NATIONAL DISASTER SEARCH DOG FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

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CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Disaster Search Dog Foundation

Opinion

We have audited the financial statements of National Disaster Search Dog Foundation (the Foundation), which comprise the statement of financial position as of September 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 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 (GAAS). 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 the 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the September 30, 2024, financial statements have been restated to correct various misstatements. Our opinion is not modified with respect to this matter.

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 the Foundation's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

Green Hasson & Janks LLP

May 13, 2026
Los Angeles, California

NATIONAL DISASTER SEARCH DOG FOUNDATION

STATEMENT OF FINANCIAL POSITION
September 30, 2025

ASSETS

Cash	$	646,030
Investments		12,030,130
Contributions Receivable		303,259
Prepaid Expenses and Other Assets		493,727
Property and Equipment (Net)		26,488,593
TOTAL ASSETS	$	39,961,739

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable and Accrued Expenses	$	439,913
Note Payable		905,478
TOTAL LIABILITIES		1,345,391
NET ASSETS:		
Without Donor Restrictions		38,323,503
With Donor Restrictions		292,845
TOTAL NET ASSETS		38,616,348
TOTAL LIABILITIES AND NET ASSETS	$	39,961,739

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL DISASTER SEARCH DOG FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	$ 6,101,353	$ 215,000	$ 6,316,353
Investment Return (Net)	933,382	-	933,382
In-Kind Contributions	159,536	-	159,536
Other Income	76,926	-	76,926
Net Assets Released from Donor Restrictions	230,347	(230,347)	-
TOTAL REVENUE AND SUPPORT	7,501,544	(15,347)	7,486,197
EXPENSES:			
Program Services	6,080,253	-	6,080,253
Management and General	817,826	-	817,826
Fundraising	809,085	-	809,085
TOTAL EXPENSES	7,707,164	-	7,707,164
CHANGE IN NET ASSETS	(205,620)	(15,347)	(220,967)
Net Assets - Beginning of Year (as Restated)	38,529,123	308,192	38,837,315
NET ASSETS - END OF YEAR	$ 38,323,503	$ 292,845	$ 38,616,348

NATIONAL DISASTER SEARCH DOG FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2025

	Program Services						
	Canine Recruitment and Training	Search Team Training and Support	Canine Lifetime Placement	Total Program Services	Management and General	Fundraising	Total
Personnel costs	$ 1,686,931	$ 508,430	$ 743,543	$ 2,938,904	$ 546,389	$ 697,995	$ 4,183,288
Depreciation	492,430	148,415	217,047	857,892	9,963	22,576	890,431
National Training Center	450,960	135,916	198,768	785,644	18,764	18,764	823,172
Canine Medical Care	66,530	441,075	35,331	542,936	-	-	542,936
Supplies, Equipment and Other Operational Costs	172,945	49,850	53,499	276,294	194,502	24,258	495,054
Search Team Assistance and Grants	-	205,685	-	205,685	-	-	205,685
In-Kind Expense	81,995	24,713	36,141	142,849	15,495	1,192	159,536
Outreach and Marketing	77,241	23,848	27,719	128,808	6,318	42,201	177,327
Travel, Lodging and Expert Instructors	11,353	115,718	7,636	134,707	-	-	134,707
Other Employee and Volunteer Costs	26,844	8,091	11,832	46,767	26,395	2,099	75,261
Other Canine Costs	19,767	-	-	19,767	-	-	19,767
TOTAL FUNCTIONAL EXPENSES	$ 3,086,996	$ 1,661,741	$ 1,331,516	$ 6,080,253	$ 817,826	$ 809,085	$ 7,707,164

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL DISASTER SEARCH DOG FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ (220,967)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	890,434
Loss on Write-Off of Uncollectible Pledges Receivable	44,355
Unrealized Gains on Investments	(532,362)
Realized Gain on Sale of Investments	(127,198)
Loss on Disposal of Property and Equipment	5,380
Decrease in:	
Contributions Receivable	886,937
Prepaid Expenses and Other Assets	3,652
Decrease in:	
Accounts Payable and Accrued Expenses	(37,887)
NET CASH PROVIDED BY OPERATING ACTIVITIES	912,344
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Sale of Investments	1,179,260
Interest and Dividends Reinvested	(350,892)
Purchase of Investments	(533,908)
Purchase of Property and Equipment	(534,483)
NET CASH USED IN INVESTING ACTIVITIES	(240,023)
CASH FLOWS FROM FINANCING ACTIVITY:	
Payments on Note Payable	(240,000)
NET INCREASE IN CASH	432,321
Cash - Beginning of Year (As Restated)	213,709
CASH - END OF YEAR	$ 646,030

NOTE 1 - NATURE OF OPERATIONS

National Disaster Search Dog Foundation (the Foundation), a 501(c)(3) nonprofit corporation located in Santa Paula, California, an organization formed under the laws of the State of California has a mission to produce the most highly trained canine disaster search teams to respond to disasters and missing person scenarios in the nation. The Foundation accomplishes its mission by providing education, training and guidance to the dogs and handlers. Funding comes from contributions, grants, and program revenue from community members, corporations and foundations. Funds are also raised through fundraisers and special events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The Foundation’s financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.

- **Net Assets With Donor Restrictions.** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions 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 donor restrictions.

(c) CASH

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Sales and purchases of securities are recorded on trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return (net) in the statement of activities and represent the change in the difference between the cost and current market quotations of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(e) CONTRIBUTIONS RECEIVABLE

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recorded at fair value, and in the case of pledges, are recorded at the net present value of their estimated future cash flows.

The Foundation evaluated the collectability of pledges receivable at September 30, 2025 based on historical collection trends, type of donor, the age of outstanding receivables and existing economic conditions, and determined no reserve for uncollectible amounts is necessary. Contributions receivable are expected to be collected in their entirety within one year.

(f) BEQUESTS

From time-to-time, the Foundation is named as a beneficiary in a bequest. Bequest revenue is typically recognized when the probate process is complete, the Foundation is notified of its entitlement, and the amount can be reasonably estimated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation is computed using the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to $1,500 and the useful life is greater than one year.

The estimated useful lives are as follows:

Land Improvements	5-15 Years
Equipment, Furniture and Fixtures	2-10 Years
Buildings and Improvements	39 Years
Automobiles	3-10 Years

(h) LONG-LIVED ASSETS

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended September 30, 2025.

(i) IN-KIND CONTRIBUTIONS

In-kind contributions of donated non-cash assets or services are recorded at their fair value in the period received and expensed when utilized. Estimated fair value is determined based on appraisals, other objective bases, or in certain circumstances, management’s best estimate of fair value. In-kind contributions are not sold but rather used for the Foundation’s operations.

In-kind contributions that consist of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In-kind contributions of property and equipment are reported without donor-imposed restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported with donor-imposed restrictions. Gifts of long-lived assets are recognized at fair value at the date of gift.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) IN-KIND CONTRIBUTIONS (continued)

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor-imposed restrictions when the donated or acquired long-lived assets are placed in service.

A substantial number of volunteers have donated significant amounts of their time to the Foundation. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

(j) INCOME TAXES

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, the Foundation recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended September 30, 2025, the Foundation performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the financial statements, or which might have an effect on its tax-exempt status.

(k) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Foundation's programs and other activities have been presented in the statement of functional expenses. Where practicable, expenses are directly charged to the program activities or supporting service categories. Costs that are not specifically identifiable within the functional expense categories are allocated on a reasonable basis that is consistently applied. Facility-related costs are allocated based on square footage and functional use. Personnel and certain other costs are allocated based on the proportionate number of employees in each program or supporting activity. Other costs are allocated based on the nature of the expense and the relative benefit provided to each functional category.

(l) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to the statement of financial position date of September 30, 2025, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 13, 2026, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as disclosed in Note 4.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Foundation’s investments that are measured at fair value on a recurring basis at September 30, 2025, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	At September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	$ 860,188	$ 860,188	$ -	$ -
Government Securities	589,859	589,859	-	-
Corporate Fixed Income	3,753,918	3,753,918	-	-
Domestic Equities	5,297,635	5,297,635	-	-
International Equities	1,528,530	1,528,530	-	-
	$ 12,030,130	$ 12,030,130	$ -	$ -

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2025 consist of the following:

Buildings	$ 20,170,398
Land Improvements	6,570,277
Land	4,573,360
Office Equipment	644,859
Automobiles	531,716
Construction-In-Progress	506,114
Equipment	434,053
Furniture and Fixtures	301,035
TOTAL	33,731,812
Less: Accumulated Depreciation	(7,243,219)
TOTAL PROPERTY AND EQUIPMENT (NET)	$ 26,488,593

Depreciation expense for the year ended September 30, 2025 was $890,434.

Construction-in-progress at September 30, 2025 consists of solar panels and associated batteries (the project). Total estimated costs to complete the project are approximately $225,000, with completion expected in September 2026.

Subsequent to year-end, in November 2025, the Foundation received an associated rebate of $247,191 for the project, which is not included in the accompanying financial statements.

NOTE 5 - NOTE PAYABLE

In February 2008, the Foundation acquired vacant land for the construction of its National Training Center. The purchase was financed with a note payable to the seller in the amount of $3,000,000. The note is secured by the property and accrues interest at 4.5% simple interest per annum, which is forgiven annually at the lender's discretion. The note has an outstanding balance at September 30, 2025 of $905,478. This note is expected to be repaid through monthly payments of $20,000 plus accrued interest over the next four years, with maturity in July 2029.

Payments of principal are scheduled to be paid as follows:

Years Ending September 30:	
2026	$ 240,000
2027	240,000
2028	240,000
2029	185,478
	$ 905,478

NOTE 6 - LINE OF CREDIT

The Foundation has a revolving line of credit with a bank, secured by substantially all the assets of the Foundation. Interest is variable at the prime rate per annum less 0.75% with a minimum stated interest rate of 2.5% per annum. The line of credit is evergreen and therefore does not have a maturity date. At September 30, 2025 there were no draws on the line of credit and available credit was $2,600,000. The prime rate at September 30, 2025 was 7.25%, and the applicable line of credit interest rate was 6.50%.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2025 net assets with donor restrictions consist of the following:

Healthcare	$	115,000
Time Restriction		100,000
National Training Facility		45,000
Canine Training		32,845
TOTAL	$	292,845

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the year ended September 30, 2025:

Satisfaction of Purpose Restrictions:		
Healthcare	$	100,000
Canine Training		65,719
Handlers Fund		50,000
National Training Facility		14,628
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	$	230,347

NOTE 8 - IN-KIND CONTRIBUTIONS

During the year ended September 30, 2025, in-kind contributions were comprised of the following:

Category	Valuation	Description		Amount
Program	Vendor Quote	Transportation	$	45,129
Program	Vendor Quote	Professional Services		71,506
Program	Vendor Quote	Supplies		26,214
Management and General	Vendor Quote	Various		15,495
Fundraising	Vendor Quote	Various		1,192
TOTAL IN-KIND CONTRIBUTIONS			$	159,536

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Foundation maintains a 401(k) employee benefit plan (the plan) for eligible full-time and part-time employees and provides matching contributions up to a maximum of 3.5% of eligible compensation. An employee is eligible to join the plan after reaching the age of 21 and having completed three months of service with the Foundation. The Foundation may also make an annual discretionary profit-sharing contribution for eligible employees. For the year ended September 30, 2025, the Foundation's matching contribution was $73,182.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Foundation at September 30, 2025 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at September 30, 2025:	
Cash	$ 646,030
Investments	12,030,130
Contributions Receivable	303,259
Less: Donor Restricted Funds and Time Restricted Contributions Receivable	(292,845)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 12,686,574

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation also has a line of credit facility of $2,600,000 that it could draw upon in the event of unanticipated liquidity needs.

NOTE 11 - PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2025, the Foundation determined that certain asset, liability and net asset accounts were incorrectly stated as of September 30, 2024 due to the timing of recognition of certain bequest gifts, incorrect accounting for accrued payroll, and misclassification of cash and investments. The following table summarizes the effects of the corrections on the financial statements as of October 1, 2024:

	Balance as Previously Reported	Adjustment	Balance as Restated
Statement of Financial Position			
Total Net Assets, Beginning of Year	$ 38,448,410	$ 388,905	$ 38,837,315
Net Assets Without Donor Restrictions, Beginning of Year	38,140,218	388,905	38,529,123
Cash, Beginning of Year	366,366	(152,657)	213,709
Statement of Activities			
Change in Net Assets, Year Ended September 30, 2024	$ 1,499,952	$ 388,905	$ 1,888,857