

Humane Society Silicon Valley

Financial Statements

June 30, 2025
(With Comparative Totals for 2024)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3 - 4
Statement of Activities	5
Statement of Functional Expenses	6 - 7
Statement of Cash Flows	8 - 9
Notes to Financial Statements	10 - 37



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humane Society Silicon Valley

Opinion

We have audited the accompanying financial statements of Humane Society Silicon Valley (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humane Society Silicon Valley as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Humane Society Silicon Valley 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 these 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 Humane Society Silicon Valley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Humane Society Silicon Valley's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

San Jose, California

December 17, 2025

Humane Society Silicon Valley
 Statement of Financial Position
 June 30, 2025
 (With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,486,234	\$ 4,992,633
Accounts receivable	56,241	130,926
Unconditional promises to give, current portion	306,582	641,270
Inventory	77,919	117,213
Prepaid expenses	296,360	179,558
Short-term investments - other	<u>1,235,318</u>	<u>1,827,809</u>
Total current assets	<u>7,458,654</u>	<u>7,889,409</u>
Property and equipment, net	<u>17,349,076</u>	<u>18,153,684</u>
Other assets		
Investments	14,453,487	13,530,626
Investments held for endowment purposes	7,694,997	6,281,632
Unconditional promises to give, net	7,948,391	8,697,851
Cash and cash equivalents held for endowment purposes	480,568	211,610
Beneficial interest in perpetual trust	229,576	229,576
Operating lease right-of-use asset	<u>480,329</u>	<u>74,304</u>
Total other assets	<u>31,287,348</u>	<u>29,025,599</u>
Total assets	<u>\$ 56,095,078</u>	<u>\$ 55,068,692</u>

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

Humane Society Silicon Valley
 Statement of Financial Position
 June 30, 2025
 (With Comparative Totals for 2024)

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,194,967	\$ 728,741
Accrued payroll and related benefits	322,704	248,283
Accrued vacation	685,847	624,937
Deferred fees	89,654	91,401
Operating lease liability, current portion	136,274	31,787
Loan liability, current portion	8,407	7,735
Total current liabilities	<u>2,437,853</u>	<u>1,732,884</u>
Long-term liabilities		
Operating lease liability, net of current portion	350,702	43,428
Loan liability, net of current portion	<u>22,572</u>	<u>30,979</u>
Total long-term liabilities	<u>373,274</u>	<u>74,407</u>
Total liabilities	<u>2,811,127</u>	<u>1,807,291</u>
Net assets		
Without donor restrictions		
Undesignated	3,236,301	3,017,995
Board-designated for building and equipment repairs	1,955,669	2,199,809
Board-designated for operating reserve	10,342,269	10,417,654
Board-designated for program development	2,824,883	2,824,883
Property and equipment	<u>17,349,076</u>	<u>18,153,684</u>
Total without donor restrictions	<u>35,708,198</u>	<u>36,614,025</u>
With donor restrictions		
Net assets restricted to the passage of time	8,030,743	8,855,923
Net assets restricted for a specified purpose	914,248	585,436
Unappropriated earnings on endowment	1,848,296	1,338,987
Beneficial interest held in perpetual trust	229,576	229,576
Permanently restricted	<u>6,552,890</u>	<u>5,637,454</u>
Total with donor restrictions	<u>17,575,753</u>	<u>16,647,376</u>
Total net assets	<u>53,283,951</u>	<u>53,261,401</u>
Total liabilities and net assets	<u><u>\$ 56,095,078</u></u>	<u><u>\$ 55,068,692</u></u>

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

Humane Society Silicon Valley
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Support and revenue				
Program services				
Program fees and charges	\$ 1,622,867	\$ -	\$ 1,622,867	\$ 1,558,719
Pet store and clinic sales, net	<u>74,973</u>	<u>-</u>	<u>74,973</u>	<u>90,267</u>
Total program services	<u>1,697,840</u>	<u>-</u>	<u>1,697,840</u>	<u>1,648,986</u>
Fundraising				
Contributions and grants	12,563,719	3,871,924	16,435,643	11,435,261
In-kind contributions	142,556	-	142,556	3,238,040
Special events, net of \$1,164,991 and \$1,276,757 of direct benefit expenses, respectively	787,953	-	787,953	533,138
Contracts with governmental agencies	295,124	-	295,124	460,873
Net assets released from restriction	3,768,079	(3,768,079)	-	-
Total fundraising	<u>17,557,431</u>	<u>103,845</u>	<u>17,661,276</u>	<u>15,667,312</u>
Other income				
Investment income, net	1,321,583	824,532	2,146,115	3,215,659
Other income	<u>2,017,976</u>	<u>-</u>	<u>2,017,976</u>	<u>25,616</u>
Total other income	<u>3,339,559</u>	<u>824,532</u>	<u>4,164,091</u>	<u>3,241,275</u>
Total support and revenue	<u>22,594,830</u>	<u>928,377</u>	<u>23,523,207</u>	<u>20,557,573</u>
Functional expenses				
Program services				
Saving Lives	13,416,262	-	13,416,262	13,396,438
Keeping Families Together	2,543,189	-	2,543,189	2,355,235
Changing the Game	998,683	-	998,683	847,658
Total program services	<u>16,958,134</u>	<u>-</u>	<u>16,958,134</u>	<u>16,599,331</u>
Support services				
Management and general	1,425,397	-	1,425,397	1,388,294
Fundraising	<u>3,149,533</u>	<u>-</u>	<u>3,149,533</u>	<u>2,745,088</u>
Total support services	<u>4,574,930</u>	<u>-</u>	<u>4,574,930</u>	<u>4,133,382</u>
Total functional expenses	<u>21,533,064</u>	<u>-</u>	<u>21,533,064</u>	<u>20,732,713</u>
Change in net assets from operations	<u>1,061,766</u>	<u>928,377</u>	<u>1,990,143</u>	<u>(175,140)</u>
Non-operating				
Loss on uncollectible promises to give	(962,305)	-	(962,305)	-
Gain (loss) on disposal of property and equipment	<u>(1,005,288)</u>	<u>-</u>	<u>(1,005,288)</u>	<u>8,034</u>
Total non-operating	<u>(1,967,593)</u>	<u>-</u>	<u>(1,967,593)</u>	<u>8,034</u>
Change in net assets	<u>(905,827)</u>	<u>928,377</u>	<u>22,550</u>	<u>(167,106)</u>
Net assets, beginning of year	<u>36,614,025</u>	<u>16,647,376</u>	<u>53,261,401</u>	<u>53,428,507</u>
Net assets, end of year	<u>\$ 35,708,198</u>	<u>\$ 17,575,753</u>	<u>\$ 53,283,951</u>	<u>\$ 53,261,401</u>

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

Humane Society Silicon Valley
 Statement of Functional Expenses
 For the Year Ended June 30, 2025
 (With Comparative Totals for 2024)

	Support Services			2025 Total	2024 Total
	Program Services	Management and General	Fundraising		
Salaries and benefits	\$ 12,661,117	\$ 997,251	\$ 1,820,078	\$ 2,817,329	\$ 15,478,446
Operating supplies and services	1,211,382	246	218	464	1,211,846
Professional fees and contract services	668,750	188,392	207,418	395,810	1,064,560
Direct mail, advertising and newsletter expenses	87,337	127	870,701	870,828	958,165
Other expenses	625,757	70,188	108,966	179,154	804,911
Occupancy expenses	570,345	27,829	17,502	45,331	615,676
Depreciation	486,961	24,512	15,415	39,927	526,888
Management information systems	347,532	37,475	43,037	80,512	428,044
Automobile, travel and meetings	197,960	64,225	39,331	103,556	301,516
Office supplies and services	100,993	15,152	26,867	42,019	143,012
Interest, fees and amortization on bonds	-	-	-	-	617,425
	<u>\$ 16,958,134</u>	<u>\$ 1,425,397</u>	<u>\$ 3,149,533</u>	<u>\$ 4,574,930</u>	<u>\$ 21,533,064</u>
Percentage of total	<u>79 %</u>	<u>6 %</u>	<u>15 %</u>	<u>21 %</u>	<u>100 %</u>

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

Humane Society Silicon Valley
 Statement of Functional Expenses - Program Services
 For the Year Ended June 30, 2025

	<u>Saving Lives</u>	<u>Keeping Families Together</u>	<u>Changing the Game</u>	<u>Total Program Services</u>
Salaries and benefits	\$ 10,095,578	\$ 1,893,289	\$ 672,250	\$ 12,661,117
Operating supplies and services	928,102	191,102	92,178	1,211,382
Professional fees and contract services	343,826	194,604	130,320	668,750
Direct mail, advertising and newsletter expenses	39,175	19,186	28,976	87,337
Other expenses	554,306	63,367	8,084	625,757
Occupancy expenses	513,292	55,681	1,372	570,345
Depreciation	436,710	49,043	1,208	486,961
Management information systems	279,780	46,332	21,420	347,532
Automobile, travel and meetings	146,511	15,630	35,819	197,960
Office supplies and services	<u>78,982</u>	<u>14,955</u>	<u>7,056</u>	<u>100,993</u>
	<u><u>\$ 13,416,262</u></u>	<u><u>\$ 2,543,189</u></u>	<u><u>\$ 998,683</u></u>	<u><u>\$ 16,958,134</u></u>

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

Humane Society Silicon Valley
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 22,550	\$ (167,106)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	526,888	743,515
Amortization of bond origination costs	-	278,333
Noncash contribution of private company stock	-	(3,016,144)
Net realized and unrealized gains on investments	(1,680,810)	(2,588,353)
Contributions restricted for long-term purposes	(1,174,403)	(458,823)
Reduction in carrying amount of operating lease right-of-use asset	52,012	25,585
Loss on disposal of property and equipment	1,005,288	-
Changes in operating assets and liabilities		
Accounts receivable	74,685	(36,979)
Unconditional promises to give	1,084,148	361,757
Inventory	39,294	18,709
Prepaid expenses	(116,802)	(11,214)
Accounts payable and accrued expenses	(38,881)	208,332
Accrued payroll and related benefits	74,421	21,707
Accrued vacation	60,910	105,923
Deferred fees	(1,747)	9,863
Operating lease liability	(46,276)	(24,674)
Net cash used in operating activities	<u>(118,723)</u>	<u>(4,529,569)</u>
Cash flows from investing activities		
Purchases of property and equipment	(222,461)	(416,341)
Proceeds from sale of investments	4,088,405	31,371,524
Purchases of investments	(4,151,330)	(17,478,057)
Net cash provided by (used in) investing activities	<u>(285,386)</u>	<u>13,477,126</u>
Cash flows from financing activities		
Proceeds from loan liability	-	43,383
Payments on loan liability	(7,735)	(4,669)
Payments on bonds payable	-	(9,000,000)
Contributions restricted for long-term purposes	1,174,403	458,823
Net cash provided by (used in) financing activities	<u>1,166,668</u>	<u>(8,502,463)</u>
Net increase in cash, cash equivalents and restricted cash	762,559	445,094
Cash, cash equivalents and restricted cash, beginning of year	<u>5,204,243</u>	<u>4,759,149</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 5,966,802</u>	<u>\$ 5,204,243</u>

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

Humane Society Silicon Valley
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 5,486,234	\$ 4,992,633
Cash and cash equivalents held for endowment purposes	<u>480,568</u>	<u>211,610</u>
	<u><u>\$ 5,966,802</u></u>	<u><u>\$ 5,204,243</u></u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 2,948	\$ 300,694
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Supplemental schedule of noncash investing and financing activities

Property and equipment additions acquired through accounts payable	\$ 505,107	\$ -
Operating lease right-of-use assets in exchange for lease liabilities	\$ 458,037	\$ 99,889
Noncash contribution of private company stock	\$ -	\$ 3,016,144

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

1. ORGANIZATION

Humane Society Silicon Valley (the "Organization") is a California nonprofit public benefit corporation that has operated continuously since 1929. The focus of the Organization is companion animal rescue and homelessness prevention, providing animals in the community and beyond with expert care. The Organization serves as a safety net for both pets and people in need of resources and programs to keep them happy, healthy, and safe. It sets a national example for innovation and seeks to transform human lives through deeper connections to animals. The Organization is the first organization ever to meet the 2010 model shelter standard of care guidelines put forth by the Association of Shelter Veterinarians. The impact achieved reflects the quality of the Organization and its people.

Impact *

Humane Society Silicon Valley delivers its mission impact through accountability, engagement, innovation, and transparency. The Organization invests resources across three key areas: programs to save the lives of animals, keeping families together, and changing the game. Specifically, the Organization:

- Saves 100% of all healthy animals in the Organization's care and has done so since 2006. During the year ended June 30, 2025, the Organization saved 95% of *all* animals that came through its doors, including many needing rehabilitation or extended treatment. Save rate is calculated using the total number of animals that entered the shelter, adoptions, animals returned to owners, animals transferred to other agencies or colonies, animals euthanized, and animals that died in care.
- Took in 5,672 animals per year, including 3,268 animals brought in from shelters through the Regional Rescue Program, during the year ended June 30, 2025.
- In addition to finding homes for 5,173 animals across multiple adoption locations, 105 were reunited with their families, and 359 were transferred out to rescue groups and managed cat colonies during the year ended June 30, 2025.
- Performed 7,958 spay/neuter surgeries during the year ended June 30, 2025.

Expand Lifesaving Impact: With the Organization's regional rescue partnerships, direct medical support, and spay/neuter programs, it is committed to helping California eliminate euthanasia for all healthy and treatable pets.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

1. ORGANIZATION (continued)

- Expanding its Regional Rescue Program, aimed at reducing euthanasia by identifying animals at shelters within our community and beyond that need more care or that are housed in overcrowded shelters. By collaborating with partner shelters throughout California, the Organization is working to save vulnerable animals and increase California's save rate. The Organization's Foster Program supports rescue efforts by increasing the space and capacity available to take in and care for animals in need. In the year ended June 30, 2025, 2,984 animals were placed in foster care. As Silicon Valley has become more self-sustaining, the Organization has expanded its geographic reach to help animals throughout California. Through the Regional Rescue Program, the Organization brought in 1,257 animals from within Silicon Valley and 2,011 animals from outside of Silicon Valley during the year ended June 30, 2025.
 - Leads an inter-agency coalition ("WeCARE") to save the lives of companion animals in Silicon Valley. The Organization founded this coalition to provide a platform for public animal care agencies to work together as a community to save lives.
 - Is a core member of the California Humane Animal Transition Team ("CHATT") coalition, which consists of animal control agencies and rescue groups whose goal is to increase lifesaving and improve animal welfare in California's Central Valley. CHATT is committed to improving the flow of animals from Central Valley shelters to destination shelters using standardized processes, building sustainable improvement in the Central Valley through resource sharing, and widening lifesaving capacity through data collection, information sharing, and protocol development.
- Prevents unintended births through a range of targeted spay/neuter programs.
 - Preventing Unintended Pregnancies ("PUP") Program allows members of the public to surrender healthy, unintended litters of puppies and kittens with no surrender fee, and the Organization also spays or neuters the mother and father at no charge and returns them to the owners. 18 spay/neuter surgeries were completed through this program during the year ended June 30, 2025.
 - Humane Society Silicon Valley provides multiple free trap, neuter, and release ("TNR") services. To lower the number of homeless cats in Santa Clara County, 2,388 spay/neuter surgeries were provided to homeless community cats through the TNR Program during the year ended June 30, 2025.

Keeping Families Together: The Organization improves access to veterinary care and provides support for pet owners in need, keeping bonded families together through integrated services that impact both human and animal lives and providing value to our community well into the future.

- Addresses the key issues facing underserved individuals who consider pets part of their family to improve people's lives and increase mission results. Programs range from emergency boarding to wellness clinics.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

1. ORGANIZATION (continued)

- Keeps animals in homes by:
 - Providing post-adoption support, including behavior support.
 - Providing free pet food to community members who cannot afford to feed their pets through the Pet Pantry.
 - Implanting microchips and providing vaccination services at a low cost to public client animals.

Changing the Game: Through innovation in shelter medicine, teaching programs, and mentorship for shelter partners, the Organization is empowering others to improve standards of care and build capacity to save lives.

- Elevates the cause of animal welfare through Mutual Rescue, a national initiative created to bring the causes of people and animals together through authentic storytelling, drive engagement with local shelters nationally through programs like Doggy Day Out and drive more funds into the animal welfare sector through corporate sponsorships.
- Provides consultations to under-resourced shelters to share best practices and improve their standards of care and capacity to save lives.
- Provides education to future and current shelter veterinarians, veterinary technicians, and animal shelter employees.

* Statistics unaudited

2. PROGRAM SERVICES

The Organization's programs are as follows:

Programs for Saving Lives: Adoptions and Animal Care *

- *Adoptions* facilitates adoptions by matching prospective pet owners with the right pet for their family, supplying information on pet care to ensure a successful adoption placement, and providing post adoption support to adopters. Adoptions occur at multiple locations, including the Animal Community Center in Milpitas and the Petco Neighborhood Adoption Center in West San Jose. The Organization provides several ongoing discounts to make adoption more affordable to members of the public, including:
 - Mommy & Me Pricing when adopting a mother cat, adopters can also take home one of her kittens at no additional cost.
 - 60+ Discount offers half-priced adoption fees to adopters who are age 60 and older and adopt a senior pet.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. PROGRAM SERVICES (continued)

- Veterans Discount waives the adoption fee of one feline and/or canine within a six-month period for military personnel and veterans.
- FeLV+ Cats (Feline Leukemia Virus) positive cats have an adoption fee of \$10.
- *Behavior* performs behavior assessments on shelter animals to assist with matching individual animals' needs with new families and determining when behavior modification can help an animal's behavior improve in preparation for adoption. Assists the adoptions process by providing pre-adoption counseling to adopters considering adopting an animal with challenging behaviors.
- *Animal Care* furnishes food, exercise, care, enrichment, and support for animals awaiting adoption.
- *Community Services* provides shelter for animals, including incoming stray animals brought in under contract with the City of Sunnyvale. Assists in providing shelter services to other organizations impacted by local disasters. Offers pet surrender services to the public by appointment as well as pet retention and rehoming counseling. Provides end-of-life services for pets owned by members of the public.
- *Volunteer Programs* engage community members in a partnership to save and enhance the lives of animals. This partnership is achieved by including volunteers in nearly every aspect of the Organization through a variety of volunteer positions. Volunteers assist as animal socializers, adoption aides, medical center assistants, foster parents, board members, animal transporters, and with special events.
- *Pet Store* offers products and information in areas like nutrition, basic behavior and training tools, grooming, developmental toys, supplements, and other products.
- *Lost and Found* provides services for people who have either lost a beloved pet or found an animal, including lost pet recovery counseling, lost and found tours, and other resources.
- *Grief Counseling* offers, on a regular basis, a support group facilitated by a licensed marriage and family practitioner for people who have suffered the loss of a companion animal.

Programs for Saving Lives: Medical Services *

- *Hospital and Triage* performs initial health exams, vaccinations, microchipping, and if needed, long-term medical care for all incoming adoptable shelter animals.
- *Medical Center Clinic* provides low-cost medical services to the public, including vaccinations, disease testing, deworming, microchipping and other medical procedures.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. PROGRAM SERVICES (continued)

• *Free Spay and Neuter Services*

- Portia's Targeted Spay/Neuter Program provides free spay/neuter, vaccination, and microchip services for TNR of community cats and spay/neuter for large dog owners living in five targeted zip codes to decrease the number of unwanted animals entering shelters in Santa Clara County. TNR services for community cats include spay/neuter surgery, FVRCP (feline distemper combo) and rabies vaccinations, internal/external parasite treatment, an ear tip, and optional microchip and/or FeLV/FIC combination testing. This program is fulfilled at Humane Society Silicon Valley's Medical Center and through mobile clinics.
- The PUP Program allows members of the public to surrender healthy, unintended litters of puppies and kittens with no surrender fee, and the Organization also spays or neuters the mother and father at no charge and returns them to the owners. Humane Society Silicon Valley finds homes for the surrendered puppies and kittens after providing vet care and spay/neuter surgeries.
- Homeless Client Services provides spay/neuter and wellness services to the pets of people experiencing homelessness in the community.

Programs for Keeping Families Together *

- *Dog Training* provides obedience training focused on developing the human-canine bond with special attention on new adopters. Programs promote a positive, force-free philosophy to dog training. During the year ended June 30, 2025, 1,496 participants attended classes.
- *Pet Pantry* provides dog food, cat food, and other supplies at no charge to community members who cannot afford to feed their pets or homeless cat colonies.
- *Temporary Emergency Pet Boarding* provides pet boarding for people looking to remove themselves from domestic violence situations or people who are hospitalized for medical treatment or rehabilitation.
- *Wellness and Spay/Neuter Clinics* are held multiple times per week to provide low or no-cost spay/neuter and other wellness services to animals belonging to people experiencing homelessness in the community.
- *Animal Behavior Counseling* counsels post-adoption and pre-surrender pet owners experiencing behavioral challenges with their pets. Support is provided via email, telephone and in person. The Organization's team educates pet owners on behavior management and training options.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. PROGRAM SERVICES (continued)

Programs for Changing the Game *

- *Mutual Rescue* is a national initiative created by Humane Society Silicon Valley to change the conversation around animal welfare from people OR animals to people AND animals. Mutual Rescue brings stories about how shelter animals have changed the lives of people for the better to the world stage. It raises awareness that when people donate to a local animal shelter, they are helping to transform the lives of people in their community for the better through life-changing, human-animal relationships. It also drives engagement with local shelters throughout the country by promoting programs like Doggy Day Out ("DDO") that benefit both animals and humans.
 - Currently, there are 140 shelters and rescues nationally in the DDO directory. The Mutual Rescue team also speaks at conferences around the country about DDO including facilitated workshops to teach shelters about starting DDO programs.
- Through veterinary student externships and Registered Veterinary Technician ("RVT") internships, the Organization is teaching the next line of veterinary professionals its practices and encouraging them to practice shelter medicine as a career. During the year ended June 30, 2025, the Organization hosted 11 DVM and 2 RVT/VA trainees.
- During the year ended June 30, 2025, the Organization continued its LEAP (Learn, Engage, and Prepare) Internship Program in partnership with Silicon Valley Career and Technical Education. Funded by a generous foundation grant, this paid 12-week internship offers recent high school graduates interested in veterinary medicine and animal welfare the opportunity to gain hands-on experience across various departments within the Organization. Two students participated in the program, demonstrating the program's potential to build a strong pipeline for future shelter medicine professionals while helping young individuals establish meaningful roots for their careers.
- The Organization has maintained a four-year partnership with Cristo Rey, a local high school, through a Work-Study Program that enables students to gain practical, real-world experience while continuing their studies. Participating students are paired with a mentor in a department aligned with their interests, allowing them to explore animal welfare as a viable and fulfilling career path for the future.
- The Organization, through the Chief of Medicine and staff, provided consultations for a range of organizations, from national education programs to local shelters across the country. Topics ranged from medical protocols and practices to shelter processes and operations and emergency-related adaptations to programs and processes.

* Statistics unaudited

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations. In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the Organization reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an undesignated fund, property and equipment fund plus net assets designated by the Board for the specific purposes.
- *Net assets with donor restrictions* - include those assets which are subject to donor-imposed stipulations that will be met by actions of the Organization, and/or the passage of time or are maintained in perpetuity by the Organization. When the donor-imposed stipulation ends or the Organization satisfies an action, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Revenue recognition and deferred revenue

The Organization follows the following steps to determine revenue recognition:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred revenue (continued)

- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Organization satisfies a performance obligation.

The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided. Contract revenue is recognized ratably over the term of the contract. Revenue for clinic fees, some of which are received in advance of performance of services, is recognized at the time of service. Any amounts received for services not yet performed are included in deferred fees.

Contributions and grants

Contributions and grants are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions and grants are recorded as with donor restrictions or without donor restrictions depending on the nature of the donor restrictions. Restricted contributions and grants are reported as increases in net assets with donor restrictions. When the restriction is met on a contribution or grant received in a prior fiscal period, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

In-kind contributions

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which required a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also received donated services that are central to the Organization's operations. While these contributed services are not reflected in the financial statements, the estimated value of these services is disclosed in Note 10.

In addition, the Organization may receive non-cash contributions of financial instruments, including equity securities. During the year ended June 30, 2024, the Organization received a donation of preferred shares of a privately held company. These shares were valued at their estimated fair value on the date of donation using Level 3 inputs, as defined by the fair value hierarchy under ASC 820, due to the absence of observable market data. The valuation methodology and assumptions used are described in Note 7.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash equivalents include highly liquid investments and investments with an original maturity of three months or less. The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Inventory

Inventory consists of items for sale in the Pet Store and items used by the medical clinic, and are stated at average cost (which approximates the first in, first out method) or the lower of cost or net realizable value.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

Investments - other

Certificates of deposit held for investment that are not debt securities and stock donations pending liquidation are included in "short-term investments - other".

Fair value measurements

Fair value is defined as 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.

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1 and Level 2) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Promises to give

Unconditional promises to give are recognized as contribution support in the period received and as assets, decrease in liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at present value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are recorded at fair value.

The Organization's fair value method uses a market interest rate to discount the promises to give. Management believes the market rate already factors in much of the credit risk. However, to account for additional risk, a specific identification method is also used to account for the promises considered uncollectible. Allowance for doubtful pledges as of June 30, 2025 and 2024, was \$509,384 and \$379,003, respectively.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 50 years. Equipment purchases for \$3,000 and over are capitalized. Amounts expended for maintenance and repairs are charged to operations as incurred.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2025 and 2024, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Leases

The Organization applies ASC 842, *Leases*, to record its leases. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Leases that contain lease and non-lease components are accounted for as a single lease.

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

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30. Accrued vacation as of June 30, 2025 and 2024, totaled \$685,847 and \$624,937, respectively.

Functional expenses

Directly identifiable expenses are charged to programs and support services. Expenses related to more than one function are charged to programs and support services based on an analysis of personnel time, and equipment and facilities utilized for the related activities.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

Uncertainty in income taxes

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2022 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2021 and beyond remain subject to possible examination by the Franchise Tax Board.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2025 and 2024, totaled \$84,709 and \$149,544, respectively.

Reclassifications

Certain amounts have been reclassified in order to be consistent with the current year presentation. These reclassifications relate to investments reported under other assets in the accompanying statement of financial position and have no effect on the change in net assets or total net assets for the years presented.

4. CONCENTRATIONS AND RISK

Credit risks

Financial instruments which potentially expose the Organization to credit risk include cash and cash equivalents, investments, accounts receivable, unconditional promises to give, prepaid expenses and cash and cash equivalents held for endowment purposes.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

4. CONCENTRATIONS AND RISK (continued)

Credit risks (continued)

The Organization attempts to limit its credit risk associated with its investments by utilizing outside investment managers to place the Organization's investments with highly rated corporate and financial institutions in accordance with the Organization's written investment policy statements. In addition, the efforts of the investment managers are monitored by the Organization's Finance Committee of the Board of Directors at least quarterly. Management believes the risk assumed is commensurate with the investment objectives specified in the investment policy statements.

Unconditional promises to give result from pledges by donors located primarily in the San Francisco Bay area. The Organization routinely assesses the financial strength of these various parties. Management does not believe significant risk exists in connection with the Organization's concentration of credit risk for unconditional promises to give at June 30, 2025.

Management does not believe significant risk exists in connection with the other financial instruments identified above at June 30, 2025.

Other risks

Future economic and other conditions including reduction in bequests, reduction in the amounts received through fundraising efforts, reduction in investment income, natural disasters or other events diverting contributions, changes in life expectancy on bequests, changes in the regulatory environment, union disruptions, inability to negotiate a new union contract, and changes in the demand for humane society type services may adversely affect income and receipts of the Organization. Changes in the near term are not expected to materially affect the amounts reported in the financial statements.

5. INVESTMENTS

Investments by type of fund as of June 30, 2025 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Certificates of deposit	\$ 2,691,375	\$ -	\$ 2,691,375
Fixed income securities	3,082,244	2,309,227	5,391,471
Equity mutual funds	6,899,042	5,385,770	12,284,812
Private company stock	<u>3,016,144</u>	<u>-</u>	<u>3,016,144</u>
	<u>\$ 15,688,805</u>	<u>\$ 7,694,997</u>	<u>\$ 23,383,802</u>

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

5. INVESTMENTS (continued)

Investments by type of fund as of June 30, 2024 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Equity mutual funds	\$ 5,745,924	\$ 4,371,396	\$ 10,117,320
Fixed income securities	1,908,236	1,910,236	3,818,472
Certificates of deposit	4,688,131	-	4,688,131
Private company stock	<u>3,016,144</u>	<u>-</u>	<u>3,016,144</u>
	<u><u>\$ 15,358,435</u></u>	<u><u>\$ 6,281,632</u></u>	<u><u>\$ 21,640,067</u></u>

Investment income for the year ended June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 354,971	\$ 165,478	\$ 520,449
Unrealized gains, net	926,460	682,081	1,608,541
Realized gains, net	71,059	1,210	72,269
Investment management fees	<u>(30,907)</u>	<u>(24,237)</u>	<u>(55,144)</u>
	<u><u>\$ 1,321,583</u></u>	<u><u>\$ 824,532</u></u>	<u><u>\$ 2,146,115</u></u>

Investment income for the year ended June 30, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 598,934	\$ 139,101	\$ 738,035
Unrealized gains, net	1,511,371	770,704	2,282,075
Realized gains (losses), net	340,035	(33,757)	306,278
Investment management fees	<u>(82,919)</u>	<u>(27,810)</u>	<u>(110,729)</u>
	<u><u>\$ 2,367,421</u></u>	<u><u>\$ 848,238</u></u>	<u><u>\$ 3,215,659</u></u>

The Organization has implemented formal Investment Policy Statements for working capital funds, investments held for endowment purposes, and investments of unrestricted operating funds.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

6. UNCONDITIONAL PROMISES TO GIVE

For unconditional promises to give expected to be collected in more than one year a present value discount is estimated based on the risk-free rate (appropriate U.S. Treasury Bond Rate) at the time of the grant as adjusted for credit and other donor specific risks. The risk-adjusted discount rate on unconditional promises to give ranged from 1.69% to 4.81% as of June 30, 2025, and from 1.69% to 5.00% as of June 30, 2024.

Unconditional promises to give consisted of the following:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 474,094	\$ 835,885
More than one year	<u>11,653,050</u>	<u>12,661,526</u>
	<u>12,127,144</u>	<u>13,497,411</u>
Less: discounts to net present value	(3,362,787)	(3,779,287)
Less: allowance for uncollectible promises to give	<u>(509,384)</u>	<u>(379,003)</u>
Net unconditional promises to give	8,254,973	9,339,121
Less: current portion of unconditional promises to give	<u>(306,582)</u>	<u>(641,270)</u>
	<u><u>\$ 7,948,391</u></u>	<u><u>\$ 8,697,851</u></u>

7. FAIR VALUE MEASUREMENTS

For cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and other current liabilities, the carrying amount approximates the fair value because of the immediate or short-term nature of those instruments.

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

7. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Certificates of deposit	\$ -	\$ 2,691,375	\$ -	\$ 2,691,375
Fixed income securities	-	5,391,471	-	5,391,471
Equity mutual funds	12,284,812	-	-	12,284,812
Private company stock	<u>-</u>	<u>-</u>	<u>3,016,144</u>	<u>3,016,144</u>
	<u><u>\$ 12,284.812</u></u>	<u><u>\$ 8,082,846</u></u>	<u><u>\$ 3,016,144</u></u>	<u><u>\$ 23,383,802</u></u>
 Unconditional promises to give, current portion				
Operating pledges	\$ -	\$ -	\$ 61,087	\$ 61,087
Legacy giving pledges	-	-	159,748	159,748
Endowment giving pledges	<u>-</u>	<u>-</u>	<u>85,747</u>	<u>85,747</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 306,582</u></u>	<u><u>\$ 306,582</u></u>
 Unconditional promises to give, net of current portion				
Operating pledges	\$ -	\$ -	\$ 197,481	\$ 197,481
Legacy giving pledges	-	-	7,605,869	7,605,869
Endowment giving pledges	<u>-</u>	<u>-</u>	<u>145,041</u>	<u>145,041</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,948,391</u></u>	<u><u>\$ 7,948,391</u></u>

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

7. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Certificates of deposit	\$ -	\$ 4,688,131	\$ -	\$ 4,688,131
Fixed income securities	-	3,818,472	-	3,818,472
Equity mutual funds	10,117,320	-	-	10,117,320
Private company stock	<u>-</u>	<u>-</u>	<u>3,016,144</u>	<u>3,016,144</u>
	<u><u>\$ 10,117,320</u></u>	<u><u>\$ 8,506,603</u></u>	<u><u>\$ 3,016,144</u></u>	<u><u>\$ 21,640,067</u></u>
 Unconditional promises to give, current portion				
Operating pledges	\$ -	\$ -	\$ 55,865	\$ 55,865
Legacy giving pledges	-	-	364,364	364,364
Endowment giving pledges	<u>-</u>	<u>-</u>	<u>221,041</u>	<u>221,041</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 641,270</u></u>	<u><u>\$ 641,270</u></u>
 Unconditional promises to give, net of current portion				
Legacy giving pledges	\$ -	\$ -	\$ 8,435,693	\$ 8,435,693
Endowment giving pledges	<u>-</u>	<u>-</u>	<u>262,158</u>	<u>262,158</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,697,851</u></u>	<u><u>\$ 8,697,851</u></u>

The Organization has irrevocably elected to use fair value as the initial and subsequent measurement of unconditional promises to give under ASC 825-10 in order to improve financial reporting by mitigating the volatility in reported changes in net assets caused by measuring promises to give differently. The Organization uses a present value technique to measure fair value, so the discount rate assumptions and all other elements of the measurement are revised at each measurement date to reflect current market conditions. If necessary, the fair value is adjusted to reflect specific uncollectible promises. Any restrictions that are an attribute of the asset and, therefore, would transfer to a market participant are the only restrictions reflected in fair value. Donor restrictions that are specific to the donor are reflected in the classification of net assets, not in the measurement of fair value.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

7. FAIR VALUE MEASUREMENTS (continued)

Private company stock includes the preferred shares of a private company that the Organization received as a donation during the year ended June 30, 2024. With the assistance of a valuation specialist, the Organization determined the estimated fair value of the private company stock was \$3,016,144 as of June 30, 2024. The valuation was based on a market approach using available industry data and historical financial information of the private company. During the year ended June 30, 2025, the Organization evaluated relevant conditions and determined that no indicators of potential impairment were present.

The following table sets forth a summary of changes in the fair value of Level 3 assets for the year ended June 30, 2025:

	<u>Level 3 Assets</u>
Balance, June 30, 2024	\$ 12,355,265
New promises to give, net of present value adjustments	369,489
Payments on promises to give, net of present value adjustments	(1,323,256)
Decrease in allowance for doubtful promises	<u>(130,381)</u>
Balance, June 30, 2025	<u>\$ 11,271,117</u>

The following table sets forth a summary of changes in the fair value of Level 3 assets for the year ended June 30, 2024:

	<u>Level 3 Assets</u>
Balance, June 30, 2023	\$ 9,700,878
New promises to give, net of present value adjustments	48,591
Payments on promises to give, net of present value adjustments	(480,652)
Increase in allowance for doubtful promises	70,304
Contribution of private company stock	<u>3,016,144</u>
Balance, June 30, 2024	<u>\$ 12,355,265</u>

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

7. FAIR VALUE MEASUREMENTS (continued)

Gains and losses (realized and unrealized) related to unconditional promises to give as included in the statement of activities for the fiscal year ended June 30, 2025 and are reported in support and revenue as follows:

	NPV			
	New Promises to Give, net	Discount on Promises Paid	(Increase) Decrease in Allowance	Total
Support and revenue				
Contributions and grants	<u><u>\$ (844,581)</u></u>	<u><u>\$ 416,500</u></u>	<u><u>\$ (130,381)</u></u>	<u><u>\$ (558,462)</u></u>

Gains and losses (realized and unrealized) related to unconditional promises to give as included in the statement of activities for the fiscal year ended June 30, 2024 and are reported in support and revenue as follows:

	NPV			
	New Promises to Give, net	Discount on Promises Paid	(Increase) Decrease in Allowance	Total
Support and revenue				
Contributions and grants	<u><u>\$ (102,000)</u></u>	<u><u>\$ 232,082</u></u>	<u><u>\$ 70,304</u></u>	<u><u>\$ 200,386</u></u>

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	2025	2024
Buildings	\$ 15,142,747	\$ 16,461,021
Land	5,146,351	5,146,351
Land improvements	2,976,091	2,938,880
Machinery, equipment, furniture, and fixtures	1,784,071	1,842,433
Trucks and vans	523,280	523,280
Construction in progress	<u>496,182</u>	<u>12,755</u>
Accumulated depreciation	<u><u>\$ 26,068,722</u></u>	<u><u>\$ 26,924,720</u></u>
	<u><u><u><u>(8,719,646)</u></u></u></u>	<u><u><u><u>(8,771,036)</u></u></u></u>
	<u><u><u><u>\$ 17,349,076</u></u></u></u>	<u><u><u><u>\$ 18,153,684</u></u></u></u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$526,888 and \$743,515, respectively.

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

8. PROPERTY AND EQUIPMENT, NET (continued)

Construction in progress primarily consists of costs incurred in connection with rebuilding efforts associated with a fire that occurred during the year ended June 30, 2025. Refer to Note 17 for additional background.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent unconditional promises to give for general support for future periods and funds held with specific donor restrictions.

Net assets with donor restrictions consisted of the following:

	Balance at June 30, 2024	Additions	Releases	Reclass	Balance at June 30, 2025
Time restricted	\$ 8,855,923	\$ 816,500	\$ (1,900,647)	\$ 258,967	\$ 8,030,743
Specific purpose	585,436	1,656,789	(1,327,977)	-	914,248
Unappropriated earnings on endowment	1,338,987	824,532	(315,223)	-	1,848,296
Beneficial interest held in perpetual trust	229,576	-	-	-	229,576
Perpetual endowment	<u>5,637,454</u>	<u>1,174,403</u>	<u>-</u>	<u>(258,967)</u>	<u>6,552,890</u>
	<u><u>\$ 16,647,376</u></u>	<u><u>\$ 4,472,224</u></u>	<u><u>\$ (3,543,847)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,575,753</u></u>

Amounts presented under the Reclass column represent pledges for endowment contributions that are currently classified as temporary in nature, but are expected to be reclassified to net assets with donor restrictions as permanent in nature upon receipt.

10. IN-KIND CONTRIBUTIONS

In-kind contributions received during the year were as follows:

	2025	2024
Donated pro bono legal services	\$ 87,145	\$ 119,648
Donated supplies	35,987	86,386
Donated vehicles	19,424	15,862
Donated private company stock	<u>-</u>	<u>3,016,144</u>
	<u>142,556</u>	<u>3,238,040</u>
Special events supplies and auction items	<u>255,620</u>	<u>73,999</u>
	<u><u>\$ 398,176</u></u>	<u><u>\$ 3,312,039</u></u>

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

10. IN-KIND CONTRIBUTIONS (continued)

The Organization recognized contributed nonfinancial assets within revenue, including contributed professional services, supplies, vehicles, and auction items. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions. The donated professional services consisted of legal services. The value of these professional services are measured using the estimated hourly rate for the attorney providing the services. Donated supplies and auction items are valued at the price paid by the donor to acquire these items.

The Organization also received donated services that are central to the Organization's operations. During the years ended June 30, 2025 and 2024, approximately 2,500 and 1,900 active volunteers donated approximately 209,900 and 185,300 hours of time valued at approximately \$7,304,000 and \$6,205,000, respectively to the Organization. The value of volunteer time is based on the estimated hourly value of volunteer time in the United States as determined by Independent Sector (independentsector.org). Independent Sector estimates this hourly average based on average annual wages of non-management, non-agricultural workers, as provided by the Bureau of Labor Statistics, increased by 15.7% for estimated fringe benefits. Active volunteers are now defined as any person, including corporate volunteers, who gives any amount of volunteer service hours in a one-year period.

During the year ended June 30, 2024, the Organization received a non-cash donation consisting of preferred shares of a privately held company. The estimated fair value of the contributed shares at the date of donation was \$3,016,144, as determined using valuation techniques appropriate for private equity investments (see Note 3).

11. LEASES

The Organization maintains a lease of a facility under a noncancelable operating lease that expires in September 2026. During the current year, the Organization entered into two additional facility lease agreements that expire at various dates through April 2030.

Lease costs consisted of the following:

	2025	2024
Operating lease cost	\$ 58,043	\$ 28,991

The weighted-average lease terms and discount rates are as follows:

	2025	2024
Weighted-average remaining lease term (in years)	4.25	2.25
Weighted-average discount rate	4.16 %	4.75 %

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

11. LEASES (continued)

Future maturities of lease liabilities are as follows:

<u>Year ending June 30,</u>	
2026	\$ 153,401
2027	121,146
2028	87,760
2029	90,390
2030	<u>77,200</u>
	<u>529,897</u>
Less: imputed interest	<u>(42,921)</u>
Present value of lease liability	486,976
Current portion	<u>(136,274)</u>
	<u>\$ 350,702</u>

Cash paid for amounts included in the measurement of lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Interest	\$ 6,031	\$ 3,406
Principal	<u>46,277</u>	<u>21,866</u>
	<u>\$ 52,308</u>	<u>\$ 25,272</u>

Supplemental noncash information related to the Organization's operating lease is included on the accompanying statement of cash flows.

12. LOAN LIABILITY

In November 2023, the Organization obtained a loan in the original amount of \$43,383 for the purchase of a vehicle. The loan carries interest at the rate of 8.37% per annum and the monthly installment payment is \$890, including principal and interest. The loan matures in October 2028.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

12. LOAN LIABILITY (continued)

Future maturities of the loan liability are as follows:

<u>Year ending June 30,</u>	
2026	\$ 8,407
2027	9,139
2028	9,934
2029	3,499
	<u>30,979</u>
Current portion	<u>(8,407)</u>
	<u><u>\$ 22,572</u></u>

13. RETIREMENT PLAN

The Organization maintains a tax deferred 403(b) retirement plan (the "Plan") to provide retirement benefits for all eligible employees. Starting during the fiscal year ended June 30, 2006, the Organization implemented an employer matching program for all eligible employees who are contributing to their tax deferred plan. The Organization is matching 100% of the employee's contributions, up to a maximum of 1.75% of the employee's payroll compensation. The Organization's contributions for the years ended June 30, 2025 and 2024, totaled \$194,644 and \$175,430, respectively.

14. CONTRACTS WITH GOVERNMENTAL AGENCIES

In April 2007, the Organization entered into a stray animal sheltering contract with the City of Sunnyvale that has a potential term of twenty years. This contract was terminated during the year ended June 30, 2025.

During the year ended June 30, 2022, the Organization started a contract with the City of San Jose (San Jose Animal Care Center or "SJACC").

During the years ended June 30, 2025 and 2024, contract revenue from these agreements totaled \$295,124 and \$460,873, respectively.

15. COLLECTIVE BARGAINING UNIT

Approximately 50% of the Organization's employees are covered by a collective bargaining union agreement with the Services Employees International Union, Local 521. It was effective January 9, 2023 and expires on August 31, 2026. It shall be renewed from year to year thereafter unless either party gives written notice of a desire to change the agreement at least ninety days prior to expiration. It is typically renegotiated for a period of four years.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

16. ENDOWMENT

The Organization's endowment consists of three donor-restricted endowment fund categories. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of Humane Society Silicon Valley has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act ("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 as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the California version of 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
- (7) The investment policies of the Organization

Investment return objectives, risk parameters, strategies and how the investment objectives relate to the spending policy

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets in order to assure compliance with UPMIFA and the Board's policies on investment and expenditure of the earnings, protect the fund assets, increase the likelihood that the investment of the funds will be able to meet the financial needs of the Organization, establish a relevant investment horizon for which the fund assets will be invested, provide guidance and limitations to all investment managers regarding the investment of the fund assets and establish a basis for evaluation of investment results. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceed the annual spending appropriation of up to 7% of the fund with acceptable levels of risk. Beginning July 1, 2010, the Organization engaged professional managers to invest these funds in accordance with the Organization's Investment Policy Statement for the Donor-Restricted Endowment Fund.

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

16. ENDOWMENT (continued)

Spending policy

In the absence of explicit instructions by the donor, the Organization has a policy of appropriating for expenditure all amounts in the endowment up to 7% of the fair value of the original gift as defined by the Board. Any earnings in excess of 7% are net assets with donor restrictions and are available for appropriation in future years in accordance with the Board's policy. If the endowment fund is less than the original gift as of the gift date, although the Board is permitted to determine and continue a prudent payout amount, no amounts are appropriated for expenditure without additional Board review and direction.

Investments and cash and cash equivalents are carried at fair value and investment earnings are reflected in the statement of activities.

Endowment composition

Endowment assets consisted of the following:

	2025	2024
Investments held for endowment purposes	\$ 7,694,997	\$ 6,281,632
Cash and cash equivalents held for endowment purposes	480,568	211,610
Endowment unconditional promises to give	<u>225,621</u>	<u>483,199</u>
	<u><u>\$ 8,401,186</u></u>	<u><u>\$ 6,976,441</u></u>

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Donor-restricted endowment funds	<u><u>\$ 1,848,296</u></u>	<u><u>\$ 6,552,890</u></u>	<u><u>\$ 8,401,186</u></u>

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Donor-restricted endowment funds	<u><u>\$ 1,338,987</u></u>	<u><u>\$ 5,637,454</u></u>	<u><u>\$ 6,976,441</u></u>

Humane Society Silicon Valley
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

16. ENDOWMENT (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2025 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Balance, June 30, 2024	<u>\$ 1,338,987</u>	<u>\$ 5,637,454</u>	<u>\$ 6,976,441</u>
Investment return			
Interest and dividend income	165,477	-	165,477
Net gains (realized and unrealized)	683,291	-	683,291
Investment management fees	<u>(24,236)</u>	<u>-</u>	<u>(24,236)</u>
Total investment return	824,532	-	824,532
Contributions	-	1,174,403	1,174,403
Reclass (see Note 9)	-	(258,967)	(258,967)
Appropriation of earnings for expenditure	<u>(315,223)</u>	<u>-</u>	<u>(315,223)</u>
	<u>509,309</u>	<u>915,436</u>	<u>1,424,745</u>
Balance, June 30, 2025	<u><u>\$ 1,848,296</u></u>	<u><u>\$ 6,552,890</u></u>	<u><u>\$ 8,401,186</u></u>

Changes in endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Balance, June 30, 2023	<u>\$ 764,106</u>	<u>\$ 5,256,562</u>	<u>\$ 6,020,668</u>
Investment return			
Interest and dividend income	139,101	-	139,101
Net gains (realized and unrealized)	736,947	-	736,947
Investment management fees	<u>(27,810)</u>	<u>-</u>	<u>(27,810)</u>
Total investment return	848,238	-	848,238
Contributions	-	458,823	458,823
Reclass	-	(77,931)	(77,931)
Appropriation of earnings for expenditure	<u>(273,357)</u>	<u>-</u>	<u>(273,357)</u>
	<u>574,881</u>	<u>380,892</u>	<u>955,773</u>
Balance, June 30, 2024	<u><u>\$ 1,338,987</u></u>	<u><u>\$ 5,637,454</u></u>	<u><u>\$ 6,976,441</u></u>

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

17. FIRE INCIDENT AND INSURANCE RECOVERIES

On December 16, 2024, the Organization experienced a fire onsite. All staff, volunteers, and animals were evacuated safely. Approximately half of the interior of the building sustained significant damage from the fire and flooding. Despite the disruption, the Organization has continued to carry out all programmatic activities throughout the recovery period.

During the year ended June 30, 2025, the Organization focused its recovery efforts on assessing the extent of the damage, preparing the affected areas for reconstruction, and temporarily relocating and adapting programmatic operations. Rebuilding efforts are expected to commence during the year ending June 30, 2026.

As a result of the incident, the Organization recognized a loss on disposal of assets totaling \$982,418, which is included in gain (loss) on disposal of property and equipment on the accompanying statement of activities. The loss on disposal of assets was determined based on an itemized review of capitalized assets located in the affected areas of the facility. Each asset was individually assessed for damage and impairment, and the carrying values of assets deemed unrecoverable were written off accordingly.

Insurance proceeds of \$1,992,265 were recognized as income during the year ended June 30, 2025, and are included in other income in the accompanying statement of activities.

18. RELATED PARTY TRANSACTIONS

Contributions, including new pledges, received from members of the Organization's Board of Directors totaled \$585,997 and \$409,111 for the years ended June 30, 2025 and 2024, respectively.

19. INFORMATION REGARDING LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization'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.

Long-term investments include endowment funds consisting of donor-restricted endowments. Unless otherwise stated by donors, income from donor-restricted endowments is restricted until appropriated in accordance with the California version of UPMIFA and, therefore, is not available for general expenditure until appropriated. As described in Note 16, the endowment has a spending rate of up to 7%. Accordingly, \$315,223 of unappropriated earnings on the endowment will be available within the next 12 months.

The Organization expects that accounts receivable from program service fee revenue will be collected and available within 90 days of the fiscal year end.

Humane Society Silicon Valley
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

19. INFORMATION REGARDING LIQUIDITY AND FUNDS AVAILABLE (continued)

Short-term unconditional promises to give consists of grants, bequests and pledges receivable expected to be received within one year from June 30, 2025 and 2024. Unrestricted short-term grants, bequests and pledges receivable will be available to support general operations of the Organization.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2025 and 2024 to fund general expenditures and other obligations when they become due:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash, cash equivalents and restricted cash	\$ 5,966,802	\$ 5,204,243
Investments	15,688,805	15,358,435
Accounts receivable	56,241	130,926
Unconditional promises to give	8,254,973	9,339,121
Investments held for endowment purposes	<u>7,694,997</u>	<u>6,281,632</u>
	<u>37,661,818</u>	<u>36,314,357</u>
 Less: amounts unavailable for general expenditure within one year		
Net assets restricted to the passage of time (excludes amount to be collected within one year)	(7,809,907)	(8,435,694)
Net assets restricted for a specified purpose	(914,248)	(585,436)
Unappropriated earnings on endowment	(1,848,296)	(1,338,987)
Perpetual endowment	(6,552,890)	(5,637,454)
Investments held for long-term purposes	<u>(14,453,487)</u>	<u>(13,530,626)</u>
	<u>(31,578,828)</u>	<u>(29,528,197)</u>
	 <u>\$ 6,082,990</u>	 <u>\$ 6,786,160</u>

In addition, investments held for long-term purposes could be made available if needed.

20. SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions subsequent to June 30, 2025 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through December 17, 2025, the date the financial statements became available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.