

Buddy Dog Humane Society, Inc.

Independent Auditors' Report
and
Financial Statements
June 30, 2025



Independent Auditors' Report

To the Board of Trustees of
Buddy Dog Humane Society, Inc.

Opinion

We have audited the accompanying financial statements of Buddy Dog Humane Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buddy Dog Humane Society, Inc. as of June 30, 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 Buddy Dog Humane Society, Inc. 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 Buddy Dog Humane Society, 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 the 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 Buddy Dog Humane Society, 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 Buddy Dog Humane Society, 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.

A handwritten signature in black ink, appearing to read "Jarvis Kelly". The signature is stylized with a large, looping initial "J" and a cursive "K".

March 20, 2026

BUDDY DOG HUMANE SOCIETY, INC.

Statement of Financial Position

June 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 191,488
Investments	9,188,909
Prepaid expenses	<u>12,325</u>

Total Current Assets	<u>9,392,722</u>
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NON-CURRENT ASSETS

Capital campaign cash	20,713
Capital campaign investments	<u>2,138,335</u>

Total Non-Current Assets	<u>2,159,048</u>
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FIXED ASSETS

Land	163,898
Buildings and improvements	1,153,943
Machinery and equipment	269,578
Office furniture	102,660
Statue	825
Construction in progress	413,159
Less: accumulated depreciation	<u>(1,006,266)</u>

Net Fixed Assets	<u>1,097,797</u>
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Total Assets	<u><u>\$ 12,649,567</u></u>
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LIABILITIES AND NET ASSETS

CURRENT AND TOTAL LIABILITIES

Accounts payable	\$ 15,027
Accrued expenses	19,503
Deposits	<u>2,620</u>

Total Current and Total Liabilities	<u>37,150</u>
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NET ASSETS

Without donor restrictions	10,434,369
With donor restrictions	<u>2,178,048</u>

Total Net Assets	<u>12,612,417</u>
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Total Liabilities and Net Assets	<u><u>\$ 12,649,567</u></u>
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See accompanying notes to financial statements.

BUDDY DOG HUMANE SOCIETY, INC.

Statement of Activities For the Year Ended June 30, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Grants and contributions	\$ 678,293	\$ 19,000	\$ 697,293
Non-cash donation	11,586	-	11,586
Program fees	152,285	-	152,285
Interest and dividends	109,730	105,419	215,149
Realized and unrealized gain on investments	615,383	42,095	657,478
Miscellaneous	4,300	-	4,300
	<u>1,571,577</u>	<u>166,514</u>	<u>1,738,091</u>
Total Support and Revenue			
	<u>1,571,577</u>	<u>166,514</u>	<u>1,738,091</u>
EXPENSES			
Program services	682,182	-	682,182
Management and general	225,103	-	225,103
Fundraising	35,716	-	35,716
	<u>943,002</u>	<u>-</u>	<u>943,002</u>
Total Expenses			
	<u>943,002</u>	<u>-</u>	<u>943,002</u>
Change in Net Assets	<u>628,575</u>	<u>166,514</u>	<u>795,089</u>
Net Assets, Beginning of Year	<u>9,805,794</u>	<u>2,011,534</u>	<u>11,817,328</u>
Net Assets, End of Year	<u>\$ 10,434,369</u>	<u>\$ 2,178,048</u>	<u>\$ 12,612,417</u>

See accompanying notes to financial statements.

BUDDY DOG HUMANE SOCIETY, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 389,698	\$ 154,555	\$ 21,675	\$ 565,929
Animal food and care	99,503	-	-	99,503
Depreciation	35,773	-	-	35,773
Building occupancy	75,469	-	-	75,469
Office and transportation	<u>81,738</u>	<u>70,548</u>	<u>14,041</u>	<u>166,328</u>
Total	<u>\$ 682,182</u>	<u>\$ 225,103</u>	<u>\$ 35,716</u>	<u>\$ 943,002</u>

See accompanying notes to financial statements.

BUDDY DOG HUMANE SOCIETY, INC.

Statement of Cash Flows For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 795,089
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	14,245
Donated vehicle	(11,586)
Realized and unrealized gain on investments	(657,478)
(Increase) decrease in operating assets:	
Prepaid expenses	(4,700)
Increase (decrease) in operating liabilities:	
Accounts payable	3,111
Accrued expenses	(11,676)
Deposits	<u>(50)</u>
Net Cash Provided by Operating Activities	<u>126,955</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(2,959,650)
Proceeds from sales of investments	2,724,129
Purchase of fixed assets	<u>(13,083)</u>
Net Cash Used in Investing Activities	<u>(248,604)</u>
Net Decrease in Cash and Cash Equivalents	(121,649)

CASH, CASH EQUIVALENTS, and RESTRICTED CASH, beginning of year 333,850

CASH, CASH EQUIVALENTS, and RESTRICTED CASH, end of year \$ 212,201

SUPPLEMENTAL INFORMATION:

Non-Investing Activity	
Donated vehicle	<u>\$ 11,586</u>

See accompanying notes to financial statements.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements

June 30, 2025

1. ORGANIZATION AND PROGRAMS

ORGANIZATION

Buddy Dog Humane Society, Inc., is a 501(c)(3) humane society, shelter, and adoption center in Sudbury, Massachusetts. Founded in 1961, Buddy Dog is dedicated to finding new homes for homeless dogs and cats. Buddy Dog's main objective is "giving a new lease on life to impounded dogs and cats". Buddy Dog accepts homeless dogs and cats, in good health and of friendly disposition, which, without Buddy Dog's help, would have no place to go.

PROGRAM SERVICES

Buddy Dog provides a refuge for animals at its shelter located on Route 20 in Sudbury, Massachusetts. Buddy Dog's adoption center provides ventilated, heated/air conditioned and comfortable housing. Compassionate and competent staff and volunteers, nutritious food, veterinary care provided by a veterinarian and experienced veterinary technicians, and an in-shelter spay/neuter clinic all combine to maintain the good health and nature of the dogs and cats.

The shelter, constructed in 1976, offers its canine guests, 32 individual indoor/outdoor runs with comfortable bedding and toys, spacious fenced areas for exercise and playtime, and a separate area for puppies and small or timid dogs. The facility also includes housing for over 20 felines in a brightly lit room with picture windows for bird watching, indoor play areas (mostly used for napping) and an outdoor enclosed porch for sunbathing.

Buddy Dog's goal is to find responsible and permanent homes for all the animals in its care.

Buddy Dog's operations are funded primarily from a grants and contributions from the general public.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Buddy Dog prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

CASH AND CASH EQUIVALENTS

Buddy Dog considers all cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except cash and cash equivalents held for investments.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements (Continued)

June 30, 2025

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash, reported within the statement of financial position that sum to the totals of the same such amounts in the statement of cash flows.

Cash and cash equivalents	\$ 191,488
Capital campaign cash	<u>20,713</u>
Total cash, cash equivalents, and restricted funds, shown in the statement of cash flows	<u>\$ 212,201</u>

NET ASSETS CLASSIFICATION

Net assets of Buddy Dog are classified into two categories. The classifications are related to the existence or absence of donor-imposed restrictions 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.

Net Assets With Donor Restrictions - Net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions or net assets that must be maintained in perpetuity.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized when a donor makes a promise to give to Buddy Dog that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants and contributions received in connection with a conditional promise to give are recorded as a refundable advance (a liability) until the donor conditions have been met or explicitly waived. Grants and contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

REVENUE RECOGNITION

Program fees, consisting of adoption and spay/neuter fees, are recognized as performance obligations are met. Revenue is recognized at the time the adopted animals are delivered and spay/ neuter services provided. All amounts received prior to the performance obligation being met are deferred.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements (Continued)

June 30, 2025

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND DONATIONS

Buddy Dog receives in-kind donations in support of its operations. Donated materials, facilities and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

Buddy Dog receives a substantial amount of contributed services from volunteers and board members in carrying out its mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under U.S. GAAP.

BENEFICIAL INTEREST IN PERPETUAL TRUST

Buddy Dog is an income beneficiary of a perpetual trust, which is held by a third party. Buddy Dog is entitled to quarterly income payments of one third (1/3) of five percent (5%) of the net fair market value of the trust assets as long as it continues to be a 501(c)(3) organization. Distributions must be used for the care and feeding of animals and not for overhead or personnel costs and must be spent currently and not used for long-range projects. Buddy Dog recognizes contribution revenue when distributions are received. Distributions totaling \$8,175 were received during 2025. The assets of the trust will never be distributed to Buddy Dog. Therefore, the value of the trust is not recorded in the financial statements.

INVESTMENTS

Investments in marketable securities are recorded at fair value based on quoted market prices, in accordance with the framework for fair value measurements established by the Financial Accounting Standards Board (FASB). That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Dividends, interest, and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use. Dividends, interest, and restricted gains whose restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements (Continued)

June 30, 2025

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Buddy Dog reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Buddy Dog reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Purchased fixed assets are carried at cost. Fixed assets are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$1,000 are capitalized.

Depreciation expense for the year ended June 30, 2025 was \$30,773.

Buddy Dog reviews its building and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. If the building or equipment is impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the book value of the asset exceeds the fair value of such asset. There was no impairment loss recognized in 2025.

INCOME TAXES

Buddy Dog is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the year ended June 30, 2025 would be subject to Federal and state income taxes.

ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements (Continued)

June 30, 2025

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel, office, and transportation costs are allocated to benefitting functions based on management estimates.

3. INVESTMENTS

Investments measured at fair value on a recurring basis consisted of the following at June 30, 2025:

Unrestricted Investments	Level 1	Level 2	Level 3	Total
Stocks	\$ 5,184,347	\$ -	\$ -	\$ 5,184,347
Bonds	-	\$ 3,799,211	-	3,799,211
Investments required to be disclosed in the fair value hierarchy	<u>\$ 5,184,347</u>	<u>\$ 3,799,211</u>	<u>\$ -</u>	8,983,558
Cash and cash equivalents				<u>195,351</u>
Total unrestricted investments				<u>\$ 9,178,909</u>

Capital Campaign Investments	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 864,583	\$ -	\$ -	\$ 864,583
Stocks	220,878	-	-	220,878
Bonds	-	1,031,104	-	1,031,104
Investments required to be disclosed in the fair value hierarchy	<u>\$ 1,085,461</u>	<u>\$ 1,031,104</u>	<u>\$ -</u>	2,116,565
Cash and cash equivalents				<u>31,770</u>
Total capital campaign investments				<u>\$ 2,148,335</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025 net assets with donor restrictions were restricted for the construction of a new facility, located on land acquired adjacent to its existing shelter (\$2,159,048) and construction of a fence (\$19,000), which was constructed subsequent to year end. Funds raised by Buddy Dog's capital campaign, including earnings on such funds are restricted for the new shelter. Funds remaining after the completion of the construction of the new facility, if any, will be transferred to unrestricted operating funds.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements (Continued)

June 30, 2025

5. NON-CASH DONATION

During 2025, Buddy Dog received a donated motor vehicle valued at \$11,586 to support its operations. The donated vehicle was valued based on quoted prices for similar vehicles in the principal market, considering the vehicle's make, model, year, mileage, and overall condition at the date of contribution. Because the donated vehicle met Buddy Dog's capitalization criteria, it was recorded as fixed assets in the Statement of Financial Position at its estimated fair value on the date of donation. The donated nonfinancial asset was received without donor restrictions.

6. AVAILABILITY AND LIQUIDITY

The following represents Buddy Dog's financial assets that are available to meet general expenses within one year:

Financial assets at year end:	
Cash and cash equivalents	\$ 191,488
Investments	9,188,909
Capital campaign cash	20,713
Capital campaign investments	<u>2,138,335</u>
 Total financial assets	 <u>11,539,445</u>
 Less amounts not available for general use within one year:	
Net assets with donor restrictions	<u>2,178,048</u>
 Financial assets available to meet general expenditures over the next 12 months	 <u>\$ 9,361,397</u>

Buddy Dog's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

7. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Buddy Dog maintains accounts at financial institutions and an online payment system (PayPal). Amounts on deposit may at times exceed insured limits. At June 30, 2025, uninsured cash totaled \$22,810. Buddy Dog has not experienced any losses in its accounts. Buddy Dog believes it is not exposed to any significant credit risk on cash balances within its accounts.

Buddy Dog's investments are subject to market fluctuations. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the financial statements.

BUDDY DOG HUMANE SOCIETY, INC.

Notes to Financial Statements (Continued)

June 30, 2025

8. SUBSEQUENT EVENTS

Buddy Dog has evaluated subsequent events through March 20, 2026, which is the date the financial statements were available to be issued.