

**Alley Cat Rescue, Inc.
Financial Statements
July 31, 2025 and 2024**

With Independent Auditors' Report Thereon



ALLEY CAT RESCUE

AN ALLIANCE FOR CAT PROTECTION

Alley Cat Rescue, Inc.
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Independent Auditors' Report

To the Board of Directors
Alley Cat Rescue, Inc.
Brentwood, Maryland

Opinion

We have audited the accompanying financial statements of Alley Cat Rescue, Inc., which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alley Cat Rescue, Inc. as of July 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Alley Cat Rescue, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Alley Cat Rescue, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

Rockville, Maryland
February 18, 2026

Alley Cat Rescue, Inc.
Statements of Financial Position
July 31, 2025 and 2024

	<u>Assets</u>	
	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and cash equivalents	\$ 471,514	\$ 329,449
Investments	2,174,435	1,779,996
Contributions receivable	47,576	95,889
Loans to employees	3,700	2,300
Inventory	56,575	71,975
Prepaid expenses	27,567	4,412
Total Current Assets	2,781,367	2,284,021
Noncurrent Assets		
Investments restricted to charitable gift annuity obligations	10,846	9,759
Property and equipment, net	340,086	356,482
Total Noncurrent Assets	350,932	366,241
Total Assets	\$ 3,132,299	\$ 2,650,262
	<u>Liabilities and Net Assets</u>	
Current Liabilities		
Accounts payable	\$ 148,603	\$ 83,649
Accrued expenses	28,074	40,808
Current portion of mortgage payable	-	17,788
Current portion of charitable gift annuity obligations	2,208	1,523
Total Current Liabilities	178,885	143,768
Long-Term Liabilities		
Mortgage payable, net of current portion	-	104,832
Charitable gift annuity obligations, net of current portion	8,638	8,236
Total Long-Term Liabilities	8,638	113,068
Total Liabilities	187,523	256,836
Net Assets		
Without donor restrictions	2,897,200	2,297,537
With donor restrictions	47,576	95,889
Total Net Assets	2,944,776	2,393,426
Total Liabilities and Net Assets	\$ 3,132,299	\$ 2,650,262

The accompanying notes are an integral part of the financial statements

Alley Cat Rescue, Inc.
Statements of Activities
For the Years Ended July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Change in Net Assets Without Donor Restrictions		
Support and Revenue		
Public Support		
Contributions and donations	\$ 2,331,389	\$ 2,107,784
Legacies and bequests	702,182	572,017
Grants	49,050	17,169
Federated and non-federated campaigns	8,525	18,366
Net assets released from restrictions:		
Expiration of time restrictions	89,396	63,974
Satisfaction of purpose restrictions	105,215	141,750
Total Public Support	3,285,757	2,921,060
Other Revenue		
Investment income	69,997	49,101
Mailing list rentals	10,314	40,664
Other income	13,000	39,567
Merchandise sales, net	(2,506)	17,678
Total Other Revenue	90,805	147,010
Total Support and Revenue	3,376,562	3,068,070
Expenses		
Program		
Newsletters and Publications	325,888	333,256
Advocacy and Promoting Spay/Neuter	338,274	392,311
Education and Public Relations	261,477	288,247
Direct Care and Services	850,857	812,504
National and Global Programs	328,724	383,964
Campaigns and Outreach	330,040	279,089
Total Program Expenses	2,435,260	2,489,371
Supporting Services		
Management and general	60,032	102,681
Development	281,607	326,148
Total Supporting Services	341,639	428,829
Total Expenses	2,776,899	2,918,200
Change in Net Assets Without Donor Restrictions	\$ 599,663	\$ 149,870

The accompanying notes are an integral part of the financial statements

Alley Cat Rescue, Inc.
Statements of Activities, continued
For the Years Ended July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Change in Net Assets With Donor Restrictions		
Contributions and donations	\$ -	\$ 2,500
Federated and non-federated campaigns	41,083	37,889
Grants	105,215	92,831
Net assets released from restrictions:		
Expiration of time restrictions	(89,396)	(63,974)
Satisfaction of purpose restrictions	(105,215)	(141,750)
	(48,313)	(72,504)
Change in Net Assets With Donor Restrictions		
	(48,313)	(72,504)
Total Change in Net Assets	551,350	77,366
Net Assets, beginning of year	2,393,426	2,316,060
Net Assets, end of year	\$ 2,944,776	\$ 2,393,426

The accompanying notes are an integral part of the financial statements

Alley Cat Rescue, Inc.
Statement of Functional Expenses
For the Year Ended July 31, 2025, with 2024 Totals

	Program Services						
	Newsletters and Publications	Advocacy and Promoting Spay/ Neuter	Education and Public Relations	Direct Care and Services	National and Global Programs	Campaigns and Outreach	Total Program
Payroll	\$ 101,625	\$ 75,162	\$ 81,539	\$ 147,209	\$ 83,654	\$ 86,288	\$ 575,477
Veterinary Costs and Supplies	-	46,458	-	378,792	60,466	53,335	539,051
Printing	81,060	59,952	65,038	117,420	66,725	68,826	459,021
Postage and Delivery	38,174	28,234	30,629	55,297	31,424	32,413	216,171
Occupancy	30,783	22,767	24,699	44,591	25,338	26,137	174,315
Professional Fees	13,502	9,987	10,834	19,559	11,115	11,465	76,462
Repairs and Maintenance	11,886	8,791	9,537	17,217	9,784	10,092	67,307
Insurance	20,375	15,069	16,348	29,514	16,772	17,300	115,378
Miscellaneous Expense	9,071	6,709	7,278	13,139	7,467	7,702	51,366
Donations	-	50,788	-	-	-	-	50,788
Travel	18,657	13,798	14,969	27,025	15,357	15,841	105,647
Advertising	755	559	606	1,094	622	641	4,277
Total	\$ 325,888	\$ 338,274	\$ 261,477	\$ 850,857	\$ 328,724	\$ 330,040	\$ 2,435,260
Percent of total expenses	11.74%	12.18%	9.42%	30.64%	11.83%	11.89%	87.70%

The accompanying notes are an integral part of the financial statements

Supporting Services

Management and General	Development	Total Supporting Services	2025 Total Expenses	2024 Total Expenses
\$ 29,522	\$ 41,110	\$ 70,632	\$ 646,109	\$ 656,254
-	-	-	539,051	484,746
-	133,498	133,498	592,519	518,767
-	64,513	64,513	280,684	473,356
8,942	12,453	21,395	195,710	192,990
3,922	5,462	9,384	85,846	58,724
3,453	4,808	8,261	75,568	121,723
5,919	8,242	14,161	129,539	79,224
2,635	3,669	6,304	57,670	83,547
-	-	-	50,788	59,178
5,420	7,547	12,967	118,614	157,476
219	305	524	4,801	32,215
<u>\$ 60,032</u>	<u>\$ 281,607</u>	<u>\$ 341,639</u>	<u>\$ 2,776,899</u>	<u>\$ 2,918,200</u>
<u>2.16%</u>	<u>10.14%</u>	<u>12.30%</u>	<u>100.00%</u>	

The accompanying notes are an integral part of the financial statements

Alley Cat Rescue, Inc.
Statements of Cash Flows
For the Years Ended July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 551,350	\$ 77,366
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,396	17,394
Loss on disposal of property and equipment	-	533
Unrealized (gain) loss on investments	(47,174)	(18,586)
Donated securities	(14,385)	(9,437)
Change in assets and liabilities		
Decrease in contributions receivable	48,313	70,437
Decrease in inventory	15,400	1,225
(Increase) Decrease in prepaid expenses	(23,155)	12,407
(Increase) Decrease in loan to employees	(1,400)	3,000
Increase (Decrease) in accounts payable	64,954	(55,042)
(Decrease) Increase in accrued expenses	(12,734)	7,806
	<u>597,565</u>	<u>107,103</u>
Net Cash Provided By Operating Activities		
Cash Flows From Investing Activities		
Acquisition of property and equipment	-	(3,966)
Proceeds from sale of property and equipment	-	3,800
Purchase of investments	(311,296)	(499,381)
Reinvestment of interest and dividends	(22,671)	(30,337)
	<u>(333,967)</u>	<u>(529,884)</u>
Net Cash (Used In) Investing Activities		
Cash Flows From Financing Activities		
Proceeds from charitable annuity obligation	3,563	6,532
Curtailment of charitable annuity obligation	(2,476)	(1,523)
Curtailment of mortgage payable	(122,620)	(17,467)
	<u>(121,533)</u>	<u>(12,458)</u>
Net Cash (Used In) Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	142,065	(435,239)
Cash and Cash Equivalents, Beginning of Year	<u>329,449</u>	<u>764,688</u>
Cash and Cash Equivalents, End of Year	<u>\$ 471,514</u>	<u>\$ 329,449</u>
Supplemental Disclosure of Cash Flows Information:		
Interest paid during the year	<u>8,840</u>	<u>7,349</u>
Income taxes paid during the year	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 1 **Organization**

Alley Cat Rescue, Inc. (ACR), a non-profit organization, was incorporated under the laws of the state of Delaware in 1997. ACR is part of an international campaign to stabilize and reduce the number of domestic and feral cats. ACR works to protect cats on several levels: locally through rescue, rehabilitation, and adoption of cats; nationally, through a network of Cat Action Teams, called CATs; and internationally through the African Wildcat Conservation Action Plan, funded by grants, which aims to eliminate hybridization of wildcats in South Africa. ACR is dedicated to the health, well-being and welfare of all cats.

The following is a description of the some of the programs currently being conducted by Alley Cat Rescue, Inc.

Direct Care and Services

ACR manages multiple cat colonies. This involves trapping, sterilizing, and vaccinating new colony arrivals as they are discovered, as well as feeding all of the cats and monitoring their health daily. Any cats in need of medical attention are taken to a veterinarian for care. Friendly cats and young kittens found in colonies are spayed/neutered, vaccinated, and cared for in foster homes until they are adopted.

ACR rescues newborn kittens and sick and injured cats and kittens from municipal shelters who are at high risk of being euthanized. These cats are placed in medical foster homes and ACR provides full medical treatment to rehabilitate them before adopting them out.

Advocacy and Promoting Spay/Neuter

ACR works to put an end to the myths and misinformation surrounding feral and stray cats, who are often used as scapegoats for complex environmental problems such as habitat loss causing the depletion of bird and other wildlife populations. ACR promotes the concept that all animals deserve respect and compassion, and that humane, non-lethal methods for controlling their populations, such as Trap-Neuter-Return (TNR), should be used. All ACR's mailings include calls to action that will aid in safeguarding the health and lives of cats.

ACR spearheads an annual global feral cat sterilization initiative, the "Feral Fix Challenge," which urges veterinarians to offer free or low-cost spay and neuter surgeries for feral cats, to whatever degree is possible for their individual practice. This campaign brings national attention to the need for TNR and also advances the humane management of cat overpopulation.

ACR also gives financial support for TNR projects to nonprofits in other states and countries. To date, all these programs together have sterilized over 1,000,000 cats.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 1 Organization, (continued)

Campaigns and Outreach

ACR provides the public with the most recent information on felines. We advocate for humane population control through TNR and kitten adoption, publish information on zoonotic diseases, and we dispel misinformation spread about cats. ACR has distributed over one million pet trust brochures to help people plan for the future of their cats in case of emergencies.

In order to lower the euthanasia rate of cats in shelters and to prevent the suffering of cats on our streets by providing them with humane care, ACR provides the public with lists of clinics that offer low cost spay/neuter programs and low-cost veterinary care throughout the country. We also provide information on how people can avoid surrendering their cats to shelters.

Education and Public Relations

ACR's programs and campaigns to end the killing of healthy stray and feral cats in local shelters are diverse. They range from hands-on trapping and sterilization of cats, to providing educational information about TNR and cat welfare, as well as providing resources to the community to assist them in practicing TNR and caring for all varieties of domestic cats.

National and Global Programs

National Cat Action Teams are no-kill organizations that assist groups and individuals to help domestic and feral cats. ACR provides a nationwide listing of groups and organizations, organized by state, for the benefit of interested parties who would like to help with feral cats in their area. The listing provides the name of the organization and a link to the website.

ACR operates an *African Wildcat Conservation Program* in South Africa with the purpose of protecting and preserving the African wildcat (AWC) species, which is threatened by habitat loss. The species is also significantly threatened by hybridization with domestic cats. The AWC is the ancestor of the domestic cat and the two species readily interbreed. Our conservation program seeks to prevent interbreeding through TNR of outdoor domestic cats who live near AWC territories.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 1 Organization, (continued)

Newsletters and Publications

ACR publishes biannual newsletters and other mailings year-round to disseminate information about ACR's programs and the impacts they are having in the community. The winter 2024 newsletter was awarded an esteemed Muse Medallion Award by the Cat Writers' Association.

These publications also highlight current events relating to cat welfare with specific actions the readers can take to help the affected cat populations.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of ACR have been prepared on the accrual basis of accounting. ACR follows the Not-for-Profit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). Under this topic, ACR is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are net assets available for use in general operations and are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may be met either by actions of the Shelter and/or the passage of time or that are subject to donor-imposed stipulations that may be maintained permanently by the ACR.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 2 **Summary of Significant Accounting Policies, (continued)**

Revenue Recognition

Revenue is recognized when there is evidence that collection is reasonably ensured, which for unrestricted contributions is when they are received. ACR reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or if the donation has been recognized as receivable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

ACR reports gifts of land, buildings, equipment and securities as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, ACR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from contracts are recognized as the related qualifying expenses are incurred. Revenue is deferred when funds are received but not yet expended for the contractual purpose.

Donated Material and Services

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. If the donors stipulate how long the assets must be used, the contributions are recorded as donations with restrictions. In the absence of such stipulations, contributions of materials and equipment are recorded as donations with restrictions. During the years ended July 31, 2025 and 2024, ACR did not recognize any donated material.

The organization recognizes contributed services to the extent the services received create or enhance non-financial assets or require specialized skills that would be purchased if not provided by donation. During the years ended July 31, 2025 and 2024, ACR did not recognize any donated services.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 2 **Summary of Significant Accounting Policies, (continued)**

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid instruments with original maturities of three months or less. Cash and cash equivalents do not include temporary cash held in custodial accounts or restricted investments.

Investments

Investments are presented in the financial statements at quoted fair value. The net realized and unrealized appreciation (depreciation) in market value of investments is reflected in the statement of activities. Investments consist of mutual funds, cash and money market funds held by a broker.

Contributions Receivables

Contributions receivable are reflected at their net realizable value and consist of unconditional promises expected to be collected within one year. To determine the net realizable value of contributions receivable, ACR estimates the allowance for credit losses based on historical trends to collections with past federated and non-federated campaigns.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the Codification establishes a fair value hierarchy that is based on the valuation inputs in the fair value measurements. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 Observable market-based or unobservable inputs corroborated by - market data. Investments classified as Level 2 trade in markets that are not considered to be active.
- Level 3 Unobservable inputs that are not corroborated by market data. Valuation is accomplished using management's best estimate of fair value.

Inventory

Inventories are stated at the lower of cost (first-in, first out) or market. Cost includes all direct costs to bring inventory to its present location.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 2 **Summary of Significant Accounting Policies, (continued)**

Property, Plant, and Equipment

Property and equipment are recorded at cost and depreciated over estimated useful lives of 3 to 7 years using the straight-line method. Leasehold improvements are depreciated over 15 years. Buildings are recorded at cost and depreciated over the estimated useful life of 40 years. Land is capitalized at cost and undepreciated. Repairs and maintenance costs are either expensed as incurred or capitalized and depreciated over the remaining useful life of the building, depending on amount. It is the policy of ACR to capitalize all property and equipment acquisitions in excess of \$2,500.

Charitable Gift Annuity Obligations

ACR has entered into contracts with donors to pay periodic stipulated payments to the donors or other designated individuals that terminates at a specified time. ACR records a liability based on the present value of the future payments resulting from the annuity contracts at date of gifts. The excess in the amount of each annuity gift over the liability is recorded as contributions and donations in the accompanying statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The statement of functional expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits, rent, depreciation, utilities, information technology, and other expenses are allocated based on estimates of time and effort.

Income Taxes

ACR is exempt from federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Income determined to be from unrelated business income is taxable and to the extent it culminates in taxes due, a provision for income taxes will be provided.

At July 31, 2025, and for the year then ended, there were no material unrecognized/derecognized tax benefits or tax penalties or interest. No provision for income taxes has been made in the accompanying financial statements.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 2 **Summary of Significant Accounting Policies, (continued)**

Income Taxes (Continued)

In general, when tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. ACR has determined that no such liabilities were required at July 31, 2025 and 2024.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation. Management believes these reclassifications provide more meaningful presentation and had no effect on total net assets, change in net assets, or net cash flows.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 3 Liquidity and Availability of Resources

ACR financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2025	2024
Cash and cash equivalents	\$ 471,514	\$ 329,449
Certificates of deposit	19,888	19,883
Short-term investments	2,154,547	1,760,113
Contributions receivable	47,576	95,889
	2,693,525	2,205,334
Less: Donor restricted funds and therefore unavailable for general expenditures	(47,576)	(95,889)
Financial assets available, at year end	\$ 2,645,949	\$ 2,109,445

Contributions receivable are subject to implied time restrictions. Contributions receivable are expected to be collected within one year.

ACR maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, ACR maintains a large cash reserve in a money market fund that is used throughout the year when ACR has variable cash flow.

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 4 Investments

Investments are comprised of the following at July 31, 2025:

July 31, 2025	Cost Basis	Fair Market Value	Cummulative Unrealized Gain (loss)
Certificates of deposit	\$ 19,888	\$ 19,888	\$ -
Money market funds	1,876,349	1,876,349	-
Mutual funds	11,982	12,327	345
Other assets	3,772	7,425	3,653
Equity securities	<u>104,042</u>	<u>269,292</u>	<u>165,250</u>
Total	<u>\$ 2,016,033</u>	<u>\$ 2,185,281</u>	<u>\$ 169,248</u>

Realized and unrealized gains and losses are included in the statement of activities as part of investment income. The following summarizes the investment return for the year ended July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Net unrealized gain on investments	\$ 47,174	\$ 18,586
Reinvestment of interest and dividends	22,671	30,337
Interest on cash accounts	<u>152</u>	<u>178</u>
Investment return	<u>\$ 69,997</u>	<u>\$ 49,101</u>

Alley Cat Rescue, Inc.
Notes to Financial Statements
July 31, 2025 and 2024

Note 5 Fair Value Measurement

In determining the appropriate levels, ACR performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of July 31, 2025 and 2024:

	2025		
	Level 1	Level 2	Level 3
Certificates of deposit	\$ 19,888	\$ -	\$ -
Money market funds	1,876,349	-	-
Mutual funds	12,327	-	-
Other assets	7,425	-	-
Equity securities	269,292	-	-
Total	\$ 2,185,281	\$ -	\$ -
	2024		
	Level 1	Level 2	Level 3
Certificates of deposit	\$ 19,883	\$ -	\$ -
Money market funds	1,542,805	-	-
Other assets	9,470	-	-
Equity securities	217,597	-	-
Total	\$ 1,789,755	\$ -	\$ -

Note 6 Contributions Receivable

Contributions receivable as of July 31, 2025 and 2024 respectively, are as follows:

	2025	2024
Federated and non-federated campaigns	\$ 46,396	\$ 46,520
Legacy and bequests receivables	100	43,750
Grant	1,080	1,080
Other receivables	-	4,539
Total	\$ 47,576	\$ 95,889

Alley Cat Rescue, Inc.
Notes to Financial Statements
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Note 7 **Property Plant and Equipment**

Property, plant, and equipment at July 31, 2025 and 2024 consist of the following:

	2025	2024
Automobiles	\$ 52,981	\$ 52,981
Furniture and Fixtures	22,402	22,402
Website Development	9,899	9,899
Building and improvements	281,246	281,246
Land	140,061	140,061
Subtotal	506,589	506,589
Less: Accumulated Depreciation	166,503	150,107
 Total	 \$ 340,086	 \$ 356,482

Depreciation expense for the years ended July 31, 2025 and 2024 amounted to \$16,396 and \$17,394, respectively.

Note 8 **Split Interest Agreements**

ACR's split interest agreements with donors consist of charitable gift annuities. Charitable gift annuities are unrestricted irrevocable gifts under which ACR agrees in turn to pay a life annuity to the donor or designated beneficiary. The contributed funds and the corresponding liabilities immediately become part of the general assets and liabilities of ACR subject to ACR maintaining an actuarial reserve in accordance with state law. Contribution revenue from charitable gift annuities is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries.

ACR entered into one new charitable gift annuity obligations during the year ended July 31, 2025.

For the year ended July 31, 2025, the present value of the annuities totaled \$10,846, of which \$2,208 and \$8,638 are recorded as current liability and long-term liability, respectively.

For the year ended July 31, 2024, the present value of the annuities totaled \$9,759, of which \$1,523 and \$8,236 are recorded as current liability and long-term liability, respectively.

Alley Cat Rescue, Inc.
Notes to Financial Statements
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Note 9 Mortgage Payable

On April 17, 2016, ACR entered into a mortgage payable secured by real estate located in Brentwood, Maryland. The loan was secured at a 4% rate of interest for a term of 108 months. At the conclusion of the 9-year term, the remaining balance was scheduled to balloon and become due immediately on April 17, 2025. On April 16, 2025, the remaining balance was paid off.

Interest expense was \$5,347 and \$5,392 for the years ended July 31, 2025, and 2024 respectively.

Note 10 Net Assets with Donor Restrictions

Net assets with donor restrictions at July 31, 2025 and 2024 consist of the following:

	2025	2024
Net assets with donor restrictions		
Time restricted	\$ 47,576	\$ 95,889
Purpose restricted	-	-
Total net assets with donor restrictions	\$ 47,576	\$ 95,889
Net assets released from donor restrictions		
Due to the passage of time	\$ (89,396)	\$ 63,974
Due to satisfaction of purpose restrictions	(105,215)	141,750
Total net assets released from donor restrictions	\$ (194,611)	\$ 205,724

Alley Cat Rescue, Inc.
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Note 11 Allocation of Joint Costs

During the years ended July 31, 2025 and 2024, ACR conducted activities that included a request for contributions, as well as program components. Those activities included mail campaigns for informational material, program activities and special program events. The cost of conducting those activities was \$873,202 and \$992,121, respectively, for the years ended July 31, 2025 and 2024.

The joint costs were allocated as follows:

	2025	2024
Program expense	\$ 675,191	\$ 751,212
Development expense	198,011	240,909
Mangement and General	-	-
Total joint costs	\$ 873,202	\$ 992,121

Note 12 Merchandise Sales

ACR's inventory mainly consists of educational materials that help promote the mission of the organization. Merchandise sales presented on the Statement of Activities consist of the following:

	2025	2024
Merchandise sales	\$ 22,720	\$ 31,005
Cost of goods sold	25,226	\$ 13,327
Net (loss) profit	\$ (2,506)	\$ 17,678

Alley Cat Rescue, Inc.
Notes to Financial Statements
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Note 13 **Concentration of Credit Risk**

ACR maintains multiple bank accounts at institutions that are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. From time to time the balances in the accounts may exceed federally insured limits. As of July 31, 2025 and 2024, bank balances held exceeded the FDIC limits by \$1,656,230 and \$1,220,985, respectively. ACR has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

ACR also maintains an account with a brokerage firm. The account contains cash and securities. Balances are insured up to \$500,000 per organization per brokerage firm (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation. The amount in excess of the Securities Investor Protection Corporation limit as of July 31, 2025 and 2024 was \$0, respectively. ACR monitors the risk and does not anticipate any credit losses and has not experienced any credit losses on these financial instruments.

Note 14 **Subsequent Events**

In accordance with FASB ASC 855-50-1, *Date Through Which Subsequent Events Have been Evaluated*, management has evaluated the accounts of the Organization from July 31, 2025 through February 18, 2026, the date the financial statements were available to be issued, to determine whether there are any subsequent events that would have an impact on the financial statements that have not been properly disclosed. From their review, management has determined there were no significant subsequent events that were not properly disclosed.