Friends of Animals, Inc.

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

April 30, 2026 and 2025

CohnReznick

Friends of Animals, Inc.

Index

CohnReznick

Independent Auditor's Report

To the Board of Directors
Friends of Animals, Inc.

Opinion

We have audited the financial statements of Friends of Animals, Inc., which comprise the statements of financial position as of April 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friends of Animals, Inc. as of April 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Friends of Animals, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Friends of Animals, Inc.'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 Friends of Animals, 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 Friends of Animals, 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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses for Program Services - Public Information and Animal Protection Costs is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
September 3, 2026

Friends of Animals, Inc.

Statements of Financial Position
April 30, 2026 and 2025

Assets

	2026	2025
Current assets		
Cash	$ 418,060	$ 518,805
Investments	10,934,418	9,585,053
Bequests receivable, net	-	261,534
Contributions and grants receivable, net	6,368	84,237
Due from related party	236,000	-
Merchandise inventory, net	3,459	343
Other current assets	35,955	58,699
Total current assets	11,634,260	10,508,671
Property and equipment		
Equipment and other	382,758	382,758
Accumulated depreciation	(366,628)	(361,294)
Total property and equipment, net	16,130	21,464
Other assets		
Right-of-use assets - operating leases	757,194	916,454
Vested interest in trusts	4,669,451	4,141,844
Deposits	17,844	14,556
Total other assets	5,444,489	5,072,854
Total assets	$ 17,094,879	$ 15,602,989

Friends of Animals, Inc.

Statements of Financial Position
April 30, 2026 and 2025

Liabilities and Net Assets

	2026	2025
Current liabilities		
Accounts payable	$ 26,228	$ 35,467
Accrued expenses	102,128	171,011
Liability for unredeemed spay and neuter vouchers	312,678	302,916
Current portion of operating lease liabilities	159,391	153,098
Total current liabilities	600,425	662,492
Noncurrent liabilities		
Operating lease liabilities	611,226	763,356
Total liabilities	1,211,651	1,425,848
Net assets		
Without donor restrictions	11,213,777	9,960,297
With donor restrictions - time/purpose	-	75,000
With donor restrictions - in perpetuity	4,669,451	4,141,844
Total net assets	15,883,228	14,177,141
Total liabilities and net assets	$ 17,094,879	$ 15,602,989

See Notes to Financial Statements.

Friends of Animals, Inc.

Statement of Activities
Year Ended April 30, 2026
(With Comparative Totals for 2025)

	Without donor restrictions	With donor restrictions		Total	
		Time/purpose	In perpetuity	2026	2025
Support and revenues					
Support					
Contributions	$ 1,817,530	$ -	$ -	$ 1,817,530	$ 1,655,076
Contributed nonfinancial assets	-	-	-	-	50,179
Bequests and trust income	2,298,988	-	-	2,298,988	2,324,584
Total support	4,116,518	-	-	4,116,518	4,029,839
Revenues					
Spay and neuter vouchers issued, net	813,416	-	-	813,416	946,853
Change in value of trusts	-	-	527,607	527,607	(56,467)
Merchandise and literature sales	2,461	-	-	2,461	1,812
Miscellaneous income	80,232	-	-	80,232	36,434
Total revenues	896,109	-	527,607	1,423,716	928,632
Net assets released from restrictions					
Satisfaction of restrictions	75,000	(75,000)	-	-	-
Total support and revenues	5,087,627	(75,000)	527,607	5,540,234	4,958,471
Expenses					
Spaying and neutering costs	1,143,335	-	-	1,143,335	1,239,794
Public information and animal protection costs	3,087,388	-	-	3,087,388	2,935,950
Administrative	193,692	-	-	193,692	157,959
Fundraising	89,424	-	-	89,424	83,760
Total expenses	4,513,839	-	-	4,513,839	4,417,463
Investment income, net	679,692	-	-	679,692	452,192
Change in net assets	1,253,480	(75,000)	527,607	1,706,087	993,200
Net assets, beginning	9,960,297	75,000	4,141,844	14,177,141	13,183,941
Net assets, end	$ 11,213,777	$ -	$ 4,669,451	$ 15,883,228	$ 14,177,141

See Notes to Financial Statements.

Friends of Animals, Inc.

Statement of Activities
Year Ended April 30, 2025

	Without donor restrictions	With donor restrictions		2025
		Time/purpose	In perpetuity	
Support and revenues				
Support				
Contributions	$ 1,500,805	$ 154,271	$ -	$ 1,655,076
Contributed nonfinancial assets	50,179	-	-	50,179
Bequests	2,324,584	-	-	2,324,584
Total support	3,875,568	154,271	-	4,029,839
Revenues				
Spay and neuter vouchers issued, net	946,853	-	-	946,853
Change in value of trusts	-	-	(56,467)	(56,467)
Merchandise and literature sales	1,812	-	-	1,812
Miscellaneous income	36,434	-	-	36,434
Total revenues	985,099	-	(56,467)	928,632
Net assets released from restrictions				
Satisfaction of restrictions	83,712	(83,712)	-	-
Total support and revenues	4,944,379	70,559	(56,467)	4,958,471
Expenses				
Spaying and neutering costs	1,239,794	-	-	1,239,794
Public information and animal protection costs	2,935,950	-	-	2,935,950
Administrative	157,959	-	-	157,959
Fundraising	83,760	-	-	83,760
Total expenses	4,417,463	-	-	4,417,463
Investment income, net	452,192	-	-	452,192
Change in net assets	979,108	70,559	(56,467)	993,200
Net assets, beginning	8,981,189	4,441	4,198,311	13,183,941
Net assets, end	$ 9,960,297	$ 75,000	$ 4,141,844	$ 14,177,141

See Notes to Financial Statements.

Friends of Animals, Inc.

Statement of Functional Expenses
Year Ended April 30, 2026

	Spaying and neutering costs	Public information and animal protection costs	Total program services	Administrative expenses	Fundraising expenses	Total support services	Total expenses
Salaries	$ 214,816	$ 1,411,221	$ 1,626,037	$ 82,275	$ 15,230	$ 97,505	$ 1,723,542
Veterinarians	734,642	-	734,642	-	-	-	734,642
Primarily Primates, Inc. project	-	696,327	696,327	-	-	-	696,327
Insurance	26,983	197,640	224,623	2,422	1,612	4,034	228,657
Rent and utilities	27,462	136,652	164,114	20,289	1,373	21,662	185,776
Printing and mailing lists	2,441	134,630	137,071	222	32,315	32,537	169,608
Payroll and other taxes	19,747	132,848	152,595	(1,076)	1,239	163	152,758
Postage and delivery	2,940	99,834	102,774	2,563	18,351	20,914	123,688
Computer supplies	19,946	44,119	64,065	15,777	16,614	32,391	96,456
Advertising	1,146	41,617	42,763	-	-	-	42,763
African projects cost	-	69,996	69,996	-	-	-	69,996
Professional services	29,100	14,853	43,953	30,802	-	30,802	74,755
Bank service charges	35,584	-	35,584	70	1,092	1,162	36,746
Depreciation	538	4,534	5,072	209	53	262	5,334
Travel	-	23,195	23,195	334	-	334	23,529
Registrations and fees	-	6,313	6,313	17,600	1,086	18,686	24,999
Telephone	2,506	15,858	18,364	630	137	767	19,131
Dues and subscriptions	-	12,750	12,750	-	-	-	12,750
Office equipment rental	2,479	10,209	12,688	656	131	787	13,475
Office supplies and expense	234	10,330	10,564	1,339	13	1,352	11,916
Maintenance	2,068	8,675	10,743	2,958	114	3,072	13,815
Incentive program material costs	-	-	-	1,579	-	1,579	1,579
Data processing	703	5,851	6,554	192	64	256	6,810
Wild horse project	-	9,105	9,105	-	-	-	9,105
Miscellaneous	-	-	-	7,386	-	7,386	7,386
Automobile expense	-	-	-	7,465	-	7,465	7,465
Awards and grants	20,000	831	20,831	-	-	-	20,831
	$ 1,143,335	$ 3,087,388	$ 4,230,723	$ 193,692	$ 89,424	$ 283,116	$ 4,513,839

See Notes to Financial Statements.

Friends of Animals, Inc.

Statement of Functional Expenses
Year Ended April 30, 2025

	Spaying and neutering costs	Public information and animal protection costs	Total program services	Administrative expenses	Fundraising expenses	Total support services	Total expenses
Salaries	$ 204,655	$ 1,350,630	$ 1,555,285	$ 80,174	$ 13,076	$ 93,250	$ 1,648,535
Veterinarians	838,858	-	838,858	-	-	-	838,858
Primarily Primates, Inc. project	-	525,491	525,491	-	-	-	525,491
Insurance	26,612	189,734	216,346	1,402	1,512	2,914	219,260
Rent and utilities	26,300	131,962	158,262	5,986	1,315	7,301	165,563
Printing and mailing lists	989	122,419	123,408	262	29,929	30,191	153,599
Payroll and other taxes	18,087	122,659	140,746	6,489	1,118	7,607	148,353
Postage and delivery	6,292	87,915	94,207	2,706	19,472	22,178	116,385
Computer supplies	13,843	34,672	48,515	9,315	14,669	23,984	72,499
Advertising	14,171	154,675	168,846	-	-	-	168,846
African projects cost	-	69,996	69,996	-	-	-	69,996
Professional services	27,778	15,685	43,463	19,804	-	19,804	63,267
Bank service charges	38,376	-	38,376	1,950	946	2,896	41,272
Depreciation	444	3,429	3,873	121	40	161	4,034
Travel	-	49,292	49,292	-	-	-	49,292
Registrations and fees	-	11,539	11,539	15,286	1,235	16,521	28,060
Telephone	2,705	19,167	21,872	676	135	811	22,683
Dues and subscriptions	-	13,080	13,080	-	-	-	13,080
Office equipment rental	2,455	9,592	12,047	622	124	746	12,793
Office supplies and expense	275	4,917	5,192	2,354	14	2,368	7,560
Maintenance	2,288	8,465	10,753	572	114	686	11,439
Incentive program material costs	-	-	-	5,181	-	5,181	5,181
Data processing	666	5,490	6,156	182	61	243	6,399
Wild horse project	-	5,091	5,091	-	-	-	5,091
Miscellaneous	-	50	50	4,875	-	4,875	4,925
Automobile expense	-	-	-	2	-	2	2
Awards and grants	15,000	-	15,000	-	-	-	15,000
	$ 1,239,794	$ 2,935,950	$ 4,175,744	$ 157,959	$ 83,760	$ 241,719	$ 4,417,463

See Notes to Financial Statements.

Friends of Animals, Inc.

Statements of Cash Flows
Years Ended April 30, 2026 and 2025

	2026	2025
Cash flows from operating activities		
Change in net assets	$ 1,706,087	$ 993,200
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,334	4,034
Right-of-use asset amortization	159,260	149,573
Unrealized and realized gain on investments	(298,710)	(131,924)
Change in vested interest in trusts	(723,367)	(165,480)
Changes in operating assets and liabilities		
Bequests receivable, net	261,534	(141,610)
Due from related party	(236,000)	-
Contributions and grants receivable, net	77,869	(73,679)
Merchandise inventory, net	(3,116)	3,364
Other current assets	22,744	(38,658)
Deposits	(3,288)	-
Accounts payable	(9,239)	281
Accrued expenses	(68,883)	27,853
Liability for unredeemed spay and neuter vouchers	9,762	(97,600)
Operating lease liabilities	(145,837)	(150,162)
Net cash provided by operating activities	754,150	379,192
Cash flows from investing activities		
Purchases of property and equipment	-	(18,206)
Proceeds from sales of investments	1,451,277	594,841
Purchases of investments	(2,501,932)	(1,539,437)
Distribution from trust	195,760	221,947
Net cash used in investing activities	(854,895)	(740,855)
Net decrease in cash	(100,745)	(361,663)
Cash, beginning	518,805	880,468
Cash, end	$ 418,060	$ 518,805

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Nature of activities

Friends of Animals, Inc. ("FoA" or the "Organization"), a not-for-profit organization, is incorporated in the State of New York. FoA has offices in Darien, Connecticut and Centennial, Colorado.

FoA advocates for the rights of animals, free-living and domestic, around the world. Its goal is to free animals from cruelty and institutionalized exploitation. Through its various animal advocacy programs and interventions, FoA promotes endangered species and other wildlife protection through its broad-based educational efforts. The group promotes campaigns against wild horse round-ups and the wild bird trade, the horse-drawn carriage trade, the fur trade, hunting and predator control, including animal-killing contests. FoA's Wildlife Law Program fills a niche between animal and environmental activism, using the law to ensure the right of all wildlife to live in an ecosystem free from human manipulation, exploitation or abuse. FoA's successful lawsuits and interventions also expose the mistreatment of wildlife and help local governments and communities learn how to eliminate perceived conflicts with animals.

FoA sponsors chimpanzee conservation projects in West Africa, and funds the protection and recovery of an endangered African antelope species. FoA also assists with funding and in 2007, took over the management of Primarily Primates sanctuary in San Antonio, Texas. The approximately 300 animals and birds who reside at this 78-acre sanctuary were released from animal labs, zoos, the exotic pet trade and the entertainment industry.

Its vegan advocacy educational projects explain that a plant-based diet is the best response to an ecological crisis and the only way to end the unspeakable misery that comes from turning animals into consumer goods.

From its beginning, FoA has taken a leadership role providing low-cost spaying and neutering of dogs and cats nationwide. FoA operates a breeding control program in the United States, facilitating more than 2.7 million spay/neuter procedures since inception. Vouchers can be purchased from FoA that can be used for a routine spay or neuter surgery at a participating veterinarian. The balance of FoA's support and revenues predominantly consists of contributions, bequests and grants.

FoA publishes a periodic publication, ActionLine, and offers free subscriptions with memberships. Through ActionLine, mailings and action alerts, FoA informs its members and supporters about how to end the worldwide exploitation of animals and contains "calls to action" to get readers to take action in support of various causes and programs.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets, which are described as follows:

> *Net assets without donor restrictions* - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from private foundation status under IRC Section 509(a)(3) and as such is not subject to federal or state income taxes.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of April 30, 2026 and 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's federal information returns prior to fiscal year 2023 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization has unrelated business income taxes, it will recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Cash and cash equivalents

FoA considers all highly-liquid investments with a maturity of three months or less when acquired to be cash equivalents. There were no cash equivalents as of April 30, 2026 and 2025.

Contributions and grants

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. 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 as net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Spay and neuter vouchers

Spay and neuter voucher revenue is recognized at a point in time (when the voucher is redeemed by the Organization's customers), in an amount that depicts the consideration the Organization expects to be entitled to in exchange for those services. Revenue is not recognized unless collectibility under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties. The liability for unredeemed spay and neuter vouchers represents FoA's estimate of spay and neuter vouchers sold prior to the end of the year, but not yet redeemed.

The beginning and ending liability for unredeemed spay and neuter voucher balances were as follows as of April 30, 2026 and 2025:

	2026	2025	2024
Liability for unredeemed spay and neuter vouchers	$ 312,678	$ 302,916	$ 400,516

Investments

Investments are valued at their fair values. Net realized and unrealized gains or losses on investments are included in investment income or loss.

Property and equipment

The Organization capitalizes all expenditures for equipment in excess of $2,000 and having a useful life of three years or greater. Purchased equipment is recorded at cost. Donated equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are 5 -10 years for equipment and other. Construction in progress expenditures will be capitalized and depreciated at the completion of projects.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activities.

The Organization reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Donated services

Donated services are recorded at their estimated values at the date of receipt.

Vested interest in trusts
FoA is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, FoA has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in the trust is recognized as an asset and as a contribution with donor restriction at the date the trust is established. FoA's estimate of fair value is based on fair value information received from the trustees. The trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds and equity securities. These assets are not subject to the control or direction by FoA.

Gains and losses, which are not distributed by the trusts, are reflected as change in value of trusts in the statements of activities. Vested interest in trusts as of April 30, 2026 and 2025 are $4,669,451 and $4,141,844, respectively. Net assets with donor restrictions - in perpetuity relate to the vested interests in trusts.

Qualified retirement plan
FoA sponsors an employee profit sharing plan, which is qualified under Sections 401(a) and 501(a) of the Internal Revenue Code and covers substantially all full-time employees of the Organization. FoA did not make any contributions for the years ended April 30, 2026 and 2025.

Merchandise inventory
Merchandise inventory consists of various promotional merchandise and is stated at the lower of cost or market and is determined using the first-in, first-out method.

Advertising costs
Advertising costs are expensed as incurred.

Functional allocation of expenses
Expenses are charged to spaying and neutering costs, public information and animal protection costs, administrative expenses, and fundraising expenses based on a combination of specific identification and allocations made by management. Expenses that are attributed to multiple functions are allocated using a reasonable allocation method that is consistently applied. Salaries and related costs are allocated based on staff functions.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events
The Organization has evaluated events and transactions for potential recognition or disclosure through September 3, 2026, which is the date the financial statements were available to be issued.

Note 2 - Concentrations

The Organization maintains its cash with high-credit quality financial institutions. At various times during the year, cash held at the Organization's banking institutions may exceed the federally insured limits.

The Organization invests in various debt and equity securities. These investment securities are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of FoA's investments, which could materially affect amounts reported in the financial statements.

Note 3 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statements of financial position date, comprise the following as of April 30, 2026 and 2025:

	2026	2025
Cash	$ 418,060	$ 518,805
Investments	10,934,418	9,585,053
Bequests receivable, net	-	261,534
Contributions and grants receivable, net	6,368	84,237
Due from related party	236,000	-
	11,594,846	10,449,629
Less net assets with donor restrictions - time/purpose	-	(75,000)
Financial assets available for general expenditure within one year	$ 11,594,846	$ 10,374,629

As part of the Organization's liquidity management, the Organization keeps its financial assets available as its general expenditures, liabilities, and other obligations come due.

Note 4 - Vested interest in trusts

FoA is the beneficiary under multiple perpetual trust agreements. The assets of the trusts are included in the statements of financial position at fair value. The income distributed from the trusts in fiscal years 2026 and 2025 was $195,760 and $221,947, respectively. Income distributed from the trusts is recorded in bequests in the statements of activities. FoA's interest in these trusts is recorded at fair value in the statements of financial position.

Note 5 - Fair value measurements

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

> Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
>
> Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
>
> Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used during 2026 and 2025.

Investments in securities designated as Level 1 that are listed on a national securities exchange are valued at the last sales price on the valuation date.

Vested interest in trusts is designated as Level 3 instruments primarily because FoA receives periodic payments from the trusts based on the present value of expected cash flows to be received from the trusts. The fair value of the Organization's share of the trusts is based on the values of the underlying investments in the trusts, which are established by the trustees using market values for identical assets in an active market for similar assets. The trustees provide FoA with investment statements and valuations of its portion of the trusts at year-end. These are evaluated annually by the Organization.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although FoA 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. There have been no changes in the valuation methodology used at April 30, 2026 and 2025.

Financial assets carried at fair value at April 30, 2026 and 2025 are classified in the tables below in one of the three categories described above:

	2026			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 2,245,063	$ -	$ -	$ 2,245,063
Mutual funds and exchange traded funds	3,576,168	-	-	3,576,168
Vested interest in trusts	-	-	4,669,451	4,669,451
	$ 5,821,231	$ -	$ 4,669,451	10,490,682
			Certificates of deposit	5,113,187
				$ 15,603,869

	2025			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,376,221	$ -	$ -	$ 1,376,221
Mutual funds	3,183,458	-	-	3,183,458
Vested interest in trusts	-	-	4,141,844	4,141,844
	$ 4,559,679	$ -	$ 4,141,844	8,701,523
			Certificates of deposit	5,025,374
				$ 13,726,897

The following table represents FoA's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instruments	2026 Fair value	2025 Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Vested interest in trusts	$ 4,669,451	$ 4,141,844	(A)	Base price	N/A	N/A

(A) Valuation of underlying assets as provided by issuer.

Note 6 - Investments

The following summarizes the relationship between the cost and fair values of investments as of April 30, 2026:

	Cost	Fair value	Unrealized (loss)
Money market funds	$ 2,245,063	$ 2,245,063	$ -
Certificates of deposit	5,113,187	5,113,187	-
Mutual funds and exchange traded funds	3,274,584	3,576,168	301,584
Total	$ 10,632,834	$ 10,934,418	$ 301,584

The following summarizes the relationship between the cost and fair values of investments as of April 30, 2025:

	Cost	Fair value	Unrealized (loss)
Money market funds	$ 1,376,221	$ 1,376,221	$ -
Certificates of deposit	5,025,374	5,025,374	-
Mutual funds	3,274,359	3,183,458	(90,901)
Total	$ 9,675,954	$ 9,585,053	$ (90,901)

Note 7 - Bequests, contributions and grants receivable

FoA has bequests receivable totaling $0 and $261,534 as of April 30, 2026 and 2025, respectively. Management records bequests at estimated net realizable amounts and periodically reviews bequests receivable for uncollectible amounts. No allowance for uncollectible bequests was recorded as of April 30, 2026 and 2025.

FoA has contributions and grants receivable totaling $9,968 and $86,937 as of April 30, 2026 and 2025, respectively. As of April 30, 2026 and 2025, there was an allowance for uncollectible amounts relating to contributions and grants receivable of $3,600 and $2,700, respectively. Total balance of contributions and grants receivable is due within the next fiscal year for both years ended April 30, 2026 and 2025.

Note 8 - Net assets with donor restrictions - time/purpose

Net assets with donor restrictions - time/purpose as of April 30, 2026 and 2025 are comprised of the following:

	2026	2025
Spay/neuter program	$ -	$ 75,000

Note 9 - Net assets with donor restrictions - in perpetuity

Net assets with donor restrictions - in perpetuity as of April 30, 2026 and 2025 are comprised of the following:

	2026	2025
Vested interest in trusts	$ 4,669,451	$ 4,141,844

Note 10 - Spay and neuter vouchers

Spay and neuter vouchers issued are shown net of refunds and discounts on the statements of activities. For the years ended April 30, 2026 and 2025, spay and neuter vouchers are comprised of the following:

	2026	2025
Spay and neuter revenue	$ 865,063	$ 1,014,585
Refunds	(51,647)	(67,732)
	$ 813,416	$ 946,853

Note 11 - Operating leases

The Organization leases facilities for its main headquarters in Darien, Connecticut, and a facility in Colorado as well as various office equipment. All contracts that implicitly or explicitly involve property and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Organization has elected and applied the practical expedient available to lessees to combine nonlease components with their related lease components and account for them as a single combined lease component for all its leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Organization estimates risk free rate as the discount rate. The Organization's risk free rate, which is determined at either lease commencement or when a lease liability is remeasured, is the rate on U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Organization includes variable rental payments based on a rate or an index such as the Consumer Price Index ("CPI") in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

Leases of real estate have lease terms that range from five to six years, which terms have been incorporated into our measurement of the related right-of-use assets and lease liabilities. Although most of the real estate leases include one or more options to renew that can extend the contractual terms from one to three years, those renewal options are exercisable solely at the Organization's discretion and have been excluded from lease term measurements. The real estate leases generally require reimbursement of real estate taxes, common area maintenance, and insurance.

Rental payments on these leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts. Certain leases of real estate provide for rental increased based on the CPI, which are included in the Organization's measurement of lease payments based on the rate or index in effect at lease commencement and are therefore included in the measurement of the lease liabilities.

Equipment leases have lease terms that generally range from less than one year to five years and generally do not have renewal options. Rental payments on these leases typically provide for fixed payments that increase over the lease term at predetermined amounts, are included in the measurement of lease payments, and are therefore included in the measurement of lease liabilities.

Financial information

The following provides information about the Organization's right-of-use assets and lease liabilities for its operating leases as of April 30, 2026 and 2025:

	Statement of Financial Position classification	2026	2025
Right-of-use assets			
Operating leases	Other assets	$ 757,194	$ 916,454
Lease liabilities			
Current			
Operating leases	Current liabilities	$ 159,391	$ 153,098
Noncurrent			
Operating leases	Long-term liabilities	611,226	763,356
Total lease liabilities		$ 770,617	$ 916,454

The components of the Organization's lease cost for the years ended April 30, 2026 and 2025 are as follows:

	Statement of Activities classification	2026	2025
Operating lease cost, net			
Rent expense	Spaying and neutering costs	$ 27,462	$ 26,300
Rent expense	Public information and animal protection costs	136,652	131,962
Rent expense	Administrative	20,289	5,986
Rent expense	Fundraising	1,373	1,315
Total net operating lease cost		$ 185,776	$ 165,563

Supplemental cash flow information related to the Organization's leases for the years ended April 30, 2026 and 2025 is as follows:

	2026	2025
Cash paid for amounts included in measurement of lease liabilities	$ 178,154	$ 153,319
Right-of-use assets obtained in exchange for lease liabilities	-	891,276

Weighted average remaining lease term and weighted average discount rate for the Organization's leases are as follows as of April 30, 2026 and 2025:

	2026	2025
Weighted average remaining term (in years)	4.53	5.44
Weighted average incremental borrowing rate (1)	3.91%	3.91%

(1) The Organization has elected to use the risk free rate for all leases.

The annual maturity analysis of the Organization's lease liabilities as of April 30, 2026 is as follows:

Calendar year	Operating leases
2027	$ 186,712
2028	188,310
2029	160,905
2030	154,862
2031	154,862
Total lease payments	845,651
Less: Interest payments	75,034
Present value of operating lease liabilities	770,617
Less current portion of operating lease liabilities	159,391
Noncurrent portion of operating lease liabilities	$ 611,226

Note 12 - Related party

FoA has supported Primarily Primates, Inc. ("PPI"). PPI is a 78-acre sanctuary in Texas that houses chimpanzees, monkeys and other animals that have been used in experiments, entertainment or traded as pets, and have been subsequently cast off and are in need of permanent shelter. FoA shares common board members with PPI. Total financial support provided to PPI for the years ended April 30, 2026 and 2025 was $705,432 and $527,582, respectively. Included in this amount was $156,027 and $149,491 of donated administrative support during the years ended April 30, 2026 and 2025, respectively. A portion of the support is from funds raised on behalf of PPI.

The Organization supports a wild horse project in which wild horses were rescued and are being kept and cared for on the PPI property. PPI cares for the animals and the Organization reimburses PPI for all expenses incurred relating to this project. During years ended April 30, 2026 and 2025, the Organization reimbursed PPI for expenses of $9,105 and $5,091, respectively.

During the year ended April 30, 2026, the Organization lent $236,000 to PPI to fund construction in progress. Although the loan does not include any terms or conditions, it is expected that PPI will repay the Organization in fiscal year 2027.

Note 13 - Contributed nonfinancial assets

For the year ended April 30, 2026, FoA did not receive or recognize any contributed nonfinancial assets. For the year ended April 30, 2025, contributed nonfinancial assets recognized within the statement of activities included:

	2025				
	Revenue recognized		Utilization in programs/activities	Donor restrictions	Valuation techniques and inputs
Advertising	$	50,179	Administrative	None	Fair market value of the services at date of donation as determined by the funding source.

Supplementary Information

Friends of Animals, Inc.

Schedule of Expenses for Program Services - Public Information and Animal Protection Costs
Year Ended April 30, 2026
(With Comparative Totals for 2025)

			Public	Total	
	Wildlife	International	information	2026	2025
Salaries	$ 658,563	$ 35,000	$ 717,658	$ 1,411,221	$ 1,350,630
Primarily Primates, Inc. project	-	-	696,327	696,327	525,491
Advertising	-	-	41,617	41,617	154,675
Rent and utilities	46,027	-	90,625	136,652	131,962
Insurance	88,002	-	109,638	197,640	189,734
Printing and mailing lists	970	-	133,660	134,630	122,419
Postage and delivery	1,383	-	98,451	99,834	87,915
Professional services	11,731	-	3,122	14,853	15,685
Payroll and other taxes	54,047	-	78,801	132,848	122,659
African projects costs	-	69,996	-	69,996	69,996
Travel	7,342	-	15,853	23,195	49,292
Computer supplies	8,852	-	35,267	44,119	34,672
Depreciation	1,907	-	2,627	4,534	3,429
Registrations and fees	5,036	-	1,277	6,313	11,539
Telephone	6,081	-	9,777	15,858	19,167
Office equipment rental	1,336	-	8,873	10,209	9,592
Wild horse project	-	-	9,105	9,105	5,091
Miscellaneous	-	-	-	-	50
Dues and subscriptions	10,187	-	2,563	12,750	13,080
Maintenance	805	-	7,870	8,675	8,465
Office supplies and expense	5,469	-	4,861	10,330	4,917
Awards and grants	-	-	831	831	-
Data processing	2,528	-	3,323	5,851	5,490
	$ 910,266	$ 104,996	$ 2,072,126	$ 3,087,388	$ 2,935,950

See Independent Auditor's Report.

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