



WORLD ANIMAL PROTECTION U.S.

**FINANCIAL STATEMENTS
(TOGETHER WITH INDEPENDENT AUDITORS' REPORT)**

For the Years Ended December 31, 2025 and 2024



WORLD ANIMAL PROTECTION U.S.

Table of Contents

Page

Independent Auditors' Report..... 1-2

Financial Statements

Statements of Financial Position..... 3

Statements of Activities..... 4

Statements of Functional Expenses 5-6

Statements of Cash Flows 7

Notes to Financial Statements..... 8-22

Independent Auditors' Report

The Board of Directors
World Animal Protection U.S.

Opinion

We have audited the financial statements of World Animal Protection U.S. ("WAP"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WAP as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("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 WAP 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 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 WAP's ability to continue as a going concern for 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 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 audits.
- 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 audits 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 WAP'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 WAP'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.

CBIZ CPAs P.C.

New York, NY
April 13, 2026

WORLD ANIMAL PROTECTION U.S.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 6,971,313	\$ 8,189,809
Contributions receivable	625,567	1,353,628
Investments	2,437,003	2,252,276
Prepaid expenses and other assets	162,577	196,432
Due from related party	233,793	234,750
Right-of-use asset - operating lease	1,265,501	1,564,597
Rent receivable	50,402	28,881
Property and equipment, net	<u>5,315</u>	<u>12,900</u>
Total Assets	<u>\$ 11,751,471</u>	<u>\$ 13,833,273</u>
Liabilities		
Accounts payable and accrued expenses	\$ 371,155	\$ 405,023
Right-of-use - operating lease liability	1,414,253	1,727,001
Other liabilities	<u>8,193</u>	<u>8,761</u>
Total Liabilities	<u>1,793,601</u>	<u>2,140,785</u>
Contingencies		
Net Assets		
Without donor restrictions	7,127,079	8,379,725
With donor restrictions	<u>2,830,791</u>	<u>3,312,763</u>
Total Net Assets	<u>9,957,870</u>	<u>11,692,488</u>
Total Liabilities and Net Assets	<u>\$ 11,751,471</u>	<u>\$ 13,833,273</u>

The accompanying notes are an integral part of these financial statements.

WORLD ANIMAL PROTECTION U.S.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2025 and 2024

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue						
Contributions:						
Contributions - general support	\$ 3,267,010	\$ 924,321	\$ 4,191,331	\$ 2,538,865	\$ 2,131,631	\$ 4,670,496
Contributions - bequests and trusts	1,238,352	--	1,238,352	1,824,677	--	1,824,677
Contributions - donations in-kind	32,950	--	32,950	35,050	--	35,050
Interest and dividends, net	287,721	101,707	389,428	508,174	648	508,822
Rental income	158,440	--	158,440	123,579	--	123,579
Other income	3,929	--	3,929	95,000	--	95,000
Net assets released from restrictions	1,697,139	(1,697,139)	--	510,848	(510,848)	--
Total Operating Support and Revenue	<u>6,685,541</u>	<u>(671,111)</u>	<u>6,014,430</u>	<u>5,636,193</u>	<u>1,621,431</u>	<u>7,257,624</u>
Expenses						
Program services:						
Animal protection and humane education	5,688,456	--	5,688,456	6,626,919	--	6,626,919
Total program services	<u>5,688,456</u>	<u>--</u>	<u>5,688,456</u>	<u>6,626,919</u>	<u>--</u>	<u>6,626,919</u>
Supporting services:						
Management and general	569,249	--	569,249	601,613	--	601,613
Fundraising	1,663,712	--	1,663,712	1,109,144	--	1,109,144
Total supporting services	<u>2,232,961</u>	<u>--</u>	<u>2,232,961</u>	<u>1,710,757</u>	<u>--</u>	<u>1,710,757</u>
Total Expenses	<u>7,921,417</u>	<u>--</u>	<u>7,921,417</u>	<u>8,337,676</u>	<u>--</u>	<u>8,337,676</u>
Change in Net Assets From Operations	<u>(1,235,876)</u>	<u>(671,111)</u>	<u>(1,906,987)</u>	<u>(2,701,483)</u>	<u>1,621,431</u>	<u>(1,080,052)</u>
Non-Operating Revenue						
Investment activity	162,614	9,755	172,369	233,952	8,606	242,558
Reclassification of net assets	(179,384)	179,384	--	--	--	--
Total Non-Operating Revenue	<u>(16,770)</u>	<u>189,139</u>	<u>172,369</u>	<u>233,952</u>	<u>8,606</u>	<u>242,558</u>
Change in Net Assets	(1,252,646)	(481,972)	(1,734,618)	(2,467,531)	1,630,037	(837,494)
Net Assets - Beginning of Year	<u>8,379,725</u>	<u>3,312,763</u>	<u>11,692,488</u>	<u>10,847,256</u>	<u>1,682,726</u>	<u>12,529,982</u>
Net Assets - End of Year	<u>\$ 7,127,079</u>	<u>\$ 2,830,791</u>	<u>\$ 9,957,870</u>	<u>\$ 8,379,725</u>	<u>\$ 3,312,763</u>	<u>\$ 11,692,488</u>

The accompanying notes are an integral part of these financial statements.

WORLD ANIMAL PROTECTION U.S.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>2025 Total</u>	<u>2024 Total</u>
	<u>Animal Protection and Humane Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Salaries	\$ 1,506,988	\$ 192,903	\$ 389,701	\$ 582,604	\$ 2,089,592	\$ 2,150,638
Payroll taxes and employee benefits	398,301	61,759	135,123	196,882	595,183	541,008
Total Salaries and Related Costs	1,905,289	254,662	524,824	779,486	2,684,775	2,691,646
Grants	2,890,592	--	--	--	2,890,592	3,167,202
Education and awareness	170,897	95	276,107	276,202	447,099	360,269
Occupancy	180,292	64,855	77,033	141,888	322,180	317,199
Professional services	258,623	220,737	314,935	535,672	794,295	1,091,461
Printing	44,094	102	163,606	163,708	207,802	48,060
Information and communications technologies	60,169	5,811	146,721	152,532	212,701	270,312
Travel	63,935	4,387	16,802	21,189	85,124	131,248
Depreciation	4,245	1,526	1,814	3,340	7,585	13,398
Other	110,320	17,074	141,870	158,944	269,264	246,881
Total Expenses	<u>\$ 5,688,456</u>	<u>\$ 569,249</u>	<u>\$ 1,663,712</u>	<u>\$ 2,232,961</u>	<u>\$ 7,921,417</u>	<u>\$ 8,337,676</u>

The accompanying notes are an integral part of these financial statements.

WORLD ANIMAL PROTECTION U.S.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>			<u>2024 Total</u>
	<u>Animal Protection and Humane Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,591,257	\$ 259,928	\$ 299,453	\$ 559,381	\$ 2,150,638
Payroll taxes and employee benefits	382,083	68,569	90,356	158,925	541,008
Total Salaries and Related Costs	1,973,340	328,497	389,809	718,306	2,691,646
Grants	3,167,202	--	--	--	3,167,202
Education and awareness	280,197	18	80,054	80,072	360,269
Occupancy	194,031	65,564	57,604	123,168	317,199
Professional services	642,068	126,438	322,955	449,393	1,091,461
Printing	42,618	1,289	4,153	5,442	48,060
Information and communications technologies	172,238	7,694	90,380	98,074	270,312
Travel	85,367	18,455	27,426	45,881	131,248
Depreciation	8,196	2,769	2,433	5,202	13,398
Other	61,662	50,889	134,330	185,219	246,881
Total Expenses	<u>\$ 6,626,919</u>	<u>\$ 601,613</u>	<u>\$ 1,109,144</u>	<u>\$ 1,710,757</u>	<u>\$ 8,337,676</u>

The accompanying notes are an integral part of these financial statements.

WORLD ANIMAL PROTECTION U.S.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,734,618)	\$ (837,494)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,585	13,398
Right-of-use asset amortization - operating lease	299,096	287,674
Net appreciation in investments	(172,369)	(242,558)
Change in assets and liabilities:		
Contributions receivable	728,061	(1,123,326)
Rent receivable	(21,521)	(28,881)
Prepaid expenses and other assets	33,855	11,105
Due from related party	957	1,314
Accounts payable and accrued expenses	(33,868)	92,088
Right-of-use - operating lease liability	(312,748)	(291,376)
Other liabilities	(568)	(605)
Net Cash Used in Operating Activities	<u>(1,206,138)</u>	<u>(2,118,661)</u>
Cash Flows From Investing Activities		
Purchase of investments	(67,959)	(66,065)
Proceeds from sales of investments	55,601	50,297
Net Cash Used in Investing Activities	<u>(12,358)</u>	<u>(15,768)</u>
Net Decrease in Cash and Cash Equivalents	(1,218,496)	(2,134,429)
Cash and Cash Equivalents - Beginning of Year	<u>8,189,809</u>	<u>10,324,238</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,971,313</u>	<u>\$ 8,189,809</u>

The accompanying notes are an integral part of these financial statements.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

World Animal Protection U.S. (“WAP”) is a District of Columbia nonprofit corporation formed in 1980. WAP is classified as a public charity by the Internal Revenue Service (“IRS”) therefore, it is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code as well as state and local taxes. WAP is authorized to do business in several states.

WAP is a subsidiary of World Animal Protection in the United Kingdom (the “Parent”) and is affiliated with twelve other World Animal Protection organizations located around the world (the “Global Organization”). The Parent is the sole member of WAP and has the right to vote pursuant to the by-laws of WAP. The Global Organization is one of the largest animal protection organizations in the world. Its vision is a world where animals live free from cruelty and suffering. Its mission is to move the world to protect animals.

The Global Organization is the global voice for animal welfare, with more than 70 years’ experience in campaigning, and is respected across the world for its knowledge and expertise. They have the influence to be heard by the highest levels of government and the local presence to galvanize widespread popular support.

The Global Organization has offices in 12 countries and works in more than 50 countries. They collaborate with local communities, non-government organizations, and governments to change animals’ lives passionately, responsibly, and sustainably for the better. They also act for animals at a global level, using their United Nations consultative status to give them a voice and put animal welfare on the global agenda so they can demonstrate that what’s good for animals is good for the world.

WAP’s mission is to promote and further the Global Organization’s vision and vision in the United States by lobbying and advocating for change, educating and mobilizing the public, and catalyzing sustainable solutions that improve the lives of animals in the United States and on a global scale.

WAP’s programs include Wildlife Not Entertainers, which moves the wildlife tourism industry away from cruel forms of entertainment; Wildlife Not Pets, which encourages owners and retailers to reduce the cruelty and captivity of wildlife being used as pets; and No Future for Factory Farming, which advocates for welfare reform with companies using farmed animals in their supply chains and pushes consumers and businesses to adopt more plant-based foods.

WAP believes that together, we’re changing the way the world works to end animal cruelty and suffering, forever.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

WAP's financial statements have been prepared on the accrual basis of accounting. WAP adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

NET ASSET PRESENTATION

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

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of WAP or the passage of time, stipulations that they be maintained permanently by WAP, and unappropriated endowment earnings.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed, or endowment earnings are appropriated) are reported as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

WAP's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less when acquired, except for those amounts that are held in the investment portfolio which are considered to be invested for long-term purposes.

CONTRIBUTIONS AND CONTRIBUTION RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional contributions including grants and pledges are nonexchange transactions and accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08. Conditional contributions, grants and pledges are recognized as revenue when barriers within the contracts are overcome, and there is no right of return. WAP determined that no allowance was necessary as of December 31, 2025 and 2024 for contributions receivable. Contributions receivable as of December 31, 2025 and 2024 were expected to be collected within one year.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BEQUESTS AND TRUSTS

Unconditional bequests (donations received under terms of a will) are reported as revenues when notification of the bequest is received, the amount is reasonably determinable, and the probate court declares the will valid.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. WAP capitalizes property and equipment with a cost of \$5,000 or more and a useful life of three to five years. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are reported at fair value based upon quoted market value. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment activity in the statements of activities along with unrealized gains and losses, interest income and management and custodial fees. Interest income is recognized when earned and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses on investments are presented as non-operating revenue and interest and dividends are operating revenue in the accompanying statements of activities.

To increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4. Fair value measurements are based on 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.

DONATED GOODS AND SERVICES

From time to time, WAP receives donated public service announcements, other advertising services and donated legal services. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and expense in the accompanying statements of activities and functional expenses, respectively. Several volunteers have made significant contributions of their time in furtherance of WAP's mission. These services were not reflected in the accompanying financial statements as they do not meet the necessary criteria for recognition under U.S. GAAP. For the year ended December 31, 2025, WAP received legal services valued at \$32,950 which was used for general operations. For the year ended December 31, 2024, WAP received legal services and a photograph valued at \$34,650 and \$400, respectively, which were used for general operations. There were no donor restrictions associated with the in-kind contributions. The contributed nonfinancial assets were valued at market value.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION – ONLINE MERCHANDISE SALES

WAP recognizes revenue from online merchandise sales in accordance with FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*. The Organization contracts with a third-party vendor to produce merchandise, hold inventory, fulfill customer orders, and provide related customer services. Customers place orders through the WAP’s online store, and the third-party vendor is responsible for processing and shipping orders directly to customers. Refer to Note 14 for details.

Revenue is recognized on a net basis, representing the amount remitted by the third-party vendor to WAP. Net revenue is determined as the gross sales price to customers less costs retained by the vendor, such as production costs, shipping, payment processing fees, and applicable sales taxes. Net proceeds are typically remitted to WAP by the third-party vendor on a monthly basis.

Revenue is recognized when control of the merchandise is transferred to the customer, which generally occurs upon shipment by the third-party vendor. Sales taxes collected from customers are excluded from revenue and remitted to the appropriate taxing authorities by the vendor. The Organization’s refund and return policy is administered by the third-party vendor in accordance with agreed-upon terms.

SPLIT-INTEREST AGREEMENTS

WAP has entered into a number of charitable gift annuity (“CGA”) agreements with its donors. Under the terms of these agreements, the donor contributes assets to WAP in exchange for a promise by WAP to pay a fixed amount for a specified period of time (usually the donor’s lifetime) to the donor, or to individuals or organizations designated by the donor.

At the inception of a CGA agreement, the excess of the fair value of assets received over the present value of annuity payments to be made to the donor or stated beneficiary is recognized as a charitable contribution. Subsequent changes to the present value of annuity payments are reported in the statements of activities.

The assets held for all charitable gift annuities are reported in investments on the statements of financial position and stated at fair value. Liabilities for the expected annuity payments are reported at the estimated present value of future cash outflows, based on appropriate discount rates and mortality tables, and are recorded in other liabilities in the statements of financial position. WAP invests the charitable gift annuities in accordance with their investment policy.

As of December 31, 2025 and 2024, the CGAs are valued, using the 2010CM mortality table, at approximately \$8,200 and \$8,700, respectively, and are reported in other liabilities.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF 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 occupancy, depreciation, and amortization, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated based on applying an average of estimated staff time and effort to the overall staff headcount.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires WAP to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

DUE TO/FROM RELATED PARTIES

Amounts reported as due from related party, included in the accompanying statements of financial position, arise principally from the collaborative activities between WAP, the Parent, and World Animal Protection global offices to further the global mission of the Global Organization.

ALLOCATION OF JOINT COSTS

WAP conducts direct marketing campaigns that include requests for contributions, as well as program components. The costs associated with the development and dissemination of such activities are allocated amongst the functional expense categories benefited, particularly impacting areas and other programs, on a basis of the extent of content attributable to each respective function.

RECLASSIFICATIONS

Certain line items in the 2024 financial statements were reclassified to conform to the 2025 presentation. Such reclassification did not have an impact on net assets.

NOTE 3 – LIQUIDITY AND AVAILABILITY

WAP regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. WAP has various sources of liquidity at its disposal, including cash and cash equivalents, contributions receivable, investments, and support of the Parent, as needed. WAP's financial position and financial activities are reviewed at formal, quarterly performance meetings attended by financial and senior staff of WAP and the Parent.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY (CONTINUED)

As of December 31, 2025 and 2024, financial assets available to meet general expenditures over the next 12 months were as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,971,313	\$ 8,189,809
Contributions receivable	625,567	1,353,628
Due from related party	233,793	234,750
Investments not encumbered by donor restrictions	1,139,020	937,337
Less: Letter of credit	(107,721)	(107,721)
	<u>\$ 8,861,972</u>	<u>\$ 10,607,803</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Equities	\$ --	\$ 48,917
Mutual funds	2,434,565	2,198,502
Money market funds	2,438	4,857
	<u>\$ 2,437,003</u>	<u>\$ 2,252,276</u>

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment activities consisted of the following for the years ended December 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 288,071	\$ 101,707	\$ 389,778
Realized loss on investments	(18,378)	--	(18,378)
Unrealized gain on investments	180,992	9,755	190,747
Investment fees	(350)	--	(350)
Net investment income	<u>\$ 450,335</u>	<u>\$ 111,462</u>	<u>\$ 561,797</u>

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 508,524	\$ 648	\$ 509,172
Realized gain on investments	27,939	--	27,939
Unrealized gain on investments	206,013	8,606	214,619
Investment fees	(350)	--	(350)
Net investment income	<u>\$ 742,126</u>	<u>\$ 9,254</u>	<u>\$ 751,380</u>

The fair value hierarchy defines three levels as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that WAP has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets, including equity, mutual funds, and money market funds measured at fair value on a recurring basis were classified as Level 1.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Property and equipment	\$ 426,721	\$ 426,721	3-5 Years
Less: accumulated depreciation	<u>(421,406)</u>	<u>(413,821)</u>	
Property and equipment, net	<u>\$ 5,315</u>	<u>\$ 12,900</u>	

For the years ended December 31, 2025 and 2024, depreciation expense amounted to \$7,585 and \$13,398, respectively.

NOTE 6 – LEASES

WAP signed a lease agreement for the rental of office space in New York City for a term of ten years that commenced on November 1, 2019. In connection with the lease, WAP has an irrevocable standby letter of credit with a bank amounting to approximately \$108,000 with an expiration date of December 31, 2025, and an automatic extension provision in effect. The letter of credit is secured by cash maintained at a bank.

As of December 31, 2025, the right-of-use (“ROU”) operating lease asset and ROU operating lease liability had balances of \$1,265,501 and \$1,414,253, respectively, as shown in the statements of financial position. As of December 31, 2024, the ROU operating asset and operating lease liability had balances of \$1,564,597 and \$1,727,001, respectively, as shown in the statements of financial position.

The ROU asset and liability were calculated utilizing the discount rate of 3.79% for both years, according to WAP’s elected policy. There is an option to renew the lease, which was not considered when assessing the value of the operating lease - ROU asset and operating lease liability because WAP is not reasonably certain that it will exercise its option to renew the lease.

The operating lease costs for the year ended December 31, 2025 are as follows:

Operating lease cost, included in occupancy	\$ 309,655
Portion reimbursed by the Parent	<u>48,498</u>
Total lease cost	<u>\$ 358,153</u>

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 6 – LEASES (CONTINUED)

The operating lease costs for the year ended December 31, 2024 are as follows:

Operating lease cost, included in occupancy	\$ 304,032
Portion reimbursed by the Parent	<u>54,120</u>
Total lease cost	<u><u>\$ 358,152</u></u>

WAP receives reimbursement from the Parent for the portion allocated to the UK employees residing and reporting in the U.S. office.

As of December 31, 2025 and 2024, the weighted averages of the remaining lease term are 3.75 and 4.75 years, respectively. The weighted average discount rate is 3.79% for both years.

The following summarizes the supplemental cash flow information for the year ended December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 371,805

The following summarizes the supplemental cash flow information for the year ended December 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 361,854

Approximate future minimum lease payments are as follows for the years ending after December 31, 2025:

2026	\$ 382,000
2027	393,000
2028	403,000
2029	<u>344,000</u>
	1,522,000
Less: Present value discount	<u>(108,000)</u>
Present value of lease liability	<u><u>\$ 1,414,000</u></u>

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 6 – LEASES (CONTINUED)

WAP signed a sublease agreement with a subtenant for the rental of office space in New York City for a term of five years and 8 months that commenced on March 1, 2024. The subtenant has a one-time right to terminate this sublease on March 1, 2027 by providing the sublandlord with written notice of at least 120 days prior to such early termination.

Approximate undiscounted future minimum lease payments are as follows for the five years ending after December 31, 2025:

2026	\$	147,000
2027		149,000
2028		179,000
2029		162,000
2030		--
	\$	<u>637,000</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the purposes listed below as of December 31:

	<u>2025</u>	<u>2024</u>
Net assets restricted in perpetuity for which the income can be utilized for		
General Operations	\$ 995,005	\$ 995,005
Italy/Isle of Capri	70,691	70,691
Total net assets restricted in perpetuity	<u>1,065,696</u>	<u>1,065,696</u>
Subject to expenditure for specified purpose and the passage of time		
Unappropriated endowment earnings - Italy/Isle of Capri	31,682	20,425
Unappropriated endowment earnings - General Operations	224,589	--
Subject to expenditure for specific purpose of passage of time	<u>1,508,824</u>	<u>2,226,642</u>
Total subject to expenditure for specified purpose and passage of time	<u>1,765,095</u>	<u>2,247,067</u>
Total net assets with donor restrictions	<u>\$ 2,830,791</u>	<u>\$ 3,312,763</u>

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from donor restrictions by either the passage of time or meeting the donors' restrictions were as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Animals in Farming	\$ 1,247,070	\$ 496,226
Animals in Wild	391,719	10,678
Australian Bush Fires	3,350	3,944
Appropriated endowment earnings	55,000	--
Total	<u>\$ 1,697,139</u>	<u>\$ 510,848</u>

NOTE 8 – ENDOWMENT FUNDS

WAP views the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), passed by the District of Columbia, as requiring WAP to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, WAP has classified as perpetual in nature (a) the original value of gifts donated to the endowment fund, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund (although no existing donor instruments have so directed). The remaining portion of the endowment fund that is not perpetual in nature is regarded as “net appreciation” and is retained in perpetuity or for a donor specified period until those amounts are appropriated for expenditure by the Board in a manner consistent with WAP’ spending policy, UPMIFA, other applicable laws, and donor-imposed restrictions, if any.

If the fair value of assets associated with individual endowment funds falls below the original gift value plus accumulations, if applicable, the deficiency is recorded as a charge to net assets with donor restrictions. In subsequent periods, the deficiency may be restored as a result of appreciation of the underlying endowment investments.

WAP has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include only those assets with donor restrictions that WAP must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk. Actual returns in any given year may vary.

To satisfy its long-term objectives, WAP relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WAP targets a diverse asset allocation that places an equal emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

WAP considers the following factors in making a determination to appropriate or accumulate endowment funds: the duration and preservation of the funds; availability of other funding sources; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation/depreciation of investments; and the investment policy of WAP, as enforced by the Investment Committee of the Board of Directors.

WAP appropriates the actual investment income from those with-donor restriction assets for use. In establishing this policy, WAP considered the long-term expected return on its endowment.

As of December 31, 2025 and 2024, the endowment assets were included in investments in the accompanying statements of financial position.

The following table summarizes the changes in WAP endowment net assets for the years ended December 31:

	<u>General</u>	<u>With Donor Restrictions</u>		
	<u>Operations</u>	<u>Isle of Capri</u>	<u>Endowment</u>	<u>Total 2025</u>
	<u>Endowment</u>	<u>Endowment</u>	<u>Endowment</u>	
	<u>Earnings</u>	<u>Earnings</u>	<u>Corpus</u>	
<u>Investment Activity:</u>				
Investment activity	\$ -	\$ 9,755	\$ -	\$ 9,755
Interest and dividends	<u>100,205</u>	<u>1,502</u>	<u>-</u>	<u>101,707</u>
 Total investment activity	 <u>100,205</u>	 <u>11,257</u>	 <u>-</u>	 <u>111,462</u>
Less: Board appropriations of endowment funds	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>(55,000)</u>
Sub-total	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>(55,000)</u>
 Reclassification between net asset classes (interest and dividends)	 <u>179,384</u>	 <u>-</u>	 <u>-</u>	 <u>179,384</u>
 Change in endowment net assets	 224,589	 11,257	 -	 235,846
Endowment net assets beginning of year	<u>-</u>	<u>20,425</u>	<u>1,065,696</u>	<u>1,086,121</u>
 Endowment net assets , end of year	 <u>\$ 224,589</u>	 <u>\$ 31,682</u>	 <u>\$ 1,065,696</u>	 <u>\$ 1,321,967</u>

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

	<u>With Donor Restrictions</u>			
General Operations Endowment Earnings	Isle of Capri Endowment Earnings	Endowment Corpus	Total 2024	
<u>Investment Activity:</u>				
Investment activity	\$ -	\$ 8,606	\$ -	\$ 8,606
Interest and dividends	-	648	-	648
Total investment activity	-	9,254	-	9,254
Endowment net assets beginning of year	-	11,171	1,065,696	1,076,867
Endowment net assets, end of year	\$ -	\$ 20,425	\$ 1,065,696	\$ 1,086,121

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires WAP to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature, if they occur, are reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that occur in the economy as a whole that may affect the donor restricted endowment fund where the fair market value of the donor restricted endowment fund falls below the amount that is required to be retained permanently.

NOTE 9 – OTHER INCOME

Other income resulted from an IRS penalty that was accrued in 2023 and subsequently reversed in 2024 after the IRS penalty was abated.

NOTE 10 – ALLOCATION OF JOINT COSTS

The joint costs were allocated as follows for the years ended December 31:

	2025	2024
Program services	\$ 20,044	\$ 364,839
Fundraising	14,815	266,730
Total	\$ 34,859	\$ 631,569

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 11 – RELATED PARTY TRANSACTIONS

WAP is a subsidiary of the Parent. As related organizations, they work collaboratively to support an efficient, effective, and integrated global organization best able to realize their vision of a world where animal welfare matters, and animal cruelty has ended. WAP had related-party transactions (financial and non-financial) with the following:

WORLD ANIMAL PROTECTION UNITED KINGDOM

The relationship with the Parent resulted in grants to the Parent of \$2,890,592 and \$3,167,202 for the years ended December 31, 2025 and 2024, respectively.

The net activity between WAP and the Parent resulted in a receivable balance of \$233,793 and \$234,750 as of December 31, 2025 and 2024, respectively, reported as due from related party in the statements of financial position.

NOTE 12 – EMPLOYEE BENEFIT PLAN

Since 2010, WAP has provided a group tax-deferred 403(b) plan covering all permanent employees. The assets are held for each employee in an individual account maintained by an investment firm. Eligible employees may contribute to the plan up to allowable levels. WAP matches employee contributions to the plan up to 3% of each employee's bi-weekly salary.

Employees forfeit employer contributions if they terminate in the first three years of employment. Plan contributions incurred by WAP, before non-vested forfeitures, during the years ended December 31, 2025 and 2024, totaled \$58,331 and \$58,521, respectively. Non-vested forfeitures totaled \$19,729 and \$18,979 for the years ended December 31, 2025 and 2024, respectively.

NOTE 13 – CONCENTRATIONS

Cash and equivalents that potentially subject WAP to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accounts are insured up to \$250,000 per depositor, per insured financial institution. As of December 31, 2025 and 2024, there were approximately \$703,000 and \$642,000, respectively, of cash equivalents held by one bank that exceeded FDIC limits.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

WAP believes it has no uncertain tax positions as of December 31, 2025 and 2024 in accordance with FASB Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

WORLD ANIMAL PROTECTION U.S.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

WAP may be a defendant in lawsuits that arise in the ordinary course of business. It is management's belief that any settlements that arise from these suits will be within the limits of WAP's insurance policies. Therefore, no provision has been made in the accompanying financial statements.

On September 4, 2025, WAP entered into a Branded Merchandise Production and E-Commerce Fulfillment Scope of Work Agreement (the "SOW") with The Vanity Project LLC ("TVP") (the "Agreement"). The Agreement governs sourcing/production of branded merchandise, warehousing, order fulfillment, and related e-commerce services for WAP's online store.

The initial term of the Agreement is for one year with automatic one year renewals. TVP may terminate for convenience on 30 days' notice; and WAP may terminate for convenience within 60 days of the end of any term upon 60 days' notice.

TVP sources and produces branded merchandise for sale on WAP's e-commerce site and fulfills certain approved third-party products. Optional print on demand (POD) services are facilitated through a third-party provider. TVP provides online revenue management (collection of sales proceeds, tax determination and remittance, and net disbursements to WAP).

WAP pays a revenue management fee equal to 2% of gross sales or \$250 per month, whichever is greater, and a \$499 platform fee that is waived if merchandise is produced with TVP. There are monthly account fees and other fees including postage, packaging, and customer service, and storage fees. WAP recognizes the related expenses as incurred in accordance with the nature of the services received (e.g., cost of sales for fulfillment and shipping, operating expenses for platform and customer service). Variable consideration under the SOW (e.g., percentage-based revenue management fees, usage-based fulfillment/storage, and incremental charges for rush services or over boxing) are recorded based on actual activity each period. The SOW includes ongoing commitments for monthly minimum charges and other fees that may vary with order volumes, storage usage, and service selections. For the year ended December 31, 2025 \$3,929 of sales revenue are included in other income on the statement of activities and expenses are included in other on the statement of functional expenses.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through April 13, 2026, the date the financial statements were available to be issued.