BRANDYWINE VALLEY SPCA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

JOHN R. HANNA & SONS LLC
Accounting, Audit, and Tax Services
Media, Pennsylvania

BRANDYWINE VALLEY SPCA

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John R. Hanna & Sons LLC
Accounting, Audit, and Tax Services

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brandywine Valley SPCA
West Chester, Pennsylvania

Opinion

We have audited the accompanying financial statements of the Brandywine Valley SPCA (a nonprofit organization), 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 referred to above present fairly, in all material respects, the financial position of the Brandywine Valley SPCA 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brandywine Valley SPCA 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 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.

300 West State Street, Suite 206 | Media, PA 19063
Office: 610.544.5100 | Fax: 610.544.9767

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 the Brandywine Valley SPCA'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 the Brandywine Valley SPCA'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 the Brandywine Valley SPCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

John R. Hanna & Sons LLC

Media, Pennsylvania
August 19, 2026

BRANDYWINE VALLEY SPCA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,253,745	$ 1,501,745
Other receivables	559,753	668,349
Prepaid expenses	164,770	104,316
Security deposits	1,833	1,833
Current portion of contributions receivable from charitable lead annuity trusts	20,315	19,342
TOTAL CURRENT ASSETS	5,000,416	2,295,585
NONCURRENT ASSETS		
Operating lease right-of-use asset	-	18,652
Long-term investments	6,143,754	5,401,878
Property and equipment, net of accumulated depreciation of $4,519,044 (2025) and $3,688,202 (2024)	18,195,791	18,006,002
Contributions receivable from charitable lead annuity trusts, net of current portion	18,185	41,158
Beneficial interest in perpetual trusts	1,979,611	1,778,192
TOTAL NONCURRENT ASSETS	26,337,341	25,245,882
TOTAL ASSETS	$ 31,337,757	$ 27,541,467
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 597,858	$ 1,147,518
Current portion of long-term debt	81,520	78,961
Accrued payroll and payroll taxes	685,514	383,724
Deferred revenue	676,633	759,318
Current portion of operating lease liability	-	20,626
TOTAL CURRENT LIABILITIES	2,041,525	2,390,147
LONG TERM LIABILITIES		
Long-term debt	795,916	877,436
TOTAL LONG-TERM LIABILITIES	795,916	877,436
NET ASSETS		
Without Donor Restrictions	25,223,068	21,238,602
With Donor Restrictions	3,277,248	3,035,282
TOTAL NET ASSETS	28,500,316	24,273,884
TOTAL LIABILITIES AND NET ASSETS	$ 31,337,757	$ 27,541,467

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

BRANDYWINE VALLEY SPCA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Contributions and grant revenue	$ 8,752,040	$ -	$ 8,752,040	$ 4,871,923	$ -	$ 4,871,923
Memorial funds and bequests	4,404,470	-	4,404,470	1,199,979	-	1,199,979
Investment gain (loss), net	621,641	365,364	987,005	394,874	54,138	449,012
Program revenue	24,277,614	-	24,277,614	11,576,970	-	11,576,970
Special events	1,484,936	-	1,484,936	1,056,243	-	1,056,243
Special event costs	(479,866)	-	(479,866)	(304,106)	-	(304,106)
Capital campaign	299,996	-	299,996	304,515	-	304,515
Capital campaign costs	-	-	-	-	-	-
Gain (loss) on disposal of assets	(48,504)	-	(48,504)	6,934	-	6,934
Net assets released from restrictions	123,398	(123,398)	-	22,000	(22,000)	-
Total Revenues, Gains, and Other Support	39,435,725	241,966	39,677,691	19,129,332	32,138	19,161,470
Program Services	33,717,833	-	33,717,833	16,164,240	-	16,164,240
Support Services:						
Management and general	247,584	-	247,584	313,314	-	313,314
Fundraising	1,485,842	-	1,485,842	1,360,380	-	1,360,380
Total Expenses	35,451,259	-	35,451,259	17,837,934	-	17,837,934
Change in Net Assets	3,984,466	241,966	4,226,432	1,291,398	32,138	1,323,536
Net Assets, Beginning of Year	21,238,602	3,035,282	24,273,884	15,925,420	584,414	16,509,834
HSHA asset transfer	-	-	-	4,021,784	2,418,730	6,440,514
Net Assets, End of Year	$ 25,223,068	$ 3,277,248	$ 28,500,316	$ 21,238,602	$ 3,035,282	$ 24,273,884

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

BRANDYWINE VALLEY SPCA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Animal Welfare	Management and General	Fund-Raising	Totals	Animal Welfare	Management and General	Fund-Raising	Totals
FUNCTIONAL EXPENSES								
Payroll	$ 16,545,293	$ 136,013	$ 289,842	$ 16,971,148	$ 8,356,072	$ 153,618	$ 263,365	$ 8,773,055
Adoption Center rental/Office Lease expenses	55,467	-	-	55,467	52,661	-	-	52,661
Advertising and promotion	302,291	-	9,196	311,487	89,818	-	11,500	101,318
Transportation expenses	265,351	2,547	1,343	269,241	75,179	13,696	6,158	95,033
Animal food	200,974	-	-	200,974	98,329	-	-	98,329
Animal supplies, transportation, and cremation expense	158,610	-	-	158,610	110,322	-	-	110,322
Depreciation	842,811	7,246	6,339	856,396	567,522	25,416	3,830	596,768
Direct mail	-	-	787,193	787,193	-	-	748,790	748,790
Emergency vet care	374,456	-	-	374,456	180,669	-	-	180,669
Employee benefits	974,365	13,557	18,823	1,006,745	587,865	16,461	22,313	626,639
Insurance	471,377	4,267	8,662	484,306	228,444	9,038	8,972	246,454
Interest expense	29,394	-	-	29,394	31,861	-	-	31,861
Investment fees	-	38,199	-	38,199	-	16,618	-	16,618
Lab fees, small medical equipment, and vaccinations	1,526,953	-	-	1,526,953	1,244,906	-	-	1,244,906
Professional fees and subcontractor expenses	639,529	21,146	99,358	760,033	413,977	24,160	61,389	499,526
Maintenance and repairs	1,233,935	951	6,623	1,241,509	401,705	1,817	1,888	405,410
Mega Adoption expenses	443,953	-	-	443,953	458,468	-	-	458,468
Merchant service fees and merchandise purchases	161,558	-	87,983	249,541	71,432	4,687	83,062	159,181
Office administrative costs, uniforms, and supplies expense	2,010,706	12,029	105,652	2,128,387	699,284	27,768	83,443	810,495
Payroll taxes	1,321,016	8,050	21,835	1,350,901	633,689	9,977	20,287	663,953
Postage	29,320	2,258	4,811	36,389	23,264	2,994	3,511	29,769
Real estate taxes	-	-	-	-	-	4,898	-	4,898
Rescue Partner expense	2,617,381	-	-	2,617,381	111,072	-	-	111,072
Training and conference	51,462	101	832	52,395	15,084	392	1,691	17,167
Utilities and telephone	517,194	1,220	28,364	546,778	333,546	1,774	17,612	352,932
Veterinarian and medical supplies	2,944,437	-	-	2,944,437	1,379,071	-	-	1,379,071
Volunteer supplies	-	-	8,986	8,986	-	-	22,569	22,569
TOTAL FUNCTIONAL EXPENSES	$ 33,717,833	$ 247,584	$ 1,485,842	$ 35,451,259	$ 16,164,240	$ 313,314	$ 1,360,380	$ 17,837,934

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

BRANDYWINE VALLEY SPCA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,226,432	$ 7,764,050
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Investment fees	38,199	19,952
Dividends reinvested in long-term investments	(254,468)	(130,176)
Depreciation	856,396	596,768
Realized gains (losses) on long-term investments	122,209	70,583
Unrealized gains (losses) on long-term investments	418,781	220,103
Gain (Loss) in perpetual trusts	213,547	53,483
(Gain) Loss on disposal of assets	48,504	(6,934)
Changes in:		
Unconditional support receivable	-	7,394
Other receivables	108,596	(526,327)
Prepaid expenses	(60,454)	(87,657)
Operating leases	18,652	20,347
Security deposit	-	-
Contributions receivable from charitable lead annuity trusts	22,000	22,000
Accounts payable and accrued expenses	(549,660)	241,391
Accrued payroll and payroll taxes	301,790	204,099
Deferred revenue	(82,685)	211,097
Operating lease liability	(20,626)	(20,389)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,407,213	8,659,784
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,094,690)	(5,012,243)
Sale (Purchase) of investments	(1,481,562)	(3,236,975)
NET CASH USED BY INVESTING ACTIVITIES	(2,576,252)	(8,249,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(78,961)	(76,393)
NET CASH USED BY FINANCING ACTIVITIES	(78,961)	(76,393)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,752,000	334,173
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,501,745	1,167,572
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,253,745	$ 1,501,745

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

BRANDYWINE VALLEY SPCA
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	$ 29,394	$ 31,861
Noncash investing and financing activities:		
Reinvestment of dividends	$ 254,468	$ 130,176
Investment fees paid using proceeds from the sale of investments	$ 38,199	$ 19,952

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The primary mission of the Brandywine Valley SPCA (the "Organization") is to put the "human" back in animal treatment and advocate on their behalf. Included in this mission is for the Organization to promote the welfare and humane treatment of animals; to prevent cruelty to animals by providing shelter for unwanted or stray animals; and to provide shelter, protection and adoption services for animals to the public communities in Chester, Delaware, and Dauphin Counties, the State of Delaware, and the District of Columbia. The Organization's vision is to be the recognized leader in animal welfare that empowers communities to treat life with respect and dignity. In January 2016, the Organization's name (formerly the Chester County Society for the Prevention of Cruelty to Animals) was changed to the Brandywine Valley SPCA to include the expansion of the Organization's services into the Delaware area, which includes New Castle, Georgetown, Dover, and other various Counties in the State of Delaware.

In 2024, the Brandywine Valley SPCA entered into an affiliation agreement with the Humane Society of Harrisburg Area to further the organization's goal of providing lifesaving services to those who need it most. At the end of the year, the Humane Society of Harrisburg Area officially merged with the Brandywine Valley SPCA to become one entity under one EIN.

In October of 2024, the Brandywine Valley SPCA became the contracted animal control and services provider for Washington, D.C.'s Department of Health. This contractual partnership allowed for the Brandywine Valley SPCA to bring their knowledge and expertise to the District in a critical time of transition with their previous provider.

The Organization's revenues are primarily from animal protection and control services, adoption revenue, contributions, program fees, fund-raising events, and capital campaign funding. A significant amount of revenues, gains and other support received by the Organization are from the residents and businesses of Chester County, Delaware County, and Dauphin County, Pennsylvania, the State of Delaware, and the District of Columbia. The Organization also receives funding through fees for services provided to municipal governments in Chester County, Delaware County, Dauphin County, Perry County, and Cumberland County, Pennsylvania, the State of Delaware, and the District of Columbia.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, donors currently qualify for the maximum charitable deduction allowed by the Internal Revenue Code.

Financial Statement Presentation

The financial presentation follows the recommendations of ASC 958-205, Not-For-Profit Entities – Presentation of Financial Statements. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions – Resources not subject to donor or grantor restrictions over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board members have set aside for a particular purpose.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the years ended December 31, 2025 and 2024, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This guidance addresses the complexity and understandability of net asset classification, deficiencies in formation about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions (see Financial Statement Presentation above).

In April 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-10, *Revenue from Contracts with Customers* (Topic 606). This guidance outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue guidance, including industry specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration an entity expects to receive in exchange for those goods or services. The Organization implemented this ASU, for the year ended December 31, 2021.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958).* This ASU provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted ASU 2018-08 in 2019 under the modified prospective approach. The adoption of this ASU did not materially impact the financial statements for contributions received.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. In connection with the adoption of FASB ASC 842, the Organization has recognized a right-of-use asset of $-0- and an operating lease liability of $-0- as of December 31, 2025. The Organization has elected to use a risk-free rate to discount its office lease to net present value. The Organization's reporting for the comparative period presented in the financial statements is in accordance with previous lease accounting standards. The implementation of the standard did not have an impact on the Organization's operating results and cash flows, however, as a result of differences in accounting for the assets, liabilities and expense items related to the Organization's leases, certain variances may exist between the 2025 and 2024 financial statements. These amounts are not material.

Support Without Donor Restrictions and Support With Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 restrictions and reported in the Statement of Activities as net assets released from restrictions.

Capitalization and Depreciation

Property and equipment are stated at cost. Major improvements are charged to the property accounts, while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. Depreciation is computed under the straight-line method over estimated useful lives of 40 years for the building and 5 to 12 years for building improvements and equipment. Donated property and equipment are recorded as fixed assets and reflected as contributions at their estimated values as of the date of receipt. Such contributions are reported as unrestricted support unless the donor has restricted the contributed asset to a

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

specific purpose, in which case, the contributed asset is reported as temporarily restricted support. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions with the expiration of the donor restriction.

Contributions

The Organization reports revenue in accordance with FASB ASC 958-605, *Revenue Recognition.* In accordance with FASB ASC 958-605, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence or nature of any donor restrictions. Thirty-six estates and trusts accounted for approximately 10% of the Organization's support for the year ended December 31, 2025 and 25 estates and trusts accounted for approximately 5% of the Organization's support for the year ended December 31, 2024.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Promises to give are recorded at net realizable value if expected to be collected in one year and at the present value of the estimated future cash flows if expected to be collected in more than one year. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

A significant portion of the Organization's uncollateralized, unconditional support receivable is from donors in Chester County, Delaware County, Dauphin County, Perry County, and Cumberland County, Pennsylvania, the State of Delaware, and the District of Columbia.

Cash and Cash Equivalents

The Organization considers liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of funds in the Organization's checking, savings, money market accounts and certificates of deposit with original maturities of 90 days or less. Cash balances are insured by the Federal Deposit Insurance Corporation. As of December 31, 2025 and 2024, the uninsured portion of this balance was $5,448,897 and $1,019,948, respectively. The Organization has not experienced any loss in such accounts. Management believes the Organization is not exposed to any significant credit risk on its cash balances.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization adopted FASB ASC 958-320, *Investments—Debt and Equity Securities*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Certificates of deposit held for investment that are not debt securities are included in "investments, other." Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as "short-term investments, other." Certificates of deposit with remaining maturities greater than one year are classified as "long-term investments."

Donated Services

The Organization receives donated services related to its operations and special events. There were no donated services in 2025 and in 2024.

Deferred Revenue

Deferred revenue consists of grant revenue and revenue from animal control contracts that were received and unearned at December 31, 2025 and unearned animal protective services revenue from townships in Chester and Delaware Counties.

Pension Plan and Deferred Compensation Plan

The Organization has a Section 403(b) pension plan covering all full-time employees who may contribute to their accounts upon employment and who have attained the age of 21. The plan is funded by voluntary employee contributions and employer matching contributions. For the year ended December 31, 2025, the Organization's contribution to its Section 403(b) pension plan was $158,144.

In December 2019, the Organization established a Section 457(b) deferred compensation plan which covers key management employees. The plan is funded by employer contributions. For the year ended December 31, 2025, the Organization's contribution to its Section 457(b) deferred compensation plan was $128,684.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, the expenses directly related to the program are allocated with certain common costs of the Organization based primarily on time spent and other estimates made by management.

Advertising and Promotion Costs

The Organization expenses advertising and promotion costs as incurred. Advertising and promotion costs for the years ended December 31, 2025 and 2024, were $311,487 and $101,318, respectively.

Date of Management's Review

Management has evaluated subsequent events through August 19, 2026, the date which the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of:

	2025	2024
Land	$ 3,188,535	$ 3,188,535
Buildings	16,396,907	16,364,211
Furniture and equipment	981,334	1,045,404
Vehicles	1,698,059	1,096,054
Leasehold improvements	450,000	-
	22,714,835	21,694,204
Accumulated depreciation	(4,519,044)	(3,688,202)
	$ 18,195,791	$ 18,006,002

NOTE 3 INVESTMENTS

Investments are stated at market value at December 31, 2025 and 2024 and consist of the following:

	2025	2024
Money Market Fund	$ 11,008	$ 5,778
Common/Preferred Stock	4,357	3,290
Exchange Traded Funds	5,373,869	4,666,937
Mutual Funds	3,591	2,994
Government Securities	455,655	453,806
Assets Held by the Community Foundation	295,274	269,073
	$ 6,143,754	$ 5,401,878

Investment return is summarized as follows:

	2025	2024
Interest and dividend income	$ 308,950	$ 151,363
Net realized and unrealized gains	678,055	300,983
	$ 987,005	$ 452,346

NOTE 3 INVESTMENTS (CONTINUED)

Beneficial interest in assets held by the Chester County Community Foundation (the "Foundation") are funds disbursed by the Organization to be held and invested by the Foundation on behalf of the Organization.

In addition, the Organization is a beneficiary of certain contributions received directly by the Foundation. Variance power authorizing the Foundation to determine the frequency and amount of distributions to the Organization is to remain vested in the Board of the Foundation unless investment results fail to achieve certain criteria for three consecutive years. Normal distributions are estimated to be up to 5% of the average year-end value of the fund. At December 31, 2025 and 2024, the Foundation held funds totaling $73,549 and $64,053, respectively, at fair market value in such accounts.

NOTE 4 FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a valuation hierarchy for disclosure of the inputs to the valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices to similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. *Level 3* inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The assets carried at fair value measured on a recurring basis are summarized as follows:

	2025		2024	
	Level 1	Level 3	Level 1	Level 3
Money Market Fund	$ 11,008	$ -	$ 5,778	$ -
Common/preferred stocks	4,357	-	3,290	-
Certificates of deposit	-	-	-	-
Government securities	455,655	-	453,806	-
Corporate bonds	-	-	-	-
Exchange traded products	5,373,869	-	4,666,937	-
Mutual funds	3,591	-	2,994	-
Beneficial interest in assets held by the Community Foundation	-	295,274	-	269,073
Beneficial interest in perpetual trusts	-	1,979,611	-	1,778,192
Contributions receivable from charitable lead annuity trusts	-	38,500	-	60,500
	$ 5,848,480	$ 2,313,385	$ 5,132,805	$ 2,107,765

Investments in common/preferred stocks, government securities, corporate bonds and mutual funds have quoted prices for identical assets in active markets; therefore, the investments are measured at fair value using these readily available Level 1 inputs.

The beneficial interest in assets held by the Community Foundation and the beneficial interest in perpetual trusts were measured at fair value using net asset value based on the percentage of interest of the underlying assets. These assets were held by third parties and, accordingly, classified as Level 3 inputs.

The contributions receivable from charitable lead annuity trusts were derived using a discounted cash flow model with inputs derived from unobservable market data. The contributions receivable from charitable lead annuity trusts are included at their carrying values in the statements of financial position, which approximated their fair values at December 31, 2025 and 2024.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in the fair value of the Organization's Level 3 assets are summarized as follows:

BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION FUNDS	
BALANCE, JANUARY 1, 2024	$ 89,096
Realized gains (losses)	5,622
Unrealized gains (losses)	(1,101)
Investment income	2,243
Fees	(1,285)
Beneficial interest in assets transferred by Humane Society of Harrisburg Area Inc.	174,498
BALANCE, DECEMBER 31, 2024	269,073
Realized gains (losses)	10,094
Unrealized gains (losses)	15,660
Investment income	5,046
Fees	(4,599)
BALANCE, DECEMBER 31, 2025	$ 295,274
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	
BALANCE, JANUARY 1, 2024	$ 451,914
Gain (loss) in perpetual trusts	53,483
Fees	(3,334)
Beneficial interest in perpetual trusts from Humane Society of Harrisburg Area Inc.	1,276,129
BALANCE, DECEMBER 31, 2024	1,778,192
Gain (loss) in perpetual trusts	213,547
Fees	(12,128)
BALANCE, DECEMBER 31, 2025	$ 1,979,611
CONTRIBUTIONS RECEIVABLE FROM CHARITABLE LEAD ANNUITY TRUSTS	
BALANCE, JANUARY 1, 2024	$ 82,500
Distribution paid to the Organization	(22,000)
Change in value of split-interest trust agreements	-
BALANCE, DECEMBER 31, 2024	60,500
Distribution paid to the Organization	(22,000)
Change in value of split-interest trust agreements	-
BALANCE, DECEMBER 31, 2025	$ 38,500

NOTE 5 ENDOWMENT INVESTMENTS

Endowment investments consisted of the following at December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	$ 430,529	$ -	$ 430,529
Donor-restricted Endowment Funds	-	1,209,137	1,209,137
Total funds	$ 430,529	$ 1,209,137	$ 1,639,666

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2025	$ 388,992	$ 1,146,041	$ 1,535,033
Interest and dividends	8,618	34,605	43,223
Realized gain (loss) on investments	10,095	27,067	37,162
Unrealized gain (loss) on investments	27,922	90,144	118,066
Investment fees	(5,098)	(4,775)	(9,873)
Total investment return	430,529	1,293,082	1,723,611
Contributions	-	13,456	13,456
Distributions	-	(97,401)	(97,401)
Endowment net assets, December 31, 2025	$ 430,529	$ 1,209,137	$ 1,639,666

NOTE 5 ENDOWMENT INVESTMENTS (CONTINUED)

Endowment investments consisted of the following at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	$ 388,992	$ -	$ 388,992
Donor-restricted Endowment Funds	-	1,146,041	1,146,041
Total funds	$ 388,992	$ 1,146,041	$ 1,535,033

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	$ 198,330	$ -	$ 198,330
Interest and dividends	5,465	5,937	11,402
Realized gain (loss) on investments	6,613	-	6,613
Unrealized gain (loss) on investments	5,832	(1,948)	3,884
Investment fees	(1,746)	-	(1,746)
Total investment return	214,494	3,989	218,483
Contributions	-	-	-
Distributions	-	-	-
Asset transfer upon Humane Society of Harrisburg Area dissolution	174,498	1,142,052	1,316,550
Endowment net assets, December 31, 2024	$ 388,992	$ 1,146,041	$ 1,535,033

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable from charitable lead annuity trusts consist of the following:

	2025	2024
Beacham Charitable Lead Annuity Trust III discounted at 4.94%, annuity of $22,000 paid quarterly for 25 years until December 31, 2027	$ 38,500	$ 60,500
	$ 38,500	$ 60,500

A charitable lead annuity trust (CLAT) is an arrangement in which the donor establishes and funds a trust with a fixed dollar amount, and distributions are paid to a designated not-for-profit organization over a specified period. The Organization recognizes its beneficial interest in those assets as temporarily restricted contribution revenue and as a contribution receivable measured at the present value of the expected future cash inflows.

Expected future cash flows for each of the next five years and in the aggregate are as follows:

Year Ending December 31,	
2026	$ 22,000
2027	16,500
	38,500
Amount of unamortized discount	-
PRESENT VALUE OF EXPECTED FUTURE CASH FLOWS	$ 38,500

For the years ended December 31, 2025 and 2024, the amortized discount recorded in the statements of activities in the net assets with donor restrictions class as a change in the value of split-interest agreements was $-0- and $-0-, respectively.

NOTE 7 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the beneficiary of two perpetual trusts. Under the terms of the split-interest agreements, the Organization is to receive investment income on the trusts' assets for its unrestricted use in perpetuity. As the Organization is to receive the investment income in perpetuity, the fair market value of the investments, based on the Organization's proportionate interest as an income beneficiary, is used to record the present value of future benefits expected to be received by the Organization.

The beneficial interest in perpetual trusts reported on the statements of financial position consists of the following:

	2025	2024
Fanny T. Cochran Trust	$ 313,369	$ 251,274
Leonard Hastings Schoff Trust	264,350	247,727
Gerald R. Fetrow Trust	82,426	81,115
Anita Scholten Trust	594,636	529,517
Alberta C. Hubley Trust	138,125	128,573
Pauline M. Orosky Trust	130,287	121,208
Frank R. Metzger Trust	456,418	418,778
	$ 1,979,611	$1,778,192

The trusts' assets are primarily invested in cash and cash equivalents and common stocks at December 31, 2025 and 2024.

NOTE 8 COMMERCIAL TERM LOANS

On December 15, 2020, the Organization obtained a twenty-year mortgage loan from WSFS Bank to fund the purchase of the property at 290 Churchmans Road in New Castle, Delaware, in the amount of $1,600,000, with monthly payments of $9,030, including interest at 3.15%. Interest paid for the year ended December 31, 2025 was $29,394. There was no interest capitalized on this loan in 2025.

NOTE 8 COMMERCIAL TERM LOANS (CONTINUED)

Expected future minimum payments of long-term debt for the remaining outstanding loans are as follows:

Year Ending December 31,	
2026	$ 81,520
2027	84,162
2028	86,827
2029	89,704
2030	92,611
Thereafter	442,612
	$ 877,436

NOTE 9 LINE OF CREDIT

In May 2018, the Organization entered into a line of credit agreement with WSFS Bank in the amount of $1,000,000, at a variable interest rate of 4.75%. During 2025, there were no borrowings or reductions on this line of credit.

Effective December 19, 2024, the Organization merged with The Humane Society of Harrisburg Area, Inc. and assumed The Humane Society of Harrisburg Area, Inc.'s line of credit with Fulton Bank in the amount of $230,000, at a variable interest rate of 6.75%. During 2025, there were no borrowings or reductions on this line of credit.

NOTE 10 LEASE COMMITMENT

On October 27, 2022, the Organization entered into a building lease agreement for an office building and warehouse space in New Castle, Delaware. This is a three-year lease agreement, beginning on December 1, 2022. In December 2025, the Organization signed a lease extension for a six-month period beginning on December 1, 2025. The future maturities of the lease are presented in the following table:

Years ended December 31,	
2026	$ 10,591
Total lease obligation	$ 10,591

Operating lease rental expense for the year ended December 31, 2025 was $55,467.

NOTE 11 NET ASSETS

Net assets consist of the following:

	2025	2024
WITHOUT DONOR RESTRICTIONS	$ 25,223,068	$ 21,238,602
WITH DONOR RESTRICTIONS		
Beacham Charitable Lead Trusts	38,500	60,500
Fanny T. Cochran Trust	313,369	251,274
Leonard Hastings Schoff Trust	264,350	247,727
Gerald R. Fetrow Trust	82,426	81,115
Anita Scholten Trust	594,636	529,517
Alberta C. Hubley Trust	138,125	128,572
Pauline M. Orosky Trust	130,287	121,208
Frank R. Metzger Trust	456,418	418,778
HSHA Endowment	1,209,137	1,146,041
Suzanne L. Williamson Endowment	50,000	50,000
HSHA Purpose Restrictions	-	550
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	3,277,248	3,035,282
	$ 28,500,316	$ 24,273,884

Net assets are released from donor restrictions by passage of time, by incurring expenses that satisfy the restricted purpose, or by occurrence of other events specified by donors. Details on the net assets released from restrictions are as follows:

	2025	2024
Beacham Charitable Lead Trust for operation of shelter	$ 22,000	$ 22,000
Leonard Hastings Schoff Trust	3,653	-
Gerald R. Fetrow Trust	807	-
Anita Scholten Trust	(7,560)	-
Alberta C. Hubley Trust	3,778	-
Pauline M. Orosky Trust	3,150	-
Frank R. Metzger Trust	8,300	-
HSHA Endowment	88,720	-
HSHA Purpose Restrictions	550	-
	$ 123,398	$ 22,000

NOTE 12 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets as of December 31, 2025 and 2024 that could readily be made available within one year to fund expenses without limitations:

	2025	2024
Financial Assets:		
Cash	$ 4,253,745	$ 1,501,745
Total Receivables	580,068	687,691
Financial assets available to meet cash needs for general expenditures within one year	$ 4,833,813	$ 2,189,436

NOTE 13 MERGER WITH THE HUMANE SOCIETY OF HARRISBURG AREA, INC.

Effective December 19, 2024, the Organization merged with The Humane Society of Harrisburg, Inc., a nonprofit entity focused on building a better community for pets and people through compassion, protection, education, and collaboration.

Under the terms of the merger agreement, Brandywine Valley SPCA was designated as the surviving organization, and all assets and liabilities of The Human Society of Harrisburg Area, Inc. were transferred to the Brandywine Valley SPCA.

The assets acquired and liabilities assumed in the merger were recorded at their fair values as of December 19, 2024. A summary of significant classes of assets and liabilities recognized is as follows:

Cash and cash equivalents	$ 605,720
Accounts receivable	24,868
Investments	2,999
Fixed assets, net of accumulated depreciation	4,174,304
Beneficial interest in trusts	1,276,129
Endowment funds:	
Investments	1,142,052
Interest in net assets of community foundations	174,498
Total assets	$ 7,400,570

NOTE 13 MERGER WITH THE HUMANE SOCIETY OF HARRISBURG AREA, INC. (CONTINUED)

Accounts payable	$ 145,243
Accrued expenses	4,924
Deferred income	48,254
Mortgage payable	761,635
Total liabilities	960,056
Net assets without donor restrictions	4,021,784
Net assets with donor restrictions	2,418,730
Total net assets	6,440,514
Total liabilities and net assets	$ 7,400,570

The merger resulted in an increase in net assets with donor restrictions of $2,418,730 and an increase in net assets without donor restrictions of $4,021,784.

In this particular merger, no goodwill was recognized as the fair value of assets acquired exceeded the liabilities assumed.

The financial statements include the results of operations of The Humane Society of Harrisburg Area, Inc. from December 19, 2024 through December 31, 2024. The revenues and expenses of The Humane Society of Harrisburg Area, Inc. prior to December 19, 2024 are not reflected in these financial statements.

As part of the merger process, comprehensive due diligence was conducted to evaluate the financial, legal, and operational aspects of both organizations.

There have been no significant subsequent events impacting the merger or the financial reporting of the combined entity.

Following the merger, the accounting policies of The Humane Society of Harrisburg Area, Inc. were conformed to those of the Brandywine Valley SPCA to ensure consistency in financial reporting. No significant adjustments were required to align accounting policies.

NOTE 14 RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified to conform to the current year presentation.