

**OREGON COAST HUMANE SOCIETY**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2023**

**OREGON COAST HUMANE SOCIETY**  
**CONTENTS**

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	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Oregon Coast Humane Society

### Qualified Opinion

We have audited the financial statements of Oregon Coast Humane Society (the "Organization"), which comprise the statement of financial position as of December 31, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Qualified Opinion

Oregon Coast Humane Society does not recognize thrift store inventory in the financial statements until sold. Accounting principles generally accepted in the United States of America require contributed goods to be recorded at their fair value at the date of receipt. The effects on the financial statements of the failure to recognize the thrift store inventory at the date of receipt have not been determined.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Organization'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 GAAS 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 GAAS, 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 the Organization’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 the Organization’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.

*Singer Lewak LLP*

September 13, 2024

# OREGON COAST HUMANE SOCIETY

## STATEMENT OF FINANCIAL POSITION

December 31, 2023

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### ASSETS

Cash	\$	507,989
Investments		1,153,606
Receivables		87,578
Prepaid expenses and deposits		16,499
Property and equipment, net		<u>1,000,910</u>
<b>Total assets</b>	<b>\$</b>	<b><u>2,766,582</u></b>

### LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$	<u>53,704</u>
Net assets		
Without donor restrictions		
Undesignated		2,534,989
Board-designated		<u>100,464</u>
Total without donor restrictions		2,635,453
With donor restrictions		<u>77,425</u>
Total net assets		<u>2,712,878</u>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>2,766,582</u></b>

See notes to financial statements.

**OREGON COAST HUMANE SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, support and gains			
Shelter revenue	\$ 217,346	\$ -	\$ 217,346
Thrift store sales	284,665	-	284,665
Donations	186,700	16,203	202,903
Endowment and trust distributions	41,377	67,642	109,019
Fundraising revenue	101,558	-	101,558
Foundation grants	-	17,500	17,500
Membership revenue	1,560	-	1,560
Net investment return	59,520	-	59,520
In-kind contributions	37,041	-	37,041
Net assets released from restriction	86,592	(86,592)	-
<b>Total revenues, support and gains</b>	<u>1,016,359</u>	<u>14,753</u>	<u>1,031,112</u>
Expenses			
Program services	827,283	-	827,283
Administration	127,713	-	127,713
Fundraising	32,694	-	32,694
<b>Total expenses</b>	<u>987,690</u>	<u>-</u>	<u>987,690</u>
Loss on disposal of property and equipment	2,514	-	2,514
<b>Change in net assets</b>	26,155	14,753	40,908
<b>Net assets, beginning</b>	<u>2,609,298</u>	<u>62,672</u>	<u>2,671,970</u>
<b>Net assets, ending</b>	<u>\$ 2,635,453</u>	<u>\$ 77,425</u>	<u>\$ 2,712,878</u>

See notes to financial statements.

**OREGON COAST HUMANE SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2023**

	Program Services				Supporting Services			Totals
	Shelter	Thrift Store	Vintage House	Total Program	Administration	Fundraising	Total Supporting Services	
Salaries and wages	\$ 347,746	\$ 30,539	\$ -	\$ 378,285	\$ 67,230	\$ 24,241	\$ 91,471	\$ 469,756
Payroll taxes and benefits	35,113	3,356	-	38,469	13,304	2,463	15,767	54,236
Animal medical expenses	176,412	-	-	176,412	-	-	-	176,412
Advertising and promotion	3,839	86	-	3,925	-	143	143	4,068
Insurance	21,982	3,227	1,474	26,682	1,129	-	1,129	27,811
Resale merchandise	18,322	-	-	18,322	-	-	-	18,322
Legal and professional expenses	-	-	-	-	21,045	-	21,045	21,045
Materials and supplies	27,114	1,662	-	28,776	-	-	-	28,776
Office	5,085	157	-	5,242	13,133	3,733	16,866	22,108
Repairs and maintenance	4,004	2,302	-	6,306	-	-	-	6,306
Rent	34,656	-	-	34,656	-	-	-	34,656
Utilities	35,231	6,576	960	42,767	-	-	-	42,767
Depreciation	39,987	5,870	2,681	48,538	2,053	-	2,053	50,591
Other	4,860	13,993	50	18,903	9,819	2,114	11,933	30,836
<b>Total expenses by function</b>	<b>\$ 754,351</b>	<b>\$ 67,768</b>	<b>\$ 5,165</b>	<b>\$ 827,283</b>	<b>\$ 127,713</b>	<b>\$ 32,694</b>	<b>\$ 160,407</b>	<b>\$ 987,690</b>

See notes to financial statements.

**OREGON COAST HUMANE SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2023**

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**Cash flows from operating activities**

Change in net assets	\$	40,908
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		50,591
Loss on disposal of property and equipment		2,514
Realized and unrealized gain on investments		(22,011)
Changes in operating assets and liabilities:		
Receivables		(2,142)
Inventory		13,968
Prepaid expenses and deposits		(12,212)
Accounts payable and accrued expenses		24,698

**Net cash provided by operating activities** 96,314

**Cash flows from investing activities**

Proceeds from sale of investments	2,842
Purchase of investments	(1,009,419)
Purchase of equipment	(9,952)

**Net cash used in investing activities** (1,016,529)

**Net decrease in cash** (920,215)

**Cash, beginning** 1,428,204

**Cash, ending** \$ 507,989

See notes to financial statements.



# OREGON COAST HUMANE SOCIETY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – NATURE OF OPERATIONS

The Oregon Coast Humane Society (the “Organization”), founded in 1992 as the Florence Area Humane Society, is a no-kill shelter that serves the animal welfare needs in Western Lane County, Oregon. Comprised of volunteers and professional staff, the Organization assists homeless and abused companion animals, and also provides education about animal-related issues such as cruelty and pet overpopulation. In addition, the Organization operates the Bay Street Thrift Store where donated items are sold to the public.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in forced or liquidation sale. The fair value adjustment is an “unrealized” gain or loss and is reported with net investment return. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less direct investment expenses.

#### Receivables

Receivables are recorded at the amount the Organization expects to receive. Promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. The Organization has not experienced material uncollectible amounts in the past, as a result, an allowance was not considered necessary at December 31, 2023.

# OREGON COAST HUMANE SOCIETY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of the donation. Property and equipment are defined as assets with a useful life of greater than one year. Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for major additions or improvements are capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	40 years
Building improvements	20 years
Equipment	5 – 10 years

#### Impairment of Long-Lived Assets

The Organization reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of December 31, 2023, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

#### Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization files an annual income tax return in the U.S. federal jurisdiction. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions described as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Organization.

# OREGON COAST HUMANE SOCIETY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (continued)

*Net assets with donor restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

#### Revenue Recognition

Donations are recognized when the donor makes a promise to give that is, in substance, unconditional. Donations that are restricted by the donor are reclassified as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are used. All other donor restricted contributions are reported as net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Shelter and thrift store sales are recognized as revenue at the point in which the sale takes place.

#### In-Kind Contributions

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and that would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Unpaid volunteers have contributed substantial hours of their time in assisting, developing, and operating certain programs. The value of this contributed time is not recorded for financial reporting purposes as these contributed services do not meet the recognition criteria prescribed by U.S. GAAP.

Contributed services received during the year ended December 31, 2023, are comprised of donated attorney fees of \$2,385, and a land lease in which the Organization is not obligated to pay so long as the Organization continues to provide animal humane services to the greater Florence area. The approximate fair value of the donated use of land is \$34,656 for the year ended December 31, 2023, which is based on the estimated value per square foot of comparable rents.

#### Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and general and administrative activities benefited. Other expenses such as salaries, insurance and depreciation that are associated with more than one program or supporting service are allocated on the basis of estimates of time and effort.

**OREGON COAST HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – AVAILABILITY AND LIQUIDITY**

As of December 31, 2023, the following table reflects the Organization’s financial assets available to meet general expenditures within one year of the statement of financial position:

Financial assets:	
Cash and cash equivalents	\$ 507,989
Investments	1,153,606
Receivables	<u>87,637</u>
 Total financial assets	 1,749,232
 Less net assets:	
Donor restricted	(77,425)
Board designated	<u>(100,464)</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 1,571,343</u>

As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization manages its liquidity and follows three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The board designated amounts include funds internally designated for specific purposes. The funds would be available to change or release purpose designations when approved by the board of directors.

**NOTE 4 – INVESTMENTS MEASURED AT FAIR VALUE**

The Organization reports certain assets and liabilities at fair value in the financial statements. 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 in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

**OREGON COAST HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – INVESTMENTS MEASURED AT FAIR VALUE (Continued)**

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or market-corroborated inputs.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair values of investments measured on a reoccurring basis at December 31, 2023 are as follows:

	Total	Level 1	Level 2
Mutual funds	\$ 141,070	\$ 141,070	\$ -
Common stock	1,925	1,925	-
Certificates of deposit	1,010,611	-	1,010,611
	<u>\$ 1,153,606</u>	<u>\$ 142,995</u>	<u>\$1,010,611</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2023:

Buildings and improvements	\$ 1,179,973
Land	253,978
Equipment	177,066
	1,611,017
Less accumulated depreciation	(610,107)
	<u>\$ 1,000,910</u>

**OREGON COAST HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 – BOARD-DESIGNATED NET ASSETS**

As of December 31, 2023, board-designated net assets are available for the following purposes:

Building Fund	\$ 24,359
DePue Animal Fund	10,907
Kuranda Dog Bed Fund	1,663
Medical Fund	13,574
SARAH Medical Assistance	14,290
Spay/Neuter Assistance Fund	<u>35,671</u>
	<u>\$ 100,464</u>

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purpose at December 31, 2023:

Medical, spay/neuter, kennel, animal costs	<u>\$ 77,425</u>
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Net assets released from net assets with donor restrictions for the year ended December 31, 2023 are as follows:

Satisfaction of purpose restrictions:	
Medical, spay/neuter, kennel, animal costs	<u>\$ 86,592</u>

**NOTE 8 – CONCENTRATION OF CREDIT RISK**

Cash

The Organization maintains its cash in several financial institutions which, from time to time, exceed insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investment performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation, the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent through September 13, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.