

PETFINDER FOUNDATION

AUDITED FINANCIAL STATEMENTS
Years ended December 31, 2024 and 2023



JENNIFER J. PHILLIPS, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

PETFINDER FOUNDATION
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Years ended December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Petfinder Foundation
Tucson, Arizona

Opinion

I have audited the accompanying financial statements of Petfinder Foundation (an Arizona nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Petfinder Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Petfinder Foundation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Petfinder Foundation'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

My 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 my 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Petfinder Foundation'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Petfinder Foundation's ability to continue as a going concern for a reasonable period of time.

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



JENNIFER J. PHILLIPS, CPA, PLLC
Tucson, Arizona

March 12, 2025

PETFINDER FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,133,378	\$ 2,035,258
Operating investments - Note 6	1,437,233	1,271,030
Unconditional promises to give receivable - Note 4	156,309	182,827
Prepaid expenses	<u>12,462</u>	<u>2,552</u>
	<u>\$ 3,739,382</u>	<u>\$ 3,491,667</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,055	\$ 4,449
Refundable advances	<u>-</u>	<u>7,000</u>
	5,055	11,449
Net assets:		
Without donor restrictions:		
Available for operations	3,235,719	2,959,534
Board designated reserves - Note 3	<u>187,357</u>	<u>179,791</u>
	3,423,076	3,139,325
With donor restrictions:		
Purpose restrictions - Note 5	154,942	158,066
Time restrictions - Note 5	<u>156,309</u>	<u>182,827</u>
	<u>311,251</u>	<u>340,893</u>
	<u>3,734,327</u>	<u>3,480,218</u>
	<u>\$ 3,739,382</u>	<u>\$ 3,491,667</u>

See Accompanying Notes.

PETFINDER FOUNDATION
STATEMENT OF ACTIVITIES
Year ended December 31, 2024

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Contributions and bequests	\$ 962,070	\$ 63,724	\$ 1,025,794
Donated materials - Note 7	36,852	-	36,852
Net investment return	147,844	-	147,844
	<u>1,146,766</u>	<u>63,724</u>	<u>1,210,490</u>
Releases from restrictions	93,366	(93,366)	-
Total public support and revenues	<u>1,240,132</u>	<u>(29,642)</u>	<u>1,210,490</u>
Expenses:			
Program services	834,387	-	834,387
Management and general	28,007	-	28,007
Fundraising	93,987	-	93,987
Total expenses	<u>956,381</u>	<u>-</u>	<u>956,381</u>
Change in net assets	283,751	(29,642)	254,109
Net assets, beginning of year	<u>3,139,325</u>	<u>340,893</u>	<u>3,480,218</u>
Net assets, end of year	<u>\$ 3,423,076</u>	<u>\$ 311,251</u>	<u>\$ 3,734,327</u>

See Accompanying Notes.

PETFINDER FOUNDATION
STATEMENT OF ACTIVITIES
Year ended December 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Contributions and bequests	\$ 854,815	\$ 252,880	\$ 1,107,695
Donated materials - Note 7	37,796	-	37,796
Net investment return	171,945	-	171,945
	<u>1,064,556</u>	<u>252,880</u>	<u>1,317,436</u>
Releases from restrictions	114,864	(114,864)	-
Total public support and revenues	<u>1,179,420</u>	<u>138,016</u>	<u>1,317,436</u>
Expenses:			
Program services	838,814	-	838,814
Management and general	27,104	-	27,104
Fundraising	91,566	-	91,566
Total expenses	<u>957,484</u>	<u>-</u>	<u>957,484</u>
Change in net assets	221,936	138,016	359,952
Net assets, beginning of year	<u>2,917,389</u>	<u>202,877</u>	<u>3,120,266</u>
Net assets, end of year	<u>\$ 3,139,325</u>	<u>\$ 340,893</u>	<u>\$ 3,480,218</u>

See Accompanying Notes.

PETFINDER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2024

	<u>Program services</u>				<u>Management and</u>		<u>Total</u>
	<u>Quality of life</u>	<u>Disaster relief</u>	<u>Sponsor a pet</u>	<u>Total</u>	<u>general</u>	<u>Fundraising</u>	
Salaries/wages	\$ 144,859	\$ 5,633	\$ 10,462	\$ 160,954	\$ 20,867	\$ 80,884	\$ 262,705
Payroll taxes	11,219	249	997	12,465	1,636	6,335	20,436
	<u>156,078</u>	<u>5,882</u>	<u>11,459</u>	<u>173,419</u>	<u>22,503</u>	<u>87,219</u>	<u>283,141</u>
Bank fees	4,660	-	-	4,660	333	1,664	6,657
Dues/registrations	13,294	-	-	13,294	1,209	604	15,107
Grants/allocations	471,687	66,625	50,906	589,218	-	-	589,218
Insurance	613	-	-	613	1,329	102	2,044
Other expenses	5,920	-	-	5,920	423	2,114	8,457
Postage/printing	1,393	-	-	1,393	29	44	1,466
Professional fees	33,930	-	-	33,930	1,885	1,885	37,700
Telephone	5,339	-	-	5,339	296	297	5,932
Travel/meetings	836	-	-	836	-	-	836
Website	2,853	-	2,912	5,765	-	58	5,823
	<u>\$ 696,603</u>	<u>\$ 72,507</u>	<u>\$ 65,277</u>	<u>\$ 834,387</u>	<u>\$ 28,007</u>	<u>\$ 93,987</u>	<u>\$ 956,381</u>

See Accompanying Notes.

PETFINDER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2023

	<u>Program services</u>				<u>Management and</u>		<u>Total</u>
	<u>Quality of life</u>	<u>Disaster relief</u>	<u>Sponsor a pet</u>	<u>Total</u>	<u>general</u>	<u>Fundraising</u>	
Salaries/wages	\$ 139,513	\$ 5,425	\$ 10,076	\$ 155,014	\$ 20,193	\$ 78,426	\$ 253,633
Payroll taxes	10,833	241	963	12,037	1,578	6,117	19,732
	<u>150,346</u>	<u>5,666</u>	<u>11,039</u>	<u>167,051</u>	<u>21,771</u>	<u>84,543</u>	<u>273,365</u>
Bank fees	7,378	-	-	7,378	527	2,635	10,540
Dues/registrations	11,869	-	-	11,869	1,079	540	13,488
Grants/allocations	542,957	2,848	58,044	603,849	-	-	603,849
Insurance	605	-	-	605	1,310	101	2,016
Other expenses	4,436	-	-	4,436	317	1,584	6,337
Postage/printing	1,146	-	-	1,146	25	36	1,207
Professional fees	32,016	-	-	32,016	1,778	1,779	35,573
Telephone	5,355	-	-	5,355	297	298	5,950
Travel/meetings	149	-	-	149	-	-	149
Website	2,455	-	2,505	4,960	-	50	5,010
	<u>\$ 758,712</u>	<u>\$ 8,514</u>	<u>\$ 71,588</u>	<u>\$ 838,814</u>	<u>\$ 27,104</u>	<u>\$ 91,566</u>	<u>\$ 957,484</u>

See Accompanying Notes.

PETFINDER FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 254,109	\$ 359,952
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized and unrealized (gains) losses on operating investments	(120,998)	(145,790)
Donated stock	(2,087)	-
(Increase) decrease in operating assets:		
Unconditional promises to give receivable	26,518	(128,855)
Prepaid expenses	(9,910)	8,035
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	606	(14)
Refundable advances	(7,000)	(40,000)
Net cash provided by operating activities	141,238	53,328
Cash flows from investing activities:		
Purchases of operating investments	(1,078,406)	(127,337)
Proceeds from sale of operating investments	1,035,288	112,333
Net cash (used in) investing activities	(43,118)	(15,004)
Net change in cash and cash equivalents	98,120	38,324
Cash and cash equivalents, beginning of year	2,035,258	1,996,934
Cash and cash equivalents, end of year	\$ 2,133,378	\$ 2,035,258

Supplemental cash flow information

No cash paid for interest or income taxes in 2024 or 2023.

See Accompanying Notes.

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – Organization and purpose

Petfinder Foundation (Foundation) is an Arizona nonprofit corporation, incorporated in 2003 to support the adoption organization members of Petfinder.com. Petfinder.com is the largest database of homeless pets on the Internet, with hundreds of thousands of adoptable pets listed on the site by more than 12,000 animal welfare organizations. Petfinder.com is owned by Nestlé Purina PetCare Company (Purina). Accordingly, Petfinder.com and Purina are considered related parties.

The Foundation helps homeless pets by saving lives through adoptions, helping shelters prepare for and recover from disaster and working to make sure animal welfare organizations across the country are more sustainable. The Foundation provides grants of equipment, supplies and funds so that thousands of homeless pets have healthier, happier lives and thousands of shelter and rescue staff and volunteers can do their jobs better. Petfinder.com member shelters are animal shelters who have met the criteria set by Petfinder.com and are the beneficiaries of various grants. The Foundation administers the following programs:

Quality of life programs – The Foundation believes that by helping to improve the quality of life for pets while they are in shelters or with a rescue group, they will be happier, healthier, and more adoptable. Grants in this category include enrichment products, training, pet food, vaccines, sheltering, and general operating grants.

Dog Enrichment Grants: Grants from this program are used to provide enrichment for dogs which can include activities, toys, smells, and sounds that reduce stress, boredom, and anxiety

KONG Dog Enrichment Grants: The Foundation is working with KONG to provide enrichment toys and products to shelters and adopters across the country. The KONG Company joins the Foundation in the belief that by providing enrichment toys to shelter pets, you stimulate their mind, making them more adoptable.

Dog Short-Term Foster/Fieldtrip Grants: This grant program provides funding to purchase needed supplies for a shelter’s short-term foster/dog field-trip program, including but not limited to: collars, leashes, harnesses, gentle leaders, collapsible or portable water/food bowls, potty bags and “Adopt Me” vests.

Cat Enrichment Grants: Grant funds from this program are used to provide enrichment for cats, which can include indoor entertainment using products and objects, allowing cats to enjoy the outdoors safely or human interactive cat-enrichment activities.

Emergency Medical Grants: This program is to assist Petfinder.com members who are caring for a pet that needs special veterinary care in order to become adoptable. Grants from this program can be used to cover expenses that fall outside of normal day to day vet services like spay/neuter, vaccines or routine exams, such as emergency surgery, dental work, etc. for one single pet.

Play Yard Renovation Grants: Play Yard Renovation grants are awarded to shelters that have a staff member or volunteer who has completed an online or in person seminar, course, or mentorship through one of various courses available. Grant funds must be used to construct or improve play yards to ensure they meet universal safety standards. This grant program is part of the Foundation’s commitment to enhancing shelter dogs’ quality of life by allowing them to engage in natural social behaviors.

P.L.A.Y. Pet Bed Grants: The Foundation has partnered with Pet Lifestyle and You (P.L.A.Y.) through the Warm Bellies Initiative to give luxury beds to shelter pets.

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
December 31, 2024 and 2023

NOTE 1 – Organization and purpose – continued

Senior Pet Grants: Senior Pet grants are intended to help facilitate the adoption of senior pets in the care of Petfinder-member shelters and rescue groups. Grants of up to \$1,000 may be used to promote the adoption of a specific pet by funding one or more of the following: The pet's adoption fee; transportation to an approved adopter, and/or necessary medication for the duration of the pet's lifetime.

Bar Dog Operation Grants: Bar Dog Wines has committed to supporting rescue shelters across North America. Through this partnership, this grant program supports animal adoption groups and their day-to-day operations.

Kia Adoption Grants: This grant is available through Kia America as a part of their Accelerate the Good program. This program supports free or reduced-fee adoptions for dogs and cats.

Other Animals Grants: Other Animals Grant program assists Petfinder members in caring for all species of adoptable pets, except dogs and cats, including but not limited to birds, rabbits, goats, reptiles, snakes, mice, hamsters, fish, guinea pigs, horses, and more. Grant funds can be used to support adoptions groups' care and adoption of any animal that is not a dog or a cat.

Disaster relief program – The Foundation is committed to assisting animal adoption organizations with disaster relief and recovery. Funds are used to offer animal-related resources and assistance during and after significant natural or man-made disasters. The Foundation awards grants to provide emergency equipment or supplies, physical improvements to the animal shelters and property, animal transport and housing equipment allocated for use in the event of a disaster, file and records management systems, and training for staff and/or volunteers who are critical responders for the organization during an emergency.

Other programs – The Foundation works with its corporate partners and funders to offer needed in-kind supplies or educational tools to Petfinder.com members, as well as grants in the forms of providing assistance for daily operations and care of pets and promoting adoption and transportation needs. Additional grants awarded are:

Sponsor A Pet: The Sponsor A Pet program encourages Petfinder.com visitors to help homeless pets by sponsoring the cost of their shelter and care until they find a forever home. When someone has found a homeless pet that has touched their heart, but they are unable to provide that pet their forever home this program gives them a way to help. Donations are collected by the Foundation and kept for the designated shelter. Once a quarter, these donations are distributed to the shelter, less 10 percent for administrative fees.

REDI Training and Implementation Grants: In partnership with Companions and Animals for Reform and Equity (CARE), the Foundation provides Petfinder members with access to an online Racial Equity, Diversity, and Inclusion (REDI) training program specifically created for animal shelters and rescue groups and hosted by Maddie's University. The REDI Training grant was created to help animal-adoption organizations recognize and overcome biases and barriers that can prevent people of color, low-income individuals, and senior citizens from adopting.

NOTE 2 – Summary of significant accounting policies

Cash and cash equivalents

The Foundation considers all cash and highly liquid investments with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes, to be cash

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
December 31, 2024 and 2023

NOTE 2 – Summary of significant accounting policies – continued

and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. The Foundation had no restricted cash as of either December 31, 2024 or 2023.

Investments in marketable securities

The Foundation carries investments in marketable securities with readily determinable fair values at their fair values on the statements of financial position. Net investment income/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Promises to give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Management believes that all receivables are collectible, and, accordingly, has recorded no allowance for uncollectible amounts. These amounts contain no collateral provisions for collection.

Property and equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried 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, from 3 to 5 years. The Foundation capitalizes all expenditures of property and equipment in excess of \$2,500 with a useful life of more than one year. The Foundation had no capitalized property and equipment as of either December 31, 2024 or 2023.

Net assets

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-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 the resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
December 31, 2024 and 2023

NOTE 2 – Summary of significant accounting policies – continued

restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and revenue recognition

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received prior to incurring qualifying expenses are reported as refundable advances on the statements of financial position.

The Foundation occasionally receives grants which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2024, conditional contributions approximating \$125,000 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

In-kind contributions

Contributed nonfinancial assets include donated professional services, donated supplies, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 7). The Foundation does not sell donated gifts-in-kind. Contributed goods are recorded at fair value at the date of donation.

Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

The Foundation's volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional allocation of expenses

The Board of Directors has approved a plan to allocate costs to various programs, grants, contracts, agreements, and functions.

The general approach of the plan follows:

- All allowable direct costs are charged to programs, grants, activities and functions;
- Allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base more appropriate to the particular cost being prorated;
- All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated using a base that results in an equitable distribution.

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
December 31, 2024 and 2023

NOTE 2 – Summary of significant accounting policies – continued

Income tax status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Management of the Foundation considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the organization's status as a not-for-profit entity. Management believes that the Foundation met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore, no provision for income taxes has been provided in these financial statements. Accordingly, the Foundation has not filed an *Exempt Organization Business Income Tax Return* (Form 990-T) with the Internal Revenue Service (IRS) for either of the years ended December 31, 2024 or 2023.

Use of estimates

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

Fair value measurements

Fair value measurements are determined based on the assumptions—referred to as inputs—that market participants would use in pricing the asset or liability. A fair value hierarchy distinguishes between market participant assumptions and the Foundation's own assumptions about market participant assumptions. Observable inputs are assumptions based on market data obtained from independent sources, while unobservable inputs are the Foundation's own assumptions about what market participants would assume based on the best information available in the circumstances.

Level 1 inputs. A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value.

Level 2 inputs. These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. They include quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates or yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs. These inputs are unobservable and are used to measure fair value only when observable inputs are not available. These inputs reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
December 31, 2024 and 2023

NOTE 2 – Summary of significant accounting policies – continued

categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Financial instruments and credit risk

The Foundation manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Uninsured cash at December 31, 2024 totaled \$1,860,489.

Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Board of Directors believes that the investment policies and guidelines are prudent for the long-term welfare of the organization. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that such changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Credit risk associated with unconditional promises to give is considered to be limited due to high historical collection rates; however, there is a potential credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations for the stated amounts.

NOTE 3 – Liquidity and availability

Financial assets available for general expenditure (without donor or other restrictions limiting their use) within one year of the statement of financial position date comprise the following at December 31:

	2024	2023
Cash and cash equivalents	\$ 1,978,436	\$ 1,877,192
Operating investments	1,437,233	1,271,030
	3,415,669	3,148,222
Less: board designated net assets	(187,357)	(179,791)
	\$ 3,228,312	\$ 2,968,431

As part of the Foundation’s liquidity management plan, cash in excess of annual operating requirements is invested in marketable securities.

In order to ensure the stability of the mission, programs, employment and ongoing operations of the organization, the Board of Directors has approved an operating reserve (Reserve) policy. The Reserve provides an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, and unanticipated loss in funding or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. The Reserve is not intended

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
December 31, 2024 and 2023

NOTE 3 – Liquidity and availability – continued

to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the Foundation for the Reserve to be used and replenished within a reasonably short period of time. The Board of Directors designates a minimum amount sufficient to maintain ongoing operations and programs measured as six months of average operating costs. The Reserve is dynamic and will be reviewed and adjusted in response to both internal and external changes by majority vote of the Board of Directors. The Reserve was \$187,357 and \$179,791 at December 31, 2024 and 2023, respectively, held in the Foundation's investment brokerage account. See Note 6.

NOTE 4 – Unconditional promises to give

Unconditional promises to give due after one year are discounted at 8.25%. Unconditional promises to give are due in future years as follows at December 31, 2024 and 2023:

	2024	2023
Year ended December 31, 2024		\$ 42,460
2025	\$ 23,229	18,868
2026	18,868	18,868
2027	18,868	18,868
2028	18,868	18,868
2029	18,868	18,868
Thereafter	132,076	132,076
	230,777	268,876
Less: discount to present value	(74,468)	(86,049)
	\$ 156,309	\$ 182,827

NOTE 5 – Net assets with donor restrictions

Net assets with donor restrictions were as follows for the year ended December 31, 2024:

	Beginning balance	Contributions	Releases	Ending balance
Specified purpose:				
Disaster relief	\$ -	\$ -	\$ -	\$ -
Shelter a Pet	158,066	47,782	(50,906)	154,942
	158,066	47,782	(50,906)	154,942
Timing - Unconditional promises to give	182,827	15,942	(42,460)	156,309
	\$ 340,893	\$ 63,724	\$ (93,366)	\$ 311,251

Net assets with donor restrictions were as follows for the year ended December 31, 2023:

	Beginning balance	Contributions	Releases	Ending balance
Specified purpose:				
Disaster relief	\$ 2,847	\$ -	\$ (2,847)	\$ -
Shelter a Pet	146,058	70,053	(58,045)	158,066
	148,905	70,053	(60,892)	158,066
Timing - Unconditional promises to give	53,972	182,827	(53,972)	182,827
	\$ 202,877	\$ 252,880	\$ (114,864)	\$ 340,893

PETFINDER FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
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NOTE 6 – Fair value measurements

The fair value of investments is based on quoted market prices in an active market (Level 1 inputs) on a recurring basis. There were no changes in valuation techniques during the years ended December 31, 2024 and 2023. Determinations of transfers between levels are made on an annual basis at year-end. There were no transfers between levels as of either December 31, 2024 or 2023.

Operating investments at December 31, 2024 and 2023 consisted of the following:

	Level 1	
	2024	2023
Exchange-traded funds	\$ 1,397,199	\$ 1,217,933
Equity funds	40,034	53,097
	\$ 1,437,233	\$ 1,271,030

NOTE 7 – In-kind contributions

The Foundation received donated pet supplies with a fair market value of \$36,852 and \$37,796 during the years ended December 31, 2024 and 2023, respectively. Contributed pet supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. These supplies are used in program services, included in grants and allocations on the statements of functional expenses.

NOTE 8 – Related party transactions/concentration

The Foundation received \$88,600 and \$75,000 from Purina during the years ended December 31, 2024 and 2023, respectively. Under a sponsorship agreement expiring December 31, 2026, Purina has agreed to donate \$100,000 to the Foundation during each of the years ended December 31, 2025 and 2026, if certain conditions are met.

NOTE 9 – Subsequent events

Management has evaluated subsequent events through March 12, 2025 which is the date the financial statements were available to be issued.