COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | *NEIGHBORS*
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS |

PETCO LOVE AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MAY 2, 2026 AND MAY 3, 2025

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PETCO LOVE AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Petco Love and Subsidiary
San Antonio, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Petco Love and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of May 2, 2026 and May 3, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Petco Love and Subsidiary, as of May 2, 2026 and May 3, 2025, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Petco Love and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Petco Love 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.

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Auditors' 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 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 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 consolidated 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 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 Petco Love 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 Petco Love 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Houston, Texas
October 13, 2026

PETCO LOVE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 2, 2026 AND MAY 3, 2025

	Year Ended 2026	Year Ended 2025
ASSETS		
Cash and Cash Equivalents	$ 6,592,125	$ 4,065,990
Receivable from Petco Animal Supplies Stores, Inc.	1,079,218	2,151,866
Other Assets	39,871	3,738
Prepaid Expenses	400,457	458,754
Investments	14,610,736	17,238,131
Mission Related Investment	238,474	238,474
Intangible Assets, Net	656,664	895,450
Total Assets	$ 23,617,545	$ 25,052,403
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,147,768	$ 1,269,343
Grants Payable	765,000	2,180,000
Due to Petco Animal Supplies Stores, Inc.	462,665	572,433
Total Liabilities	2,375,433	4,021,776
NET ASSETS		
Net Assets Without Donor Restrictions	21,242,112	21,030,627
Total Net Assets	21,242,112	21,030,627
Total Liabilities and Net Assets	$ 23,617,545	$ 25,052,403

See accompanying Notes to Consolidated Financial Statements.

PETCO LOVE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 2, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	$ 24,514,801	$ 570,204	$ 25,085,005
Net Investment Return	444,603	-	444,603
Royalty Revenue	1,053	-	1,053
In-Kind Contributions	19,844,262	-	19,844,262
Program Revenue	33,370	-	33,370
Net Assets Released from Restrictions	570,204	(570,204)	-
Total Revenue, Support, and Gains	45,408,293	-	45,408,293
EXPENSES AND LOSSES			
Program Services Expenses			
Adopt Programs	14,228,370	-	14,228,370
Lost Programs	21,316,214	-	21,316,214
Care Programs	6,784,475	-	6,784,475
Total Program Services Expenses	42,329,059	-	42,329,059
Supporting Services Expenses:			
Management and General	923,223	-	923,223
Fundraising and Development	1,944,526	-	1,944,526
Total Supporting Services Expenses	2,867,749	-	2,867,749
Total Expenses	45,196,808	-	45,196,808
CHANGE IN NET ASSETS	211,485	-	211,485
Net Assets - Beginning of Year	21,030,627	-	21,030,627
NET ASSETS - END OF YEAR	$ 21,242,112	$ -	$ 21,242,112

See accompanying Notes to Consolidated Financial Statements.

PETCO LOVE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 3, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	$ 30,410,458	$ 1,116,333	$ 31,526,791
Net Investment Return	2,556,403	-	2,556,403
Royalty Revenue	1,306,134	-	1,306,134
In-Kind Contributions	5,294,893	-	5,294,893
Net Assets Released from Restrictions	1,116,819	(1,116,819)	-
Total Revenue, Support, and Gains	40,684,707	(486)	40,684,221
EXPENSES AND LOSSES			
Program Services Expenses			
Adopt Programs	17,215,428	-	17,215,428
Lost Programs	11,389,343	-	11,389,343
Care Programs	8,479,735	-	8,479,735
Total Program Services Expenses	37,084,506	-	37,084,506
Supporting Services Expenses:			
Management and General	1,022,621	-	1,022,621
Fundraising and Development	2,040,046	-	2,040,046
Total Supporting Services Expenses	3,062,667	-	3,062,667
Total Expenses	40,147,173	-	40,147,173
CHANGE IN NET ASSETS	537,534	(486)	537,048
Net Assets - Beginning of Year	20,493,093	486	20,493,579
NET ASSETS - END OF YEAR	$ 21,030,627	$ -	$ 21,030,627

See accompanying Notes to Consolidated Financial Statements.

PETCO LOVE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 2, 2026

	Program Services				Supporting Services		
	Adopt Programs	Lost Programs	Care Programs	Total Program Services	Management and General	Fundraising and Development	Total
Grants	$ 12,263,587	$ -	$ 6,257,791	$ 18,521,378	$ -	$ -	$ 18,521,378
Management Services	1,133,375	2,800,613	437,240	4,371,228	617,303	1,031,254	6,019,785
Community and Public Awareness	-	15,960,678	-	15,960,678	-	-	15,960,678
Marketing, Advertising, and Promotional	614,159	1,321,895	5,283	1,941,337	6,236	459,999	2,407,572
Donated Marketing	-			-	-	10,000	10,000
Software	90,568	612,621	69,172	772,361	9,980	15,204	797,545
Travel and Meals	64,508	64,157	14,656	143,321	14,720	35,457	193,498
Other Professional Fees	9,900	352,338	-	362,238	-	-	362,238
Legal Fees	-	-	-	-	165,930	-	165,930
Amortization	-	195,804	-	195,804	19,103	23,879	238,786
Supplies and Equipment	38,334	4,131	297	42,762	15,862	1,085	59,709
Other	2,444	2,549	36	5,029	15,925	361,687	382,641
Postage	11,495	1,428	-	12,923	3,655	826	17,404
Bank and Credit Card Fees	-	-	-	-	2,112	5,135	7,247
Financial Fees	-	-	-	-	43,871	-	43,871
Licenses and Registration	-	-	-	-	8,526	-	8,526
Total Expenses by Function	$ 14,228,370	$ 21,316,214	$ 6,784,475	$ 42,329,059	$ 923,223	$ 1,944,526	$ 45,196,808

See accompanying Notes to Consolidated Financial Statements.

PETCO LOVE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 3, 2025

	Program Services				Supporting Services		
	Adopt Programs	Lost Programs	Care Programs	Total Program Services	Management and General	Fundraising and Development	Total
Grants	$ 14,563,184	$ -	$ 7,907,964	$ 22,471,148	$ -	$ -	$ 22,471,148
Management Services	1,231,918	3,044,114	475,257	4,751,289	670,975	1,120,918	6,543,182
Community and Public Awareness	-	5,184,292	-	5,184,292	-	-	5,184,292
Marketing, Advertising, and Promotional	834,495	1,799,816	16,539	2,650,850	3,151	676,270	3,330,271
Software	97,358	812,895	57,795	968,048	9,452	12,704	990,204
Travel and Meals	80,176	91,914	21,523	193,613	23,883	58,866	276,362
Other Professional Fees	121,700	449,813	-	571,513	-	450	571,963
Legal Fees	-	-	-	-	179,705	-	179,705
Amortization	195,805	-	-	195,805	19,103	23,879	238,787
Supplies and Equipment	71,270	4,764	503	76,537	14,976	1,572	93,085
Other	2,458	970	80	3,508	31,057	136,010	170,575
Postage	16,856	765	74	17,695	3,683	-	21,378
Bank and Credit Card Fees	-	-	-	-	-	9,377	9,377
Financial Fees	-	-	-	-	57,829	-	57,829
Licenses and Registration	208	-	-	208	8,807	-	9,015
Total Expenses by Function	$ 17,215,428	$ 11,389,343	$ 8,479,735	$ 37,084,506	$ 1,022,621	$ 2,040,046	$ 40,147,173

See accompanying Notes to Consolidated Financial Statements.

PETCO LOVE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 2, 2026 AND MAY 3, 2025

	Year ended 2026	Year ended 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 211,485	$ 537,048
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Amortization	238,786	238,787
Realized and Unrealized Gains on Investments	(248,872)	(2,313,990)
Change in Operating Assets and Liabilities:		
Receivable from Petco Animal Supply Stores, Inc.	1,072,648	177,311
Other Assets	(36,133)	44,517
Prepaid Expenses	58,297	149,860
Accounts Payable and Accrued Expenses	(121,575)	498,870
Grants Payable	(1,415,000)	(1,378,673)
Due to Petco Animal Supplies Stores, Inc.	(109,768)	67,691
Net Cash Used by Operating Activities	(350,132)	(1,978,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(123,733)	(154,128)
Proceeds from Sales of Investments	3,000,000	2,000,000
Net Cash Provided by Investing Activities	2,876,267	1,845,872
NET INCREASE (DECREASE) IN TOTAL CASH AND CASH EQUIVALENTS	2,526,135	(132,707)
Total Cash and Cash Equivalents - Beginning of Year	4,065,990	4,198,697
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,592,125	$ 4,065,990

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Petco Love is a nonprofit organization, organized to promote, enhance, and finance charitable, educational, literary, scientific, and prevention of cruelty to animals activities and may also conduct and/or sponsor charitable or educational programs, events or activities which further its purpose.

Petco Love is on a mission to end preventable euthanasia of shelter and community owned pets by empowering organizations through grant investments that make the most impact and by creating national solutions to address community needs impacting the welfare of animals. Petco Love's grant investment activities seek to empower those organizations that are the most productive and effective in accomplishing their mission as determined through a decision model designed to evaluate and assess organizations alongside their peers. Petco Love funding supports animal welfare organizations working to end the euthanasia of shelter animals and helping to assure family pets get the care they need to stay in their homes, those organizations supporting service, therapy and working animals, and organizations and institutions helping to find a cure or support treatment of pet cancer. Petco Love also launched Petco Love Lost in April 2020, a national lost and found database utilizing pet image recognition technology to reunite lost pets with their families.

Petco Love formed a limited liability company, Pets Reunited, LLC (PR). PR was organized in May 2020 to hold certain intangible assets. On June 10, 2025, PR was dissolved.

Principles of Consolidation

The consolidated financial statements include the accounts of Petco Love and PR because Petco Love had both control and an economic interest in PR. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "Organization".

Fiscal Year

The Organization's fiscal year generally ends on the Saturday closest to April 30, resulting in years of either 52 or 53 weeks. All references to a fiscal year refer to the fiscal year generally ending on the Saturday closest to April 30 of the following year. The fiscal years ended May 2, 2026 and May 3, 2025 consisted of 52 weeks each.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivable from Petco Animal Supplies Stores, Inc.

Petco Animal Supplies Stores, Inc. (Petco) retail locations serve as collection points for contributions received from the general public for various Organization fundraising activities. These contributions are then periodically transferred to the Organization. Allowance for uncollectable receivable from Petco is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables from Petco are written off when deemed uncollectable. No allowance for uncollectable receivable from Petco has been established as of May 2, 2026 or May 3, 2025, as management believes that the remaining receivable is fully collectable.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Mission Related Investment

Mission related investment is the Organization's minority interest investment in a C Corporation that aligns with the Organization's values. The Organization does not have the ability to exercise significant influence, and the investment does not have a readily determinable fair value. Investments without readily determinable fair values are measured at cost (fair value at time of donation if donated) minus impairment (if any) and adjusted for any observable price changes in orderly transactions of identical securities or similar securities. Investments that do not have readily determinable fair values are considered annually for indicators of impairment. There were no indicators of asset impairment during the years ended May 2, 2026 or May 3, 2025.

Intangible Assets

Intangible assets consist of internally developed software and covenant not to compete and are carried at cost, less accumulated amortization. The Organization amortizes the cost of identifiable intangible assets on a straight-line basis over the expected period of benefit, which is five years for internally developed software and the contractual term for the covenant not to compete, which is five years. Intangible assets are considered annually for indicators of impairment. There were no indicators of asset impairment during the years ended May 2, 2026 or May 3, 2025.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor- (or grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. The Organization had no net assets with donor restrictions that are perpetual in nature at May 2, 2026 or May 3, 2025.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

Royalty revenue includes funds raised for the Organization by the sale of merchandise from an unrelated party. Royalty revenues are recognized at a point in time as the quarterly sales of the unrelated party are reported to the Organization. The Organization’s name, logo, and other distinguishing marks are licensed to a nonrelated merchandiser for use in the sale of products.

In-Kind Contributions

In-kind contributions include donated pet food, pet supplies, and airtime. which are recorded at the respective fair values of the goods received (see Note 6). The Organization does not sell donated gifts-in-kind. Contributed goods are recorded at fair value at the date of donation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. The primary purpose of the Organization's advertising is to promote and encourage pet adoption, reunite lost pets, and highlight the Organization's focus on lifesaving. Advertising expense was $1,807,046 and $2,147,039 during the years ended May 2, 2026 and May 3, 2025, respectively.

Grants and Grant Commitments

The Organization recognizes grants as expenses once all significant conditions are met. Generally, this is based upon stipulations related to the purpose of grant agreement which requires the Organization to review and approve certain metrics, at which point the related expense becomes unconditional. Conditional grants approved but contingent upon fulfillment of certain specified conditions and containing right of release are not recorded until such time as the conditions are substantially met (see Note 7).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include management services, marketing advertising, and promotional, software, travel and meals, amortization, printing, supplies and equipment, and postage, which are allocated on the basis of estimates of time and effort.

Income Taxes

Petco Love is organized as a California and Texas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Petco Love is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Petco Love is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Petco Love has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. PR is incorporated in Delaware and is disregarded for federal income tax purposes.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and cash equivalents with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category.

The Organization's cash deposit balance with a financial institution exceeded the FDIC insured limit by approximately $6,876,000 and $5,394,000, as of May 2, 2026 and May 3, 2025, respectively. The Organization did not experience any loss of assets resulting from a custodial credit risk during the years ended May 2, 2026 and May 3, 2025.

The majority of the contributions received by the Organization are collected at Petco retail locations. Credit risk associated with receivables from Petco are limited due to high historical collection rates.

Investments are made by diversified investment managers whose performance is monitored by the Organization and the Finance Committee. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through October 13, 2026, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at May 2, 2026 and May 3, 2025:

	Year Ended 2026	Year Ended 2025
Cash and Cash Equivalents	$ 6,592,125	$ 4,065,990
Receivable from Petco Animal Supplies Stores, Inc.	1,079,218	2,151,866
Investments	14,610,736	17,238,131
Total Financial Assets Available for Use Within One Year	$ 22,282,079	$ 23,455,987

As part of the Organization's liquidity plan, excess cash is invested in interest bearing cash and cash equivalents, equity securities, fixed income securities, and mutual funds which are not subject to any constraints limiting the Organization's ability to respond quickly to change in market conditions. The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenditures.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three- tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. Fixed income securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions. These are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost, as of May 2, 2026 and May 3, 2025:

		Fair Value Measurements at Report Date Using		
	Year ended 2026 Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents (at Cost)	$ 286,120	$ -	$ -	$ -
Equity Securities	11,459,693	11,459,693	-	-
Mutual Funds	2,864,923	2,864,923	-	-
Total Investments at Fair Value	$ 14,610,736	$ 14,324,616	$ -	$ -

		Fair Value Measurements at Report Date Using		
	Year ended 2025 Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents (at Cost)	$ 123,273	$ -	$ -	$ -
Equity Securities	11,203,599	11,203,599	-	-
Mutual Funds	281,618	281,618	-	-
Fixed Income Securities	5,629,641	5,629,641	-	-
Total Investments at Fair Value	$ 17,238,131	$ 17,114,858	$ -	$ -

NOTE 4 INTANGIBLE ASSETS

Intangible assets as of May 2, 2026 and May 3, 2025, consist of the following:

	Year ended 2026 Cost	Accumulated Amortization	Accumulated Impairment Loss	Net
Internally Developed Software	$ 1,193,934	$ (537,270)	$ -	$ 656,664
Total	$ 1,193,934	$ (537,270)	$ -	$ 656,664

	Year ended 2025 Cost	Accumulated Amortization	Accumulated Impairment Loss	Net
Internally Developed Software	$ 1,193,934	$ (298,484)	$ -	$ 895,450
Total	$ 1,193,934	$ (298,484)	$ -	$ 895,450

Estimated future amortization expense related to the internally developed software is as follows:

Year Ending May,	Amount
2027	$ 238,787
2028	238,787
2029	179,090
Total	$ 656,664

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets with donor restrictions as of May 2, 2026 and May 3, 2025.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended May 2, 2026 and May 3, 2025:

	Year Ended 2026	Year Ended 2025
Vaccine Initiative	$ 400,000	$ 200,000
U.S. Animal Shelters	89,072	93,452
Canadian Animal Shelters	50,000	8,415
Pet Cancer	6,906	83,989
Disaster	4,890	722,708
Love Lost	19,336	8,155
Helping Heroes	-	100
Total	$ 570,204	$ 1,116,819

NOTE 6 IN-KIND CONTRIBUTIONS

For the years ended May 2, 2026 and May 3, 2025, in-kind contributions recognized within the consolidated statement of activities consisted of donated pet food and supplies totaling $3,873,584 and $110,601, respectively, donated public service announcement airtime totaling $15,960,678 and $5,184,292, respectively, and $10,000 and $-0- donated media, respectively.

In-kind contributions for donated pet food and supplies are valued using retail prices at Petco retail locations. Donated public service announcements were valued using estimates of costs of purchasing similar assets in Organization's market. In-kind contributions received are used in program services. All gifts-in-kind received during the years ended May 2, 2026 and May 3, 2025 were without donor restrictions.

NOTE 7 GRANT COMMITMENTS

The Organization has approved conditional grants that are contingent upon fulfillment of certain specified conditions. As of May 2, 2026, if the conditions are met, $540,000 is scheduled to be paid by May 1, 2027. As of May 3, 2025, if the conditions are met, $1,080,000 was scheduled to be paid by May 1, 2027.

NOTE 8 TRANSACTIONS WITH PETCO

The Organization is highly dependent upon the viability of Petco as the primary source of contribution revenue received in the stores from Petco customers. Receivable from Petco of $1,079,218 and $2,151,866 at May 2, 2026 and May 3, 2025, respectively, represents cash contributions received from Petco customers and Petco employees not yet remitted in cash to the Organization.

Included in contributions on the statement of activities are contributions from Petco of $117,147 and $174,820 for the years ended May 2, 2026 and May 3, 2025, respectively.

The Organization also received donated pet food and supplies totaling $3,873,584 and $110,601 from Petco customers for the years ended May 2, 2026 and May 3, 2025, respectively, (see Note 6).

The Organization reimburses Petco under a resource and expense allocation agreement (the Agreement) for expenses incurred for administrative services provided. In addition, the Organization reimburses Petco for the full cost of all employees who perform duties solely for the Organization. The cost for all reimbursed expenses for the years ended May 2, 2026 and May 3, 2025 was $6,019,785 and $6,543,182, respectively.

Due to Petco of $462,665 and $572,433 at May 2, 2026 and May 3, 2025, respectively, represents reimbursable expenses covered under the Agreement in addition to other operating expenses.

NOTE 9 RELATED PARTY TRANSACTION

During the years ended May 2, 2026 and May 3, 2025, members of the Organization's board of directors may also serve on boards of organizations which are recipients of program grants from the Organization. Grants paid to these organizations totaled $120,000 and $135,000 during the years ended May 2, 2026 and May 3, 2025, respectively. In accordance with the Organization’s conflict of interest policy, such members abstain from voting on grants pertaining to those organizations.

NOTE 10 ALLOCATION OF FUNCTIONAL EXPENSES

The Organization conducts activities that include fundraising appeals as well as program and management and general components. These activities include travel, marketing, grant management services, and other constituent relationship activities and were allocated among the following functional expense categories as follows:

	Year Ended 2026	Year Ended 2025
Program	$ 5,097,336	$ 5,906,888
Management and General	633,008	695,776
Fundraising and Development	1,098,123	1,189,941
Total	$ 6,828,467	$ 7,792,605



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