

Animal Legal Defense Fund

June 30, 2025

Financial Statements

Animal Legal Defense Fund

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Independent Auditors' Report

THE BOARD OF DIRECTORS
ANIMAL LEGAL DEFENSE FUND
Sacramento, California

Opinion

We have audited the financial statements of **ANIMAL LEGAL DEFENSE FUND (the Organization)**, which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net assets, 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 Organization 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 Organization'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 Organization'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 the Organization's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
November 5, 2025

Animal Legal Defense Fund

Statement of Financial Position

<i>June 30, 2025 (with comparative totals for 2024)</i>	2025	2024
Assets		
<hr/>		
Cash and cash equivalents	\$ 2,385,789	\$ 3,646,319
Accounts and grants receivable, net	998,205	1,283,989
Bequests receivable	1,883,146	1,152,587
Investments	17,295,839	15,532,172
Prepaid expenses and other assets	901,916	593,728
Property and equipment, net	1,327,182	1,379,966
<hr/>		
Total assets	\$ 24,792,077	\$ 23,588,761
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Liabilities and Net Assets		
<hr/>		
Liabilities:		
Accounts payable and accrued expenses	\$ 290,096	\$ 602,963
Accrued payroll and related expenses	961,346	1,062,288
Grants payable, net	467,983	693,170
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Total liabilities	1,719,425	2,358,421
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Net Assets:		
Without donor restrictions:		
Board-designated:		
Operating reserve	4,781,095	
Quasi-endowment		8,247,742
Designated for programs	2,373,909	1,707,820
Undesignated	13,966,323	9,946,417
<hr/>		
Total without donor restrictions	21,121,327	19,901,979
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With donor restrictions	1,951,325	1,328,361
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Total net assets	23,072,652	21,230,340
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Total liabilities and net assets	\$ 24,792,077	\$ 23,588,761
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See accompanying notes to the financial statements.

Animal Legal Defense Fund

Statement of Activities and Changes in Net Assets

Year ended June 30, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Grants and contributions	\$ 8,908,958	\$ 3,055,022	\$ 11,963,980	\$ 10,542,104
Bequests and estates	4,445,288	578,473	5,023,761	5,955,051
In-kind contributions	2,719,342		2,719,342	3,359,333
Attorney awards and settlements	329,111		329,111	156,681
Investment income, net	1,736,238		1,736,238	1,439,121
Other income	250,878		250,878	341,363
Net assets released from restrictions	3,010,531	(3,010,531)	-	-
 Total revenue and support	 21,400,346	 622,964	 22,023,310	 21,793,653
 Expenses:				
Program services:				
Legal program	12,189,231		12,189,231	12,688,136
Public education	2,832,044		2,832,044	2,870,187
Supporting services:				
General and administration	2,006,833		2,006,833	1,534,032
Fundraising	3,152,890		3,152,890	3,151,643
 Total expenses	 20,180,998	 -	 20,180,998	 20,243,998
 Change in Net Assets	 1,219,348	 622,964	 1,842,312	 1,549,655
 Net Assets, beginning of year	 19,901,979	 1,328,361	 21,230,340	 19,680,685
 Net Assets, end of year	 \$ 21,121,327	 \$ 1,951,325	 \$ 23,072,652	 \$ 21,230,340

See accompanying notes to the financial statements.

Animal Legal Defense Fund

Statement of Functional Expenses

Year ended June 30, 2025 (with comparative totals for 2024)

	Program Services			Supporting Services			2025 Total	2024 Total
	Legal Program	Public Education	Total Programs	General and Administration	Fundraising	Total Supporting Services		
Salaries, payroll taxes and benefits	\$ 6,722,584	\$ 950,523	\$ 7,673,107	\$ 1,841,423	\$ 1,482,978	\$ 3,324,401	\$ 10,997,508	\$ 10,503,403
Legal fees - pro bono	2,719,342		2,719,342			-	2,719,342	3,359,333
Program legal fees and grants	979,010	1,090	980,100	8,319	1,433	9,751	989,851	1,158,243
Professional services	681,110	207,464	888,574	90,450	766,798	857,248	1,745,822	1,950,495
Printing and publications	9,166	783,516	792,682	87	143,793	143,880	936,562	914,711
Advertising and marketing	40,161	33,838	73,999	188	2,958	3,146	77,145	115,758
Dues and subscriptions	159,765	95,187	254,952	16,532	155,195	171,727	426,679	343,732
Postage and delivery	8,759	727,812	736,571	519	386,059	386,578	1,123,149	952,499
Insurance	103,048	9,491	112,539	9,455	12,481	21,936	134,475	111,731
Equipment, maintenance, rental	146,868	9,224	156,092	9,189	12,129	21,318	177,410	103,687
Rent and occupancy	40,000	6,264	46,264	5,432	8,245	13,677	59,941	71,095
Travel, conventions and meetings	531,448	1,485	532,933	18,381	37,376	55,757	588,690	477,682
Depreciation	34,415	5,548	39,963	5,526	7,295	12,821	52,784	56,041
Bank charges and merchant fees	3,513		3,513	986	120,684	121,670	125,183	97,978
Taxes, licenses and other expenses	10,042	602	10,644	346	15,466	15,812	26,456	27,610
Total expenses	\$ 12,189,231	\$ 2,832,044	\$ 15,021,275	\$ 2,006,833	\$ 3,152,890	\$ 5,159,722	\$ 20,180,997	\$ 20,243,998

See accompanying notes to the financial statements.

Animal Legal Defense Fund

Statement of Cash Flows

<i>Year ended June 30, 2025 (with comparative totals for 2024)</i>	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,842,312	\$ 1,549,655
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on long-term receivables and grants payable	(46,228)	(33,590)
Depreciation	52,784	56,041
Net realized and unrealized gain on investments	(1,152,052)	(936,874)
Changes in assets and liabilities:		
Accounts and grants receivable	136,778	38,777
Bequest receivable	(730,559)	513,379
Prepaid expenses and other assets	(96,574)	219,827
Accounts payable and accrued expenses	(312,867)	(25,341)
Accrued payroll and related expenses	(100,942)	158,342
Grants payable	(241,567)	(234,530)
Net cash (used) provided by operating activities	(648,915)	1,305,686
Cash Flows from Investing Activities:		
Purchases of investments	(661,867)	(1,342,868)
Proceeds from sales of investments	50,252	81,067
Net cash used by investing activities	(611,615)	(1,261,801)
Change in Cash and Cash Equivalents	(1,260,530)	43,885
Cash and Cash Equivalents, beginning of year	3,646,319	3,602,434
Cash and Cash Equivalents, end of year	\$ 2,385,789	\$ 3,646,319

See accompanying notes to the financial statements.

Animal Legal Defense Fund

Notes to the Financial Statements

Note 1 - Nature of Organization:

Animal Legal Defense Fund (the Organization) was established in 1979 as a nonprofit association. The Organization was later incorporated in May of 1984 as a California tax-exempt, nonprofit public benefit corporation. The Organization is a national organization dedicated to the protection of animals and the establishment of their legal rights. Its mission statement is "To protect the lives and advance the interests of animals through the legal system."

The Organization accomplishes its mission through its legal and public education programs by filing high-impact lawsuits to protect animals from harm, providing free legal assistance and training to prosecutors to assure that animal abusers are held accountable for their crimes, supporting tough animal protection legislation and fighting legislation harmful to animals, and providing resources and opportunities to law students and professionals to advance the emerging field of animal law. The program departments work to protect animals by:

- Filing groundbreaking lawsuits to stop animal abuse and expand the boundaries of animal law.
- Advocating for stronger federal, state, and local animal protection laws, and against laws that run counter to the interests of animals.
- Providing free legal assistance to prosecutors handling cruelty cases.
- Working to strengthen state anti-cruelty statutes.
- Enforcing existing animal protection laws.
- Nurturing the future of animal law through the Organization's network of Student Animal Legal Defense Fund chapters in law schools throughout the country.
- Providing public education through seminars, workshops and other outreach efforts.
- Maintaining relationships with attorneys and law firms throughout the country that provide free legal resources to the Organization.

Note 2 - Summary of Significant Accounting Policies:

Basis of Presentation

The Organization prepares its financial statements using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the Organization presents information regarding its net assets and activities according to two classes of net assets:

Animal Legal Defense Fund

Notes to the Financial Statements

Net Assets Without Donor Restrictions – the portion of net assets that is not subject to time or donor-imposed restrictions and is available at the discretion of the Organization. The Board of Directors (the Board) has designated \$4,781,095 of net assets without donor restrictions as a operating reserve (see Note 8) and \$2,373,909 for program expenses to be incurred in fiscal year ending June 30, 2026.

Net Assets With Donor Restrictions – the portion of net assets that is restricted due to either a time restriction on when the asset may be spent, a purpose restriction imposed by a donor that is not yet completed, or donor endowed funds that must be maintained in perpetuity. The Organization does not hold net assets that are required to be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except for money market accounts held within investment accounts which are held for investment purposes (Note 4).

Investments

Investments are reported at fair value. Investments include money market funds, equities, corporate bonds, certificates of deposit, and mutual funds. Investments received through gifts are recorded at estimated fair value on the date of contribution. Gains and losses that result from market fluctuations are recognized in the Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

Fair Value Measurements

The Organization carries certain assets and liabilities at fair value. 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. Fair value measurement standards also require the Organization to classify these financial instruments into a three-level hierarchy. The Organization classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted market prices included within Level 1 such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in inactive markets.

Level 3 – Unobservable inputs for assets or liabilities that are uncorroborated by market data.

Animal Legal Defense Fund

Notes to the Financial Statements

Revenue Recognition

Grants and contributions are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair value on the date the donation is made.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions expected to be collected in future years, including future interests in trusts, are recorded at the present value of estimated future cash flows. Discounts on the future interests are calculated using a rate equal to the approximate investment return applicable to the year in which the unconditional promise is received. The Organization estimates the allowance for uncollectible contributions on an annual basis based on past collection experience and current economic conditions. No allowance was considered necessary at June 30, 2025.

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. As of June 30, 2025, the Organization has two conditional grants for a total of approximately \$1,054,000, for which future payments are contingent upon meeting specific milestones.

The Organization is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts are recognized in the Organization's financial statements as bequests receivable when clear title is established and the proceeds are measurable.

The Organization classifies gifts of cash and other assets as support with restrictions if received with donor stipulations that limit the use of the contributions. When such donor restrictions expire, that is, when stipulated or implied time restrictions end or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value on the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Useful lives range from three to thirty-nine years.

Animal Legal Defense Fund

Notes to the Financial Statements

Donated Materials and Services

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions of \$2,719,342 consisted of legal services for the Organization's legal program and have been recorded in the statement of functional expenses. The value is based on market rates typically charged by attorneys in the normal course of business for similar services.

Volunteers contribute significant amounts of time to the Organization which includes administration, fundraising, and development activities. However, the value of these services is not reflected in these statements because the criteria for recognition of volunteers have not been satisfied.

Grants Awarded

Grants awarded as an unconditional promise to give are accrued as a liability and expensed when approved. Grant cancellations or unspent funds are recorded in the year cancelled or the funds are returned. Grants payable represent the present value of grants to be paid in the future. The discount on those amounts is computed using market interest rates applicable in the year in which the promise is approved. Amortization of the discount is included in grant expense. At June 30, 2025, the Organization had one grant payable totaling \$505,092, of which \$248,814 was payable in less than a year and \$256,278 in two to three years. The Organization recorded the grant at the net present value of \$467,983 as of June 30, 2025.

Joint Costs

The Organization incurred allocable joint costs of \$2,089,183 for informational material and activities that also included fundraising appeals during the year ended June 30, 2025. Of those costs, \$543,872 were allocated to fundraising expense and \$1,545,311 were allocated to Public Education, respectively. These allocations were based on analysis of the costs pertaining to the underlying direct program and fundraising expenses which were associated with various mailings.

Allocation of Functional Expense

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses such as salaries and wages have been allocated based on time and effort using the organization's payroll allocations. Other expenses, such as professional services and other direct costs, have been charged to the specific activity for which the services were received from vendors. Indirect costs from administrative departments are allocated across the total organization based on budgeted headcounts for all departments including the administrative departments.

Animal Legal Defense Fund

Notes to the Financial Statements

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Information and Reclassifications

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024 from which the summarized information is derived.

Certain reclassifications have been made to the 2024 financial statements in order to conform to the 2025 presentation. These reclassifications had no impact on net assets or the change in net assets.

Tax Exempt Status

The Organization has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Contributions to the Organization are deductible as allowed under the applicable tax code.

As of June 30, 2025, management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Subsequent Events

The Organization evaluated subsequent events with respect to the financial statements for the fiscal year ended June 30, 2025 through November 5, 2025, the date these financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Animal Legal Defense Fund

Notes to the Financial Statements

Note 3 - Accounts and Grants Receivables:

Accounts and grants receivable were anticipated to be collected as follows at June 30, 2025:

Less than one year	\$ 621,420
Two to five years, net discount of \$74,788	<u>376,785</u>
Total	\$ 998,205

Note 4 - Investments and Fair Value Measurements:

Cash and cash equivalents	\$ 83,365
Equities:	
Exchange traded funds	3,065,549
Mutual funds	2,461,378
Technology	1,873,805
Other	934,195
Financial	800,095
Consumer growth	491,593
Fixed Income:	
Exchange traded funds	7,144,131
Corporate bond	<u>441,728</u>
Total	\$ 17,295,839

Investment income, net consisted of the following for the year ended June 30, 2025:

Net realized and unrealized gain	\$ 1,152,052
Interest and dividends	647,732
Less investment management fees	<u>(63,546)</u>
	\$ 1,736,238

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

Animal Legal Defense Fund

Notes to the Financial Statements

Fair Value Measurement:

Investments held at year end include money market funds, equities, fixed income products, and exchange-traded funds that are held at fair value and are classified on the fair value hierarchy as Level 1. Corporate bonds are classified as Level 2.

Note 5 – Prepaid Expenses and Other Assets:

Prepaid expenses and other assets consisted of the following at June 30, 2025:

Prepaid expenses	\$ 527,450
Gift annuity receivables	211,614
Charitable remainder trust	155,816
Other	<u>7,036</u>
	<hr/>
	\$ 901,916

Note 6 - Property and Equipment:

Property and equipment consisted of the following at June 30, 2025:

Land	\$ 281,988
Office building and improvements	1,583,533
Furnishings and equipment	143,398
Website and software	<u>171,123</u>
	<hr/>
	2,180,042
<u>Less: accumulated depreciation</u>	<u>(852,860)</u>
	<hr/>
	\$ 1,327,182

Depreciation expense was \$52,784 for the year ended June 30, 2025.

Animal Legal Defense Fund

Notes to the Financial Statements

Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions were as follows as of June 30, 2025:

Animal law programs	\$ 1,112,908
Farmed animal welfare	138,816
Criminal justice programs	89,144
Litigation	131,970
Other purposes	111,057
Time restriction	<u>367,430</u>
	<u><u>\$ 1,951,325</u></u>

Net assets were released from restrictions as follows during the year ended June 30, 2025:

Animal law programs	\$ 714,679
Farmed animal welfare	329,528
Criminal justice programs	348,579
Litigation	1,379,742
Other purposes	<u>238,003</u>
	<u><u>\$ 3,010,531</u></u>

Note 8 - Operating Reserve:

In October 2024, the Board elected to terminate the Organization's quasi-endowment that had a \$8,247,742 balance at June 30, 2024, and created a board-designated operating reserve in its place. The organization defines Board-designated operating reserves as the portion of "net assets without donor restrictions" that the Board has designated for use to sustain financial operations in the event of significant unbudgeted increases in operating expenses and or losses in operating revenues.

As part of the dissolution of the quasi-endowment, the Organization also reduced the balance to fit its new policy and designated amount for operational use. The Board has established a goal of maintaining a minimum Board-designated reserve of three months of budgeted expenses, less depreciation or \$4,781,095 as of June 30, 2025.

Animal Legal Defense Fund

Notes to the Financial Statements

Note 9 - Availability of Financial Assets and Liquidity:

The Organization's financial assets that are available to meet general expenditures over the next twelve months were as follows:

Financial assets at June 30, 2025:

Cash and cash equivalents	\$ 2,385,789
Accounts and grants receivable	998,205
Bequest receivable	1,883,146
Investments	17,295,839
Other assets - charitable gifts	367,429
Total financial assets	22,930,408
Less amounts not available to be used within one year:	
Board-designated operating reserve	(4,781,095)
Long-term receivables	(376,785)
Net assets with donor restrictions	(1,574,540)
Add:	
Net assets with purpose and time restrictions expected to be used within one year	1,081,070
Total financial assets unavailable	(5,651,350)
Financial assets available to meet general expenditures over the next twelve months	\$ 17,279,058

The Organization receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Board of Directors designated \$2,373,909 of net assets to be utilized in programs during the year ending June 30, 2026.

Animal Legal Defense Fund

Notes to the Financial Statements

Note 10 - Retirement Plans:

The Organization offers eligible employees the opportunity to participate in a salary reduction retirement plan (with an Employer match of up to 5%) qualified under Internal Revenue Code Section 401(k). The Plan covers all eligible employees of the Organization and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and, as such, has been amended periodically to comply with changes made to ERISA through 2015. Employees are 100% vested in their accounts. Employer contributions to the plan amounted to \$319,532 for the year ended June 30, 2025.

Note 11 - Concentrations of Risk:

The Organization has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash, investments, and receivables.

The Organization maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits.

Receivables consist primarily of unsecured amounts due from foundations and individuals. The credit risk associated with the receivables from individuals is substantially mitigated by the large number of entities and individuals comprising the receivable balance.

Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. To address the risk of investments, the Organization maintains a formal investment policy that sets out performance criteria, investment and asset allocation guidelines and requires review of the investment managers' performance.

Note 12 - Collective Bargaining Agreement:

On November 2, 2023, ALDF entered into agreement with Nonprofit Professional Employees Union, IFPTE Local No. 70 of the International Federation of Professional and Technical Engineers, AFL-CIO (the Union), where 40% of its employees are members of the Union. ALDF's contract with the Union expires on October 13, 2026.

Animal Legal Defense Fund

Notes to the Financial Statements

Note 13 - Affiliated Organization:

In 2018, under the direction of the Organization's Board of Directors, the Organization assisted in establishing Animal Legal Defense Legislative Fund ("ALDLF"), a 501(c)(4) organization incorporated in Delaware. ALDLF is a nonprofit organization incorporated and operated exclusively for lobbying and legislative activities. ALDLF is not considered part of the Organization's reporting entity because the Organization does not have both control and an economic interest in ALDLF. Control is construed to mean majority control of the Board of Directors. Economic interest indicates either residual interest in ALDLF or some form of material financial support.

The Organization provides support services according to the cost-sharing agreement under which ALDLF reimburses the Organization for its portion of operating expenses.