DEFENDERS OF ANIMAL RIGHTS, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

GSG Gorfine Schiller Gardyn
Certified Public Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Defenders of Animal Rights, Inc.
Phoenix, Maryland

Report on the Financial Statements

Opinion

We have audited the financial statements of Defenders of Animal Rights, Inc., which comprise the statements of financial position as of December 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 present fairly, in all material respects, the financial position of Defenders of Animal Rights, Inc. as of December 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Defenders of Animal Rights, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Defenders of Animal Rights, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Defenders of Animal Rights, 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 Defenders of Animal Rights, 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 audit.

Gorfine, Schiller + Gardyn, P.A.

May 12, 2026
Owings Mills, Maryland

FINANCIAL STATEMENTS

DEFENDERS OF ANIMAL RIGHTS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 1,402,505	$ 1,391,756
Certificates of deposit	9,131,825	11,665,068
Investments in marketable securities	3,333,730	60,169
Accrued interest receivable	95,843	128,126
Bequests receivable, net	848,502	416,396
Prepaid expenses	17,389	18,673
Total current assets	14,829,794	13,680,188
PROPERTY AND EQUIPMENT, net	831,604	874,806
OTHER ASSETS		
Deposits	28,513	-
TOTAL ASSETS	$ 15,689,911	$ 14,554,994

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable	$ 40,622	$ 48,875
Accrued retirement benefits	54,000	72,000
Other accrued expenses	-	18,742
Total current liabilities	94,622	139,617
NET ASSETS WITHOUT DONOR RESTRICTIONS	15,595,289	14,415,377
TOTAL LIABILITIES AND NET ASSETS	$ 15,689,911	$ 14,554,994

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

DEFENDERS OF ANIMAL RIGHTS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2025 and 2024

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Unrestricted support, revenue, gains and losses		
Bequests	$ 1,480,487	$ 285,370
Donations	851,367	980,487
Adoptions	23,530	25,470
Petsmart rewards	5,700	2,000
Gift shop sales	-	5
Interest and dividends	498,208	499,761
Unrealized gains on investments	22,554	8,670
Realized gains on sales of investments	14,565	-
Loss on disposal of property and equipment	-	(4,524)
Total unrestricted support, revenue, gains and losses	2,896,411	1,797,239
Expenses		
Program services:		
Animal rescue, shelter and care	1,228,067	1,097,046
Humane education	224,034	293,248
Total program services	1,452,101	1,390,294
Supporting services:		
Management and general	181,455	138,134
Fundraising	82,943	101,347
Total supporting services	264,398	239,481
Total expenses	1,716,499	1,629,775
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,179,912	167,464
NET ASSETS - Beginning of year	14,415,377	14,247,913
NET ASSETS - End of year	$ 15,595,289	$ 14,415,377

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

DEFENDERS OF ANIMAL RIGHTS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2025 (with Comparative Totals for 2024) and 2024

	2025							
	Program Services			Supporting Services			Combined Totals	
	Animal Rescue, Shelter and Care	Humane Education	Total	Management and General	Fundraising	Total	2025	2024
Advertising	$ 57,413	$ -	$ 57,413	$ 3,377	$ 6,755	$ 10,132	$ 67,545	$ 67,802
Automobile	1,771	-	1,771	93	-	93	1,864	2,976
Credit card fees	-	-	-	4,595	-	4,595	4,595	4,483
Data processing	-	2,381	2,381	1,428	952	2,380	4,761	4,452
Depreciation	55,526	6,170	61,696	3,247	-	3,247	64,943	68,135
Employee benefits	33,803	10,436	44,239	1,321	2,642	3,963	48,202	48,289
Insurance	20,674	2,297	22,971	1,209	-	1,209	24,180	23,562
Office supplies and expense	-	-	-	13,815	-	13,815	13,815	7,638
Payroll taxes	34,919	7,079	41,998	7,782	2,217	9,999	51,997	44,160
Postage	331	2,979	3,310	255	1,528	1,783	5,093	5,144
Printing	578	2,312	2,890	1,445	481	1,926	4,816	4,570
Professional fees	-	-	-	24,885	-	24,885	24,885	20,910
Publications	22,212	88,848	111,060	-	37,020	37,020	148,080	187,254
Registration fees	-	2,134	2,134	164	985	1,149	3,283	3,760
Repairs and maintenance	84,130	-	84,130	4,428	-	4,428	88,558	52,480
Rescue, veterinary and care	397,557	-	397,557	-	-	-	397,557	408,433
Retirement benefits	38,839	4,461	43,300	9,395	1,305	10,700	54,000	72,000
Salaries and wages	453,774	91,988	545,762	101,122	28,811	129,933	675,695	572,832
Taxes and licenses	-	-	-	551	-	551	551	1,428
Telephone	3,330	370	3,700	986	247	1,233	4,933	4,533
Utilities	23,210	2,579	25,789	1,357	-	1,357	27,146	24,934
Total functional expenses	$ 1,228,067	$ 224,034	$ 1,452,101	$ 181,455	$ 82,943	$ 264,398	$ 1,716,499	$ 1,629,775

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

DEFENDERS OF ANIMAL RIGHTS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES- CONTINUED
For the Years Ended December 31, 2025 and 2024

	2024						
	Program Services			**Supporting Services**			
	Animal Rescue, Shelter and Care	**Humane Education**	**Total**	**Management and General**	**Fundraising**	**Total**	**Combined Totals**
Advertising	$ 57,632	$ -	$ 57,632	$ 3,390	$ 6,780	$ 10,170	$ 67,802
Automobile	2,827	-	2,827	149	-	149	2,976
Credit card fees	-	-	-	4,483	-	4,483	4,483
Data processing	-	2,226	2,226	1,336	890	2,226	4,452
Depreciation	58,255	6,473	64,728	3,407	-	3,407	68,135
Employee benefits	29,826	12,821	42,647	1,881	3,761	5,642	48,289
Insurance	20,146	2,238	22,384	1,178	-	1,178	23,562
Office supplies and expense	-	-	-	7,638	-	7,638	7,638
Payroll taxes	27,995	8,493	36,488	5,543	2,129	7,672	44,160
Postage	334	3,010	3,344	257	1,543	1,800	5,144
Printing	548	2,194	2,742	1,371	457	1,828	4,570
Professional fees	-	-	-	20,910	-	20,910	20,910
Publications	28,088	112,353	140,441	-	46,813	46,813	187,254
Registration fees	-	2,444	2,444	188	1,128	1,316	3,760
Repairs and maintenance	49,856	-	49,856	2,624	-	2,624	52,480
Rescue, veterinary and care	408,433	-	408,433	-	-	-	408,433
Retirement benefits	25,587	28,121	53,708	8,292	10,000	18,292	72,000
Salaries and wages	363,141	110,166	473,307	71,906	27,619	99,525	572,832
Taxes and licenses	-	-	-	1,428	-	1,428	1,428
Telephone	3,060	340	3,400	906	227	1,133	4,533
Utilities	21,318	2,369	23,687	1,247	-	1,247	24,934
Total functional expenses	$ 1,097,046	$ 293,248	$ 1,390,294	$ 138,134	$ 101,347	$ 239,481	$ 1,629,775

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

DEFENDERS OF ANIMAL RIGHTS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
OPERATING ACTIVITIES		
Changes in net assets	$ 1,179,912	$ 167,464
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	64,943	68,135
Unrealized gains on investments	(22,554)	(8,670)
Realized gains on sale of investments	(14,565)	-
Loss on disposal of equipment	-	4,524
Changes in operating assets and liabilities:		
Accrued interest receivable	32,283	(35,026)
Bequests receivable	(432,106)	156,946
Prepaid expenses	1,284	(2,165)
Accounts payable	(8,253)	17,890
Accrued retirement benefits	(18,000)	-
Other accrued expenses	(18,742)	4,642
Net cash provided by operating activities	764,202	373,740
INVESTING ACTIVITIES		
Purchases of property and equipment	(21,741)	(17,969)
Purchases of certificates of deposit	(2,864,000)	(9,472,000)
Redemption of certificates of deposit	5,401,271	8,592,258
Reinvestment of interest on certificates of deposit	(4,028)	(8,565)
Purchases of investments	(3,374,702)	-
Proceeds from sale of investments	138,359	-
Payments of deposits on property and equipment	(28,513)	-
Reinvestment of dividends on investments	(99)	(96)
Net cash used in investing activities	(753,453)	(906,372)
NET CHANGES IN CASH AND CASH EQUIVALENTS	10,749	(532,632)
CASH AND CASH EQUIVALENTS - Beginning of year	1,391,756	1,924,388
CASH AND CASH EQUIVALENTS - End of year	$ 1,402,505	$ 1,391,756

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

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Defenders of Animal Rights, Inc. (the Organization) is a not-for-profit corporation, which provides rescue, shelter, veterinary and other services for animals and provides humane education to the general public. The Organization operates an animal shelter in Phoenix, Maryland.

2. Basis of Presentation

The financial statements of the Organization have been prepared using the accrual basis of accounting. In accordance with generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization had no net assets with donor restrictions as of and for the years ended December 31, 2025 and 2024.

3. Use of Estimates in Preparing Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

4. Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers cash in checking accounts and in money market accounts to be cash equivalents.

5. Certificates of Deposit

Certificates of deposit are classified as short-term investments. Certificates of deposit are stated at cost, which approximates fair market value.

6. Investments in Marketable Securities

Investments in marketable equity securities and are stated at fair market value as determined by quoted market prices on the active markets in which the securities are traded. Gains and losses on the sale of marketable securities are determined using the specific identification method. Unrealized gains and losses are included in the statements of activities. Investment income, gains and losses are reflected as changes in net assets without donor restrictions unless there are donor restrictions on the use of the income.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Bequests and Promises to Give

Unconditional promises to give are recognized as assets and contribution revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Bequests are recorded as revenue when notification is received that the Organization has been named as a beneficiary of a will that has been probated and declared valid by the courts and an estimate is reasonably determinable.

8. Property and Equipment

Property and equipment are stated at cost. Major additions and betterments in excess of $1,000 are charged to the asset accounts, while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed. Depreciation is calculated using the straight-line method over the estimated economic useful lives of the assets, which range from five to fifty years.

9. Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as without donor restrictions. Contributions of marketable securities are recorded at their estimated fair market values as of the date of the contributions.

10. Donated Services

No amounts have been reflected in the financial statements for donated services because the criteria for recognition have not been satisfied. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time to assist the Organization in program and administrative functions.

11. Functional Expenses

The costs of providing program and management activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Depreciation, repairs and maintenance and insurance are allocated based on square footage. Salaries, payroll taxes and employee benefits are allocated based on estimates of time and effort. Other expenses are allocated based on estimates of actual use.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Advertising Costs

Advertising costs are charged to expense in the year incurred. Advertising expense for the years ended December 31, 2025 and 2024 was $67,545 and $67,802, respectively.

13. Allocation of Joint Costs

The Organization incurred joint costs for informational materials and activities that included fundraising appeals. These costs were allocated as follows for the years ended December 31:

	2025	2024
Program services:		
Animal rescue, shelter and care	$ 22,212	$ 28,088
Humane education	88,848	112,353
Supporting services:		
Fundraising	37,020	46,813
Total	$ 148,080	$ 187,254

14. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The exemption is on all income except for unrelated business income, which is defined as income from any trade or business that is not substantially related to the exercise or performance of the Organization’s exempt purpose. The Organization’s boarding revenue is considered unrelated business income. Since related expenses exceed the revenue for this activity, no provision for income taxes has been accrued.

The Organization follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification regarding uncertainty in income taxes. The Organization believes it has taken no uncertain tax positions that would be required to be recognized in the financial statements as of December 31, 2025.

15. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through May 12, 2026, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE B – INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consisted of the following at December 31:

	2025	2024
Common stocks	$ 994,818	$ 60,169
Money market mutual fund	11,831	-
Exchange traded funds	2,327,081	-
Total	$ 3,333,730	$ 60,169

NOTE C – BEQUESTS RECEIVABLE

Bequests receivable represent amounts due from estates that are expected to be collected within one year. These receivables are unrestricted and have been recorded at estimated net realizable value. Bequests receivable were $848,502 and $416,396 at December 31, 2025 and 2024, respectively. Management estimates the provision for uncollectible bequests based on information provided by estate representatives. Management believes that no allowance for uncollectible bequests is needed at December 31, 2025 and 2024. Additionally, as of December 31, 2025, the Organization had received notification of bequests that were not recorded since the bequests could not be reasonably estimated.

The Organization has received notification that they are a beneficiary of several conditional bequests. The conditions include the death of the decedents' primary beneficiary and the termination of a life estate. Under the terms of these wills the Organization will receive a stated percentage of the decedents' estate upon satisfaction of the conditions. The Organization's share of these bequests cannot be reasonably estimated.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024
Land	$ 112,675	$ 112,675
Building and improvements	1,681,294	1,670,143
Land improvements	231,656	231,656
Furniture and equipment	271,813	263,347
Vehicles	38,398	38,398
	2,335,836	2,316,219
Less: Accumulated depreciation	(1,504,232)	(1,441,413)
Total	$ 831,604	$ 874,806

Depreciation expense for the years ended December 31, 2025 and 2024 was $64,943 and $68,135, respectively.

NOTE E – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Money market mutual fund: Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual funds that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.

Exchange traded funds: Valued at the closing price reported on the active market on which the individual funds are traded. The price is based on the NAV of the funds' underlying securities and the funds cannot trade at prices more than 2% from the NAV.

NOTE E – FAIR VALUE MEASUREMENTS – Continued

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2025 and 2024:

	Assets at Fair Value as of December 31, 2025			
Description	Level 1	Level 2	Level 3	Total
Common stocks	$ 994,818	$ -	$ -	$ 994,818
Money market mutual fund	11,831	-	-	11,831
Exchange traded funds	2,327,081	-	-	2,327,081
Total	$ 3,333,730	$ -	$ -	$ 3,333,730

	Assets at Fair Value as of December 31, 2024			
Description	Level 1	Level 2	Level 3	Total
Common stocks	$ 60,169	$ -	$ -	$ 60,169
Total	$ 60,169	$ -	$ -	$ 60,169

NOTE F – LIQUIDITY

The Organization's 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	$ 1,402,505	$ 1,391,756
Certificates of deposit	9,131,825	11,665,068
Investments	3,333,730	60,169
Accrued interest receivable	95,843	128,126
Bequests receivable	848,502	416,396
Total	$ 14,812,405	$ 13,661,515

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the financial position date. The Organization has a goal to maintain financial assets, which consist of cash, certificates of deposit and investments, to meet both normal operating expenses and unanticipated capital needs. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of anticipated short-term needs in money market accounts and certificates of deposit.

NOTE G – RETIREMENT PLAN

The Organization sponsors a profit sharing plan that covers all employees who meet the eligibility requirements. Contributions to the plan are subject to management's discretion. Eligible employees are split into two groups. Contributions to the two groups may be for different amounts and contributions to each group are allocated to all eligible employees in the group in proportion to those employees' salaries. Retirement benefits expense for the years ended December 31, 2025 and 2024 was $54,000 and $72,000, respectively.

NOTE H – CONCENTRATIONS

The Organization maintains its cash in bank accounts and in brokerage accounts, which are insured up to certain limits by the FDIC and SIPC. As of December 31, 2025, the Organization had uninsured deposits in excess of FDIC and SIPC coverage limits of approximately $210,000. The Organization has not experienced any losses resulting from uninsured balances and management believes the risk of any such losses is remote.