Brother Wolf Animal Rescue, Inc.

Independent Auditors' Report
and Financial Statements

Year Ended December 31, 2025



CORLISS & SOLOMON
PLLC

Certified Public Accountants

Brother Wolf Animal Rescue, Inc.

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CORLISS & SOLOMON PLLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brother Wolf Animal Rescue, Inc.
Asheville, NC

Opinion

We have audited the accompanying financial statements of Brother Wolf Animal Rescue, Inc. (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 disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brother Wolf Animal Rescue, Inc. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brother Wolf Animal Rescue, Inc. 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 Brother Wolf Animal Rescue, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 Brother Wolf Animal Rescue, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brother Wolf Animal Rescue, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Corliss & Solomon, PLLC

Asheville, North Carolina
October 9, 2026

Brother Wolf Animal Rescue, Inc.

Statement of Financial Position

As of December 31, 2025

Assets		
Current Assets		
Cash and Cash Equivalents	$	1,424,097
Investments		14,924,819
Grants and Contributions Receivable		402,587
Inventory		9,489
Prepaid Expenses		32,579
Sales Tax Receivable		9,377
Other Assets		39,789
Total Current Assets		16,842,737
Long-Term Assets		
Property and Equipment, Net		2,272,412
Total Long-Term Assets		2,272,412
Total Assets	**$**	**19,115,149**
Liabilities and Net Assets		
Liabilities		
Accounts Payable	$	23,188
Accrued Wages and Payroll Liabilities		46,792
Accrued Vacation		6,972
Total Liabilities		76,952
Net Assets		
Without Donor Restrictions		16,585,278
With Donor Restrictions		2,452,919
Total Net Assets		19,038,197
Total Liabilities and Net Assets	**$**	**19,115,149**

The accompanying notes are an integral part of these financial statements.

Brother Wolf Animal Rescue, Inc.

Statement of Activities

Year Ended Decmber 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 3,346,433	$ 669,615	$ 4,016,048
Grants	55,000	858,194	913,194
Program Service Revenue	55,775	-	55,775
Retail Sales	15,495	-	15,495
Sponsorship	20,632	-	20,632
Investment Activity, Net	664,798	-	664,798
In Kind Contributions	70,703	-	70,703
Other Income	10,848	-	10,848
Net Assets Released from Restrictions	3,019,322	(3,019,322)	-
Total Revenue and Support	**7,259,006**	**(1,491,513)**	**5,767,493**
Expenses			
Program Services	1,506,911	-	1,506,911
Management and General	213,603	-	213,603
Fundraising	432,844	-	432,844
Total Expenses	**2,153,358**	**-**	**2,153,358**
Change in Net Assets	5,105,648	(1,491,513)	3,614,135
Net Assets, Beginning of Year	11,479,630	3,944,432	15,424,062
Net Assets, End of Year	**$ 16,585,278**	**$ 2,452,919**	**$ 19,038,197**

The accompanying notes are an integral part of these financial statements.

Brother Wolf Animal Rescue, Inc.

Statement of Functional Expenses

Year Ended Decmber 31, 2025

	Program	Management and General	Fundraising	Total
Salaries	$ 721,702	$ 138,409	$ 128,522	$ 988,633
Payroll Taxes	53,145	10,192	9,464	72,801
Employee Benefits	27,639	3,764	5,614	37,017
Employment Expenses	2,466	2,352	619	5,437
Total Personnel Expense	804,952	154,717	144,219	1,103,888
Advertising	-	-	15,665	15,665
Bank and Merchant Fees	3,272	-	29,449	32,721
Capital Campaign	37,038	-	6,122	43,160
Contract Labor	3,544	16,147	2,305	21,996
Dues, Licenses and Permits	3,992	222	222	4,436
Fundraising Expenses	-	-	187,653	187,653
Information Technology	10,867	1,686	19,339	31,892
Insurance	16,156	7,379	1,208	24,743
Office Supplies and Equipment	4,492	759	1,076	6,327
Occupancy Costs	8,552	19	6,725	15,296
Printing and Postage	4,241	1,414	8,483	14,138
Professional Services	1,045	6,972	1,940	9,957
Program Costs				
Stay Together	177,338	-	-	177,338
Animal Care Supplies & Expenses	92,350	-	-	92,350
Medical Supplies & Expenses	206,298	-	-	206,298
Retail Merchandise and Supplies	8,321	-	-	8,321
Seminars and Education	16,586	3,365	4,087	24,038
Staff Appreciation	-	14,140	-	14,140
Telephone and Communications	2,512	157	471	3,140
Travel and Meals	5,178	225	225	5,628
Subtotal Expenses	1,406,734	207,202	429,189	2,043,125
Depreciation	27,526	-	-	27,526
Loss on Sale of Property	12,004	-	-	12,004
In Kind Contributions Utilized	60,647	6,401	3,655	70,703
Total Expenses	**$ 1,506,911**	**$ 213,603**	**$ 432,844**	**$ 2,153,358**

The accompanying notes are an integral part of these financial statements.

Brother Wolf Animal Rescue, Inc.

Statement of Cash Flows

Year Ended December 31, 2025

Cash Flows from Operating Activities		
Change in Net Assets	$	3,614,135
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation		27,526
Donated Stock		(101,430)
Loss on Sale of Property		12,004
Investment Activity, Net		(664,798)
(Increase)/Decrease in Operating Assets		
Grants and Contributions Receivable		2,179,834
Inventory		(9,489)
Prepaid Expenses		(17,871)
Sales Tax Receivable		955
Other Assets		(25,350)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable		(39,937)
Accrued Wages and Payroll Liabilities		9,267
Accrued Vacation		(729)
Net Cash Provided by Activities		4,984,117
Cash Flows from Investing Activities		
Purchase/Sales of Investments, Net		(2,639,617)
Purchase of Property and Equipment		(2,290,916)
Net Cash Used by Investing Activities		(4,930,533)
Net Change in Cash and Cash Equivalents		53,584
Cash and Cash Equivalents, Beginning of Year		1,370,513
Cash and Cash Equivalents, End of Year	**$**	**1,424,097**

The accompanying notes are an integral part of these financial statements.

Brother Wolf Animal Rescue

Disclosures to the Financial Statements

Year Ended December 31, 2025

1. ***Description of the Organization, Corporate and Tax-Exempt Status***

Brother Wolf Animal Rescue, Inc. (BWAR) is a non-profit, charitable organization that was established in 2007. Brother Wolf's mission is to enhance the lives of companion animals and the people who love them. Through adoption and pet retention programs, lifesaving shelter transfer partnerships, community support programs, and extensive volunteer and foster networks, Brother Wolf impacts the lives of hundreds of animals each year in the Western North Carolina region. Brother Wolf envisions a community where all companion animals are valued, cared for and thriving, and where lives are enriched by the special bond between people and animals.

Corporate and Tax-Exempt Status

Brother Wolf Animal Rescue was incorporated in 2007 as a not-for-profit corporation under the laws of the state of North Carolina under the name of Brother Wolf Canine Rescue, Inc. and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is classified as a publicly supported organization under Section 509(a)(1). The organization receives its support principally through contributions and grants.

2. ***Summary of Significant Accounting Policies***

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

Net Assets With Donor Restrictions - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents
The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentration of Credit Risk
Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed FDIC federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments
The organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, net of investment expenses.

Contributions and Grants Receivable
Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

Property and Equipment
Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The organization has adopted a capitalization threshold of $10,000 per item. Expenses for repairs and maintenance that do not improve or extend the life of an asset are expensed as incurred.

Contributions and Grants
Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met.

Program Service Revenue
In accordance with U.S. GAAP, the organization follows ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Program service revenue includes income from adoption services.

Leases
The organization follows (ASU) *No. 2016-02 Leases* (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The adoption can have a material impact on the organization's statement of financial position but does not have a material impact on the statement of activities and cash flows.

In-Kind Contributions
The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

Fair Value Measurements
Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

Level 1 – (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.

Level 2 – inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

Level 3 – inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

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

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions
BWAR is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2025 and was, therefore, not required to file Federal

Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

3. *Liquidity and Availability*

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

As of December 31:	2025
Financial Assets at Year End:	
Cash and Cash Equivalents	$ 1,424,097
Grants and Contributions Receivable	402,587
Investments	14,924,819
Financial assets available to meet general expenditures over the following year	16,751,503

The organization's primary sources of liquidity are cash flows from investment activity and contributions. Financial assets available for general expenditure within three months consist of cash and cash equivalents. Management believes that available financial assets, together with anticipated operating revenues, are sufficient to meet the organization's operating needs for at least one year from the date of the statement of financial position.

4. *Cash and Cash Equivalents*

Cash and cash equivalents held at two financial institutions as of December 31, 2025, are summarized below.

Checking Accounts	$ 1,316,251
Savings Account	107,846
Total Cash and Cash Equivalents	$ 1,424,097

As of December 31, 2025 the organization exceeded the FDIC federally insured limit in cash accounts by $750,656. Management believes the organization is not exposed to any significant credit risk on its cash balances.

5. *Investments*

The organization's investment activities for the year ended December 31, 2025 are summarized as follows:

Balance as of December 31, 2024	$ 11,518,974
Current Year Activity:	
Contributions/Transfers	5,276,430
Investment Income and Interest	546,255
Investment Gains/(Losses)	118,943
Management Fees	(400)
Withdrawal	(2,535,383)
Balance as of December 31, 2025	$ 14,924,819

The organization's investment allocations as of December 31, 2025 are as follows:

Investment Type		
Fixed Income	$	14,914,348
Cash		586
Equity		9,885
Total Investments	$	14,924,819

6. *Grants and Contributions Receivable*

The contributions and grants receivable balance was $402,587 as of December 31, 2025. Management believes all amounts are fully collectible, and all receipts are expected to occur in the following year. As such, no allowance for doubtful accounts or discount to present value is considered necessary.

7. *Property and Equipment*

Property and equipment consist of the following as of December 31, 2025:

As of December 31:		2025
Land	$	2,069,984
Building		10,000
Furniture and Equipment		69,708
Vehicles		70,468
Construction in Progress		75,755
Less: Accumulated Depreciation		(23,503)
Property and Equipment, Net	$	2,272,412

Depreciation expense was $27,526 for the year ended December 31, 2025.

During 2025, the Organization purchased a lot for $2,079,984 to establish a low-cost spay/neuter clinic as Phase II of their rebuilding plans in the wake of Helene.

8. *Net Assets With Donor Restrictions*

Net assets with donor restrictions were available for the following purposes as of December 31, 2025:

As of December 31:		2025
Administrative	$	37,800
Capital Campaign		1,604,643
Interim Location		105,000
Medical Care and Supplies		457,863
Stay Together		222,613
Vehicle		25,000
Total Net Assets With Donor Restrictions	$	2,452,919

9. *Program Service Revenue*

Program service revenue related to adoption fees was $55,775 for the year ended December 31, 2025.

10. *In-Kind Contributions*

Total in-kind contributions for the year ended December 31, 2025, are summarized as follows:

As of December 31:	2025
Medical/Animal Supplies	$ 5,409
Veterinary Services	26,968
Rent	28,284
Other	10,042
Total In-Kind Contributions	$ 70,703

Utilized goods estimated fair value is based on wholesale value estimates that would be received for selling similar products in the United States. Contributed Services were utilized by the Organization's programs and the estimated fair value is based on current rates for similar services.

11. *Volunteers*

BWAR makes extensive use of volunteers to carry out its programs. For the year ended December 31, 2025, active volunteers contributed 29,309 hours, with a total value of $1,059,227 based on a rate of $36.14 per hour, a rate provided annually by the organization Independent Sector. The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition in income.

12. *Fair Value Measurements*

Fair value of assets measured on a recurring basis on December 31, 2025 are as follows:

		Fair Value Measurements at		
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Investments	14,924,819	14,924,819	-	-
Grants and Contributions Receivable	402,587	-	-	402,587
Total	$ 15,327,406	$ 14,924,819	$ -	$ 402,587

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Grants and Contributions Receivable
December 31, 2024	$ 2,582,421
Additions	1,227,453
Collections	(3,407,287)
December 31, 2025	$ 402,587

13. *Subsequent Events*

Subsequent events have been evaluated through October 9, 2026, which is the date the financial statements were available to be issued.

In April 2026, the organization purchased a property and an adjacent land lot totaling $2,207,893 to establish an Adoption Center as Phase I of their rebuilding plans in the wake of Helene.