**PETSMART CHARITIES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED FEBRUARY 1, 2026**
**(WITH SUMMARIZED FINANCIAL INFORMATION**
**FOR YEAR ENDED FEBRUARY 2, 2025)**

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**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED FEBRUARY 2, 2025)**

# INDEPENDENT AUDITORS' REPORT

Board of Directors
PetSmart Charities, Inc.
Phoenix, Arizona

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of PetSmart Charities, Inc. (the Organization) (an Arizona corporation), which comprise the statement of financial position as of February 1, 2026, and the related statements of activities, 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 referred to above present fairly, in all material respects, the financial position of PetSmart Charities, Inc. as of February 1, 2026, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PetSmart Charities, Inc. 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 PetSmart Charities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' 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 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 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 PetSmart Charities, Inc.'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 PetSmart Charities, Inc.'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.

Board of Directors
PetSmart Charities, Inc.

**Report on Summarized Comparative Information**

We have previously audited PetSmart Charities, Inc.'s February 2, 2025 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated August 14, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended February 2, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Tempe, Arizona
July 24, 2026

# PETSMART CHARITIES, INC.
## STATEMENT OF FINANCIAL POSITION
## FEBRUARY 1, 2026
### (WITH SUMMARIZED COMPARATIVE TOTALS AS OF FEBRUARY 2, 2025)

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 20,940,335 | $ 22,934,811 |
| Investments | 66,823,078 | 58,692,859 |
| Receivables | 2,289,778 | 1,024,699 |
| Receivable from PetSmart LLC | 3,666,775 | 5,169,135 |
| Receivable from PetSmart Charities of Canada | 120,512 | 112,391 |
| Prepaid Expenses | 253,314 | 498,336 |
| Total Current Assets | 94,093,792 | 88,432,231 |
| **PROPERTY AND EQUIPMENT, NET** | 1,105,581 | 285,838 |
| **RECEIVABLES, NET OF CURRENT PORTION** | 1,625,917 | 1,533,198 |
| Total Assets | $ 96,825,290 | $ 90,251,267 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts Payable and Accrued Expenses | $ 1,747,298 | $ 1,277,156 |
| Due to PetSmart LLC | 1,082,827 | 2,779,875 |
| Due to PetSmart Charities of Canada | 60,720 | 7,741 |
| Total Liabilities | 2,890,845 | 4,064,772 |
| **NET ASSETS** | | |
| Without Donor Restrictions | 91,892,575 | 84,361,832 |
| With Donor Restrictions | 2,041,870 | 1,824,663 |
| Total Net Assets | 93,934,445 | 86,186,495 |
| Total Liabilities and Net Assets | $ 96,825,290 | $ 90,251,267 |

*See accompanying Notes to Financial Statements.*

# PETSMART CHARITIES, INC.
# STATEMENT OF ACTIVITIES
# YEAR ENDED FEBRUARY 1, 2026
### (WITH SUMMARIZED COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 2, 2025)

| | February 1, 2026 | | | February 2, 2025 |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| **REVENUE, PUBLIC SUPPORT, AND GAINS** | | | | |
| Individual Contributions | $ 53,456,700 | $ - | $ 53,456,700 | $ 53,149,898 |
| PetSmart LLC Contributions | | | | |
| Contributions, Cash | 3,265,353 | - | 3,265,353 | 3,385,714 |
| Contributions, Donated Rent, Goods, and Services | 24,610,193 | - | 24,610,193 | 26,314,808 |
| Total PetSmart LLC Contributions | 27,875,546 | - | 27,875,546 | 29,700,522 |
| Corporate, Foundations, and Vendor Contributions: | | | | |
| Contributions, Cash | 1,548,928 | 1,000,000 | 2,548,928 | 1,762,829 |
| Contributions, Goods and Services | 492,784 | - | 492,784 | 287,262 |
| Total Corporate, Foundations, and Vendor Contributions | 2,041,712 | 1,000,000 | 3,041,712 | 2,050,091 |
| Investment Income, Net | 8,069,340 | - | 8,069,340 | 6,791,797 |
| Releases from Restriction | 1,006,016 | (1,006,016) | - | - |
| Total Revenue | 92,449,314 | (6,016) | 92,443,298 | 91,692,308 |
| Change in Value of Beneficial Interest | - | 223,223 | 223,223 | 643,677 |
| Total Revenue, Public Support, and Gains | 92,449,314 | 217,207 | 92,666,521 | 92,335,985 |
| **EXPENSES** | | | | |
| Program Services | 78,146,641 | - | 78,146,641 | 77,728,392 |
| Supporting Services: | | | | |
| Fundraising | 3,255,200 | - | 3,255,200 | 2,837,739 |
| Management and General | 3,516,730 | - | 3,516,730 | 3,099,188 |
| Total Supporting Services | 6,771,930 | - | 6,771,930 | 5,936,927 |
| Total Expenses | 84,918,571 | - | 84,918,571 | 83,665,319 |
| **CHANGE IN NET ASSETS** | 7,530,743 | 217,207 | 7,747,950 | 8,670,666 |
| Net Assets - Beginning of Year | 84,361,832 | 1,824,663 | 86,186,495 | 77,515,829 |
| **NET ASSETS - END OF YEAR** | $ 91,892,575 | $ 2,041,870 | $ 93,934,445 | $ 86,186,495 |

*See accompanying Notes to Financial Statements.*

# PETSMART CHARITIES, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# YEAR ENDED FEBRUARY 1, 2026
### (WITH SUMMARIZED COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 2, 2025)

| | Program Services | | | Supporting Services | | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Connecting Pets and People | Supporting Pets and People | Total | Fundraising | Management and General | Total | February 1, 2026 | February 2, 2025 |
| Grants and Allocations | $ 21,066,850 | $ 29,286,010 | $ 50,352,860 | $ - | $ - | $ - | $ 50,352,860 | $ 47,778,460 |
| Donated Services | 13,971,080 | 2,155,653 | 16,126,733 | 699,292 | 1,387,343 | 2,086,635 | 18,213,368 | 20,196,005 |
| Donated Services - In-Kind Advertising | 1,595,725 | 93,158 | 1,688,883 | 70,015 | - | 70,015 | 1,758,898 | 1,877,386 |
| Management Services | 2,351,529 | 2,735,042 | 5,086,571 | 312,440 | 783,902 | 1,096,342 | 6,182,913 | 6,400,000 |
| Advertising | 1,094,180 | 280,500 | 1,374,680 | 1,167,165 | 281,993 | 1,449,158 | 2,823,838 | 2,029,601 |
| Other Professional Services | - | 380,830 | 380,830 | 680 | 632,394 | 633,074 | 1,013,904 | 928,103 |
| Consulting | 244,050 | 508,456 | 752,506 | - | 71,090 | 71,090 | 823,596 | 666,844 |
| Office Expenses | 2,770 | 3,221 | 5,991 | 128,266 | 159,688 | 287,954 | 293,945 | 281,542 |
| Supplies | 17,237 | - | 17,237 | - | - | - | 17,237 | 1,940 |
| Depreciation | 164,505 | 14,020 | 178,525 | - | 21,951 | 21,951 | 200,476 | 111,390 |
| Postage and Shipping | - | 702,314 | 702,314 | 12,681 | - | 12,681 | 714,995 | 774,403 |
| Information Technology | 758,352 | 150,670 | 909,022 | 142,220 | 69,812 | 212,032 | 1,121,054 | 1,229,970 |
| Conferences, Conventions, and Meetings | 33,159 | 171,139 | 204,298 | 175 | 32,786 | 32,961 | 237,259 | 230,612 |
| Travel | 178,383 | 149,047 | 327,430 | 4,833 | 12,741 | 17,574 | 345,004 | 328,796 |
| Equipment Rental and Maintenance | 38,761 | - | 38,761 | - | - | - | 38,761 | 46,142 |
| Legal Fees | - | - | - | - | 8,946 | 8,946 | 8,946 | 19,284 |
| Accounting Fees | - | - | - | - | 54,084 | 54,084 | 54,084 | 51,614 |
| Bank Fees | - | - | - | 717,433 | - | 717,433 | 717,433 | 713,227 |
| Total Expenses by Function | $ 41,516,581 | $ 36,630,060 | $ 78,146,641 | $ 3,255,200 | $ 3,516,730 | $ 6,771,930 | $ 84,918,571 | $ 83,665,319 |

*See accompanying Notes to Financial Statements.*

# PETSMART CHARITIES, INC.
# STATEMENT OF CASH FLOWS
## YEAR ENDED FEBRUARY 1, 2026
### (WITH SUMMARIZED COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 2, 2025)

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ 7,747,950 | $ 8,670,666 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Realized Gains on Investments | (1,580,303) | (924,933) |
| Unrealized Gains on Investments | (5,233,394) | (4,607,594) |
| Assets Acquired Through Noncash Donations | (175,953) | - |
| Depreciation | 200,476 | 111,390 |
| (Increase) Decrease in Assets: | | |
| Receivable from PetSmart LLC | 1,502,360 | (1,940,073) |
| Receivable from PetSmart Charities of Canada | (8,121) | (104,375) |
| Receivables | (1,357,798) | 1,553,739 |
| Prepaid Expenses | 245,022 | (224,692) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | 470,142 | (153,442) |
| Due to PetSmart LLC | (1,697,048) | 481,823 |
| Due to PetSmart Charities of Canada | 52,979 | 7,650 |
| Net Cash Provided by Operating Activities | 166,312 | 2,870,159 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from Sale of Investments | 16,082,658 | 8,463,349 |
| Purchase of Investments | (17,399,180) | (9,925,141) |
| Purchase of Property and Equipment | (844,266) | (6,004) |
| Net Cash Used by Investing Activities | (2,160,788) | (1,467,796) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (1,994,476) | 1,402,363 |
| Cash and Cash Equivalents - Beginning of Year | 22,934,811 | 21,532,448 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 20,940,335 | $ 22,934,811 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Assets Acquired Through Noncash Donations | $ 175,953 | $ - |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

PetSmart Charities, Inc. (PetSmart Charities or Organization) is a nonprofit animal welfare organization that envisions a world where communities unite in support of pets together with their families. Founded in 1994, the Organization's mission is to make the world a better place by investing in community partners that advocate and care for the well-being of pets, for pets, and all who love them. PetSmart Charities grants more money to directly help pets in need more than any other animal welfare group in North America. PetSmart Charities is a 501(c)(3) organization, independent from PetSmart LLC.

The Financial Accounting Standards Board (FASB) sets accounting principles generally accepted in the United States of America to ensure consistent reporting. References to accounting principles generally accepted in the United States of America issued by the FASB in the accompanying footnotes are to the FASB *Accounting Standards Codification* (ASC).

### Net Asset Classification

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

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of the Organization or passage of time. Other donor-imposed restrictions will be held in perpetuity by the Organization. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Prior Year Summarized Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended February 2, 2025, from which the summarized information was derived.

### Fiscal Year

The Organization's fiscal year ends on the Sunday nearest January 31. The fiscal year ended 2026 and fiscal year ended 2025 are comprised of 52 and 53 weeks, respectively.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Management's 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### Cash and Cash Equivalents

Cash includes cash deposits in banks. Deposits at each financial institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Organization's cash accounts were placed with high credit quality financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the FDIC up to $250,000 per depositor, per insured bank, for each account ownership category. As of February 1, 2026 and February 2, 2025, the Organization had approximately $21,181,000 and $22,979,000, respectively, in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts.

### Receivables

Receivables consist of qualified sponsorships, estates, and amounts due from PetSmart LLC and PetSmart Charities of Canada at February 1, 2026 and February 2, 2025. Receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Management considers receivables to be fully collectible, and accordingly, an allowance for doubtful accounts is not considered necessary at February 1, 2026 or February 2, 2025.

### Property and Equipment and Related Depreciation

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value at the date of contribution to the Organization. Maintenance and repairs are charged to operations when incurred.

Betterments or renewals in excess of $3,000 and which have a useful life greater than one year are capitalized. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Store Fixtures | 3 to 7 Years |
| Software | 3 Years |
| Computers | 3 Years |
| Office Furniture | 10 Years |
| Leasehold Improvements | Shorter of Useful Life or Lease Term (Generally 3 to 14 Years) |

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of Long-Lived Assets

The Organization accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded in fiscal years ended February 1, 2026 and February 2, 2025.

### Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting principles generally accepted in the United States of America have established a framework for measuring fair value and established a fair value hierarchy based on the inputs used to measure fair value. This framework maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

*Level 1* – Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

*Level 2* – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

*Level 3* – Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair Value Measurements (Continued)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors.

### Contributions

The Organization accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. All contributions are considered to be without donor restriction unless specifically restricted by the donor. Contributions with donor restrictions that are received and used within the year are included in activities without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

### Contributed Goods and Services

Contributed materials and store space that would otherwise have to be purchased is recognized in accordance with FASB ASC 958-605 as revenue and a corresponding expense. Contributed services are recognized as contributions in accordance with FASB ASC 958-605 if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. For the years ended February 1, 2026 and February 2, 2025, the Organization recorded contributed rent, goods, and services of $24,610,193 and $26,314,808, respectively, from PetSmart LLC. Refer to Note 6 for more details on the relationship between the Organization and PetSmart LLC.

For the years ended February 1, 2026 and February 2, 2025, the Organization received goods and services of $492,784 and $287,262, respectively, which primarily relate to advertising from entities other than PetSmart LLC. Contributed goods are reported as contributions in the financial statements at their estimated fair value at date of receipt. Contributed services are reported in the financial statements at the fair value of the services received. The contribution of services is recognized if the service received creates or enhances nonfinancial assets or requires specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

The Organization estimates the fair value of contributed rent, advertising, goods, and services based on estimates of the current market rates for purchases of similar rents, advertising, goods, and services in the Organization's market.

### Royalty Revenue

The Organization earns royalty income from certain campaigns in which intellectual property of the Organization is licensed.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The 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 donated rent and depreciation, which are allocated on a square footage basis, as well as management services, donated in-kind advertising, advertising, other professional services, and information technology, which are allocated on the basis of estimates of time and effort.

### Advertising

Advertising costs are charged to operations when incurred. Advertising expense charged to operations was $4,582,736 ($2,823,838 in cash and $1,758,898 in in-kind services) and $3,906,987 ($2,029,601 in cash and $1,877,386 in in-kind services) for fiscal years ended February 1, 2026 and February 2, 2025, respectively.

### Income Tax Status

PetSmart Charities has been recognized by the Internal Revenue Service (IRS) as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the IRC and has been recognized by the IRS as an organization that is not a private foundation. Income determined to be unrelated business income (UBI) would be taxable.

The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. Management must also assess whether uncertain tax positions could result in the recognition of a liability for possible interest and penalties if any. The Organization's policy is to include interest and penalties related to uncertain tax positions in management and general expense. As of February 1, 2026 and February 2, 2025, there were no uncertain tax positions, and the Organization does not anticipate a change in its tax position in the 12 months following February 1, 2026.

### Subsequent Events

Management evaluated subsequent events from the statement of financial position date through July 24, 2026, the date at which the financial statements were available to be issued.

## NOTE 2 INVESTMENTS

The Organization accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. Under FASB ASC 958-320, the Organization reports investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value.

The fair values are based on quoted market prices.

Investments consist of:

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Bonds | $ 20,483,041 | $ 16,967,537 |
| Equities | 39,921,735 | 35,350,772 |
| Mutual Funds - Bonds | 5,985,654 | 5,219,005 |
| Money Market Fund | 432,648 | 1,155,545 |
| Total Investments | $ 66,823,078 | $ 58,692,859 |

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts reported in the accompanying financial statements.

The following tables summarize the valuation of the Organization's financial instruments by the categories described in Note 1 as of:

| | February 1, 2026 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Assets Not Held Fair Value | Total |
| Money Market Fund | $ - | $ - | $ - | $ 432,648 | $ 432,648 |
| Bonds | 12,166,344 | 8,316,697 | - | - | 20,483,041 |
| Equities | 34,299,707 | 5,622,028 | - | - | 39,921,735 |
| Mutual Funds - Bonds | 5,985,654 | - | - | - | 5,985,654 |
| Total | $ 52,451,705 | $ 13,938,725 | $ - | $ 432,648 | $ 66,823,078 |

| | February 2, 2025 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Assets Not Held Fair Value | Total |
| Money Market Fund | $ - | $ - | $ - | $ 1,155,545 | $ 1,155,545 |
| Bonds | 7,941,904 | 9,025,633 | - | - | 16,967,537 |
| Equities | 29,685,534 | 5,665,238 | - | - | 35,350,772 |
| Mutual Funds - Bonds | - | 5,219,005 | - | - | 5,219,005 |
| Total | $ 37,627,438 | $ 19,909,876 | $ - | $ 1,155,545 | $ 58,692,859 |

## NOTE 2 INVESTMENTS (CONTINUED)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. Government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include municipal and corporate debt securities.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTE 3 RECEIVABLES

Receivables include estates that have been discounted at a rate of 4.77% and 4.85% at February 1, 2026 and February 2, 2025, respectively. For the years ended February 1, 2026 and February 2, 2025, two and one donors were 85% and 65% of the receivables balance, respectively. The following is a summary of the Organization's receivables:

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Estate Gifts | $ 3,905,567 | $ 2,525,389 |
| Qualified Sponsorships | 10,128 | 32,508 |
| Total | $ 3,915,695 | $ 2,557,897 |

At year-end, receivables are estimated to be collected as follows:

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Within One Year | $ 2,289,778 | $ 1,024,699 |
| In One to Five Years | 353,408 | 322,779 |
| Over Five Years | 1,272,509 | 1,210,419 |
| Total | $ 3,915,695 | $ 2,557,897 |

## NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of:

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Cost or Donated Value | | |
| Store Fixtures | $ 490,317 | $ 369,848 |
| Software | 392,800 | 392,800 |
| Computers | 83,923 | 83,923 |
| Office Furniture | 219,509 | 219,509 |
| Leasehold Improvements | 5,294,738 | 6,032,794 |
| Total Cost or Donated Value | 6,481,287 | 7,098,874 |
| Less: Accumulated Depreciation | (5,375,706) | (6,813,036) |
| Property and Equipment, Net | $ 1,105,581 | $ 285,838 |

## NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes for the years ending:

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Disaster Relief for California Wildfires | $ - | $ 158,526 |
| Charitable Remainder Unitrust | 1,741,870 | 1,666,137 |
| Animal Care Programs in Tribal Communities | 300,000 | - |
| Total Restricted Net Assets | $ 2,041,870 | $ 1,824,663 |

## NOTE 6 TRANSACTIONS WITH PETSMART LLC AND PETSMART CHARITIES OF CANADA

The following amounts have been contributed by PetSmart LLC (PetSmart). The revenue amounts are included in revenue, public support, and gains in the accompanying statement of activities. Contributed rent, goods, and services are included in functional expenses under donated services and grants.

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Contributed Rent, Management Personnel, Office Space, and Other Goods and Services | $ 24,610,193 | $ 26,314,808 |
| Royalty Income | 2,188,805 | 2,918,168 |
| Other Donations | 1,076,548 | 467,546 |
| Total | $ 27,875,546 | $ 29,700,522 |

## NOTE 6 TRANSACTIONS WITH PETSMART LLC AND PETSMART CHARITIES OF CANADA (CONTINUED)

The Organization is highly dependent upon the viability of PetSmart as this is the primary source of donated revenue received in the stores from customers and from PetSmart employees. Royalty income is generated on specific campaigns where the Organization receives a percentage of the purchase price on selected merchandise items sold in PetSmart stores that bear its trademark during a certain timeframe. Receivables from PetSmart of $3,666,775 and $5,169,135 at February 1, 2026 and February 2, 2025, respectively, represent cash contributions received from PetSmart customers and PetSmart employees not yet remitted in cash to the Organization as of the fiscal year-end dates. The receivables are all expected to be fully collectible within the next fiscal year.

The Organization entered into a management services agreement with PetSmart to cost-effectively outsource certain business and administrative management services. The fees paid to PetSmart are capped annually and the value of contributed rent, services, products, and supplies received by the Organization under the agreement overwhelmingly exceeds the payments made to PetSmart.

The Organization incurred $6,287,912 and $6,500,000 of expenses under the management services agreement for the years ended February 1, 2026 and February 2, 2025, respectively. At February 1, 2026 and February 2, 2025, the Organization had $1,082,827 and $2,779,875, respectively, due to PetSmart for reimbursable expenses and management services.

In addition to providing space, supplies, and labor in the adoption centers in the stores, PetSmart also supplies the Organization with items such as office supplies, postage, and travel services, which are reimbursed by the Organization on a monthly basis.

The Organization entered into a formal management services agreement with PetSmart Charities of Canada (PCC) consistent with prior years' practice of providing business management, finance, strategy, and other services. The Organization received $105,000 and $100,000 from the management services agreement for the years ending February 1, 2026 and February 2, 2025, respectively. Receivables from PCC of $120,512 at February 1, 2026 and $112,391 at February 2, 2025 represent management fees billed quarterly and miscellaneous reimbursable costs.

At February 1, 2026 and February 2, 2025, the Organization had $60,720 and $7,741, respectively, due to PCC for reimbursable revenue and other items.

## NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

During the years ended February 1, 2026 and February 2, 2025, amounts paid to board member related organizations totaled $-0- and $10,000, respectively, and are included in Program Services in the accompanying statements of activities.

## NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contribution of nonfinancial assets for years ending:

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Adoption Centers (Rent and Supplies) | $ 15,456,883 | $ 17,892,602 |
| Pet Supplies | 5,130,712 | 4,528,681 |
| Advertising | 1,758,898 | 1,877,386 |
| Office Rent | 376,033 | 395,528 |
| Other Goods and Services | 2,380,451 | 1,907,873 |
| Total Contributed Nonfinancial Assets | $ 25,102,977 | $ 26,602,070 |

Contributed Adoption Center rent and office rent is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Organization's markets. Contributed Adoption Center rent is used in program services and office rent is used for both program and supporting services.

Contributed Adoption Center supplies, pet supplies, advertising, and other goods and services are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services and contributed advertising is used for both program and supporting services.

## NOTE 9 COMMITMENTS AND CONTINGENCIES

The Organization makes commitments to certain charitable organizations for future grants, which are contingent future installments of a current grant. The grants are contingent upon the continued fulfillment of the original conditions in the grant request. The Organization has approximately $17,700,000 and $13,100,000 of commitments for future contingent grants at February 1, 2026 and February 2, 2025, respectively.

## NOTE 10 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its general operating needs based on revenue and grant distribution cycles. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are listed in the table below.

| | February 1, 2026 | February 2, 2025 |
|---|---|---|
| Financial Assets at Year-End | | |
| Cash and Cash Equivalents | $ 20,940,335 | $ 22,934,811 |
| Investments | 66,823,078 | 58,692,859 |
| Receivables | 3,915,695 | 2,557,897 |
| Receivable from PetSmart LLC | 3,666,775 | 5,169,135 |
| Receivable from PetSmart Charities of Canada | 120,512 | 112,391 |
| Total Financial Assets | 95,466,395 | 89,467,093 |
| Donor-Imposed Restrictions | | |
| Restricted Funds | (2,041,870) | (1,824,663) |
| Financial Assets Available to Meet General Expenditures Within One Year | $ 93,424,525 | $ 87,642,430 |