

GREENHILL HUMANE SOCIETY, SPCA

INDEPENDENT AUDITORS' REPORT

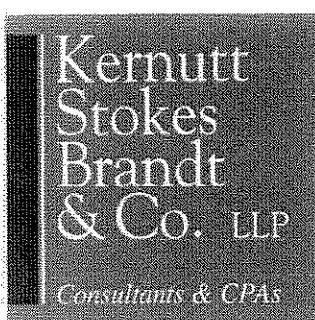
and

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

GREENHILL HUMANE SOCIETY, SPCA

CONTENTS	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of activities and changes in net assets	3
Statement of functional expenses	4
Statement of cash flows	5-6
Notes to financial statements	7-17



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greenhill Humane Society, SPCA:

We have audited the accompanying statement of financial position of Greenhill Humane Society, SPCA (a nonprofit organization) as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2009, and the results of its activities, 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.

A handwritten signature in black ink that reads "Kernutt Stokes Brandt & Co. LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon
October 15, 2009

GREENHILL HUMANE SOCIETY, SPCA

Statement of Financial Position

June 30, 2009

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	461,140
Investments		196,759
Receivables		58,034
Other current assets		7,237
Total current assets		723,170

PROPERTY AND EQUIPMENT, net 652,064

ENDOWMENT FUNDS 29,461

Total \$ 1,404,695

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	2,725
Accrued payroll and payroll costs		56,277
Current portion of capital lease obligation		1,895
Total current liabilities		60,897

CAPITAL LEASE OBLIGATION, net of current portion 3,338

Total liabilities 64,235

NET ASSETS:

Unrestricted		1,339,377
Temporarily restricted		1,083
Total net assets		1,340,460

Total \$ 1,404,695

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT:			
Donations and bequests	\$ 882,535	\$ 9,050	\$ 891,585
In-kind donations	59,899	-	59,899
Special events, less direct costs of \$23,162	49,649	-	49,649
Sales and program fees, less cost of sales of \$17,372	314,957	-	314,957
Interest and dividends	12,358	-	12,358
Net realized and unrealized losses on investments	(57,352)	-	(57,352)
Other income	694	-	694
Total revenue, gains and other support	1,262,740	9,050	1,271,790
NET ASSETS RELEASED FROM RESTRICTIONS	7,967	(7,967)	-
EXPENSES:			
Program services	975,634	-	975,634
Management and general	103,447	-	103,447
Fundraising	91,009	-	91,009
Total expenses	1,170,090	-	1,170,090
CHANGE IN NET ASSETS	100,617	1,083	101,700
NET ASSETS, beginning of year	1,238,760	-	1,238,760
NET ASSETS, end of year	\$ 1,339,377	\$ 1,083	\$ 1,340,460

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA
Statement of Functional Expenses
Year Ended June 30, 2009

	Program Services				Total	
	Sheltering/ Adoptions	Spay/ Neuter	Community Outreach	Management and General		Fundraising
Personnel expenses:						
Salaries and wages	\$ 389,321	\$ 120,245	\$ 50,369	\$ 559,935	\$ 39,703	\$ 670,154
Payroll taxes and insurance	73,349	8,038	9,490	90,877	7,480	111,642
Employee benefits	2,175	4,396	281	6,852	222	7,468
Total personnel expenses	464,845	132,679	60,140	657,664	47,405	789,264
Animal care:						
Supplies	25,593	12,157	-	37,750	-	37,750
Food	27,604	-	-	27,604	-	27,604
Veterinary services	42,526	26,429	-	68,955	-	68,955
Other animal care	42,113	-	-	42,113	-	42,113
Total animal care expenses	137,836	38,586	-	176,422	-	176,422
Other expenses:						
Bank fees	1,782	91	21	1,894	5,121	7,015
Depreciation and amortization	26,587	1,346	337	28,270	336	33,654
Facility and landscaping	3,799	192	48	4,039	48	4,808
Insurance	6,301	320	78	6,699	-	7,120
Miscellaneous expense	2,108	107	27	2,242	27	2,669
Office supplies and equipment	14,056	712	178	14,946	178	17,793
Other fundraising expenses	-	-	1,552	1,552	13,326	14,878
Postage	4,044	205	3,856	8,105	768	16,049
Printing	3,456	175	14,183	17,814	656	35,292
Professional services	4,730	239	2,410	7,379	898	8,337
Repairs and maintenance	14,543	736	184	15,463	2,762	18,409
Staff training and conferences	5,660	-	-	5,660	-	5,660
Telephone and internet	8,392	425	106	8,923	106	10,622
Utilities	17,457	884	221	18,562	220	22,098
Total other expenses	112,915	5,432	23,201	141,548	43,604	204,404
Total expenses	\$ 715,596	\$ 176,697	\$ 83,341	\$ 975,634	\$ 103,447	\$ 1,170,090

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA

Statement of Cash Flows

Change in Cash and Cash Equivalents

Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from service recipients and other sources	\$	434,640
Cash received from donations and bequests		839,252
Cash paid to employees and suppliers		(1,115,104)
Interest and dividends received		12,358
Net cash provided by operating activities		171,146

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property		(22,946)
Purchase of investments		(3,653)
Net cash used in investing activities		(26,599)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on capital lease obligation		(1,602)
Net cash used in financing activities		(1,602)

NET CHANGE IN CASH AND CASH EQUIVALENTS		142,945
---	--	---------

CASH AND CASH EQUIVALENTS, beginning of year		318,195
--	--	---------

CASH AND CASH EQUIVALENTS, end of year	\$	461,140
--	----	---------

(Continued)

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA**Statement of Cash Flows (Continued)****Reconciliation of Change in Net Assets to
Net Cash Provided by Operating Activities
Year Ended June 30, 2009**

CHANGE IN NET ASSETS	\$	101,700
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation		33,654
Loss on sale of property		1,137
Net realized and unrealized losses on investments		57,352
Increase (decrease) in cash caused by certain working capital items:		
Receivables		(42,892)
Other current assets		12,284
Accounts payable		132
Accrued payroll and payroll costs		7,779
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	171,146

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization. Greenhill Humane Society, SPCA, is an Oregon not-for-profit organization providing safe shelter for animals in transition, serving as advocates for animals and their people, working to end animal overpopulation and educating the public about compassion and responsibility towards all animals in Eugene, Oregon. Greenhill Humane Society, SPCA, (the Organization) primarily relies on funding from individual and corporate donors.

Program Services. The Organization's programs services are paid for with donations, fundraisers and fees for products and services.

Sheltering and Adoptions - In 2009, the Organization achieved an 88% save rate for cats and an even higher rate for dogs, at 98%. The Organization adopted 711 dogs and 972 cats during 2009. The Organization receives animals from other shelters in their Interagency Transfer Program giving them a second chance at finding a loving home when time and resources have run out at their shelter.

Spay/Neuter - During the year ended June 30, 2009, the Organization performed 3,184 surgeries in their regular clinic and over 400 surgeries through the trap-neuter-release program.

Community Outreach - Educating the community and promoting the animals and programs of Greenhill Humane Society, SPCA is crucial to helping the Organization achieve its vision of finding loving homes for all animals.

Basis of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation. Under accounting standards for not-for-profit organizations, the Organization is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted/Undesignated - Net assets available for general obligations of the Organization including all donor-restricted contributions whose restrictions are met in the same period as the donation is received.

Temporarily Restricted - Net assets subject to donor-imposed stipulation that will be met by actions of the Organization and/or the passage of time. When a purpose restriction is met or a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

Permanently Restricted - Net assets subject to donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Organization to use the income.

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. The Organization has no permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents. The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Organization maintains its cash balances in several financial institutions located primarily in Eugene, Oregon. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts.

Investments. Investments are composed of equity securities and mutual funds and are carried at fair value. Interest, dividends and gains and losses, both realized and unrealized, on investments are included in the statement of activities in revenues, gains and other support. The majority of investments are held on behalf of the Organization by a financial advisory service company.

Business Risks and Uncertainties. In that the Organization's investments are comprised of equity securities and mutual funds, 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 statement of activities.

Receivables. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary. Management determines and 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.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

The Organization considers contributions and bequests receivable to be fully collectible; accordingly, no allowance for uncollectible amounts was considered necessary. The allowance for uncollectible contributions and bequests receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution and nature of activity.

Property and Equipment. Property and equipment in excess of \$1,000 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. 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.

Leased equipment meeting certain criteria is capitalized and the present value of the related lease payments is recorded as a liability. Amortization of capitalized leased assets is computed on the straight-line method over the term of the lease and is included in depreciation expense.

Revenue Recognition. Contributions, which included conditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Contributions receivables for the support of future operations, programs and activities are recorded at the present value of the estimated future cash flows, net of any allowance for uncollectible amounts.

Fee for service revenue is recognized when the service is performed and billed. Proceeds from fundraising events are recognized as revenue during the period that the fundraising events occur. Amounts received by the Organization prior to the event are classified as deferred revenue.

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 Services and Materials. The Organization receives donated services from a variety of unpaid volunteers who assist with programs in non-specialized roles. Approximately 21,200 hours were donated by unpaid volunteers during the year ended June 30, 2009. The value of services contributed by these volunteers is not reflected in the financial statements, as there is no reasonable method of valuation available.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

Certain donated professional services or services requiring specialized skills are recorded as contributions and as expenditures at their actual or estimated fair market value on the date of receipt.

Donated materials, goods and supplies are recorded as contributions and as expenditures at their actual or estimated fair market values on the date of receipt.

During the year ended June 30, 2009, the Organization recorded in-kind contributions as follows:

Professional services	\$	26,855
Food, medication and vaccines		33,044
Total		\$ 59,899

Contributed goods and materials are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Income Taxes. The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Financial Accounting Standards Board (FASB) has issued accounting standards, which clarify generally accepted accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. As permitted by these accounting standards, the Organization has elected to defer the application until issuance of its June 30, 2010 financial statements. For financial statements covering periods prior to June 30, 2009, the Organization evaluated uncertain tax positions in accordance with existing generally accepted accounting principles and made such accruals and disclosures as might be required thereunder. The adoption of the new accounting standards is not expected to have a material effect on the Organization's financial statements.

Advertising. Advertising costs are expensed as incurred. Advertising expense was \$56,725 for the year ended June 30, 2009.

Other Fundraising Expenses. Other fundraising expenses primarily relate to direct costs incurred for annual fundraisers.

Functional Expense Allocation. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that they benefit.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements. In September 2006, the FASB issued accounting standards in order to establish a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles that is intended to result in increased consistency and comparability in fair value measurements. These accounting standards also expand disclosures about fair value measurements. These accounting standards apply whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. These accounting standards were originally effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years with early adoption permitted.

In early 2008, the FASB issued additional guidance which delays by one year, the effective date of fair value accounting standards for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The delay pertains to items including, but not limited to, non-financial assets and non-financial liabilities initially measured at fair value in a business combination and long-lived assets measured at fair value for impairment assessment.

The Organization adopted the portion of the new accounting standards that has not been delayed as of the beginning of its June 30, 2009 fiscal year and plans to adopt the balance of its provisions as of the beginning of its June 30, 2010 fiscal year. Items measured at fair value on a recurring basis (to which the new accounting standards apply in fiscal year June 30, 2009) consist of financial instruments which are valued primarily based on quoted prices in active or inactive markets for identical or similar assets and liabilities. Items carried at fair value on a non-recurring basis (to which the new accounting standards will apply in fiscal year June 30, 2010) may include, among others, fair value concepts used to test the impairment of long-lived assets. The Organization is continuing to evaluate the impact the standards will have on the determination of fair value related to non-financial assets and non-financial liabilities in fiscal year June 30, 2010 and thereafter.

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 October 15, 2009, which is the date the financial statements were available to be issued.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREENHILL HUMANE SOCIETY, SPCA

Notes to Financial Statements

2. Investments

Investments are composed of equity securities and mutual funds and are carried at fair value. Investment holdings are summarized as follows at June 30, 2009:

	Cost Basis	Fair Market	Unrealized Losses
Equity investments	\$ 3,817	\$ 2,823	\$ (994)
Mutual funds	264,732	193,936	(70,796)
Total	\$ 268,549	\$ 196,759	\$ (71,790)

Investment expenses were approximately \$300 for the year ended June 30, 2009. Investment return is classified as unrestricted on the statement of activities. Investment return for 2009 is summarized as follows:

Interest and dividend income	\$ 12,358
Unrealized losses	(54,822)
Realized losses	(2,530)
Total investment return	\$ (44,994)

3. Property and Equipment

Property and equipment consist of the following at June 30, 2009:

Land and land improvements	\$ 44,992
Buildings	897,377
Furniture and fixtures	52,836
Equipment	69,860
Vehicles	14,053
	1,079,118
Less accumulated depreciation and amortization	427,054
Total	\$ 652,064

Equipment includes assets under capital lease of \$8,995 and accumulated amortization on leased assets of \$4,348 at June 30, 2009.

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

4. Endowment Funds

In October 2004, the Organization established a general 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 annually. No amounts were distributed to the Organization during the year ended June 30, 2009.

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 the use of assets away from the Organization.

In accordance with accounting standards for not-for-profit organizations, the Organization has included in its statement of financial position a beneficial interest in assets held by the OCF of \$29,461 as of June 30, 2009. Investment return (interest, dividends and realized and unrealized losses) on endowment funds is classified as unrestricted on the statement of activities.

Composition of and changes in endowment net assets for the year ended June 30, 2009 were as follows:

Unrestricted endowment net assets, beginning of year	\$	37,149
Investment income, net		864
Net realized and unrealized losses		(8,552)

Unrestricted endowment net assets, end of year	\$	29,461
--	----	--------

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 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. The Organization used the estimates provided by OCF in valuing its beneficial interest in those investments.

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

5. Restriction on Net Assets

Temporarily restricted net assets at June 30, 2009 totaled \$1,083 and are subject to expenditure restrictions for the Mend a Friend program. During 2009, the Mend a Friend program was created to give more animals life saving medical treatments in order for them to lead healthy lives with loving families. Each year, the Organization takes in hundreds of animals that require medical attention. If the needed care can be provided on-site, the animals are routinely treated and brought to good health before being adopted into a loving family. If the animal requires extensive treatment, the Organization works with local veterinarians and regional clinics in order to provide the necessary care through the Mend a Friend program.

6. Capital Leases

The Company leases a copy machine under a capital lease agreement. Capital lease obligations consisted of the following at June 30, 2009:

Obligation under capital lease, due in monthly installments of \$188 including interest at 8.25%, collateralized by equipment, matures January 2012	\$	5,233
Less current portion		1,895
Total	\$	3,338

The following is a schedule by years of future minimum lease payments required under the capital lease, together with the present value of the minimum lease payments as of June 30, 2009.

2010	\$	2,256
2011		2,256
2012		1,316
Total minimum lease payments		5,828
Less amount representing interest		595
Present value of net minimum lease payments	\$	5,233

GREENHILL HUMANE SOCIETY, SPCA

Notes to Financial Statements

7. Related Party Transactions

A member of the Board of Directors provides veterinarian services at a clinic used by the Organization. The Organization paid \$536 during 2009 for these services.

A former member of the Board of Directors, who is now a member of the finance committee, is the owner of a business used by the Organization for bookkeeping services. The Organization paid \$4,800 during 2009 for these services.

8. Fair Value of Financial Instruments

In determining fair value, the Organization uses various valuation approaches. Fair value accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that the market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect management's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for securities categorized in Level 3. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

8. Fair Value of Financial Instruments (Continued)

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Organization uses prices and inputs that are current as of the measurement date.

Cash and Cash Equivalents. The carrying amount is a reasonable estimate of the fair value.

Investments. Investments in equity securities and mutual funds are reported at fair value. These securities are traded in an active market and are valued at quoted market prices. They are generally categorized in Level 1 of the fair value hierarchy.

Endowment Funds. Endowment funds consist of a portfolio of different investments, including marketable equity and 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 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.

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	Total Carrying/ Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 461,140	\$ 461,140	\$ -	\$ -
Equity investments	2,823	2,823	-	-
Mutual funds	193,936	193,936	-	-
Endowment funds	29,461	-	-	29,461

Valuation techniques utilized to determine fair value are consistently applied.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

8. Fair Value of Financial Instruments (Continued)

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

Level 3, Endowment funds, beginning of year	\$	37,149
Investment income, net		864
Net realized and unrealized losses		(8,552)
<hr/>		
Level 3, Endowment funds, end of year	\$	29,461
