In Defense of Animals

Financial Statements

For the Years Ended December 31, 2025 and 2024

In Defense of Animals
Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

MeredithCPAs

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Independent Auditor's Report

To the Board of Directors
of In Defense of Animals

Opinion

We have audited the accompanying financial statements of In Defense of Animals (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, 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 In Defense of Animals 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. 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 In Defense of Animals 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.

Correction of Error

As discussed in Note 15 to the financial statements, the 2024 financial statements have been restated to correct an error related to depreciation expense that was not previously recognized. Our opinion is not modified with respect to this matter.

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 In Defense of Animals's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MeredithCPAs, LLC

Irving, Texas
August 25, 2026

In Defense of Animals
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 619,886	$ 350,283
Investments, current	5,375,443	5,102,613
Prepaid expenses	71,128	44,808
Total Current Assets	6,066,457	5,497,704
Noncurrent Assets		
Investments, noncurrent	49,341	121,291
Loan receivable	29,270	29,270
Property, equipment and leasehold improvements, net	3,383,839	3,456,561
	3,462,450	3,607,122
	$ 9,528,907	$ 9,104,826
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 108,578	$ 170,886
Accrued payroll liabilities	165,666	145,946
Other payables	100,000	100,000
Total Current Liabilities	374,244	416,832
Net Assets		
Without donor restrictions	9,127,564	8,666,626
With donor restrictions	27,099	21,368
Total Net Assets	9,154,663	8,687,994
	$ 9,528,907	$ 9,104,826

See accompanying notes to financial statements.

In Defense of Animals
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2025 and 2024

	2025	2024
Changes In Net Assets Without Donor Restrictions		
Revenue and Support		
Donations and grants	$ 1,386,236	$ 1,267,623
Bequests and legacies	1,911,832	1,486,551
Mailing list rental	4,471	5,379
Merchandise sales	4,224	6,553
Interest and dividends	195,809	53,375
Other income	14,401	4,993
Investment return, net	132,899	334,979
Gain (loss) on sale of assets	27,227	(1,329)
Net assets released from restrictions	78,129	51,570
	3,755,228	3,209,694
Expenses		
Program services	2,374,272	2,239,503
General and administrative	496,590	493,599
Fundraising	423,642	420,449
	3,294,505	3,153,551
Increase (Decrease) in Net Assets Without Donor Restrictions	460,723	56,143
Changes In Net Assets With Donor Restrictions		
Revenue and Support		
Grants and contributions	84,075	62,239
Net assets released from restrictions	(78,129)	(51,570)
Increase (Decrease) in Net Assets With Donor Restrictions	5,946	10,669
Increase (Decrease) in Net Assets	466,669	66,812
Net Assets at Beginning of Year (as Restated)	8,687,994	8,621,182
Net Assets (Deficit) at End of Year	$ 9,154,663	$ 8,687,994

See accompanying notes to financial statements.

In Defense of Animals
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services	Management and General	Fund - raising	Total
Advertising and promotion	$ 1,600	$ -	$ 67,083	$ 68,683
Computer/web service and supplies	30,336	6,199	6,668	43,203
Cost of goods sold	415	-	-	415
Depreciation and amortization	86,771	-	-	86,771
Direct mail	178,929	-	43,256	222,185
Donations and grants	146,238	-	-	146,238
Equipment rental and maintenance	2,506	512	373	3,391
Events and sponsorships	974	-	-	974
Fees/licenses/bank charges	19,351	46,342	4,539	70,232
Insurance	25,291	5,168	3,765	34,224
Miscellaneous	12,550	2,412	1,757	16,720
Office and supplies	57,656	3,049	2,221	62,926
Postage and shipping	4,784	1,029	698	6,511
Professional fees and outside services	268,582	145,371	84,570	498,523
Rent and utilities	107,792	2,559	1,864	112,215
Repairs and maintenance	8,922	1,823	1,328	12,073
Rescue	39,645	-	-	39,645
Salaries, payroll taxes and benefits	1,369,623	279,387	203,943	1,852,953
Telephone and communications	7,300	1,492	1,087	9,878
Travel/meals/lodging	5,009	1,247	491	6,747
	$ 2,374,272	$ 496,590	$ 423,642	$ 3,294,505

See accompanying notes to financial statements.

In Defense of Animals
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fund - raising	Total
Advertising and promotion	$ 200	$ -	$ 57,329	$ 57,529
Computer/web service and supplies	23,595	4,166	9,246	37,007
Cost of goods sold	1,491	-	-	1,491
Depreciation and amortization	86,163	1,160	1,869	89,192
Direct mail	183,359	-	78,419	261,779
Donations and grants	55,593	-	-	55,593
Equipment rental and maintenance	4,440	974	635	6,049
Events and sponsorships	571	-	-	571
Fees/licenses/bank charges	14,899	43,924	1,312	60,135
Insurance	24,761	5,658	3,542	33,961
Miscellaneous	18,947	3,880	2,521	25,348
Office and supplies	64,522	3,303	2,138	69,963
Postage and shipping	3,185	699	456	4,339
Printing	-	727	-	727
Professional fees and outside services	250,215	144,569	78,939	473,723
Rent and utilities	111,260	8,569	1,595	121,425
Repairs and maintenance	39,914	-	-	39,914
Rescue	76,427	-	-	76,427
Salaries, payroll taxes and benefits	1,248,760	272,799	179,164	1,700,723
Telephone and communications	17,798	2,693	1,756	22,248
Travel/meals/lodging	13,400	478	1,528	15,406
	$ 2,239,503	$ 493,599	$ 420,449	$ 3,153,551

See accompanying notes to financial statements.

In Defense of Animals
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 466,669	$ 66,812
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	86,771	89,192
Unrealized (gain) loss on investments	(132,899)	(334,979)
(Increase) decrease in assets:		
Investments (trading securities)	212,573	(13,851)
Prepaid expenses	(26,320)	48,769
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(62,152)	(9,860)
Accrued payroll liabilities	19,720	19,845
Other payables	(156)	156
Net Cash Provided By (used in) Operating Activities	564,206	(133,916)
Cash Flows from Investing Activities		
(Purchase of) proceeds from investments (held-to-maturity securities)	71,950	221,498
Purchase of building improvements	(14,049)	(89)
Net Cash Provided (Used) by Investing Activities	57,901	221,409
Net Increase (Decrease) in Cash and Cash Equivalents	622,107	87,493
Cash and Cash Equivalents, Beginning of Year	3,887,979	3,800,486
Cash and Cash Equivalents, End of Year	$ 4,510,086	$ 3,887,979
Supplemental Disclosure		
Summary of cash and cash equivalents		
Cash and cash equivalents	$ 619,886	$ 350,283
Cash and money market funds included in investments	3,890,200	3,537,696
	$ 4,510,086	$ 3,887,979

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of the Organization

In Defense of Animals ("IDA") was established in 1983 as a nonprofit organization. IDA is a national organization dedicated to ending the institutionalized abuse of animals by protecting their rights, welfare and habitat.

Basis of Presentation

The financial statements of IDA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to IDA's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

IDA's cash consists of cash on deposit in checking and savings accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Investments

IDA's investments consist of marketable securities with readily determinable fair values and debt securities, which are stated at their fair values based on quoted prices in active markets (all Level 1 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Economic conditions can vary significantly throughout the year, impacting the carrying value of investments. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Loan Receivable

Loans are stated at unpaid principal balances. Interest on the loan receivable is recognized over the term of the promissory note and is calculated using the effective interest method on the principal amounts outstanding.

Property and Equipment

IDA's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straightline method over the estimated useful lives of the assets. Costs of maintenance and repairs are expensed currently. IDA reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition.

Note 1 - Organization and Summary of Significant Accounting Policies, Continued

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). IDA groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1
Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2
Other observable inputs, either directly or indirectly, including:

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

Level 3
Unobservable inputs that cannot be corroborated by observable market data.

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 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 model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but has opted not to do so as of December 31, 2025 and 2024.

Net assets with donor restrictions represent funds which are 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 can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 1 - Organization and Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Donated Services and In-Kind Contributions

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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 costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires that expenses be reported by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (salaries, wages, and payroll taxes, among others) have been distributed based on time and effort using IDA's payroll allocations. Other expenses have been allocated in accordance with the specific services received from vendors or other rational allocation methods.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including ASU 2018-08, Not-for-Profit Entities (Topic 605) and ASU No. 2014-09 and Revenue from Contracts with Customers (Topic 606) when applicable.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received may include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Note 1 - Organization and Summary of Significant Accounting Policies, Continued

Leases

IDA assesses whether an arrangement qualifies as a lease based on if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IDA assesses at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Only lease options that IDA believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Operating lease liabilities are initially recognized based on the net present value of the lease payments through the lease term. To calculate the net present value, IDA uses the interest rate implicit in the lease. When that rate is not readily determinable, IDA has elected to use the risk-free rate of interest. Operating lease right-of-use assets are recognized based on operating lease liabilities. Under the operating lease model, lease payments are expensed on a straight-line basis over the lease term. IDA does not have any operating lease right-of-use assets or operating lease liabilities as of December 31, 2025 or 2024.

IDA has elected to account for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

IDA has elected to apply the short-term lease exemption to all leases with an initial term of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and lease expense is recognized in the statement of activities for these leases on a straight-line basis over the lease term.

Income Taxes

IDA is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. IDA is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Currently, IDA engages in no activities that would be taxed as unrelated business income.

IDA has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that IDA continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Note 2 - Investments

Investments consist primarily of U.S. treasury securities, mutual funds, and stocks. Cost basis and fair value of investments are as follows at December 31:

	2025		2024	
Short-Term portion:	Cost Basis	Fair Value	Cost Basis	Fair Value
Stocks and equities	$ 625,690	$ 1,185,974	$ 738,710	$ 1,135,603
Fixed income	310,004	299,269	443,352	429,314
Cash and deposit accounts	3,890,200	3,890,200	3,538,516	3,537,696
	4,825,894	5,375,443	4,720,578	5,102,613
Long-Term portion:				
Fixed income	49,341	49,341	121,291	121,291
	$ 4,875,235	$ 5,424,784	$ 4,841,869	$ 5,223,904

Unrealized gains and losses result from periodic market value adjustments in various investment instruments. As of December 31, 2025 and 2024, net unrealized investment gains (losses) on these investments amounted to $132,899 and $334,979, respectively. As of December 31, 2025 and 2024, realized gains (losses) on these investments amounted to $27,227 and $(1,329), respectively.

IDA has a Finance Committee which has the responsibility for establishing the organization's return objectives (a balanced portfolio leaning towards stable investments) and to define the risk parameters (such as moderate returns with mutual funds). The Committee routinely oversees investment performance and reviews cash flows necessary to sustain IDA's operating activities.

Note 3 - Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31, 2025 is as follows:

	Level 1	Total
Stocks and equities	$ 1,185,974	$ 1,185,974
Fixed income	348,610	348,610
Cash and deposit accounts	3,890,200	3,890,200
	$ 5,424,784	$ 5,424,784

Composition of assets utilizing fair value measurements at December 31, 2024 is as follows:

	Level 1	Total
Stocks and equities	$ 1,135,603	$ 1,135,603
Fixed income	550,605	550,605
Cash and deposit accounts	3,537,696	3,537,696
	$ 5,223,904	$ 5,223,904

Note 4 - Loan Receivable

Loan receivable of $29,270 represents a 12.6183% interest in a $700,000 note agreement which bears interest at 5% per annum. The note had an original maturity date of June 1, 2022, and an option to extend an additional five years. The option was exercised during 2022. IDA receives monthly interest payments. The note is collateralized by a first deed of trust.

Note 5 - Prepaid Expenses

Prepaid expenses and other current assets consist of the following at December 31:

	2025	2024
Prepaid insurance	$ 42,254	$ 32,384
Prepaid subscriptions	28,874	12,424
	$ 71,128	$ 44,808

Note 6 - Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements consist of the following at December 31:

	2025	2024
Land	$ 643,514	$ 643,514
Building	2,301,323	2,301,323
Building improvements	888,673	874,623
Computers, office equipment and furniture	165,746	165,746
Leasehold improvements	37,562	37,562
Vehicles	96,572	96,572
Website development	86,090	86,090
Less: accumulated depreciation and amortization	(835,641)	(748,869)
	$ 3,383,839	$ 3,456,561

Total depreciation and amortization expense amounted to $86,771 and $89,192 for the years ended December 31, 2025 and 2024, respectively.

Note 7 - Allocation of Joint Costs

IDA follows the provisions of ASC 958-720-55-1 “Accounting for Costs of Activities That Include Fundraising.” For the year ended December 31, 2025, IDA incurred allocable joint costs of $222,185 for the informational materials and activity that included fundraising appeals. Of these costs, $43,256 was allocated to fundraising expense and $178,929 was allocated to program expense. For the year ended December 31, 2024, IDA incurred allocable joint costs of $261,778 for the informational materials and activity that included fundraising appeals. Of these costs, $78,419 was allocated to fundraising expense and $183,359 was allocated to program expense.

Note 8 - Liquidity

IDA regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. IDA has various sources of liquidity at its disposal, including cash and cash equivalents and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, IDA considers all expenditures related to its ongoing work dedicated to ending the institutionalized abuse of animals to be general expenditures.

The following table shows the total financial assets held by IDA and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

	2025	2024
Cash and cash equivalents	$ 619,886	$ 350,283
Investments (short-term)	5,375,443	5,102,613
Less: restricted donations for programs	(27,099)	(21,368)
	$ 5,968,230	$ 5,005,874

Note 9 - Lease Commitments and Long-Term Agreements

IDA had a long-term equipment, operating lease which required IDA to pay certain variable costs related to copies and postage. The variable costs were not determinable at the lease commencement and were not included in the measurement of lease assets and liabilities. This lease expired as of February 2024 and was not renewed. IDA also leases office space and storage space under monthly operating lease agreements. Rent expense under these leases was $13,878 and $20,358 for the years ended December 31, 2025 and 2024, respectively.

The following lease costs are included in the statement of activities for the year ended December 31:

	2025	2024
Operating lease liability costs, management and general expense	$ -	$ 342
Short-term lease costs, management and general expense	13,878	15,193
Variable lease costs, program expense	-	4,823
	$ 13,878	$ 20,358

The following table provides information about cash flows and assumptions for the year ended December 31:

	2025	2024
Cash paid for operating lease liabilities	$ -	$ 342
Operating leases, weighted average remaining lease term	0 months	0 months
Operating leases, weighted average discount rate	0.0%	2.9%

There are no future minimum operating lease liability payments. IDA is also contractually obligated under a long-term subscription agreement of three years for database management software which requires a minimum payment of $3,800 per month.

Note 10 - Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions of $9,127,564 and $8,666,626 at December 31, 2025 and 2024, respectively, represent the cumulative retained surpluses since the organization's inception.

Net Assets with Donor Restrictions

IDA recognizes support from donations with restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following at December 31:

	2025	2024
Community Cats	$ 16,604	$ 13,104
Justice for Animals	-	1,500
LA Fires	10,495	-
Wild Horses & Animal Rescue	-	1,798
Local Programs	-	4,966
	$ 27,099	$ 21,368

Note 11 - Compensated Absences

IDA records a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination. Sick leave is not paid upon termination. Accrued vacation totalled $157,527 and $145,946 at December 31, 2025 and 2024, respectively.

Note 12 - Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense amounted to $68,683 and $57,529 for the years ended December 31, 2025 and 2024, respectively, and is reported on the statements of functional expenses.

Note 13 - Commitments and Contingencies

In the normal course of business, IDA could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate IDA to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond IDA's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

Note 14 - Concentrations of Credit Risk

Financial instruments that potentially subject IDA to concentrations of credit risk consist principally of cash and cash equivalents. IDA maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. As of December 31, 2025 and 2024, uninsured balances at these financial institutions totaled $180,872 and $0, respectively. IDA manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. To date, IDA has not experienced losses in any of these accounts.

Note 15 - Prior Period Adjustment

The Organization’s previously issued financial statements have been restated to correct an error related to depreciation expense that was not recognized in prior years. The correction had no effect on the Organization’s change in net assets for the year ended December 31, 2025. The cumulative effect of the correction decreased net assets without donor restrictions as of January 1, 2024 by $117,069. The correction decreased the change in net assets without donor restrictions for the year ended December 31, 2024 by $58,535. Had the error been corrected in the applicable prior period, the change in net assets without donor restrictions for the year ended December 31, 2023 would have decreased by $58,534. Accordingly, the accompanying comparative financial statements for the year ended December 31, 2024 have been restated to reflect the correction of the error.

Note 16 - Management's Review

Management has evaluated subsequent events through August 25, 2026, the date on which the financial statements were available to be issued.