

Report of Independent Auditors and
Financial Statements

Rancho Coastal Humane Society

June 30, 2024 and 2023

MOSSADAMS

Table of Contents

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11

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Report of Independent Auditors

The Board of Directors
Rancho Coastal Humane Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rancho Coastal Humane Society, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rancho Coastal Humane Society as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rancho Coastal Humane Society'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 Rancho Coastal Humane Society'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 Rancho Coastal Humane Society'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.

Moss Adams LLP

San Diego, California
October 11, 2024

Financial Statements

Rancho Coastal Humane Society
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,112,225	$ 306,043
Investments	18,120,089	18,750,619
Accounts and other receivables, net	120,309	258,567
Pledges receivable, net	64,333	116,000
Deposits and prepaid expenses	215,260	263,748
Total current assets	19,632,216	19,694,977
NONCURRENT ASSETS		
Pledges receivable, net	38,238	88,238
Property and equipment, net	9,896,507	3,473,080
Right-of-use lease assets	668,066	652,528
Beneficial interest in endowment funds	602,381	554,850
Total noncurrent assets	11,205,192	4,768,696
Total assets	$ 30,837,408	$ 24,463,673

See accompanying notes.

Rancho Coastal Humane Society
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,444,881	$ 655,372
Right-of-use lease liability, current	137,698	145,330
Total current liabilities	1,582,579	800,702
LONG TERM LIABILITIES		
Right-of-use lease liability, non-current	559,356	522,978
Total long term liabilities	559,356	522,978
Total liabilities	2,141,935	1,323,680
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS		
Without donor restrictions		
Undesignated	11,195,327	3,886,070
Board designated – endowment	12,449,996	9,881,829
Board designated – capital reserve	2,472,777	7,467,318
Total without donor restrictions	26,118,100	21,235,217
With donor restrictions		
Purpose restrictions	2,369,261	1,696,664
Perpetual in nature	208,112	208,112
Total with donor restrictions	2,577,373	1,904,776
Total net assets	28,695,473	23,139,993
Total liabilities and net assets	$ 30,837,408	$ 24,463,673

See accompanying notes.

Rancho Coastal Humane Society
Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	$ 6,712,037	$ 808,804	$ 7,520,841
In-kind contributions	47,572	-	47,572
Thrift shop revenues and support			
Thrift shop revenue	1,604,211	-	1,604,211
Donated thrift store merchandise	1,553,986		1,553,986
Adoption, kennel and retail store	90,410	-	90,410
Rental income	90,908	-	90,908
Kids Programs	70	-	70
Other income	10,394	-	10,394
Investment income	1,748,346		1,748,346
Net assets released from restrictions	136,207	(136,207)	-
Total revenues and support	11,994,141	672,597	12,666,738
EXPENSES			
Program Services			
Animal programs	2,710,799	-	2,710,799
Animal safehouse	87,000	-	87,000
Education	90,078	-	90,078
Volunteer	114,043	-	114,043
Thrift store	2,638,584	-	2,638,584
Community	599,865	-	599,865
Capital project	131,595	-	131,595
Total program services	6,371,964	-	6,371,964
Supporting Services			
Management and general	561,002	-	561,002
Fundraising	178,292	-	178,292
Total supporting services	739,294	-	739,294
Total expenses	7,111,258	-	7,111,258
CHANGE IN NET ASSETS	4,882,883	672,597	5,555,480
NET ASSETS, beginning of year	21,235,217	1,904,776	23,139,993
NET ASSETS, end of year	$ 26,118,100	$ 2,577,373	$ 28,695,473

See accompanying notes.

Rancho Coastal Humane Society
Statements of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	$ 8,060,622	$ 1,842,277	$ 9,902,899
In-kind contributions	39,062	-	39,062
Thrift shop revenues and support			
Thrift shop revenue	1,602,636	-	1,602,636
Donated thrift store merchandise	1,606,421		1,606,421
Adoption, kennel and retail store	72,255	-	72,255
Rental income	30,210	-	30,210
Kids Programs	904	-	904
Other income	261,650	-	261,650
Investment income	1,217,629	-	1,217,629
Net assets released from restrictions	189,313	(189,313)	-
Total revenues and support	13,080,702	1,652,964	14,733,666
EXPENSES			
Program Services			
Animal programs	2,568,072	-	2,568,072
Animal safehouse	91,938	-	91,938
Education	103,007	-	103,007
Volunteer	125,959	-	125,959
Thrift store	2,542,967	-	2,542,967
Community	455,660	-	455,660
Capital project	145,037	-	145,037
Total program services	6,032,640	-	6,032,640
Supporting Services			
Management and general	436,769	-	436,769
Fundraising	164,286	-	164,286
Total supporting services	601,055	-	601,055
Total expenses	6,633,695	-	6,633,695
CHANGE IN NET ASSETS	6,447,007	1,652,964	8,099,971
NET ASSETS, beginning of year	14,788,210	251,812	15,040,022
NET ASSETS, end of year	$ 21,235,217	$ 1,904,776	$ 23,139,993

See accompanying notes.

Rancho Coastal Humane Society
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services								Supporting Services			
	Animal Programs	Animal Safehouse	Education	Volunteer	Thrift Store	Community	Capital Project	Total	Management and General	Fundraising	Total	Total
SALARIES AND RELATED EXPENSES												
Salaries and wages	$ 1,782,599	$ 60,789	$ 66,558	$ 84,571	$ 593,178	$ -	$ -	$ 2,587,695	$ 76,689	$ 27,502	$ 104,191	$ 2,691,886
Payroll taxes and employee benefits	311,414	5,765	15,777	23,074	111,835	-	-	467,865	115,049	3,265	118,314	586,179
Total salaries and related expenses	2,094,013	66,554	82,335	107,645	705,013	-	-	3,055,560	191,738	30,767	222,505	3,278,065
OPERATING EXPENSES												
Adoption and retail expenses	7,853	-	-	-	-	-	-	7,853	-	-	-	7,853
Adoption promotion	28,171	-	-	-	-	-	-	28,171	-	-	-	28,171
Advertising	887	-	-	-	210	-	-	1,097	26	-	26	1,123
Automobile expense	7,443	164	-	-	4,161	-	-	11,768	-	-	-	11,768
Bank charges	3,798	-	-	-	46,541	-	1,834	52,173	35,165	3,042	38,207	90,380
Community events	-	-	-	-	-	-	-	-	-	-	-	-
Cost of goods sold	976	-	-	-	1,553,986	-	-	1,554,962	-	-	-	1,554,962
Depreciation	79,793	-	-	-	-	-	-	79,793	-	-	-	79,793
Dues and subscriptions	1,475	375	687	151	2,584	-	-	5,272	19,977	14,868	34,845	40,117
Equipment rental	1,768	374	374	374	-	-	-	2,890	374	-	374	3,264
In-kind expenses	46,642	-	-	-	-	-	-	46,642	-	-	-	46,642
Insurance	2,304	-	975	-	24	-	-	3,303	55,965	1,172	57,137	60,440
Kennel expense	88,155	-	-	-	-	-	-	88,155	-	-	-	88,155
Miscellaneous	3,422	-	-	-	-	-	-	3,422	149	-	149	3,571
Office expense	16,903	204	1,005	179	2,656	-	-	20,947	10,531	420	10,951	31,898
Postage	319	-	-	-	4	-	-	323	2,646	-	2,646	2,969
Printing and publication	4,167	347	-	414	464	-	12,872	18,264	433	19,402	19,835	38,099
Professional services	37,392	11,411	-	-	4,448	-	116,889	170,140	232,928	409	233,337	403,477
Rent	-	-	-	-	271,152	-	-	271,152	-	-	-	271,152
Repairs and maintenance	8,347	-	-	-	997	-	-	9,344	-	7	7	9,351
Shelter cleaning and maintenance	61,783	-	-	-	7,375	-	-	69,158	847	-	847	70,005
Special event expenses	2,334	-	-	-	-	-	-	2,334	-	107,033	107,033	109,367
Staff expense	582	-	-	-	2,958	-	-	3,540	3,206	-	3,206	6,746
Supplies and program costs	143,727	5,746	2,023	4,061	-	3,263	-	158,820	-	-	-	158,820
Taxes and licenses	2,304	-	975	-	24	-	-	3,303	410	1,172	1,582	4,885
Telephone, web and internet	11,957	1,825	1,704	1,219	5,953	-	-	22,658	1,282	-	1,282	23,940
Utilities and trash removal	54,284	-	-	-	30,034	-	-	84,318	5,325	-	5,325	89,643
Veterinary care and medicine	-	-	-	-	-	596,602	-	596,602	-	-	-	596,602
Total operating expenses	616,786	20,446	7,743	6,398	1,933,571	599,865	131,595	3,316,404	369,264	147,525	516,789	3,833,193
Total expenses	$ 2,710,799	$ 87,000	$ 90,078	$ 114,043	$ 2,638,584	$ 599,865	$ 131,595	$ 6,371,964	$ 561,002	$ 178,292	$ 739,294	$ 7,111,258

See accompanying notes.

Rancho Coastal Humane Society
Statement of Functional Expenses (Continued)
Year Ended June 30, 2023

	Program Services								Supporting Services			
	Animal Programs	Animal Safehouse	Education	Volunteer	Thrift Store	Community	Capital Project	Total	Management and General	Fundraising	Total	Total
SALARIES AND RELATED EXPENSES												
Salaries and wages	$ 1,632,338	$ 68,100	$ 70,989	$ 89,141	$ 496,810	$ -	$ -	$ 2,357,378	$ 55,650	$ 26,500	$ 82,150	$ 2,439,528
Payroll taxes and employee benefits	291,428	7,304	17,929	24,729	104,176	-	-	445,566	11,380	5,419	16,799	462,365
Total salaries and related expenses	1,923,766	75,404	88,918	113,870	600,986	-	-	2,802,944	67,030	31,919	98,949	2,901,893
OPERATING EXPENSES												
Adoption and retail expenses	11,573	-	-	-	-	-	-	11,573	-	-	-	11,573
Adoption promotion	45,804	-	-	-	-	-	-	45,804	-	-	-	45,804
Advertising	2,268	-	-	-	1,988	-	-	4,256	-	1,547	1,547	5,803
Automobile expense	9,843	-	-	-	10,097	-	-	19,940	-	-	-	19,940
Bank charges	4,633	-	25	-	45,361	-	-	50,019	23,969	1,339	25,308	75,327
Community events	-	-	-	873	-	5,055	-	5,928	-	-	-	5,928
Cost of goods sold	2,080	-	-	-	1,472,503	-	-	1,474,583	-	-	-	1,474,583
Depreciation	90,619	-	-	-	-	-	-	90,619	-	-	-	90,619
Dues and subscriptions	1,361	79	308	-	240	-	-	1,988	4,647	6,827	11,474	13,462
Equipment rental	5,105	1,277	2,706	1,277	1,535	1,122	-	13,022	1,286	-	1,286	14,308
In-kind expenses	39,062	-	-	-	-	-	-	39,062	-	-	-	39,062
Insurance	-	-	-	-	-	-	-	-	41,879	-	41,879	41,879
Kennel expense	55,754	-	-	-	-	-	-	55,754	-	-	-	55,754
Miscellaneous	83,084	2,967	3,309	4,056	81,824	14,665	4,852	194,757	38,408	6,479	44,887	239,644
Office expense	21,073	-	-	1,440	1,910	-	-	24,423	2,763	144	2,907	27,330
Postage	2,631	-	-	-	-	-	-	2,631	549	126	675	3,306
Printing and publication	3,658	81	-	-	699	-	512	4,950	-	4,935	4,935	9,885
Professional services	49,782	2,298	250	-	8,554	407	137,216	198,507	237,684	-	237,684	436,191
Rent	-	-	-	-	264,241	-	1,980	266,221	-	-	-	266,221
Shelter cleaning and maintenance	47,542	-	2,545	-	8,160	-	32	58,279	450	-	450	58,729
Special event expenses	-	-	-	-	-	-	-	-	-	110,675	110,675	110,675
Staff expense	152	-	-	-	1,187	-	-	1,339	3,006	121	3,127	4,466
Supplies and program costs	2,338	8,152	2,296	3,281	13,384	-	-	29,451	-	70	70	29,521
Taxes and licenses	781	-	975	-	-	-	138	1,894	2,733	104	2,837	4,731
Telephone, web and internet	9,023	1,680	1,675	1,162	4,316	518	307	18,681	1,647	-	1,647	20,328
Utilities and trash removal	57,088	-	-	-	25,982	-	-	83,070	7,308	-	7,308	90,378
Veterinary care and medicine	99,052	-	-	-	-	433,893	-	532,945	3,410	-	3,410	536,355
Total operating expenses	644,306	16,534	14,089	12,089	1,941,981	455,660	145,037	3,229,696	369,739	132,367	502,106	3,731,802
Total expenses	$ 2,568,072	$ 91,938	$ 103,007	$ 125,959	$ 2,542,967	$ 455,660	$ 145,037	$ 6,032,640	$ 436,769	$ 164,286	$ 601,055	$ 6,633,695

See accompanying notes.

Rancho Coastal Humane Society
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,555,480	$ 8,099,971
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	79,793	90,619
Non-cash operating lease expense	202,659	168,212
Net realized and unrealized (gains) on investments	(1,684,879)	(879,085)
Beneficial interest (gains)	(47,531)	(36,349)
(Increase) decrease in		
Accounts and other receivables, net	138,258	(14,102)
Pledges receivable, net	101,667	169,000
Deposits and prepaid expenses	48,488	(225,058)
Accounts payable and accrued expenses	384,450	28,908
Change in right-of-use lease liability	(189,451)	(152,432)
Net cash provided by operating activities	4,588,934	7,249,684
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	11,006,224	1,125,259
Purchases of investments	(8,690,815)	(8,604,408)
Construction of property and equipment	(6,088,161)	(1,817,517)
Purchases of property and equipment	(10,000)	-
Net cash used in investing activities	(3,782,752)	(9,296,666)
Net increase (decrease) in cash and cash equivalents	806,182	(2,046,982)
CASH AND CASH EQUIVALENTS, beginning of year	306,043	2,353,025
CASH AND CASH EQUIVALENTS, end of year	$ 1,112,225	$ 306,043
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING INFORMATION		
Construction in progress payments accrued	$ 405,059	$ 270,063
Operating lease right-of-use asset in exchange for lease liability	$ 173,913	$ 500,096

See accompanying notes.

Note 1 – Organization

Rancho Coastal Humane Society (Rancho Coastal) was incorporated in 1960, as a Nonprofit Corporation. The goal of Rancho Coastal is to care for the homeless animal population of San Diego County, and to educate the public about pet over-population and responsible companion animal care. Rancho Coastal is dedicated to the rescue and shelter of abandoned companion animals. It encourages adoptions into loving homes and provides educational and community outreach programs designed to enhance the human-animal bond. Rancho Coastal primarily serves San Diego County, California. Rancho Coastal's funding comes primarily from adoptions and relinquishment fees, bequests, contributions, grants and foundations, and Thrift Shop revenues.

The following is a brief description of the Rancho Coastal's core programs.

Animal programs – Rancho Coastal's adoptions and animal care program finds new homes for dogs, cats, and domestic rabbits surrendered by their owners, transferred from regional animal shelters, and rescued from disaster areas. During their stay at the shelter, all of Rancho Coastal's animals receive excellent medical care, and staff and volunteers work on improved socialization and engage in enrichment activities to ensure successful adoptions. Rancho Coastal offers educational programs regarding humane treatment of animals and responsible care of pets, as well as a Seniors-to-Seniors program that incentivizes and supports adoptions of senior pets by persons over the age of 60. Rancho Coastal's foster volunteer program provides care and comfort of neo-natal kittens, puppies, and bunnies in homes throughout San Diego County, allowing Rancho Coastal to increase the number of adoptable animals in its care beyond its kennel capacity.

Animal safehouse program – The Animal Safehouse Program (ASP) provides temporary care for pets of domestic violence victims. This Program provides a support service to domestic violence shelters, which are unable to accept pets. Rancho Coastal actively collaborates with domestic violence shelters, the San Diego Domestic Violence Council, the County of San Diego Department of Animal Services, city and municipal animal shelters, the San Diego Family Justice Center, San Diego Domestic Violence Response Teams, social services, mental health services, law enforcement, educational facilities, military, and many other agencies and individuals who want to eradicate abuse and help break the cycle of family violence. ASP has been expanded to include temporary care for pets of veterans who require hospitalization but decline treatment because they have no one to care for their "companions." By accepting their pets into the program, Rancho Coastal is helping veterans pursue essential medical care at VA hospitals and treatment centers. In December 2021, ASP became a partner at One Safe Place, The North County Family Justice Center, providing pet supplies and resources, donating children's clothing, and organizing temporary housing for pets of domestic violence clients receiving support services from this multi-disciplinary agency.

Kids programs/animal camps – Animals are a source of great fascination for children of all ages. Rancho Coastal encourages children to share their passion for animals. The Humane Education programs focus on teaching children the importance of proper care and compassion toward the animals that share our world. All of the education programs offered are geared towards embracing children's natural love and curiosity about animals, while fostering a sense of respect and kindness for all life.

Rancho Coastal offers programs for children, including the Kids Community Service program (KCS) for students in grades 6 through 12, birthday parties, shelter tours, and classroom presentations.

Rancho Coastal has a whole line-up of camps to excite and educate children. Camps are held during spring, summer, and fall school breaks, and are age appropriate for children 6-14 years old. Camps run in themed, week-long sessions, and are conducted by trained Rancho Coastal educators. Using hands-on games, activities, arts and crafts, guest speakers and, of course, live animals, children are taught about co-existing with wildlife and the importance of companion and native animals in our world.

Thrift store – Rancho Coastal operates a Thrift Shop located in Cardiff, California. Donations of new or gently used merchandise are accepted at the shop during regular business hours. The Thrift Shop offers furniture, antiques and collectibles, electronics, clothing, jewelry, and fashion accessories. Volunteers and staff sort, stock, intake, price, organize, and sell donated goods. The sources of revenue for the thrift store, as detailed in the statement of activities, include sales of merchandise and in-kind revenue derived from donated merchandise. Expenses of the thrift store are detailed in the statement of functional expenses.

FOCAS program – The Friends of County Animal Shelters (FOCAS) Program gives pets from other shelters a second chance to be adopted. This Program is the result of the merger of Friends of County Animal Shelters with Rancho Coastal. Rancho Coastal has continued the partnership started by FOCAS with the three County Animal Shelters, and has expanded the FOCAS program by taking dogs, cats, and domestic rabbits from Chula Vista Animal Control, El Centro Humane Society, The San Diego House Rabbit Society, the Department of Animal Services, Animal Friends of the Valley (AFV), and from other shelters in parts of the country or the world where euthanasia practices continue. Rancho Coastal is a limited admission shelter, which enables it to keep adoptable animals until they can be placed with their new families. Each of the dogs, cats, and rabbits is given a “second chance” for adoption, and a new opportunity to find a loving home.

Pet food bank – Rancho Coastal provides pet food and supplies for pet owners on fixed incomes, the sick and disabled, working families that struggle financially, military families, and the homeless. Since April 2020, the Pet Food Bank has participated in weekly food bank events at a local church, opened its doors every Saturday, and hosted numerous special events to support this community.

Pet assisted therapy – Rancho Coastal’s Pet Assisted Therapy (PAT) Program brings the unconditional love of animals to people in need at special needs and at-risk youth programs, senior centers, skilled nursing and residential facilities, hospice, veteran centers, college campuses, schools, libraries, and local businesses.

Pet loss support – Rancho Coastal’s Pet Loss Support Program (PLSP) helps people suffering the sadness and grief of losing a beloved pet. The Program offered group meetings twice a month, with weekday and weekend options, led by a team of professional grief counselors. A lending library, resource materials, and a referral list of therapists were created to support the healing process. PLSP continues to provide one-on-one counseling sessions by appointment.

Senior vet care program – Rancho Coastal launched its Vet Care Program in January 2021. Original funding was provided by a grant, and several funding sources have been developed since inception. This Program provides financial assistance, resources, and support for seniors (60+) and their adult pets. Applicants must be on a fixed or limited income, live in San Diego County, and provide proof of income and a written estimate from a licensed veterinary hospital. Financial coverage is considered for urgent/emergency veterinary care, x-rays and diagnostic testing, medication, and certain ongoing or chronic conditions. During the year ended June 30, 2024, the Vet Care Program was absorbed into the Community Outreach Program.

Note 2 – Significant Accounting Policies

Accounting method – The financial statements of Rancho Coastal have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a capital reserve and a board-designated endowment.

- *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 those resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for, which the resource was restricted has been fulfilled, or both.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and uncertainties – Rancho Coastal invests in various types of investment securities, which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, and such changes could materially affect the amounts reported in the statements of financial position.

Fair value measurements – Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 – inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 – inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the investment.

Cash and cash equivalents – For purposes of the statements of cash flows, Rancho Coastal considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments – Investments consist of investments in mutual funds and United States treasuries. Investments in mutual and index funds are reported at fair value based on quoted prices in active markets for identical assets at the measurement date. Investments in United States Treasuries are reported at fair value based on quoted market prices as these are traded with sufficient frequency. Realized and unrealized gains and losses are reflected in the statements of activities as gain (loss) on investments.

Accounts and other receivable – Accounts and other receivable includes the Employee Retention Tax Credit (ERTC) applied for by Rancho Coastal totaling $0 and $242,110 at June 30, 2024 and 2023, respectively.

Pledges receivable – Pledges represent unconditional promises by donors to transfer asset(s) to RCHS. When pledges are expected to be collected in future years, they are initially recorded at fair value based on a discounted cash flow model. In future years, the discounts to present fair value are computed using discount rates established in the years in, which the promise was received. Amortization of the discount is included in contributions.

Management assesses collectability for pledges receivable on an annual basis and records an allowance based on that assessment. Management determined all pledges receivable were collectable as of June 30, 2024 and 2023, and therefore, no allowance was recorded.

Provision for credit losses – Credit losses are recognized on the allowance method. Management employs a systematic approach to assess the expected credit loss based on historical data, current conditions, and reasonable and supportable forecasts. Management believes that all accounts receivable were fully collectible; therefore, no provision for credit losses was recorded at June 30, 2024 and 2023.

Capitalization and depreciation – Rancho Coastal capitalizes all expenditures in excess of $5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, Rancho Coastal reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Rancho Coastal reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Land improvements	5–15 years
Buildings and improvements	7–39 years
Machinery and equipment	7–10 years
Office equipment	5–7 years
Vehicles	5 years

Depreciation totaled $79,793 and $90,619 for the years ended June 30, 2024 and 2023, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Leases – Rancho Coastal evaluates whether its contractual arrangements contain leases at the inception of such arrangements. Specifically, Rancho Coastal considers whether it can control the underlying asset and have the right to obtain substantially all of the economic benefits or outputs from the asset. Rancho Coastal has elected not to recognize a ROU asset and lease liability for leases with terms of 12 months or less. Rancho Coastal does not have any financing leases. The ROU operating lease asset represents the right to use an underlying asset for the lease term, and operating lease liability represents the obligation to make lease payments.

Both the ROU operating lease asset and liability are recognized as of the lease commencement date or adoption of the standard, whichever is later, at the present value of the lease payments over the lease term. Rancho Coastal's lease does not provide an implicit rate that can readily be determined. Therefore, Rancho Coastal uses a risk-free rate as per the practical expedient.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in operating expenses on the accompanying statements of activities.

Impairment of long-lived assets – Rancho Coastal reviews its long lived assets for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted net cash flows expected to be generated by the asset and any estimated proceeds from the eventual disposition of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by, which the carrying amount of the asset exceeds the fair value of such asset. There were no impairment losses recognized in 2024 and 2023.

Beneficial Interest in Endowment Fund – Beneficial interest in endowment fund represents Rancho Coastal's interest in a fund held at The San Diego Foundation. The interest is recorded at fair value based on the underlying assets in the fund, as reported by The San Diego Foundation. Changes in fair value are included in investment income (loss) in the statements of activities.

Revenue recognition – Contributions are recognized when the donor makes a promise to give to Rancho Coastal that is in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Thrift shop revenue, adoption, kennel, retail store, rental income and camps revenue are recognized as revenue when the sale transaction occurs or in the period in, which the service is provided, or facility is rented.

Donated services and materials

Rancho Coastal received the following in-kind contributions for the year ending June 30:

	2024	2023
Thrift shop merchandise	$ 1,553,986	$ 1,606,421
Supplies	47,572	39,042
Gift cards	-	20
Total in-kind contributions	$ 1,601,558	$ 1,645,483

Contributed thrift shop merchandise received by Rancho Coastal is recorded as in-kind contribution revenue with a corresponding increase to in-kind expenses. It is Rancho Coastal's policy to sell these donated items at its thrift shop with gross proceeds used to support ongoing program activities. Rancho Coastal values the merchandise using the current average price located on a publicly available website for similar items.

Contributed supplies and gift cards received by Rancho Coastal are recorded as in-kind contribution revenue with a corresponding increase to in-kind expenses. It is Rancho Coastal's policy to use these donated items to support ongoing program activities. Rancho Coastal values the supplies using the current average price located on a publicly available website for similar items. Gifts cards are valued at the actual dollar value of the gift cards.

In addition, many individuals volunteer their time and perform a variety of tasks that assist Rancho Coastal with specific programs. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended June 30, 2024 and 2023 did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

Functional allocation of expenses – The statements of functional expenses present expenses by function and natural classification. Rancho Coastal allocates its expenses on a functional basis among its various programs and supporting services. Expenditures, which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by Rancho Coastal's management.

Income taxes – Rancho Coastal is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Rancho Coastal believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. Rancho Coastal is not a private foundation.

Rancho Coastal's Return of Organization Exempt from Income Tax for the years ended June 30, 2024, 2023, 2022, and 2021, are subject to examination by the Internal Revenue Service (IRS) and State taxing authorities, generally three-to-four years after the returns were filed.

Concentration of credit risk – Rancho Coastal maintains its cash in bank deposit accounts which, at times, may exceed the federally insured $250,000 limit. Rancho Coastal also maintains investments in accounts, which exceed the $500,000 limit insured by the Securities Investor Protection Corporation (SIPC). Rancho Coastal has not experienced any losses in such accounts. Rancho Coastal believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions from one donor accounted for 53% and 42% of total contributions for the years ended June 30, 2024 and 2023, respectively. These single donations were made through estate gifts for the years ended June 30, 2024 and 2023.

Recently adopted accounting standards – Effective July 1, 2023, Rancho Coastal adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date. There was no material impact to the financial statements as of the date of adoption.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent events – In preparing these financial statements, Rancho Coastal has evaluated events and transactions for potential recognition or disclosure through October 11, 2024, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

Note 3 – Liquidity and Availability

Rancho Coastal regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Rancho Coastal considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12 month period, Rancho Coastal considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The table below presents financial assets available for general expenditures within one year at June 30:

	2024	2023
Cash and cash equivalents	$ 1,112,225	$ 306,043
Investments	18,120,089	18,750,619
Accounts and other receivable	120,309	258,567
Pledges receivable, current	64,333	116,000
Total financial assets	19,416,956	19,431,229
Less: assets unavailable for general expenditures		
Cash and investments held for board-designated purposes	(12,449,996)	(9,881,829)
Financial assets available to meet cash needs for general expenditures for one year	$ 6,966,960	$ 9,549,400

In addition to financial assets available to meet general expenditures over the next 12 months, Rancho Coastal operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Endowment funds consist of a beneficial interest in endowment funds. Appropriations of endowment funds are made in accordance with the spending policy, as described in Note 9 and 11. Rancho Coastal's governing board has designated a portion of its resources without donor restrictions for a Quasi-Endowment Fund, as described in Note 8. The amounts not expected to be used for operations within one year are identified as cash and investments held for board-designated purposes in the table above.

Note 4 – Pledges Receivable

Pledges receivable consist of the following at June 30:

	2024	2023
Current		
Due in less than one year	$ 64,333	$ 116,000
Total current	64,333	116,000
Noncurrent		
Due in one-to-five years	50,000	100,000
Less: discounts to present value	(11,762)	(11,762)
Total noncurrent, net	38,238	88,238
Total pledges receivable, net	$ 102,571	$ 204,238

The contributions receivable have been discounted to their present value using a discount rates of 2.99% - 3.01% at June 30, 2024 and 2023.

Note 5 – Fair Value Measurements

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2024			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds and ETF				
Equity funds	$ 9,006,316	$ -	$ -	$ 9,006,316
Fixed income funds	6,542,443	-	-	6,542,443
U.S. Treasuries	2,571,330	-	-	2,571,330
Beneficial interest in endowment funds	-	-	602,381	602,381
Total fair value	$ 18,120,089	$ -	$ 602,381	$ 18,722,470

	2023			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual and index funds				
Equity funds	$ 7,208,085	$ -	$ -	$ 7,208,085
Fixed income funds	6,257,792	-	-	6,257,792
U.S. Treasuries	5,284,742	-	-	5,284,742
Beneficial interest in endowment funds	-	-	554,850	- 554,850
Total fair value	$ 18,750,619	$ -	$ 554,850	$ 19,305,469

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in Note 9.

The following table represents Rancho Coastal's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

2024				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 602,381	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

2023				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 554,850	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

Note 6 – Investments

Investments consist of the following at June 30:

	2024	2023
Equity funds	$ 9,006,316	$ 7,208,085
Fixed income funds	6,542,443	6,257,792
U.S. Treasuries	2,571,330	5,284,742
Total investments	$ 18,120,089	$ 18,750,619

Investment (loss) income is summarized as follows for the years ended June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 439,586	$ -	$ 439,586
Realized and unrealized gains	1,308,760	-	1,308,760
Total investment income	$ 1,748,346	$ -	$ 1,748,346

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 338,544	$ -	$ 338,544
Realized and unrealized losses	879,085	-	879,085
Total investment loss	$ 1,217,629	$ -	$ 1,217,629

Note 7 – Property and Equipment

	2024	2023
Land and land improvements	$ 37,500	$ 156,058
Buildings and improvements	2,139,723	2,034,582
Machinery and equipment	60,465	101,951
Office equipment	127,081	72,176
Vehicles	218,575	208,575
Construction in progress	9,333,523	2,840,305
Total property and equipment	11,916,867	5,413,647
Less: accumulated depreciation	(2,020,360)	(1,940,567)
Property and equipment, net	$ 9,896,507	$ 3,473,080

Rancho Coastal executed an agreement with a contractor to construct a new facility to house their primary operations. The total value of the contract was approximately $8,639,000. As of June 30, 2024, approximately $2,952,000 was the remaining commitment to the contactor based on billings submitted and paid as of that date.

Note 8 – Board-Designated Quasi-Endowment Fund

In February 2020, Rancho Coastal established the Board-Designated Quasi-Endowment Fund (the Fund). The purpose of the Fund is to grow assets that support the strategic initiatives of Rancho Coastal. The Fund is intended to provide an ongoing and consistent source of funding to support Rancho Coastal programs and general operating expenses. Rancho Coastal may borrow up to 20% of the value of the assets in the Fund at the time of borrowing upon approval by the Finance Committee and full Board of Directors. The percentage rate that can be annually withdrawn from the Endowment will not exceed three percent (3%) of the average market value of trailing twelve quarters, provided it does not invade the corpus.

The Fund will be maintained in segregated accounts, and not commingled with the general cash and investment accounts of Rancho Coastal. The Fund will be funded with surplus operating funds without donor restriction, or a specific source of revenue set aside for the Fund. The Fund is invested in accordance with the Rancho Coastal Investment Policy Statement.

As stated above, the primary objective of the Fund is to grow assets and provide additional financial support for the mission of Rancho Coastal. Annual interest and dividends generated by the Fund shall be kept in the Fund. The Fund totaled $10,484,209 and $9,881,829 at June 30, 2024 and 2023, respectively.

Note 9 – Beneficial Interest in Endowment Funds

Rancho Coastal has a beneficial interest in endowment funds held by San Diego Foundation, which is classified as with donor restrictions and must be maintained in perpetuity. The beneficial interest in endowment funds held by San Diego Foundation is invested in a portfolio of equity and debt securities, which is structured for long-term total return consisting of 45% international equity, 15% hedge, 14% private equity, 10% fixed income, 8% real estate, 3% real assets, and 5% private credit. The activity in the beneficial interest in endowment funds consisted of the following for the years ended June 30:

	2024	2023
Balance, beginning of year	$ 554,850	$ 518,501
Investment income (loss)	47,531	36,349
Balance, end of year	$ 602,381	$ 554,850

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions received or receivable by Rancho Coastal, which are limited in their use by time or donor imposed restrictions. Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Subject to expenditure for specified purpose		
Shelter improvements	$ 1,716,175	$ 1,115,241
Treatment of cats	653,086	576,227
Adoption promotion campaign	-	5,196
Total subject to expenditure for specified purpose	2,369,261	1,696,664
Perpetual in nature		
Beneficial interest in endowment funds – corpus	208,112	208,112
Total net assets with donor restrictions	$ 2,577,373	$ 1,904,776

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	2024	2023
Purpose restrictions fulfilled		
Vet services	$ 110,000	$ 90,000
Treatment of cats	21,011	-
iHeart Radio	5,196	45,803
Capital	-	43,700
Animal safehouse	-	9,810
Total net assets released from restrictions	$ 136,207	$ 189,313

Note 11 – Endowment Net Assets

The beneficial interest in endowment funds held by San Diego Foundation (the Foundation) is managed in accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Foundation's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require Rancho Coastal to retain as a fund of perpetual duration.

Rancho Coastal classifies donor-restricted net assets of a perpetual nature held by the Foundation as:

- The original value of Rancho Coastal funds transferred to the fund.
- The original value of subsequent gifts donated to the fund.

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets.
- Preserve spending capacity of the fund income.
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a level commensurate with that of the median fund in comparable foundations.
- Comply with applicable laws.

The Foundation's endowment funds are invested in a diversified portfolio of equity and debt securities, which is structured for long-term total rate. The Foundation's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a quarterly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund as of the years ended June 30:

	Without Donor Restrictions		With Donor Restrictions	
	Board Designated Endowment	Accumulated Gains (Losses)	Original Gift Held in Perpetuity	Total Endowment Assets
Donor restricted endowment funds	$ -	$ 346,738	$ 208,112	$ 554,850
Board designated endowment funds	9,881,829	-	-	9,881,829
Endowment net assets, June 30, 2023	$ 9,881,829	$ 346,738	$ 208,112	$ 10,436,679
Donor restricted endowment funds	$ -	$ 394,269	$ 208,112	$ 602,381
Board designated endowment funds	12,449,996	-	-	12,449,996
Endowment net assets, June 30, 2024	$ 12,449,996	$ 394,269	$ 208,112	$ 13,052,377

Changes in endowment net assets as of, and for, the years ended June 30:

	Without Donor Restrictions		With Donor Restrictions	
	Board Designated Endowment	Accumulated Gains (Losses)	Original Gift Held in Perpetuity	Total Endowment Assets
Endowment net assets, July 1, 2022	$ 9,185,153	$ 310,389	$ 208,112	$ 9,703,654
Contributions	632,000	-	-	632,000
Distribution	(867,817)	(2,866)	-	(870,683)
Investment income	932,493	39,215	-	971,708
Endowment net assets, June 30, 2023	9,881,829	346,738	208,112	10,436,679
Contributions	2,184,927	-	-	2,184,927
Distribution	(869,772)	(2,688)	-	(872,460)
Investment income	1,253,012	50,219	-	1,303,231
Endowment net assets, June 30, 2024	$ 12,449,996	$ 394,269	$ 208,112	$ 13,052,377

Note 12 – Lease

Rancho Coastal leases out the Doggie Daycare facility under an operating lease through May 31, 2028. Rental income totaled $90,908 and $30,210 for the years ended June 30, 2024 and 2023, respectively.

Note 13 – Commitments and Contingencies

Retirement plan – Rancho Coastal has a SIMPLE IRA Retirement Plan for the benefit of eligible employees. The benefit is based on an employee's service and level of compensation and is 100% vested immediately. Rancho Coastal, at its discretion, can elect to make contributions equal to 3% of compensation. Rancho Coastal's contributions totaled $44,464 and $37,084 for the years ended June 30, 2024 and 2023, respectively.

Litigation – Rancho Coastal may be involved in legal matters that arise from time to time in the ordinary course of business. Management and legal counsel do not believe that the resolution of any of these matters would have a material impact on Rancho Coastal's financial position or changes in net assets.

Note 14 – Operating Leases

Rancho Coastal operates its thrift shop facility under a series of operating lease agreements. ROU assets of $668,066 and $652,528 as of June 30, 2024 and 2023, respectively, represent Rancho Coastal's right to use an underlying asset for the lease term. Lease liabilities of $697,054 and $668,308 as of June 30, 2024 and 2023, respectively, represent Rancho Coastal's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. For operating leases, Rancho Coastal recognizes lease expense on a straight-line basis over the lease term.

The lease term consists of the noncancelable period of the lease, and the periods covered by options to extend or terminate the lease when it is reasonably certain Rancho Coastal will exercise such options. None of the lease agreements contain a residual value guarantee, restrictions, or covenants.

Weighted-average remaining lease term and discount rate

The weighted-average remaining lease term and weighted-average discount rate used to calculate the present value of lease liabilities are as follows for the year ended June 30, 2024:

Weighted-average remaining lease term – operating leases	3.93
Weighted-average discount rate – operating leases	4.09%

Lease maturities

The following table summarizes the maturity of the Rancho Coastal's operating lease liabilities as of June 30, 2024:

Years Ending June 30,	
2025	$ 206,317
2026	216,328
2027	226,936
2028	145,825
2029	80,329
Total lease payments	875,735
Less: imputed interest	(178,681)
Lease payments, net	$ 697,054


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