



Report of Independent Auditors and
Financial Statements

Foundation for Animal Care & Education

December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Foundation for Animal Care & Education

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Foundation for Animal Care & Education, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Foundation for Animal Care & Education as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation for Animal Care & Education 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 Foundation for Animal Care & Education's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation for Animal Care & Education'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 Foundation for Animal Care & Education's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

San Diego, California
September 25, 2025

Financial Statements

Foundation for Animal Care & Education
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 558,289	\$ 1,297,536
Contributions receivable	23,255	59,430
Prepaid expenses and other assets	5,305	-
Inventory	153,075	90,264
Total current assets	<u>739,924</u>	<u>1,447,230</u>
NONCURRENT ASSETS		
Property and equipment, net	12,201	12,451
Operating right-of-use lease asset	88,389	123,894
Cash - endowment	352,909	100,576
Total noncurrent assets	<u>453,499</u>	<u>236,921</u>
 Total assets	 <u>\$ 1,193,423</u>	 <u>\$ 1,684,151</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 228,003	\$ 201,422
Deferred revenue	-	465
Operating right-of-use lease liability, current	56,152	47,933
Total current liabilities	<u>284,155</u>	<u>249,820</u>
LONG TERM LIABILITIES		
Operating right-of-use lease liability, noncurrent	32,237	75,961
Total liabilities	<u>316,392</u>	<u>325,781</u>
NET ASSETS		
Without donor restrictions		
Undesignated	354,889	1,015,247
Total without donor restrictions	<u>354,889</u>	<u>1,015,247</u>
With donor restrictions		
Perpetual in nature	352,909	100,576
Purpose restrictions	169,233	242,547
Total with donor restrictions	<u>522,142</u>	<u>343,123</u>
Total net assets	<u>877,031</u>	<u>1,358,370</u>
Total liabilities and net assets	<u>\$ 1,193,423</u>	<u>\$ 1,684,151</u>

See accompanying notes.

Foundation for Animal Care & Education
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 1,323,481	\$ 318,437	\$ 1,641,918
Special events	349,990	-	349,990
Wag n' Purr revenues and support			
Sales revenue	106,852	-	106,852
Donated merchandise	62,811	-	62,811
Contributions, Wag n' Purr	55,507	-	55,507
Interest and other income	6,926	2,333	9,259
Net assets released from restrictions	141,751	(141,751)	-
 Total revenues and support	 2,047,318	 179,019	 2,226,337
EXPENSES			
Program services			
FACE San Diego	1,764,939	-	1,764,939
FACE Hawaii	290,199	-	290,199
 Total program services	 2,055,138	 -	 2,055,138
Supporting services			
General and administrative	307,703	-	307,703
Fundraising	299,448	-	299,448
 Total supporting services	 607,151	 -	 607,151
 Total program and supporting services expenses	 2,662,289	 -	 2,662,289
 Special events	 45,387	 -	 45,387
 Total expenses	 2,707,676	 -	 2,707,676
 CHANGE IN NET ASSETS	 (660,358)	 179,019	 (481,339)
NET ASSETS, beginning of year	1,015,247	343,123	1,358,370
NET ASSETS, end of year	\$ 354,889	\$ 522,142	\$ 877,031

See accompanying notes.

Foundation for Animal Care & Education
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 1,722,290	\$ 242,434	\$ 1,964,724
Special events	319,866	-	319,866
Wag n' Purr revenues and support			
Sales revenue	74,555	-	74,555
Donated merchandise	57,917	-	57,917
Contributions, Wag n' Purr	1,286	-	1,286
In-kind contributions	14,670	-	14,670
Interest and other income	16,602	576	17,178
Net assets released from restrictions	19,252	(19,252)	-
Total revenues and support	2,226,438	223,758	2,450,196
EXPENSES			
Program services			
FACE San Diego	1,728,952	-	1,728,952
FACE Hawaii	120,978	-	120,978
Total program services	1,849,930	-	1,849,930
Supporting services			
General and administrative	240,566	-	240,566
Fundraising	272,812	-	272,812
Total supporting services	513,378	-	513,378
Total program and supporting services expenses	2,363,308	-	2,363,308
Special events	87,079	-	87,079
Total expenses	2,450,387	-	2,450,387
CHANGE IN NET ASSETS	(223,949)	223,758	(191)
NET ASSETS, beginning of year	1,239,196	119,365	1,358,561
NET ASSETS, end of year	\$ 1,015,247	\$ 343,123	\$ 1,358,370

See accompanying notes.

Foundation for Animal Care & Education
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services			Supporting Services		
	FACE San Diego	FACE Hawaii	Total Program Services	General and Administrative	Fundraising	Total Supporting Services
						Grand Total
SALARIES AND RELATED EXPENSES						
Salaries and wages	\$ 189,948	\$ 35,123	\$ 225,071	\$ 73,594	\$ 138,171	\$ 211,765
Payroll taxes and employee benefits	14,841	2,778	17,619	6,057	10,879	16,936
Total salaries and related expenses	204,789	37,901	242,690	79,651	149,050	228,701
OPERATING EXPENSES						
Automobile expenses and depreciation	-	-	-	2,934	-	2,934
Bank fees	-	27	27	17,159	-	17,159
Community outreach and education	5,733	-	5,733	-	-	-
Conferences, meetings, and training	-	4,871	4,871	14,112	-	14,112
Donor development	-	-	-	-	121	121
Equipment, building maintenance, and supplies	-	-	-	8,068	-	8,068
Insurance	25,252	4,560	29,812	29,812	-	29,812
Marketing	-	93,587	93,587	-	118,928	118,928
Merchant fees	-	-	-	-	9,067	9,067
Office expenses	-	305	305	26,526	-	26,526
Payroll processing fees	-	464	464	5,310	-	5,310
Professional services	-	19,430	19,430	84,636	-	84,636
Rent	16,482	4,146	20,628	10,314	20,628	30,942
Taxes and filing fees	-	142	142	3,210	-	3,210
Shipping, postage, and supplies	-	-	-	-	154	154
Technology and telecommunication	-	10,046	10,046	16,890	-	16,890
Travel, meals, and entertainment	-	-	-	9,081	-	9,081
Tree of Life	-	-	-	-	1,500	1,500
Veterinary care and medicine	1,512,683	114,720	1,627,403	-	-	-
Total operating expenses	1,560,150	252,298	1,812,448	228,052	150,398	378,450
Total program and supporting services expenses	\$ 1,764,939	\$ 290,199	\$ 2,055,138	\$ 307,703	\$ 299,448	\$ 607,151

See accompanying notes.

Foundation for Animal Care & Education
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services			Supporting Services			Grand Total
	FACE San Diego	FACE Hawaii	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
SALARIES AND RELATED EXPENSES							
Salaries and wages	\$ 177,937	\$ 25,031	\$ 202,968	\$ 106,493	\$ 167,953	\$ 274,446	\$ 477,414
Payroll taxes and employee benefits	17,017	2,393	19,410	10,183	16,060	26,243	45,653
Total salaries and related expenses	194,954	27,424	222,378	116,676	184,013	300,689	523,067
OPERATING EXPENSES							
Automobile expenses and depreciation	-	-	-	2,219	-	2,219	2,219
Bank fees	-	-	-	16,334	-	16,334	16,334
Community outreach and education	54,592	-	54,592	-	-	-	54,592
Conferences, meetings, and training	5,000	6,000	11,000	9,000	-	9,000	20,000
Donor development	-	-	-	-	885	885	885
Equipment, building maintenance, and supplies	-	-	-	717	-	717	717
Insurance	26,058	2,884	28,942	26,059	-	26,059	55,001
Marketing	-	173	173	-	51,681	51,681	51,854
Merchant fees	-	-	-	-	5,724	5,724	5,724
Office expenses	-	-	-	21,382	-	21,382	21,382
Professional services	-	-	-	16,003	-	16,003	16,003
Rent	14,572	2,516	17,088	9,265	21,647	30,912	48,000
Shipping, postage, and supplies	-	-	-	-	212	212	212
Technology and telecommunication	-	-	-	20,796	-	20,796	20,796
Travel, meals, and entertainment	-	2,645	2,645	2,115	4,200	6,315	8,960
Tree of Life	-	-	-	-	4,450	4,450	4,450
Veterinary care and medicine	1,433,776	79,336	1,513,112	-	-	-	1,513,112
Total operating expenses	1,533,998	93,554	1,627,552	123,890	88,799	212,689	1,840,241
Total program and supporting services expenses	\$ 1,728,952	\$ 120,978	\$ 1,849,930	\$ 240,566	\$ 272,812	\$ 513,378	\$ 2,363,308

See accompanying notes.

Foundation for Animal Care & Education
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (481,339)	\$ (191)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Noncash operating lease expense	35,505	47,899
Contributions restricted to endowment	(252,333)	(100,576)
Donated inventory	(62,811)	(56,647)
Donated vehicle	(2,684)	(14,670)
Depreciation	2,934	2,219
(Increase) decrease in operating assets		
Contributions receivable	36,175	(54,683)
Prepaid expenses and other assets	(5,305)	8,697
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	26,581	109,655
Deferred revenue	(465)	465
Change in operating lease liability	(35,505)	(47,899)
Net cash used in operating activities	(739,247)	(105,731)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	507,645
Net cash provided by investing activities	-	507,645
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contributions	252,333	100,576
Net cash provided by financing activities	252,333	100,576
Net (decrease) increase in cash and cash equivalents	(486,914)	502,490
CASH AND CASH EQUIVALENTS, beginning of year	1,398,112	895,622
CASH AND CASH EQUIVALENTS, end of year	\$ 911,198	\$ 1,398,112
Cash and cash equivalents - operating	\$ 558,289	\$ 1,297,536
Cash - endowment	352,909	100,576
Total cash and cash equivalents	\$ 911,198	\$ 1,398,112

See accompanying notes.

Foundation for Animal Care & Education

Notes to Financial Statements

Note 1 – Organization

The Foundation for Animal Care & Education (the Foundation or FACE) is a not-for-profit 501(c)(3) public charity founded in 2006 in San Diego by a group of veterinarians and community members whose vision is to create a world where no family pet dies due to financial hardship. The Foundation's mission is to enhance and preserve the quality of life of companion animals by providing access to necessary medical care and education. The Foundation currently serves communities in San Diego, California (FACE San Diego) and in Oahu, Hawaii (FACE Hawaii).

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

Animal care programs – The Foundation's core program is designed to reduce economic veterinary euthanasia by providing financial grants for animal owners who are unable to afford the cost of their pet's emergency or critical care. Grantees are typically low-income families, senior citizens, veterans, military families, students, disabled individuals, or hard-working families and individuals who struggle to survive paycheck to paycheck. The Foundation partners with and helps save the lives of patients at over 250 veterinary hospitals in San Diego County and Oahu. Veterinary hospital partners offer discounted treatment for patient's receiving financial grants from the Foundation.

Save-A-Life – The Foundation's primary animal care program providing financial grants for pets requiring life-saving emergency veterinary care.

Cancer and Diagnostic Funds – The Foundation's auxiliary programs providing financial grants to families of pets requiring veterinary care in nonemergency situations.

Bogie's Rainbow Bridge Fund – The Foundation's auxiliary program to provide financial grants to families of pets requiring humane euthanasia in situations where other veterinary care options are not effective.

Community outreach and education – The Foundation's community outreach and education programs are focused on assisting pet owners with the basic needs of their pets and raising awareness for responsible pet care and nurturing bonds with companion animals.

Community Outreach Program – The Foundation's program to connect underserved pet owners with resources to veterinary care and pet supplies. Since 2016, FACE has partnered with 14 different organizations such as community food banks to serve over 13,500 (unaudited) pet owners in San Diego County, many of whom are experiencing homelessness. The Foundation's community outreach efforts are supported by cash contributions and donated goods in new condition including collars, leashes, blankets, unopened pet food, and other supplies.

Girl Scout Program – The Foundation's Girl Scouts San Diego approved badge programs focusing on fun and interactive animal care education.

Foundation for Animal Care & Education

Notes to Financial Statements

Resale boutique – FACE operates an online resale boutique, Wag n' Purr Shop, that sells donated merchandise in new or very good condition with 100% of profits directly going toward funding for FACE's animal care programs. Wag n' Purr Shop operations are supported by FACE Foundation employees and volunteers who help with intake and organization of donated goods as well as sales transaction processing and shipping. The sources of revenue, as shown in the statement of activities, for the Wag n' Purr Shop include sales of merchandise and in-kind revenue derived from donated merchandise.

Note 2 – Significant Accounting Policies

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

Financial statement presentation – The financial statements present information according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based upon the following criteria:

- *Net assets without donor restrictions* represent expendable funds available for operations that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board of directors may designate assets without restrictions for specific operational purposes from time to time. The Foundation had approximately \$62,000 and \$0 board designated assets as of December 31, 2024 and 2023, respectively.
- *Net assets with donor restrictions* consist of contributed funds subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature and will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation has \$522,142 and \$343,123 of net assets with donor restrictions as of December 31, 2024 and 2023, respectively.

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

Concentration of credit risk – The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured \$250,000 limit. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and cash equivalents – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less at purchase to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Foundation for Animal Care & Education

Notes to Financial Statements

Contributions receivable – The Foundation's receivable balance consists wholly of contributions receivable pledged by donors, which are expected to be collected in future years and are initially recorded at fair value. All contributions receivable as of December 31, 2024 and 2023, are expected to be collected within the next year.

Allowance for doubtful accounts – The Foundation evaluates the need for an allowance for estimated uncollectible contributions receivable based on past experience and on an analysis of current receivable balances. Accounts deemed uncollectible are recorded against the allowance in the year deemed uncollectible. Management believes that all receivables are fully collectible and therefore no allowance for doubtful accounts were recorded at December 31, 2024 and 2023.

Inventory – The Foundation's inventory is program-related merchandise donated as in-kind contributions and held for sale in the Foundation's online resale boutique, Wag n' Purr. The Foundation values the merchandise using the current average price located on a publicly available website for similar items. No allowance for inventory obsolescence was recorded at December 31, 2024 and 2023, as management considers all donated merchandise held in inventory to be sellable.

Capitalization and depreciation – The Foundation capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Donated assets are recorded at their estimated fair values at the date of gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation had no donor restricted property and equipment at December 31, 2024 and 2023.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives. The Foundation has office equipment and a vehicle with an estimated useful life of 5 years. Depreciation totaled \$2,934 and \$2,219 for the year ended December 31, 2024 and 2023.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense. The Foundation recognized no gain or loss related to the sale or disposition of property and equipment for the year ended December 31, 2023.

Leases – The Foundation leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most lease agreements do not provide an implicit rate, the Foundation used a risk-free rate based on the information available at commencement date or date of implementation to determine the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Foundation for Animal Care & Education

Notes to Financial Statements

Revenue recognition

Contributions – Contributions are recognized as revenue when received or unconditionally pledged. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are reported as restricted by donor depending on the nature of the restrictions. When a donor restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period as when the contributions are received are reported as contributions without donor restrictions. Conditional contributions with measurable performance or other barriers and a right of return are recognized when the contributions have been met.

Other revenue – Revenue from other revenue streams including special events and the Wag n' Purr boutique sales are recognized as revenue when the sale transaction occurs or in the period in which the transaction service is provided or the event is held.

Deferred revenue – The Foundation defers all revenue related to special events until the event takes place.

In-kind contributions – The Foundation receives in-kind donations of nonfinancial assets, which the Foundation recognizes as in-kind contributions and an increase to the corresponding nonfinancial asset measured at fair value on the date of donation (e.g. inventory, fixed assets, etc.).

Functional allocation of expenses – The Foundation allocates its expenses on a functional basis between program and supporting services. Expenditures, which can be identified with a specific program or support service, are allocated directly, according to their natural expenditure classification. Costs that are common to more than one function are allocated between program and supporting services on the basis of time records, space utilized, and estimates made by the Foundation's management.

Income tax status – The Foundation is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code. The Foundation believes it has appropriate support for any tax positions taken, and as such, it does not have any uncertain tax positions that are material to the financial statements as of December 31, 2024 and 2023.

Grants – Grants expense represents all unconditional grants that have been authorized by the Board of Directors. These grant expenses are shown in the Statement of Functional Expenses as Veterinary care and medicine expenses.

Foundation for Animal Care & Education

Notes to Financial Statements

Note 3 – Liquidity

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by the amount not available for general use within one year of the statement of financial position date as of December 31, 2024 and 2023, because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 911,198	\$ 1,398,112
Contributions receivable	23,255	59,430
	<u>934,453</u>	<u>1,457,542</u>
Less amounts not available to be used within one year		
Donor-restricted endowment	(352,909)	(100,576)
Restricted contributions	(169,233)	(242,547)
	<u>(522,142)</u>	<u>(343,123)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 412,311</u>	<u>\$ 1,114,419</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. A substantial portion of the Foundation's expenses relate to animal care grants for emergency vet and medical expenses which are unpredictable by nature. As such, the Foundation limits its overall investments of excess cash. Investments of excess cash are made to interest bearing accounts, which are drawn as needed and replenished when excess funds become available. The Foundations investments are limited to cash endowments.

Foundation for Animal Care & Education

Notes to Financial Statements

Note 4 – Property and Equipment, net

Property and equipment, net consisted of the following at December 31, 2024 and 2023:

	2024	2023
Vehicle	\$ 14,670	\$ 14,670
Office Equipment	2,684	-
Less accumulated depreciation	<u>(5,153)</u>	<u>(2,219)</u>
Property and equipment, net	<u>\$ 12,201</u>	<u>\$ 12,451</u>

Note 5 – Leases

The Foundation entered into a 5-year lease for office space commencing in August 2021. Under this lease, office rent totaled approximately \$52,000 and \$48,000 for the years ended December 31, 2024 and 2023.

The following table provides supplemental information related to the operating lease for the purpose of the measurement of the lease liability at December 31, 2024 and 2023:

	2024	2023
Operating lease ROU assets	<u>\$ 88,389</u>	<u>\$ 123,894</u>
Current portion of operating lease liability	\$ 56,152	\$ 47,933
Operating lease liability, net of current portion	<u>32,237</u>	<u>75,961</u>
Total operating lease liability	<u>\$ 88,389</u>	<u>\$ 123,894</u>
Weighted-average remaining lease term (in years)	1.58	2.58
Weighted-average discount rate	2.42%	1.26%

Future minimum lease payments under the office lease are as follows:

Years Ending December 31,	
2025	\$ 55,000
2026	35,000
Total future lease payments	<u>90,000</u>
Less imputed interest	<u>(1,611)</u>
Present value of lease liability	<u>\$ 88,389</u>

Foundation for Animal Care & Education

Notes to Financial Statements

Note 6 – Special Event Revenue

The Foundation held three fundraising events during the year ended December 31, 2024 and 2023. Revenues and expenses for these events are summarized in the following table:

2024	<u>Revenue</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Bags & Baubles	\$ 186,258	\$ (30,387)	\$ 155,871
Golf Tournament	163,732	(15,000)	148,732
	<u> </u>	<u> </u>	<u> </u>
Total special event revenue and expenses	<u>\$ 349,990</u>	<u>\$ (45,387)</u>	<u>\$ 304,603</u>

2023	<u>Revenue</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Bags & Baubles	\$ 95,382	\$ (12,445)	\$ 82,937
Golf Tournament	124,042	(25,668)	98,374
San Diego Animal Hero Awards	100,442	(48,966)	51,476
	<u> </u>	<u> </u>	<u> </u>
Total special event revenue and expenses	<u>\$ 319,866</u>	<u>\$ (87,079)</u>	<u>\$ 232,787</u>

Note 7 – Contributed Nonfinancial Assets

The Foundation received the following in-kind contributions for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
In-kind contributions of resale boutique merchandise	\$ 62,811	\$ 57,917
Vehicle	-	14,670
	<u> </u>	<u> </u>
Total in-kind contributions	<u>\$ 62,811</u>	<u>\$ 72,587</u>

Contributed Wag n' Purr shop merchandise received by the Foundation is recorded as in-kind contribution revenue with a corresponding increase to inventory. Gross proceeds from merchandise sales are used to support ongoing program activities. The Foundation values the merchandise using the current average price located on a publicly available website for similar items.

Contributed vehicle received by the Foundation is recorded as in-kind contribution with a corresponding increase to property and equipment. The vehicle is used in the Foundation's programs.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs. The contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended December 31, 2024 and 2023, did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

Foundation for Animal Care & Education

Notes to Financial Statements

Note 8 – Net Assets with Donor Restrictions

During the years ended December 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	Donor Restricted Net Assets as of 12/31/23	Donor Restricted Contributions Received in Current Year	Releases of Donor Restricted Net Assets Received in Prior Periods	Releases of Donor Restricted Net Assets Received in Current Year	Donor Restricted Net Assets as of 12/31/24
NET ASSETS WITH DONOR RESTRICTIONS (PURPOSE BASED)					
Purpose-based restrictions:					
Various donors - restricted to FACE Hawaii	\$ 112,988	\$ 237,525	\$ (112,988)	\$ (177,211)	\$ 60,314
Various donors - restricted to Animal Care Save a Life Program	-	88,303	-	(88,303)	-
Various donors - restricted to Cancer Fund	23,030	8,044	(23,030)	(8,044)	-
Various donors - restricted to Bogie Fund	10,722	513	-	-	11,235
County of San Diego (for Salesforce software)	-	15,000	-	(7,425)	7,575
Various donors - restricted to Community Outreach	95,807	35	(5,733)	-	90,109
Total purpose restricted net assets	242,547	349,420	(141,751)	(280,983)	169,233
NET ASSETS WITH DONOR RESTRICTIONS (PERPETUAL)					
Endowment:					
Keith Richter endowment	100,000	100,000	-	-	200,000
John & Rachel Hart	-	100,000	-	-	100,000
American Endowment Foundation	-	50,000	-	-	50,000
Earnings on net assets with donor restrictions (perpetual)	576	2,333	-	-	2,909
Total net assets with donor restrictions (perpetual)	100,576	252,333	-	-	352,909
CHANGE IN NET ASSETS RESTRICTED BY DONORS	\$ 343,123	\$ 601,753	\$ (141,751)	\$ (280,983)	\$ 522,142
NET ASSETS WITH DONOR RESTRICTIONS (PURPOSE BASED)					
Purpose-based restrictions:					
Various donors - restricted to FACE Hawaii	\$ 11,920	\$ 180,404	\$ (11,920)	\$ (67,416)	\$ 112,988
Various donors - restricted to Cancer Fund	13,362	17,000	(7,332)	-	23,030
Various donors - restricted to Dental Fund	-	500	-	(500)	-
Various donors - restricted to Bogie Fund	-	10,850	-	(128)	10,722
County of San Diego (for Salesforce software)	-	15,000	-	(15,000)	-
Various donors - restricted to Community Outreach	94,083	1,724	-	-	95,807
Total purpose restricted net assets	119,365	225,478	(19,252)	(83,044)	242,547
NET ASSETS WITH DONOR RESTRICTIONS (PERPETUAL)					
Endowment:					
Keith Richter endowment	-	100,000	-	-	100,000
Earnings on net assets with donor restrictions (perpetual)	-	576	-	-	576
Total net assets with donor restrictions (perpetual)	-	100,576	-	-	100,576
CHANGE IN NET ASSETS RESTRICTED BY DONORS	\$ 119,365	\$ 326,054	\$ (19,252)	\$ (83,044)	\$ 343,123

Endowment – The Foundation’s endowment (the Endowment) consists of funds provided by donors and held in perpetuity for the purposes of providing annual funding for specific activities and general operations.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2024 and 2023, no deficiencies were reported.

The Foundation is considering the implementation of investment and spending policies for the Endowment. No distributions will be made from the Endowment until Endowment net assets reach \$500,000.

Foundation for Animal Care & Education

Notes to Financial Statements

Changes in Endowment net assets for the years ended December 31, 2024 and 2023, are as follows:

ENDOWMENT NET ASSETS AS OF 12/31/22	\$ -
Endowment contributions with donor restrictions	100,000
Earnings on endowment net assets	<u>576</u>
ENDOWMENT NET ASSETS AS OF 12/31/23	100,576
Endowment contributions with donor restrictions	250,000
Earnings on endowment net assets	<u>2,333</u>
ENDOWMENT NET ASSETS AS OF 12/31/24	<u><u>\$ 352,909</u></u>

Note 9 – Commitments and Contingencies

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

Note 10 – Concentrations

During the years ended December 31, 2024 and 2023, 21% and 16% of total contributions revenue was from one donor, who is also a member of the Board of Directors.

Note 11 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Foundation recognizes in the financial statements the effects of all significant subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

The Foundation has evaluated subsequent events through September 25, 2025, which is the date the financial statements were available to be issued.

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