



Financial Statements

The Humane Society of The Pikes Peak Region
For the Years Ended December 31, 2025 and 2024



THE HUMANE SOCIETY OF THE PIKES PEAK REGION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Humane Society of the Pikes Peak Region
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of The Humane Society of the Pikes Peak Region (the Society), 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 Society as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Society 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 Society'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 Society'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on page 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Sorren CPAs P.C.
Colorado Springs, Colorado
April 21, 2026

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,509,399 | \$ 2,810,611 |
| Pledges receivable | 29,630 | 29,634 |
| Bequests receivable | 50,000 | 652,756 |
| Prepaid expenses and other current assets | <u>498,116</u> | <u>533,820</u> |
| Total current assets | 2,087,145 | 4,026,821 |
| PROPERTY AND EQUIPMENT, NET | 19,210,209 | 18,939,635 |
| CASH AND INVESTMENTS, LONG-TERM | 6,499,151 | 6,013,971 |
| BENEFICIAL INTEREST IN PERPETUAL TRUSTS | <u>1,376,441</u> | <u>1,243,795</u> |
| TOTAL | <u>\$ 29,172,946</u> | <u>\$ 30,224,222</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 236,019 | \$ 146,786 |
| Accrued expenses | <u>1,099,104</u> | <u>971,826</u> |
| Total current liabilities | <u>1,335,123</u> | <u>1,118,612</u> |
| NET ASSETS | | |
| Without donor restrictions: | | |
| Invested in property and equipment | 19,210,209 | 18,939,635 |
| Board designated fund for future use | 6,490,728 | 7,167,971 |
| Available for operations | <u>15,699</u> | <u>875,018</u> |
| Total net assets without donor restrictions | 25,716,636 | 26,982,624 |
| With donor restrictions | <u>2,121,187</u> | <u>2,122,986</u> |
| Total net assets | <u>27,837,823</u> | <u>29,105,610</u> |
| TOTAL | <u>\$ 29,172,946</u> | <u>\$ 30,224,222</u> |

See notes to financial statements.

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| SUPPORT AND REVENUES | | | |
| Contract services | \$ 9,897,544 | \$ — | \$ 9,897,544 |
| Contributions - financial assets | 3,926,237 | 999,546 | 4,925,783 |
| Shelter fees | 4,501,952 | — | 4,501,952 |
| Contributions - non-financial assets | 1,450,012 | — | 1,450,012 |
| Special events (net of costs of direct benefits to donors of \$99,985) | 996,186 | — | 996,186 |
| Investment income, net | 762,747 | — | 762,747 |
| Change in value of beneficial interest in perpetual trusts | — | 132,646 | 132,646 |
| Total | <u>21,534,678</u> | <u>1,132,192</u> | <u>22,666,870</u> |
| Net assets released from restrictions— | | | |
| Satisfaction of time and purpose restrictions | <u>1,133,991</u> | <u>(1,133,991)</u> | <u>—</u> |
| Total support and revenues | <u>22,668,669</u> | <u>(1,799)</u> | <u>22,666,870</u> |
| EXPENSES | | | |
| Program services: | | | |
| Animal shelter and law enforcement | 19,535,491 | — | 19,535,491 |
| Youth education and communications | 552,379 | — | 552,379 |
| Supporting services: | | | |
| Fundraising | 1,934,258 | — | 1,934,258 |
| General and administrative | <u>1,912,529</u> | <u>—</u> | <u>1,912,529</u> |
| Total expenses | <u>23,934,657</u> | <u>—</u> | <u>23,934,657</u> |
| CHANGE IN NET ASSETS | (1,265,988) | (1,799) | (1,267,787) |
| NET ASSETS, Beginning of year | <u>26,982,624</u> | <u>2,122,986</u> | <u>29,105,610</u> |
| NET ASSETS, End of year | <u>\$ 25,716,636</u> | <u>\$ 2,121,187</u> | <u>\$ 27,837,823</u> |

See notes to financial statements.

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| SUPPORT AND REVENUES | | | |
| Contract services | \$ 10,023,596 | \$ — | \$ 10,023,596 |
| Contributions - financial assets | 4,460,456 | 873,190 | 5,333,646 |
| Shelter fees | 3,717,776 | — | 3,717,776 |
| Investment income, net | 992,846 | — | 992,846 |
| Special events (net of costs of direct benefits to donors of \$93,805) | 958,342 | — | 958,342 |
| Contributions - non-financial assets | 937,521 | — | 937,521 |
| Change in value of beneficial interest in perpetual trusts | — | 84,611 | 84,611 |
| Total | 21,090,537 | 957,801 | 22,048,338 |
| Net assets released from restrictions — | | | |
| Satisfaction of time and purpose restrictions | 1,007,862 | (1,007,862) | — |
| Total support and revenues | 22,098,399 | (50,061) | 22,048,338 |
| EXPENSES | | | |
| Program services: | | | |
| Animal shelter and law enforcement | 18,051,294 | — | 18,051,294 |
| Youth education and communications | 617,675 | — | 617,675 |
| Supporting services: | | | |
| General and administrative | 2,392,664 | — | 2,392,664 |
| Fundraising | 2,387,983 | — | 2,387,983 |
| Total expenses | 23,449,616 | — | 23,449,616 |
| CHANGE IN NET ASSETS | (1,351,217) | (50,061) | (1,401,278) |
| NET ASSETS, Beginning of year | 28,333,841 | 2,173,047 | 30,506,888 |
| NET ASSETS, End of year | \$ 26,982,624 | \$ 2,122,986 | \$ 29,105,610 |

See notes to financial statements.

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2025

| | Program Services | | Supporting Services | | Expenses Total |
|---|--|--|---------------------|-------------------------------|----------------------|
| | Animal Shelter and Law Enforcement | Youth Education and Communications | Fundraising | General and Administrative | |
| Salaries and related expenses | \$ 13,826,380 | \$ 420,416 | \$ 1,102,313 | \$ 1,075,084 | \$ 16,424,193 |
| Office, shelter and computer costs | 1,254,888 | 22,210 | 277,065 | 130,767 | 1,684,930 |
| Animal care | 1,647,372 | 7,461 | | | 1,654,833 |
| Depreciation | 959,097 | 2,009 | 4,596 | 237,854 | 1,203,556 |
| Insurance | 444,563 | 3,906 | 5,482 | 53,548 | 507,499 |
| Utilities and telephone | 394,396 | 2,582 | 5,279 | 92,228 | 494,485 |
| Rent | 433,000 | — | — | — | 433,000 |
| Printing, postage and mailing | 40,525 | 9,544 | 349,209 | 7,611 | 406,889 |
| Facility maintenance | 173,769 | 2,941 | 7,335 | 96,571 | 280,616 |
| Special event expenses | — | — | 243,534 | — | 243,534 |
| Vehicle maintenance | 202,627 | — | — | 6,185 | 208,812 |
| Public relations | 28,535 | 41,280 | 21,447 | 32,956 | 124,218 |
| Contract labor | 46,177 | — | — | 73,189 | 119,366 |
| Professional fees | 2,060 | 33,938 | 6,609 | 62,082 | 104,689 |
| Dues and subscription | 24,943 | 4,471 | 7,154 | 20,145 | 56,713 |
| Travel | 30,487 | 1,586 | 4,063 | 15,755 | 51,891 |
| Equipment maintenance | 26,672 | 35 | 157 | 8,554 | 35,418 |
| TOTAL EXPENSES BY FUNCTION | 19,535,491 | 552,379 | 2,034,243 | 1,912,529 | 24,034,642 |
| Less expenses included with revenues on the statement of activities: Cost of direct benefit to donors | — | — | (99,985) | — | (99,985) |
| TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES | \$ 19,535,491 | \$ 552,379 | \$ 1,934,258 | \$ 1,912,529 | \$ 23,934,657 |
| PERCENTAGE | 82% | 2% | 8% | 8% | 100% |

See notes to financial statements.

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024

| | Program Services | | Supporting Services | | Expenses Total |
|--|------------------------------------|------------------------------------|---------------------|----------------------------|----------------------|
| | Animal Shelter and Law Enforcement | Youth Education and Communications | Fundraising | General and Administrative | |
| Salaries and related expenses | \$ 12,943,216 | \$ 439,353 | \$ 1,143,164 | \$ 1,499,107 | \$ 16,024,840 |
| Animal care | 1,614,347 | 7,798 | — | — | 1,622,145 |
| Office, shelter and computer costs | 803,240 | 25,529 | 323,563 | 169,410 | 1,321,742 |
| Depreciation | 990,287 | 2,654 | 5,102 | 229,435 | 1,227,478 |
| Professional fees | 6,556 | 50,961 | 343,251 | 163,445 | 564,213 |
| Utilities and telephone | 368,821 | 2,695 | 6,167 | 100,703 | 478,386 |
| Insurance | 383,507 | 3,672 | 5,356 | 37,259 | 429,794 |
| Printing, postage and mailing | 36,806 | 8,493 | 341,625 | 9,562 | 396,486 |
| Rent | 330,000 | — | — | — | 330,000 |
| Facility maintenance | 210,475 | 6,995 | 4,979 | 86,497 | 308,946 |
| Special event expenses | — | — | 237,665 | — | 237,665 |
| Public relations | 42,842 | 58,687 | 41,476 | 32,502 | 175,507 |
| Vehicle maintenance | 160,600 | — | — | 6,019 | 166,619 |
| Contract labor | 74,824 | 1,810 | — | 18,578 | 95,212 |
| Dues and subscription | 24,966 | 6,138 | 19,372 | 22,551 | 73,027 |
| Travel | 35,458 | 2,890 | 14,749 | 12,680 | 65,777 |
| Equipment maintenance | 25,349 | — | — | 235 | 25,584 |
| TOTAL EXPENSES BY FUNCTION | 18,051,294 | 617,675 | 2,486,469 | 2,387,983 | 23,543,421 |
| Less expenses included with revenues on the statement of activities: | | | | | |
| Cost of direct benefit to donors | — | — | (93,805) | — | (93,805) |
| TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES | \$ 18,051,294 | \$ 617,675 | \$ 2,392,664 | \$ 2,387,983 | \$ 23,449,616 |
| PERCENTAGE | 77% | 3% | 10% | 10% | 100% |

See notes to financial statements.

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

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

| | 2025 | 2024 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ (1,267,787) | \$ (1,401,278) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,203,556 | 1,227,478 |
| (Gain) Loss on disposal of property and equipment | 62,991 | (14,605) |
| Net realized and unrealized gains in investments | (508,908) | (683,096) |
| Change in value of beneficial interest in perpetual trusts | (132,646) | (84,611) |
| Changes in operating assets and liabilities: | | |
| Pledges receivable | 4 | 131,599 |
| Bequests receivable | 602,756 | 138,244 |
| Prepaid expenses and other current assets | 35,704 | (229,477) |
| Accounts payable | 89,233 | (145,983) |
| Accrued expenses | 127,278 | 108,760 |
| Net cash provided by (used in) operating activities | <u>212,181</u> | <u>(952,969)</u> |
| INVESTING ACTIVITIES | | |
| Proceeds from sale of property and equipment | (62,991) | 14,605 |
| Purchases of property and equipment | (1,474,130) | (759,900) |
| Proceeds from sales of investments | 3,064,894 | 6,669,051 |
| Purchases of investments | <u>(3,041,166)</u> | <u>(4,376,730)</u> |
| Net cash provided by (used in) investing activities | <u>(1,513,393)</u> | <u>1,547,026</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,301,212) | 594,057 |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>2,810,611</u> | <u>2,216,554</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 1,509,399</u> | <u>\$ 2,810,611</u> |

See notes to financial statements.

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Humane Society of the Pikes Peak Region (the Society) is a local, independent non-profit organized in 1949 for the protection and care of homeless and abused animals. The Society provides services in Colorado Springs, Pueblo, Douglas County and the City of Centennial, helping over 25,000 animals annually for the years ended December 31, 2025 and 2024. Shelter services include adoption, reuniting lost pets, medical care for sick and injured animals, spaying and neutering, relinquishment prevention, an extensive volunteer program, foster homes and a transfer program supporting Southeast Colorado shelters in need.

Animal Law Enforcement (ALE) provides contracted services to El Paso County, Colorado Springs, the City and County of Pueblo, Fountain, Fort Carson, Monument, Calhan, Manitou Springs, Centennial and Douglas County. These services provide health and public safety protection for the residents and the animals. During the years ended December 31, 2025 and 2024, ALE conducted 4,852 and 5,153 cruelty and other investigations in these areas, respectively.

The surgery center provides subsidized spay and neuter services to the public and vaccinations for pet owners in financial need. The Society's veterinary team also provides extensive medical care to rehabilitate shelter animals to prepare them for adoption.

The Society is not affiliated with national animal welfare groups and depends on donations to achieve its mission: to offer compassionate care to animals, support safe communities, and provide socially conscious sheltering.

Basis of Presentation — The Society reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time and resources for which use by the Society is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Society.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Society considers all liquid investments with an original maturity of three months or less, which are not held for long-term investment purposes, to be cash equivalents.

Cash and liquid financial instruments held for long-term investment purposes, regardless of length to maturity, are reported as investments and excluded from this definition.

Pledges Receivable — Unconditional pledges receivable are recognized in the period received. Pledges receivable are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted discount rate applicable to the year in which the pledge is received. Amortization of the discount is included in contribution revenue. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. The Society uses the allowance method to account for uncollectible pledges receivable. The allowance is based on historical experience and management's analysis of individual pledges. Pledges receivable are considered by management to be fully collectible as of December 31, 2025, accordingly, no allowance for credit losses is considered necessary.

Bequests Receivable — The Society is the beneficiary of estates which consist of real estate, cash and investments. The estimated fair value of the trust assets are recognized as an asset and as contribution revenue when the estates are reported to the Society and the fair value is reasonably estimable. The carrying amount of these receivables is based on management's estimate of the collectability, with an allowance based on historical experience and current information of the estates' status. Bequests receivable are considered by management to be fully collectible as of December 31, 2025; accordingly, no allowance for credit losses is considered necessary.

Investments — Investments are reported at fair value. Realized and unrealized gains and losses are included as revenue without donor restrictions in the statements of activities. Donated investments are recorded at fair market value on the date of donation. See Note 7 for information on fair value measurements.

Property and Equipment — Property and equipment are recorded at cost, or if donated, at the estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the following estimated useful lives:

| | |
|---------------------------|---------------|
| Building and improvements | 15 – 40 years |
| Equipment | 3 – 10 years |
| Vehicles | 5 – 7 years |
| Computer equipment | 3 – 7 years |

The Society's policy is to capitalize acquisitions of property and equipment costing in excess of \$2,500 and having a useful life exceeding one year.

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

Contributed Services — Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Society; however, these services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. The Society received approximately 137,400 and 115,800 volunteer hours for the years ended December 31, 2025 and 2024, respectively.

Donated Materials and Rent — Donated materials are recorded in the financial statements at their estimated fair value on the date of receipt. See Note 11 for additional information.

Contract Revenue — Contract revenue is earned from providing animal control, shelter and licensing services to various counties and cities in the area. These contracts generally extend across one calendar year and are considered to contain one performance obligation. As a result, revenue is recognized evenly across the term of the contract.

Shelter Fee Revenue — Shelter fee revenue is primarily earned from adopting animals and providing veterinary services. Shelter fees are recognized at the point of time the customer pays for the adoption or veterinary services rendered.

Contributions — Contributions are recognized as revenue when the donor makes a promise to give to the Society that is, in substance, unconditional. Contributions that are restricted by the donor 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor-stipulated time restriction ends, or a 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.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Society recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Society recognizes the contribution element of special event revenue immediately.

Advertising Expenses — The Society expenses advertising costs as they are incurred. Total advertising expenses of \$34,903 and \$50,046 for 2025 and 2024, respectively, are included in the public relations caption on the statement of functional expenses.

Income Taxes — The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Society believes that it does not have any uncertain tax positions that are material to the financial statements.

Subsequent Events — The Society has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Society's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include net assets with donor restrictions and board designated funds that are intended to fund special board initiatives not considered in the annual operating budget.

While the Society does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

| | 2025 | 2024 |
|--|--------------------|---------------------|
| Cash and cash equivalents | \$ 1,509,399 | \$ 2,810,611 |
| Pledges receivable | 29,630 | 29,634 |
| Bequests receivable | 50,000 | 652,756 |
| Cash and investments, long-term | 6,499,151 | 6,013,971 |
| Beneficial interest in perpetual trusts | <u>1,376,441</u> | <u>1,243,795</u> |
| Total financial assets | <u>9,464,621</u> | <u>10,750,767</u> |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with time restrictions | (79,630) | (682,390) |
| Restricted by donors with purpose restrictions | (665,116) | (196,801) |
| Restricted by donors in perpetuity | <u>(1,376,441)</u> | <u>(1,243,795)</u> |
| Total amounts unavailable for general expenditures within one year | <u>(2,121,187)</u> | <u>(2,122,986)</u> |
| Less amounts unavailable to management without Board's approval: | | |
| Board designated for future use | <u>(6,490,728)</u> | <u>(7,167,971)</u> |
| Total financial assets available to management to meet cash needs for general expenditures within one year | <u>\$ 852,706</u> | <u>\$ 1,459,810</u> |

As part of the Society's liquidity management, it has a policy to establish and maintain working capital reserves. Working capital reserves are defined as current assets less current liabilities. The reserve is intended to secure the future by sustaining the Society through adverse times or to provide an ability to seize opportunities.

3. FUNCTIONAL EXPENSES ALLOCATION METHOD

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Society. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include wages and related benefits which are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services.

4. BOARD DESIGNATED NET ASSETS

It is the policy of the Board of Directors of the Society to review its plans for future needs and to designate appropriate sums to assure adequate financing for the needs identified. Amounts designated by the Board of Directors for specific future needs are treated as board designated net assets without donor restrictions. The balance can be transferred to the portion of net assets without donor restrictions available for operations at the Board's discretion. Amounts designated for future use by the Board are \$6,490,728 and \$7,167,971 as of December 31, 2025 and 2024, respectively.

Board designated assets for future use included on the statement of financial position are as follows:

| | 2025 | 2024 |
|---------------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 121,542 | \$ 1,154,000 |
| Cash and investments, long-term | <u>6,369,186</u> | <u>6,013,971</u> |
| Total | <u>\$ 6,490,728</u> | <u>\$ 7,167,971</u> |

The Society has adopted investment and spending policies for the board designated fund that are attempting to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. Specifically, the primary investment management objectives of the fund are to emphasize long-term growth of principal while avoiding excessive risk and ensuring the ability to meet all expected cash flow needs by investing in securities which could be sold readily and efficiently. Short-term volatility is tolerated in as much as it has been consistent with the volatility of a comparable market index.

To satisfy its long-term investment objectives, the Society 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 Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints. The Society's expected distributions from the board designated fund are approximately 4% of assets annually, although this percentage may vary.

5. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Society is an income beneficiary of three separate trusts whose principal is held at various financial institutions in perpetuity. The Society's share of the fair value of the trusts totaled \$1,376,441 and \$1,243,795 at December 31, 2025 and 2024, respectively.

The fair value of the Society's interest in the trusts is determined primarily based on the Society's proportionate share of the fair value of the underlying assets of the trusts. Fair value of the underlying assets is determined using quoted market prices and pricing services.

The Society received \$60,479 and \$56,862 in distributions from the trusts during the years ended December 31, 2025 and 2024, respectively. The change in the beneficial interest in the trusts was \$132,646 and \$84,611 in 2025 and 2024, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

| | 2025 | 2024 |
|-------------------------------|----------------------|----------------------|
| Building and improvements | \$ 26,110,044 | \$ 24,667,771 |
| Vehicles | 2,154,443 | 2,178,359 |
| Equipment | 1,718,527 | 1,691,983 |
| Computer equipment | 446,213 | 424,213 |
| Land | 400,178 | 400,178 |
| Construction in progress | <u>—</u> | <u>47,724</u> |
| Total | 30,829,405 | 29,410,228 |
| Less accumulated depreciation | <u>(11,619,196)</u> | <u>(10,470,593)</u> |
| Property and equipment, net | <u>\$ 19,210,209</u> | <u>\$ 18,939,635</u> |

Depreciation expense was \$1,203,556 and \$1,227,478 during the years ended December 31, 2025 and 2024, respectively.

7. FAIR VALUE DISCLOSURES

The Society is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

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

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

Level 3: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Common Stocks and Mutual Funds: Valued at quoted prices in active markets.

Fixed Income Securities: Valued at quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active, particularly dealer market prices for comparable investments as of the valuation date.

See Note 5 regarding the fair value methodology of beneficial interest in perpetual trusts held by the Society.

The following table sets forth by level, within the fair value hierarchy, the Society's assets stated at fair value as of December 31:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|---------------------|--|---|--|
| 2025: | | | | |
| Cash and money market funds | \$ 74,478 | \$ 74,478 | \$ — | \$ — |
| Common stocks: | | | | |
| Domestic | 3,017,341 | 3,017,341 | — | — |
| International | 115,129 | 115,129 | — | — |
| Mutual funds - equity: | | | | |
| Domestic | 999,141 | 999,141 | — | — |
| International | 747,794 | 747,794 | — | — |
| Mutual funds - fixed income: | | | | |
| Domestic | 1,440,383 | 1,440,383 | — | — |
| International | <u>104,885</u> | <u>104,885</u> | <u>—</u> | <u>—</u> |
| Total investments | 6,499,151 | 6,499,151 | — | — |
| Beneficial interest in perpetual trusts | <u>1,376,441</u> | <u>—</u> | <u>1,376,441</u> | <u>—</u> |
| Total | <u>\$ 7,875,592</u> | <u>\$ 6,499,151</u> | <u>\$ 1,376,441</u> | <u>\$ —</u> |
| 2024: | | | | |
| Cash and money market funds | \$ 388,208 | \$ 388,208 | \$ — | \$ — |
| Common stocks: | | | | |
| Domestic | 2,755,124 | 2,755,124 | — | — |
| International | 137,715 | 137,715 | — | — |
| Mutual funds - equity: | | | | |
| Domestic | 781,256 | 781,256 | — | — |
| International | 517,793 | 517,793 | — | — |

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|---------------------|--|---|--|
| Mutual funds - fixed income: | | | | |
| Domestic | 1,319,836 | 1,319,836 | — | — |
| International | 64,159 | 64,159 | — | — |
| Fixed income securities: | | | | |
| Corporate notes | <u>49,880</u> | <u>—</u> | <u>49,880</u> | <u>—</u> |
| Total investments | 6,013,971 | 5,964,091 | 49,880 | — |
| Beneficial interest in perpetual trusts | <u>1,243,795</u> | <u>—</u> | <u>1,243,795</u> | <u>—</u> |
| Total | <u>\$ 7,257,766</u> | <u>\$ 5,964,091</u> | <u>\$ 1,293,675</u> | <u>\$ —</u> |

Net investment income was composed of the following for the years ended December 31:

| | 2025 | 2024 |
|--|-------------------|-------------------|
| Net realized and unrealized gains | \$ 508,908 | \$ 683,096 |
| Interest and dividends | 224,123 | 233,696 |
| Distributions from beneficial interest in perpetual trusts | 60,479 | 56,862 |
| Investment management and custodial fees | <u>(30,763)</u> | <u>(36,133)</u> |
| Investment income, net | <u>\$ 762,747</u> | <u>\$ 937,521</u> |

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets that are restricted for a purpose and time consist of the following as of December 31:

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Restricted for purpose: | | |
| PetSmart Charities Incubator Grant | \$ 34,000 | \$ 100,000 |
| Animal Psychological Health Grant | — | 80,000 |
| Spay/neuter services | 624,116 | — |
| Other | <u>7,000</u> | <u>16,801</u> |
| Total restricted for purpose | <u>665,116</u> | <u>196,801</u> |
| Subject to the passage of time: | | |
| Bequests receivable | 50,000 | 652,756 |
| Pledges receivable | <u>29,630</u> | <u>29,634</u> |
| Total subject to the passage of time | <u>79,630</u> | <u>682,390</u> |
| Beneficial interest in perpetual trusts not subject to the Society's spending policy and appropriation | <u>1,376,441</u> | <u>1,243,795</u> |
| Total net assets with donor restrictions | <u>\$ 2,121,187</u> | <u>\$ 2,122,986</u> |

9. RETIREMENT PLAN

The Society maintains the HSPPR 401(k) Plan (the Plan). The Plan allows eligible employees to make elective salary reduction contributions. On January 1, 2013, the Society adopted a Safe Harbor Plan. The Plan's Safe Harbor match formula is calculated as 100% of the first 3% of pay an employee contributes, plus 50% of the next 2% of pay an employee contributes. Effective January 1, 2024, leased employees are excluded from participation in the Plan.

To be eligible for the Society's discretionary matching and non-matching contributions, employees must have completed six months of service and must have attained the age of 18. The Society's contributions for the years ended December 31, 2025 and 2024 were \$243,594 and \$273,508, respectively.

10. CONCENTRATIONS

The Society maintains its cash in various bank deposit accounts which at times, may exceed federally insured limits. Management does not believe that the Society is exposed to any significant risk related to cash and equivalents. The Society's investments are exposed to various risks, such as interest rate, market and credit risks. Investments are made by investment managers engaged by the Society and the investments are monitored by the Society.

Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Society. The Society receives contributions from a diverse number of organizations and individuals located predominantly in the Pikes Peak region of Colorado. The Society receives a significant portion of total revenues from contract services and fees from eleven governmental entities.

The Society received bequests of \$354,156 and \$1,776,039 for the years ended December 31, 2025 and 2024, respectively.

11. CONTRIBUTIONS — NON-FINANCIAL ASSETS

Contributions of non-financial assets consist of the following for the years ended December 31:

| | Revenue Recognized | Utilization in Programs / Activities | Donor Restriction | Valuation Techniques / Inputs |
|-----------------------|-------------------------------|---|------------------------------|--|
| 2025: | | | | |
| Supplies | \$ 756,712 | Used at shelters | None | Fair market value |
| Donated rent | 433,000 | Space used for operations | None | Fair market value |
| Auction donations | 107,843 | Fundraising | None | Fair market value |
| Professional services | 85,815 | Program and G&A | None | Fair market value |
| Sponsorships | <u>66,642</u> | Fundraising | None | Fair market value |
| Total | <u>\$ 1,450,012</u> | | | |

| | Revenue Recognized | Utilization in Programs / Activities | Donor Restriction | Valuation Techniques / Inputs |
|-------------------|-------------------------------|---|------------------------------|--|
| 2024: | | | | |
| Supplies | \$ 457,367 | Used at shelters | None | Fair market value |
| Donated rent | 330,000 | Space used for operations | None | Fair market value |
| Auction donations | 106,346 | Fundraising | None | Fair market value |
| Sponsorships | 86,633 | Fundraising | None | Fair market value |
| Telephone support | <u>12,500</u> | Call-in line | None | Fair market value |
| Total | <u>\$ 992,846</u> | | | |

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

SUPPLEMENTAL INFORMATION

THE HUMANE SOCIETY OF THE PIKES PEAK REGION

STATEMENT OF REVENUES AND EXPENSES – PUEBLO CAMPUS FOR THE YEAR ENDED DECEMBER 31, 2025

| | |
|---|---------------------|
| REVENUES | |
| Contract revenues | \$ 3,081,211 |
| Shelter revenue | 735,209 |
| In-kind donations | 600,100 |
| License fees | 210,838 |
| Net fundraising | 123,047 |
| Other revenues | 62,006 |
| Clinic revenue | 52,105 |
| Bond, restitution, board, transport, other Impound | 38,017 |
| | <u>33,394</u> |
| Total | <u>4,935,927</u> |
| EXPENSES | |
| Animal care/shelter | 2,140,834 |
| Clinic | 1,239,218 |
| ALE field services | 1,042,235 |
| In-kind donations | 600,100 |
| ALE communications center | 297,610 |
| Communications | 162,963 |
| Volunteers | 84,382 |
| ALE administrative | 78,830 |
| TNR | 75,662 |
| ALE licensing | 34,671 |
| Other expenses | 10,597 |
| Total | <u>5,767,102</u> |
| Contract deficit | <u>\$ (831,175)</u> |