IRYNA
Accountancy Corporation

NINE LIVES FOUNDATION

(A CALIFORNIA NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2025

NINE LIVES FOUNDATION

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DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
NINE LIVES FOUNDATION

Opinion

We have audited the accompanying financial statements of NINE LIVES FOUNDATION (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 NINE LIVES FOUNDATION as of December 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 NINE LIVES FOUNDATION and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NINE LIVES FOUNDATION'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, including omissions, 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 NINE LIVES FOUNDATION'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 NINE LIVES FOUNDATION'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.

Report on Summarized Comparative Information

We have previously audited NINE LIVES FOUNDATION's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Iryna Accountancy Corporation
Oakland, California
May 8, 2026

NINE LIVES FOUNDATION

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025		2024
ASSETS				
Cash and cash equivalents	$	268,460	$	376,178
Accounts receivable		139,278		10,420
Investments		3,534,905		1,520,307
Interest receivable		9,905		-
Prepaid expenses		10,150		23,288
TOTAL CURRENT ASSETS		3,962,698		1,930,193
Property and equipment, net		466,593		72,158
Security deposits		55,094		7,200
Operating lease right-of-use assets		1,748,399		118,423
TOTAL ASSETS	$	6,232,784	$	2,127,974
LIABILITIES				
Accounts payable		159,393		75,319
Accrued compensation		29,379		82,842
Other accrued expense		13,090		12,371
Retention payable		21,507		-
Operating lease liability, current		152,153		101,401
TOTAL CURRENT LIABILITIES		375,522		271,933
Operating lease liability, noncurrent		1,716,427		22,429
TOTAL LIABILITIES		2,091,949		294,362
NET ASSETS				
Without donor restrictions		3,090,802		1,821,612
With donor restrictions		1,050,033		12,000
TOTAL NET ASSETS		4,140,835		1,833,612
TOTAL LIABILITIES AND NET ASSETS	$	6,232,784	$	2,127,974

See Independent Auditor’s Report and Accompanying Notes to Financial Statements.

NINE LIVES FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Support				
Contributions	$ 2,360,960	$ 1,043,016	$ 3,403,976	$ 1,330,519
Special event	-	22,317	22,317	15,671
In-kind donations	52,054	-	52,054	-
Revenue				
Fees for service	1,471,651	-	1,471,651	1,464,726
Investment return	163,659	-	163,659	88,239
Other	9,970	-	9,970	6,433
Net assets released from restrictions	27,300	(27,300)	-	-
TOTAL SUPPORT AND REVENUE	4,085,594	1,038,033	5,123,627	2,905,588
EXPENSES				
Program services				
Adoption shelter	685,059	-	685,059	443,397
Medical clinic	1,497,780	-	1,497,780	1,244,003
Supporting services				
Management and general	310,862	-	310,862	247,004
Fundraising	322,702	-	322,702	212,650
TOTAL EXPENSES	2,816,403	-	2,816,403	2,147,054
CHANGE IN NET ASSETS	1,269,191	1,038,033	2,307,224	758,534
NET ASSETS AT BEGINNING OF YEAR	1,821,611	12,000	1,833,611	1,075,078
NET ASSETS AT END OF YEAR	$ 3,090,802	$ 1,050,033	$ 4,140,835	$ 1,833,612

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

NINE LIVES FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025					2024
	Program		Support		Total	Total
	Adoption Shelter	Medical Clinic	Management and General	Fundraising		
Salaries and wages	$ 233,282	$ 616,155	$ 171,265	$ 144,060	$ 1,164,762	$ 866,775
Employee benefits	3,463	15,970	4,044	5,970	29,447	22,684
Payroll taxes	16,040	54,118	15,082	7,730	92,970	73,029
Legal	24,500	31,000	1,000	-	56,500	4,915
Accounting	-	-	53,206	-	53,206	27,114
Contractor	112,035	156,223	5,753	43,525	317,536	321,962
Advertising	-	26,599	16	4,895	31,510	13,834
Office expenses	45,694	51,960	35,543	47,462	180,659	127,404
Medical supplies	1,606	316,257	-	-	317,863	284,535
Adoption supplies	107,181	6,574	-	-	113,755	81,276
Occupancy	116,125	130,437	2,872	-	249,434	121,087
Special event	-	-	-	12,430	12,430	5,773
Dues, fees, and charges	8,801	37,281	4,535	20,245	70,862	71,891
IT	-	-	5,636	31,237	36,873	6,770
Depreciation	8,954	34,371	-	-	43,325	76,247
Insurance	7,331	20,793	11,860	4,071	44,055	36,713
Travel	47	42	50	1,077	1,216	5,045
TOTAL EXPENSES	$ 685,059	$ 1,497,780	$ 310,862	$ 322,702	$ 2,816,403	$ 2,147,054

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

NINE LIVES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025		2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$	2,307,224	$	758,534
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation		43,325		76,247
Contribution of donated securities (noncash)		(220,606)		-
Realized and unrealized (gain)/ loss on investments		(59,534)		(50,777)
(Increase) decrease in operating assets:				
Operating lease right-of-use assets		201,199		(118,423)
Accounts receivable		(128,859)		(10,420)
Interest receivable		(9,905)		-
Prepaid expenses		13,138		(12,198)
Security deposits		(47,894)		20
Increase (decrease) in operating liabilities:				
Accounts payable		84,074		26,093
Accrued compensation		(53,463)		47,569
Other accrued expense		719		12,164
Retention payable		21,507		-
Operating lease liability		(86,424)		123,830
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES		2,064,501		852,639
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment		(437,760)		(13,558)
Purchases of investments		(2,059,459)		(753,076)
Proceeds from sales of investments		325,000		-
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES		(2,172,219)		(766,634)
CHANGE IN CASH AND CASH EQUIVALENTS		(107,718)		86,005
CASH AND CASH EQUIVALENTS, beginning of year				
Without donor restrictions		364,178		284,173
With donor restrictions		12,000		6,000
TOTAL CASH AND CASH EQUIVALENTS, beginning of the year		376,178		290,173
CASH AND CASH EQUIVALENTS, end of year				
Without donor restrictions		268,460		364,178
With donor restrictions		-		-
TOTAL CASH AND CASH EQUIVALENTS, end of the year	$	268,460	$	376,178
Supplemental Disclosure of Noncash Investing and Financing Activities:				
Right-of-use assets obtained in exchange for new lease liabilities (operating lease)	$	1,831,173	$	-
Cash paid for operating lease	$	126,320	$	-

See Independent Auditor’s Report and Accompanying Notes to Financial Statements.

NINE LIVES FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF ACTIVITIES

NINE LIVES FOUNDATION (Nine Lives) is a California-based nonprofit public benefit corporation, incorporated on December 7, 2004. Nine Lives operates nationally and is dedicated to providing critical support for at-risk cats and kittens. Its mission includes offering affordable, compassionate veterinary care for feline companions and the individuals who care for them. Nine Lives envisions a community in which all cats and kittens are spayed or neutered and either safely sheltered or protected.

NOTE 2 – PROGRAM SERVICES

Nine Lives operates a nonprofit, no-kill shelter and a low-cost spay/neuter and medical clinic dedicated exclusively to cats and kittens. Nine Lives' core program services consist of the following:

Adoption Shelter - Nine Lives rescues cats and kittens from at-risk environments, including transfers from under-resourced and overburdened municipal shelters throughout the San Francisco Bay Area, East Bay, and Central Valley regions. Additionally, it accepts stray animals and owner surrenders. All rescued animals receive comprehensive medical care before being made available for adoption. During the year ended December 31, 2025, Nine Lives successfully placed 1174 cats and kittens in adoptive homes—an increase of 23% compared to 2024.

Medical Clinic - Nine Lives provides accessible veterinary care through a high-volume, low-cost spay/neuter clinic. Services are available to the public, over 50 foster-based rescue partners, and through its Trap-Neuter-Return (TNR) program for feral cats. In addition to sterilization, Nine Lives offers low-cost vaccinations, microchipping, and other veterinary services. During the year ended December 31, 2025, Nine Lives performed 6,518 spay/neuter surgeries. It also administered over 10,000 vaccines and implanted 3,000 microchips. Based on internal demographic analysis, more than 30% of cats treated at the clinic reside in low-income ZIP codes, underscoring Nine Lives' role as a vital community resource.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Nine Lives considers all cash accounts with a maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Nine Lives is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701(d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income.

Prepaid Expenses

Prepaid expenses are amortized over the period of future benefit.

Contributions and Contributions Receivable

Contributions are recognized as revenue when received or when an unconditional promise to give is made. They are classified as either with donor restrictions or without donor restrictions based on the existence and nature of donor-imposed stipulations. Support with donor restrictions is reported as an increase in net assets with donor restrictions. When a restriction expires—through the passage of time or fulfillment of purpose—amounts are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Conditional promises to give are not recognized until the conditions are substantially met. Contributions receivable are recorded at unpaid balances, net of an allowance for doubtful accounts. Nine Lives uses the allowance method based on prior experience and management's review of specific outstanding pledges. There were no outstanding contributions receivable as of December 31, 2025.

Accounts Receivable

Accounts receivable consists primarily of amounts due to Nine Lives from the provision of medical services, including spay and neuter procedures, low-cost vaccinations, microchipping, and other veterinary services rendered through Nine Lives' clinic. These receivables are recorded at their net realizable value and are expected to be collected in the normal course of operations.

Property, Equipment and Depreciation

Nine Lives capitalizes all acquisitions of property and equipment with a cost of $2,500 or more, as well as expenditures for repairs, maintenance, or improvements that significantly extend the useful life of the related asset. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as contributions without restrictions unless the donor specifies a particular purpose for the asset.

Contributions of cash or other assets that are restricted by the donor for the acquisition of property and equipment are reported as net assets with donor restrictions. In the absence of explicit donor stipulations regarding the duration for which the donated assets must be maintained, restrictions are considered to expire when the assets are placed into service. At that time, Nine Lives reclassifies the related net assets from with donor restrictions to without donor restrictions.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

Nine Lives estimates the fair value of financial instruments using the following methods and assumptions: the carrying amounts of cash, contributions and accounts receivable, prepaid expenses, deposits, accounts payable, accrued expenses, and other current liabilities approximate fair value due to their short-term maturities. Long-term receivables and payables also approximate fair value, as they accrue or bear interest at rates aligned with prevailing market conditions.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Nine Lives applies a three-level hierarchy to measure fair value:

Level 1 – Based on unadjusted quoted prices in active markets for identical assets or liabilities. Valuation does not require significant judgment.
Level 2 – Based on quoted prices for similar assets or liabilities in active or inactive markets, corroborated by observable market data.
Level 3 – Based on unobservable inputs significant to the fair value measurement and reflect Nine Lives' best estimate of market participant assumptions.

As of December 31, 2025, Nine Lives' assets measured at fair value were as follows:

	Fair Value	Level 1
Cash and cash investments	$ 1,463,518	$ 1,463,518
Fixed income	580,104	580,104
Mutual funds	305,919	305,919
Exchange Traded Funds (ETFs)	1,185,364	1,185,364
Total	$ 3,534,905	$ 3,534,905

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standards Board. Nine Lives is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment. There were no board-designated endowment net assets as of December 31, 2025.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions that were perpetual in nature as of December 31, 2025.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Nine Lives recognizes revenue on the accrual basis of accounting. Service income is recognized in the period in which the services are provided. Grants are recognized as revenue when awarded in writing, provided they are not conditional. Nine Lives' primary sources of revenue are contributions and fees for services.

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—those that include a measurable performance or other barrier and a right of return—are not recognized until the conditions are met. As of December 31, 2025, Nine Lives had no conditional contributions contingent on a performance or an event.

Leases

Nine Lives uses Accounting Standards Codification ("ASC") 842, "Leases" ("ASC 842") to account for leases. Nine Lives made a policy election not to separate non-lease components from lease components, therefore, Nine Lives accounts for lease and non-lease components as a single lease component. Nine Lives elected the short-term lease recognition exemption for all leases that qualify. Nine Lives determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether Nine Lives has the right to direct the use of an identified asset in exchange for consideration. Right-of-use ("ROU") assets represent Nine Lives' right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability amount, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is a risk-free discount rate, which is determined using a period comparable with the lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, noncurrent on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Nine Lives.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative way Nine Lives delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on management's best estimate.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Nine Lives generally does not conduct fundraising activities in conjunction with its other activities.

The main categories of expenses are allocated as follows:

Expense	Method of Allocation
Salaries, wages and related	Time and effort
Contractor	Time and effort
Office expense	Function and usage
Medical supplies	Direct program activity
Adoption supplies	Direct program activity
Occupancy	Function and usage
Dues, fees, and charges	Function and usage

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2025 was $31,510.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects Nine Lives' financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions:

Cash and cash equivalents	$	268,460
Accounts receivable		139,278
Investments		3,534,905
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		(615,313)
Financial assets available for general expenditure within one year	$	3,327,330

$3,327,330 in financial assets are available to cover Nine Lives' liquidity needs. Nine Lives has a goal to maintain sufficient financial assets on hand to meet the total of next fiscal year's projected management/general and fundraising expenses, which are expected to be approximately $633,564 (based on the total supporting expenses for the year ended December 31, 2025).

Based on projected estimates, Nine Lives has sufficient liquid assets to cover its liquidity needs for the next twelve months.

NOTE 5 – CONCENTRATION OF CREDIT RISK

In accordance with FASB ASC 825, Nine Lives discloses concentrations of credit risk arising from financial instruments. Nine Lives' primary exposure relates to temporary cash investments, which may, at times, exceed federally insured limits. As of December 31, 2025, Nine Lives held an uninsured bank balance of $250.

As of December 31, 2025, Nine Lives holds certain financial assets in brokerage accounts in Charles Schwab. Brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000. As of December 31, 2025, the total uninsured amount by SIPC was $3,034,905; however, Charles Schwab provides additional insurance programs for its clients up to $600 million.

NOTE 6 – CONTINGENCIES

Contracts and grants awarded to Nine Lives are subject to the terms, conditions, and regulations established by the respective funding agencies. These agreements specify the criteria under which expenditures may be charged and are subject to audit to ensure compliance with those requirements. From time to time, such audits may result in findings that certain costs incurred do not meet the allowable criteria. In those instances, Nine Lives may be required to repay disallowed costs or could experience a reduction in future funding.

Management believes that all expenditures made during the year were in compliance with applicable terms and does not anticipate any material questioned costs related to contracts and grants administered during the period.

NOTE 7 – INVESTMENTS

Nine Lives maintains a diversified investment portfolio in accordance with its board-approved investment policy, which aims to preserve capital, generate income, and support long-term growth. Nine Lives holds moderate risk tolerance.

As of December 31, 2025 investment return for the year ended December 31, 2025, are as follow:

Interest and dividends	$	94,220
Accrued interest		9,905
Realized gain / (loss)		119,932
Unrealized gain / (loss)		(60,398)
Total investment return	$	163,659

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions and grants that are restricted by donors for specific purposes or time periods. The composition and changes in these net assets for the year ended December 31, 2025, are as follows:

Purpose of restriction		12/31/2024		Additions		Releases		12/31/2025
Medical equipment purchases	$	6,000	$	6,000	$	(6,000)	$	6,000
Furever Home Campaign		6,000		1,038,033		-		1,044,033
Saving felines in Hayward		-		21,300		(21,300)		-
Total	$	12,000	$	1,065,333	$	(27,300)	$	1,050,033

NOTE 9 – CAPITAL CAMPAIGN

Nine Lives has signed a lease on a new building in Redwood City, CA which commenced on July 15, 2025 to replace two facilities which expired on March 31, 2026. Remodeling of the building occurred during 2025, with the facility projected to open in early 2026. Furever Home Campaign is underway to raise funds for the remodel, move, and additional equipment for the new building. This move consolidates the Nine Lives' programs into a single location and provide considerable additional space to grow existing programs and add new programs. Goals for the new building include increasing spay/neuter capacity to 10,000 surgeries and the number of cats rescued to 2,000 per year by 2028, offering community engagement and education programs, increasing access to wellness care for owned and community cats, and positioning the Nine Lives as a hub for feline care in the Bay Area and beyond. For the year ended December 31, 2025, related retention payable to contractors is $21,507.

NOTE 10 – SPECIAL EVENT

On July 26, 2025, Nine Lives hosted an event titled *The Great Catsby* to raise funds for the Furever Home capital campaign, with a total of 52 attendees.

On March 23, 2025, Nine Lives held a *Wine Tasting* event with 29 attendees, aimed at engaging supporters in discussions about the new facility, future plans, and the capital campaign.

No tickets were sold for either event; however, donations were collected.

Revenue and expenses related to the events are summarized as follows:

Total revenue	$	22,317
Total expenses	$	12,430

NOTE 11 – ACCRUED VACATION

Accrued vacation represents unpaid employee vacation benefits earned but not yet taken and is recorded as a liability based on accrued hours and current pay rates. As of December 31, 2025, accrued vacation totaled $22,978 and is included in accrued compensation on the statement of financial position.

Sick leave benefits are accrued by employees but are not vested. Since payment of unused sick leave is not probable, no liability is recognized. Sick leave is expensed in the period it is used.

NOTE 12 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2025 are summarized as follows:

Furniture, fixture, and equipment	$	119,632
Leasehold improvements		873,184
Less accumulated depreciation		(526,223)
Property and equipment, net	$	466,593

Depreciation expense for the year ended December 31, 2025 was $43,325.

NOTE 13 – CONTRIBUTIONS IN-KIND

Donated services are recognized as contributions if they (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased by Nine Lives.

During the year ended December 31, 2025, Nine Lives received approximately 43,655 volunteer hours from 350 individuals supporting activities such as cat care, adoption processing, veterinary assistance, cleaning, donor communication, tech support, and Board service. These services did not meet the recognition criteria under FASB ASC 958-605-25-16 and, therefore, are not reflected in the accompanying statement of activities.

Nine Lives received in-kind legal services totaling 110.4 hours during the year ended December 31, 2025. Based on an estimated hourly rate of $453, the total value of these services was $50,000, allocated as follows: $24,500 to the Adoption Shelter program, $24,500 to the Medical Clinic program, and $1,000 to Management and General expenses. In addition, Nine Lives received supplies and goods valued at $2,054, which were estimated based on market prices at the date of the donation from eBay.

NOTE 14 – ALLOWANCE FOR CREDIT LOSSES AND BAD DEBT POLICY

Nine Lives maintains its receivables at net realizable value, which includes an allowance for credit losses. The allowance for credit losses is established through a provision for credit losses charged to expense. Management estimates the allowance based on historical experience, current conditions, and reasonable and supportable forecasts about future collectability. Receivables are written off when management determines they are uncollectible. Recoveries of receivables previously written off are recorded when received. Nine Lives adopted FASB ASC 326, Financial Instruments — Credit Losses and has applied the current expected credit loss (CECL) model to its financial assets measured at amortized cost, including grants and contributions receivable. The adoption of this standard did not have a material impact on Nine Lives' financial statements.

NOTE 15 – OPERATING LEASES

Nine Lives leases three office spaces located in Redwood City, California, under noncancelable operating lease agreements. Rent expense under these lease agreements is recognized on a straight-line basis over the terms of the leases. Nine Lives has determined to not include any option to extend in the calculation because it is not probable that the options will be executed. Two leases are scheduled to expire on March 31, 2026, and one new lease agreement commenced on July 15, 2025, and will expire in February 2033.

The new operating lease agreements include lease incentives, primarily in the form of rent-free periods at the beginning of an 8-month period. These incentives are reflected in the measurement of the related right-of-use assets and lease liabilities and are recognized as a reduction of lease expense on a straight-line basis over the lease terms.

Management applied judgment in determining the lease term used to recognize lease costs, including the inclusion of rent-free periods within the lease term. Lease expense presented in the statement of activities includes the effects of these incentives.

Nine Lives' right-of-use assets and lease liabilities were as follows:

Operating lease right-of-use assets	$	1,748,399
Operating lease liability, current	$	152,153
Operating lease liabilities, noncurrent		1,716,427
Total operating lease liabilities	$	1,868,580

NOTE 15 – OPERATING LEASES (continued)

Nine Lives' scheduled maturities of the lease liabilities were as follows:

	2026	$	229,498
	2027		294,548
	2028		303,385
	2029		312,486
	2030		321,861
After 2030			730,166
Total lease liabilities			2,191,944
Less amount representing interest			(323,364)
Total undiscounted lease payments		$	1,868,580

Additional information related to leases was as follows:

Weighted-average lease term - offices	7.08 years
Weighted-average discount rate	4.22%

Total long-term lease expense was $249,434 for the year ended December 31, 2025.

NOTE 16 – RELATED PARTIES TRANSACTIONS

During the year ended December 31, 2025, a member of the Board of Directors contributed $101,833 to Nine Lives. Such contribution is included in contributions revenue in the accompanying statement of activities.

NOTE 17 – RETIREMENT PLAN

Nine Lives offers CalSavers, with no employer matching contributions. All employees are eligible to participate.

NOTE 18 – SUBSEQUENT EVENTS

On March 30, 2026, Nine Lives relocated its operations to a new facility on Brewster Ave, Redwood City. This event occurred subsequent to year-end and relates to conditions that did not exist as of December 31, 2025; therefore, no adjustment has been made to the accompanying financial statements.

Occupancy of the new facility in 2026 satisfied certain donor-imposed restrictions related to facility use. As a result, net assets with donor restrictions will be released to net assets without donor restrictions in the subsequent fiscal period. Because the triggering event occurred after December 31, 2025, no reclassification has been reflected in the accompanying financial statements.

The relocation to the new Brewster facility is expected to allow for an expansion of Nine Lives' program services beginning in 2026. This expansion represents a condition that arose after year-end and has not been recognized in the December 31, 2025 financial statements.

Management has evaluated subsequent events through May 8, 2026, the date the financial statements were available to be issued. Based on this review, no events requiring adjustment to the financial statements were identified, nor have any other material subsequent events occurred that warrant further disclosure.

IRYNA ACCOUNTANCY CORPORATION
1000 Broadway 200-C
Oakland, CA 94607
(510) 467-9506 Tel
(510) 280-9756 Fax
info@irynacpa.com
www.irynacpa.com