Report of Independent Auditors and
Financial Statements

Rancho Coastal Humane Society

June 30, 2026 and 2025

bakertilly

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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, 2026 and 2025, 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, 2026 and 2025, 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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.

Baker Tilly US, LLP

San Diego, California
October 8, 2026

Financial Statements

Rancho Coastal Humane Society
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,277,498	$ 420,600
Investments	19,999,785	17,164,521
Accounts and other receivables, net	1,326	7,194
Pledges receivable, net	204,678	100,000
Deposits and prepaid expenses	209,618	218,057
Total current assets	22,692,905	17,910,372
NONCURRENT ASSETS		
Pledges receivable, net	-	104,678
Property and equipment, net	13,181,505	13,281,808
Right-of-use lease assets	329,060	501,453
Beneficial interest in endowment funds	758,635	659,655
Total noncurrent assets	14,269,200	14,547,594
Total assets	$ 36,962,105	$ 32,457,966

See accompanying notes.

Rancho Coastal Humane Society
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 477,599	$ 614,439
Right-of-use lease liability, current	189,821	216,328
Total current liabilities	667,420	830,767
LONG TERM LIABILITIES		
Right-of-use lease liability, noncurrent	219,295	343,028
Total long term liabilities	219,295	343,028
Total liabilities	886,715	1,173,795
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS		
Without donor restrictions		
Undesignated	15,633,962	14,787,937
Board designated – endowment	19,034,234	15,509,825
Total without donor restrictions	34,668,196	30,297,762
With donor restrictions	1,407,194	986,409
Total with donor restrictions	1,407,194	986,409
Total net assets	36,075,390	31,284,171
Total liabilities and net assets	$ 36,962,105	$ 32,457,966

See accompanying notes.

Rancho Coastal Humane Society
Statement of Activities
Year Ended June 30, 2026

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	$ 7,237,784	$ 376,363	$ 7,614,147
In-kind contributions	23,533	-	23,533
Thrift shop revenues and support			
Thrift shop revenue	1,831,307	-	1,831,307
Donated thrift store merchandise	1,705,336		1,705,336
Adoption, kennel, and retail store	143,523	-	143,523
Rental income	87,564	-	87,564
Kids programs	50,084	-	50,084
Other income	121,741	-	121,741
Investment income	3,096,872	109,422	3,206,294
Net assets released from restrictions	65,000	(65,000)	-
Total revenues and support	14,362,744	420,785	14,783,529
EXPENSES			
Program Services			
Animal programs	4,089,621	-	4,089,621
Vet Care	799,428		799,428
Animal safehouse	114,053	-	114,053
Education	289,854	-	289,854
Volunteer	214,554	-	214,554
Thrift store	3,096,191	-	3,096,191
Community	346,439	-	346,439
Capital project	5,534	-	5,534
Total program services	8,955,674	-	8,955,674
Supporting Services			
Management and general	834,281	-	834,281
Fundraising	202,355	-	202,355
Total supporting services	1,036,636	-	1,036,636
Total expenses	9,992,310	-	9,992,310
CHANGE IN NET ASSETS	4,370,434	420,785	4,791,219
NET ASSETS, beginning of year	30,297,762	986,409	31,284,171
NET ASSETS, end of year	$ 34,668,196	$ 1,407,194	$ 36,075,390

See accompanying notes.

Rancho Coastal Humane Society
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	$ 4,504,919	$ 1,445,209	$ 5,950,128
In-kind contributions	32,270	-	32,270
Thrift shop revenues and support			
Thrift shop revenue	1,688,324	-	1,688,324
Donated thrift store merchandise	1,608,392		1,608,392
Adoption, kennel, and retail store	120,752	-	120,752
Rental income	73,225	-	73,225
Kids programs	33,755	-	33,755
Other income	4,059	-	4,059
Investment income	2,008,199		2,008,199
Net assets released from restrictions	3,036,173	(3,036,173)	-
Total revenues and support	13,110,068	(1,590,964)	11,519,104
EXPENSES			
Program Services			
Animal programs	3,233,714	-	3,233,714
Animal safehouse	90,370	-	90,370
Education	200,951	-	200,951
Volunteer	228,077	-	228,077
Thrift store	2,865,488	-	2,865,488
Community	1,126,144	-	1,126,144
Capital project	416,575	-	416,575
Total program services	8,161,319	-	8,161,319
Supporting Services			
Management and general	620,402	-	620,402
Fundraising	148,685	-	148,685
Total supporting services	769,087	-	769,087
Total expenses	8,930,406	-	8,930,406
CHANGE IN NET ASSETS	4,179,662	(1,590,964)	2,588,698
NET ASSETS, beginning of year	26,118,100	2,577,373	28,695,473
NET ASSETS, end of year	$ 30,297,762	$ 986,409	$ 31,284,171

See accompanying notes.

Rancho Coastal Humane Society
Statement of Functional Expenses
Year Ended June 30, 2026

	Program Services									Supporting Services			
	Animal Programs	Vet Care Program	Animal Safehouse	Education	Volunteer	Thrift Store	Community	Capital Project	Total	Management and General	Fundraising	Total	Total
SALARIES AND RELATED EXPENSES													
Salaries and wages	$ 2,549,794	$ -	$ 74,481	$ 90,715	$ 137,437	$ 759,440	$ 248,143	$ -	$ 3,860,010	$ 88,080	$ 32,500	$ 120,580	$ 3,980,590
Payroll taxes and employee benefits	464,072	-	11,861	12,271	31,290	153,178	37,363	-	710,035	123,960	3,575	127,535	837,570
Total salaries and related expenses	3,013,866	-	86,342	102,986	168,727	912,618	285,506	-	4,570,045	212,040	36,075	248,115	4,818,160
OPERATING EXPENSES													
Adoption and retail expenses	10,027	-	-	452	-	-	-	-	10,479	-	-	-	10,479
Adoption promotion	40,554	-	-	-	-	-	-	-	40,554	-	-	-	40,554
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile expense	30,732	-	370	-	3,371	12,846	-	-	47,319	470	150	620	47,939
Bank charges	4,428	-	-	1,538	-	65,798	1,165	-	72,929	51,696	83	51,779	124,708
Community events	-	-	-	-	-	-	7,892	-	7,892	-	422	422	8,314
Community medical	-	-	-	-	-	-	43,491	-	43,491	-	-	-	43,491
Cost of goods sold	-	-	-	-	-	1,709,779	-	-	1,709,779	-	-	-	1,709,779
Depreciation	320,945	-	-	160,472	32,094	-	-	-	513,511	128,378	-	128,378	641,889
Dues and subscriptions	13,472	-	50	100	1,776	3,911	3,588	-	22,897	37,454	10,053	47,507	70,404
Equipment rental	-	-	-	-	-	-	-	-	-	-	-	-	-
In-kind expenses	22,891	-	-	-	-	-	-	-	22,891	-	-	-	22,891
Insurance	-	-	-	-	-	-	-	-	-	80,372	-	80,372	80,372
Kennel expense	89,007	-	-	-	-	-	-	-	89,007	-	-	-	89,007
Miscellaneous	4,801	-	-	852	-	558	418	-	6,629	12,674	-	12,674	19,303
Office expense	23,000	4,628	-	-	-	361	1,382	-	29,371	4,055	-	4,055	33,426
Postage	2,070	-	-	-	-	77	-	-	2,147	454	-	454	2,601
Printing and publication	15,700	-	318	75	3,400	1,192	892	-	21,577	11,409	18,434	29,843	51,420
Professional services	63,989	6,638	12,299	-	-	544	-	5,534	89,004	265,133	-	265,133	354,137
Rent	-	-	-	-	-	310,311	-	-	310,311	5,625	-	5,625	315,936
Repairs and maintenance	22,747	-	-	-	174	-	-	-	22,921	-	300	300	23,221
Shelter cleaning and maintenance	118,196	9,947	-	9,111	-	16,411	293	-	153,958	3,135	-	3,135	157,093
Special event expenses	430	-	-	-	-	-	-	-	430	-	135,660	135,660	136,090
Staff expense	1,254	-	-	-	-	951	-	-	2,205	6,450	-	6,450	8,655
Supplies and program costs	186,172	93	9,898	8,607	1,061	29,887	-	-	235,718	-	-	-	235,718
Taxes and licenses	1,785	-	-	1,000	-	24	1,338	-	4,147	405	1,178	1,583	5,730
Telephone, web and internet	24,377	1,155	4,776	4,661	3,951	7,005	169	-	46,094	3,402	-	3,402	49,496
Utilities and trash removal	79,178	-	-	-	-	23,918	305	-	103,401	11,129	-	11,129	114,530
Veterinary care and medicine	-	776,967	-	-	-	-	-	-	776,967	-	-	-	776,967
Total operating expenses	1,075,755	799,428	27,711	186,868	45,827	2,183,573	60,933	5,534	4,385,629	622,241	166,280	788,521	5,174,150
Total expenses	$ 4,089,621	$ 799,428	$ 114,053	$ 289,854	$ 214,554	$ 3,096,191	$ 346,439	$ 5,534	$ 8,955,674	$ 834,281	$ 202,355	$ 1,036,636	$ 9,992,310

See accompanying notes.

Rancho Coastal Humane Society
Statement of Functional Expenses
Year Ended June 30, 2025

	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	$ 1,989,002	$ 63,147	$ 76,448	$ 168,583	$ 703,626	$ 149,972	$ -	$ 3,150,778	$ 109,266	$ 67,500	$ 176,766	$ 3,327,544
Payroll taxes and employee benefits	366,360	5,486	16,426	30,393	124,399	16,485	-	559,549	134,672	7,425	142,097	701,646
Total salaries and related expenses	2,355,362	68,633	92,874	198,976	828,025	166,457	-	3,710,327	243,938	74,925	318,863	4,029,190
OPERATING EXPENSES												
Adoption and retail expenses	5,429	-	-	-	-	-	-	5,429	-	-	-	5,429
Adoption promotion	50,000	-	-	-	-	-	-	50,000	-	-	-	50,000
Advertising	837	-	-	-	-	-	-	837	462	16,634	17,096	17,933
Automobile expense	18,115	209	-	1,455	9,220	-	-	28,999	-	-	-	28,999
Bank charges	4,391	-	-	-	44,078	-	143	48,612	34,212	15	34,227	82,839
Cost of goods sold	-	-	-	-	1,608,392	-	-	1,608,392	-	-	-	1,608,392
Depreciation	189,538	-	94,769	18,954	-	-	-	303,261	75,815	-	75,815	379,076
Dues and subscriptions	15,140	200	1,005	1,672	7,364	-	-	25,381	27,109	27,499	54,608	79,989
Equipment rental	-	-	-	-	-	-	163,095	163,095	-	-	-	163,095
In-kind expenses	32,270	-	-	-	-	-	-	32,270	-	-	-	32,270
Insurance	1,240	-	975	-	72	-	-	2,287	50,657	1,142	51,799	54,086
Kennel expense	68,971	-	-	-	-	-	-	68,971	-	-	-	68,971
Miscellaneous	11,668	-	-	495	-	-	6,880	19,043	6,406	47	6,453	25,496
Office expense	12,881	-	562	-	11	-	3	13,457	4,379	49	4,428	17,885
Postage	1,262	-	-	-	-	-	-	1,262	1,982	1,339	3,321	4,583
Printing and publication	4,688	-	-	-	2,771	170	8,314	15,943	289	11,824	12,113	28,056
Professional services	139,310	8,615	540	-	1,029	4,136	146,218	299,848	159,845	-	159,845	459,693
Rent	-	-	-	-	299,942	-	-	299,942	4,687	-	4,687	304,629
Repairs and maintenance	75,214	-	407	93	7,469	-	91,922	175,105	1,257	-	1,257	176,362
Shelter cleaning and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Special event expenses	560	-	-	-	-	-	-	560	-	15,211	15,211	15,771
Staff expense	799	-	-	236	2,224	-	-	3,259	2,938	-	2,938	6,197
Supplies and program costs	114,180	9,295	1,703	3,446	16,109	4,766	-	149,499	-	-	-	149,499
Taxes and licenses	-	-	-	-	-	-	-	-	-	-	-	-
Telephone, web and internet	130,957	3,418	8,116	2,750	38,782	913	-	184,936	4,093	-	4,093	189,029
Utilities and trash removal	-	-	-	-	-	-	-	-	2,333	-	2,333	2,333
Veterinary care and medicine	902	-	-	-	-	949,702	-	950,604	-	-	-	950,604
Total operating expenses	878,352	21,737	108,077	29,101	2,037,463	959,687	416,575	4,450,992	376,464	73,760	450,224	4,901,216
Total expenses	$ 3,233,714	$ 90,370	$ 200,951	$ 228,077	$ 2,865,488	$ 1,126,144	$ 416,575	$ 8,161,319	$ 620,402	$ 148,685	$ 769,087	$ 8,930,406

See accompanying notes.

Rancho Coastal Humane Society
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,791,219	$ 2,588,698
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	641,889	379,076
Endowment contribution	(30,467)	-
Non-cash operating lease expense	172,393	166,613
Net realized and unrealized (gains) on investments	(3,076,602)	(1,931,123)
Beneficial interest (gains)	(98,980)	(57,274)
(Increase) decrease in operating assets		
Accounts and other receivables, net	5,868	113,115
Pledges receivable, net	-	(102,107)
Deposits and prepaid expenses	8,439	(2,797)
Increase (decrease) in operating liabilities	-	
Accounts payable and accrued expenses	(136,840)	(830,442)
Change in right-of-use lease liability	(150,240)	(137,698)
Net cash provided by operating activities	2,126,679	186,061
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	2,969,823	3,517,126
Purchases of investments	(2,728,485)	(630,435)
Construction of buildings	(541,586)	(3,729,377)
Purchases of property and equipment	-	(35,000)
Net cash used in investing activities	(300,248)	(877,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contribution	30,467	-
Net cash (used in) provided by financing activities	30,467	-
Net (decrease) increase in cash and cash equivalents	1,856,898	(691,625)
CASH AND CASH EQUIVALENTS, beginning of year	420,600	1,112,225
CASH AND CASH EQUIVALENTS, end of year	$ 2,277,498	$ 420,600

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 overpopulation 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 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 neonatal 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 shop – 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 shop, as detailed in the statement of activities, include sales of merchandise and in-kind revenue derived from donated merchandise. Expenses of the thrift shop 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.

Community Medical Program - Rancho Coastal launched its Community Medical Program in June 2025, providing high-quality, accessible veterinary care to underserved companion animals in the community. This Program offers low-cost spay/neuter services for rescue partners, medical care for pets in the Senior Vet Care Program, and owner-present euthanasia services for the community at large. The Program also supports Dogs on Deployment and hosts quarterly clinics, offering free vaccinations and microchips, pet food and supplies, Ask-A-Trainer advice and training resources, licensing services, and spay/neuter vouchers. The Program's goal is to keep community pets healthy, out of the shelters, and with their families.

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 Board-Designated Endowment, and a Contingency Fund of $500,000.

- *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.

Reclassifications –Certain reclassifications were made to the fiscal year 2025 amounts to conform to the fiscal year 2026 presentation related to functional expense allocation and certain footnotes.

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

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. 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. Realized and unrealized gains and losses are reflected in the statements of activities as gain (loss) on investments.

Pledges receivable – Pledges represent unconditional promises by donors to transfer asset(s) to Rancho Coastal. 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 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 collectible as of June 30, 2026 and 2025, and therefore, no allowance was recorded.

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 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 $641,889 and $379,076 for the years ended June 30, 2026 and 2025, 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 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 2026 and 2025.

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 Foundation). The interest is recorded at fair value based on the underlying assets in the fund, as reported by the 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 years ending June 30:

	2026	2025
Thrift shop merchandise	$ 1,705,336	$ 1,608,392
Supplies	23,533	32,270
Total in-kind contributions	$ 1,728,869	$ 1,640,662

Contributed thrift shop merchandise received by Rancho Coastal is recorded as in-kind contribution revenue with a corresponding incssrease 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. Gift 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, 2026 and 2025, 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 23701d 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 Returns of Organization Exempt from Income Tax for the years ended June 30, 2026, 2025, 2024, and 2023, 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 two donors accounted for 44% of total contributions for the year ended June 30, 2026. Contributions from three donors accounted for 42% of total contributions for the year ended June 30, 2025. These donations were made through estate gifts and the State of California for the years ended June 30, 2026 and 2025.

Subsequent events – In preparing these financial statements, Rancho Coastal has evaluated events and transactions for potential recognition or disclosure through October 8, 2026, 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. Funds with donor-imposed restrictions that are not perpetual are considered available for general expenditures. The table below presents financial assets available for general expenditures within one year at June 30:

	2026	2025
Cash and cash equivalents	$ 2,277,498	$ 420,600
Investments	19,999,785	17,164,521
Accounts and other receivable	1,326	7,194
Pledges receivable, current	204,678	100,000
Total financial assets	22,483,287	17,692,315
Less assets unavailable for general expenditures		
Endowment assets included in investments	(814,806)	(784,339)
Cash and investments held for board-designated purposes	(19,034,234)	(15,509,825)
Financial assets available to meet cash needs for general expenditures for one year	$ 2,634,247	$ 1,398,151

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 11. Rancho Coastal's governing board has designated a portion of its resources without donor restrictions for a Quasi-Endowment Fund, and Contingency 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:

	2026	2025
Current		
Due in less than one year	$ 204,678	$ 100,000
Total current	204,678	100,000
Noncurrent		
Due in one-to-five years	-	104,678
Total noncurrent, net	-	104,678
Total pledges receivable, net	$ 204,678	$ 204,678

All amounts are current during the year ended June 30, 2026, and as a result no discount was recorded. The discount amount for the noncurrent receivable balance as of June 30, 2025, was not considered material to the financial statements as a whole, and as a result, no discount has been recorded.

Note 5 – Fair Value Measurements

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

	2026			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds				
Equity funds	$ 14,072,622	$ -	$ -	$ 14,072,622
Fixed income funds	5,927,163	-	-	5,927,163
Beneficial interest in endowment funds	-	-	758,635	758,635
Total fair value	$ 19,999,785	$ -	$ 758,635	$ 20,758,420

	2025			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds				
Equity funds	$ 11,071,022	$ -	$ -	$ 11,071,022
Fixed income funds	6,093,499	-	-	6,093,499
Beneficial interest in endowment funds	-	-	659,655	659,655
Total fair value	$ 17,164,521	$ -	$ 659,655	$ 17,824,176

The reconciliation of 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:

2026		
Instrument	Fair Value	Principal Valuation Technique
Beneficial interest in endowment funds	$ 758,635	Valuation of underlying assets as provided by San Diego Foundation

2025		
Instrument	Fair Value	Principal Valuation Technique
Beneficial interest in endowment funds	$ 659,655	Valuation of underlying assets as provided by San Diego Foundation

The beneficial interest is measured at fair value based on the Rancho Coastal's proportionate interest in the underlying assets held and reported by the Foundation. Because the Organization uses third-party pricing information without adjustment, quantitative information regarding significant unobservable inputs has not been developed by the Organization.

Note 6 – Investments

Investments consist of the following at June 30:

	2026	2025
Equity funds	$ 14,072,622	$ 11,071,022
Fixed income funds	5,927,163	6,093,499
Total investments	$ 19,999,785	$ 17,164,521

Note 7 – Property and Equipment

	2026	2025
Land and land improvements	$ 1,393,342	$ 1,110,621
Buildings and improvements	13,323,687	13,309,852
Machinery and equipment	981,509	742,286
Office equipment	270,716	264,910
Vehicles	253,575	253,575
Construction in progress	-	-
Total property and equipment	16,222,829	15,681,244
Less: accumulated depreciation	(3,041,324)	(2,399,436)
Property and equipment, net	$ 13,181,505	$ 13,281,808

Note 8 – Board-Designated Net Assets

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. Effective April 21, 2026, the annual withdrawal rate from the Endowment was increased from three percent (3%) to five percent (5%) of the average market value of the 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 $19,034,234 and $15,509,825 at June 30, 2026 and 2025, respectively.

Board-Designated Reserve Net Assets - Effective April 21, 2026, Rancho Coastal's Investment Policy defined a Contingency Fund separate from the Quasi-Endowment Fund. The Contingency Fund is maintained as part of current cash holdings at the level required by the Cash Policy and is separately designated in financial reporting. It may be used, upon an affirmative vote of the Finance Committee, to fund Rancho Coastal's operations during a period of adverse financial performance and is to be replenished if circumstances permit. The Cash Policy provides for a minimum Contingency Fund balance of $500,000.

Note 9 – Beneficial Interest in Endowment Funds

Rancho Coastal has a beneficial interest in endowment funds held by the Foundation, which is classified as with donor restrictions and must be maintained in perpetuity. The beneficial interest in endowment funds held by the 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, 7% real estate, 3% real assets, and 6% private credit. The activity in the beneficial interest in endowment funds consisted of the following for the years ended June 30:

	2026	2025
Balance, beginning of year	$ 659,655	$ 602,381
Investment income	98,980	57,274
Balance, end of year	$ 758,635	$ 659,655

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:

	2026	2025
Subject to expenditure for specified purpose		
Treatment of cats	$ 150,826	$ 144,265
Animal rescue	121,797	57,805
Vet care program	180,177	-
Accumulated endowment earnings	109,422	-
Senior for senior program	30,166	-
Total subject to expenditure for specified purpose	592,388	202,070
Perpetual in nature		
Beneficial interest in endowment funds – corpus	208,112	208,112
Treatment of cats	606,694	576,227
Total net assets with donor restrictions	$ 1,407,194	$ 986,409

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

	2026	2025
Purpose restrictions fulfilled		
Capital	$ -	$ 3,036,173
Total net assets released from restrictions	$ -	$ 3,036,173

Note 11 – Endowment Net Assets

The beneficial interest in endowment funds held by 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 expected total return from income and the appreciation and depreciation of investments

The Foundation's endowment funds are invested in a diversified portfolio of equity and debt securities, which is structured for long-term total return. 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 June 30:

	Without Donor Restrictions		With Donor Restrictions		
	Board Designated Endowment	Accumulated Gains (Losses)	Original Gift Held in Perpetuity	Accumulated Gains (Losses)	Total Endowment Assets
Donor restricted endowment funds	$ -	$ 451,543	$ 784,339	$ -	$ 1,235,882
Board designated endowment funds	15,509,825	-	-	-	15,509,825
Endowment net assets, June 30, 2025	$ 15,509,825	$ 451,543	$ 784,339	$ -	$ 16,745,707
Donor restricted endowment funds	$ -	$ 550,523	$ 814,806	$ 109,422	$ 1,474,751
Board designated endowment funds	19,034,234	-	-	-	19,034,234
Endowment net assets, June 30, 2026	$ 19,034,234	$ 550,523	$ 814,806	$ 109,422	$ 20,508,985

Changes in endowment net assets for the years ended June 30:

	Without Donor Restrictions		With Donor Restrictions		
	Board Designated Endowment	Accumulated Gains (Losses)	Original Gift Held in Perpetuity	Accumulated Gains (Losses)	Total Endowment Assets
Endowment net assets, June 30, 2024	$ 12,449,996	$ 394,269	$ 784,339	$ -	$ 13,628,604
Contributions	3,284,474	-	-	-	3,284,474
Distribution	(224,645)	(2,853)	-	-	(227,498)
Investment income	-	60,127	-	-	60,127
Endowment net assets, June 30, 2025	15,509,825	451,543	784,339	-	16,745,707
Contributions	3,901,465	-	30,467	-	3,931,932
Distribution	(377,056)	-	-	-	(377,056)
Investment income	-	98,980	-	109,422	208,402
Endowment net assets, June 30, 2026	$ 19,034,234	$ 550,523	$ 814,806	$ 109,422	$ 20,508,985

Note 12 – Lease

Rancho Coastal leases out the Doggie Daycare facility under an operating lease through May 31, 2028. Rental income totaled $87,564 and $73,225 for the years ended June 30, 2026 and 2025, 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 $68,055 and $55,249 for the years ended June 30, 2026 and 2025, 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 $329,060 and $501,453 as of June 30, 2026 and 2025, respectively, represent Rancho Coastal's right to use an underlying asset for the lease term. Lease liabilities of $409,116 and $559,356 as of June 30, 2026 and 2025, 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, 2026:

Weighted-average remaining lease term – operating leases	2.14
Weighted-average discount rate – operating leases	4.11%

Lease maturities

The following table summarizes the maturity of Rancho Coastal's operating lease liabilities as of June 30, 2026:

Years Ending June 30,	
2027	$ 189,821
2028	145,825
2029	80,329
Total lease payments	415,975
Less: imputed interest	(6,859)
Lease payments, net	$ 409,116

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