THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Roanoke Valley Society for the
Prevention of Cruelty to Animals, Inc., and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of The Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. and Subsidiary as of June 30, 2025, and the changes in their net assets and their cash flows for the year 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 Consolidated Financial Statements section of our report. We are required to be independent of the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. and Subsidiary'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.

Report on Summarized Comparative Information

We have previously audited the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. and Subsidiary's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules as referenced in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Tate, Flynn, Lowen & Company, P. C.

Roanoke, Virginia
November 20, 2025

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2025
(with comparative financial information as of June 30, 2024)

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	$ 481,282	$ 839,008
Accounts receivable	23,158	12,303
Unconditional promises to give	381,550	456,750
Inventory	31,184	28,882
Prepaid expenses	27,580	25,596
Investments	185	330,496
Total current assets	944,939	1,693,035
PROPERTY AND EQUIPMENT:		
Land and improvements	144,463	144,463
Buildings and improvements	2,592,775	2,228,137
Furniture and equipment	454,143	411,332
Vehicles	217,373	148,183
	3,408,754	2,932,115
Less accumulated depreciation and amortization	(1,638,559)	(1,658,437)
Property and equipment, net	1,770,195	1,273,678
OTHER NON-CURRENT ASSETS:		
Restricted cash	9,543	83,331
Investments held for long-term purposes	503,665	459,912
Operating lease right-of-use assets	181,778	218,626
Beneficial interest remainder trusts	537,303	430,672
Beneficial interest perpetual trusts	2,580,449	2,359,107
Total other non-current assets	3,812,738	3,551,648
Total assets	$ 6,527,872	$ 6,518,361

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES:		
Accounts payable	$ 40,083	$ 30,317
Accrued expenses	67,410	54,850
Deferred revenue	30,592	77,553
Operating lease liabilities - current portion	43,431	41,487
Total current liabilities	181,516	204,207
NON-CURRENT LIABILITIES -		
Operating lease liabilities	168,216	211,647
Total liabilities	349,732	415,854
NET ASSETS:		
Without donor restrictions:		
Board designated	503,665	459,912
Undesignated	1,954,366	2,068,538
Total without donor restrictions	2,458,031	2,528,450
With donor restrictions	3,720,109	3,574,057
Total net assets	6,178,140	6,102,507
Total liabilities and net assets	$ 6,527,872	$ 6,518,361

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025
(with summarized financial information for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
SUPPORT AND REVENUE:				
Contributions	$ 578,098	$ 153,159	$ 731,257	$ 1,115,076
Grants	287,322	151,163	438,485	366,829
In-kind contributions	102,946	-	102,946	91,529
Investment income, net	136,824	-	136,824	130,902
Realized and unrealized gain on investments, net	34,698	-	34,698	39,093
Loss on disposal of property and equipment	(83,040)	-	(83,040)	(2,911)
Change in value - remainder trusts	-	106,631	106,631	(83,217)
Change in value - perpetual trusts	-	221,342	221,342	232,002
Medical services	910,199	-	910,199	800,240
Subsidy funds applied	(116,371)	-	(116,371)	(101,896)
Merchandise and other program sales	10,976	-	10,976	13,473
Adoption fees, net	69,435	-	69,435	89,485
Special events, net	64,748	-	64,748	56,591
Vet science camp	-	-	-	21,475
VMCVM income	62,126	-	62,126	107,378
Miscellaneous	8,187	-	8,187	9,297
Net assets released from restrictions	486,243	(486,243)	-	-
Total support and revenue	2,552,391	146,052	2,698,443	2,885,346
EXPENSES:				
Program services	2,204,808	-	2,204,808	2,048,255
Management and general	237,572	-	237,572	242,302
Fundraising	180,430	-	180,430	144,661
Total expenses	2,622,810	-	2,622,810	2,435,218
INCREASE (DECREASE) IN NET ASSETS	(70,419)	146,052	75,633	450,128
NET ASSETS, BEGINNING	2,528,450	3,574,057	6,102,507	5,652,379
NET ASSETS, ENDING	$ 2,458,031	$ 3,720,109	$ 6,178,140	$ 6,102,507

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025
(with summarized financial information for the year ended June 30, 2024)

	Program Services	Management and general	Fundraising	2025 Total	2024 Total
Salaries and benefits	$ 1,237,140	$ 171,280	$ 105,940	$ 1,514,360	$ 1,410,464
Payroll taxes	85,700	11,464	7,844	105,008	98,008
Total payroll related expenses	1,322,840	182,744	113,784	1,619,368	1,508,472
Professional fees	29,136	33,768	-	62,904	34,891
Animal food and litter	10,537	-	-	10,537	12,136
Supplies	116,172	2,750	2,417	121,339	88,052
Outside veterinary services	43,094	-	-	43,094	47,632
Veterinary clinic supplies	192,289	-	-	192,289	206,937
Computer	38,832	5,770	12,714	57,316	64,055
Community outreach	4,132	-	-	4,132	10,424
Printing	1,548	-	35,216	36,764	31,030
Pet safety-net	44,775	-	-	44,775	43,024
Utilities and services	80,068	3,646	3,121	86,835	81,173
Repairs and maintenance	38,555	637	-	39,192	23,426
Conferences, conventions and meetings	385	1,432	-	1,817	1,462
Meals and entertainment	126	204	120	450	1,189
Auto	9,614	500	200	10,314	8,380
Insurance	33,290	1,843	963	36,096	35,196
Finance and bank fees	20,773	391	3,335	24,499	21,705
Lease cost	43,481	-	-	43,481	43,483
Public relations	8,691	-	243	8,934	10,510
Other	26,008	3,887	8,317	38,212	30,021
Merchandise	4,344	-	-	4,344	5,767
Total other expenses	745,850	54,828	66,646	867,324	800,493
Total expenses before depreciation and amortization	2,068,690	237,572	180,430	2,486,692	2,308,965
Depreciation and amortization	136,118	-	-	136,118	126,253
Total expenses	$ 2,204,808	$ 237,572	$ 180,430	$ 2,622,810	$ 2,435,218

See accompanying notes to financial statements.

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025
(with comparative financial information for the year ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 75,633	$ 450,128
Adjustments to reconcile increase in net assets to cash used in operating activities:		
Reduction in the carrying amount of operating lease right-of-use assets	36,848	35,703
Depreciation and amortization	136,118	126,253
Realized and unrealized gain on investments, net	(34,698)	(39,093)
Loss on disposal of property and equipment	83,040	2,911
Change in value of beneficial interest trusts	(327,973)	(148,785)
Changes in operating assets and liabilities:		
Accounts receivable	(10,855)	7,032
Unconditional promises to give	75,200	(435,165)
Inventory	(2,302)	177
Prepaid expenses	(1,984)	(2,487)
Accounts payable	9,766	(8,622)
Accrued expenses	12,560	(2,522)
Deferred revenue	(46,961)	5,967
Operating lease liabilities	(41,487)	(34,823)
Net cash used in operating activities	(37,095)	(43,326)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(715,675)	(27,872)
Distributions from beneficial interest in perpetual trusts	-	1,881
Proceeds from sale of investments	344,256	428,460
Purchases of investments	(23,000)	(462,721)
Net cash used in investing activities	(394,419)	(60,252)

See accompanying notes to financial statements.

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS – (Continued)

YEAR ENDED JUNE 30, 2025
(with comparative financial information for the year ended June 30, 2024)

	2025	2024
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	$ (431,514)	$ (103,578)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning	922,339	1,025,917
Ending	$ 490,825	$ 922,339

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. ("RVSPCA") is incorporated as a non-profit Virginia corporation under the laws of the Commonwealth of Virginia. RVSPCA was established to promote humane treatment of, sponsor, and encourage interest in the welfare, health, and life of animals. The programs and services offered include placement of animals in adoptive homes, training, education of pet owners and pets, and spay/neuter services.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of RVSPCA and its wholly-owned subsidiary, Mountain View Humane, Inc. ("MVH") (collectively, the "Organization"). Intercompany transactions and balances have been eliminated in consolidation.

Comparative financial information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles ("GAAP"). Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2024, from which the summarized information was derived.

Reclassification

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions, or are no longer subject to donor-imposed restrictions. These funds may be designated for specific purposes by action of the Board of Directors or may be otherwise limited in use by contractual agreements with outside parties.
>
> Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

As of June 30, 2025, the significant estimates used by management include the depreciable or amortizable lives of property and equipment, the present value of beneficial interest in trusts, the fair value of investments, lease term for capitalization of operating leases, and the allocation of functional expenses. Actual results could differ from those estimates.

Cash, cash equivalents, and restricted cash

For purposes of the consolidated statement of cash flows, cash and cash equivalents include all cash on hand, cash in various bank checking and savings accounts, and certificates of deposit with original maturities of three months or less. Money market funds held as part of the Organization's investment portfolio are classified as investments.

The Organization maintains cash balances at several banks. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per account. The Organization's cash may at times exceed the federally insured limits.

Cash subject to long-term donor-imposed restrictions is reported as restricted cash. Restricted cash represents deposits held for capital improvements and endowment.

The following provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position to reflect the total of the same such amounts presented in the consolidated statement of cash flows.

	2025	2024
Cash and cash equivalents	$ 481,282	$ 839,008
Restricted cash	9,543	83,331
Total cash, cash equivalents, and restricted cash presented in the statement of cash flows	$ 490,825	$ 922,339

Accounts receivable

Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with clients having outstanding balances and the current and projected status of individual receivables, it has concluded that credit losses on balances outstanding at year-end will be immaterial. Thus, no allowance for credit losses is recorded as of year-end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to credit losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Unconditional promises to give

Unconditional promises to give are recorded as support and a receivable when the promise is made. Unconditional promises to give that are due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give that are due subsequent to next year are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are expected to be collected. Determination of the risk-free rate includes consideration of the risk of collectability.

Inventory

Inventory consists primarily of medical supplies and other items available for sale and is stated at the lower of cost (first-in, first-out) or net realizable value.

Lease accounting

The Organization determines whether to account for its leases as operating or finance leases depending on the underlying terms of the lease agreement. This determination of classification can be complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the asset, the Organization's cost of funds, minimum lease payments, and other lease terms.

Investments

Investments in marketable securities are valued at their estimated fair values. Net realized and unrealized gains and/or losses are reflected as changes in net assets in the consolidated statement of activities. Investment income is reported net of investment expenses on the consolidated statement of activities. Gifts of investments are recorded at their fair value (based on quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date.

Fair value measurements

The fair value measurement accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

- Level 2 inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.

- Level 3 inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Fair value measurements – Continued

The following is a description of the valuation methodologies used for assets measured at fair value when quoted market prices are unavailable. There have been no changes in the methodologies used at June 30, 2025. Treasury bills issued before the most recent issue are reported at the market value of treasury bills in the most recent issue. Beneficial interest remainder trusts are reported at present value of amounts expected to transfer to the Organization at the death of the current beneficiaries, which is estimated using Internal Revenue Service mortality tables and applicable federal rates. Beneficial interest perpetual trusts are reported at the Organization's ownership interest of the trust's investment account market value.

Funds held in trust by others

The Organization is the recipient/beneficiary of several irrevocable trusts which are held by others. The related income from beneficial interest in remainder trusts is recognized as net assets with donor restrictions (time restricted) until the cash is received, at which time it is reclassified to net assets without donor restrictions. The related income from beneficial interest in perpetual trusts that is received is recognized as an increase to net assets without donor restrictions. The recorded value of the stream of future revenue associated with these trusts is required to be valued using the present value of future cash receipts. The fair value of the pro rata ownership portion of the trusts' assets is discounted to present value using an applicable federal interest rate to arrive at an approximation of the present value of future receipts.

Property and equipment

Property and equipment are recorded at cost on the date of acquisition or at estimated fair value at the time of donation and include expenditures for improvements when they substantially increase the productive life of the asset. The Organization capitalizes all expenditures for property and equipment individually in excess of $2,000. Maintenance and repair costs are expensed as incurred.

Absent explicit donor-imposed stipulations regarding contributions restricted to capital expenditures, the Organization reports expirations of donor-imposed restrictions when the qualifying capital assets are placed in service.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the depreciable assets.

Revenue recognition

The Organization recognizes revenues from contributions and donations as they are received or pledged. Revenue from unconditional promises to give is recognized when the promises are made, and revenues from sales, services and adoptions are recognized at the point in time when the goods or services are delivered or performed. The Organization has a contract with the Virginia-Maryland College of Veterinary Medicine ("VMCVM") in which the Organization provides students the opportunity to perform surgeries under supervision by the Organization and VMCVM. Revenue for this contract is recognized over time using the input method for time lapsed as the services are provided. Revenues that are received before the goods and services are delivered and performed are deferred until the performance obligation is met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Support

Contributions and donations are generally available for general operating use in the year received unless specifically restricted by the donor. Donor restricted contributions and grants are reported as support with donor restrictions at the time earned. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying net assets from net assets with donor restrictions to net assets without donor restrictions.

Donated services

Volunteers have donated significant amounts of time to the Organization's program services and fundraising campaigns. However, no value has been reflected in the consolidated financial statements for these services unless they either a) create or enhance a non-financial asset (i.e. non-monetary asset) or b) require specialized skills that would typically need to be purchased if not contributed. The consolidated financial statements include $3,482 and $7,526 of donated marketing, veterinary and other services for the years ended June 30, 2025 and 2024, respectively.

Donated materials and supplies

The Organization reports gifts of materials and supplies as increases in net assets without donor restrictions unless explicit donor-imposed stipulations restrict the use of the donated items. The estimated fair value of the materials and supplies are reported as contributions and expense in the period in which they are received and used. For restricted donated items, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at the time they are used.

The consolidated financial statements include $99,464 and $84,003 of donated materials and supplies for the years ended June 30, 2025 and 2024, respectively. The Organization does not sell donated gifts in-kind and only uses these donations for its own program services or management and general functions.

Allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Salaries, benefits, and payroll taxes are allocated based on the employee's time and effort. Utilities and services are allocated based on the square footage of the space used by each function. Computer expenses are allocated based on the number of computers used by each function and the purpose of various software packages used by each computer. Other expenditures that are common to several functions are allocated based on the purpose of each actual expense or estimates made by management.

Advertising expenses

The Organization expenses costs of advertising and marketing as they are incurred. Advertising and marketing expense was $8,934 and $10,510 for the years ended June 30, 2025 and 2024, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Income tax status

The Organization received a letter of determination from the Internal Revenue Service advising that it qualified as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and; therefore, is generally not subject to income tax. Consequently, the accompanying consolidated financial statements do not reflect a provision for income taxes.

The information returns of the Organization for 2021, 2022, 2023 and 2024 are open for examination, generally for three years after filing.

2. PROMISES TO GIVE:

Unconditional promises to give are as follows:

	2025	2024
Receivable in less than one year	$ 381,550	$ 456,750
Total unconditional promises to give	$ 381,550	$ 456,750

Unconditional promises to give that are restricted by donors for long-term purposes are presented as noncurrent assets regardless of when payment is due. There are no such long-term unconditional promises to give as of both June 30, 2025 and 2024.

3. FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis at June 30, 2025 are as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasuries	$ -	$ 185	$ -	$ 185
Money market funds	26,482	-	-	26,482
Exchange-traded funds	296,262	-	-	296,262
Mutual funds	166,854	-	-	166,854
Other	-	14,067	-	14,067
	489,598	14,252	-	503,850
Beneficial interest remainder trusts	-	-	537,303	537,303
Beneficial interest perpetual trusts	-	-	2,580,449	2,580,449
Total investments	$ 489,598	$ 14,252	$ 3,117,752	$ 3,621,602

Fair values of assets measured on a recurring basis at June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasuries	$ -	$ 330,496	$ -	$ 330,496
Money market funds	24,083	-	-	24,083
Exchange-traded funds	265,923	-	-	265,923
Mutual funds	156,580	-	-	156,580
Other	-	13,326	-	13,326
	446,586	343,822	-	790,408
Beneficial interest remainder trusts	-	-	430,672	430,672
Beneficial interest perpetual trusts	-	-	2,359,107	2,359,107
Total investments	$ 446,586	$ 343,822	$ 2,789,779	$ 3,580,187

3. FAIR VALUE MEASUREMENTS – (Continued):

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets presented above as of June 30, 2025 and 2024:

	Beneficial interest remainder trusts	Beneficial interest perpetual trusts	Total
Balance, June 30, 2023	$ 513,889	$ 2,128,986	$ 2,642,875
Unrealized gains (losses)	(83,217)	232,002	148,785
Distribution from trusts	-	(1,881)	(1,881)
Balance, June 30, 2024	$ 430,672	$ 2,359,107	$ 2,789,779
Unrealized gains (losses)	106,631	221,342	327,973
Balance, June 30, 2025	$ 537,303	$ 2,580,449	$ 3,117,752

The gains (losses) in beneficial interest remainder trusts and beneficial interest perpetual trusts are reported on the consolidated statement of activities as change in value - remainder trusts and change in value - perpetual trusts, respectively.

4. LEASES:

The Organization leases office space for its activities. The lease calls for payments of $3,750 per month starting in January 2020, with an annual increase of 1.5% through December 2029. The landlord has also agreed to discount the stated lease payments by $1,000 per month through September 2023 and by $805 for the month of October 2023.

The Organization's lease agreement does not include any material residual value guarantees or material restrictive covenants. The Organization has elected the practical expedient under Financial Accounting Standards Board Accounting Standards Codification ("ASC") 842, *Leases*, to not separate lease and nonlease components for real estate leases.

Leases with an initial term of 12 months or less are not recorded on the consolidated statement of financial position. The Organization recognizes lease expense for these leases on a straight-line basis over the lease term.

The Organization utilizes the risk-free discount rate for all leases that do not explicitly state a rate.

4. LEASES – (Continued):

Lease cost is included in the consolidated statement of functional expenses. The components of lease cost consist of the following for the years ended June 30:

	2025	2024
Operating lease cost	43,481	43,483
Total lease cost	$ 43,481	$ 43,483

The above lease cost is included in operating cash flows on the consolidated statement of cash flows.

The Organization's summary of operating lease related assets and liabilities consisted of the following as of June 30:

	2025	2024
Operating lease right-of-use assets	$ 289,188	$ 289,188
Accumulated amortization	(107,410)	(70,562)
	$ 181,778	$ 218,626
Operating lease liabilities - current	$ 43,431	$ 41,487
Operating lease liabilities	168,216	211,647
	$ 211,647	$ 253,134

The Organization's weighted average remaining lease term and discount rate for operating leases and their related cash flows are as follows for the years ended June 30:

	2025	2024
Weighted average remaining lease term (in years)	4.5	5.5
Weighted average discount rate	2.88%	2.88%
Cash paid for amounts included in measurement of lease liabilities -		
Operating cash flows from operating leases	$ 48,120	$ 42,603

4. LEASES – (Continued):

Future minimum lease payments for lease liabilities are as follows for the period ending June 30:

2026	48,841
2027	49,574
2028	50,318
2029	51,072
2030	25,726
Total	225,531
Less: interest	(13,884)
Present value of lease liabilities	$ 211,647

5. NET ASSETS WITH DONOR RESTRICTIONS:

The Organization's net assets with donor restrictions are available for the following purposes:

	2025	2024
Available for expenditure for:		
Beneficial interest in remainder trusts	$ 537,303	$ 430,672
Capital projects	22,542	157,586
Marketing	2,189	2,189
Medical services	19,121	25,038
Unconditional promises to give	381,550	456,750
Spay and neuter subsidy funding	74,026	34,333
Pet retention programs	58,929	64,382
Perpetually-restricted for the following purposes:		
Beneficial interest in perpetual trusts	2,580,449	2,359,107
Margie Clark fund (endowment)	15,000	15,000
Pet Haven land	29,000	29,000
Total net assets with donor restrictions	$ 3,720,109	$ 3,574,057

Perpetually restricted net assets consist of a pet cemetery to be held indefinitely, beneficial interest in perpetual trusts, and a money market account whose earnings are available for appropriation.

5. NET ASSETS WITH DONOR RESTRICTIONS – (Continued):

The Board of Directors has designated certain assets of the Organization to endowment. Board-designated endowment assets amounted to $503,665 and $459,912 for the years ended June 30, 2025 and 2024, respectively.

6. LINE OF CREDIT:

The Organization has access to a secured line of credit with Freedom First Federal Credit Union in the maximum amount of $250,000 expiring on July 15, 2027. Availability under the line is limited to 80% of the securities plus 100% of the total cash held in the Organization's investment account. All outstanding principal is payable upon demand. Interest is payable monthly for the 24-month term at a rate of the Wall Street Journal Prime Rate with a floor of 5.5%. This line is secured by the Organization's investment account. The Organization had not yet drawn on this line of credit as of both June 30, 2025 and 2024.

7. ENDOWMENTS:

The Organization's endowments consist of two individual funds established to provide income distributions to support operations. The endowments include both donor-restricted funds and board-designated funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization's Board of Directors and Finance Committee have interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with SPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets

7. ENDOWMENTS – (Continued):

Return objectives and risk parameters – (Continued)

are invested in a manner that is intended to protect existing principal, increase principal to counteract the effects of inflation and provide a continuing and dependable cash payout that is stable and consistent.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation and may be made up of equities, fixed income, and cash equivalents.

Spending policy

The Organization has a policy of appropriating for distribution each year a maximum of 5 percent of the endowment's average fair value over the prior 16 quarters through the calendar year-end preceding the date of the planned distribution. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at an average of 1 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in net assets with donor restrictions. There were no funds with deficiencies as of both June 30, 2025 and 2024.

7. ENDOWMENTS – (Continued):

Net asset composition by type of endowment as of June 30:

	2025		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 15,000	$ 15,000
Board-designated endowment funds	503,665	-	503,665
Total funds	$ 503,665	$ 15,000	$ 518,665

	2024		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 15,000	$ 15,000
Board-designated endowment funds	459,912	-	459,912
Total funds	$ 459,912	$ 15,000	$ 474,912

7. ENDOWMENTS – (Continued):

Changes in endowment net assets for the year ending June 30, 2025:

	2025		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 459,912	$ 15,000	$ 474,912
Net appreciation (realized and unrealized)	35,437	-	35,437
Investment income	12,435	-	12,435
Fees	(3,619)	-	(3,619)
Appropriation of endowment assets for expenditures	(500)	-	(500)
Endowment net assets, end of year	$ 503,665	$ 15,000	$ 518,665

Changes in endowment net assets for year ending June 30, 2024:

	2024		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 413,513	$ 15,000	$ 428,513
Net appreciation (realized and unrealized)	38,666	-	38,666
Investment income	11,402	-	11,402
Fees	(3,169)	-	(3,169)
Appropriation of endowment assets for expenditures	(500)	-	(500)
Endowment net assets, end of year	$ 459,912	$ 15,000	$ 474,912

8. RELATED PARTY TRANSACTIONS:

Contributions totaling $120,109 and $85,170 were received by the Organization from members of the Board of Directors and their companies during the years ended June 30, 2025 and 2024, respectively.

9. LIQUIDITY:

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include donor purpose-restricted amounts and board designated endowment funds which could be used for operations if the board changed their designation.

	2025	2024
Cash, cash equivalents, and restricted cash	$ 490,825	$ 922,339
Accounts receivable	23,158	12,303
Unconditional promises to give	381,550	456,750
Investments	503,850	790,408
Beneficial interest in remainder trusts	537,303	430,672
Beneficial interest in perpetual trusts	2,580,449	2,359,107
Total financial assets	4,517,135	4,971,579
Less those unavailable for general expenditure within one year, due to:		
Endowment funds (donor-restricted)	(15,000)	(15,000)
Endowment funds (board designated)	(503,665)	(459,912)
Restricted by donor with time or purpose restriction	(587,357)	(769,278)
Held in donor restricted trusts	(3,117,752)	(2,789,779)
Add back time restrictions expected to lapse in the following year	381,550	456,750
Financial assets available for general expenditure within one year	$ 674,911	$ 1,394,360

10. SUBSEQUENT EVENTS:

The Organization evaluated all subsequent events through November 20, 2025, the date the consolidated financial statements were available to be issued.

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2025

ASSETS

	RVSPCA	MVH	Eliminations	Consolidated
CURRENT ASSETS:				
Cash and cash equivalents	$ 129,299	$ 351,983	$ -	$ 481,282
Accounts receivable	-	23,158	-	23,158
Unconditional promises to give	381,550	-	-	381,550
Inventory	4,462	26,722	-	31,184
Prepaid expenses	17,920	9,660	-	27,580
Investments	185	-	-	185
Total current assets	533,416	411,523	-	944,939
PROPERTY AND EQUIPMENT:				
Land and improvements	144,463	-	-	144,463
Buildings and improvements	2,211,934	380,841	-	2,592,775
Furniture and equipment	255,635	198,508	-	454,143
Vehicles	93,692	123,681	-	217,373
	2,705,724	703,030	-	3,408,754
Less accumulated depreciation and amortization	(1,297,504)	(341,055)	-	(1,638,559)
Property and equipment, net	1,408,220	361,975	-	1,770,195
OTHER NON-CURRENT ASSETS:				
Restricted cash	275	9,268	-	9,543
Investments held for long-term purposes	503,665	-	-	503,665
Operating lease right-of-use assets	-	181,778	-	181,778
Beneficial interest remainder trusts	537,303	-	-	537,303
Beneficial interest perpetual trusts	2,580,449	-	-	2,580,449
Total other non-current assets	3,621,692	191,046	-	3,812,738
Total assets	$ 5,563,328	$ 964,544	$ -	$ 6,527,872

LIABILITIES AND NET ASSETS

	RVSPCA	MVH	Eliminations	Consolidated
CURRENT LIABILITIES:				
Accounts payable	$ 30,233	$ 9,850	$ -	$ 40,083
Accrued expenses	37,416	29,994	-	67,410
Deferred revenue	750	29,842	-	30,592
Operating lease liabilities - current portion	-	43,431	-	43,431
Total current liabilities	68,399	113,117	-	181,516
NON-CURRENT LIABILITIES -				
Operating lease liabilities	-	168,216	-	168,216
Total liabilities	68,399	281,333	-	349,732
NET ASSETS:				
Without donor restrictions:				
Board designated	503,665	-	-	503,665
Undesignated	1,356,424	597,942	-	1,954,366
Total without donor restrictions	1,860,089	597,942	-	2,458,031
With donor restrictions	3,634,840	85,269	-	3,720,109
Total net assets	5,494,929	683,211	-	6,178,140
Total liabilities and net assets	$ 5,563,328	$ 964,544	$ -	$ 6,527,872

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	RVSPCA	MVH	Eliminations	Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS:				
SUPPORT AND REVENUE:				
Contributions	$ 531,901	$ 46,197	$ -	$ 578,098
Grants	282,322	5,000	-	287,322
In-kind contributions	95,394	7,552	-	102,946
Admin fees income	50,400	-	(50,400)	-
Investment income, net	123,375	13,449	-	136,824
Realized and unrealized gain on investments, net	34,698	-	-	34,698
Loss on disposal of property and equipment	(83,040)	-	-	(83,040)
Medical services	20	910,179	-	910,199
Subsidy funds applied	-	(116,371)	-	(116,371)
Merchandise and other program sales	9,784	1,192	-	10,976
Adoption fees, net	69,435	-	-	69,435
Special events revenue	64,748	-	-	64,748
Vet science camp	-	-	-	-
VMCVM income	-	62,126	-	62,126
Miscellaneous	8,186	1	-	8,187
Net assets released from restrictions	295,423	190,820	-	486,243
Total support and revenue	1,482,646	1,120,145	(50,400)	2,552,391
EXPENSES:				
Program services	1,209,816	994,992	-	2,204,808
Management and general	174,798	113,174	(50,400)	237,572
Fundraising	133,208	47,222	-	180,430
Total expenses	1,517,822	1,155,388	(50,400)	2,622,810
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(35,176)	(35,243)	-	(70,419)

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES – (Continued)

YEAR ENDED JUNE 30, 2025

	RVSPCA	MVH	Eliminations	Consolidated
NET ASSETS WITH DONOR RESTRICTIONS:				
Contributions	$ 44,803	$ 108,356	$ -	$ 153,159
Grants	86,295	64,868	-	151,163
Change in value - remainder trusts	106,631	-	-	106,631
Change in value - perpetual trusts	221,342	-	-	221,342
Net assets released from restrictions	(295,423)	(190,820)	-	(486,243)
INCREASE/(DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	163,648	(17,596)	-	146,052
INCREASE/(DECREASE) IN NET ASSETS	128,472	(52,839)	-	75,633
NET ASSETS, BEGINNING	5,366,457	736,050	-	6,102,507
NET ASSETS, ENDING	$ 5,494,929	$ 683,211	$ -	$ 6,178,140

THE ROANOKE VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF EXPENSES

YEAR ENDED JUNE 30, 2025

	RVSPCA	MVH	Eliminations	Consolidated
Salaries and benefits	$ 840,861	$ 673,499	$ -	$ 1,514,360
Payroll taxes	58,339	46,669	-	105,008
Total payroll related expenses	899,200	720,168	-	1,619,368
Administrative fees	-	50,400	(50,400)	-
Professional fees	45,968	16,936	-	62,904
Animal food and litter	10,537	-	-	10,537
Supplies	107,880	13,459	-	121,339
Outside veterinary services	41,762	1,332	-	43,094
Veterinary clinic supplies	28,860	163,429	-	192,289
Computer	36,322	20,994	-	57,316
Community outreach	4,132	-	-	4,132
Printing	33,937	2,827	-	36,764
Pet safety-net	44,775	-	-	44,775
Utilities and services	67,775	19,060	-	86,835
Repairs and maintenance	33,852	5,340	-	39,192
Conferences, conventions and meetings	1,817	-	-	1,817
Meals and entertainment	126	324	-	450
Auto	1,737	8,577	-	10,314
Insurance	21,658	14,438	-	36,096
Finance and bank fees	4,784	19,715	-	24,499
Lease cost	-	43,481	-	43,481
Public relations	6,010	2,924	-	8,934
Other	22,606	15,606	-	38,212
Merchandise	3,100	1,244	-	4,344
Total other expenses	517,638	400,086	(50,400)	867,324
Total expenses before depreciation and amortization	1,416,838	1,120,254	(50,400)	2,486,692
Depreciation and amortization	100,984	35,134	-	136,118
Total expenses	$ 1,517,822	$ 1,155,388	$ (50,400)	$ 2,622,810
Program services	$ 1,209,816	$ 994,992	$ -	$ 2,204,808
Management and general	174,798	113,174	(50,400)	237,572
Fundraising	133,208	47,222	-	180,430
Total expenses	$ 1,517,822	$ 1,155,388	$ (50,400)	$ 2,622,810