SIKICH®

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended July 31, 2025

SIKICH.COM

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.
TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6
Statement of Cash Flows	7-8
Notes to Financial Statements	9-31

SIKICH®

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

333 John Carlyle Street, Suite 500
Alexandria, VA 22314
+1 (703) 836-1350

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
People for the Ethical Treatment of Animals, Inc.

Opinion

We have audited the accompanying financial statements of People for the Ethical Treatment of Animals, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2025, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of People for the Ethical Treatment of Animals, Inc. as of July 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People for the Ethical Treatment of Animals, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People for the Ethical Treatment of Animals, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of People for the Ethical Treatment of Animals, 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 People for the Ethical Treatment of Animals, 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.

Sikich CPA LLC

Alexandria, Virginia
March 6, 2026

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

STATEMENT OF FINANCIAL POSITION

For the Year Ended July 31, 2025

ASSETS	
Cash and cash equivalents	$ 4,656,530
Investments	34,049,599
Accounts receivable	71,927
Inventory	215,736
Prepaid expenses	1,385,557
Prepaid hosting arrangements, net	86,662
Pledges receivable	1,227,500
Legacies receivable, net of allowance for uncollectible accounts of $2,740,352	26,988,589
Property and equipment, net	1,340,974
Operating lease right-of-use asset	3,784,427
Investments, endowment	4,104,675
Beneficial interest in perpetual trusts	658,118
Precious metals and sculptures	3,423,904
Deposits and other assets	32,880
TOTAL ASSETS	$ 82,027,078
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 1,676,023
Related party payable	4,282,448
Deferred revenue	127,175
Accrued expenses	1,322,765
Operating lease liability	3,837,085
Annuities payable	2,902,247
Total liabilities	14,147,743
NET ASSETS	
Without donor restrictions	32,076,538
With donor restrictions	35,802,797
Total net assets	67,879,335
TOTAL LIABILITIES AND NET ASSETS	$ 82,027,078

See accompanying notes to financial statements.

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Public support			
Contributions and donations	$ 23,539,039	$ 23,659,416	$ 47,198,455
In-kind contributions	4,822,343	-	4,822,343
Legacies and bequests	30,369,831	26,988,589	57,358,420
Special events, less cost of direct benefit to donors of $229,601	703,704	-	703,704
Total public support	59,434,917	50,648,005	110,082,922
Other revenue			
Merchandise sales	112,926	-	112,926
Less: Cost of sales	(82,549)	-	(82,549)
Total merchandise sales, net	30,377	-	30,377
Licensing income	344,718	-	344,718
Other income	352,264	-	352,264
Clinic service fee income	849,990	-	849,990
Net investment gain	3,521,316	283,194	3,804,510
Total other revenue	5,098,665	283,194	5,381,859
Net assets released from restrictions	21,149,063	(21,149,063)	-
Total support and revenue	85,682,645	29,782,136	115,464,781
EXPENSES			
Program services			
Public outreach and education	25,099,742	-	25,099,742
International grassroots campaigns	16,476,543	-	16,476,543
Research, investigations, and rescue	28,802,519	-	28,802,519
Cruelty-free merchandise	545,792	-	545,792
Total program services	70,924,596	-	70,924,596

(This statement is continued on the following page.)

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

STATEMENT OF ACTIVITIES (Continued)

For the Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (Continued)			
Supporting services			
Membership development	$ 11,760,552	$ -	$ 11,760,552
Management and general	1,994,912	-	1,994,912
Total supporting services	13,755,464	-	13,755,464
Total expenses	84,680,060	-	84,680,060
CHANGE IN NET ASSETS	1,002,585	29,782,136	30,784,721
NET ASSETS AT BEGINNING OF YEAR	31,073,953	6,020,661	37,094,614
NET ASSETS AT END OF YEAR	$ 32,076,538	$ 35,802,797	$ 67,879,335

See accompanying notes to financial statements.

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended July 31, 2025

	Program Services					Supporting Services			
	Public Outreach and Education	International Grassroots Campaigns	Research, Investigations and Rescues	Cruelty-Free Merchandise	Total	Membership Development	Management and General	Total Supporting Services	Total Expenses
Professional services and consultants	$ 8,045,858	$ 2,682,635	$ 11,433,895	$ 318,901	$ 22,481,289	$ 3,876,122	$ 1,032,356	$ 4,908,478	$ 27,389,767
Media and press support	7,235,121	881,058	421,133	10,049	8,547,361	1,607,567	98,660	1,706,227	10,253,588
Salaries and related expenses	5,356,940	4,990,401	8,061,330	4,976	18,413,647	23,726	27,018	50,744	18,464,391
Education and promotional costs	1,387,789	1,455,306	2,301,182	6,258	5,150,535	4,280,675	338,013	4,618,688	9,769,223
Donations to charitable organizations	21,500	4,159,619	2,669,093	5,477	6,855,689	330,190	312,426	642,616	7,498,305
Operating supplies and other expenses	870,083	547,635	603,390	49,077	2,070,185	865,343	143,586	1,008,929	3,079,114
Rent and other building expenses	522,319	327,042	400,427	58,982	1,308,770	12,779	6,676	19,455	1,328,225
Travel and transportation	310,177	456,424	401,181	785	1,168,567	23,132	3,303	26,435	1,195,002
Postage	691,035	777,862	1,224,705	90,524	2,784,126	416,961	9,222	426,183	3,210,309
Depreciation and amortization	209,557	60,519	136,526	-	406,602	5,576	12,065	17,641	424,243
Interest expense	-	-	-	-	-	186,523	-	186,523	186,523
Animal supplies and vet care	443	300	1,047,122	-	1,047,865	782	2,270	3,052	1,050,917
Telephone and misc. office expenses	448,920	137,742	102,535	763	689,960	131,176	9,317	140,493	830,453
TOTAL EXPENSES	$ 25,099,742	$ 16,476,543	$ 28,802,519	$ 545,792	$ 70,924,596	$ 11,760,552	$ 1,994,912	$ 13,755,464	84,680,060
Cost of direct benefits to donors - operating supplies and other expenses									229,601
Cost of goods sold									82,549
TOTAL FUNCTIONAL EXPENSES									$ 84,992,210
Percentage of total expenses	30%	19%	34%	1%	84%	14%	2%	16%	100%

See accompanying notes to financial statements.

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

STATEMENT OF CASH FLOWS

For the Year Ended July 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 30,784,721
Adjustments to reconcile change in net assets to cash from operating activities	
Depreciation and amortization	424,243
Loss on disposal of property and equipment	4,902
Cash in excess of lease expense	(155,216)
Non-cash contributions of securities	(3,804,510)
Change in beneficial interest in perpetual trust	(658,118)
Net realized and unrealized gains on precious metals and sculptures	(840,250)
Change in assets and liabilities	
(Increase) decrease in	
Legacies receivable	(22,939,288)
Accounts receivable	1,467,724
Pledges receivable	(215,500)
Inventory	(114,633)
Prepaid expenses	(374,699)
Deposits and other assets	(509)
Increase (decrease) in	
Accounts payable	(835,065)
Deferred revenue	127,175
Related party payable	2,466,160
Accrued expenses	(118,958)
Net cash from operating activities	5,218,179

(This statement is continued on the following page.)

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, INC.

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended July 31, 2025

CASH FLOWS FROM INVESTING ACTIVITIES	
Purchased of investments	$ (3,389,651)
Maturities and proceeds from sales of investments	474,267
Purchase of property and equipment	(353,092)
Net cash (used in) investing activities	(3,268,476)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from annuity contracts	269,415
Principal payments on annuity contracts	(366,260)
Net cash (used in) financing activities	(96,845)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,852,858
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,803,672
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 4,656,530
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS	
Cash paid during the year for interest	$ 186,523
Right-of-use assets exchanged for lease liabilities (non-cash)	$ 1,210,708
Receipt of beneficial interest in perpetual trust (non-cash)	$ 658,118

See accompanying notes to financial statements.

1. NATURE OF ORGANIZATION

Organization

People for the Ethical Treatment of Animals, Inc. (PETA or the Organization), a nonprofit organization formed in 1980, disseminates information about animal abuse, animal protection, and related subjects to the public and encourages people to make compassionate choices. PETA is a charity exempt from income tax under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

The following is a list of the various programs conducted by PETA.

Public Outreach and Information

PETA conducts informational campaigns, engages in newsgathering and reporting, and publishes materials for children, high school and college students, and educators as well as factsheets, booklets, flyers, posters, and a magazine, *PETA Global*, for the public and supporters. PETA's campaigns—which reach millions of people and receive extensive international media coverage—involve renowned celebrities, interactive social networking, website features, blog posts, and public service announcements (PSAs), which are typically placed for free in high-exposure outlets.

International Grassroots Campaigns

PETA organizes campaigns to inform the public about the abuse and killing of animals in the experimentation, food, clothing, and entertainment industries, among other types of cruelty. PETA organizes and leads thousands of demonstrations, and its members and supporters send millions of letters and social media posts through PETA's online advocacy campaigns to urge governments, companies, and individuals to make changes that benefit animals.

Research, Investigations, and Rescues

PETA actively investigates cruelty cases and conducts thorough investigations to gather evidence of legal violations. The organization takes decisive action to ensure that animal laws and regulations are enforced. PETA's dedicated fieldworkers are consistently in impoverished regions, helping dogs who are often chained or confined outdoors. The Organization's outreach extends beyond the continental U.S., emphasizing its global commitment to animal welfare.

1. NATURE OF ORGANIZATION (Continued)

Cruelty-Free Merchandise Program

PETA's Cruelty Investigations Department (CID) receives hundreds of phone calls and e-mails from caring individuals reporting cases of animal abuse every week. In an average week, caseworkers process more than 300 reports of cruelty. Caseworkers gather evidence of legal violations, testify in high-profile court cases on behalf of animals and those who protect them, handle live interviews for major media outlets, connect disadvantaged animal guardians with PETA's low-cost or no-cost spay/neuter program, provide doghouses and straw bedding to needy animals, and directly rescue old, sick, neglected, abused, and abandoned animals. CID's Emergency Response Team additionally answers thousands of calls and e-mails from around the world every year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP).

Classification of Net Assets

Net assets of the Organization are classified based on the presence 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 and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of PETA's management and the board of directors.

Net Assets With Donor Restrictions - Net assets subject to donor restrictions that either expire with the passage of time, can be fulfilled and removed by actions of the Organization pursuant to those restrictions or are required to be held in perpetuity by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all short-term investments in interest-bearing bank accounts, debt securities and other instruments having an original maturity of three months or less, to be equivalent to cash.

The Organization maintains its cash and cash equivalents at various financial institutions, which at times, may exceed federally insured limits. On July 31, 2025, the Organization's cash accounts exceeded federally insured limits by approximately $3,617,100. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Investments

The Organization generally reports its investments at fair value. The realized and unrealized gain or loss on investments is reflected in investment return on the statements of activities. Investment return is reported net of external and direct internal investment expenses.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of the risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Legacies Receivable, Net of Allowance for Uncollectible Accounts

Legacies receivable represent unconditional promises to give arising from provisions in wills and estate plans of donors. The Organization recognizes a bequest receivable when it is notified of the existence of an irrevocable and unconditional right to receive the assets, generally upon the death of the donor, and when the amount can be reasonably estimated.

Legacies receivable are recorded at present value of the amounts expected to be received, net of an allowance for amounts estimated to be uncollectible. Amounts expected to be received in more than one year are discounted using a rate that reflects management's best estimate of the risks associated with the receivable at the time of initial recognition. Subsequent changes in the estimated realizable value of legacies receivable are recognized as increases or decreases in contribution revenue in the period such revisions become known.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Legacies Receivable, Net of Allowance for Uncollectible Accounts (Continued)

Although bequests are often intended for the Organization's general use, the related contribution revenue is reported as net assets with donor restrictions due to an implied time restriction, as the resources are not available for the Organization's use until received. Upon receipt, the time restriction is considered satisfied and amounts are reclassified to net assets without donor restrictions, unless the bequest is subject to additional donor-imposed purpose restrictions.

Pledges Receivable

Pledges receivable represent unconditional promises and are carried at their net present value, net of an allowance for amounts estimated to be uncollectible.

Management evaluates the collectability of pledges receivable on a periodic basis by reviewing individual donor balances and considering factors such as the donor's financial condition and payment history. The allowance for uncollectible pledges receivable is adjusted based on these evaluations.

For the year ended July 31, 2025, no allowance for uncollectible pledges was considered necessary and no discount was recorded as the effect of discounting was immaterial to the financial statements.

Accounts Receivable

Accounts receivable are due in less than one year and stated at their net realizable value.

Allowance for Credit Losses

The Organization recognizes an allowance for expected credit losses at each statement of financial position date. The allowance is an estimate based on the analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and its reasonable and supportable expectation of future conditions. Receivables with similar risk characteristics are pooled for estimation of expected credit losses.

After all attempts to collect have failed, the receivable is written off against the allowance. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. The Organization estimates all receivables at July 31, 2025, to be collectible, therefore, no provision for credit losses has been made.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of cruelty-free merchandise available for sale. Inventory is valued at the lower of cost or net realizable value. Cost is determined by the first in, first out method.

Cruelty-free merchandise sales revenue is recognized upon shipment of goods.

Prepaid Hosting Arrangements

PETA treats cloud computing arrangements that do not include a software license as a service contract. Fees associated with the hosting element of the arrangement are expensed as incurred. Implementation costs of the arrangement are capitalized and amortized on a straight-line basis over the term of the hosting arrangement. Prepaid hosting arrangements for fiscal year ended July 31, 2025 are comprised of prepaid implementation costs on such arrangements.

Beneficial Interest in Perpetual Trusts

PETA has been named the beneficiary of a certain portion of the investment income of trusts that are to continue in perpetuity. PETA records an asset on the statement of financial position for its interest in these perpetual trusts based upon the estimated fair value of PETA's share of the perpetual trust assets as of the reporting date. When PETA is notified of an interest in a new perpetual trust or when the perpetual trust appreciates in value, that interest is recorded as an increase in net assets without donor restrictions in the statement of activities, unless use of the related assets is limited by donor-imposed stipulations. Income distributed to PETA by the perpetual trusts is recorded initially as part of net assets without donor restrictions, unless use of the related assets is limited by donor-imposed stipulations, at which time it is reported as part of net assets with donor restrictions.

PETA has also been named as the beneficiary of certain other perpetual trusts. However, based upon the conditions imposed by the related wills and trust documents, including that PETA does not have variance power over these trusts, and the uncertainty surrounding the ultimate amount, if any, that PETA will receive, these other perpetual trusts have not been recorded.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Precious Metals and Sculptures

PETA holds gold that is recorded at fair value in accordance with ASC 820, Fair Value Measurement. Fair value is determined based on quoted market prices for identical assets in active markets and is classified within Level 1 of the fair value hierarchy. Additionally, PETA holds donated sculptures that are stated at their estimated fair value at the date of receipt based on independent appraisals. As of July 31, 2025, the carrying value of gold totaled $3,331,404 and the value of the sculptures totaled $112,500. While the assets are readily marketable, the Organization does not intend to use them to fund current operations.

Property and Equipment, net

PETA capitalizes property, equipment, and betterments over $1,000 with a useful life greater than one year. Property and equipment are recorded at cost. Property and equipment donated to PETA is recorded at fair market value at the date of donation. The cost of maintenance and repairs is recorded as an expense when incurred.

PETA capitalizes certain costs of software developed for internal use when preliminary development efforts are successfully completed, management has committed project resourcing, and it is probable that the project will be completed, and the software will be used as intended. Such costs are amortized over a straight-line basis of the estimated useful life of the related asset. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred.

Depreciation is calculated using the straight-line method over estimated lives of the assets as follows:

Mobile spay / neuter clinic and other vehicles	5 to 7 years
Office furniture and equipment	3 to 7 years
Software	3 to 10 years
Buildings and improvements	7 to 40 years

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Leases with an initial lease term of 12-months or less are not recorded on the statement of financial position and lease expense is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are accounted for as a single lease component. There may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, real estate taxes and insurance that are passed on from the lessor in proportion to the space leased, are recognized as expenses in the period in which the obligation for those payments was incurred.

Charitable Gift Annuities

Under charitable gift annuity contracts, PETA receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over a stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for these gifts are measured at fair value using the present value of the future payments to be made to beneficiaries based on changes in life expectancy and other actuarial assumptions. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable Gift Annuities (Continued)

In subsequent periods, the annuity liability is reduced by payments made to beneficiaries and is remeasured at each reporting date to reflect changes in fair value, including the amortization of the discount and updates to significant actuarial assumptions. Changes in the annuity liability are recognized in the statement of activities as a change in contribution revenue. Management reviews the significant assumptions used in measuring the annuity liability at each reporting date and updates those assumptions when appropriate. Upon termination of an annuity contract, any remaining liability is extinguished and recognized as revenue.

Revenue Recognition

Contributions and Donations

Contributions received are recorded as net assets without or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted donations are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires or is otherwise met, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the barriers are overcome. For the year ended July 31, 2025 there were no conditional promises to give.

In-kind Contributions

Volunteers contribute significant amounts of time to PETA's program services, administration, and fundraising and development activities. Donated services are recognized if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and expenses and are not reported in the accompanying financial statements. The estimated fair value of donated services, materials, and use of facilities is reflected in the accompanying financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Legacies and Bequests

The Organization is the beneficiary under various wills and estate plans. Legacy and bequest revenue is recognized when the Organization has an unconditional and irrevocable right to receive the assets, generally upon the death of the donor and when the amount can be reasonably estimated. Bequests receivable are recorded at estimated net realizable value.

Although legacies and bequests are often intended for general use, the related contribution revenue is reported as net assets with donor restrictions due to an implied time restriction, as the resources are not available for use until received. Amounts are reclassified to net assets without donor restrictions upon receipt, unless subject to additional donor-imposed purpose restrictions

Special Events

The Organization generates revenue from special events that may include ticket sales, sponsorships, auctions, and contributions. Revenue from exchange portions of special events (e.g., the fair value of goods and services provided such as meals or event admission) is recognized at the point in time the event occurs, when the performance obligation is satisfied. Amounts received in advance are recorded as deferred revenue until the event takes place. The contribution portion of special event proceeds (amounts received in excess of the fair value of benefits provided) is recognized immediately upon receipt as contribution revenue.

For the year ended July 31, 2025 the cost of direct benefits to donors that participated in the Organization's fundraising events was $229,601. All other expenses related to special events are allocated to fundraising expenses.

Merchandise Sales

Revenue is recognized at the point in time the merchandise is shipped to the customer, shipping and handling is considered fulfillment activities, not a separate performance obligation. Payment is due at the time of sale, prior to the shipment of purchase and included in deferred revenue on the statements of financial position until shipped. The Organization's merchandise sales primarily includes branded apparel, drinkware, books and other items sold exclusively online.

Licensing Income

PETA generates licensing revenue from domestic and international companies that apply for the right to use the "PETA Approved Vegan" logo on their products. Licensing agreements grant the right to use the logo for a calendar year upon approval. In accordance with ASC 606, licensing revenue is recognized over the period the logo rights are provided, as this represents the continuous transfer of the licensing benefit to the customer.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Licensing Income (Continued)

Fees received for licensing agreements are prorated between fiscal years based on the portion of the licensing term that occurs within each fiscal period. Amounts collected in advance of the service period are recorded as deferred revenue and recognized as income as the performance obligations are satisfied over time based on time elapsed over the contract period.

Clinic Service Fee Income

The Organization provides spay/neuter services and vaccines through its fee-for-service clinics. Each procedure or service offered by the clinic represents a distinct performance obligation. Revenue for performance obligations is satisfied over time and is recognized based on actual charges incurred in relation to total expected (or actual) charges since they are typically completed within one visit.

The transaction price is the stated service fee, which is due at the time of service. From time to time, the Organization offers discounted pricing for those customers who are unable to pay for these services. These discounts reduce the transaction price and are recognized as a reduction of clinic service revenue when the related procedures are performed.

Disaggregation of Revenue

The following table provides disaggregation of revenue from contracts with customers based on the timing of the revenue recognition for the year ended July 31, 2025:

Point in time recognition - special events & merchandise sales	$ 342,527
Over time recognition - licensing income & clinic service fees	1,194,708
	$ 1,537,235

There are no significant judgments involved in the recognition of revenue due to the delivery of services. Various economic factors could affect the recognition of revenues and cash flows, including demand for services and licensing, ability to provide services, availability of labor, and prompt payments from private sources.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Assets and Liabilities

The timing of revenue recognition, billings and cash collections, could result in billed accounts receivable (contract assets) and deferred revenue (contract liabilities) on the statement of financial position. Deferred revenue is liquidated when services are performed or events have occurred. For licensing revenue, payment is due at the time a company enters into the licensing agreement with PETA. The balance of accounts receivable was $88,105 and the balance of deferred revenue was $182,263 as of August 1, 2024.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code as other than a private foundation. The Organization files various federal or state non-profit tax returns. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2021.

Advertising

The Organization expenses advertising costs as incurred. Total advertising expense was $6,689,982 for the year ending July 31, 2025 and is reported as media and press support on the statement of functional expenses.

Use of Estimates

The preparation of the financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The cost of providing program and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expenses	Method of Allocation
Professional services and consultants	Time and effort
Media and press support	Time and effort
Salaries and related expenses	Time and effort
Education and promotional expenses	Time and effort
Donations to charitable organizations	Time and effort
Operating supplies and other expenses	Time and effort
Rent and other building expenses	Square footage
Travel and transportation	Time and effort
Postage	Time and effort
Telephone and misc. office expenses	Time and effort

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure and other commitments, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 4,656,530
Investments	38,154,274
Accounts receivable	71,927
Legacies receivable	26,988,589
Pledges receivable	1,227,500
Beneficial interest in perpetual trusts	658,118
Total financial assets and liquid resources	71,756,938
Less: Amounts not available for general expenditure within one year, due to	
Board designated net assets	2,559,290
Donor restrictions, net of pledges receivable expected to be collected within one year	34,975,297
Total amounts not available to be used	37,534,587
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 34,222,351

The Organization considers general expenditures to be those not limited by or used to meet donor or other restrictions. As part of PETA's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, PETA invests cash in excess of daily requirements in short-term investments. Although PETA does not intend to spend from the board designated net assets, these amounts could be made available if necessary.

4. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of July 31, 2025:

Amounts due in:		
Less than one year	$	827,500
One to five years		250,000
Thereafter		150,000
TOTAL PLEDGES RECEIVABLES	$	1,227,500

5. PREPAID HOSTING ARRANGEMENTS

Prepaid hosting arrangements at July 31, 2025, consisted of the following:

Prepaid hosting arrangements	$	174,403
Less: Accumulated amortization		(87,741)
PREPAID HOSTING ARRANGEMENTS, NET	$	86,662

For the year ending July 31, 2025, there was $32,774 of amortization expense associated with prepaid hosting arrangements.

6. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

6. FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using Net Asset Value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2 or 3, but are separately reported.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended July 31, 2025.

Municipal Bonds: The municipal bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, fair values are estimated using pricing services or market indices that incorporate observable inputs such as benchmark yields, credit spreads, and issuer credit ratings.

Corporate Debt Securities: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Money Market Funds, Equity Securities, Exchange Traded Funds, Real Estate Investment Trusts (REITs), and Precious metals and sculptures: Valued at the closing quoted price in an active market.

U.S. Government Securities: U.S. Treasury bonds and notes in which the Organization invests are usually "off the run" on the measurement date. Thus, they are valued by a pricing service using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data.

6. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques (Continued)

Beneficial Interest in Perpetual Trust: Valued using the fair value of the assets held in the trust reported by the trustee as of July 31, 2025. The Organization considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

Recurring Measurements

Assets measured at fair value on a recurring basis as of July 31, 2025 are as follows:

	Level 1	Level 2	Level 3	Total
ASSETS				
Municipal bonds	$ 915,537	$ -	$ -	$ 915,537
Money market funds	397,120	-	-	397,120
Corporate debt securities	-	12,831,186	-	12,831,186
Equity securities	18,559,798	-	-	18,559,798
Exchange traded funds	103,458	-	-	103,458
U.S. government securities	-	306,282	-	306,282
Real estate investment trust	1,288,227	-	-	1,288,227
Precious metals and sculptures	3,423,904	-	-	3,423,904
Beneficial interest in perpetual trusts	-	-	658,118	658,118
TOTAL ASSETS AT FAIR VALUE	$ 24,688,044	$ 13,137,468	$ 658,118	38,483,630
Cash and cash equivalents, at cost				3,752,666
TOTAL INVESTMENTS, BENEFICIAL INTEREST IN PERPETUAL TRUSTS AND PRECIOUS METALS AND SCULPTURES				$ 42,236,296

6. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements (Continued)

The activity for the beneficial interest in perpetual trusts, which are measured at fair value on a recurring basis using significant observable inputs (Level 3 inputs), is as follows:

Balance, beginning of year	$ -
Investment return, net	-
Contributions	658,118
Distributions	-
BALANCE, ENDING	$ 658,118

The change in value of the beneficial interest in perpetual trusts is included in contributions and donations on the statement of activities.

7. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of July 31:

Mobile spay / neuter clinic and other vehicles	$ 2,270,134
Office furniture and equipment	512,366
Software	999,718
Buildings and improvements	228,441
Land	91,170
Total cost	4,101,829
Less: Accumulated depreciation and amortization	(2,760,855)
NET PROPERTY AND EQUIPMENT, NET	$ 1,340,974

Depreciation expense for the year ended July 31, 2025 was $391,469.

8. LEASES

PETA leases office space and equipment. The leases have remaining terms ranging from 2 to ten years. The following table provide quantitative information concerning PETA's leases for the year ending July 31, 2025:

Operating lease cost	$ 1,206,516
Short-term lease cost	121,043
(Gain)/loss on termination	(29,855)
TOTAL LEASE COST	$ 1,297,704

Other information related to leases for the year ending July 31 was as follows:

Operating cash flows from operating leases	$ 1,210,708
Weighted-average remaining lease term (years)	
Operating leases	6.2
Weighted-average discount rate	
Operating leases	5.81%

Future minimum lease payments under non-cancellable operating and finance leases as of July 31, 2025 were as follows:

2026	$ 984,957
2027	984,957
2028	809,385
2029	563,583
2030	127,050
Thereafter	859,400
Total future undiscounted lease payments	4,329,332
Less: Interest	(492,247)
PRESENT VALUE OF LEASE LIABILITIES	$ 3,837,085

9. NET ASSETS

Net assets without donor restrictions consist of the following as of July 31, 2025:

Board designated	
Legal fees	$ 1,000,000
Matching gift requirements	1,385,916
Endowment	173,374
Total board designated	2,559,290
Undesignated	29,517,248
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 32,076,538

Net assets with donor restrictions consist of the following as of July 31, 2025:

With donor restrictions	
Purpose restricted	
State of Florida programs	$ 2,097,676
Testing	84,130
Investigation and rescue	140,000
Vivisection	251,500
Education	363,300
PETA Science Consortium International	53,183
Other	7,500
Total purpose restricted	2,997,289
Beneficial interest in perpetual trusts	658,118
Time restricted	28,216,089
Endowment	3,931,301
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$ 35,802,797
TOTAL NET ASSETS	$ 67,879,335

Assets restricted in perpetuity were $3,779,565 as of July 31, 2025 and are included in the endowment with donor restrictions amount in the above table.

10. ENDOWMENTS

The Organization has received several gifts or endowments in which the donors have stipulated that these funds be invested and maintained in perpetuity to generate annual income to support certain activities of PETA. These funds are maintained by the Organization in various investments and the Organization is responsible for investment decisions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law Governing Endowments

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The earnings on the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Under the Organization's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve principal while earning as much income as possible assuming a low level of investing risk.

Interest, dividends and net appreciation (depreciation) in fair value of endowment funds on donor restricted endowment funds are classified as net assets with donor restrictions if the earnings are restricted by the donor for a specific purpose. Interest and dividends on donor restricted endowment funds are appropriated for distribution at the discretion of the Board of Directors. The Board of Directors does not allow spending from underwater endowment funds.

The Organization determines acceptable disbursement amounts under methods required to satisfy the expectations of the donor.

10. ENDOWMENTS (Continued)

Interpretation of Relevant Law Governing Endowments (Continued)

The endowment net asset composition by type of fund as of July 31, 2025 is as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Time or Purpose	Restricted in Perpetuity	Total
Donor restricted	$ -	$ 151,736	$ 3,779,565	$ 3,931,301
Board designated	173,374	-	-	173,374
TOTAL ENDOWMENT NET ASSETS	$ 173,374	$ 151,736	$ 3,779,565	$ 4,104,675

Changes in endowments for the year ending July 31, 2025 are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Time or Purpose	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	$ 84,308	$ 205,874	$ 3,629,616	$ 3,919,798
Contributions	-	-	-	-
Investment return, net	89,066	133,245	149,949	372,260
Appropriation of endowment assets for expenditure	-	(187,383)	-	(187,383)
ENDOWMENT NET ASSETS, END OF YEAR	$ 173,374	$ 151,736	$ 3,779,565	$ 4,104,675

Endowments are comprised of six separate endowment funds. Under the terms of the first endowment fund, 20% of the ordinary earnings from investments are permanently restricted while 35% are available for unrestricted use and the remaining 45% are donated to other organizations. Under the terms of the second endowment fund, ordinary earnings from one half of the endowment shall be used for capital expenditures. Under the terms of the third endowment earnings from investments are restricted for campaigns against animal cruelty in India. Under the terms of the fourth, 10% of the endowment earnings from investments are permanently restricted while 90% shall be used for programs to help dogs. Earnings on the remaining two endowment funds are without donor restrictions but the board has designated them for future operations.

From time to time, certain donor-restricted endowment funds may have less than the amount required to be maintained by donor or by law (underwater endowments). The Organization has no underwater endowment funds as of July 31, 2025.

11. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the year ended July 31, 2025:

	Program	Membership Development	Total
Legal services	$ 131,882	$ -	$ 131,882
Advertising	4,489,905	5,239	4,495,144
Rent	21,936	-	21,936
Goods	110,347	63,034	173,381
	$ 4,754,070	$ 68,273	$ 4,822,343

The Organization receives various items to be sold at its annual auction. Contributed auction items are valued at their estimated fair market value that they would receive for selling similar goods in their principal market. The donated goods are received without restrictions. The donated advertising services are valued based on the billing rates of the organization providing the services. The Organization receives contributed legal and advertising services and goods used for various programs benefiting animal rights.

12. RELATED PARTY TRANSACTIONS

The Foundation to Support Animal Protection ("FSAP") is a non-profit organization that supports the activities of various animal protection organizations, including PETA. FSAP and PETA are related through a single common board member.

PETA has entered into agreements to lease office space and equipment from FSAP as more fully described in Note 8. Rental payments to FSAP during fiscal year 2025 were $1,210,708. In addition, FSAP provided $22,621,803 in services to PETA during the fiscal year. At year end, PETA owed FSAP $4,433,491 and $151,043 was owed to PETA from FSAP, resulting in a related party payable of $4,282,448 as presented on the statement of financial position. A PETA director served on the Board of Directors of affiliated animal rights organizations in the United States, France, the Asia-Pacific region, the Netherlands, the United Kingdom, Germany, Australia, and Switzerland, to which PETA donated $2,384,870 of cash to assist in their operations during the fiscal year.

13. ALLOCATION OF JOINT COSTS

During the fiscal year, PETA incurred joint costs of $10,702,152 for educational material and activities that included fund-raising appeals. Based on an analysis of the content of these mailings, $4,266,702 was allocated to membership development and $6,435,450 was allocated to program expenses. Of the amount allocated to program expenses, $1,693,861 was allocated to international grass roots campaigns, $1,457,340 was allocated to public outreach and education, and $3,284,249 was allocated to research, investigations and rescue.

14. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through March 6, 2026, the date on which the financial statements were available to be issued and noted no nonrecognized subsequent events through that date.