

**Greenhill Humane Society, SPCA**  
**(A Nonprofit Organization)**  
**Independent Auditors' Report**  
**and**  
**Financial Statements**  
**June 30, 2022 and 2021**

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## Financial Statements

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# **Mueller Yuva Osterman Rasmusson 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, 2022 and 2021, 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, 2022 and 2021, 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.

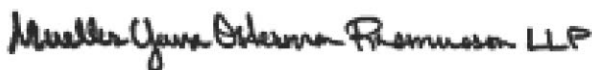
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

March 7, 2023

**Greenhill Humane Society, SPCA**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

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	<u>Assets</u>	
	2022	2021
Current assets:		
Cash and cash equivalents	\$ 3,496,800	\$ 3,148,394
Accounts receivables	3,040	7,359
Unconditional promises to give, net	47,257	58,425
Inventory	4,385	5,234
Prepaid expenses and other assets	32,410	27,725
Total current assets	3,583,892	3,247,137
Property and equipment, net	6,154,954	6,205,101
Other assets:		
Restricted cash - capital campaign	26,251	44,314
Restricted cash - funds held in trust	34,006	36,006
Unconditional promises to give, net, less current portion	24,308	33,543
Endowment funds	197,269	216,351
Total other assets	281,834	330,214
Total assets	\$ 10,020,680	\$ 9,782,452

**Greenhill Humane Society, SPCA**  
**Statements of Financial Position (Continued)**  
**June 30, 2022 and 2021**

	2022	2021
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 30,927	\$ 33,937
Accrued expenses	146,006	127,017
Current portion of long-term debt	49,600	47,500
Total current liabilities	226,533	208,454
Long-term liabilities:		
Long-term debt, net of current portion	1,788,679	1,835,683
Funds held in trust	34,006	36,006
Total long-term liabilities	1,822,685	1,871,689
Total liabilities	2,049,218	2,080,143
Net assets:		
Net assets without donor restrictions	7,908,383	7,602,124
Net assets with donor restrictions	63,079	100,185
Total net assets	7,971,462	7,702,309
Total liabilities and net assets	\$ 10,020,680	\$ 9,782,452

**Greenhill Humane Society, SPCA**  
**Statements of Activities**  
**Years Ended June 30, 2022 and 2021**

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support:						
Donations and bequests	\$ 2,007,919	\$ 34,118	\$ 2,042,037	\$ 1,886,690	\$ 89,640	\$ 1,976,330
Capital campaign	-	80,236	80,236	-	100,892	100,892
In-kind donations	13,364	-	13,364	22,597	-	22,597
Special events, less direct costs	111,021	-	111,021	115,322	-	115,322
Sales and program fees, less cost of sales of \$15,815 in 2022 and \$13,201 in 2021	1,025,502	-	1,025,502	987,947	-	987,947
Grant - Paycheck Protection Program	-	-	-	349,750	-	349,750
Investment income (loss)	(6,094)	-	(6,094)	68,398	-	68,398
Trust revenue	2,000	-	2,000	2,000	-	2,000
Net assets released from restrictions	151,460	(151,460)	-	271,051	(271,051)	-
Total revenues, gains and other support	<u>3,305,172</u>	<u>(37,106)</u>	<u>3,268,066</u>	<u>3,703,755</u>	<u>(80,519)</u>	<u>3,623,236</u>
Expenses						
Program services	2,418,622	-	2,418,622	2,084,025	-	2,084,025
Management and general	292,104	-	292,104	283,196	-	283,196
Fundraising	288,187	-	288,187	263,723	-	263,723
Total expenses	<u>2,998,913</u>	<u>-</u>	<u>2,998,913</u>	<u>2,630,944</u>	<u>-</u>	<u>2,630,944</u>
Change in net assets	306,259	(37,106)	269,153	1,072,811	(80,519)	992,292
Net assets, beginning of year	<u>7,602,124</u>	<u>100,185</u>	<u>7,702,309</u>	<u>6,529,313</u>	<u>180,704</u>	<u>6,710,017</u>
Net assets, end 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>

**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**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 1,248,799	\$ 183,206	\$ 90,140	\$ 1,522,145
Payroll taxes	81,076	17,523	6,927	105,526
Employee benefits and insurance	142,256	18,415	12,130	172,801
Total personnel expenses	<u>1,472,131</u>	<u>219,144</u>	<u>109,197</u>	<u>1,800,472</u>
Animal care expenses:				
Supplies	15,628	-	-	15,628
Food	29,765	-	-	29,765
Veterinary services	74,348	-	-	74,348
Other animal care	6,556	-	-	6,556
Total animal care expenses	<u>126,297</u>	<u>-</u>	<u>-</u>	<u>126,297</u>
Other expenses:				
Bank fees	-	10,852	15,905	26,757
Depreciation and amortization	204,413	2,956	5,491	212,860
Dues and subscriptions	2,749	455	1,460	4,664
Facility and landscaping	7,391	113	119	7,623
Insurance	37,759	3,551	537	41,847
Interest	92,944	2,296	2,296	97,536
Miscellaneous expense	2,866	435	391	3,692
Operating supplies and equipment	33,901	4,591	95	38,587
Events/marketing/outreach	2,809	-	115,273	118,082
Printing and postage	1,719	80	11,280	13,079
Professional services	12,569	35,855	71	48,495
Repairs and maintenance	17,436	53	53	17,542
Staff training and conferences	4,800	1,244	113	6,157
Telephone and internet	10,907	629	447	11,983
Utilities	42,242	942	995	44,179
Vehicle expense	1,335	-	-	1,335
Capital campaign expense	7,757	-	-	7,757
Trust expenses	2,000	-	-	2,000
Total other expenses	<u>485,597</u>	<u>64,052</u>	<u>154,526</u>	<u>704,175</u>
Total expenses	<u>\$ 2,084,025</u>	<u>\$ 283,196</u>	<u>\$ 263,723</u>	<u>\$ 2,630,944</u>

**Greenhill Humane Society, SPCA**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	Years Ended June 30,	
	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 269,153	\$ 992,292
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	227,245	216,055
Debt issuance costs amortized	2,511	2,511
Net realized and unrealized (gains) losses on investments	11,224	(60,732)
In-kind contributions	(13,364)	(22,597)
In-kind expenses	13,364	22,597
Provision for doubtful accounts	(324)	1,242
Contributions for long-term purposes	(119,780)	(141,039)
Increase (decrease) in operating assets and liabilities:		
Accounts receivables	4,319	26,388
Unconditional promises to give	20,727	32,428
Inventory	849	523
Other current assets	(4,685)	(9,997)
Accounts payable	(3,010)	(39,920)
Accrued payroll and payroll costs	18,989	16,946
Deferred revenue	-	(481,062)
Other current liabilities	-	(287,085)
Funds held in trust	(2,000)	(2,000)
Net cash from operating activities	<u>425,218</u>	<u>266,550</u>
Cash flows from investing activities		
Purchase of fixed assets	(177,098)	(59,542)
Proceeds (purchase) on sale of investments	7,858	7,992
Net cash from investing activities	<u>(169,240)</u>	<u>(51,550)</u>

**Greenhill Humane Society, SPCA**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2022 and 2021**

	Years Ended June 30,	
	2022	2021
Cash flows from financing activities		
Payments on long-term debt	\$ (47,415)	\$ (45,332)
Proceeds from contributions restricted to capital campaign	119,780	141,039
Net cash from financing activities	72,365	95,707
Net change in cash, cash equivalents and restricted cash	328,343	310,707
Cash, cash equivalents, and restricted cash, beginning of year	3,228,714	2,918,007
Cash, cash equivalents, and restricted cash, end of year	\$ 3,557,057	\$ 3,228,714
Supplemental disclosures of cash flow information:		
Cash and cash equivalents	\$ 3,496,800	\$ 3,148,394
Cash restricted for capital campaign	26,251	44,314
Cash restricted for funds held in trust	34,006	36,006
Total cash, cash equivalents, and restricted cash	\$ 3,557,057	\$ 3,228,714
Cash paid for interest	\$ 86,052	\$ 91,265

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**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, 2022, Greenhill Humane Society, SPCA cared for 3,422 animals in its Sheltering, Return to Owner, Adoption and Transfer Programs. During the year ended June 30, 2022, the Organization cared for 1,918 cats, 1,266 dogs, and 238 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, 93% of the cats, and 92% of the other animals. Overall, the Organization's live release rate for the year ended June 30, 2022 was 93%.

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, 2022, 181 animals were cared for through this program.

During the year ended June 30, 2022, a monthly average of 216 volunteers contributed 25,330 hours, and 242 foster families cared for 645 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, 2022, the Organization performed 2,065 surgeries in their medical clinic including 1,910 spay/neuter surgeries and 155 other essential surgeries.

Greenhill's trap/neuter/return program (TNR) provides free and low-cost spay/neuter surgeries for free-roaming, unowned community cats within Lane County. During the year ended June 30, 2022, the Organization performed 299 spay/neuter surgeries through this program.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**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, 2022, the Organization’s Pet Pantry distributed over 10 tons of pet food and 4 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 3,311 page visits per day. In the year ended June 30, 2022, the Organization’s outreach and education program reached more than 7,921 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, 2022 and 2021**

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**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. The Organization maintains cash balances in several financial institutions located primarily in Eugene, Oregon. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation. At June 30, 2022 and 2021, the Organization’s uninsured cash balances totaled \$3,261,345 and \$2,952,226, respectively.

**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 \$1,158 and \$2,334 as of June 30, 2022 and 2021, 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.

**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.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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

**Investments** – 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. Investments in limited partnerships and real estate are recorded at fair market value based on information provided by the fund managers or the general partners and real estate appraisals. 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 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, 2022 and 2021**

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**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, 2022 and 2021:

**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, 2022 and 2021.

**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. 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.

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received either create or enhance long-lived assets or require specialized skills. Typically, the services would need to be purchased if not provided by donation. Contributions of materials, goods and supplies are recognized at fair value when received. 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.



**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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

*Contributed services and materials (continued)*

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

	2022	2021
Professional services	\$ 5,464	\$ 115
Food, medication and vaccines	7,663	16,617
Supplies	237	5,865
Total	\$ 13,364	\$ 22,597

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

	2022	2021
Program Services	\$ 4,878	\$ 115
Management and General	93	-
Fundraising	493	-
Total	\$ 5,464	\$ 115

Contributed goods and materials are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Organization did not monetize any contributed nonfinancial assets.

***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 \$287,324 and \$263,723 were allocated to fundraising for the years ended June 30, 2022 and 2021, respectively. Direct mailing campaign expenses of \$127,810 and \$100,546 were incurred for the years ended June 30, 2022 and 2021, 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.

***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.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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

**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.

**New accounting pronouncement** – In fiscal year 2022, Greenhill Humane Society, SPCA adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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

**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.

**Note 2 – Cash and Cash Equivalents**

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

	2022	2021
Non-interest bearing accounts	\$ 251,502	\$ 155,304
Interest bearing accounts	3,245,298	2,993,090
Cash restricted for capital campaign project	26,251	44,314
Cash restricted for bequest requirements	34,006	36,006
Total	\$ 3,557,057	\$ 3,228,714

**Note 3 – Receivables**

Receivables consist of the following at June 30:

	2022	2021
Trade accounts receivable	\$ 3,040	\$ 7,359
Campaign pledges receivable	37,447	75,491
Bequests receivable	34,118	16,477
Total	\$ 74,605	\$ 99,327
Current	\$ 50,297	\$ 65,784
Non-current	24,308	33,543
Total receivables	\$ 74,605	\$ 99,327

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**Note 3 – Receivables (Continued)**

Estimated annual collections of pledges receivable are as follows:

	2022	2021
Less than one year	\$ 13,545	\$ 43,245
One to five years	20,060	24,580
More than five years	5,000	10,000
	38,605	77,825
Less allowance for uncollectible promises to give	1,158	2,334
Total pledges receivable	\$ 37,447	\$ 75,491

**Note 4 – Property and Equipment**

Property and equipment consisted of the following at June 30:

	2022	2021
Land and land improvements	\$ 45,527	\$ 45,527
Buildings	6,956,102	6,950,025
Furniture and fixtures	49,550	42,041
Equipment	166,070	85,126
Software	3,524	3,524
Vehicles	18,923	18,923
Construction in process	91,836	9,268
	7,331,532	7,154,434
Less accumulated depreciation and amortization	1,176,578	949,333
Total	\$ 6,154,954	\$ 6,205,101

Construction in process at June 30, 2022 and 2021 was \$91,836 and \$9,268, respectively. The Organization has incurred expenses for phase II design.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**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, 2022 and 2021.

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 \$197,269 and \$216,351 as of June 30, 2022 and 2021, 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.

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

	<u>2022</u>	<u>2021</u>
Endowment net assets without donor restrictions, beg. of year	\$ 216,351	\$ 163,610
Endowment realized gains (losses)	4,279	8,946
Endowment unrealized gains (losses)	(15,503)	51,786
Interest	1,347	950
Investment expenses	(1,766)	(1,745)
Distributions	<u>(7,439)</u>	<u>(7,196)</u>
Endowment net assets without donor restrictions, end of year	<u>\$ 197,269</u>	<u>\$ 216,351</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.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**Note 6 – Fair Value of Financial Instruments**

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	<u>\$ 197,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,269</u>

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Total Carrying/ Fair Value	Level 1	Level 2	Level 3
Endowment funds	<u>\$ 216,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,351</u>

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

	2022	2021
Level 3, endowment funds, beginning of year	\$ 216,351	\$ 163,610
Net realized and unrealized gains (losses)	(11,224)	60,732
Interest	1,347	950
Investment expenses	(1,766)	(1,745)
Distributions	<u>(7,439)</u>	<u>(7,196)</u>
Level 3, endowment funds, end of year	<u>\$ 197,269</u>	<u>\$ 216,351</u>

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

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 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, 2022 and 2021**

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**Note 6 – 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 7 – Investment Income**

Investment income is classified as unrestricted on the statement of activities. Investment return for the years ended June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 5,130	\$ 7,666
Net realized and unrealized gains (losses) - endowment funds	<u>(11,224)</u>	<u>60,732</u>
Total	<u><u>\$ (6,094)</u></u>	<u><u>\$ 68,398</u></u>

Investment expenses totaled \$1,766 and \$1,745 for the years ended June 30, 2022 and 2021, respectively.

**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, 2022. 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.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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

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

	2022	2021
Note payable	\$ 1,885,561	1,932,976
Less unamortized debt issuance costs	(47,282)	(49,793)
	1,838,279	1,883,183
Less current portion of long-term debt	(49,600)	(47,500)
	\$ 1,788,679	\$ 1,835,683

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

Years ending June 30:	
2023	\$ 49,600
2024	51,658
2025	54,257
2026	56,750
2027	59,358
Thereafter	1,566,656

**Note 9 – Refundable Advance - Paycheck Protection Program**

In April 2020, the Organization received a \$316,055 loan under the U.S. Small Business Administration Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19. The terms of the loan state it will be repaid with 18 monthly payments of \$17,787 starting November 2020 with interest at one percent. The Organization qualified for forgiveness in March 2021 of all the principal and interest due under the note based on conditions established by the SBA.

The Organization accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. The PPP loan is reflected on the statement of financial position as a refundable advance and grant revenue is recognized when the conditions are substantially met. Given that the conditions with respect to the PPP loan are met over time, through incurring eligible expenses, the grant revenues are being recognized as qualifying expenses are incurred.



**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**Note 9 – Refundable Advance - Paycheck Protection Program (Continued)**

In January 2021, the Organization received an additional \$349,750 loan under the U.S. Small Business Administration Paycheck Program (PPP). The terms of the loan state it will be repaid with 45 monthly payments of \$8,021 starting May 2022 with interest at one percent. The Organization qualified for forgiveness in December 2021 of all the principal and interest due under the note based on conditions established by the SBA. These funds were also accounted for in accordance with FASB ASC 958-605 as a conditional contribution. For the year ended June 30, 2021, the Organization incurred \$349,750 in qualifying expenses and has recognized this as grant revenue.

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

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

	2022	2021
Bequests receivable	\$ 34,118	\$ 16,477
Capital campaign	26,251	44,314
Grant for spay/neuter services	-	1,880
Grant for equipment	-	10,000
Grants for disaster response	2,710	27,514
Total	\$ 63,079	\$ 100,185

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, 2022 and 2021**

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**Note 11 – Board Designated Net Assets**

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

	2022	2021
Capital Reserve	\$ 950,415	\$ 249,727

**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.

	2022	2021
Contributions	\$ 94,412	\$ 114,154
Special event revenue	55,744	15,742
Total	150,156	129,896
Less direct costs	(39,135)	(14,574)
Net special events revenue	\$ 111,021	\$ 115,322

**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, 2022 and 2021 were \$24,876 and \$26,826, respectively.

**Note 14 – Related Party Transactions**

Related party transactions consist of related party pledges receivable of \$400 and \$6,400 for the years ended June 30, 2022 and 2021, respectively. 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, 2022 and 2021**

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**Note 15 – Self-Insurance**

Unemployment self-insurance is administered through 501(c) Agencies Trust. The Organization maintained a balance of \$28,771 and \$21,430 as a prepaid expense for the years ended June 30, 2022 and 2021, respectively. Unemployment claims of \$0 and \$318, respectively, were paid for the years ended June 30, 2022 and 2021.

**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.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the United States. The extent to which the coronavirus impacts our operations will depend partly on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. The Organization will continue to monitor the situation closely and it is possible that it will implement further measures. The ultimate disruption which may be caused by the outbreak is uncertain; however, management does not feel it will result in a material adverse impact on the Organization's financial position, operations and cash flows. The Organization received two PPP loans to mitigate the financial impact (Note 9).

**Note 17 – Subsequent Events**

On July 29, 2022 the Organization entered into a \$726,806 contract for construction of a storage building.

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 March 7, 2023, 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, 2022. The Organization is subject to income tax examinations by tax authorities for the years ended June 30, 2019 and later.

**Greenhill Humane Society, SPCA**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**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 could be drawn upon to meet obligations if the board approves the action. The following reflects the financial assets as of June 30, 2022 and 2021, 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.

	2022	2021
Cash and cash equivalents and restricted cash	\$ 3,557,057	\$ 3,228,714
Accounts receivable, collected in less than one year	3,040	7,359
Unconditional promises to give, collected in less than one year	47,257	58,425
 Total financial assets, excluding noncurrent receivables	 3,607,354	 3,294,498
 Contractual or donor-imposed restrictions:		
Cash restricted for funds in trust	(34,006)	(36,006)
Contractual or donor-imposed restrictions	(63,079)	(100,185)
Add back: amounts available for donor-specified expenditures in following year	38,019	65,605
 Board designations:		
Capital reserve	(950,415)	(249,727)
 Financial assets available to meet cash needs for expenditures within one year	 \$ 2,597,873	 \$ 2,974,185