Humane Society of Tampa Bay, Inc.

Financial Statements

December 31, 2025 and 2024

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HUMANE SOCIETY OF TAMPA BAY, INC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humane Society of Tampa Bay, Inc
Tampa, Florida

Opinion

We have audited the accompanying financial statements of Humane Society of Tampa Bay, Inc (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humane Society of Tampa Bay, Inc as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Humane Society of Tampa Bay, Inc. 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.

Emphasis of Matter

As discussed in **NOTE C** to the financial statements, the Organization acquired the net assets of Humane Society of Pinellas, Inc. on December 31, 2025. This transaction had a material effect on the Organization's financial position at December 31, 2025. Our opinion is not modified with respect to that matter.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PDR CPAs + Advisors

Oldsmar, Florida
May 4, 2026

HUMANE SOCIETY OF TAMPA BAY, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,241,123	$ 1,013,450
Investments	18,229,827	9,854,436
Contributions receivable	320,500	-
Accounts receivable, net of allowance for credit losses of $28,665 and $23,521 for 2025 and 2024, respectively	131,173	164,608
Inventory	265,408	183,643
Prepaid expenses	224,738	171,307
Total Current Assets	22,412,769	11,387,444
Beneficial interest in Community Foundation	366,380	153,105
Right-of-use asset, operating leases	205,597	20,691
Investment in commercial property	42,500	42,500
Property and equipment, net	35,638,900	18,992,567
Deposits	36,830	25,031
Total Noncurrent Assets	36,290,207	19,233,894
Total Assets	$ 58,702,976	$ 30,621,338
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 2,501,293	$ 1,686,038
Operating lease liability, current portion	57,401	20,691
Deferred revenue	272,780	193,190
Total current liabilities	2,831,474	1,899,919
Operating lease liability, long-term portion	148,801	-
Total liabilities	2,980,275	1,899,919
Net Assets		
Without donor restrictions:		
Board designated for endowment	18,229,827	9,854,436
Invested in property and equipment	35,638,900	18,992,567
Undesignated	1,521,076	(1,313,546)
Total Net Assets Without Donor Restrictions	55,389,803	27,533,457
With donor restrictions		
Purpose restrictions - investment	167,039	153,105
Purpose restrictions - programs and capital projects	165,859	1,034,857
Total Net Assets With Donor Restrictions	332,898	1,187,962
Total Net Assets	55,722,701	28,721,419
Total Liabilities and Net Assets	$ 58,702,976	$ 30,621,338

See accompanying notes to financial statements

HUMANE SOCIETY OF TAMPA BAY, INC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenues and Other Support				
Public support:				
Contributions	$ 11,254,345	$ 161,017	$ 11,415,362	$ 8,177,953
Grants	70,966	-	70,966	136,632
Contributed nonfinancial assets	491,956	-	491,956	338,378
Special events, net of direct costs of $765,507 and $591,544 for 2025 and 2024, respectively	1,413,898	-	1,413,898	1,158,311
Net assets released from restrictions	1,030,016	(1,030,016)	-	-
Total public support	14,261,181	(868,999)	13,392,182	9,811,274
Program:				
Product sales, net of cost of goods sold of $1,347,200 and $1,410,178 for 2025 and 2024, respectively	936,841	-	936,841	872,761
Program services fees, net of discounts	6,097,847	-	6,097,847	5,702,191
Other income	35,950	-	35,950	66,261
Total program	7,070,638	-	7,070,638	6,641,213
Total revenues and other support	21,331,819	(868,999)	20,462,820	16,452,487
Expenses				
Program services:				
Shelter/Adoption Center	6,722,694	-	6,722,694	6,205,490
Community Outreach	1,443,437	-	1,443,437	1,272,833
Animal Hospital	5,327,955	-	5,327,955	5,042,921
Total Program Services	13,494,086	-	13,494,086	12,521,244
Support Services:				
Management and general	775,921	-	775,921	661,761
Fundraising	1,291,572	-	1,291,572	1,325,149
Total Support Services	2,067,493	-	2,067,493	1,986,910
Total expenses	15,561,579	-	15,561,579	14,508,154
Change in Net Assets Before Other Changes	5,770,240	(868,999)	4,901,241	1,944,333
Other Changes in Net Assets				
Investment return	860,569	13,935	874,504	750,771
Contributed net assets - Humane Society of Pinellas, Inc.	21,225,537	-	21,225,537	-
Total other changes in net assets	22,086,106	13,935	22,100,041	750,771
Change in Net Assets	27,856,346	(855,064)	27,001,282	2,695,104
Net Assets at Beginning of Year	27,533,457	1,187,962	28,721,419	26,026,315
Net Assets at End of Year	$ 55,389,803	$ 332,898	$ 55,722,701	$ 28,721,419

See accompanying notes to financial statements

HUMANE SOCIETY OF TAMPA BAY, INC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Public support:			
Contributions	$ 7,144,436	$ 1,033,517	$ 8,177,953
Grants	136,632	-	136,632
Contributed nonfinancial assets	338,378	-	338,378
Special events, net of direct costs of $591,544	1,158,311	-	1,158,311
Net assets released from restrictions	188,235	(188,235)	-
Total public support	8,965,992	845,282	9,811,274
Program:			
Product sales, net of cost of goods sold of $1,410,178	872,761	-	872,761
Program services fees, net of discounts	5,702,191	-	5,702,191
Other income	66,261	-	66,261
Total program	6,641,213	-	6,641,213
Total revenues and other support	15,607,205	845,282	16,452,487
Expenses			
Program services:			
Shelter/Adoption Center	6,205,490	-	6,205,490
Community Outreach	1,272,833	-	1,272,833
Animal Hospital	5,042,921	-	5,042,921
Total Program Services	12,521,244	-	12,521,244
Support Services:			
Management and general	661,761	-	661,761
Fundraising	1,325,149	-	1,325,149
Total Support Services	1,986,910	-	1,986,910
Total expenses	14,508,154	-	14,508,154
Change in Net Assets Before Other Changes	1,099,051	845,282	1,944,333
Other Changes in Net Assets			
Investment return	738,765	12,006	750,771
Change in Net Assets	1,837,816	857,288	2,695,104
Net Assets at Beginning of Year	25,695,641	330,674	26,026,315
Net Assets at End of Year	$ 27,533,457	$ 1,187,962	$28,721,419

See accompanying notes to financial statements

HUMANE SOCIETY OF TAMPA BAY, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program Services				Support Services			
	Shelter/ Adoption Center	Community Outreach	Animal Hospital	Total Program Services	Management and General	Fundraising/ Development	Total Support Services	Total Expenses
Labor expenses								
Salaries	$ 2,600,411	$ 466,381	$ 2,870,060	$ 5,936,852	$ 520,563	$ 288,185	$ 808,748	$ 6,745,600
Payroll taxes	197,771	34,012	209,692	441,475	37,545	21,244	58,789	500,264
Employee benefits	300,942	34,811	320,266	656,019	59,902	20,459	80,361	736,380
Total salaries and related expenses	3,099,124	535,204	3,400,018	7,034,346	618,010	329,888	947,898	7,982,244
Other expenses								
Professional fees	113,184	15,836	647,198	776,218	22,689	34,456	57,145	833,363
Contract services	111,810	40,998	44,120	196,928	3,540	330	3,870	200,798
Printing and publications	29,864	11,397	8,504	49,765	1,009	5,857	6,866	56,631
Dues and subscriptions	5,236	24,532	4,870	34,638	4,346	3,499	7,845	42,483
Advertising	2,130	-	846	2,976	2,500	732	3,232	6,208
Direct Mail/newsletter	7,361	14,723	3,680	25,764	-	487,153	487,153	512,917
Occupancy	221,929	27,143	80,522	329,594	14,155	27,143	41,298	370,892
Repairs and maintenance	274,031	9,807	87,192	371,030	4,324	6,242	10,566	381,596
Program supplies	1,595,548	426,994	519,947	2,542,489	-	598	598	2,543,087
In-kind goods and services	156,760	215,143	-	371,903	-	120,053	120,053	491,956
Office expense	308,630	26,219	154,233	489,082	33,529	73,916	107,445	596,527
Travel, training and meetings	18,934	4,906	7,567	31,407	7,077	7,848	14,925	46,332
Recognition	29,864	12,662	11,701	54,227	11,222	3,962	15,184	69,411
Insurance	125,208	20,518	44,984	190,710	9,479	29,123	38,602	229,312
Bank service charges	57,848	-	90,559	148,407	13,240	108,779	122,019	270,426
Credit losses	462	-	4,999	5,461	-	-	-	5,461
Facilities and equipment rental	29,073	8,931	30,270	68,274	7,172	8,931	16,103	84,377
Total other expenses	3,087,872	859,809	1,741,192	5,688,873	134,282	918,622	1,052,904	6,741,777
Total expenses before depreciation	6,186,996	1,395,013	5,141,210	12,723,219	752,292	1,248,510	2,000,802	14,724,021
Depreciation	535,698	48,424	186,745	770,867	23,629	43,062	66,691	837,558
Total expenses	$ 6,722,694	$ 1,443,437	$ 5,327,955	$13,494,086	$ 775,921	$ 1,291,572	$ 2,067,493	$15,561,579

See accompanying notes to financial statements

HUMANE SOCIETY OF TAMPA BAY, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services				Support Services			
	Shelter/ Adoption Center	Community Outreach	Animal Hospital	Total Program Services	Management and General	Fundraising/ Development	Total Support Services	Total Expenses
Labor expenses								
Salaries	$ 2,604,321	$ 466,498	$ 2,713,358	$ 5,784,177	$ 448,861	$ 376,216	$ 825,077	$ 6,609,254
Payroll taxes	197,740	33,196	197,359	428,295	33,221	27,170	60,391	488,686
Employee benefits	298,482	30,501	308,808	637,791	51,668	29,432	81,100	718,891
Total salaries and related expenses	3,100,543	530,195	3,219,525	6,850,263	533,750	432,818	966,568	7,816,831
Other expenses								
Professional fees	38,802	12,250	586,264	637,316	4,315	39,905	44,220	681,536
Contract services	29,496	41,261	2,806	73,563	-	-	-	73,563
Printing and publications	57,632	16,043	37,692	111,367	3,459	26,453	29,912	141,279
Dues and subscriptions	2,956	(374)	24,918	27,500	2,585	4,055	6,640	34,140
Advertising	321	-	-	321	-	750	750	1,071
Direct Mail/newsletter	8,299	16,598	4,322	29,219	-	420,323	420,323	449,542
Occupancy	201,357	20,106	79,690	301,153	18,271	20,106	38,377	339,530
Repairs and maintenance	239,955	11,503	145,574	397,032	9,009	9,444	18,453	415,485
Program supplies	1,405,499	403,370	470,055	2,278,924	-	-	-	2,278,924
In-kind goods and services	95,992	109,306	-	205,298	-	127,916	127,916	333,214
Office expense	306,446	27,948	135,026	469,420	25,392	63,142	88,534	557,954
Travel, training and meetings	15,769	2,960	8,977	27,706	4,079	10,513	14,592	42,298
Recognition	24,466	13,181	11,957	49,604	15,282	1,849	17,131	66,735
Insurance	113,708	19,307	39,737	172,752	8,924	28,400	37,324	210,076
Bank service charges	49,336	-	81,959	131,295	12,457	95,812	108,269	239,564
Credit losses	-	-	11,685	11,685	-	-	-	11,685
Total other expenses	2,590,034	693,459	1,640,662	4,924,155	103,773	848,668	952,441	5,876,596
Total expenses before depreciation	5,690,577	1,223,654	4,860,187	11,774,418	637,523	1,281,486	1,919,009	13,693,427
Depreciation	514,913	49,179	182,734	746,826	24,238	43,663	67,901	814,727
Total expenses	$ 6,205,490	$ 1,272,833	$ 5,042,921	$12,521,244	$ 661,761	$ 1,325,149	$ 1,986,910	$ 14,508,154

See accompanying notes to financial statements

HUMANE SOCIETY OF TAMPA BAY, INC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$27,001,282	$ 2,695,104
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	837,558	814,727
Noncash operating lease expense	49,975	70,849
Contributed net assets - Humane Society of Pinellas, Inc.	(21,225,537)	-
Credit loss expense	5,461	11,685
Gain on disposal of property and equipment	-	(5,000)
Realized and unrealized gains on investments	(532,702)	(486,064)
Change in value in beneficial interest in funds held by others	(13,934)	(5,184)
Contributions restricted for expansion project	(51,408)	(1,402,885)
(Increase) decrease In:		
Pledges receivable	-	1,000
Accounts receivable	43,587	(24,512)
Inventory	(81,765)	(16,679)
Prepaid expenses and other assets	(32,708)	(32,806)
Deposits	-	21
Increase (decrease) In:		
Accounts payable and accrued expenses	535,211	260,141
Change in lease liability	(49,975)	(70,849)
Deferred revenue	79,590	33,255
Net cash provided by operating activities	6,564,635	1,842,803
Cash Flows from Investing Activities:		
Cash payments for the purchase of property and equipment	(3,379,891)	(886,700)
Proceeds from sale of property and equipment	-	5,000
Purchase of investments	(6,737,871)	(8,290,529)
Proceeds from sale of investments	4,700,443	5,735,194
Acquisition of Humane Society of Pinellas, Inc., net cash acquired	1,028,949	-
Net cash used in investing activities	(4,388,370)	(3,437,035)
Cash Flows from Financing Activities:		
Collection of contributions restricted for expansion project	51,408	1,402,885
Net Increase (Decrease) in Cash and Cash Equivalents	2,227,673	(191,347)
Cash and Cash Equivalents at Beginning of Year	1,013,450	1,204,797
Cash and Cash Equivalents at End of Year	$ 3,241,123	$ 1,013,450

See accompanying notes to financial statements

	2025	2024
Non-cash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 210,647	$ -
Noncash assets acquired and liabilities assumed in the acquisition of Humane Society of Pinellas, Inc., net of cash received:		
Contributions receivable	$ 320,500	$ -
Other receivable	15,613	-
Prepaid expenses	20,723	-
Deposits	11,799	-
Property and equipment	14,104,000	-
Investments	5,805,261	-
Beneficial interest in Community Foundation	199,341	-
Right-of-use asset, operating leases	16,089	-
Accounts payable and accrued expenses	(280,044)	-
Operating lease liability	(16,694)	-
	$20,196,588	$ -

See accompanying notes to financial statements

NOTE A - NATURE OF ORGANIZATION

Humane Society of Tampa Bay, Inc. (the Organization) is a not-for-profit corporation organized in 1912, dedicated to ending animal homelessness and providing care and comfort for companion animals in need. In that regard, the Organization operates a Shelter/Adoption Center, an Animal Hospital and various outreach and assistance programs in Tampa, Florida that are funded primarily by contributions from the public.

Shelter/Adoption Center services include sheltering strays and previously owned animals, preventive medical care, treatment of illness and injury, pet microchipping, spaying, and neutering of all animals prior to adoption by pet owners in the community. We also rescued sick and injured animals for the public. The shelter/adoption center saved over 10,631 homeless animals during 2025.

Community Outreach programs include:

Pet Food Pantry provides free pet food and pet supplies to pet owners in need, enabling them to retain their pets instead of surrendering them to shelters.

Animeals program provides pet food delivered monthly to elderly and homebound pet owners.

Shot Clinics offer complimentary immunization shots to assist individuals in maintaining the health of their pets and keeping them in their homes.

Education Center is designed to educate kids who love animals and wish to learn more about animals in our care while spending quality time with them. These programs include Paws for Literacy, Critter Camp, Teen Volunteering, Family Volunteer Days and Girl Scout programs.

Community Cat program utilizes Trap/Neuter/Vaccinate/Release (TNVR) which is a humane method to sterilize and vaccinate feral/community cats and return them to their colonies. TNVR is a proven method to keep these cats healthy, control cat populations, and reduce feline euthanasia in our community.

Animal Hospital provides affordable veterinary care for owned pets. Services include spay/neuter surgery, vaccines, x-rays, wellness care, heartworm treatment, and specialty surgeries. The hospital opened in 2008 and expanded to a full service hospital in 2012. The hospital became the first non-profit veterinary hospital in Florida to earn AAHA certification in 2014 which is the gold standard of veterinary care and continued to have that certification through 2025. The Animal Hospital provided services to approximately 45,000 owned pets in 2025.

On December 31, 2025 the organization obtained control of Humane Society of Pinellas, Inc. See **NOTE C** for further information on the acquisition.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets without donor restrictions include amounts designated by the Board of Directors as a quasi-endowment invested to generate earnings that can be used to pay for operating expenses and capital outlays. The amounts designated by the Board for endowment include contributions received by the Organization that have been earmarked for this fund.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of receivables, net realizable value of inventory, allocation of functional expenses, fair value measurement of investments, useful lives of long-term assets, and the valuation of contributed nonfinancial assets.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are defined as cash on hand and amounts in depository and money market accounts at the bank. Money market funds managed as part of investment accounts are not included.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. The Organization maintains its deposits at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The amounts in excess of the FDIC limit totaled $2,090,687 and $928,298 at December 31, 2025 and 2024, respectively. The Organization has not experienced any losses on its deposits.

Investments that potentially subject the Organization to concentrations of credit risk consist principally of investments in mutual funds, common stocks and preferred stocks. Quarterly portfolio reviews are performed to assist in the detection of any concentrations of risk. Management does not believe that any concentrations in investments exist.

Accounts Receivable and Expected Credit Losses

Accounts receivable represent balances due from grants and from providing services to individuals and to other not-for-profit organizations. Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Management manages credit risk by evaluating each customer's credit worthiness and by requiring prepayments for certain services. Management periodically assesses the collectability of its accounts receivable by reviewing each outstanding balance, as well as bad debt write-offs experienced in the past, and current and developing general economic conditions, and provides for expected credit losses. Determination of delinquent accounts receivable is based upon the contractual terms of the Organization's sales. The Organization provides for expected credit losses through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts receivable were $159,838, $188,129, and $163,376, at December 31, 2025, 2024, and 2023, respectively.

Property and Equipment

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of each asset – animal hospital building and land improvements, 39 years, new shelter building, 50 years, and furniture and equipment, 5-10 years. Acquisitions of buildings and property improvements in excess of $5,000 are capitalized. Acquisitions of furniture and equipment in excess of $1,000 are capitalized.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined principally on the first-in, first-out method. Inventory consists of microchips used for identification through implantation, resale medicines, pet supplies and Humane Society of Tampa Bay branded shirts and caps. Management has determined that an allowance for reducing inventory to net realizable value is not necessary at December 31, 2025 and 2024.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, short term investments, accounts and pledges receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value due to the short-term nature of these instruments.

Deferred Revenue

Revenue from grants are recorded based upon the terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. For the years ended December 31, 2025 and 2024, deferred grant revenue in the amount of $53,504 and $27,990, respectively, are reflected in the statements of financial position for amounts received but not earned.

For the years ended December 31, 2025 and 2024, deferred revenue also includes $183,041 and $129,178, respectively, related to special events yet to be held.

For the years ended December 31, 2025, 2024, and 2023, deferred revenue also includes $36,235, $36,022, and $51,061, respectively, of advance payments from customers at the animal hospital.

Revenue Recognition

Contributions

The Organization reports contributions as pledges receivable when there is an unconditional promise to give, supported by evidence of the amount, timing, and nature of the contributions. Gifts of cash and other assets are reported as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions.

Program Service Fees

Revenue from hospital services, which are usually completed in a single day, are measured based on point-of-sale transactions in which customers purchase the services for consideration and the Organization's performance obligation is simultaneously satisfied. Revenue from adoptions and intake fees are measured at the point of adoption which is when transfer of control of the service to the customer in satisfaction of its performance obligation occurs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition – Continued

Product Sales

Revenue from product sales is measured based on point-of-sale transactions in which customers purchase medications and pet supplies for consideration and control of the products is transferred to the customer in satisfaction of its performance obligation.

Donated Materials and Goods

The Organization records various types of contributed nonfinancial assets. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of goods and property are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or additions to property or inventory.

Unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs. Volunteer hours totaled 223,357 in 2025 and 220,286 in 2024 (unaudited). No amounts have been reported in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

Contributions received in the form of marketable securities are recorded at the fair value of the security at the date of contribution.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statements of functional expenses. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, employee benefits and payroll taxes. Facilities, maintenance, insurance, utilities and depreciation are allocated on a square footage basis.

Leases

The Organization leases office space and certain office equipment under operating leases. The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - Continued

Operating leases are included in right-of-use ("ROU") assets and lease liabilities in the accompanying statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate in the lease when it is readily determinable. Since the Organization's leases do not provide an implicit rate to determine the present value of lease payments, management uses a risk free rate at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

For leases with an initial term of 12 months or less, an ROU asset and lease liability is not recognized and lease expense is recognized on a straight-line basis over the lease term.

Advertising

Advertising costs are expensed as incurred and were $6,208 and $1,071, respectively, for the years ended December 31, 2025 and 2024.

Income Tax Status and Uncertain Tax Positions

The Organization is recognized by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal taxes on related income.

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

NOTE C - ACQUISITION

On December 31, 2025, the Organization obtained control of Humane Society of Pinellas, Inc. (Acquiree), a not-for-profit organization that operates as an animal shelter providing lifesaving services to the community's sick, injured, abused and abandoned pets and wildlife. The transaction was accounted for as an acquisition in accordance with ASC 958-805, Not-for-Profit Entities - *Business Combinations*, applying the acquisition method guidance in ASC 805, Business Combinations.

No consideration was transferred in connection with this transaction. Accordingly, the excess of the fair value of identifiable assets acquired over the fair value of liabilities assumed was recognized as a contribution in the statement of activities.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed as of the acquisition date.

Cash	$	1,028,949
Contributions receivable		320,500
Other receivable		15,613
Prepaid expenses		20,723
Deposits		11,799
Property and equipment		14,104,000
Investments		5,805,261
Beneficial interest in Community Foundation		199,341
Right-of-use asset, operating leases		16,089
Accounts payable and accrued expenses		(280,044)
Operating lease liability		(16,694)
Total identifiable net assets acquired	$	21,225,537

The contribution recognized in the statement of activities is classified as with or without donor restrictions based on the nature of donor-imposed restrictions, if any, on the net assets acquired.

This joining of the two organizations provides a transformational opportunity for the Humane Society of Tampa Bay, Inc. to:

Save More Lives – Combining resources, expertise and physical capacity will dramatically strengthen the Organization's ability to rescue, treat and place more animals in loving homes.

Keep More Families Together – expand access to pet food support, affordable veterinary care and prevent unnecessary pet surrenders.

Strengthen Community Care – grow our high volume TNVR program to reduce community cat populations humanely and expand humane education programs across Tampa Bay.

Build a Sustainable Future for Animal Welfare – eliminate duplication, maximize efficiencies and channel more resources directly into lifesaving programs. This will build a financially stable, missions-driven organization prepared to lead our community into the next era of humane care.

NOTE C - ACQUISITION - CONTINUED

Noncash amounts recognized in connection with this acquisition are presented as noncash investing and financing activities in the statement of cash flows.

NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date.

	2025	2024
Financial Assets:		
Cash and cash equivalents	$ 3,241,123	$ 1,013,450
Investments	18,229,827	9,854,436
Contributions receivable	320,500	-
Accounts receivable, net	131,173	164,608
Beneficial interest in Community Foundation	366,380	153,105
Total financial assets	22,289,003	11,185,599
Less financial assets unavailable for general expenditures within one year due to:		
Board designated for endowment	18,229,827	9,854,436
Restricted by donors for programs	165,859	1,034,857
Beneficial interest in Community Foundation	167,039	153,105
Total amounts unavailable to management for general expenditures within one year	18,562,725	11,042,398
Financial assets available to meet cash needs for general expenditures within one year	$ 3,726,278	$ 143,201

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Investments included in the board designated endowment are available to meet liquidity needs upon approval by the Organization's board of directors. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments. As described in **NOTE R**, the Organization also has a line-of-credit available to use in meeting financial obligations.

NOTE E - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

The Community Foundation of Tampa Bay, Inc. (Community Foundation) holds funds for which the earnings have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization in accordance with generally accepted accounting standards. These "agency restricted funds" are pooled with the other assets of the Community Foundation for investing purposes.

"Agency restricted funds" which were established for the Organization within the Community Foundation had fair values of $167,039 and $153,105 at December 31, 2025 and 2024, respectively. When the Organization obtained control of the Humane Society of Pinellas, Inc., an additional "Agency fund" with a fair value of $199,341 at December 31, 2025 was acquired. This fund is included in net assets without donor restrictions in the accompanying statements of financial position since the fund was a savings account available for use in operations.

NOTE F - ALLOWANCE FOR CREDIT LOSSES

Activity in the allowance for credit losses for accounts receivable during the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Beginning Balance	$ 23,521	$ 11,596
Credit loss expense	5,461	11,685
Write-offs during the year	(317)	-
Recoveries during the year	-	240
Ending Balance	$ 28,665	$ 23,521

NOTE G - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2025 consist of amounts acquired in the acquisition of the Humane Society of Pinellas, Inc. as described in **NOTE C**. Contributions receivable include an amount due from one donor that represents 94% of the total receivables at December 31, 2025. The contribution receivable from one donor is due in annual installments of $150,000 per year. The Organization expects to collect $170,500 of contributions receivable in 2026 and $150,000 in 2027.

NOTE H - INVESTMENTS

Investments are presented in the financial statements at their fair values and consist of the following at December 31:

	2025		2024	
	Cost	Market	Cost	Market
Cash and cash equivalents	$ 5,497,984	$ 5,497,984	$ 5,428,750	$ 5,428,750
Equities	7,786,870	9,304,885	3,105,407	3,158,415
Fixed income	3,152,293	3,176,970	1,312,972	1,267,271
Alternatives and other	240,790	249,988	-	-
	$ 16,677,937	$ 18,229,827	$ 9,847,129	$ 9,854,436

The following schedule summarizes the investment return for the years ended December 31:

	2025	2024
Interest and dividends	$ 374,688	$ 292,664
Unrealized gain (loss)	541,481	(507,751)
Realized gain (loss)	(8,779)	993,815
Investment fees	(32,886)	(27,957)
	$ 874,504	$ 750,771

Investment securities 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 value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

NOTE I - FAIR VALUE MEASUREMENTS

In accordance with Professional Standards, *Fair Value Measurements* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Professional Standards are described below:

Level 1

- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE I - FAIR VALUE MEASUREMENTS - CONTINUED

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable input and minimize the use of unobservable inputs.

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

- Investments in equities, mutual funds, exchanged traded funds, and money market funds are valued at the closing price on the active market in which the individual securities are traded.

- Beneficial interest in Community Foundation represents funds held in a trust and are valued at the fair value of the investments of the related trust.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2025 and 2024:

	December 31, 2025			
Assets by Designated Type	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Equities	$ 9,304,885	$ 9,304,885	$ -	$ -
Fixed income	3,176,970	3,176,970	-	-
Money market funds	5,497,984	5,497,984	-	-
Alternatives and other	249,988	249,988	-	-
Beneficial interest in Community Foundation	366,380	-	-	366,380
Total fair value	$18,596,207	$18,229,827	$ -	$ 366,380

	December 31, 2024			
Assets by Designated Type	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Equities	$ 3,158,415	$ 3,158,415	$ -	$ -
Fixed income	1,267,271	1,267,271	-	-
Money market funds	5,428,750	5,428,750	-	-
Beneficial interest in Community Foundation	153,105	-	-	153,105
Total fair value	$10,007,541	$ 9,854,436	$ -	$ 153,105

NOTE I - FAIR VALUE MEASUREMENTS - CONTINUED

The following table illustrates a roll-forward for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024:

	2025	2024
Community Foundation of Tampa Bay, Inc. funds at beginning of year	$ 153,105	$ 147,921
Interest and dividends, less fees	2,710	2,115
Contributions and settlements	199,341	-
Gains and losses	17,765	9,892
Distributions	(6,541)	(6,823)
Transfers in and/or out of Level 3	-	-
Community Foundation of Tampa Bay, Inc. funds at end of year	$ 366,380	$ 153,105

The contribution and settlements totaling $199,341 relate to the acquisition of Humane Society of Pinellas, Inc. and represent the fair value, as of December 31, 2025, of funds held by Community Foundation of Tampa Bay, Inc. that were originally attributable to Humane Society of Pinellas, Inc.

NOTE J - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024
Land	$ 4,445,191	$ 2,455,191
Land improvements	538,737	510,237
Buildings and improvements	30,206,600	18,148,367
Furniture and equipment	2,423,256	2,089,755
Construction in progress	3,763,088	689,432
Total property and equipment	41,376,872	23,892,982
Less accumulated depreciation	5,737,972	4,900,415
Total	$ 35,638,900	$ 18,992,567

Depreciation expense was $837,558 and $814,727 for the years ended December 31, 2025 and 2024, respectively.

Construction in progress at December 31, 2025 and 2024 represents amounts paid for construction, engineering, and architecture fees for the animal hospital expansion project. Depreciation will commence when the construction project is completed and placed into service, which is expected to occur during the third quarter of 2026.

NOTE K - LEASES

The Organization leases office space and office equipment under non-cancellable operating leases which expire through April 2030. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has determined these extensions are not reasonably certain to be elected and therefore these extensions are not included in the lease calculations. Total rent expense under these leases was approximately $50,000 and $72,400 for the years ended December 31, 2025 and 2024, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining terms in excess of one year) as of December 31, 2025 are as follows:

Years Ending December 31,	Amount
2026	$ 64,634
2027	47,940
2028	47,940
2029	47,940
2030	15,980
Total undiscounted cash flows	224,434
Less: present value discount	(18,232)
Total lease liabilities	$ 206,202

As of December 31, 2025 and 2024, the weighted-average remaining lease term for the Organization's operating leases was 4.3 and 0.3 years, respectively and the weighted discount rate associated with operating leases was 4.23% and 2.84%, respectively. Cash paid in connection with operating leases was approximately $50,000 and $72,400 for the years ended December 31, 2025 and 2024, respectively. Rent expense incurred by the Organization for short-term leases was approximately $34,400 and $28,600 for the years ended December 31, 2025 and 2024, respectively.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of the Organization are comprised of cash, short-term investments and receivables at December 31, 2025 and 2024 and are available for the following purposes:

	2025	2024
The Community Foundation of Tampa Bay - investment purpose	$ 167,039	$ 153,105
Donor contributions restricted for programs	165,859	89,147
Donor contributions restricted for capital projects	-	945,710
Total net assets with donor restrictions	$ 332,898	$ 1,187,962

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by the occurrence of passage of time or other events specified by donors. The net assets released from restrictions at December 31, 2025 and 2024 were $1,030,016 and $188,235, respectively.

NOTE M - CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets included in the accompanying statements of activities are as follows for each of the years ended December 31:

2025

	Community Outreach	Shelter	Fundraising	Total
Pet food & supplies	$ 215,142	$ 156,760	$ -	$ 371,902
Google grants	-	-	120,054	120,054
	$ 215,142	$ 156,760	$ 120,054	$ 491,956

2024

	Community Outreach	Shelter	Fundraising	Total
Pet food & supplies	$ 109,306	$ 101,156	$ -	$ 210,462
Google grants	-	-	127,916	127,916
	$ 109,306	$ 101,156	$ 127,916	$ 338,378

All donated assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets. Donated supplies, and microchips are valued at the estimated wholesale prices that would be received for selling similar products in the United States. Donated advertising space through Google grants are valued at the market price that would be paid for purchasing advertisement space from Google.

NOTE N - ALLOCATION OF JOINT COSTS

During the years ended December 31, 2025 and 2024, the Organization incurred joint costs of $512,917 and $449,542, respectively, for informational material and activities that included a fundraising appeal. These costs were allocated among the various programs as follows:

	2025	2024
Shelter/Adoption Center	$ 7,361	$ 8,299
Community Outreach	14,723	16,598
Animal Hospital	3,680	4,322
Fundraising and Administration	487,153	420,323
	$ 512,917	$ 449,542

NOTE O - ENDOWMENT

In 2022, the Board of Directors established two endowment funds, one as a safety net for operational shortfalls (Operating Reserve) and one for capital needs and future expansion (Capital Reserve). Both endowments have been funded with board designations of unrestricted net assets as of December 31, 2025 and 2024. In the future, if a donor restricts funds for endowment purposes, those amounts will be reported as with donor restrictions within the endowment funds.

Net Asset Composition by Endowment and Changes in Endowment Net Assets for the Year Ended December 31, 2025 follows:

	December 31, 2025		
Net Assets by Designated Type	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating Reserve	$ 8,569,308	$ -	$ 8,569,308
Capital Reserve	9,660,519	-	9,660,519
Total	$18,229,827	$ -	$ 18,229,827

December 31, 2025	**Operating Reserve**	**Capital Reserve**	**Total**
Endowment net assets, beginning of year	$ 2,479,387	$ 7,375,049	$ 9,854,436
Contributions/Transfers	6,148,659	6,385,870	12,534,529
Grants/Disbursements	(369,317)	(4,625,049)	(4,994,366)
Investment income	47,909	272,381	320,290
Net appreciation (realized and unrealized)	262,670	252,268	514,938
Endowment net assets, end of year	$ 8,569,308	$ 9,660,519	$ 18,229,827

As of December 31, 2025, the Organization obtained control of Humane Society of Pinellas, Inc, and the investments acquired fall under the same investment policy as the Organization. Therefore, the investments acquired of $5,805,261 are included in Contributions/Transfers in the Operating Reserve as of December 31, 2025.

Net Asset Composition by Endowment and Changes in Endowment Net Assets for the Year Ended December 31, 2024 follows:

	December 31, 2024		
Net Assets by Designated Type	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating Reserve	$ 2,479,387	$ -	$ 2,479,387
Capital Reserve	7,375,049	-	7,375,049
Total	$ 9,854,436	$ -	$ 9,854,436

NOTE O - ENDOWMENT - CONTINUED

December 31, 2024	Operating Reserve	Capital Reserve	Total
Endowment net assets, beginning of year	$ 2,162,095	$ 4,650,942	$ 6,813,037
Contributions/Transfers	1,425,683	6,611,490	$ 8,037,173
Grants/Disbursements	(1,472,318)	(4,243,656)	(5,715,974)
Investment income	53,832	190,196	244,028
Net appreciation (realized and unrealized)	310,095	166,077	476,172
Endowment net assets, end of year	$ 2,479,387	$ 7,375,049	$ 9,854,436

Interpretation of Relevant Law

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose. In accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The purposes of the Organization and the donor restricted endowment fund
2) General economic conditions
3) The possible effect of inflation and deflation
4) The expected total return on investment
5) Other resources of the Organization
6) The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted an Investment Policy for endowment assets that attempts to emphasize continued focus on planned giving. The objective is to obtain maximum total return (income and appreciation) of 5% after inflation, over a full market cycle of 3-5 years. Investments are divided between fixed income and equity securities with approximately 30% in fixed income and 70% in equity. In addition, the Organization will avoid investing in companies whose policies or values are in direct contrast to the ideals of the Organization.

Spending Policy

While the principal in the quasi-endowments may be expended with majority vote of the Board of Directors, the Board intends for the principal to not be expended from the Operating Reserve endowment except in an emergency that threatens the survival of the organization. The principal from the Capital Reserve quasi-endowment may be expended with majority vote of the Board of Directors for capital expansion, major capital repairs, equipment, or other purchases of a capital nature.

NOTE P - EMPLOYEE BENEFIT PLAN

The Organization sponsors a Section 401(k) defined contribution pension plan (plan) for the benefit of eligible employees. Employees, who have reached the age of 18 and have been with the Organization for one month meet eligibility. The Plan includes a discretionary employer match subject to the approval of the Board of Directors. The discretionary match for 2025 and 2024 is based on 100% of an employee's plan contribution up to an amount equal to 3% of the employee's salary. The Organization's contribution for the years ended December 31, 2025 and 2024 was $110,713 and $108,792, respectively.

NOTE Q - COMMITMENTS AND CONTINGENCIES

The Organization entered into a long-term agreement for the period September 1, 2018 to October 31, 2026 with a vendor for diagnostic supplies and lab services for the animal hospital and shelter. The Organization is required to make annual minimum purchases of approximately $425,000 with the vendor. For the years ended December 31, 2025 and 2024, the Organization expended $527,475 and $526,855, respectively, for such services.

NOTE R - AVAILABLE LINE OF CREDIT

The Organization has a $1,000,000 bank line of credit available for its periodic borrowing needs. The line of credit expires July 31, 2026. Any borrowings under the line of credit are due on demand and bear interest at Daily SOFR Rate plus 2.75% (6.62% at December 31, 2025). There were no outstanding borrowings on the line of credit at December 31, 2025 and 2024.

NOTE S - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 4, 2026, the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.