates past due balances on an account-by-account basis, and if amounts become uncollectible, they are charged to operations when that determination is made.

The Organization considers bequests receivable to be fully collectible; accordingly, no allowance for uncollectible amounts was considered necessary.

The Organization has an annual campaign to raise funds for operations. The Organization solicited donations for a capital campaign that are to be paid over time (up to ten years). At the time a pledge is made, the contributions that are expected to be collected within one year are recorded as donor restricted revenue at their net realizable value. Pledges that are expected to be collected in future years are recorded as donor restricted revenue at present value of the estimated future cash flows. An allowance for pledges contribution receivable in the amount of \$913 and \$1,158 as of June 30, 2023 and 2022, respectively, is recorded based on management’s judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. When the purpose and/or time restrictions are met, the amounts are recorded in the statement of activities as “net assets released from restrictions.”

**Inventory** – Inventory consists of animal supplies, apparel, and other items available for resale and is stated at the lower of cost or net realizable value.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

***Property and equipment*** – Property and equipment purchases or contributions in excess of \$5,000 and a useful life of two years or more are capitalized at cost. Contributed property and equipment is capitalized at its fair market value at the date of the gift. Depreciation is computed using the straight-line method at rates based on the estimated useful life of the property and equipment ranging from 5 to 39.5 years. Major renewals and betterments are capitalized, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense currently. The cost and related accumulated depreciation of property sold or retired are removed from the accounts and any gain or loss is reflected in the change in net assets.

***Investments*** – Investments consist of assets invested in equity securities, debt securities, and alternate investments. Investments with readily determinable fair values are measured at fair market value in the statements of financial position. Interest, dividends, realized and unrealized gains and losses on investments, net of fees, are recorded as investment return in the statements of activities and changes in net assets.

***Business risks and uncertainties*** – As the Organization’s investments are comprised of marketable equity and debt securities, significant changes in prevailing interest rates and market conditions may adversely affect the timing and amount of cash flows on such investments and their related values. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near-term could materially affect the Organization’s financial position and the amounts reported in the statements of activities.

***Compensated absences*** – The Organization’s policy allows full-time employees to accrue vacation leave to a specified limit, which is payable upon termination.

***Funds held in trust*** – The Organization holds pet trust funds that will be spent according to trust documents over the lives of the pets.

***Revenue recognition – contributions and support*** – Contributions, pledges, and grants received are recorded as support that is without donor restrictions or with donor restrictions. Classification is based on the existence and nature of any donor restrictions imposed on the contribution or grant. Deferred revenue consists of amounts received in advance under contracts or grant and is recognized when the services are performed.

Conditional contributions arise when a donor-imposed condition exists, based on a determination from the agreement, that a recipient is entitled to the contribution only if it has overcome a barrier, with a right of return to the provider should the barrier not be met. Assets received through a conditional contribution are accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor; consequently, revenue is recognized on the dates the conditions have been met.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Revenue recognition – revenue from exchange transactions** – The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending June 30, 2023 and 2022:

**Service revenue** – The Organization conducts program-related services and events where the performance obligation is delivery of the program. Fees for service revenue are recognized when the service is performed based on amounts established by the Organization. Fees collected prior to the delivery of services are classified as deferred revenue.

**Special fundraising event revenue** – Proceeds from fundraising events are recognized as revenue during the period that the fundraising events occur.

**Retail sales** – The Organization operates retail operations. The performance obligation is the delivery of goods to the customer. The transaction price is established by the Organization given listed sales prices determined by the value of the inventory item being sold. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue as the customer pays and takes possession of the merchandise. If there is a right of return, the liability is estimated for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of June 30, 2023 and 2022.

**Outstanding legacies** – The Organization is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Organization's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

**Contributed nonfinancial assets** – The Organization records various types of in-kind contributions. Donated services are reflected in the financial statement at the fair value of the services received. The contributions are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Organization receives donated services from a variety of unpaid volunteers who assist with programs in non-specialized roles. The value of services contributed by these volunteers is not reflected in the financial statements since these services do not meet the criteria for recognition.



**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

*Contributed nonfinancial assets (continued)*

The Organization recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed supplies were utilized in the Organization's animal care. In valuing the donations, the Organization estimates the values on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

During the years ended June 30, the Organization recorded in-kind contributions as follows:

	2023	2022
Professional services	\$ 3,135	\$ 5,464
Food, medication and vaccines	19,861	7,663
Supplies	-	237
Total	\$ 22,996	\$ 13,364

In-kind professional services were spent for the following programs:

	2023	2022
Program Services	\$ 3,135	\$ 4,878
Management and General	-	93
Fundraising	-	493
Total	\$ 3,135	\$ 5,464

***Fundraising and advertising expenses*** – The Organization uses advertising and fundraising to promote its programs to the community. Advertising and fundraising costs are expensed as incurred. Total costs of \$286,544 and \$288,187 were allocated to fundraising for the years ended June 30, 2023 and 2022, respectively. Direct mailing campaign expenses of \$118,591 and \$127,810 were incurred for the years ended June 30, 2023 and 2022, respectively, which are included in fundraising on the statements of functional expenses.

***Income taxes*** – The Organization is an Oregon not-for-profit organization and complies with the requirements of Section 501(c)(3) of the Internal Revenue Code. Thus, the Organization is exempt from federal and state income taxes. Management believes the Organization meets the requirements to maintain its tax-exempt status. The Organization files information tax returns in the U.S. federal and Oregon jurisdictions.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

*Use of estimates* – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Functional allocation of expense* – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. The expenses that are allocated include depreciation, interest, office, and occupancy, which are allocated on the basis of proportion of facilities used, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

*Fair value measurements* – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value. The fair value framework requires the categorization of assets and liabilities into three levels based upon the ability to observe the assumption (inputs) used to value the assets and liabilities. Level 1 provides the most reliable and observable measure of fair value, whereas Level 3 generally requires significant judgment. When valuing assets or liabilities, GAAP requires the most observable inputs to be used.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted, quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs, other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 – Unobservable inputs reflecting assumptions about the inputs used in pricing the asset or liability.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Reclassifications* – Certain reclassifications have been made to the prior year financial statements to conform to the current year financial statement presentation. These reclassifications had no effect on change in total assets, total liabilities, and net assets for the prior year.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)**

*New accounting pronouncement* - Effective July 1, 2022, the Organization adopted the provisions of FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets (also referred to as gifts-in-kind) and address presentation and disclosure of those contributed nonfinancial assets. The term “nonfinancial assets” includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, cryptocurrency, services, and unconditional promises of those assets. Under ASU 2020-07, organizations must present gifts-in-kind as a separate line item in the statement of activities, apart from gifts of cash and other financial assets. In addition to this presentation requirement, the gifts-in-kind must be further broken down into categories (fixed assets, supplies, contributed services, etc.) in the notes to the financial statements. For each category of contributed nonfinancial assets recognized in the financial statements, further footnote disclosures are required under the ASU, including whether the gifts-in-kind were sold or used, among other disclosures. The provisions of ASU 2020-07 must be applied on a retrospective basis (meaning that all periods presented in comparative financial statements must reflect the requirements of the new standard). Adoption of this standard had no effect on its net assets for the years ended June 30, 2023 and 2022.

**Note 2 – Cash and Cash Equivalents**

Cash and cash equivalents balances at June 30 consist of the following:

	2023	2022
Non-interest bearing accounts	\$ 338,434	\$ 251,502
Interest bearing accounts	2,208,440	3,245,298
Cash restricted for capital campaign project	-	26,251
Cash restricted for bequest requirements	32,006	34,006
Total	\$ 2,578,880	\$ 3,557,057

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 3 – Receivables**

Receivables consist of the following at June 30:

	2023	2022
Trade accounts receivable	\$ 43,943	\$ 3,040
Campaign pledges receivable	29,522	37,447
Bequests receivable	10,777	34,118
Total	\$ 84,242	\$ 74,605
Current	\$ 64,842	\$ 50,297
Non-current	19,400	24,308
Total receivables	\$ 84,242	\$ 74,605

Estimated annual collections of pledges receivable are as follows:

	2023	2022
Less than one year	\$ 10,435	\$ 13,545
One to five years	20,000	20,060
More than five years	-	5,000
	30,435	38,605
Less allowance for uncollectible promises to give	913	1,158
Total pledges receivable	\$ 29,522	\$ 37,447

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 4 – Property and Equipment**

Property and equipment consisted of the following at June 30:

	2023	2022
Land and land improvements	\$ 45,527	\$ 45,527
Buildings	7,837,578	6,956,102
Furniture and fixtures	49,550	49,550
Equipment	166,070	166,070
Software	3,524	3,524
Vehicles	26,949	18,923
Construction in process	-	91,836
	8,129,198	7,331,532
Less accumulated depreciation and amortization	1,409,002	1,176,578
Total	\$ 6,720,196	\$ 6,154,954

**Note 5 – Endowment Funds**

In October 2004, the Organization’s Board of Directors established a board designated endowment fund in the amount of \$25,000 of unrestricted net assets at the Oregon Community Foundation (OCF) to support the mission of the Organization. The agreement with OCF stipulates that the fund assets shall be held and owned by OCF. Upon the approval of the OCF Board of Directors, OCF may distribute a fixed percentage of the fund assets to the Organization. No contributions were made to the fund during the years ended June 30, 2023 and 2022.

The agreement also provides that upon written request from a majority of the Organization’s Board of Directors, and subject to majority approval of the OCF Board of Directors, additional distributions will be made from the fund assets, even to the exhaustion of the fund. In addition, the OCF Board of Directors has variance power which allows OCF to unilaterally redirect use of the assets away from the Organization.

In accordance with accounting standards for not-for-profit organizations, the Organization has included in its statements of financial position a beneficial interest in assets held by the OCF of \$200,686 and \$197,269 as of June 30, 2023 and 2022, respectively. Investment income (interest, dividends and realized and unrealized gains and losses) on endowment funds is classified as unrestricted, in the statements of activities and changes in net assets.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 5 – Endowment Funds (Continued)**

Composition of and changes in endowment net assets for the years ended June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets without donor restrictions, beg. of year	\$ 197,269	\$ 216,351
Endowment realized gains (losses)	(705)	4,279
Endowment unrealized gains (losses)	12,559	(15,503)
Interest	1,290	1,347
Investment expenses	(1,859)	(1,766)
Distributions	<u>(7,868)</u>	<u>(7,439)</u>
Endowment net assets without donor restrictions, end of year	<u>\$ 200,686</u>	<u>\$ 197,269</u>

The majority of the investments held at OCF consist of marketable equity and debt securities that are recorded at fair market value based on current quoted market prices. However, a portion of the investments held at OCF consist of investments in limited partnerships and real estate whose fair values have been estimated by OCF management in the absence of readily determinable market values. These estimates are based on information provided by fund managers or general partners and real estate appraisals; therefore, the reported values may differ from the value that would have been used had a quoted market price existed. The Organization used the estimates provided by OCF in valuing its beneficial interest in those investments.

**Note 6 - Investments**

The Organization has investments in equity securities, debt securities, and alternative investments. Earnings from interest, dividends and capital gains are reinvested and may be distributed to the Organization for use in the operations.

Investments as of June 30, 2023 are summarized as follows:

	<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>
Endowment funds	*	\$ 200,686
U.S. Treasury Bills	<u>\$ 857,285</u>	<u>874,656</u>
Total investments	<u>\$ 857,285</u>	<u>\$ 1,075,342</u>

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 6 – Investments (Continued)**

Investments at June 30, 2022 are summarized as follows:

	2022	
	Cost	Fair Value
Endowment funds	*	\$ 197,269
U.S. Treasury Bills	\$ -	-
Total investments	\$ -	\$ 197,269

\* The endowment funds held as collateral for securities loaned are at Oregon Community Foundation which is a pooled account; therefore, cost basis is unavailable.

The following schedule summarizes the investment return in the statement of activities and changes in net assets for the years ended June 30, 2023 and 2022:

	2023	2022
Interest, dividends, and other income	\$ 8,871	\$ 6,895
Net gains (losses)	37,113	(11,224)
Investment expenses	(1,859)	(1,765)
Net investment return	\$ 44,125	\$ (6,094)

**Note 7 – Fair Value of Financial Instruments**

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Total Carrying/ Fair Value	Level 1	Level 2	Level 3
Endowment funds	\$ 200,686	\$ -	\$ -	\$ 200,686
Investments	874,656	874,656	-	-
Total investments	\$ 1,075,342	\$ 874,656	\$ -	\$ 200,686

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 7 – Fair Value of Financial Instruments (Continued)**

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Total Carrying/ Fair Value	Level 1	Level 2	Level 3
Endowment funds	\$ 197,269	\$ -	\$ -	\$ 197,269
Investments	-	-	-	-
Total investments	<u>\$ 197,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,269</u>

The following table presents additional information about Level 3 assets measured at fair value:

	2023	2022
Level 3, endowment funds, beginning of year	\$ 197,269	\$ 216,351
Net realized and unrealized gains (losses)	11,854	(11,224)
Interest	1,290	1,347
Investment expenses	(1,859)	(1,766)
Distributions	<u>(7,868)</u>	<u>(7,439)</u>
Level 3, endowment funds, end of year	<u>\$ 200,686</u>	<u>\$ 197,269</u>

The following is a description of the valuation methodologies used for assets measured at fair value:

Investment funds consist of a portfolio of different investments, including marketable equity securities, debt securities, and alternative investments. Marketable equity and debt securities, are recorded at fair market value based on current quoted market prices. Alternative investments consist of investments in limited partnerships and real estate, whose fair values have been estimated in the absence of the readily determinable market values. These estimates are based on information provided by the fund managers or the general partners and real estate appraisals; therefore, the reported values may differ from the value that would have been used had a quoted market price existed. They are generally categorized in Level 3 of the fair value hierarchy.



**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 7 – Fair Value of Financial Instruments (Continued)**

The fair value methodology used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Valuation techniques utilized to determine fair value are consistently applied.

**Note 8 – Long-term Debt**

August 2018 the Organization obtained a construction-to-permanent commercial real estate loan up to a maximum amount of \$2,150,000 from Columbia Bank to be used for the phase 1 construction and permanent financing of improvements. Interest is at the index rate plus 2.25% for the first eleven-year period (currently 4.44%), adjusted for the second ten-year period with a final adjustment for the remainder of the loan. The loan is collateralized by real property, rents, and business assets. Requirements and prepayment penalties apply. The loan contains affirmative and negative covenants, including a financial ratio, which the Organization is in compliance with as of June 30, 2023. January 2020 the loan was termed to a permanent loan in the amount of \$2,000,000 with required monthly payments of \$11,122. The loan matures December 2044.

Long-term debt at June 30 consists of the following:

	2023	2022
Note payable	\$ 1,835,968	1,885,561
Less unamortized debt issuance costs	(44,771)	(47,282)
	1,791,197	1,838,279
Less current portion of long-term debt	(51,700)	(49,600)
Long-term debt, net of current portion	\$ 1,739,497	\$ 1,788,679

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 8 – Long-term Debt (Continued)**

The future scheduled maturities of long-term debt are as follows:

Years ending June 30:	
2024	\$ 51,700
2025	54,250
2026	56,750
2027	59,350
2028	61,900
Thereafter	1,507,247

**Note 10 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2023	2022
Bequests receivable	\$ 10,777	\$ 34,118
Capital campaign	30,435	26,251
Spay/neuter services	7,257	-
Surgical and veterinary care	15,000	2,710
Transportation stipends	500	-
Total	\$ 63,969	\$ 63,079

Net assets with donor restrictions are subject to the following time and purpose restrictions:

- The Organization periodically receives bequests. Bequests are considered restricted net assets due to a time restriction until funds are received by the Organization.
- The Organization is operating a capital campaign. Pledges and contributions are considered restricted net assets due to time and purpose restrictions.
- The Organization receives grants restricted for a specific purpose. Grants are considered restricted net assets until purpose restrictions are met.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 11 – Board Designated Net Assets**

The Board has designated net assets (without donor restrictions) for the following purposes at June 30:

	2023	2022
Capital Reserve	\$ 181,620	\$ 950,415

**Note 12 – Special Event Revenue**

Gross receipts from special fundraising events recorded by the Organization consist of exchange transactions revenue and contribution revenue. As a result of adopting FASB ASU 2014-09 during the fiscal year ended June 30, 2020, the Organization is required to separately present the components of this revenue.

	2023	2022
Contributions	\$ 125,052	\$ 94,412
Special event revenue	136,410	55,744
Total	261,462	150,156
Less direct costs	(72,225)	(39,135)
Net special events revenue	\$ 189,237	\$ 111,021

**Note 13 – Retirement Plan**

In July 2019, the Organization adopted a SIMPLE retirement plan for the benefit of its employees. All employees are eligible to participate in the plan at the date of hire. The plan requires employer-matching contributions on a dollar-for-dollar basis up to 3% of each employee’s compensation. Employer matches for June 30, 2023 and 2022 were \$30,274 and \$24,876, respectively.

**Note 14 – Related Party Transactions**

Related party transactions consist of related party pledges receivable of \$0 and \$400 for the years ended June 30, 2023 and 2022, respectively. The Organization also paid \$186 for related party services for the year ended June 30, 2023. For the year ended June 30, 2022, the Executive Director of Greenhill Humane Society, SPCA was an executor of an estate that the Organization received a bequest from.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 15 – Self-Insurance**

Unemployment self-insurance is administered through 501(c) Agencies Trust. The Organization maintained a balance of \$34,697 and \$28,771 as a prepaid expense for the years ended June 30, 2023 and 2022, respectively. Unemployment claims of \$350 and \$0, respectively, were paid for the years ended June 30, 2023 and 2022.

**Note 16 – Litigation and Contingent Liabilities**

The Organization is subject to litigation in the normal course of business. Management does not believe that such litigation will have a material effect on its financial position.

**Note 17 – Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 14, 2024, the date of the auditor's report, which represents the date the financial statements were available to be issued.

**Note 18 – Accounting for Uncertain Tax Positions**

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization's income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations. The Organization would recognize interest and penalties related to income tax matters in operating expenses. Management has concluded that there were no uncertain tax positions as of June 30, 2023. The Organization is subject to income tax examinations by tax authorities for the years ended June 30, 2020 and later.

**Note 19 – Liquidity and Reserves**

The Organization has a policy to manage its liquidity and reserves consistent with the goals of operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover three months of program expenditures. The board designated net assets and investments could be drawn upon to meet obligations if the board approves the action. The following reflects the financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

---

**Note 19 – Liquidity and Reserves (Continued)**

	2023	2022
Cash and cash equivalents and restricted cash	\$ 2,578,880	\$ 3,557,057
Accounts receivable, collected in less than one year	43,943	3,040
Unconditional promises to give, collected in less than one year	20,899	47,257
 Total financial assets, excluding noncurrent receivables	 2,643,722	 3,607,354
 Contractual or donor-imposed restrictions:		
Cash restricted for funds in trust	(32,006)	(34,006)
Contractual or donor-imposed restrictions	(63,969)	(63,079)
Add back: amounts available for donor-specified expenditures in following year	43,969	38,019
 Board designations:		
Capital reserve	(181,620)	(950,415)
 Financial assets available to meet cash needs for expenditures within one year	 \$ 2,410,096	 \$ 2,597,873