

atlanta hu♥ane society

ATLANTA, GEORGIA

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2025 AND 2024**

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.**
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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Atlanta Humane Society and Society for
Prevention of Cruelty to Animals, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of Atlanta Humane Society and Society for Prevention of Cruelty to Animals, Inc. (a not-for-profit organization) (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Jones and Kelb

April 1, 2026

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024**

	<u>ASSETS</u>	
	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,952,928	\$ 4,973,543
Promises to give, net	220,322	399,944
Marketable securities	13,248,006	12,843,644
Other current assets	927,424	772,124
Right-of-use assets	178,707	143,495
	<hr/>	<hr/>
Total current assets	18,527,387	19,132,750
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, NET	24,871,846	23,487,756
	<hr/>	<hr/>
OTHER ASSETS		
Promises to give, net - long term	343,346	523,423
Marketable securities - endowment	2,125,432	2,075,432
Beneficial interests in perpetual trusts	4,382,503	4,336,457
Right-of-use assets - long term	370,381	325,522
	<hr/>	<hr/>
Total other assets	7,221,662	7,260,834
	<hr/>	<hr/>
Total assets	<u>\$ 50,620,895</u>	<u>\$ 49,881,340</u>
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	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,708,256	\$ 1,541,333
Operating lease obligations	185,247	147,634
	<hr/>	<hr/>
Total current liabilities	1,893,503	1,688,967
	<hr/>	<hr/>
OPERATING LEASE OBLIGATIONS - LONG TERM	392,215	351,230
	<hr/>	<hr/>
Total liabilities	2,285,718	2,040,197
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions	38,700,315	38,428,003
With donor restrictions	9,634,862	9,413,140
	<hr/>	<hr/>
Total net assets	48,335,177	47,841,143
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 50,620,895</u>	<u>\$ 49,881,340</u>
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The accompanying notes to financial statements
are an integral part of these statements.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Support and revenues			
Program service revenues			
Animal Care Services	\$ 733,180	\$ -	\$ 733,180
Remedy Veterinary Services	1,174,340	-	1,174,340
Total program service revenues	1,907,520	-	1,907,520
Contributions	11,745,804	480,000	12,225,804
Contribution of property and equipment	1,532,984	-	1,532,984
In-kind contributions	1,584,122	-	1,584,122
Special events (net of direct expenses of \$366,551)	613,090	-	613,090
Investment spending allocation	890,000	-	890,000
Net assets released from restrictions	729,085	(729,085)	-
Total support and revenues	19,002,605	(249,085)	18,753,520
Expenses			
Program service expenses			
Animal Care Services	11,061,975	-	11,061,975
Community Engagement	1,871,213	-	1,871,213
Remedy Veterinary Services	2,196,490	-	2,196,490
Total program service expenses	15,129,678	-	15,129,678
Administrative and general expenses	1,556,473	-	1,556,473
Fundraising expenses	2,611,213	-	2,611,213
Total functional expenses	19,297,364	-	19,297,364
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(294,759)</u>	<u>(249,085)</u>	<u>(543,844)</u>
NON-OPERATING ACTIVITIES			
Net realized and unrealized gain on marketable securities and beneficial interests in perpetual trusts	1,053,118	380,997	1,434,115
Investment income, net	446,360	89,810	536,170
Loss on sale of fixed assets	(42,407)	-	(42,407)
Investment spending allocation	(890,000)	-	(890,000)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>567,071</u>	<u>470,807</u>	<u>1,037,878</u>
CHANGE IN NET ASSETS	272,312	221,722	494,034
NET ASSETS, Beginning of year	<u>38,428,003</u>	<u>9,413,140</u>	<u>47,841,143</u>
NET ASSETS, End of year	<u>\$ 38,700,315</u>	<u>\$ 9,634,862</u>	<u>\$ 48,335,177</u>

The accompanying notes to financial statements
are an integral part of this statement.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Support and revenues			
Program service revenues			
Animal Care Services	\$ 809,646	\$ -	\$ 809,646
Remedy Veterinary Services	1,241,237	-	1,241,237
Total program service revenues	2,050,883	-	2,050,883
Contributions	8,276,764	764,006	9,040,770
Capital campaign contributions	-	2,898	2,898
In-kind contributions	2,876,231	-	2,876,231
Special events (net of direct expenses of \$395,879)	780,795	-	780,795
Investment spending allocation	912,000	-	912,000
Net assets released from restrictions	1,081,082	(1,081,082)	-
Total support and revenues	15,977,755	(314,178)	15,663,577
Expenses			
Program service expenses			
Animal Care Services	10,694,283	-	10,694,283
Community Engagement	1,577,272	-	1,577,272
Remedy Veterinary Services	2,810,460	-	2,810,460
Total program service expenses	15,082,015	-	15,082,015
Administrative and general expenses	1,787,934	-	1,787,934
Fundraising expenses	2,952,878	-	2,952,878
Total functional expenses	19,822,827	-	19,822,827
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(3,845,072)</u>	<u>(314,178)</u>	<u>(4,159,250)</u>
NON-OPERATING ACTIVITIES			
Net realized and unrealized gain on marketable securities and beneficial interests in perpetual trusts	2,136,372	1,239,731	3,376,103
Investment income, net	514,419	76,624	591,043
Gain on disposal of fixed assets	29,369	-	29,369
Investment spending allocation	(912,000)	-	(912,000)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>1,768,160</u>	<u>1,316,355</u>	<u>3,084,515</u>
CHANGE IN NET ASSETS	<u>(2,076,912)</u>	<u>1,002,177</u>	<u>(1,074,735)</u>
NET ASSETS, Beginning of year	<u>40,504,915</u>	<u>8,410,963</u>	<u>48,915,878</u>
NET ASSETS, End of year	<u>\$ 38,428,003</u>	<u>\$ 9,413,140</u>	<u>\$ 47,841,143</u>

The accompanying notes to financial statements
are an integral part of this statement.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Animal Care Services	Community Engagement	Remedy Veterinary Services	Total Program Services	Administrative and General Expenses	Fundraising Expenses	Total Expenses
Salaries and related benefits	\$ 5,749,591	\$ 1,467,332	\$ 1,280,216	\$ 8,497,139	\$ 1,169,958	\$ 1,246,118	\$ 10,913,215
Animal care supplies	1,608,579	-	3,790	1,612,369	-	-	1,612,369
Occupancy	1,047,517	24,120	147,564	1,219,201	25,764	26,833	1,271,798
Media and public awareness	99,522	64,760	2,347	166,629	98	849,542	1,016,269
Animal medical supplies and services	505,973	-	399,982	905,955	-	-	905,955
Information technology	222,482	111,757	69,826	404,065	61,251	111,554	576,870
Professional services	139,058	150,039	13,122	302,219	115,552	46,896	464,667
Bank and merchant service fees	31,774	-	32,634	64,408	53,474	185,785	303,667
Shelter improvement grants	298,991	-	-	298,991	-	-	298,991
Insurance	117,456	9,622	5,264	132,342	10,429	7,343	150,114
Miscellaneous expenses	37,425	4,958	4,941	47,324	19,620	34,469	101,413
Employee professional development	37,085	9,689	17,065	63,839	18,384	6,602	88,825
Office supplies	32,263	7,088	5,854	45,205	5,056	37,124	87,385
Travel	50,684	4,501	16,730	71,915	8,646	5,491	86,052
Repairs and maintenance	60,606	1,370	8,460	70,436	1,521	-	71,957
Total expenses before depreciation	10,039,006	1,855,236	2,007,795	13,902,037	1,489,753	2,557,757	17,949,547
Depreciation	1,022,969	15,977	188,695	1,227,641	66,720	53,456	1,347,817
Total expenses	\$ 11,061,975	\$ 1,871,213	\$ 2,196,490	\$ 15,129,678	\$ 1,556,473	\$ 2,611,213	\$ 19,297,364

The accompanying notes to financial statements
are an integral part of this statement.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Animal Care Services	Community Engagement	Remedy Veterinary Services	Total Program Services	Administrative and General Expenses	Fundraising Expenses	Total Expenses
Salaries and related benefits	\$ 4,414,996	\$ 1,175,624	\$ 1,791,470	\$ 7,382,090	\$ 1,185,599	\$ 1,429,480	\$ 9,997,169
Animal care supplies	2,822,361	383	15,913	2,838,657	2,500	115	2,841,272
Occupancy	766,403	11,984	122,436	900,823	31,020	28,140	959,983
Media and public awareness	95,401	203,718	384	299,503	1,117	1,085,208	1,385,828
Animal medical supplies and services	423,418	7,955	521,049	952,422	-	-	952,422
Information technology	198,481	88,357	89,219	376,057	101,190	104,532	581,779
Professional services	182,910	34,942	8,436	226,288	89,750	31,765	347,803
Bank and merchant service fees	25,889	-	21,105	46,994	50,379	162,452	259,825
Shelter improvement grants	592,811	-	-	592,811	-	-	592,811
Insurance	131,114	6,674	8,719	146,507	9,718	6,153	162,378
Miscellaneous expenses	67,226	1,109	4,303	72,638	40,805	9,310	122,753
Employee professional development	24,010	21,402	21,184	66,596	66,672	8,106	141,374
Office supplies	21,650	8,802	10,414	40,866	36,261	25,866	102,993
Travel	31,548	6,070	21,478	59,096	48,641	6,095	113,832
Repairs and maintenance	45,297	-	12,699	57,996	3,590	-	61,586
Total expenses before depreciation	9,843,515	1,567,020	2,648,809	14,059,344	1,667,242	2,897,222	18,623,808
Depreciation	850,768	10,252	161,651	1,022,671	120,692	55,656	1,199,019
Total expenses	\$ 10,694,283	\$ 1,577,272	\$ 2,810,460	\$ 15,082,015	\$ 1,787,934	\$ 2,952,878	\$ 19,822,827

The accompanying notes to financial statements
are an integral part of this statement.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 494,034	\$ (1,074,735)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Capital campaign contributions	-	(2,898)
Contribution of property and equipment	(1,532,984)	-
Contribution to perpetual endowment	(50,000)	-
Contributions of marketable securities	(168,231)	(1,265,135)
Loss (gain) on disposal of property and equipment	42,407	(29,369)
Depreciation	1,347,817	1,199,019
Realized and unrealized gain on marketable securities	(1,388,069)	(2,731,896)
Gain in fair value of beneficial interests in perpetual trusts	(46,046)	(644,207)
Decrease in promises to give, net	89,294	934,035
(Increase) decrease in other current assets	(155,300)	546,816
(Increase) decrease in right-of-use assets	(80,071)	26,358
Increase (decrease) in accounts payable and accrued expenses	166,923	(115,851)
Increase (decrease) in operating lease obligations	78,598	(25,307)
Total adjustments	(1,695,662)	(2,108,435)
Net cash and cash equivalents used in operating activities	(1,201,628)	(3,183,170)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the purchase of property and equipment	(1,251,813)	(304,454)
Proceeds from disposals of property and equipment	10,483	30,500
Purchases of marketable securities	(1,997,778)	(881,891)
Proceeds from sales of marketable securities	3,099,716	2,951,495
Net cash and cash equivalents (used in) provided by investing activities	(139,392)	1,795,650
CASH FLOWS FROM FINANCING ACTIVITIES		
Investment in perpetual endowment	50,000	-
Capital campaign contributions	270,405	387,627
Net cash and cash equivalents provided by financing activities	320,405	387,627
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,020,615)	(999,893)
CASH AND CASH EQUIVALENTS, Beginning of year	4,973,543	5,973,436
CASH AND CASH EQUIVALENTS, End of year	\$ 3,952,928	\$ 4,973,543

The accompanying notes to financial statements
are an integral part of these statements.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Atlanta Humane Society and Society for Prevention of Cruelty to Animals, Inc. (the "Society"), is a not-for-profit organization that promotes the humane treatment of animals. The Society is dedicated to caring for animals through safe sheltering, comprehensive medical treatment, and loving adoptions. We also provide accessible public veterinary services and lead community programs that support keeping owned pets in homes. Services are funded through contributions, program service revenues, and special events. The Society is exempt from income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

B. The Society owns 100% controlling interest in Remedy Pet Care, Inc. ("Remedy"), a not-for-profit corporation providing affordable animal care services to rural and underserved communities in the states of Georgia and Florida. Remedy changed its name from St. Frances Pet Care, Inc. during the year ended September 30, 2024.

C. The consolidated financial statements include the accounts of the Society and Remedy (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in these consolidated financial statements.

D. The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. The Organization classifies net assets, revenues, gains, and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (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 reported in the Consolidated Statements of Activities and Net Assets as "net

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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assets released from restrictions." The Organization's policy is to record contributions received with restrictions and expended in the same period as contributions without donor restrictions.

Contributions that the donor requires to be used to acquire long-lived assets are reported as contributions with restrictions. Once the asset has been placed in service, the Organization reflects the expiration of the donor-imposed restriction as net assets released from restrictions.

F. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, the Organization's cash balances are in excess of the federally insured limit. However, given the strength of the financial institutions, management believes such excess deposits do not create any significant loss exposure. Management periodically reviews the financial viability of the financial institutions and does not anticipate nonperformance.

G. Marketable securities and beneficial interests in perpetual trusts are recorded at fair value net of all fees paid or accrued. Marketable securities include investments in equity and fixed income funds. Realized and unrealized gains and losses on marketable securities are computed using the specific identification method. Beneficial interests in perpetual trusts include only the Organization's proportional share of the perpetual trusts.

H. Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are initially recorded at fair value, estimated by discounting them to their present value of estimated future cash flows at a risk-adjusted rate. The discount rates are computed using risk-free interest rates applicable to the years in which the promises were received, which were 6.95% to 7.40% for the years ended September 30, 2025 and 2024. Amortization of the discounts, if any, is included in contributions in the accompanying Consolidated Statements of Activities and Net Assets.

I. Trade accounts receivable, which are included in other current assets in the accompanying Consolidated Statements of Financial Position, are recorded at the amounts of cash estimated as realizable. The Organization provides reserves for credit losses when specific accounts are deemed uncollectible. Trade accounts receivable balances are considered delinquent based upon how recently payments have been received.

J. The Organization capitalizes property and equipment over \$1,000 with expected useful lives greater than one year. Purchased property and equipment are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from three to forty years. Donated assets are capitalized at the fair market value of the asset on the date of contribution. Additions and replacements are charged to property accounts, while repairs and maintenance are charged to expenses as incurred.

K. The majority of the Organization's revenues are from contributions, program service revenues, and special events. Contributions are recognized as revenue when cash, securities, or other assets, or an unconditional promise to give is received. Conditional promises to give, that is,

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
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those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Program service revenues, including adoption fees and veterinary services, are accounted for as exchange transactions and are recognized as revenue when the service is completed, as payment is due at the time these services are rendered. Special event ticket sales and sponsorships are recognized as revenue when the event takes place.

During the year ended September 30, 2025, the Organization received a pledge of up to \$2,500,000 for expansion of the Operation Humane program. The Organization received \$535,000 during the year ended September 30, 2025, which is included in contributions in the accompanying Consolidated Statements of Activities and Net Assets. The balance of the grant is conditioned on the Organization meeting specified reporting and performance requirements as outlined in the grant agreement over a five-year period and, therefore, will be recognized as contribution revenue as the conditions have been met.

L. Donated materials and services are reflected as contributions in the accompanying consolidated statements at their estimated value at date of receipt. Donated materials, which were primarily animal food and medical supplies, were valued at their approximate fair market value at the date of receipt. Donated services consist of web advertising services, which were valued using estimated prices for similar products or services. Unpaid volunteers have made significant contributions of time to the Organization. The value of this contributed time is not reflected in the accompanying statements since it does not create or enhance non-financial assets or require specialized skills.

M. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, general office, and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

N. Subsequent events have been evaluated by management through April 1, 2026, the date these consolidated financial statements were available to be issued.

2. ACQUISITION OF NOT-FOR-PROFIT ORGANIZATION

On December 1, 2024, the Organization entered into a grant agreement with Humane Society of Cobb County, Inc. ("HSCC"), a not-for-profit organization. Under the terms of the agreement, the Organization acquired substantially all assets, including cash and property and equipment, and assumed all liabilities, which consisted of accounts payable, of HSCC. The acquisition was structured to expand the Organization's geographic footprint and mission services.

The transaction was accounted for as an acquisition, with the assets acquired recognized at their fair value of \$2,274,017 at the date of acquisition. The transfer of assets was treated as a contribution from HSCC in the Statement of Activities for the year ended September 30, 2025.

**ATLANTA HUMANE SOCIETY AND SOCIETY FOR
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

3. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statements of Financial Position date, comprise the following as of September 30:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 3,952,928	\$ 4,973,543
Pledges and other receivables, net	592,544	934,268
Marketable securities	15,373,438	14,919,076
Beneficial interests in perpetual trusts	<u>4,382,503</u>	<u>4,336,457</u>
Total financial assets, at year end	24,301,413	25,163,344
Less amounts unavailable for general expenditure:		
Long-term promises to give, net	(343,346)	(523,423)
Donor restrictions for specified purposes	(2,783,581)	(2,476,828)
Donor restrictions for perpetual purposes	<u>(6,507,935)</u>	<u>(6,411,889)</u>
Total financial assets available for general expenditure	<u>\$ 14,666,551</u>	<u>\$ 15,751,204</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a \$5,000,000 line of credit that can be drawn upon if needed (see Note 8).

4. PROMISES TO GIVE

Promises to give are due as follows at September 30:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 220,322	\$ 399,963
Receivable in one to five years	<u>387,450</u>	<u>619,297</u>
Total promises to give	607,772	1,019,260
Reserve for uncollectible accounts	(18,071)	(27,840)
Discount to present value	<u>(26,033)</u>	<u>(68,053)</u>
Promises to give, net	<u>\$ 563,668</u>	<u>\$ 923,367</u>

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Promises to give consisted of the following at September 30:

	<u>2025</u>	<u>2024</u>
Capital campaign pledges	\$ 174,540	\$ 444,944
Other	<u>389,128</u>	<u>478,423</u>
Promises to give, net	<u>\$ 563,668</u>	<u>\$ 923,367</u>

5. FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on observable inputs other than Level 1 prices, such as quoted market prices for similar assets, quoted market prices in inactive markets and other inputs that may be corroborated by observable market data. Level 3 within the hierarchy states that valuations are based upon unobservable inputs. At September 30, 2025 and 2024, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are marketable securities and beneficial interests in perpetual trusts. Equity, fixed income, and money market funds are valued at the closing price reported on the active market on which the individual securities are traded. Beneficial interests in perpetual trusts are valued utilizing the net asset valuation of the underlying funds, which values securities and other financial instruments on a mark-to-market basis of accounting.

The preceding methods described 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 methods 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.

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The following presents by level, within the fair value hierarchy, the Organization's marketable securities and beneficial interests in perpetual trusts at fair value at September 30:

Description	2025		
	Level 1	Level 3	Total
Marketable securities			
Equity funds	\$ 10,259,687	\$ -	\$ 10,259,687
Fixed income funds	5,088,093	-	5,088,093
Money market funds	25,658	-	25,658
Total marketable securities	15,373,438	-	15,373,438
Beneficial interests in perpetual trusts	-	4,382,503	4,382,503
Total	<u>\$ 15,373,438</u>	<u>\$ 4,382,503</u>	<u>\$ 19,755,941</u>

Description	2024		
	Level 1	Level 3	Total
Marketable securities			
Equity funds	\$ 9,985,634	\$ -	\$ 9,985,634
Fixed income funds	4,909,971	-	4,909,971
Money market funds	23,471	-	23,471
Total marketable securities	14,919,076	-	14,919,076
Beneficial interests in perpetual trusts	-	4,336,457	4,336,457
Total	<u>\$ 14,919,076</u>	<u>\$ 4,336,457</u>	<u>\$ 19,255,533</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets, which consist of beneficial interests in perpetual trusts, for the years ended September 30:

	2025	2024
Balance, beginning of year	\$ 4,336,457	\$ 3,692,250
Net realized and unrealized gain	46,046	644,207
Balance, end of year	<u>\$ 4,382,503</u>	<u>\$ 4,336,457</u>

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6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 19,328,062	\$ 17,695,780
Land	5,327,805	5,018,806
Furniture and equipment	1,954,058	1,660,022
Construction in progress	-	28,700
Information technology	1,567,873	1,266,546
Automotive equipment	717,971	499,459
Leasehold improvements	1,072,227	727,126
Land improvements	48,179	33,571
	<u>30,016,175</u>	<u>26,930,010</u>
Total	30,016,175	26,930,010
Less accumulated depreciation	<u>(5,144,329)</u>	<u>(3,442,254)</u>
Property and equipment, net	<u>\$ 24,871,846</u>	<u>\$ 23,487,756</u>

7. RIGHT-OF-USE ASSETS AND OPERATING LEASE OBLIGATIONS

The Organization has entered into non-cancelable leases for veterinary centers and a warehouse, expiring at various dates through the year ended September 30, 2029. Right-of-use assets ("ROU assets") and operating lease obligations were recorded at the present value of future payments using an incremental annual borrowing rate ranging from 1.32% to 5.75%. The ROU assets are amortized over the life of the leases and the amortization is considered rent expense. Rent expense also includes additional amounts to cover related operating expenses and storage space.

Future minimum rental payments for the Organization are as follows at September 30:

<u>Year</u>	<u>Amount</u>	<u>Discount</u>	<u>Lease Obligation</u>
2026	\$ 203,092	\$ (17,845)	\$ 185,247
2027	167,493	(12,633)	154,860
2028	152,030	(7,627)	144,403
2029	95,506	(2,554)	92,952
	<u>618,121</u>	<u>(40,659)</u>	<u>577,462</u>
Total	<u>\$ 618,121</u>	<u>\$ (40,659)</u>	<u>\$ 577,462</u>

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Total rent expense under the lease agreements was \$318,671 and \$180,885 for the years ended September 30, 2025 and 2024, respectively. ROU assets at September 30, 2025 and 2024 were \$549,088 and \$469,017, respectively. Operating lease obligations at September 30, 2025 and 2024 were \$577,462 and \$498,864, respectively.

8. LINE OF CREDIT

The Organization has a \$5 million line of credit with a bank. The line of credit, which is collateralized by a portion of the Organization's marketable securities, matures on September 25, 2028. Interest accrues on the outstanding balance at the one-month CME Term SOFR plus 1.10% per annum, which was 5.35% and 5.75% at September 30, 2025 and 2024, respectively. There was no balance due on this line of credit at September 30, 2025 and 2024.

9. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods as follows at September 30:

	2025	2024
Subject to expenditure for specified purpose:		
Accessible veterinarian care	\$ 20,000	\$ 25,000
Animal welfare	10,000	86,676
Operation Humane Expansion	175,000	-
Pets in Crisis support	957,000	1,270,570
Shelter improvement grants	181,487	259,326
	1,343,487	1,641,572
Undistributed endowment earnings,		
Subject to appropriation:		
For use without restriction	738,470	625,350
North Fulton Adoption Center	509,051	289,198
Veterinary care for unowned animals	408,668	337,015
Veterinarian extern	126,710	107,116
Shelter medicine	541	-
	1,783,440	1,358,679

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	<u>2025</u>	<u>2024</u>
Subject to endowment spending policy and appropriation:		
Beneficial interests in perpetual trusts	4,382,503	4,336,457
Endowment without restrictions on income	281,578	281,578
Endowment for North Fulton Adoption Center	1,500,000	1,500,000
Endowment for veterinary care for unowned animals	242,498	242,498
Endowment for veterinarian extern	51,356	51,356
Endowment for shelter medicine	50,000	-
	<u>6,507,935</u>	<u>6,411,889</u>
Total net assets with donor restrictions	<u>\$ 9,634,862</u>	<u>\$ 9,412,140</u>

Net assets were released from restrictions as follows for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Accessible veterinarian care	\$ 25,000	\$ 186,465
Animal welfare	87,676	47,377
Pets in Crisis support	363,570	254,430
Shelter improvement grants	252,839	592,810
	<u>\$ 729,085</u>	<u>\$ 1,081,082</u>

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Prescription and regular food supplies	\$ 1,281,782	\$ 2,644,997
Medical supplies	140,088	14,076
Online advertising services	88,313	90,585
Other miscellaneous items	73,939	126,573
	<u>\$ 1,584,122</u>	<u>\$ 2,876,231</u>

The Organization's in-kind contributions were valued using estimated average prices of identical or similar services or products using pricing data of similar services or products under a "like-kind" methodology, considering the utility of the services and goods at the time of the

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contribution. No in-kind contributions were restricted. The Organization does not sell donated gifts-in-kind and only uses the goods and services for its own program or supporting service activities.

11. EMPLOYEE BENEFIT PLANS

The Organization sponsors a 401(k) plan for the benefit of its employees. The Organization matches 100% of employee contributions up to six percent of the employee's salary. Employer contributions to the plan totaled \$238,355 and \$162,792 for the years ended September 30, 2025 and 2024, respectively.

The Organization sponsors a deferred compensation plan under Section 457(b) of the Internal Revenue Code ("IRC") to provide certain key employees with supplemental retirement benefits. Under the plan, key employees may elect to defer a portion of their compensation not to exceed the amount allowed by the IRC. The deferred contributions are deposited into an account that is owned by the Organization until the assets are distributed to the employee in accordance with the plan document. The Organization formerly sponsored a deferred compensation plan under IRC Section 457(f) that was frozen effective December 31, 2017.

At September 30, 2025 and 2024, the Organization's liability under the 457(b) and 457(f) plans totaled \$529,449 and \$414,294, respectively. The amounts are included in other current assets and accounts payable and accrued expenses on the accompanying Consolidated Statements of Financial Position.

12. ENDOWMENT

At September 30, 2025 and 2024, the Organization's endowment consisted of six and five and donor-restricted funds, respectively. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Board of Directors of the Organization has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors will appropriate funds from the endowment funds based on specific needs and budgeting requirements from year to year. UPMIFA does not apply to beneficial interests in perpetual trusts.

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In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and,
- (7) The investment policies of the Organization.

The Organization has adopted investment and spending policies that provide support to operating and capital funding while not eroding the value of endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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) due to fluctuation of investments. There were no underwater endowment funds as of September 30, 2025 and 2024.

The composition of and changes in endowment net assets are as follows:

	<u>Available for Expenditure</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Balance at September 30, 2024	\$ 1,358,679	\$ 2,075,432	\$ 3,434,111
Contribution	-	50,000	50,000
Investment return:			
Investment income, net	89,810	-	89,810
Net realized and unrealized gain	334,951	-	334,951
Balance at September 30, 2025	<u>\$ 1,783,440</u>	<u>\$ 2,125,432</u>	<u>\$ 3,908,872</u>

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	<u>Available for Expenditure</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Balance at September 30, 2023	\$ 686,531	\$ 2,075,432	\$ 2,761,963
Investment return:			
Investment income, net	76,624	-	76,624
Net realized and unrealized gain	595,524	-	595,524
	<u> </u>	<u> </u>	<u> </u>
Balance at September 30, 2024	<u>\$ 1,358,679</u>	<u>\$ 2,075,432</u>	<u>\$ 3,434,111</u>

13. SUPPLEMENTAL CASH FLOW DISCLOSURE

Property and equipment with a value of \$1,532,984 was received from HSCC and includes land, buildings, and equipment (See Note 2).