

GREENHILL HUMANE SOCIETY, SPCA

INDEPENDENT AUDITORS' REPORT

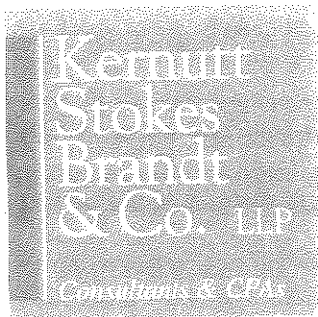
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FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

GREENHILL HUMANE SOCIETY, SPCA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greenhill Humane Society, SPCA:

We have audited the accompanying statements of financial position of Greenhill Humane Society, SPCA (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Eugene Stokes Brandt & Co. LLP'. The signature is written in dark ink and is positioned above the typed name of the firm.

Eugene, Oregon
October 11, 2010

GREENHILL HUMANE SOCIETY, SPCA**Statements of Financial Position**

	June 30	
	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 229,694	\$ 461,140
Investments	252,249	196,759
Receivables	240,134	58,034
Other current assets	6,377	7,237
Total current assets	728,454	723,170
PROPERTY AND EQUIPMENT, net	642,285	652,064
ENDOWMENT FUNDS	32,532	29,461
Total	\$ 1,403,271	\$ 1,404,695
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 15,693	\$ 2,725
Accrued payroll and payroll costs	59,817	56,277
Deferred grant revenue	21,252	-
Current portion of capital lease obligation	2,030	1,895
Total current liabilities	98,792	60,897
CAPITAL LEASE OBLIGATION, net of current portion	1,276	3,338
Total liabilities	100,068	64,235
NET ASSETS:		
Unrestricted	1,066,204	1,287,044
Temporarily restricted	236,999	53,416
Total net assets	1,303,203	1,340,460
Total	\$ 1,403,271	\$ 1,404,695

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA
Statements of Activities

	Year Ended June 30, 2010			Year Ended June 30, 2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT:						
Donations and bequests	\$ 557,964	\$ 235,916	\$ 793,880	\$ 830,202	\$ 61,383	\$ 891,585
In-kind donations	52,697	-	52,697	59,899	-	59,899
Special events, less direct costs of \$17,561 in 2010 and \$23,162 in 2009	39,570	-	39,570	49,649	-	49,649
Sales and program fees, less cost of sales of \$23,408 in 2010 and \$17,372 in 2009	290,674	-	290,674	314,957	-	314,957
Interest and dividends	6,395	-	6,395	12,358	-	12,358
Net realized and unrealized gains (losses) on investments	27,405	-	27,405	(57,352)	-	(57,352)
Other income	-	-	-	694	-	694
Total revenue, gains and other support	974,705	235,916	1,210,621	1,210,407	61,383	1,271,790
NET ASSETS RELEASED FROM RESTRICTIONS	52,333	(52,333)	-	7,967	(7,967)	-
EXPENSES:						
Program services	1,013,595	-	1,013,595	974,082	-	974,082
Management and general	127,862	-	127,862	103,447	-	103,447
Fundraising	106,421	-	106,421	92,561	-	92,561
Total expenses	1,247,878	-	1,247,878	1,170,090	-	1,170,090
CHANGE IN NET ASSETS	(220,840)	183,583	(37,257)	48,284	53,416	101,700
NET ASSETS, beginning of year	1,287,044	53,416	1,340,460	1,238,760	-	1,238,760
NET ASSETS, end of year	\$ 1,066,204	\$ 236,999	\$ 1,303,203	\$ 1,287,044	\$ 53,416	\$ 1,340,460

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA

Statements of Functional Expenses

Year Ended June 30, 2010

	Program Services					2010 Total
	Sheltering/ Adoptions	Spay/ Neuter	Community Outreach	Management and General	Fundraising	
Personnel expenses:						
Salaries and wages	\$ 468,432	\$ 91,576	\$ 69,548	\$	\$ 51,938	\$ 759,424
Payroll taxes and insurance	100,611	5,998	8,435	10,275	7,496	132,815
Employee benefits	120	4,544	2	23	2	4,691
Total personnel expenses	569,163	102,118	77,985	88,228	59,436	896,930
Animal care:						
Supplies	18,915	13,603	-	-	-	32,518
Food	13,019	-	-	-	-	13,019
Veterinary services	54,181	9,265	-	-	-	63,446
Other animal care	22,581	3,075	-	-	-	25,656
Total animal care expenses	108,696	25,943	-	-	-	134,639
Other expenses:						
Bank fees	868	335	-	-	7,984	9,187
Depreciation and amortization	27,118	1,555	345	5,182	345	34,545
Facility and landscaping	2,199	126	28	841	28	3,222
Insurance	2,513	131	29	2,725	29	5,427
Miscellaneous expense	7,925	330	2,236	2,685	233	13,409
Office supplies and equipment	11,142	567	555	3,664	179	16,107
Other fundraising expenses	-	-	-	-	12,722	12,722
Postage	2,378	133	5,305	902	7,466	16,184
Printing	2,482	113	18,483	1,598	14,302	36,978
Professional services	4,097	198	630	16,130	2,439	23,494
Repairs and maintenance	11,129	464	121	934	55	12,703
Staff training and conferences	2,448	249	11	935	706	4,349
Telephone and internet	7,645	422	94	1,596	334	10,091
Utilities	14,390	733	163	2,442	163	17,891
Total other expenses	96,334	5,356	28,000	39,634	46,985	216,309
Total expenses	\$ 774,193	\$ 133,417	\$ 105,985	\$ 127,862	\$ 106,421	\$ 1,247,878

See accompanying notes.

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

	Program Services				2009 Total
	Sheltering/ Adoptions	Spay/ Neuter	Community Outreach	Total	
Personnel expenses:					
Salaries and wages	\$ 389,321	\$ 120,245	\$ 50,369	\$ 559,935	\$ 670,154
Payroll taxes and insurance	73,349	8,038	9,490	90,877	111,642
Employee benefits	2,175	4,396	281	6,852	7,468
Total personnel expenses	464,845	132,679	60,140	657,664	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	7,015
Depreciation and amortization	26,587	1,346	337	28,270	33,654
Facility and landscaping	3,799	192	48	4,039	4,808
Insurance	6,301	320	78	6,699	7,120
Miscellaneous expense	2,108	107	27	2,242	2,669
Office supplies and equipment	14,056	712	178	14,946	17,793
Other fundraising expenses	-	-	-	-	14,878
Postage	4,044	205	3,856	8,105	16,049
Printing	3,456	175	14,183	17,814	16,822
Professional services	4,730	239	2,410	7,379	35,292
Repairs and maintenance	14,543	736	184	15,463	8,337
Staff training and conferences	5,660	-	-	5,660	18,409
Telephone and internet	8,392	425	106	8,923	5,660
Utilities	17,457	884	221	18,562	10,622
Total other expenses	112,915	5,432	21,649	139,996	22,098
Total expenses	\$ 715,596	\$ 176,697	\$ 81,789	\$ 974,082	\$ 1,170,090
					\$ 92,561
					\$ 103,447
					\$ 45,156
					\$ 204,404

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA

Statements of Cash Flows

Change in Cash and Cash Equivalents

	Year Ended June 30	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from service recipients and other sources	\$ 401,492	\$ 434,640
Cash received from donations and bequests	614,481	839,252
Cash paid to employees and suppliers	(1,195,965)	(1,115,104)
Interest and dividends received	4,146	12,358
Net cash (used in) provided by operating activities	(175,846)	171,146
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property	(24,766)	(22,946)
Purchase of investments	(250,978)	(3,653)
Proceeds from sale of investments	222,071	-
Net cash used in investing activities	(53,673)	(26,599)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligation	(1,927)	(1,602)
Net cash used in financing activities	(1,927)	(1,602)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(231,446)	142,945
CASH AND CASH EQUIVALENTS, beginning of year	461,140	318,195
CASH AND CASH EQUIVALENTS, end of year	\$ 229,694	\$ 461,140

(Continued)

See accompanying notes.

GREENHILL HUMANE SOCIETY, SPCA**Statements of Cash Flows (Continued)****Reconciliation of Change in Net Assets to
Net Cash (Used In) Provided by Operating Activities**

	Year Ended June 30	
	2010	2009
CHANGE IN NET ASSETS	\$ (37,257)	\$ 101,700
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	34,545	33,654
Loss on sale of property	-	1,137
Net realized and unrealized (gains) losses on investments	(27,405)	57,352
Increase (decrease) in cash caused by certain working capital items:		
Receivables	(182,100)	(42,892)
Other current assets	(1,389)	12,284
Accounts payable	12,968	132
Accrued payroll and payroll costs	3,540	7,779
Deferred grant revenue	21,252	-
NET CASH (USED IN) PROVIDED BY OPERATING	\$ (175,846)	\$ 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 a 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 - During the year ended June 30, 2010, Greenhill Humane Society, SPCA achieved an 86% save rate for cats and an even higher rate for dogs, at nearly 100%. During the year ended June 30, 2009, the Organization achieved an 88% save rate for cats and a 98% save rate for dogs. During the year ended June 30, 2010, the Organization found homes for 746 dogs, 956 cats and 114 small animals. During the year ended June 30, 2009, the Organization found homes for 711 dogs, 972 cats and 97 small animals. The Organization receives animals from other shelters and animal welfare agencies in Oregon and California giving them a second chance at finding a loving home when time and resources have run out at their shelter. During the years ended June 30, 2010 and 2009, 634 and 549 animals found homes through this program, respectively. All of the animals at the Organization are provided with a high level of medical care and an enriching environment that includes behavioral training and exercise programs.

Spay/Neuter Services - During the year ended June 30, 2010, the Organization performed 3,402 surgeries in their regular on-site clinic and over 586 surgeries through the trap-neuter-return program. During the year ended June 30, 2009, the Organization performed 3,184 surgeries in their regular on-site clinic and over 400 surgeries through the trap-neuter-return program. This program offers the surgeries at no cost to feral colony caretakers.

Community Outreach - 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 every major on-line "petworking" site. The Organization's website receives an average of 691 visits per day.

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GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

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

Volunteer and Foster Programs. Greenhill Humane Society, SPCA has approximately 220 active volunteers and 100 active foster families. During the years ended June 30, 2010 and 2009, approximately 23,900 and 21,200 hours were donated by unpaid volunteers, respectively. 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.

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 statements of activities as net assets released from restriction.

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.

(Continued)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

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

Investments. Investments, which include equity securities and mutual funds, are carried at fair value. Certificates of deposit are carried at cost plus accrual interest. Interest, dividends and gains and losses, both realized and unrealized, on investments are included in the statements of activities in revenues, gains and other support.

Business Risks and Uncertainties. As the Organization's investments are comprised of certificates of deposit, 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 statements 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.

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 purchases 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 include 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 receivable are 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.

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GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

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

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 measureable.

Contributed Services and Materials. 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, as they do not require specialized skill.

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

	2010	2009
Professional services	\$ 18,468	\$ 26,855
Food, medication and vaccines	34,229	33,044
Total	\$ 52,697	\$ 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 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.

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GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

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

The Organization adopted the accounting standards related to accounting for uncertainties in income taxes on July 1, 2009. The implementation did not have a material effect on the Organization's financial statements. The Organization files informational tax returns in the U.S. federal and Oregon jurisdictions. The Organization is not subject to U.S. federal and state examinations by tax authorities for years prior to 2006, as the statute of limitations has expired on those years.

Advertising. Advertising costs are expensed as incurred. Advertising expense was \$55,550 and \$56,725 for the years ended June 30, 2010 and 2009, respectively.

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 statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that they benefit.

Fair Value Measurements. The Organization adopted the portion of the new accounting standards that had not been delayed as of July 1, 2008 and accounting standards related to fair value measurements of assets and liabilities measured on a nonrecurring basis on July 1, 2009. The implementation did not have a material effect on the Organization's financial statements. The fair value accounting standards 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. The accounting standards also expand disclosures about fair value measurements and applies 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.

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 11, 2010, 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.

Reclassifications. Certain 2009 amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets and change in net assets.

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

2. Investments

Investments are composed equity securities and mutual funds and are carried at fair value. Certificates of deposit are carried at cost basis plus accrued interest. Investment holdings are summarized as follows at June 30, 2010:

	Cost Basis
Certificates of deposit	\$ 250,000
Accrued interest	2,249
Total	\$ 252,249

Investment holdings are summarized as follows at June 30, 2009:

	Cost Basis	Fair Market Value	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 years ended June 30, 2010 and 2009. Investment return is classified as unrestricted on the statements of activities. Investment return for the years ended June 30 are summarized as follows:

	2010	2009
Interest and dividend income	\$ 6,395	\$ 12,358
Unrealized gains (losses)	-	(54,822)
Realized gains (losses)	27,405	(2,530)
Total investment return	\$ 33,800	\$ (44,994)

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

3. Receivables

Receivables consisted of the following at June 30:

	2010	2009
Trade accounts receivable	\$ 8,402	\$ 5,701
Pledges receivable	31,732	-
Bequests receivable	200,000	52,333
Total	\$ 240,134	\$ 58,034

Pledges receivable with due dates extending beyond one year are discounted using an interest rate for similar term investments. As of June 30, 2010, all pledges were due in less than one year.

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	2010	2009
Land and land improvements	\$ 44,992	\$ 44,992
Buildings	901,452	897,377
Furniture and fixtures	59,901	52,836
Equipment	63,530	69,860
Vehicles	14,053	14,053
Construction in process	10,456	-
	1,094,384	1,079,118
Less accumulated depreciation and amortization	452,099	427,054
Total	\$ 642,285	\$ 652,064

Equipment includes assets under capital lease of \$8,995 and accumulated amortization on leased assets of \$6,147 at June 30, 2010. Equipment includes assets under capital lease of \$8,995 and accumulated amortization on leased assets of \$4,348 at June 30, 2009.

Construction in process of \$10,456 at June 30, 2010 is associated with the remodel and construction of several administrative offices. The approximate cost of the project was \$11,000 and was completed in August 2010.

GREENHILL HUMANE SOCIETY, SPCA
Notes to Financial Statements

5. 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 years ended June 30, 2010 and 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 statements of financial position a beneficial interest in assets held by the OCF of \$32,532 and \$29,461 as of June 30, 2010 and 2009, respectively. Investment return (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.

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

	2010	2009
Unrestricted endowment net assets, beginning of year	\$ 29,461	\$ 37,149
Investment income, net	245	864
Net realized and unrealized gains (losses)	2,826	(8,552)
Unrestricted endowment net assets, end of year	\$ 32,532	\$ 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

6. Capital Leases

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

	2010	2009
Obligation under capital lease, due in monthly installments of \$188 including interest at 8.25%, collateralized by equipment, matures January 2012	\$ 3,306	\$ 5,233
Less current portion	2,030	1,895
Total	\$ 1,276	\$ 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, 2010.

2011	\$ 2,256
2012	1,316
Total minimum lease payments	3,572
Less amount representing interest	266
Present value of net minimum lease payments	\$ 3,306

7. Restrictions on Net Assets

Temporarily restricted net assets at June 30 were as follows:

	2010	2009
Bequests receivable	\$ 200,000	\$ 52,333
Pledges receivable	31,732	-
Vision campaign	300	-
Mend a friend	4,967	1,083
Total	\$ 236,999	\$ 53,416

(Continued)

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7. Restrictions on Net Assets (Continued)

The temporarily restricted net assets are subject to the following time and purpose restrictions:

- The Organization periodically receives bequests. Bequests are considered temporarily restricted net assets until funds are received by the Organization due to a time restriction.
- The Organization has begun to solicit pledges. Pledges are considered temporarily restricted net assets until funds are received by the Organization due to a time restriction.
- During 2010, the Organization began a process of creating a vision of future programs and capital needs. As part of this process, the Organization has raised campaign funds to be expended on the vision development process.
- The Organization developed the Mend a Friend program to give more animals life saving medical treatments in order for them to lead healthy lives with loving families.

8. Related Party Transactions

Two members of the Board of Directors provide veterinarian services at clinics used by the Organization. During 2010 and 2009, the Organization paid \$776 and \$536, respectively, for these services. In addition, during 2010 and 2009, the board members provided \$9,587 and \$0 of in-kind veterinarian services to the Organization, respectively.

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. During 2010 and 2009, the Organization paid \$5,200 and \$4,800, respectively, for these services.

9. Fair Value of Financial Instruments

Generally accepted accounting principles define fair value 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 frame work 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 One provides the most reliable and observable measure of fair value, whereas Level Three generally requires significant judgment. When valuing assets or liabilities, GAAP requires the most observable inputs to be used.

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9. Fair Value of Financial Instruments (Continued)

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

Level One - Unadjusted, quoted prices in active markets for identical assets and liabilities.

Level Two - Observable inputs, other than those included in Level One. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level Three - 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.

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

The carrying amounts of financial instruments including cash and cash equivalents approximate fair value, because of the relatively short maturity of these instruments.

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 One of the fair value hierarchy.

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 Three of the fair value hierarchy.

Valuation techniques utilized to determine fair value are consistently applied.

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9. Fair Value of Financial Instruments (Continued)

Fair values of assets measured on a recurring basis at June 30, 2010 are as follows:

	Total Carrying/ Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 229,694	\$ 229,694	\$ -	\$ -
Endowment funds	32,532	-	-	32,532

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

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

	2010	2009
Level 3, Endowment funds, beginning of year	\$ 29,461	\$ 37,149
Investment income, net	245	864
Net realized and unrealized gains (losses)	2,826	(8,552)
Level 3, Endowment funds, end of year	\$ 32,532	\$ 29,461

10. Contingencies

The Organization is subject to litigation arising in the normal course of business. After consultation with legal counsel, the Organization's management believes these matters will be resolved without material adverse effect on the Organization's future financial position or change in net assets. Consequently, no provision has been made for these matters.