

**SPAY NEUTER NETWORK
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025**



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Spay Neuter Network
Crandall, Texas

Opinion

We have audited the financial statements of Spay Neuter Network (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the changes in its net assets and its 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Saville CPAs & Advisors, LLC

Saville CPAs & Advisors, LLC
Dallas, Texas

July 23, 2026

SPAY NEUTER NETWORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,215,212
Investments	11,714,578
Receivables, net	194,477
Inventory	132,428
Prepaid expenses and other current assets	27,396
Total current assets	<u>14,284,091</u>

PROPERTY AND EQUIPMENT, NET	1,156,466
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OTHER ASSETS

Deposits	2,562
Operating lease right-of-use assets, net	175,260
Total other assets	<u>177,822</u>

TOTAL ASSETS	<u><u>\$ 15,618,379</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 281,799
Deferred revenue	153,874
Current portion of operating lease liabilities	57,463
Total current liabilities	<u>493,136</u>

LONG-TERM LIABILITIES

Long-term operating lease liabilities, net of current portion	117,797
Total long-term liabilities	<u>117,797</u>

TOTAL LIABILITIES	610,933
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NET ASSETS

Without donor restrictions	13,524,798
With donor restrictions	1,482,648
Total net assets	<u>15,007,446</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,618,379</u></u>
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See accompanying independent auditors' report and notes.

SPAY NEUTER NETWORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Clinical services	\$ 4,645,069	\$ -	\$ 4,645,069
Grants	-	2,818,543	2,818,543
General donations	312,315	-	312,315
Other income	5,328	-	5,328
Dividend and interest income	305,067	-	305,067
Realized and unrealized gain on investments, net	878,162	-	878,162
Total revenue	6,145,941	2,818,543	8,964,484
Net assets released from restrictions	2,145,088	(2,145,088)	-
TOTAL REVENUE AND SUPPORT	8,291,029	673,455	8,964,484
EXPENSES			
Clinic supplies	1,495,088	-	1,495,088
Technical and veterinary fees	992,120	-	992,120
General and administrative costs	1,195,180	-	1,195,180
Salaries and wages	2,773,602	-	2,773,602
Depreciation	228,755	-	228,755
Total expenses	6,684,745	-	6,684,745
CHANGES IN NET ASSETS	1,606,284	673,455	2,279,739
NET ASSETS, beginning of year	11,918,514	809,193	12,727,707
NET ASSETS, end of year	\$ 13,524,798	\$ 1,482,648	\$ 15,007,446

See accompanying independent auditors' report and notes.

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

	Program Services	General and Administrative	Fundraising	Total
Clinic supplies	\$ 1,495,088	\$ -	\$ -	\$ 1,495,088
Technical and veterinary fees	992,120	-	-	992,120
Auto and travel	123,436	-	-	123,436
Insurance expense	64,884	43,256	-	108,140
Professional fees	24,364	190,782	99,489	314,635
Building rental and maintenance	161,556	8,503	-	170,059
Utilities and telephone	82,449	4,339	-	86,788
Office and administrative	140,351	41,902	2,117	184,370
Depreciation	227,722	959	74	228,755
Marketing	178,487	-	29,265	207,752
Salaries and wages	2,429,607	241,987	102,008	2,773,602
Total expenses	<u>\$ 5,920,064</u>	<u>\$ 531,728</u>	<u>\$ 232,953</u>	<u>\$ 6,684,745</u>

See accompanying independent auditors' report and notes.

SPAY NEUTER NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOW FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,279,739
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	228,755
Amortization of operating lease right-of-use assets	72,388
Realized and unrealized gain on investments, net	(878,162)
Reinvested dividends and interest income	(305,067)
Receipt of investment from grant	(1,639,893)
Changes in operating assets and liabilities:	
Accounts receivable	12,127
Inventory	(27,721)
Prepaid expenses and other current assets	(7,821)
Accounts payable and accrued liabilities	14,195
Operating lease liabilities	(72,388)
Deferred revenue	43,974
Net cash used in operating activities	<u>(279,874)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	1,691,544
Purchase of property and equipment	<u>(363,489)</u>
Net cash provided by investing activities	<u>1,328,055</u>
CHANGE IN CASH AND CASH EQUIVALENTS	1,048,181
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,167,031</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 2,215,212</u></u>

See accompanying independent auditors' report and notes.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. NATURE OF ORGANIZATION

Spay Neuter Network (the “Organization”), a non-profit organization, was formed as Kaufman County Animal Awareness Project on February 24, 2004. The Organization amended the certificate of formation on April 1, 2013, and changed the name to Spay Neuter Network. The mission of the Organization is to eliminate pet overpopulation through subsidized spay and neuter services, while empowering communities to care responsibly for dogs and cats. The Organization’s purpose is to provide education to residents of neighboring counties on how to become a truly humane society while providing low-cost spay and neuter solutions to the general public. The Organization also coordinates their efforts with the Texas Department of Health regarding rabies vaccinations and public health issues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), have been prepared to present revenue, expenses, gains, losses, and net assets according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of transactions into two classes of net assets – with donor restrictions and without donor restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions – Net assets not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that expire through either passage of time or actions by the Organization.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consisted primarily of cash on deposit and money market accounts. Cash held by investment brokers is included in investments on the accompanying statement of financial position. The Organization has a concentration of credit risk for cash deposits maintained at certain financial institutions which may, at times, exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

As of December 31, 2025, the Organization's cash accounts exceed the federally insured limits by \$1,977,500.

Fair Value of Financial Assets and Liabilities

The Organization measures and discloses certain financial assets and liabilities at fair value. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Observable inputs using quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

See accompanying independent auditors' report.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value. Unrealized and realized gains and losses are reported as increases or decreases in net assets within the statement of activities and changes in net assets. Interest and dividend income is also reported in the statement of activities.

Receivables

Receivables are primarily derived from the amounts billed for completed surgeries and pledges. At the time revenue is recognized, the Organization also recognizes an expected allowance for credit losses. The estimate is calculated on a pooled basis among receivables where similar characteristics exist. This estimate is updated each reporting period to reflect any changes in credit risk among the determined pools of receivables.

The allowance estimate is derived from a review of, among other things, the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors considered relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's credit losses have remained consistent since the Organization's inception.

The Organization determined no allowance for credit losses was necessary as of December 31, 2025.

The Organization writes off receivables where there is information that indicates that all collection efforts have been exhausted and the potential for recovery is considered remote. If any recoveries are made from any account previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. There were no material write-offs during the year ended December 31, 2025.

Inventory

Inventory consisted of surgery related supplies and disposable equipment. Inventory is recorded at the lower of cost or net realizable value using the average cost method.

Prepaid Expenses

Prepaid expenses consisted primarily of prepaid insurance.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value on the date of donation. Useful lives and salvage values are based on historical equipment data. Expenditures for major additions and improvements are capitalized, while maintenance, repairs, and renewals which do not materially prolong the useful lives of the assets are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included on the statement of activities for the respective period. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

Building	30 years
Vehicles	5-7 years
Equipment	3-7 years
Leasehold improvements	Lesser of life of asset or lease term

Impairment of Long-Lived Assets

The Organization reviews potential impairments of long-lived assets when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. An impairment loss is recognized if the sum of the expected, undiscounted future cash flow is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the excess of the net book value of the assets over the estimated fair value. As of December 31, 2025, no impairment of long-lived assets was necessary.

Deposits

Deposits consisted of security deposits for the Organization's operating leases.

Leases

At the inception of an arrangement, the Organization determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the statement of financial position as a right-of-use asset and as short-term and long-term lease liabilities, as applicable. The Organization does not have any financing leases.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. As a result, the Organization utilizes the private company practical expedient to utilize the risk-free discount rate for present value calculations on all leases.

The Organization has elected not to recognize leases with an original term of one year or less on the statement of financial position. The Organization typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Organization's assessment unless there is reasonable certainty that the Organization will renew.

Clinical Services

Clinical services revenue is recognized at a point in time after a surgery is performed. Surgery appointment deposits collected in advance of surgeries are included in deferred revenue on the accompanying statement of financial position.

Grants

The Organization receives a substantial portion of its contributions to provide spay and neuter clinical services through grants. Grants are recorded at a point in time when funds are received or promised. Grants that are purpose or time-restricted by donors are reported as increases in net assets with donor restrictions. When donor restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grant funds with restrictions are typically restricted to certain programs or purposes. The Organization does not imply a time restriction on donated assets that are received without stipulations about how long the donated asset must be used or are acquired with gifts of cash or other assets restricted for those acquisitions.

General Donations

General donations revenue is recognized at a point in time as funds are received and are typically made without donor restrictions.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, individuals may volunteer their time and perform a variety of tasks that assist the Organization with its operations.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and similar state provisions and is exempt from federal income taxes, state sales taxes, and franchise taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation and benefits, which are allocated based on estimates of time and effort, as well as depreciation and amortization, which are allocated on a usage basis. Other expenses, such as marketing fees, are allocated based on the estimated usage.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table summarizes financial assets the Organization measures at fair value on a recurring basis as of December 31, 2025:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<u>Investments:</u>				
Cash and cash alternatives	\$ 117,302	\$ -	\$ -	\$ 117,302
Common stocks	4,114,574	-	-	4,114,574
Exchange traded funds	7,292,452	-	-	7,292,452
Other	190,250	-	-	190,250
Total	<u>\$ 11,714,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,714,578</u>

See accompanying independent auditors' report.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2025:

Building	\$ 523,491
Equipment	928,859
Land	67,729
Vehicles	573,319
Leasehold improvements	336,489
Construction-in-progress	174,753
Property and equipment, at cost	<u>2,604,640</u>
Accumulated depreciation	<u>(1,448,174)</u>
Property and equipment, net	<u>\$ 1,156,466</u>

Depreciation expense amounted to \$228,755 for the year ended December 31, 2025.

5. OPERATING LEASES

The Organization leases retail spaces in Dallas, Fort Worth, and San Antonio, Texas. All leases are classified as operating leases.

Operating cash flows for the operating lease right-of-use assets described below totaled \$72,388 during the year ended December 31, 2025. The Organization incurred rent expenses, including CAM charges, related to these leases of \$99,938 during the year ended December 31, 2025.

On April 1, 2024, the Organization entered into a lease agreement to rent retail space at a shopping center in Dallas, Texas. The lease matures in February 2029.

On May 1, 2023, the Organization entered into a lease agreement to rent retail space at a shopping center in Fort Worth, Texas. In April 2026, the Organization renewed this lease for a term of three years ending April 30, 2029.

On December 15, 2023, the Organization entered into a lease agreement to rent retail space in San Antonio, Texas from the City of San Antonio. The lease ends on September 30, 2026, and requires an annual payment of \$1 and for the Organization to complete certain clinical service benchmarks. The lease allows for two, one-year renewal terms.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING LEASES (CONTINUED)

The following table presents the right-of-use asset and short-term and long-term liability amounts recorded on the statement of financial position as of December 31, 2025:

<u>Assets</u>	
Right-of-use assets - net	<u>\$ 175,260</u>
 <u>Liabilities</u>	
Current portion of lease liabilities	\$ 57,463
Long-term lease liabilities, net of current portion	<u>117,797</u>
Total operating lease liabilities	<u><u>\$ 175,260</u></u>

The Organization's future minimum lease payments under these operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2026	\$ 63,932
2027	55,000
2028	55,000
2029	13,750
Less: Imputed interest	<u>(12,422)</u>
Total	<u><u>\$ 175,260</u></u>

The remaining weighted average lease term for operating leases is 3.1 years. The weighted average discount rate used to present value operating leases and related right-of-use assets is 4.56%.

6. NET ASSETS

As of December 31, 2025, net assets with donor restrictions consisted of restricted contributions to be used for the following purposes:

Clinic services	\$ 1,467,513
Other services	<u>15,135</u>
Total	<u><u>\$ 1,482,648</u></u>

See accompanying independent auditors' report.

SPAY NEUTER NETWORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, as of December 31, 2025	\$ 14,124,267
Less: Restricted by donor for use in 2026 for various purposes	<u>(1,482,648)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,641,619</u>

The Organization is substantially supported by highly liquid cash contributions that are without restriction. As such, the Organization has historically been able to cover general expenditures with the financial assets on hand.

8. CONTINGENCIES

Any amount received or receivable from grantor agencies are subject to audit and possible adjustment by the grantor agency. A liability could arise from disallowed claims, even amounts already collected. As of December 31, 2025, the amount, if any, that may be disallowed could not be determined. The Organization anticipates that this amount, if any, would not be significant to the financial statements.

9. SUBSEQUENT EVENTS

The Organization evaluated events through July 23, 2026, which is the date these financial statements were available to be issued.