

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

\*\*\*

FINANCIAL STATEMENTS

Year Ended June 30, 2009 with Comparative Totals  
for the Year Ended June 30, 2008



HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Humane Society Silicon Valley  
(A California Nonprofit Public Benefit Corporation)  
Milpitas, California

We have audited the accompanying statement of financial position of Humane Society Silicon Valley (a California nonprofit public benefit corporation) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Humane Society Silicon Valley's financial statements for the year ended June 30, 2008 and, in our report dated October 27, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humane Society Silicon Valley as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Berger/Lewis Accountancy Corporation".

BERGER/LEWIS ACCOUNTANCY CORPORATION  
San Jose, California  
December 15, 2009

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION  
June 30, 2009 with Comparative Totals as of June 30, 2008

	<b>ASSETS</b>				<b>TOTAL</b>	
	<u>Unrestricted</u>				<u>2009</u>	<u>2008</u>
	<u>Operating and Board Designated</u>	<u>Property and Equipment</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents	\$ 2,220,345	\$ 3,575,817	\$ 29,484	\$ -	\$ 5,825,646	\$ 7,707,373
Restricted Cash	-	573,091	-	-	573,091	10,305,149
Investments	2,508,267	4,039,509	-	-	6,547,776	4,609,179
Accounts Receivable	35,071	20,601	-	-	55,672	20,733
Current Portion - Unconditional Promises to Give, Net	-	-	1,425,570	-	1,425,570	1,212,945
Inventory	80,553	-	-	-	80,553	82,867
Prepaid Expenses	160,970	152,219	-	-	313,189	192,632
<b>Total Current Assets</b>	<b>5,005,206</b>	<b>8,361,237</b>	<b>1,455,054</b>	<b>-</b>	<b>14,821,497</b>	<b>24,130,878</b>
<b>PROPERTY AND EQUIPMENT, At Cost:</b>						
Land	-	5,146,351	-	-	5,146,351	5,154,973
Land Improvements	-	2,582,459	-	-	2,582,459	-
Buildings	-	16,230,937	-	-	16,230,937	1,284,816
Construction in Progress	-	-	-	-	-	8,387,953
Machinery, Equipment, Furniture and Fixtures	-	1,087,468	-	-	1,087,468	335,909
Trucks and Vans	-	84,317	-	-	84,317	84,317
Accumulated Depreciation	-	(330,349)	-	-	(330,349)	(1,580,154)
<b>Total Property and Equipment, Net</b>	<b>-</b>	<b>24,801,183</b>	<b>-</b>	<b>-</b>	<b>24,801,183</b>	<b>13,667,814</b>
<b>OTHER ASSETS:</b>						
Unconditional Promises to Give, Net of Current Portion	-	-	1,336,355	-	1,336,355	2,067,116
Cash and Cash Equivalents Held for Endowment Purposes	-	-	-	672,981	672,981	677,980
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>1,336,355</b>	<b>672,981</b>	<b>2,009,336</b>	<b>2,745,096</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,005,206</b>	<b>\$ 33,162,420</b>	<b>\$ 2,791,409</b>	<b>\$ 672,981</b>	<b>\$ 41,632,016</b>	<b>\$ 40,543,788</b>
	<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>						
Accounts Payable and Accrued Expenses	\$ 297,571	\$ 1,576,591	\$ -	\$ -	\$ 1,874,162	\$ 1,464,592
Bonds Payable, Current Portion	-	475,000	-	-	475,000	-
Accrued Payroll and Related Benefits	203,942	-	-	-	203,942	171,846
Accrued Vacation	225,561	-	-	-	225,561	197,683
Deferred Fees	28,004	-	-	-	28,004	32,138
<b>Total Current Liabilities</b>	<b>755,078</b>	<b>2,051,591</b>	<b>-</b>	<b>-</b>	<b>2,806,669</b>	<b>1,866,259</b>
<b>LONG-TERM LIABILITIES:</b>						
Bonds Payable, Net of Current Portion	-	15,044,967	-	-	15,044,967	15,503,319
<b>Total Liabilities</b>	<b>755,078</b>	<b>17,096,558</b>	<b>-</b>	<b>-</b>	<b>17,851,636</b>	<b>17,369,578</b>
<b>NET ASSETS:</b>						
Unrestricted Net Assets:						
Board Designated for Operations	1,700,051	-	-	-	1,700,051	2,515,038
Board Designated for Facilities	425,013	-	-	-	425,013	628,760
Board Designated for Protection from Economic Retreat	2,125,064	-	-	-	2,125,064	3,143,799
Property and Equipment	-	16,065,862	-	-	16,065,862	12,928,572
<b>Total Unrestricted Net Assets</b>	<b>4,250,128</b>	<b>16,065,862</b>	<b>-</b>	<b>-</b>	<b>20,315,990</b>	<b>19,216,169</b>
Temporarily Restricted Net Assets	-	-	2,791,409	-	2,791,409	3,280,061
Permanently Restricted Net Assets	-	-	-	672,981	672,981	677,980
<b>Total Net Assets</b>	<b>4,250,128</b>	<b>16,065,862</b>	<b>2,791,409</b>	<b>672,981</b>	<b>23,780,380</b>	<b>23,174,210</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,005,206</b>	<b>\$ 33,162,420</b>	<b>\$ 2,791,409</b>	<b>\$ 672,981</b>	<b>\$ 41,632,016</b>	<b>\$ 40,543,788</b>

The Accompanying Notes are an Integral Part of these Financial Statements.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009 with Comparative Totals for the Year Ended June 30, 2008

	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	TOTAL
<b>SUPPORT AND REVENUE:</b>					
Program Services:					
Contracts with Governmental Agencies	\$ 259,932	\$ -	\$ -	\$ 259,932	\$ 218,220
Program Fees and Charges	1,211,022	-	-	1,211,022	1,265,057
Pet Store and Clinic Sales, Net	135,097	-	-	135,097	194,465
<b>Total Program Services</b>	<b>1,606,051</b>	<b>-</b>	<b>-</b>	<b>1,606,051</b>	<b>1,677,742</b>
Fundraising:					
Contributions and Grants	4,341,943	539,232	-	4,881,175	5,555,563
Trusts, Bequests, and Endowments	444,884	593,043	-	1,037,927	8,520,999
In-Kind Contributions	82,714	-	-	82,714	36,958
Special Events (Includes In-Kind Income of \$96,510 and \$139,860)	579,419	36,077	-	615,496	782,191
Less: Special Event Costs (Includes In-Kind Expenses of \$96,510 and \$139,860)	(295,936)	-	-	(295,936)	(300,357)
<b>Total Fundraising</b>	<b>5,153,024</b>	<b>1,168,352</b>	<b>-</b>	<b>6,321,376</b>	<b>14,595,354</b>
Other Income:					
Investment Income (Loss), Net	(945,192)	11,606	-	(933,586)	(560,520)
Gain on Sale of Land and Building	1,637,530	-	-	1,637,530	-
Other Income	488	-	-	488	(720)
<b>Total Other Income</b>	<b>692,826</b>	<b>11,606</b>	<b>-</b>	<b>704,432</b>	<b>(561,240)</b>
<b>Total Support and Revenue</b>	<b>7,451,901</b>	<b>1,179,958</b>	<b>-</b>	<b>8,631,859</b>	<b>15,711,856</b>
Net Assets Released from Restrictions	1,673,609	(1,668,610)	(4,999)	-	-
<b>Total Support, Revenue and Net Assets Released from Restrictions</b>	<b>9,125,510</b>	<b>(488,652)</b>	<b>(4,999)</b>	<b>8,626,860</b>	<b>15,711,856</b>
<b>EXPENSES:</b>					
Program Services:					
Adoption and Placement	1,792,209	-	-	1,792,209	1,523,142
Animal Care	2,301,223	-	-	2,301,223	1,955,738
Community Services	1,989,070	-	-	1,989,070	1,342,719
<b>Total Program Services</b>	<b>6,082,502</b>	<b>-</b>	<b>-</b>	<b>6,082,502</b>	<b>4,821,599</b>
Supporting Services:					
Management and General	511,648	-	-	511,648	410,469
Fundraising	875,808	-	-	875,808	701,355
New Building Campaign (Note 3)	555,731	-	-	555,731	390,347
<b>Total Supporting Services</b>	<b>1,943,187</b>	<b>-</b>	<b>-</b>	<b>1,943,187</b>	<b>1,502,171</b>
<b>Total Expenses</b>	<b>8,025,689</b>	<b>-</b>	<b>-</b>	<b>8,025,689</b>	<b>6,323,770</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,099,821</b>	<b>(488,652)</b>	<b>(4,999)</b>	<b>606,170</b>	<b>9,388,086</b>
<b>NET ASSETS, Beginning of Year</b>	<b>19,216,169</b>	<b>3,280,061</b>	<b>677,980</b>	<b>23,174,210</b>	<b>13,786,124</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 20,315,990</b>	<b>\$ 2,791,409</b>	<b>\$ 672,981</b>	<b>\$ 23,780,380</b>	<b>\$ 23,174,210</b>

The Accompanying Notes are an Integral Part of these Financial Statements.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2009 with Comparative Totals for the Year Ended June 30, 2008

	PROGRAM SERVICES	SUPPORTING SERVICES				TOTALS	
		Management and General	Fundraising	New Building Campaign	Total	2009	2008
<b>EXPENSES:</b>							
Salaries and Benefits	\$ 4,056,344	\$ 308,488	\$ 370,750	\$ 248,550	\$ 927,788	\$ 4,984,132	\$ 4,405,232
Direct Mail, Advertising and Newsletter Expenses	390,490	-	251,825	116,417	368,242	758,732	523,388
Operating Supplies and Services	610,243	1,278	1,105	378	2,761	613,004	315,191
Professional Fees and Contract Services	146,165	121,156	101,735	107,659	330,550	476,715	429,037
Occupancy Expenses	306,949	22,552	22,589	10,586	55,727	362,676	197,932
Office Supplies and Services	197,964	18,547	52,297	9,741	80,585	278,549	141,225
Other Expenses	96,103	12,077	37,496	269	49,842	145,945	121,594
Management Information Systems	78,234	5,323	8,625	2,997	16,945	95,179	40,136
Development Supplies and Services	-	-	11,047	52,445	63,492	63,492	23,318
Interest and Fees on Bonds	39,041	7,386	2,462	1,357	11,205	50,246	-
Automobile, Travel and Meetings	<u>13,661</u>	<u>3,958</u>	<u>5,238</u>	<u>263</u>	<u>9,459</u>	<u>23,120</u>	<u>36,550</u>
Total Expenses Before Depreciation	5,935,194	500,765	865,169	550,662	1,916,596	7,851,790	6,233,603
Depreciation	<u>147,308</u>	<u>10,883</u>	<u>10,639</u>	<u>5,069</u>	<u>26,591</u>	<u>173,899</u>	<u>90,167</u>
Total Functional Expenses	<u>\$ 6,082,502</u>	<u>\$ 511,648</u>	<u>\$ 875,808</u>	<u>\$ 555,731</u>	<u>\$ 1,943,187</u>	<u>\$ 8,025,689</u>	<u>\$ 6,323,770</u>
Percentage of Total (Note 3)	<u>75.8 %</u>	<u>6.4 %</u>	<u>10.9 %</u>	<u>6.9 %</u>	<u>24.2 %</u>	<u>100.0 %</u>	

The Accompanying Notes are an Integral Part of these Financial Statements.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES (DETAILS OF PROGRAM SERVICES)

Year Ended June 30, 2009

	<u>ADOPTION AND PLACEMENT</u>	<u>ANIMAL CARE</u>	<u>COMMUNITY SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>
<b>EXPENSES:</b>				
Salaries and Benefits	\$ 1,223,551	\$ 1,541,283	\$ 1,291,510	\$ 4,056,344
Direct Mail, Advertising and Newsletter Expenses	210,837	29,001	150,652	390,490
Operating Supplies and Services	36,362	414,262	159,619	610,243
Professional Fees and Contract Services	16,818	47,100	82,247	146,165
Occupancy Expenses	99,372	112,392	95,185	306,949
Office Supplies and Services	71,978	55,498	70,488	197,964
Other Expenses	42,854	20,576	32,673	96,103
Management Information Systems	23,586	5,636	49,012	78,234
Interest and Fees on Bonds	12,662	15,827	10,552	39,041
Automobile, Travel and Meetings	<u>6,250</u>	<u>3,709</u>	<u>3,702</u>	<u>13,661</u>
Total Expenses Before Depreciation	1,744,270	2,245,284	1,945,640	5,935,194
Depreciation	<u>47,939</u>	<u>55,939</u>	<u>43,430</u>	<u>147,308</u>
Total Functional Expenses	<u>\$ 1,792,209</u>	<u>\$ 2,301,223</u>	<u>\$ 1,989,070</u>	<u>\$ 6,082,502</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2009 with Comparative Totals for the Year Ended June 30, 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 606,170	\$ 9,388,086
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Gain on Sale of Land and Building	(1,637,530)	-
Depreciation and Amortization	173,899	90,167
Amortization of Bond Issuance Costs	16,648	2,775
Donated Stocks	(24,525)	(169,661)
Net Realized and Unrealized Loss on Investments	1,178,314	1,283,887
(Increase) Decrease in Assets:		
Accounts Receivable	(34,939)	(1,168)
Unconditional Promise to Give	518,136	(1,506,598)
Inventory	2,315	(44,947)
Prepaid Expenses	(120,557)	(161,453)
Cash and Cash Equivalents Held for Endowment Purposes	5,000	(2,262)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	410,492	1,307,920
Accrued Payroll and Related Benefits	33,206	38,409
Accrued Vacation	27,878	63,816
Deferred Fees	(6,169)	1,535
	<u>1,148,338</u>	<u>10,290,506</u>
Net Cash Provided (Used) by Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(947,120)	(13,978)
Construction in Progress	(10,445,486)	(7,103,646)
Proceeds from Sales of Investments	4,863,522	75,755
Proceeds from Sale of Land and Building	1,722,869	-
Liquidation of Endowment to Cash and Cash Equivalents	-	(677,981)
Purchase of Investments	(7,890,171)	(504,245)
Dividend and Interest Reinvestment	(65,737)	(32,636)
	<u>(12,762,123)</u>	<u>(8,256,731)</u>
Net Cash Used by Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Bonds Payable	-	16,000,000
Bond Issuance Costs, Net	-	(499,456)
	<u>-</u>	<u>15,500,544</u>
Net Cash Provided by Financing Activities		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,613,785)	17,534,319
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, Beginning of the Year</b>	<u>18,012,522</u>	<u>478,203</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, End of the Year</b>	<u>\$ 6,398,737</u>	<u>\$ 18,012,522</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash Paid for Interest, Including \$167,671 Charged to Construction in Progress for the Year Ended June 30, 2009	<u>\$ 217,917</u>	<u>\$ 29,137</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - ORGANIZATION:



Humane Society Silicon Valley (the "Organization") is a California nonprofit public benefit corporation established in 1929. The mission of the Organization is to save and enhance lives. The Organization operates an open door shelter accepting all incoming animals, regardless of their health, temperament and age, 24 hours a day, 365 days a year. The Organization has about 82 employees and 580 active volunteers.

During the year ended June 30, 2009, the Organization handled approximately 12,700 animals and provided adoption and placement

programs, animal care and community service programs. Revenue and support for these programs were received through fees for service, direct contributions, and contract revenue.

Of the 12,700 animals handled by the Organization during the year ended June 30, 2009, approximately 3,400 were placed through adoptions at the shelter or through rescue groups, approximately 200 were directly reunited with their owners, approximately 400 were strays transferred to shelters closer to their homes in an effort to reunite them with their owners, approximately 5,600 were public veterinary clinic patients, approximately 1,200 were euthanized due to severe health or behavior reasons, and approximately 1,900 were either owner requested humane euthanasia due to illness or non-live incoming animals.

**Mission**

In 1998, Humane Society Silicon Valley formally concluded that the mission of the Organization is to find homes for homeless pets and to vastly increase the live release rate of animals entering the shelter. To accomplish this mission, it was decided to forego sheltering contracts supporting the animal control functions of local cities. This action resulted in two new shelters coming online in the community, one for the City of San Jose and one for the Silicon Valley Animal Control Authority. Although the decision to forego these contracts resulted in a substantial reduction in animal shelter revenue from approximately \$2.8 million in 2004 to approximately \$260,000 in 2009, the impact on the live release rate has been astonishing. The live release rate went from a low of 30% in October 2004 to a community-wide high of 54% for the fiscal year ended June 30, 2009. Almost twice as many lives are being saved.

HUMANE SOCIETY SILICON VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 1 - ORGANIZATION (Continued):

In addition to saving more lives, this change has allowed the Organization to focus on community education, programs that improve the quality of life for companion animals, and services that ensure finding good homes for every adoptable animal. To stem euthanasia in Silicon Valley, the Organization determined that it must shift its emphasis from sheltering homeless pets to cultivating a community in which humans truly understand their four-legged companions and in which animals are respected and valued for their unique gifts. The Organization concluded that making such a shift required a new facility.

**The Animal Community Center**



In April 2009, Humane Society Silicon Valley opened its new 48,000 square-foot environmentally-friendly Animal Community Center (the “Center”). The environmentally-friendly Center sits on five acres and is three times the size of the former facility in the City of Santa Clara that was built during the 1950’s. The new Center has a regional focus and is centrally located to serve the Bay Area’s many towns and neighborhoods.

The Animal Community Center features programs and services to help break the cycle of pet abandonment and neglect - and is quickly becoming an inspiring model of humane care and community involvement for shelters nationwide. In fact, Humane Society Silicon Valley is one of the first animal welfare agencies in the nation to combine an adoption program with a full spectrum of services under one roof: an affordable spay/neuter medical center, a community dog park and training center, doggie daycare, boarding and grooming, a veterinary hospital with a public viewing alcove, an education center, a community room, and a pet store. The Center can accommodate up to 10,000 animal adoptions a year.

By offering services that engage and support pet owners on an ongoing basis such as daycare and training, the Organization strengthens the human-animal bond and gains further community exposure for its adoptable animals.

HUMANE SOCIETY SILICON VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 1 - ORGANIZATION (Continued):

With its spacious design, high ceilings and many windows that allow for an abundance of natural light, the Center allows for a more humane and strategic approach to the way Silicon Valley manages and interacts with its homeless animals. No longer kept in kennels behind chain link fences, dogs stay in comfortable home like habitats. Cats inhabit kitty condos complete with climbing trees, or socialize in a community cat room and have access to a screened in sun porch. Rabbits relax in habitats designed for their special needs. These features however, are far more than cosmetic; they are a critical part of the Organization's strategy to stem pet overpopulation and euthanasia by placing more animals in loving, lasting homes. By reducing the stress dogs, cats and rabbits often experience in traditional shelters and by building an environment that is more welcoming to humans, the Organization fulfills its mission to save and enhance lives, both four-legged and two-legged.

The new facility is "green" which means it meets the criteria for LEED (Leadership in Energy and Environmental Design) Certification established by the U.S. Green Building Council. To save natural habitat for wild animals, the new Animal Community Center was built on a former industrial site. Lead paint, Freon and mercury in lighting were removed and safely disposed before the old building was demolished. 90% of the crushed materials were reused for the new building pad and road beds. Since water and energy comprise roughly 48% of the Organization's operating costs, efforts were focused on "green" features that would provide substantial savings in operating costs over time:

- A Photovoltaic solar system generates 40-50% of the facility's electricity needs.
- Artificial turf in the community dog park and exercise areas to reduce regular watering of natural grass.
- Heat recovery wheels in the heating, ventilation and air conditioning systems to capture heating and cooling from ventilation air as it is exhausted and reuse that energy to heat and cool incoming air. This process lowers energy costs while reducing the potential for illness among our animal population by providing 100 percent air exchange.
- High Efficiency Kennel Cleaning System to ensure proper disinfecting of kennels while using only 2.2 gallons of water per minute.
- A cool (reflective) roof to reduce the roof surface temperature and lower air conditioning bills.
- Natural Light is provided throughout more than 75% of the building due to site placement of the building, large, highly efficient windows, and solar light pipes. Natural sunlight makes both humans and animals healthier and happier while reducing electrical bills.



HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 1 - ORGANIZATION (Continued):

With 46 points already on the books, Humane Society Silicon Valley is on its way to becoming one of the first Gold level LEED certified animal facilities in the country! For a complete list of how Humane Society Silicon Valley is building “green”, please visit: [http://www.hssv.org/org\\_green.html](http://www.hssv.org/org_green.html).



In the Organization’s vision of the future, it sees a new kind of Humane Society, one that challenges everyone in Silicon Valley - individuals, families, children, educators, City officials, and industry’s brightest minds - to address the problems of pet overpopulation and euthanasia. By putting the compassion and brainpower of the community to work, the Organization can create an innovative, pet friendly place that honors the deep bond between people and animals - and empowers us to be good citizens together. Beyond its innovative habitats, the Animal Community Center offers unique features that make it a destination in the City of Milpitas for people across the Bay Area: A dog park and doggie day care program, an interactive Education Center featuring programs for children, teens and adults, agility and fly ball courses, a Whole Pets store focused on nutrition and training, grooming and boarding facilities, an affordable spay/neuter Medical Center, and a community room that groups can rent for events thus bringing more exposure for the Organization’s adoptable animals. The Organization has also had several large-scale events that have drawn thousands of people, which in turn gives further exposure to the homeless animals the Organization cares and finds homes for. These are just a few of the features that make Humane Society Silicon Valley not just the best place to adopt a pet, but the best place to learn about, engage with, and celebrate animals - a national model for shelters everywhere.

**New Facility Funding**

Humane Society Silicon Valley financed a portion of the construction costs on the project by issuing variable rate tax-exempt 501(c)(3) revenue bonds. The 501(c)(3) revenue bonds are a low-cost double-tax-exempt financing vehicle for capital improvement projects. The benefits to Humane Society Silicon Valley are very low interest rates for a longer term (30 years) than conventional financing. In addition, the issuance of bonds allows Humane Society Silicon Valley to use bond proceeds for the project while the fundraising campaign donations can remain invested. Earnings on the invested cash and the campaign donations, rather than Humane Society Silicon Valley operations, are used to pay the bond payments. On April 30, 2008, the California Enterprise Development Authority, a public entity, issued \$16,000,000 of tax exempt variable rate demand revenue bonds to finance the construction, equipping and furnishing of the Animal Community Center. (See Note 9).

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES:

Adoption and Placement:



- Adoption - facilitates adoptions by matching prospective pet owners with the right pet for their family, supplies information on pet care to ensure a safe and successful adoption placement, and provides follow-up support to adopters for the life of their pet. During the year ended June 30, 2008, the Organization opened a satellite adoption center at a Petco store in the Paseo de Saratoga Shopping Center, to adopt out more cats, dogs, and rabbits. The location helps the Organization maintain a vital presence with the residents of west San Jose, Saratoga, Campbell and Los Gatos. Over 3,400 animals were placed through adoptions at the shelter, at the satellite Petco adoption center, or through rescue groups during the year ended June 30, 2009.

- Offsite Adoptions - holds adoption events at shopping centers, pet stores, dog parks, conventions and corporate workplaces. This program also holds special themed adoption events onsite to encourage more adoptions.

- Golden Pet Program - offers benefits and discount membership cards to help encourage adoption of senior pets.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES (Continued):



- Special Needs and Regional Rescue - works to reduce euthanasia by identifying animals at the shelter and within our community that need more assistance than their current environment can provide. The goal is to match each animal with the Organization where he or she will be the most comfortable and have the greatest chance of adoption. The Special Needs Department does this by running three programs: 1) The Foster Care Program is designed to assist animals that are underage or in need of minor behavior modification, socialization, or medical care. 2) The Rescue Partnership Program consists of a screened network of animal rescue organizations, veterinarians, and private

shelters that are utilized to find alternative placements for animals that need further assistance or expertise. 3) The Regional Rescue Program is designed to transfer animals from the overcrowded shelters in our community to Humane Society Silicon Valley. In the year ended June 30, 2009, approximately 800 animals were placed into foster care, 800 animals were placed through the Organization's rescue partners, and 900 animals were brought into Humane Society Silicon Valley from its Regional Rescue Program. Working together, the Organization hopes to secure appropriate homes for all adoptable animals in Silicon Valley regardless of species, breed, age, or condition.

Animal Care:



- Hospital and Triage - performs an initial health exam, vaccinations, spaying/neutering, microchipping, and if needed, long-term medical care for all incoming adoptable shelter animals. Approximately 8,700 vaccinations were given to shelter animals by the hospital and triage staff in the year ended June 30, 2009.
- Kennels - furnishes food, exercise, training,

care and support for animals awaiting adoption.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES (Continued):

Community Services:



- Medical Center Clinic - provides affordable medical services to the public, which include: spay and neuter surgeries, vaccinations, disease testing, heartworm medication, de-worming, microchipping and other medical procedures. Approximately 5,600 animals were seen as patients in the public Medical Center Clinic during the year ended June 30, 2009. Over 3,700 dogs, cats and rabbits were spayed or neutered, approximately 3,400 microchips were administered to adopted animals and public client animals, and approximately 9,300 vaccinations and tests were administered

to public client animals. The Medical Center Clinic participates in the county funded TNR (Trap-Neuter-Return) program for homeless cats and offers free or minimal cost pitbull spay and neuter surgeries.

- Euthanasia - extends humane euthanasia services to the public due to health or behavior reasons.



- Volunteer Programs - engages community members in a partnership to save and enhance the lives of animals in our area. This partnership is achieved by including volunteers in every aspect of the Organization through a variety of volunteer positions, including but not limited to: animal socializers; adoption hosts and counselors; customer service assistants; medical center assistants; shelter hospital assistants; pet store clerks; foster parents; special events coordinators; development office assistants; volunteer department assistants; animal

transporters; community event volunteers; and education ambassadors. In addition, Humane Society Silicon Valley's Corporate Volunteer Program provides Silicon Valley employees with a teambuilding experience that makes a difference in the lives of homeless animals.

HUMANE SOCIETY SILICON VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES (Continued):



- Education - offers a variety of programs for children, teens and adults including Caring Communities, a school enrichment program for third graders; Classroom Presentations, a program for K-6 classrooms; a Compassion In Action Program, animal welfare service projects for ages 11-18 around topics such as pet overpopulation, homeless cats, prevention of abuse and neglect and responsible pet ownership; Animal Pals Club, hands on opportunities for ages 10-15 at the shelter; Humane Society Experience, an interactive

workshop for grades 1-10 emphasizing community activism; Shelter Tours, one hour education tours of the shelter for any age; Summer Camp, Amazing Animals! class for campers grades 1-7 enrolled in the City of Sunnyvale Summer Express Camp Program; Girl Scouts, service projects on the welfare of animals; and Birthday Parties, an educational experience at the shelter for anyone aged 5 and up. For the year ended June 30, 2009, approximately 8,000 students attended these educational programs, and an average of 35 programs per month were facilitated.



- Pet Store - offers products and services designed to support the human-animal bond. This includes offering products and educating pet guardians in nutrition, basic behavior and training tools, developmental toys, grooming, supplements and other products that reinforce a holistic approach to health care.

· Animal Behavior Counseling - counsels the general public who are experiencing behavioral challenges with their companions. Support is provided via email, telephone, and occasionally in person. Educates the public on normal and abnormal behaviors, as well as behavior management and training options.

HUMANE SOCIETY SILICON VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES (Continued):



- Members Only Dog Park - provides a fun, social, and safe off-leash play environment for dogs and their people. Screening for friendly, social behavior toward people and other dogs occurs. Medical records are reviewed for current vaccinations and other preventative health measures. Staff and volunteers facilitate dog-friendly member and non-member events in the park.



- Dog Training - provides obedience training that focuses on developing the human canine bond with special attention for new adopters. Promotes a positive philosophy to dog guardianship that educates the public on behavior, learning and exercise needs of the individual. This service is offered onsite at Humane Society Silicon Valley by A Dog's Life.



- Doggie Daycare, Boarding and Grooming - These services are offered onsite at Humane Society Silicon Valley by A Dog's Life.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 2 - PROGRAM SERVICES (Continued):



- Homeless Cats - provides community awareness about the plight of 125,000 homeless cats in Santa Clara County. The Organization partnered with community volunteer groups and other shelters to address this issue. The Organization provides low cost trap neuter and release (TNR) services for Santa Clara County through the Medical Center Clinic. Over 800 homeless cats were spayed or neutered as part of this program. The Organization has produced a DVD called “Cats Without a Home” which has aired numerous times on local television to raise awareness of the homeless cat issue

in the community.

- Shelter Services - provides an open door shelter for incoming animals 24 hours per day, 365 days per year including stray animals brought in under contracts with the City of Sunnyvale. Offers pet surrender services to the public by appointment.
- Lost and Found - furnishes services for people who have either lost a beloved pet or found an animal.
- Wildlife - accommodates injured wildlife brought into the shelter before they are transferred to the Wildlife Center of Silicon Valley for rehabilitation and eventual release.
- Grief Counseling - offers support for people who have suffered a loss of a companion animal.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - NEW BUILDING CAMPAIGN / FUNCTIONAL EXPENSE PERCENTAGES:

The Organization's fundraising expenses, as a percentage of total functional expenses, are higher than some other animal welfare organizations due to the additional costs necessary to fund the campaign for the new building. (See Note 1). The Organization's goal is to change the paradigm from animal warehousing to community involvement so that more homes can be found for more animals and to strengthen the human/animal bond so that fewer animals are surrendered to shelters. The new Animal Community Center features a multitude of programs and services designed to achieve these important goals. If the rating methods used in the industry took into account the impact of the campaign, the Organization would have a fundraising efficiency comparable to other animal welfare organizations.

The Organization's strength is the program efficiency ratio. The Organization's program expenses are 75.8% of total expenses which is considered an excellent ratio for program efficiency.



HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of Humane Society Silicon Valley have been prepared on the accrual basis of accounting.

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with ASC 958 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not for Profit Organizations*), the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, any net assets designated by the Board for specific purposes and a property and equipment fund.

Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided. Contract revenue is recognized ratably over the term of the contract. Revenue for clinic fees, some of which are received in advance of performance of services is recognized at the time of service. Any amounts received for services not yet performed are included in deferred fees.

Contributions - Contributions are reported in accordance with ASC 958 (formally SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. In case of temporarily restricted net assets, when the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

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HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributions In-Kind - Contributions in-kind are also recognized in accordance with the provisions of ASC 958 (formally SFAS No. 116). Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 14.

Cash and Cash Equivalents - Cash equivalents include highly liquid investments and investments with a maturity of three months or less. The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Restricted Cash - Restricted cash consists of the unexpended portion of the bond proceeds. It is held in trust and used to pay a portion of the construction costs and bond origination costs upon approval of both the Organization and the bank holding the letter of credit securing the bonds. The funds are temporarily invested in a money market fund. During the year ended June 30, 2009, interest earned on the restricted cash of \$61,300 was capitalized to construction in progress, in accordance with ASC 835-20. Management believes it is not exposed to any significant risk of loss on restricted cash deposits.

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. Unrealized gains or losses are included in the change in net assets.

Fair Value Measurements - The Organization adopted the provisions of ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*), effective July 1, 2008. Under ASC 820-10, 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."

ASC 820-10 establishes a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

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

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Promises to Give - Unconditional promises to give are recognized as contribution support in the period received and as assets, decrease in liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at present value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are recorded at fair value.

The Organization's fair value method uses a market interest rate to discount the promises to give. Management believes the market rate already factors in much of the credit risk. However, to account for additional risk, a specific identification method is also used to account for the pledges considered uncollectible. Allowance for doubtful pledges receivable as of June 30, 2009 and 2008 was \$44,800 and \$40,882.

Inventory - Inventory consists of items for sale in the Pet Store and Clinic and are stated at average cost (which approximates first in, first out method) or the lower of cost or market.

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 50 years. Equipment purchases over \$2,000 are capitalized. Amounts expended for maintenance and repairs are charged to operations as incurred. Depreciation expense for the years ended June 30, 2009 and 2008 totaled \$173,899 and \$90,167, respectively.

Construction in Progress - The Organization constructed its new facility in Milpitas. (See Notes 1 and 8). Costs included actual construction costs and architectural, construction management services, governmental, legal and consulting fees, property tax, insurance, interest, letter of credit fees, amortization of bond origination costs and other related costs. The Organization recorded these costs under the asset "Construction in Progress." "Construction in Progress" costs were reclassified to specific assets or expenses as appropriate upon completion of the project.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30. Accrued vacation as of June 30, 2009 and 2008 totaled \$225,561 and \$197,683, respectively.

Bond Origination Costs - The costs incurred in obtaining the bond financing are amortized on the straight line method over the 30 year life of the bonds. During construction the amortization was capitalized in construction in progress. Amortization capitalized during the year ended June 30, 2009 was \$13,874. Upon completion of construction, amortization was expensed. Amortization expensed during the year ended June 30, 2009 was \$2,774.

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HUMANE SOCIETY SILICON VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Allocation 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 based on an analysis of personnel time and equipment utilized for the related activities.

Allocation of Joint Costs - Joint activities that include both program activities and a fundraising appeal are reported in accordance with ASC 958-720 (formally *SOP 98-2, Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising*). The types of activities and amounts allocated are disclosed in Note 15.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Advertising - Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2009 and 2008 totaled \$309,949 and \$149,539, respectively.

Reclassifications - Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2009 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2009. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 15, 2009. The Organization has not evaluated subsequent events after December 15, 2009.

Recent Accounting Pronouncements

ASC 740-10 (formerly FIN 48) - In June 2006, the Financial Accounting Standards Boards (FASB) issued ASC 740-10 (formerly Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109*, (FIN 48)). ASC 740-10 provides guidance on recognition and measurement of uncertainties in income taxes recognized in financial statements by prescribing a more likely than not recognition threshold and measurement attribute of tax positions taken or expected to be taken on a tax return. On December 30, 2008 the FASB issued ASC 740-10-65 (formerly Staff Position (FSP) FIN 48-3) which allows for the deferral of ASC 740-10 until fiscal years beginning after December 15, 2008.

In accordance with this provision, the Organization elected to defer the application of ASC 740-10. Based on management's analysis of the Organization's tax positions, the accounting for any uncertainty in its tax positions is not expected to have a material impact on the financial statements.

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

ASC 820-10 (formerly SFAS No. 157) - In September 2006, FASB issued ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements* (SFAS No. 157)) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820-10 applies under other accounting pronouncements that require or permit fair value measurements. FASB previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, ASC 820-10 does not require any new fair value measurements. However, for some entities, application of ASC 820-10 will change current practice. In February 2008, FASB issued ASC 820-10-65-1 (formerly Staff Position No. 157-2) that defers the effective date of ASC 820-10 for non financial assets and non financial liabilities, except for items that are recognized or disclosed at fair value in financial statements on a recurring basis for fiscal years beginning after November 15, 2008. In addition, FASB also agreed to exclude from the scope of ASC 820-10 fair value measurements made for purposes of applying ASC 840 (formerly SFAS No. 13, *Accounting for Leases*), and related interpretive accounting pronouncements. The adoption of ASC 820-10 for financial assets and liabilities did not have a significant impact on the Organization's results of operations, cash flows or financial position. The Organization is assessing the impact of adopting ASC 820-10 on non-financial assets and liabilities, but do not expect it to have a material impact on its results of operations, cash flows or financial position.

ASC 825-10 (formerly SFAS No. 159) - In February 2007, FASB issued ASC 825-10 (formerly SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159)) which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of ASC 825-10 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. ASC 825-10 is effective for an entity's first fiscal year that begins after November 15, 2007. The Organization has adopted ASC 825-10 in accounting for its unconditional promises to give.

ASC 958-205 (formerly FASB Staff Position (FSP) No. 117-1) - In August, 2008, the FASB issued ASC 958-205 (formerly FASB Staff Position (FSP) No. 117-1 *Endowments of Not for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*) effective for fiscal years ending after December 15, 2008. The pronouncement provides guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) and also requires disclosures about endowment funds. The State of California adopted UPMIFA effective January 1, 2009; therefore, the Organization implemented the pronouncement in 2009 and its impact is reflected in the accompanying financial statements.

NOTE 5 - CONCENTRATIONS OF RISK:

Credit Risks - Financial instruments which potentially expose the Organization to credit risk include cash and cash equivalents, restricted cash, investments, accounts receivable, unconditional promises to give, prepaid expenses and cash and cash equivalents held for endowment purposes.

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HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 5 - CONCENTRATIONS OF RISK (Continued):

The Organization attempts to limit its credit risk associated with its investments by utilizing outside investment managers to place the Organization's investments with highly rated corporate and financial institutions in accordance with the Organization's written investment policy statement. In addition, the efforts of the investment managers are monitored by the Organization's Investment Committee of the Board of Directors at least quarterly. Management believes the risk assumed is commensurate with the investment objectives specified in the investment policy statement.

Unconditional promises to give result from pledges by donors located primarily in the San Francisco Bay area. The Organization routinely assesses the financial strength of these various parties. Management does not believe significant risk exists in connection with the Organization's concentration of credit risk for unconditional promises to give at June 30, 2009.

Management does not believe significant risk exists in connection with the other financial instruments identified above at June 30, 2009.

Other Risks - Future economic and other conditions including reduction in bequests, reduction in the amounts received through fundraising efforts, natural disasters or other events diverting contributions, changes in life expectancy on bequests, changes in the regulatory environment, union disruptions, inability to negotiate a new union contract, and changes in the demand for humane society services may adversely affect income and receipts of the Organization. Changes in the near term are not expected to materially affect the amounts reported in the financial statements.

NOTE 6 - INVESTMENTS:

The fair values of the Organization's investments as of June 30, consisted of the following:

	<u>2009</u>	<u>2008</u>
Balanced Mutual Funds	\$ -	\$ 4,609,179
Fixed Income Funds	4,542,792	-
Equity Mutual Funds	882,972	-
Stocks	920,503	-
Alternative Investments	<u>201,509</u>	<u>-</u>
Total Investments at Fair Values	<u>\$ 6,547,776</u>	<u>\$ 4,609,179</u>

Balanced Mutual Funds as of June 30, consisted of the following investment mix:

	<u>2009</u>	<u>2008</u>
Cash Equivalents	0.0 %	1.0 %
Equity	0.0 %	71.2 %
Fixed Income	0.0 %	27.5 %
Other	<u>0.0 %</u>	<u>0.3 %</u>
Total	<u>0.0 %</u>	<u>100.0 %</u>

HUMANE SOCIETY SILICON VALLEY  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 6 - INVESTMENTS (Continued):

Investments held for endowment purposes consist of contributions to Humane Society Silicon Valley's Donor Designated Endowment Funds.

	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents Held for Endowment Purposes	\$ 672,981	\$ 677,980

In accordance with ASC 820-10 (formerly SFAS No. 157) all of the investments are classified as Level 1 investments (See Notes 4 and 19).

Investment income (loss) for the years ended June 30, consisted of the following:

	<u>2009</u>	<u>2008</u>
Interest and Dividend Income	\$ 275,688	\$ 723,367
Unrealized Gains (Losses), Net	60,666	(1,284,667)
Realized Gains (Losses), Net	(1,238,980)	780
Investment Management and Other Fees	<u>(30,960)</u>	<u>-</u>
Total Investment Income (Loss), Net	<u>\$ (933,586)</u>	<u>\$ (560,520)</u>

The Organization has implemented formal Investment Policy Statements for working capital funds, investments held for endowment purposes, funds raised for the new building campaign to be used for bond debt service, and investments of unrestricted operating funds.

NOTE 7 - UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Organization elected that measure in accordance with ASC 825-10 (formerly SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*). Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates.

HUMANE SOCIETY SILICON VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 7 - UNCONDITIONAL PROMISES TO GIVE (Continued):

Unconditional promises to give as of June 30, consisted of the following:

	<u>2009</u>	<u>2008</u>
Receivable in Less Than One Year	\$ 1,558,656	\$ 1,326,071
Receivable in One to Five Years	1,363,762	2,248,176
Receivable in More Than Five Years	<u>310,441</u>	<u>309,491</u>
Total Unconditional Promises to Give	3,232,859	3,883,738
Less Discounts to Net Present Value	<u>(426,134)</u>	<u>(562,795)</u>
Total Net Present Value of Unconditional Promises to Give	2,806,725	3,320,943
Less Allowance for Uncollectible	<u>(44,800)</u>	<u>(40,882)</u>
Net Unconditional Promises to Give	2,761,925	3,280,061
Current Portion of Unconditional Promises to Give	<u>(1,425,570)</u>	<u>(1,212,945)</u>
Long-Term Portion of Unconditional Promises to Give	<u>\$ 1,336,355</u>	<u>\$ 2,067,116</u>

Promises to give receivable in more than one year were discounted under the fair value calculation at 5% as of June 30, 2009.

NOTE 8 - CONSTRUCTION IN PROGRESS:

During the year ended June 30, 2009, the Organization completed the construction of the new Animal Community Center on its five acre parcel of land in Milpitas, California. As of June 30, 2009 and 2008, the costs of construction in progress totaled \$0, and 8,387,953, respectively. The new facility was completed and operational as of April 30, 2009.

NOTE 9 - BONDS PAYABLE:

Bonds payable consisted of the following:

	<u>2009</u>	<u>2008</u>
Bonds Payable	\$ 16,000,000	\$ 16,000,000
Bond Origination Costs	(499,456)	(499,456)
Accumulated Amortization of Bond Origination Costs	<u>19,423</u>	<u>2,775</u>
Total Bonds Payable	<u>\$ 15,519,967</u>	<u>\$ 15,503,319</u>

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NOTE 9 - BONDS PAYABLE (Continued):

On April 30, 2008, the California Enterprise Development Authority, a public entity, issued \$16,000,000 of tax exempt variable rate demand revenue bonds to finance the construction, equipping and furnishing of the Animal Community Center. The bond principal and interest are secured by an irrevocable direct pay letter of credit expiring on April 30, 2013 issued by First Republic Bank. The letter of credit is automatically renewable for an additional five years unless the bank elects not to renew. The bonds are subject to mandatory redemption upon termination of the letter of credit if an alternative letter of credit is not obtained prior to expiration. The bonds are further secured by an irrevocable, transferable confirming letter of credit issued by U.S. Bank National Association expiring on April 30, 2010, subject to extension.

Substantially all of the assets are pledged as collateral for the letter of credit except for securities, investments or other funds held solely for investment purposes provided these assets are not pledged as security for any other debt without the consent of the bank.

Interest on the bonds is determined each week by the remarketing agent based on the minimum interest rate which would enable the remarketing agent to sell the bonds on the date the rate becomes effective at a price equal to the principal amount plus accrued interest, if any, with a maximum rate of 12%. Interest is payable monthly. Subject to the terms and conditions of the indenture, the bonds can be converted from a weekly variable interest rate to a fixed rate for the remaining term of the bonds. During the fiscal year ended June 30, 2009 the interest rate plus the costs of the letter of credit and administration fees ranged from 1.29% to 3.33% except for a five-week period from September 17, 2008 to October 21, 2008 when the rate averaged 6.43%.

Under the indenture, the bonds are not subject to mandatory sinking fund requirements. However, under certain conditions, the bonds are subject to optional and mandatory redemption prior to maturity on April 1, 2038. No principal payments are required on the bonds until May 1, 2010.

The future annual bond principal payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 475,000
2011	500,000
2012	525,000
2013	550,000
2014	575,000
Thereafter	<u>13,375,000</u>
Total Future Annual Bond Principal Payments	<u>\$ 16,000,000</u>

Covenants under the letter of credit reimbursement agreement require that the debt service coverage ratio equal or exceed 1.10 to 1 calculated annually and that liquid assets as of the second and fourth quarters of each fiscal year exceed \$10,000,000. The Organization was in compliance with these covenants at June 30, 2009 and for the fiscal year ended June 30, 2009.

See Note 19 for fair value on the bonds payable.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 10 - UNRESTRICTED NET ASSETS:

In order to aid in planning future expenditures, the Board of Directors of Humane Society Silicon Valley has designated unrestricted net assets as follows:

1. Board Designated for Operations - 40% for operations representing approximately 2.5 months of average expenses. This is to cover operational and credit risks of a short term nature such as fluctuations in adoption volume, supplies costs, pledge collections and investment earnings.
2. Board Designated for Facilities - 10% for facilities. This is to maintain the building and equipment.
3. Board Designated for Protection from Economic Retreat - 50% for protection from an economic retreat representing approximately 3.5 months of average support and revenue. This is to cover longer term risks of an economic nature such as recession, inflation, rising interest rates, impact of economic unemployment on adoptions and program fees, and the effect of income tax regulatory environment on donations.

See also Note 5 for information on concentrations of risk.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets represent contributions receivable for general support for future periods and funds held with specific donor restrictions.

Temporarily restricted net assets as of June 30, consisted of the following:

	<u>2009</u>	<u>2008</u>
Time Restrictions:		
General Support for Future Periods	\$ 2,761,925	\$ 3,280,061
Purpose Restrictions:		
Homeless Cats Trap Neuter and Release Program	<u>29,484</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,791,409</u>	<u>\$ 3,280,061</u>

Net assets were released from restrictions during the year ended June 30, 2009 by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors as follows:

	<u>2009</u>
Campaign Funds Released from Purpose Restrictions	\$ 862,944
General Support Released from Time Restrictions	675,151
Program Related Released from Purpose Restrictions	<u>130,515</u>
Total Net Assets Released from Restrictions	<u>\$ 1,668,610</u>

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets represent endowments which require that the principal be invested in perpetuity and only the income be used for operations. See Endowment Note 20.

NOTE 13 - BEQUESTS:

During the year ended June 30, 2008, the Organization received a bequest of \$6,250,000 and several other large bequests. Bequests are unpredictable by their nature and management does not expect large bequests to recur. During the three years previous to the year ended June 30, 2008, the bequests averaged \$1,216,000 per year.

NOTE 14 - CONTRIBUTIONS IN-KIND:

The estimated fair value of donated supplies and expert services received are recorded as contributions. During the years ended June 30, the following in-kind contributions were received by the Organization:

	<u>2009</u>	<u>2008</u>
Pet Supply Gift Cards	\$ 37,000	\$ -
Special Event Supplies and Auction Items	27,688	23,978
Computer and Office Supplies and Employee Appreciation	13,397	11,596
Medical Supplies	<u>4,629</u>	<u>1,384</u>
In-Kind Contributions for Operations	82,714	36,958
Special Event Supplies and Auction Items	<u>96,510</u>	<u>139,860</u>
Total In-Kind Contributions for Operations and Fundraising Events	<u>\$ 179,224</u>	<u>\$ 176,818</u>

The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. During the years ended June 30, 2009 and 2008, 580 and 511 active volunteers donated 53,133 and 25,861 hours of time valued at \$914,419 and \$504,552, respectively to the Organization. In accordance with ASC 958-605-25-16 (formerly SFAS No. 116), the value of these services is not reflected in the financial statements

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 15 - ALLOCATION OF JOINT COSTS:

During the years ended June 30, 2009 and 2008, the Organization conducted activities that included requests for contributions as well as program components.

Campaigns allocated were as follows:

	<u>2009</u>	<u>2008</u>
Direct Mail	\$ 272,249	\$ 195,260
Newsletter	110,822	106,724
Electronic Communications	<u>65,712</u>	<u>71,864</u>
Total Joint Costs	<u>\$ 448,783</u>	<u>\$ 373,848</u>

Joint costs were allocated as follows:

	<u>2009</u>	<u>2008</u>
Program Services Costs:		
Adoption and Placement	\$ 142,640	\$ 160,289
Animal Care	29,001	1,446
Community Services	<u>45,535</u>	<u>72,547</u>
Total Program Services Costs	217,176	234,282
Fundraising	191,529	139,566
New Building Campaign	<u>40,078</u>	<u>-</u>
Total Joint Costs	<u>\$ 448,783</u>	<u>\$ 373,848</u>

NOTE 16 - RETIREMENT PLAN:

Humane Society Silicon Valley maintains a tax deferred 403(b) retirement plan (the "Plan") to provide retirement benefits for all eligible employees. Starting during the fiscal year ended June 30, 2006, the Organization implemented an employer matching program for all eligible employees who are contributing to their tax deferred plan. The Organization is matching 100% of the employee's contributions, up to a maximum of 1.5% of the employee's payroll compensation. The Organization's contributions for the years ended June 30, 2009 and 2008 totaled \$29,974 and \$29,045, respectively.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 17 - CONTRACTS WITH GOVERNMENTAL AGENCIES:

In April 2007, the Organization entered into a stray animal sheltering contract with the City of Sunnyvale that has a potential term of twenty years.

The Organization also entered into agreements for the years ended June 30, 2009 and 2008 with the County of Santa Clara to subsidize spay and neuter surgeries for county residents.

During the years ended June 30, 2009 and 2008, contract revenue from these agreements totaled \$259,932 and \$218,220, respectively.

NOTE 18 - COLLECTIVE BARGAINING UNIT:

Approximately 26% of the Organization's employees are covered by a collective bargaining union agreement with the Services Employees International Union, Local 715. The agreement expires in March 2010 and is automatically renewed each year thereafter unless either party gives written notice of a desire to change the agreement at least ninety days prior to expiration.

NOTE 19 - FAIR VALUE:

For cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses, accounts payable and other current liabilities, the carrying amount approximates the fair value because of the immediate or short-term nature of those instruments.

The fair value of the bonds payable at June 30, 2009 was estimated to be \$15,674,000. The fair value is based on the discounted cash flow of the interest rate differential between the bonds and the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index for bonds with similar characteristics. Also included is an adjustment for nonperformance risk. The Organization does not include any additional input into its present value technique for risk or profit that a market participant might require for compensation for assuming the liability. Since the bonds are a financial liability, the Organization believes the interest rate of the bonds already captures the risk or profit that a market participant would require for compensation for assuming the liability. Furthermore, the Organization does not adjust its present value technique for the existence of a restriction preventing it from transferring the liability.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 19 - FAIR VALUE (Continued):

The table below presents the remaining assets and liabilities measured at fair value at June 30, 2009 on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
	<u>(Level 1)</u>	<u>(Level 3)</u>
Investments:		
Fixed Income Securities	\$ 4,542,792	
Equity Securities	920,503	
Equity Mutual Funds	882,972	
Alternative Investments	<u>201,509</u>	
	<u>\$ 6,547,776</u>	
Current Portion - Unconditional Promises to Give:		
Short-Term Bequest Receivable		\$ 727,254
New Beginnings Campaign Pledges		639,045
Special Events Pledges		54,461
Irrevocable Charitable Remainder Trust		<u>4,810</u>
		<u>1,425,570</u>
Unconditional Promises to Give - Net of Current Portion:		
New Beginnings Campaign Pledges		638,993
Irrevocable Charitable Remainder Trust		392,986
Irrevocable Charitable Lead Trust		224,766
Special Events Pledges		<u>79,610</u>
		<u>1,336,355</u>
Total Unconditional Promises to Give, Net		<u>\$ 2,761,925</u>

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3):

The Organization has irrevocably elected to use fair value as the initial and subsequent measure of unconditional promises to give under ASC 825-10 in order to improve financial reporting by mitigating the volatility in reported earnings caused by measuring promises to give differently. The Organization uses a present value technique to measure fair value so the discount rate assumptions and all other elements of the measurement are revised at each measurement date to reflect current market conditions. If necessary, the fair value is adjusted to reflect specific uncollectible promises. Any restrictions that are an attribute of the asset and, therefore, would transfer to a market participant are the only restrictions reflected in fair value. Donor restrictions that are specific to the donee are reflected in the classification of net assets, not in the measurement of fair value.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 19 - FAIR VALUE (Continued):

The following table is a rollforward of the Statement of Financial Position amounts for Unconditional Promises to Give classified by the Organization in Level 3 of the valuation hierarchy:

	<u>Unconditional Promises to Give</u>
Beginning Balances, June 30, 2008:	
Current Portion - Unconditional Promises to Give	\$ 1,212,945
Unconditional Promises to Give - Net of Current Portion	<u>2,067,116</u>
	<u>3,280,061</u>
New Promises to Give, net of Net Present Value Adjustment of \$19,594	900,974
Payments of Promises to Give, Net of Net Present Value Adjustment of \$146,704	(1,389,785)
Promises Written Off, Net of Net Present Value Adjustment of \$581	(5,188)
Increase in Allowance for Doubtful Accounts, Net of Net Present Value of \$2,948	(3,917)
Effect on earnings of Election to Adopt Use of Fair Value, Net Present Value Adjustment	<u>(20,220)</u>
Ending Balances, June 30, 2009	2,761,925
Current Portion - Unconditional Promises to Give	<u>(1,425,570)</u>
Unconditional Promises to Give, Net of Current Portion	<u>\$ 1,336,355</u>

Gains and losses (realized and unrealized) related to Unconditional Promises to Give are included in the Statement of Activities for the fiscal year ended June 30, 2009 and are reported in support and revenue and expenses as follows:

	New Promises to Give, Net	NPV Discount on Promises Paid	Promises Written Off	Increase in Allowance Election	Effect of Election	Total
Support and Revenue:						
Contributions and Grants	\$ 331,226	\$ 104,049	\$ (350)	\$ -	\$ (55,693)	\$ 379,232
Special Events	44,807	3,167	(4,838)	-	(3,141)	39,995
Trusts, Bequests and Endowments	524,941	29,488	-	-	38,614	593,043
Expenses:						
Other Expenses	-	-	-	-	-	-
Change in Net Assets	-	-	-	(3,917)	-	(3,917)
Total	<u>\$ 900,974</u>	<u>\$ 136,704</u>	<u>\$ (5,188)</u>	<u>\$ (3,917)</u>	<u>\$ (20,220)</u>	<u>\$ 1,008,353</u>
Changes Related to Promises Still Held at June 30, 2009	<u>\$ 829,244</u>	<u>\$ 97,776</u>	<u>\$ (350)</u>	<u>\$ (3,917)</u>	<u>\$ (6,764)</u>	<u>\$ 915,989</u>

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 19 - FAIR VALUE (Continued):

The carrying values and fair values of the Organization's financial instruments are as follows at June 30, 2009:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 5,825,646	\$ 5,825,646
Restricted Cash	573,091	573,091
Investments	6,547,776	6,547,776
Accounts Receivable	55,672	55,672
Current Portion - Unconditional Promises to Give, Net	1,425,570	1,425,570
Prepaid Expenses	313,189	313,189
Unconditional Promises to Give, Net of Current Portion	1,336,355	1,336,355
Cash and Cash Equivalents Held for Endowment Purposes	672,981	672,981
Financial Liabilities:		
Current Liabilities, Excluding Bonds Payable	2,331,669	2,331,669
Bonds Payable, Net	15,519,967	15,674,000

NOTE 20 - ENDOWMENT:

The Organization has one individual fund in which only the earnings can be used by the Organization for its purposes. There are no explicit donor stipulations on the use of the earnings.

Interpretation of Relevant Law - The Board of Directors of Humane Society Silicon Valley has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA. In accordance with the California version of UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 20 - ENDOWMENT (Continued):

Investment Return Objectives, Risk Parameters, Strategies and How the Investment Objectives relate to the Spending Policy - The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets in order to assure compliance with UPMIFA and the Board's policies on investment and expenditure of the earnings, protect the fund assets, increase the likelihood that the investment of the funds will be able to meet the financial needs of the Organization, establish a relevant investment horizon for which the fund assets will be invested, provide guidance and limitations to all investment managers regarding the investment of the fund assets and establish a basis for evaluation of investment results. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceed the annual spending appropriation of up to 7% of the fund with acceptable levels of risk. In order to meet those objectives, at June 30, 2009 the assets were invested in short-term cash and cash equivalents to protect the fund from severe investment losses incurred by so many other funds during the recent crisis in the financial markets. In addition it was thought that the fund was not yet of sufficient size to be able to absorb the investment fees resulting from professional management.

Spending Policy - In the absence of explicit instructions by the donor, the Organization has a policy of appropriating for expenditure all amounts in the endowment up to 7% of the fair value of the original gift as defined by the Board. Any earnings in excess of 7% are temporarily restricted net assets and are available for appropriation in future years in accordance with the Board's policy. If the endowment fund is less than the original gift as of the gift date, although the Board is permitted to determine and continue a prudent payout amount, no amounts are appropriated for expenditure without additional Board review and direction.

Endowment net asset composition by type of fund as of June 30, 2009 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted Endowment Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,981</u>	<u>\$ 672,981</u>

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NOTE 20 - ENDOWMENT (Continued):

Changes in endowment net assets for the fiscal year ended June 30, 2009 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 677,980	\$ 677,980
Net Asset Reclassification of Non-Restricted Fund	4,999	-	(4,999)	-
Investment Income	-	11,606	-	11,606
Amounts Appropriated for Expenditure	<u>(4,999)</u>	<u>(11,606)</u>	<u>-</u>	<u>(16,605)</u>
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,981</u>	<u>\$ 672,981</u>

Cash and cash equivalents are carried at fair value and interest earnings are reflected in the Statement of Activities.