# PEGGY ADAMS ANIMAL RESCUE LEAGUE OF THE PALM BEACHES, INC.

## REPORT ON AUDIT OF FINANCIAL STATEMENTS

**For the Year Ended December 31, 2025**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors
Peggy Adams Animal Rescue League
of the Palm Beaches, Inc.
West Palm Beach, Florida

***Opinion***

We have audited the accompanying financial statements of Peggy Adams Animal Rescue League of the Palm Beaches, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, cash flows, and functional expenses for the year 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 Peggy Adams Animal Rescue League of the Palm Beaches, Inc., as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit 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 Peggy Adams Animal Rescue League of the Palm Beaches, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Peggy Adams Animal Rescue League of the Palm Beaches, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 Peggy Adams Animal Rescue League of the Palm Beaches, Inc.'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 Peggy Adams Animal Rescue League of the Palm Beaches, Inc.'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.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida
May 29, 2026

**PEGGY ADAMS ANIMAL RESCUE LEAGUE OF THE PALM BEACHES, INC.**

**STATEMENT OF FINANCIAL POSITION**

***As of December 31, 2025***

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 4,469,386 | $ 236,021 | $ 4,705,407 |
| Investments | 2,019,551 | - | 2,019,551 |
| Accounts receivable | 57,504 | - | 57,504 |
| Pledges receivable, current | 338,500 | 102,806 | 441,306 |
| Mortgage receivable, current | 8,451 | - | 8,451 |
| Inventory | 92,267 | - | 92,267 |
| Prepaid expenses | 325,493 | - | 325,493 |
| Total current assets | 7,311,152 | 338,827 | 7,649,979 |
| Pledges receivable, net | - | 56,267 | 56,267 |
| Mortgage receivable | 53,212 | - | 53,212 |
| Contribution receivable - endowment | - | 3,800,479 | 3,800,479 |
| Investments | 47,408,817 | - | 47,408,817 |
| Beneficial interest in assets held by Community Foundation | - | 838,315 | 838,315 |
| Beneficial interest in trusts | - | 72,545,605 | 72,545,605 |
| Finance lease right-of-use asset , net | 35,347 | - | 35,347 |
| Property and equipment, net | 28,579,691 | - | 28,579,691 |
| Total assets | $ 83,388,219 | $ 77,579,493 | $ 160,967,712 |
| **LIABILITIES AND NET ASSETS** | | | |
| Liabilities: | | | |
| Accounts payable | $ 208,956 | $ - | $ 208,956 |
| Accrued expenses | 313,956 | - | 313,956 |
| Deferred income | 20,429 | - | 20,429 |
| Finance lease obligation, current | 7,627 | - | 7,627 |
| Total current liabilities | 550,968 | - | 550,968 |
| Finance lease obligation | 28,551 | - | 28,551 |
| Total liabilities | 579,519 | - | 579,519 |
| Net assets | 82,808,700 | 77,579,493 | 160,388,193 |
| Total liabilities and net assets | $ 83,388,219 | $ 77,579,493 | $ 160,967,712 |

*See accompanying notes to financial statements.*

*For the Year Ended December 31, 2025*

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|---|---|---|---|
| Support and revenues: | | | |
| Support: | | | |
| Contributions | $ 7,070,088 | $ 1,620,813 | $ 8,690,901 |
| Donated goods and services | 244,148 | - | 244,148 |
| Mail appeal, net | 283,419 | - | 283,419 |
| Revenues: | | | |
| Sheltering and adoption | 680,733 | - | 680,733 |
| Clinic | 1,473,366 | - | 1,473,366 |
| Boutique, net | 33,999 | - | 33,999 |
| Special events: | | | |
| Gross proceeds | 2,914,448 | - | 2,914,448 |
| Less direct benefit costs | (336,015) | - | (336,015) |
| Net proceeds from special events | 2,578,433 | - | 2,578,433 |
| Total support and revenues | 12,364,186 | 1,620,813 | 13,984,999 |
| Net assets released from restrictions | 4,637,512 | (4,637,512) | - |
| | 17,001,698 | (3,016,699) | 13,984,999 |
| Expenses: | | | |
| Program services: | | | |
| Sheltering and adoption | 9,962,002 | - | 9,962,002 |
| Clinic | 1,966,890 | - | 1,966,890 |
| Total program services | 11,928,892 | - | 11,928,892 |
| Supporting services: | | | |
| Management and general | 914,303 | - | 914,303 |
| Fundraising and development | 1,304,282 | - | 1,304,282 |
| Total expenses | 14,147,477 | - | 14,147,477 |
| Change in net assets before other income | 2,854,221 | (3,016,699) | (162,478) |
| Other income (expense): | | | |
| Interest income | 114,201 | - | 114,201 |
| Mortgage interest income | 5,548 | - | 5,548 |
| Interest expense | (1,901) | - | (1,901) |
| Investment income, net | 921,506 | - | 921,506 |
| Net realized and change in unrealized gain on investments | 4,565,617 | - | 4,565,617 |
| Change in value of: | | | |
| Receivables | - | 92,142 | 92,142 |
| Community Foundation | - | 111,066 | 111,066 |
| Beneficial interest in trusts | - | 10,266,984 | 10,266,984 |
| Total other income | 5,604,971 | 10,470,192 | 16,075,163 |
| Change in net assets | 8,459,192 | 7,453,493 | 15,912,685 |
| Net assets, beginning of year | 74,349,508 | 70,126,000 | 144,475,508 |
| Net assets, end of year | $ 82,808,700 | $ 77,579,493 | $ 160,388,193 |

*See accompanying notes to financial statements.*

***For the Year Ended December 31, 2025***

| | |
|---|---|
| Cash flows from operating activities: | |
| Cash received from contributors | $ 12,223,939 |
| Cash received from clinic, sheltering and adoption services | 2,123,590 |
| Cash received from boutique and special events, net | 2,612,432 |
| Cash paid to suppliers and employees | (12,356,142) |
| Interest and investment income, net | 1,041,254 |
| Interest expense | (1,901) |
| Net cash provided by operating activities | 5,643,172 |
| Cash flows from investing activities: | |
| Principal collections on mortgage receivable | 10,772 |
| Proceeds from sale of investments | 9,289,199 |
| Purchase of investments | (15,609,662) |
| Contribution to beneficial interest in assets held by Community Foundation | (126,100) |
| Purchase of property and equipment | (129,222) |
| Net cash used in investing activities | (6,565,013) |
| Cash flows from financing activities: | |
| Principal payments on finance lease obligation | (6,646) |
| Net cash used in financing activities | (6,646) |
| Net change in cash and cash equivalents | (928,487) |
| Cash and cash equivalents, beginning of year | 5,633,894 |
| Cash and cash equivalents, end of year | $ 4,705,407 |

*See accompanying notes to financial statements.*

| | |
|---|---|
| Reconciliation of change in net assets to net cash provided by operating activities: | |
| Change in net assets | $ 15,912,685 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 1,795,582 |
| Finance lease amortization | 7,477 |
| Net realized and change in unrealized gain on investments | (4,565,617) |
| In-kind donation of medical equipment | (30,000) |
| Change in value of: | |
| Receivables | (92,142) |
| Community Foundation | (111,066) |
| Beneficial interest in trusts | (10,266,984) |
| Changes in: | |
| Decrease (increase) in | |
| Accounts receivable | (27,078) |
| Pledges receivable | (3,157) |
| Grants receivable | 50,000 |
| Beneficial interest in charitable trusts | 3,202,775 |
| Inventory | (21,109) |
| Prepaid expenses | (25,965) |
| Increase (decrease) in | |
| Accounts payable | (26,152) |
| Accrued expenses | (152,646) |
| Deferred income | (3,431) |
| Net cash provided by operating activities | $ 5,643,172 |
| Supplemental cash flow information: | |
| Noncash investing and financing transactions | $ 42,824 |

During 2025, the Organization recorded debt, and corresponding right-of-use assets of $42,824 in the form of a finance lease for the right-of-use of two copiers.

*See accompanying notes to financial statements.*

*For the Year Ended December 31, 2025*

| | Program Services | | Supporting Services | | |
|---|---|---|---|---|---|
| | Sheltering and Adoption | Clinic | Management and General | Fundraising | Totals |
| Salaries and related expenses: | | | | | |
| Salaries | $ 4,517,025 | $ 904,364 | $ 485,916 | $ 664,052 | $ 6,571,357 |
| Employee benefits | 560,878 | 122,598 | 58,381 | 54,260 | 796,117 |
| Payroll taxes | 373,011 | 73,320 | 35,957 | 51,203 | 533,491 |
| Total salaries and related expenses | 5,450,914 | 1,100,282 | 580,254 | 769,515 | 7,900,965 |
| Other expenses: | | | | | |
| Advertising and marketing | 20,683 | 6,435 | - | 46,850 | 73,968 |
| Depreciation | 1,526,245 | 179,558 | 53,867 | 35,912 | 1,795,582 |
| Employee costs | 63,972 | 13,979 | 38,471 | 15,720 | 132,142 |
| Event expenses | 13,765 | 11,299 | 1,549 | 64,389 | 91,002 |
| Facility maintenance and repairs | 344,509 | - | - | - | 344,509 |
| Insurance | 329,271 | 38,738 | 11,621 | 7,748 | 387,378 |
| Occupancy costs | 45,361 | 5,337 | 1,601 | 1,067 | 53,366 |
| Office expenses and supplies | 32,719 | 11,974 | 113,203 | 97,513 | 255,409 |
| Outside contractors | 181,329 | 87,258 | 88,379 | 51,333 | 408,299 |
| Printing and promotion | 7,721 | 2,059 | - | 195,148 | 204,928 |
| Program expenses and supplies | 1,339,927 | 438,173 | 2,356 | 673 | 1,781,129 |
| Telephone and internet | 43,602 | 7,182 | 3,583 | 5,375 | 59,742 |
| Utilities | 548,461 | 64,572 | 19,386 | 12,965 | 645,384 |
| Vehicle maintenance | 13,523 | 44 | 33 | 74 | 13,674 |
| Total other expenses | 4,511,088 | 866,608 | 334,049 | 534,767 | 6,246,512 |
| Total functional expenses | $ 9,962,002 | $ 1,966,890 | $ 914,303 | $ 1,304,282 | $ 14,147,477 |

*See accompanying notes to financial statements.*

## 1. *Description of Organization*

The Peggy Adams Animal Rescue League of the Palm Beaches, Inc. (the "Organization") is a nonprofit organization. The Organization was formed to encourage humane treatment of animals and promote animal welfare by providing adoption facilities and medical services to domesticated animals and by community education. The Organization's support comes primarily from individual donors' contributions, distributions from trusts, payments for medical services provided to the animals, and adoption fees. The Organization also operates a boutique store.

## 2. *Summary of Significant Accounting Policies*

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

*Financial Statement Presentation*

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the net assets of the Organization are reporting in each of the following classes:

> Net assets without donor restrictions – Include financial resources 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 Organization's management and the Board of Directors.
>
> Net assts with donor restrictions – Include financial resources that are 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, where the donor has stipulated the funds be maintained in perpetuity.

*Use of Estimates*

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

*Cash and Cash Equivalents*

The Organization considers cash held in checking and money market accounts, and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, other than those held as part of the Organization's investment portfolios.

*Investments*

The Organization reports investments at fair value. Investments as of December 31, 2025 consist primarily of cash and cash equivalents, fixed-income securities, domestic and international equities, emerging markets and real estate. Cash and cash equivalents accounts maintained by the Organization's investment portfolio are part of the Organization's investment policy and are classified as investments.

## *2. <u>Summary of Significant Accounting Policies</u>, continued*

*Investments, continued*

Current investments consist of unrestricted assets conservatively invested in money market, and United States (U.S.) Treasury securities that have a staggered maturity though 2026.

Non-current investments consist of board-designated endowment assets and are managed in accordance with Board approved investment and spending policies. The policies, including the policy establishing the portion of the portfolio to be spent annually, seek to preserve the value of the portfolio in real terms and to generate a reliable flow of earnings for support of the Organization. The investment policy provides for major classes of assets, including cash and cash equivalents, fixed-income securities, domestic and international equities, emerging markets, and commodity exchange-traded funds (ETFs).

Net investment income consists of interest and dividend income, net of $169,124, in external and direct internal investment expenses. Net investment income is reported in the statement of activities as a change in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions.

*Accounts and Mortgage Receivables*

Accounts receivable are recorded at estimated net realizable value and result from the normal course of business. The primary receivable is from Palm Beach County (the "County") for spay and neuter surgery services comprising approximately 90% of the balance at year end. These services are contracted with the County on a multi-year basis with the most current contract being a five-year contract ending on September 30, 2030.

Mortgage receivable consists of one property for which payments are current and ongoing. Furthermore, the mortgage is secured by the property.

The Organization evaluates the collectability of accounts and mortgage receivables in accordance with FASB ASC 326, *Financial Instruments – Credit Losses*. The evaluation includes a review of historical loss experience, the aging of receivables, customer creditworthiness, and current and forecasted economic conditions. Based on this assessment, the Organization has concluded that the risk of credit loss is insignificant, and no allowance for credit losses is deemed necessary as of December 31, 2025. Historically, the Organization has not experienced significant write-offs and expects all outstanding receivables to be fully collected. The Organization continues to monitor credit risk and may adjust its estimates and recognition of credit losses in future periods if conditions change. Note that FASB ASC 326 does not apply to pledges receivable.

*Pledges Receivable*

Pledges receivable in the accompanying statement of financial position consist of donor's unconditional promises to give that are recognized as support and receivable in the period the promise is received. The Organization recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges with payment terms in excess of one year are recorded at the present value of the expected future cash flows. Amortization of the discounts, if any, related to the pledges receivable is recognized over the period of the promise as a contribution. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management. Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any.

***2. Summary of Significant Accounting Policies, continued***

*Inventory*

Inventory is composed of pet supplies held for sale in the boutique primarily as a convenience for adopters, so they don't have to go to a separate store to get the supplies they need to get started with their new pet. They also sell merchandise with the Organization logo. Inventory is recorded at the lower of cost or market value (based on the first-in, first-out method).

*Beneficial Interest in Trusts*

The Organization is a beneficiary of two (2) different types of trusts whereby other individuals serve as those trusts' trustees. The Organization is the beneficiary of five (5) charitable remainder trusts, and one (1) perpetual trust that are administered by outside agents designated by the donors. The Organization does not have possession or control over the assets of these trusts.

At the date the Organization receives notice of a beneficial interest from a charitable remainder trust, a contribution with donor restrictions is recorded in the statements of activities and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

Perpetual trusts provide for the distribution of the net income of the trusts to the Organization; however, the Organization will never receive the assets of the trusts. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statement of activities and a beneficial interest in perpetual trust is recorded in the statement of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trusts' assets in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

Changes in the fair values of the Organization's benefit interest under the charitable remainder and perpetual income trust arrangements are recorded in the statement of activities as net assets with donor restrictions with the caption "change in value of beneficial interest in trusts."

*Property and Equipment*

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. The Organization capitalizes all expenditures for property and equipment whose cost is equal to or in excess of $2,500 and whose useful life is greater than one year. Construction in progress is recorded at cost and is not depreciated until the asset is put into service. Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

| | Years |
|---|---|
| Building and improvements | 10 – 30 |
| Land improvements | 5 – 10 |
| Furniture and equipment | 5 – 10 |
| Vehicles | 5 |

## 2. Summary of Significant Accounting Policies, continued

*Leases*

The Organization follows provisions of FASB Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). FASB ASU 2016-02 is a comprehensive lease measurement and recognition standard with expanded disclosure requirements. Under the guidance, leases with terms of more than 12 months are required to be recognized in the balance sheet as liabilities, with corresponding “right-of-use” (ROU) assets.

*Revenue Recognition*

The Organization recognizes contribution support in accordance with FASB ASC 958-605, *Revenue Recognition.* Contributions received are recognized at fair value, as are unconditional promises to give when the promise is made. Contributions that are to be collected more than one year in the future are recorded at their discounted present value. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as increases to net assets with donor restrictions. All pledged amounts accounted for capital expenditure contributions are considered to be time restricted by donors since amounts are unconditional promises to give with payments due in future periods. Cash contributions received with no donor stipulations are recorded as increases to net assets without donor restrictions upon receipt of the gifts.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as “net assets released from restrictions.”

The Organization is a beneficiary under various wills and trust agreements. Related amounts are recorded when either a will is declared valid by a probate court or the Organization is notified as being an irrevocable beneficiary of a trust, and the expected proceeds are measurable.

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization evaluates exchange transactions based on the criteria set forth in FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Special event revenue is recognized in accordance with FASB ASU 2014-09, as amended, which applies to exchange transactions and not to contributions and other nonreciprocal transfers to the Organization. In accordance with FASB ASU 2014-09, the Organization records special event revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received at the point in time when the event takes place. Payments for special events are due on or before the occurrence of the event. Revenue received in advance for future fundraising events and conditional contributions are deferred until the event is held or the donor's condition is met.

### *2. Summary of Significant Accounting Policies, continued*

*Donated Materials, Supplies and Goods (In-kind contributions)*

In-kind contributions are recognized as contributions in accordance with FASB ASC 958-605, if the goods (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization does not sell donated gifts. These goods also did not have donor-imposed restrictions.

The Organization follows the provisions of FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard clarifies the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit. Donated goods of $244,148 are reflected in the statement of activities as part of support. The allocation of the use of the in-kind support by type is reflected below in the table.

Fair value techniques and inputs are as follows:

*Animal food and medical supplies* – Valued based on the estimated price of wholesale values for similar products if purchased in the United States.

*Medical equipment* – Valued according to the estimated fair market value of the property at the date of donation.

The total amount of donated material, supplies and goods received during the year ended December 31, 2025, are as follows:

| Category of donation | Donor Restriction | Utilization in Program / Activities | Revenue Recognized |
|---|---|---|---|
| Animal food and medical supplies | None | Sheltering, Adoption & Clinic | $ 214,148 |
| Medical equipment | None | Clinic | 30,000 |
| | | | $ 244,148 |

The donated animal food and medical supplies are recorded as an offsetting expense in the statement of activities, while the medical equipment has been capitalized as part of property and equipment on the statement of financial position.

A substantial number of unpaid volunteers have made significant contributions of their time to program services, administration, and special events. Although valuable to the Organization, due to FASB ASC 958-605 requirements in recognizing revenue for these non-professional services, the value of this contributed time is not reflected in these statements.

*Program Income*

Program income is recognized as revenue at a point-in-time when services are performed, or goods are provided.

*Mail Appeal*

Support revenue from mail appeal is presented net of expenses including direct advertising and marketing of $53,500, postage of $89,982, printing materials of $265,766, and computer services of $4,200.

## ***2. Summary of Significant Accounting Policies, continued***

*Boutique*

Revenue from the boutique is presented net of boutique expenses of $58,684.

*Income Taxes*

The Organization is a tax-exempt, not-for-profit Corporation under Internal Revenue Code (IRC) Section 501(c)(3). Under IRC Section 509(a)(1) a not-for-profit organization that received unrelated business income is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25, *Income Taxes*, which require that a tax provision be recognized or derecognized based on a “more likely than not” threshold. This threshold applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions. The Organization files tax returns in the U.S. federal jurisdiction. There are no tax filings currently under examination and the Organization is no longer subject to Internal Revenue Service tax examinations for years prior to 2021.

*Advertising*

The Organization expenses advertising costs as incurred. During the year ended December 31, 2025, the Organization incurred total advertising and marketing expenses of $127,468 inclusive of $53,500, which is classified within mail appeal, net.

*Functional Expenses*

In the accompanying statement of activities, expenses are reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities other than program services and are included in the financial statements as management and general or fundraising expenses. Expenses that can be directly identified with the program or supporting services are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. The expenses that are allocated include facility, insurance, utilities, and depreciation and other accounts as appropriate which are allocated based on square footage, as well as office expenses and computer services, which are allocated based on full-time equivalents by department.

## **3. *Liquidity and Availability of Resources***

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use within one year of December 31, 2025, consist of the following:

| | |
|---|---|
| Financial assets as of December 31, 2025 | |
| Cash and cash equivalents | $ 4,705,407 |
| Investments | 2,019,551 |
| Accounts receivable | 57,504 |
| Pledges receivable, current | 441,306 |
| Mortgage receivable, current | 8,451 |
| Total financial assets available to meet general expenditures within one year | $ 7,232,219 |

### 3. Liquidity and Availability of Resources, continued

The Organization is substantially supported by contributions without and with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of December 31, 2025, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

The Organization's investments consist of funds designated by the Board of Directors as an endowment. The investments are subject to an annual spending rate of 4 percent as described in Note 8. As of December 31, 2025, $1,440,000 of appropriations from the endowment will be available within the next 12 months. Although the Organization does not intend to spend from this endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available in the event of unanticipated financial distress, or an immediate liquidity need.

### 4. Fair Value Measurements

The Organization uses a three-tier hierarchy established by FASB ASC 820, *Fair Value Measurement,* to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

*Level 1* – Quoted prices in active markets for identical investments.

*Level 2* – Other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risks, etc.)

*Level 3* – Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The fair value measurement of an asset or liability 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 inputs and minimize the use of unobservable inputs.

*Fair Value of Financial Instruments:* The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under FASB ASC 820.

*Cash and cash equivalents* – The carrying amount reported approximates fair value due to the stable $1 value.

*Accounts receivable* – The carrying amount reported approximates fair value due to the short-term duration of the instrument.

*Mortgage receivable* – The carrying amount approximates fair value due to the contract interest rate used.

*Accounts payable and accrued expenses* – The carrying amount reported approximates fair value due to the short-term duration of the instruments.

*Finance lease obligation* – The carrying amount reported approximates fair value due to the present value of the minimum lease payments utilizing an interest rather that approximates market..

### *4. Fair Value Measurements, continued*

*Items Measured at Fair Value on a Recurring Basis*: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

*Investments:*

*Cash equivalents* – The carrying amount reported approximates fair value due to the stable $1 value.

*Equity securities, fixed income funds, and commodity exchange-traded funds (ETFs)* – Valued at the net asset value (NAV) of the shares held by the custodian at year end as reported on the national exchange on which the funds are traded.

*Receivables:*

*Pledges receivable* – The carrying amount reported approximates fair value which reflects the present value of estimated future cash flows.

*Contribution receivable - endowment (Contribution receivable)* – The carrying amount reported approximates fair value which reflects the present value of estimated future cash flows.

*Beneficial Interests in Trusts:*

*Charitable remainder trusts and Perpetual income trusts* – Valued present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees.

*Assets held by Community Foundation (Community Foundation)*: Valued based on the fair value of the fund investments as reported by the foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the year ended December 31, 2025.

*Fair Value of Assets*: The following table sets forth, by Level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis as of December 31, 2025:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Current investments: | | | | |
| Cash equivalents | $ 668 | $ - | $ - | $ 668 |
| U.S. Treasury securities | 2,018,883 | - | - | 2,018,883 |
| Total current investments | 2,019,551 | - | - | 2,019,551 |
| Non-current investments: | | | | |
| Cash equivalents | 1,971,684 | - | - | 1,971,684 |
| Equity securities | 32,573,759 | - | - | 32,573,759 |
| Fixed income funds | 11,302,065 | - | - | 11,302,065 |

### *4. Fair Value Measurements, continued*

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Non-current investments, *continued* | | | | |
| Commodity ETFs | $ 1,511,442 | $ - | $ - | $ 1,511,442 |
| Interest and dividends accrual | 49,867 | - | - | 49,867 |
| Total non-current investments | 47,408,817 | - | - | 47,408,817 |
| Receivables: | | | | |
| Pledges receivable | - | - | 497,573 | 497,573 |
| Contribution receivable | - | - | 3,800,479 | 3,800,479 |
| Total receivables | - | - | 4,298,052 | 4,298,052 |
| Beneficial interest in trusts: | | | | |
| Charitable trusts | - | - | 5,290,208 | 5,290,208 |
| Perpetual trusts | - | - | 67,255,397 | 67,255,397 |
| Total beneficial interest in trusts | - | - | 72,545,605 | 72,545,605 |
| Community Foundation | - | - | 838,315 | 838,315 |
| Total assets at fair value | $ 49,428,368 | $ - | $ 77,681,972 | $ 127,110,340 |

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended December 31, 2025:

| | Receivables | Beneficial Interest in Trusts | Community Foundation | Total |
|---|---|---|---|---|
| Balance, beginning of year | $ 4,202,753 | $ 65,481,396 | $ 601,149 | $ 70,285,298 |
| Issuances | 567,800 | - | 126,100 | 693,900 |
| Settlements | (564,643) | (3,202,775) | - | (3,767,418) |
| Change in value | 92,142 | 10,266,984 | 111,066 | 10,470,192 |
| Balance, end of year | $ 4,298,052 | $ 72,545,605 | $ 838,315 | $ 77,681,972 |

FASB ASC 820 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about Level 3 assets:

| | Fair Value | Valuation Techniques | Unobservable Inputs |
|---|---|---|---|
| Pledges receivable | $ 497,573 | Discounted cash flows | Discount rate |
| Contribution receivable | 3,800,479 | Discounted cash flows | Life expectancy and discount rate |
| Charitable trusts | 5,290,208 | Discounted cash flows, 3rd party valuation pricing | Life expectancy, discount rate, and estimated growth |
| Perpetual trust | 67,255,397 | Percentage of fair value of assets held in trust | Discount rate and estimated growth |
| Community Foundation | 838,315 | 3rd party valuation pricing | Underlying securities |
| Total Level 3 assets | $ 77,681,972 | | |

### 5. Pledges Receivable

The Organization has received pledge agreements from various individuals, which include unconditional promises to give without donor restrictions and donor-imposed restrictions to fund the Organization's present and future capital projects. Pledges receivable are due as follows:

| | |
|---|---|
| 2026 | $ 441,307 |
| 2027 | 47,000 |
| 2028 | 11,166 |
| 2029 | 10,000 |
| | 509,473 |
| Discount | (11,900) |
| Total pledges receivable | $ 497,573 |

The present value is adjusted each year to reflect changes in current interest rates and other actuarial assumptions. Pledges receivable are expected to be received over the next four years and, accordingly, this amount was classified as restricted net assets in the statement of financial position. As of December 31, 2025, approximately 56% of total undiscounted pledges receivable, or $277,500, represents pledges due from board members.

From time to time, the Organization is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established, nor have they been recognized in the accompanying financial statements.

### 6. Mortgage Receivable

The mortgage receivable is carried at its unpaid principal balance and is due in monthly installments of $1,154 including interest at 8% until August 2031, at which time the unpaid principal is due in full. The mortgage is collateralized by real property. Interest in the mortgage receivable is recognized over the term of the loan using the effective interest rate method. For the year ended December 31, 2025, the Organization recognized $5,548 in interest income. The following is a schedule of future minimum mortgage principal collections as of December 31, 2025:

| | |
|---|---|
| 2026 | $ 8,451 |
| 2027 | 9,952 |
| 2028 | 10,778 |
| 2029 | 11,672 |
| 2030 | 12,641 |
| Thereafter | 8,169 |
| Total mortgage receivable | $ 61,663 |

### 7. Contribution Receivable - Endowment

The Organization received an unconditional promise of $4,000,000 during 2007, from a member of the Organization's Board of Directors, for the purpose of establishing an endowment in which the principal is to be maintained in perpetuity and the earnings are to be used for a specific purpose. The pledged contribution is due upon the demise of the donor and a receivable has been recorded at its net present value amount of $3,800,479 in the statement of financial position as of December 31, 2025.

## 8. Endowment

The Organization's endowment fund (the "Endowment") consists of investment funds designated by the Board of Directors to function as an endowment for the purpose of providing cash distributions to the Organization in accordance with the approved budget and spending policy.

The Board of Directors has approved a spending policy to annually make available a maximum of 4 percent of a trailing five-year average of the Endowment's total asset value for the operations of the Organization. In establishing this policy, the Organization considered the preservation of capital through a broad, prudent diversification in asset classes.

Changes in the board-designated Endowment net assets for the year ended December 31, 2025, consisted of the following:

| | |
|---|---|
| Endowment net assets, beginning balance | $ 38,542,288 |
| Investment return: | |
| Investment income, net | 910,688 |
| Net appreciation | 4,556,882 |
| Total investment returns | 5,467,570 |
| Contributions | 4,727,659 |
| Appropriation of endowment assets for expenditures | (1,328,700) |
| Endowment net assets, ending balance | $ 47,408,817 |

## 9. Beneficial Interest in Trusts

*Charitable Remainder Trusts*

The Organization has been named a remainder beneficiary of five charitable remainder trusts. These charitable remainder trusts provide for the payment of distributions of trust assets to the grantor's beneficiary. Upon the death of the beneficiary, a percentage of the remaining principal in the charitable remainder trusts will be distributed to the Organization. The Organization's beneficial interest in these charitable remainder trusts has been recognized based on the present value of the expected future cash flows.

The Organization is a remainder beneficiary of an irrevocable charitable remainder trust that was created in October 1984. Three income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, an annual annuity equal to a percentage of the net fair market value of the trust assets on the first day of the trust year. Upon the demise of all three beneficiaries, 25% of the remaining principal is to be distributed to the Organization.

The Organization is a remainder beneficiary of an irrevocable charitable remainder trust that was created in November 1995. There is one income beneficiary from which 40% of the principal is to be distributed to the Organization upon demise of that beneficiary. The beneficiary passed away in September 2025, and the principal distribution is expected in 2026. Therefore, no discount was calculated on this trust.

The Organization is one of five beneficiaries of an irrevocable trust that was created in January 2000, from which a 10% distribution of its fair market value is made each year and divided among the five different charitable organizations. Therefore, the Organization is to receive 20% of the annual distribution.

## *9. Beneficial Interest in Trusts, continued*

*Charitable Remainder Trusts, continued*

The Organization is a 50% beneficiary of a remainder trust that was created in August 2015. During the first 10 years, the Organization is to receive annual distributions equal to 50% of net income of the trust or $100,000, whichever is greater. After the initial 10 years, the Organization may request 10% distribution from the principal annually.

The Organization is the remainder beneficiary of an irrevocable trust that was created in June 2000, from which 20% of the principal is to be distributed to the Organization upon demise of the income beneficiaries.

The expected future cash flows are based on the fair market value of the charitable remainder trust assets as of December 31, 2025. Changes in the value of the beneficial interest in charitable remainder trusts have been reported in the statement of activities as an increase in net assets with donor restrictions. The beneficial interest in charitable remainder trusts consist of the following net assets with donor restrictions amounts as of December 31, 2025:

| | |
|---|---|
| Charitable remainder trusts | $ 6,893,616 |
| Discount to fair value the charitable remainder trusts expected | (1,603,408) |
| Total beneficial interest in charitable remainder trusts | $ 5,290,208 |

*Perpetual Income Trust*

The Organization has also been named as a 30% beneficiary of one trust created in June 2011 that has no established termination date, for which the Organization has the irrevocable right to receive income earned on that trust based on 4.5% of the fair value of the fund assets in perpetuity. Changes in the value of the beneficial interest in perpetual income trust has been reported in the statement of activities as an increase in net assets with donor restrictions. The Organization recognized an asset for the sum of the trust equal to its share of the current undiscounted value of the trust assets. As of December 31, 2025, the total amount recognized for this perpetual trust was $67,255,397.

## *10. Beneficial Interest in Assets Held by Community Foundation*

The Organization has established two charitable endowment funds known as the Peggy Adams Animal Rescue League Endowment Fund and the Melba Ruth Vickers Animal Medical Fund (collectively, the "Funds") with the Community Foundation for Palm Beach and Martin Counties (Community Foundation). These "agency endowment funds" are pooled with the other assets of the Community Foundation for investment purposes. The earnings of the Funds have been restricted for the benefit of the Organization. Contributions made directly to the Funds from the Organization are recorded as assets of the Organization.

The Funds held and invested by the Community Foundation for the Organization's benefit are reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities. The Funds shall be invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five (5) years or longer.

## *10. Beneficial Interest in Assets Held by Community Foundation, continued*

All distributions from the Funds shall be in accordance with the Community Foundation's spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment principal. The endowment principal is the sum of the value of the initial contribution establishing the Funds by the Organization and Community Foundation plus all subsequent contributions to the Funds.

## 11. *Property and Equipment*

As of December 31, 2025 the Organization's property and equipment consisted of the following:

| | |
|---|---|
| Land | $ 2,535,744 |
| Buildings and dome | 32,701,683 |
| Land and building improvements | 8,245,209 |
| Furniture and equipment | 3,728,728 |
| Computers and related equipment | 482,882 |
| Vehicles | 268,522 |
| | 47,962,768 |
| Accumulated depreciation | (19,479,119) |
| | 28,483,649 |
| Construction in process | 96,042 |
| Property and equipment, net | $ 28,579,691 |

## *12. Line of Credit*

The Organization has a $10,000,000 line of credit extended by Bank of America. The line of credit carries a floating interest rate of 0.75% over the lender's Prime Rate (7.50% as of December 31, 2025). The line of credit is secured by certain investments of the Organization. As of December 31, 2025, $10,000,000 is available under this line of credit.

## *13. Net Assets*

As of December 31, 2025, the Organization's net assets consisted of the following:

| | |
|---|---|
| Net assets without donor restrictions: | |
| Board-designated endowment | $ 47,408,817 |
| Undesignated | 35,399,883 |
| Total net assets without donor restrictions | 82,808,700 |

Of the undesignated balance, $28,579,691 relates to property and equipment, net of accumulated depreciation, which are not liquid assets.

### 13. Net Assets, continued

| | | |
|---|---|---|
| Net assets with donor restrictions: | | |
| Subject to expenditures for a specific purpose: | | |
| Cash - Olivia's Fund | $ | 70,011 |
| Cash - Transfer to Community Foundation | | 103,000 |
| Cash - Capital expenditures | | 63,010 |
| Total subject to expenditures for a specific purpose | | 236,021 |
| Subject to the passage of time: | | |
| Pledges receivable – Capital expenditures | | 159,073 |
| Community Foundation earnings subject to appropriation | | 196,215 |
| Beneficial interest in charitable trusts | | 5,290,208 |
| Total subject to the passage of time | | 5,645,496 |
| Perpetual in nature, not subject to spending policy or appropriation: | | |
| Beneficial interest in assets held by Community Foundation | | 642,100 |
| Beneficial interest in perpetual income trust | | 67,255,397 |
| Contribution receivable - endowment | | 3,800,479 |
| Total perpetual in nature | | 71,697,976 |
| Total net assets with donor restrictions | | 77,579,493 |
| Total net assets | $ | 160,388,193 |

### 14. Finance Lease

The Organization entered into a new lease for two copiers in February 2025 under a finance lease agreement that has a maturity date in April 2030. These assets are amortized over their estimated useful life on the straight-line basis. Amortization of the office equipment under the finance lease is reported with office expense and supplies in the statement of functional expenses.

Finance right-of-use asset as of December 31, 2025, consisted of the following:

| | | |
|---|---|---|
| Office equipment | $ | 42,824 |
| Accumulated amortization | | (7,477) |
| Net finance lease right-of-use asset | $ | 35,347 |

Finance lease obligation as of December 31, 2025, consisted of the following:

| | | |
|---|---|---|
| Right-of-use liability | $ | 36,178 |
| Current portion | | (7,627) |
| Non-current portion | $ | 28,551 |

### *14. Finance Lease, continued*

Undiscounted future lease payments under finance leases as of December 31, 2025, are as follows:

| Year Ended December 31, | | |
|---|---|---|
| 2026 | $ | 9,323 |
| 2027 | | 9,323 |
| 2028 | | 9,323 |
| 2029 | | 9,323 |
| 2030 | | 3,108 |
| | | 40,400 |
| Less discount to present value | | 4,222 |
| Present value of future lease payments | | 36,178 |
| Less current portion | | 7,627 |
| Non-current portion | $ | 28,551 |

The lease discount for the office equipment has been calculated using an interest rate of 5.31%, which was the interest rate on the Organization’s line of credit at the time the lease was signed.

### *15. Related Party Contributions*

The Organization received contributions from members of the Board of Trustees and the founders totaling $1,524,798 during the year ended December 31, 2025. This amount represents approximately 11% of total support and revenue for the year ended December 31, 2025.

### *16. Concentration of Credit Risk*

The Organization maintains its cash in bank deposit and money market accounts, which, at times, may exceed federally insured limits. Bank deposit and money market accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2025, there was approximately $4,100,000 in bank deposit accounts that exceeded the FDIC limits.

The Organization additionally maintains cash and investments in a brokerage account that are guaranteed by the Securities Investor Protection Corporation (SIPC) up to $500,000, including a $250,000 limit for cash. As of December 31, 2025, the Organization had approximately $48,427,000 in excess of SIPC and FDIC insurance limits.  However, some investments held by the Organization such as United States Treasury bills are backed by the full faith and credit of the U.S. government, which is separate from SIPC protection.

The Organization periodically evaluates the financial condition of its financial institutions and has not experienced any loss on such accounts. Management believes the Organization is not exposed to any significant credit risk arising from such balances.

### *17. Commitments and Contingencies*

The Organization is subject to asserted claims and liabilities that arise in the ordinary course of business. The Organization maintains insurance policies to mitigate potential losses from these actions. In the opinion of management, the amount of the ultimate liability with respect to those actions will not materially affect the Organization's financial position or results of operations.

### *18. Subsequent Events*

The Organization’s management has evaluated subsequent events through May 29, 2026, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be disclosed in these financial statements.