

**Farm Sanctuary, Inc. and Subsidiary**

Consolidated Financial Statements

December 31, 2024 and 2023



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Farm Sanctuary, Inc. and Subsidiary

### **Opinion**

We have audited the accompanying consolidated financial statements of Farm Sanctuary, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Farm Sanctuary, Inc. and Subsidiary as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 Farm Sanctuary, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Farm Sanctuary, Inc.'s ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Farm Sanctuary, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Farm Sanctuary, 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.

*Armanino LLP*

Los Angeles, California

October 21, 2025

Farm Sanctuary, Inc. and Subsidiary  
Consolidated Statements of Financial Position  
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,314,116	\$ 2,079,991
Credit card receivables	121,754	186,712
Investments	915,024	800,000
Other receivables	33,722	30,835
Unconditional promises to give, current	960,350	861,925
Merchandise inventory	140,168	168,369
Prepaid expenses and other current assets	271,892	210,516
Total current assets	3,757,026	4,338,348
Non-current assets		
Investments	7,215,836	7,104,926
Investments held for endowment	12,572,445	11,837,876
Unconditional promises to give, noncurrent	448,840	210,006
Restricted cash	111,809	24,078
Deposits	2,500	4,250
Property and equipment, net	6,910,352	7,323,240
Total non-current assets	27,261,782	26,504,376
Total assets	\$ 31,018,808	\$ 30,842,724
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 383,958	\$ 331,352
Accrued expenses and other current liabilities	770,560	723,531
Charitable gift annuity obligations, current	18,120	14,845
Deferred revenue	14,792	22,510
Revolving line of credit	2,534,486	2,504,861
Total current liabilities	3,721,916	3,597,099
Charitable gift annuity obligations, noncurrent	155,728	127,760
Total liabilities	3,877,644	3,724,859
Net assets		
Without donor restrictions		
Undesignated	5,142,580	6,945,832
Board-designated	20,302,044	19,369,390
Total without donor restrictions	25,444,624	26,315,222
With donor restrictions	1,696,540	802,643
Total net assets	27,141,164	27,117,865
Total liabilities and net assets	\$ 31,018,808	\$ 30,842,724

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

Farm Sanctuary, Inc. and Subsidiary  
Consolidated Statement of Activities  
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue, investment returns, and other revenues			
Public support			
Grants and contributions	\$ 9,381,155	\$ 1,740,805	\$ 11,121,960
Bequests	1,983,943	-	1,983,943
In-kind contributions	131,919	-	131,919
Charitable gift annuities	-	11,715	11,715
Net assets released from restrictions	<u>858,623</u>	<u>(858,623)</u>	<u>-</u>
Total public support	<u>12,355,640</u>	<u>893,897</u>	<u>13,249,537</u>
Merchandise sales	265,412	-	265,412
Educational programs and events	411,279	-	411,279
Net investment return	1,878,951	-	1,878,951
Change in value of charitable gift annuity obligations	(33,816)	-	(33,816)
Other revenue	<u>59,637</u>	<u>-</u>	<u>59,637</u>
Total	<u>2,581,463</u>	<u>-</u>	<u>2,581,463</u>
Total public support, revenue, investment returns, and other revenues	<u>14,937,103</u>	<u>893,897</u>	<u>15,831,000</u>
Functional expenses			
Program services			
Rescue Shelter and Adoption	6,185,424	-	6,185,424
Education and Outreach	2,408,210	-	2,408,210
Advocacy and Action	<u>1,420,416</u>	<u>-</u>	<u>1,420,416</u>
Total program services	<u>10,014,050</u>	<u>-</u>	<u>10,014,050</u>
Support services			
Management and general	2,494,831	-	2,494,831
Fundraising	<u>3,298,820</u>	<u>-</u>	<u>3,298,820</u>
Total support services	<u>5,793,651</u>	<u>-</u>	<u>5,793,651</u>
Total functional expenses	<u>15,807,701</u>	<u>-</u>	<u>15,807,701</u>
Change in net assets	(870,598)	893,897	23,299
Net assets, beginning of year	<u>26,315,222</u>	<u>802,643</u>	<u>27,117,865</u>
Net assets, end of year	<u>\$ 25,444,624</u>	<u>\$ 1,696,540</u>	<u>\$ 27,141,164</u>

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

Farm Sanctuary, Inc. and Subsidiary  
Consolidated Statement of Activities  
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue, investment returns, and other revenues			
Public support			
Grants and contributions	\$ 7,794,356	\$ 1,491,757	\$ 9,286,113
Bequests	3,444,113	-	3,444,113
In-kind contributions	274,332	-	274,332
Charitable gift annuities	-	10,819	10,819
Net assets released from restrictions	<u>1,318,784</u>	<u>(1,318,784)</u>	<u>-</u>
Total public support	<u>12,831,585</u>	<u>183,792</u>	<u>13,015,377</u>
Merchandise sales	337,003	-	337,003
Educational programs and events	414,122	-	414,122
Net investment return	2,441,567	-	2,441,567
Change in value of charitable gift annuity obligations	(12,769)	-	(12,769)
Other revenue	<u>46,194</u>	<u>-</u>	<u>46,194</u>
Total	<u>3,226,117</u>	<u>-</u>	<u>3,226,117</u>
Total public support, revenue, investment returns, and other revenues	<u>16,057,702</u>	<u>183,792</u>	<u>16,241,494</u>
Functional expenses			
Program services			
Rescue Shelter and Adoption	5,840,766	-	5,840,766
Education and Outreach	2,526,820	-	2,526,820
Advocacy and Action	<u>1,702,554</u>	<u>-</u>	<u>1,702,554</u>
Total program services	<u>10,070,140</u>	<u>-</u>	<u>10,070,140</u>
Support services			
Management and general	3,078,524	-	3,078,524
Fundraising	<u>2,756,075</u>	<u>-</u>	<u>2,756,075</u>
Total support services	<u>5,834,599</u>	<u>-</u>	<u>5,834,599</u>
Total functional expenses	<u>15,904,739</u>	<u>-</u>	<u>15,904,739</u>
Change in net assets	152,963	183,792	336,755
Net assets, beginning of year	<u>26,162,259</u>	<u>618,851</u>	<u>26,781,110</u>
Net assets, end of year	<u>\$ 26,315,222</u>	<u>\$ 802,643</u>	<u>\$ 27,117,865</u>

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

Farm Sanctuary, Inc. and Subsidiary  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2024

	Program Services				Support Services		Total
	Rescue Shelter and Adoption	Education and Outreach	Advocacy and Action	Total Program Services	Management and General	Fundraising	
Salaries and related expenses							
Salaries and wages	\$ 2,808,553	\$ 1,368,098	\$ 431,239	\$ 4,607,890	\$ 1,302,314	\$ 1,334,684	\$ 7,244,888
Payroll taxes	228,359	106,750	30,726	365,835	101,446	99,618	566,899
Employee benefits	260,191	141,711	46,609	448,511	183,585	119,866	751,962
Bonuses	14,544	-	-	14,544	-	-	14,544
Workers' compensation insurance	<u>17,686</u>	<u>9,702</u>	<u>3,266</u>	<u>30,654</u>	<u>10,726</u>	<u>8,056</u>	<u>49,436</u>
Total salaries and related expenses	3,329,333	1,626,261	511,840	5,467,434	1,598,071	1,562,224	8,627,729
Advertising and public engagement	-	23,988	22,513	46,501	356	-	46,857
Animal care and rehabilitation	1,035,189	-	-	1,035,189	-	-	1,035,189
Bank charges and other fees	8	43,827	-	43,835	180,891	157,586	382,312
Depreciation and amortization	509,158	-	-	509,158	169,671	-	678,829
Dues and subscriptions	1,426	1,787	336	3,549	2,429	1,358	7,336
Education programs and events	-	55,769	-	55,769	-	2,604	58,373
Employee recruiting, retention, and training	5,660	3,352	42,000	51,012	87,982	795	139,789
Equipment and supplies	78,301	222,737	111	301,149	5,277	1,856	308,282
Grants	23,608	-	10,002	33,610	-	-	33,610
Insurance	349,745	-	-	349,745	65,390	-	415,135
Miscellaneous	5,333	31	30	5,394	2,961	1,399	9,754
Postage and processing	136	10,252	401,875	412,263	2,898	707,351	1,122,512
Printing	-	16,564	121,070	137,634	457	223,998	362,089
Professional and other outside services	33,075	242,687	282,764	558,526	216,044	553,877	1,328,447
Rent	-	810	-	810	(942)	-	(132)
Repairs and maintenance	173,090	707	-	173,797	-	-	173,797
Taxes and licenses	96,322	1,769	-	98,091	4,896	25	103,012
Technology and communications	383,395	138,023	23,004	544,422	107,540	67,213	719,175
Travel and meals	26,572	19,577	4,871	51,020	38,354	18,532	107,906
Utilities	<u>135,073</u>	<u>69</u>	<u>-</u>	<u>135,142</u>	<u>12,556</u>	<u>2</u>	<u>147,700</u>
	<u>\$ 6,185,424</u>	<u>\$ 2,408,210</u>	<u>\$ 1,420,416</u>	<u>\$ 10,014,050</u>	<u>\$ 2,494,831</u>	<u>\$ 3,298,820</u>	<u>\$ 15,807,701</u>

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

Farm Sanctuary, Inc. and Subsidiary  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2023

	Program Services			Support Services			Total
	Rescue Shelter and Adoption	Education and Outreach	Advocacy and Action	Total Program Services	Management and General	Fundraising	
Salaries and related expenses							
Salaries and wages	\$ 2,718,297	\$ 1,488,645	\$ 476,111	\$ 4,683,053	\$ 1,480,176	\$ 1,107,805	\$ 7,271,034
Payroll taxes	220,325	117,496	38,406	376,227	111,540	87,229	574,996
Employee benefits	294,450	172,206	64,287	530,943	209,335	127,758	868,036
Workers' compensation insurance	19,704	11,652	3,773	35,129	8,053	9,306	52,488
Total salaries and related expenses	<u>3,252,776</u>	<u>1,789,999</u>	<u>582,577</u>	<u>5,625,352</u>	<u>1,809,104</u>	<u>1,332,098</u>	<u>8,766,554</u>
Advertising and public engagement	-	48,823	23,236	72,059	104	-	72,163
Animal care and rehabilitation	722,876	2,515	31	725,422	-	-	725,422
Bank charges and other fees	-	2,972	-	2,972	285,915	2,516	291,403
Depreciation and amortization	568,579	-	-	568,579	94,568	-	663,147
Dues and subscriptions	675	1,109	213	1,997	8,162	14,221	24,380
Education programs and events	-	48,100	5,311	53,411	-	3,353	56,764
Employee recruiting, retention, and training	6,581	3,274	443	10,298	155,024	1,253	166,575
Equipment and supplies	50,177	256,425	1,481	308,083	9,296	1,772	319,151
Grants	12,000	-	56,867	68,867	-	-	68,867
Insurance	337,419	-	-	337,419	73,125	-	410,544
Miscellaneous	-	2,665	1,157	3,822	63,250	1,766	68,838
Postage and processing	1,074	8,294	436,989	446,357	11,595	830,275	1,288,227
Printing	-	7,637	142,946	150,583	170	276,250	427,003
Professional and other outside services	71,795	134,192	395,208	601,195	330,124	209,573	1,140,892
Rent	-	335	-	335	3,090	-	3,425
Repairs and maintenance	191,016	10	-	191,026	-	-	191,026
Taxes and licenses	105,000	5,146	-	110,146	2,104	-	112,250
Technology and communications	369,781	160,063	37,670	567,514	140,511	72,402	780,427
Travel and meals	38,987	30,117	15,268	84,372	80,921	9,907	175,200
Utilities	112,030	25,144	3,157	140,331	11,461	689	152,481
	<u>\$ 5,840,766</u>	<u>\$ 2,526,820</u>	<u>\$ 1,702,554</u>	<u>\$ 10,070,140</u>	<u>\$ 3,078,524</u>	<u>\$ 2,756,075</u>	<u>\$ 15,904,739</u>

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

Farm Sanctuary, Inc. and Subsidiary  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 23,299	\$ 336,755
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	678,829	663,147
Loss on disposal of property and equipment	-	10,314
Net realized and unrealized gains on investments	(1,127,326)	(1,836,567)
Donated securities	(103,250)	(23,300)
Changes in operating assets and liabilities		
Credit card receivables	64,958	541,008
Other receivables	(2,887)	33,821
Unconditional promises to give	(337,259)	(147,799)
Merchandise inventory	28,201	(3,890)
Prepaid and other current assets	(61,376)	63,318
Deposits	1,750	(1,750)
Accounts payable	52,606	(73,213)
Accrued expenses and other current liabilities	47,029	76,301
Charitable gift annuity obligations	31,243	13,342
Deferred revenue	(7,718)	(56)
Net cash used in operating activities	(711,901)	(348,569)
Cash flows from investing activities		
Purchase of investments	(3,689,974)	(4,131,753)
Proceeds from sale of investments	3,960,047	5,041,202
Purchases of property and equipment	(265,941)	(484,835)
Net cash provided by investing activities	4,132	424,614
Cash flows from financing activities		
Principal payments on revolving line of credit	(174,671)	(500,000)
Draws from revolving line of credit	204,296	1,504,861
Net cash provided by financing activities	29,625	1,004,861
Net increase (decrease) in cash, cash equivalents and restricted cash	(678,144)	1,080,906
Cash, cash equivalents and restricted cash, beginning of year	2,104,069	1,023,163
Cash, cash equivalents and restricted cash, end of year	\$ 1,425,925	\$ 2,104,069
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 1,314,116	\$ 2,079,991
Restricted cash	111,809	24,078
	\$ 1,425,925	\$ 2,104,069
Supplemental disclosure of cash flow information		
Cash paid during the year interest	\$ 174,671	\$ -
Supplemental schedule of noncash investing and financing activities		
Donations of investments	\$ 146,846	\$ 208,170

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

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

1. NATURE OF OPERATIONS

Farm Sanctuary, Inc. was organized in Delaware in 1986 as a not-for-profit, non-stock corporation. The mission of Farm Sanctuary is to pursue bold solutions to end animal agriculture and foster just and compassionate vegan living. Farm Sanctuary provides rescue and care for abused and neglected farm animals; provides adoption services and information on farm and animal care; educates and disseminates information on farm animal issues; assists authorities in farm animal cruelty cases; and monitors legislative action by working with legislators on federal and state bills. Farm Sanctuary is supported primarily through donor contributions and grants.

In 2011, Farm Sanctuary, LLC ("Limited Liability Corporation" or "LLC") was formed for the purposes of holding title to property that was transferred to Farm Sanctuary. Farm Sanctuary, LLC is a single member LLC with Farm Sanctuary being its single member. Collectively, the entities are referred to as the "Organization."

As of December 31, 2024, Farm Sanctuary operates two sanctuaries, one in Watkins Glen, New York and one in Acton, California. The Organization's corporate headquarters is located at its Watkins Glen, New York sanctuary.

The following programs promote the Organization's mission:

*Rescue, Shelter and Adoption*

Farm Sanctuary provides rescue and care for abused and neglected farm animals, as well as services involving adoptions, animal placement assistance, and animal care information.

*Education and Outreach*

The Education and Outreach programs include in-person activities, such as guided tours, hospitality programs, stakeholder events, volunteer and internship programs, research, community relations and engagement events, and virtual (formerly in-classroom) humane education programs. The Organization also provides virtual programming via its social media channels, virtual events and sanctuary experiences, and humane education classes and resources. Each program aims to provide audiences with the opportunity to experience the sanctuaries, to learn about issues related to animal welfare and the food system, and to take action in support of Farm Sanctuary's mission.

In August 2024, Farm Sanctuary opened a plant-based cafe (The Kitchen) at their Watkins Glen, New York, sanctuary, serving visitors, volunteers, and staff delicious vegan meals. This is part of a broader effort to set an example and educate people on the benefits of vegan food and sustainable plant-based farming. The cafe will also serve as a hub for community engagement. The cafe will provide delicious plant-based meals to over 600 B&B guests and 7,500 individuals and families that visit the Sanctuary each year. Guests will experience the culinary delights of plant-based cuisine while learning about the sanctuary's mission to protect farm animals.

In 2024, Farm Sanctuary established a garden on the grounds to grow fresh produce and to supplement the crops purchased from local farmers.

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

*Advocacy and Action*

Farm Sanctuary focuses on building community with and engaging consumers, communities, organizations, and businesses to encourage them to consider farm animal issues in their decision-making processes. The Organization also monitors federal and state legislation, informs the public on legislation and issues involving farm animals, and engages in legislative and other political and grassroots processes to provide a voice for farm animals and advance the Organization's mission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to nonprofit organizations. The Organization's accompanying consolidated financial statements include the accounts of Farm Sanctuary and the LLC. There were no material intercompany transactions to be eliminated in the consolidation.

The Organization is required to report information regarding its financial position and activities 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 that are not subject to donor-imposed restrictions, or donor-restricted contributions whose restrictions are met within the same reporting period.
- *Net assets with donor restrictions* - Net assets that are subject to donor-imposed time or use restrictions that have not been met as of year-end. Donor restricted net assets are restricted for time (e.g. multi-year unconditional promises to give) or specific purposes.

The Organization also reserves net assets for specific board-designated purposes. These are included within net assets without donor restrictions in the accompanying consolidated statements of financial position (see Note 8).

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments - Credit Losses* ("ASC 326"), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the "incurred loss" model to the "expected credit loss" model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses.

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

The Organization adopted ASC 326 effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements.

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 the reported amount of assets, liabilities, revenues, and expenses as of the date and for the period presented. Accordingly, actual events and results could differ from those assumptions and estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity date of three months or less. Cash and cash equivalents managed by the Organization's investment advisors are included in noncurrent investments except those which are available to support current operating needs.

Restricted cash

Restricted cash amounted to \$111,809 and \$24,078 at December 31, 2024 and 2023, respectively, and consists of cash restricted for long-term purposes due to net assets restricted for capital purchases. This amount is included in noncurrent restricted cash in the accompanying consolidated statements of financial position.

Credit card receivables

Credit card receivables consist of amounts due from merchant account providers ("Providers") during the period in which the Providers process credit card payments made by the Organization's donors and customers. Generally, credit card receivables are remitted to Farm Sanctuary within two to fifteen days after a credit card sale or donation is made. Substantially all credit card receivables at December 31, 2024 and 2023 were attributable to donations. Chargebacks related to credit card receivables were inconsequential as of December 31, 2024 and 2023; accordingly, no allowance for credit card receivable chargebacks has been established.

Investments

Investments consist of U.S. government securities, corporate bonds, mutual funds, and equities and are carried at fair value. The Organization reports its investments as both current and non-current classifications on the consolidated statements of financial position. The Organization reports those investments as current which management has available to liquidate to assist in funding the current year's operations.

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Merchandise inventory

Inventory, consisting of goods available for resale in Farm Sanctuary's retail and online stores, is stated at the lower of cost (first-in, first-out) or market. Management does not believe that any inventory is impaired to the extent that its resale value is below cost; accordingly, an inventory reserve was not recorded at December 31, 2024 and 2023.

Property and equipment

All acquisitions of property and equipment and all expenditures for betterments and improvements costing \$5,000 or more that materially prolong (one year or greater) the useful lives of assets are capitalized. Property and equipment are recorded at historical cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the asset's economic useful life which ranges from three to thirty-nine years.

Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the accompanying consolidated statement of activities for the year.

Expenditures for maintenance, repairs, and renewals of minor items are charged to expense as incurred.

In-kind contributions

Contributions of donated non-cash assets are recorded at their estimated fair market values at the date the contribution is made. Donated services are recognized as contribution revenue at the fair value of those services, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2024 and 2023, the Organization recognized \$131,919 and \$274,332 in contributed services and donated materials, respectively.

Contributions of donated marketable securities and other noncash donations are recorded as contributions at estimated fair value at the date of donation. During the years ended December 31, 2024 and 2023, the Organization received donated marketable securities valued at \$249,483 and \$208,170 of which \$146,233 and \$184,870 were liquidated immediately and have been included from operating activities in the accompanying consolidated statements of cash flows, respectively.

Contributions and unconditional promises to give

The Organization accounts for contributions in accordance with U.S. GAAP. Contributions received are recorded as with or without donor restriction depending on the existence or absence of any donor restrictions.

Farm Sanctuary, Inc. and Subsidiary  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and unconditional promises to give (continued)

Donor-restricted contributions are reported as increases in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2024 and 2023, the Organization had no allowance for doubtful accounts and no discount due to the short-term nature of its promises to give.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Advertising costs

Advertising costs are charged to operations when incurred and are included in the accompanying consolidated statements of functional expenses.

Income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization other than a private foundation under Section 590(a)(2). The LLC is subject to an annual revenue fee based on gross receipts payable to the California Franchise Tax Board.

Farm Sanctuary, Inc. and Subsidiary  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization accounts for any uncertainties in income taxes recognized in accordance with the Financial Accounting Standards Board ASC Topic ("ASC 740-10"), *Income Taxes*. ASC 740-10 prescribes that the Organization recognize the impact of tax positions that are more likely than not (>50%) to be sustained upon examination based on the technical merits of the position. In accordance with ASC 740-10, the Organization adopted a policy to recognize penalties and interest resulting from those uncertainties in the period in which they are incurred as operating expenses.

The Organization has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the Federal and State levels. The primary tax positions evaluated are related to the Organization's continued qualification as a tax-exempt Organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Organization files a federal information tax return as well as information tax returns in various State jurisdictions.

Concentrations

The Organization maintains cash balances at several financial institutions. From time to time, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Subsequent events

The Organization has evaluated events subsequent to December 31, 2024, to assess the need for potential recognition or disclosure in the accompanying consolidated financial statements. Such events were evaluated through October 21, 2025, the date the accompanying consolidated financial statements were available to be issued. Based upon this evaluation, no subsequent events occurred that require recognition or additional disclosure.

Farm Sanctuary, Inc. and Subsidiary  
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3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of funds committed by various donors during the year. These funds are expected to be received as follows:

	2024	2023
Receivable in one year or less	\$ 960,350	\$ 861,925
Receivable greater than one year	448,834	210,006
	\$ 1,409,184	\$ 1,071,931

Included within unconditional promises to give at December 31, 2024 and 2023 is \$571,286 and \$706,925 of unrestricted contributions that were collected shortly after year-end. Accordingly, the Organization has not included these amounts of unconditional promises to give within net assets with donor restrictions.

4. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States establishes a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - The Organization's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

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4. FAIR VALUE MEASUREMENTS (continued)

The fair value measurement Level 3 within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Total investments consist of the following:

	2024	2023
Investments	\$ 915,024	\$ 800,000
Investments - non-current	7,215,836	7,104,926
Investments held for endowment	12,572,445	11,837,876
	\$ 20,703,305	\$ 19,742,802

The following table sets forth by level, within the fair value hierarchy, the Organization's investments from its investment portfolio, at fair value as of December 31:

	2024			
	Level 1	Level 2	Level 3	Fair Value
Investments				
Cash held for reinvestment	\$ 1,512,836	\$ -	\$ -	\$ 1,512,836
Government and agency securities	-	2,394,689	-	2,394,689
Corporate bonds and notes	-	930,675	-	930,675
Exchange-traded and mutual funds				
- fixed income	4,649,382	-	-	4,649,382
Exchange-traded and mutual funds				
- equities	5,535,452	-	-	5,535,452
Common / preferred equities	5,680,271	-	-	5,680,271
	\$ 17,377,941	\$ 3,325,364	\$ -	\$ 20,703,305

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

4. FAIR VALUE MEASUREMENTS (continued)

	2023			
	Level 1	Level 2	Level 3	Fair Value
<b>Investments</b>				
Cash held for reinvestment	\$ 1,491,714	\$ -	\$ -	\$ 1,491,714
Government and agency securities	-	2,419,229	-	2,419,229
Corporate bonds and notes	-	899,451	-	899,451
Exchange-traded and mutual funds				
- fixed income	4,394,431	-	-	4,394,431
Exchange-traded and mutual funds				
- equities	5,066,127	-	-	5,066,127
Common / preferred equities	5,471,850	-	-	5,471,850
	<u>\$ 16,424,122</u>	<u>\$ 3,318,680</u>	<u>\$ -</u>	<u>\$ 19,742,802</u>

The following table shows the components of net investment return as of December 31:

	2024	2023
Net realized and unrealized gains on investments	\$ 1,127,326	\$ 1,836,567
Reinvested interest and dividends	919,276	756,165
Investment fees	(167,651)	(151,165)
	<u>\$ 1,878,951</u>	<u>\$ 2,441,567</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

Assets	2024		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 1,888,172	\$ -	\$ 1,888,172
Land improvements	831,335	(452,319)	379,016
Fencing	1,051,428	(835,256)	216,172
Buildings and improvements	7,359,827	(3,570,446)	3,789,381
Furniture, fixtures, and equipment	1,410,036	(1,238,444)	171,592
Vehicles	1,148,397	(989,951)	158,446
Software	581,769	(346,423)	235,346
Construction in progress	72,227	-	72,227
	<u>\$ 14,343,191</u>	<u>\$ (7,432,839)</u>	<u>\$ 6,910,352</u>

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

5. PROPERTY AND EQUIPMENT (continued)

Assets	2023		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 1,888,172	\$ -	\$ 1,888,172
Land improvements	831,335	(406,605)	424,730
Fencing	1,051,428	(712,747)	338,681
Buildings and improvements	7,232,933	(3,356,576)	3,876,357
Furniture, fixtures, and equipment	1,342,838	(1,187,713)	155,125
Vehicles	1,121,561	(913,620)	207,941
Software	581,769	(176,749)	405,020
Construction in progress	27,214	-	27,214
	<u>\$ 14,077,250</u>	<u>\$ (6,754,010)</u>	<u>\$ 7,323,240</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 amounted to \$678,829 and \$663,147, respectively.

6. CHARITABLE GIFT ANNUITIES

The Organization operates a Charitable Gift Annuity ("CGA") program in which donors make irrevocable gifts to Farm Sanctuary and in return receive fixed periodic annuity payments for the duration of the donor's lifetime and/or survivor's lifetime. The Organization evaluates each potential annuity gift prior to acceptance with consideration of the age of the donor, terms of the annuity payments, required payment terms, and the Organization's Gift Acceptance Policy. Farm Sanctuary is the designated fiscal agent and operates the program with the assistance of an outside third-party administrator.

Assets received are invested into segregated accounts in accordance with the requirements of the various states in which Farm Sanctuary is authorized to enter into CGA contracts with donors. Estimated liabilities for annuity payments over the lifetime of the annuitants are recorded as general obligations of the Organization. The estimated liability for each annuity is the present value of future payments to the annuitant and is measured using a discount rate ranging between 5.00% and 7.25% and life expectancy estimates from tables published by the United States Department of Health and Human Services. The difference between assets contributed by a donor and the estimated liability for future annuity payments is recorded as a contribution. Under the CGA agreement with each donor, the amount of the original contribution is not released for Farm Sanctuary's use until the death of the donor. Accordingly, all CGA contributions are recorded as donor restricted (by time) contributions. In addition, certain donors may place donor purpose restrictions on a contribution as well.

Farm Sanctuary, Inc. and Subsidiary  
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6. CHARITABLE GIFT ANNUITIES (continued)

Earnings and gains from invested CGA assets are considered to be without donor restrictions. However, Farm Sanctuary has elected at this time to keep the entire original CGA contribution and related earnings invested in the segregated CGA accounts until the death of the donor and any survivors entitled to income distributions. At such time, the remaining assets would become without donor restrictions (absent any purpose restrictions) and any related liabilities would be extinguished.

On a periodic basis, the Organization re-values estimated liabilities for each CGA contract by amortizing the original discount and adjusting the liability for any potential changes in estimated life expectancy of the donor and/or survivors. The change in estimated liability for CGA contracts is recorded in the consolidated statements of activities.

Substantially, all states that Farm Sanctuary operates the CGA program in require that the Organization maintain adequate reserves, as defined by state statutes, to pay contractually required annuity payments. In addition, many states have set forth requirements for invested reserves. Farm Sanctuary has determined that it is in compliance with reserve and investment mix requirements in all states in which it operates the CGA program.

Assets and estimated liabilities related to the CGA program were as follows:

	2024	2023
Assets held in segregated CGA accounts and are included within investments on the statements of financial position	\$ 333,228	\$ 303,381
Estimated liability of all CGA contracts	(173,848)	(142,605)
Excess funds held in reserve to fund future annuity payments	\$ 159,380	\$ 160,776

Of the assets shown above, \$100,000 was contributed by Farm Sanctuary to be held as additional reserves. Charitable gift annuities have been included within net assets with donor restrictions in an amount equal to the original donations received which were \$155,728 and \$127,780 as of December 31, 2024 and 2023, respectively (see Note 7).

Farm Sanctuary, Inc. and Subsidiary  
Notes to Consolidated Financial Statements  
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6. CHARITABLE GIFT ANNUITIES (continued)

A reconciliation of the change in CGA liabilities is as follows:

	2024	2023
Charitable gift annuity obligations, beginning of year	\$ 142,605	\$ 129,263
Liability recorded upon initial donation of CGA assets	30,788	13,034
Payments made to annuitants	(15,858)	(13,609)
Change in CGA liabilities due to discount amortization and changes in estimated life expectancy	16,313	13,917
Charitable gift annuity obligations, end of year	173,848	142,605
Less: current portion	(18,120)	(14,845)
Charitable gift annuity obligations, end of year - noncurrent	\$ 155,728	\$ 127,760

During the years ended December 31, 2024 and 2023, Farm Sanctuary recognized \$11,715 and \$10,819, respectively, of contributions related to the CGA program.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2024	2023
Purpose restricted		
Administrative and other	\$ -	\$ 24,789
Advocacy efforts	516,406	299,989
Engagement, education, and outreach	824,637	-
Farm property and equipment	18,052	24,078
Research	-	1,027
	1,359,095	349,883
Time restricted - unconditional promise to give	181,717	325,000
Time restricted - charitable gift annuities	155,728	127,760
	\$ 1,696,540	\$ 802,643

Of the net assets with purpose restrictions, \$656,181 and \$40,000 at December 31, 2024 and 2023, respectively, were also time-restricted.

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8. BOARD-DESIGNATED NET ASSETS AND BOARD-DESIGNATED ENDOWMENT

Board-designated net assets consist of the following:

	2024	2023
Board-designated endowment	\$ 12,572,445	\$ 11,837,876
Board-designated reserves	7,729,599	7,531,514
	\$ 20,302,044	\$ 19,369,390

Investments related to the board-designated endowment and the board-designated reserves are classified as part of noncurrent assets in the accompanying consolidated statement of financial position. The Board has appropriated \$800,000 of board-designated funds for expenditure in 2025. Accordingly, amounts appropriated for expenditure in 2025, are classified as part of current investments in the accompanying consolidated statements of financial position.

Board-designated endowment

The Organization's endowment consists of an investment account designated by the Board to function as an endowment and was established during the year ended December 31, 2014. As required by U.S. GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2024 and 2023, the Organization does not have an endowment fund that contains donor-imposed restrictions.

Board-designated reserves

Additions to the board-designated reserves in accordance with the standing Board policy requires that the board-designated reserves balance be brought up to an amount that equals 50% of the current year operating budget.

Relation to relevant law and accounting standards

Since the Organization's endowment fund is not subject to donor-imposed restrictions, the requirements of the State of California's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") do not apply. Instead, the Organization's policies governing the endowment fund are contained within their Policy Concerning Operating Cash, Operating Reserves, and Quasi-Endowed Funds (the "Funds Policy") and the Board's approved Investment Policy Statement (the "Investment Policy"). In addition, the Organization accounts for its endowment fund in accordance with U.S. GAAP.

Farm Sanctuary, Inc. and Subsidiary  
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8. BOARD-DESIGNATED NET ASSETS AND BOARD-DESIGNATED ENDOWMENT  
(continued)

Strategies employed for achieving objectives

The Board may designate unrestricted funds from time to time to be added to the Organization's endowment. Additional funding from unrestricted gifts received by the Organization from decedent estates and trusts ("Bequests") that are in excess of the amount budgeted as income by the Board from Bequests are reviewed annually and may be allocated to the Organization's endowment by the Board.

Farm Sanctuary manages its endowment on a total rate-of-return basis consisting of dividends, interest, and any net increase / decrease in the market value of investments for the fiscal year – not favoring returns from one source over another. Performance objectives are to be met on a net-of-fees basis and will be measured against targets set by the Finance Committee and against index objectives for individual portfolio components as set forth in the Investment Policy.

The Organization has determined that the following types of investments (and the target ranges of these investment types as a percentage of the entire portfolio) can be used by its investment advisors:

Asset Class	Minimum / Maximum Allowable Range	Target Range
Equities	35% - 80%	45% - 70%
Domestic Large Cap	25% - 55%	30% - 40%
Domestic Small / Mid Cap	0% - 25%	5% - 20%
International	0% - 25%	5% - 20%
Fixed Income	15% - 55%	25% - 45%
Cash Equivalents	2% - 15%	5% - 5%

Wherever possible, values-based investment screens are applied to the investment portfolio to prohibit investments in companies that are known to manufacture animal-tested products, companies that have not yet adopted a permanent "no animal-testing" policy, and/or companies that are on the U.S. Department of Agriculture list of facilities that conduct animal testing.

Screens are also applied, wherever possible, to avoid investment in companies with negative environmental rankings. In addition, the Organization provides a list to the investment managers of specific securities that may not be purchased to avoid investments in securities issued by certain companies that engage in behavior that is harmful to animals.

Farm Sanctuary, Inc. and Subsidiary  
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8. BOARD-DESIGNATED NET ASSETS AND BOARD-DESIGNATED ENDOWMENT  
(continued)

Spending policy and how the investment objectives relate to spending policy

As the purpose of the endowment fund is to produce earnings to add to the Organization's annual budget, between 3% and 5% of the endowment fund may be used annually to support the Organization's annual operational needs. The computation of the base value used to compute the potential appropriation of between 3% and 5% varies by year as described below. In each case, the 3% to 5% calculation (the "Calculation") shall be made by the Chief Executive Officer and Chief Financial Officer with a recommendation to the Organization's Finance Committee, which will make the final decision as to the amount of the appropriation.

The Calculation is based on a rolling three-year average of quarterly values of the endowment fund.

The Organization believes that the spending policy allows the remaining unappropriated endowment fund to – over the long-term – appreciate with the objective of maintaining purchasing power when considering inflation and reasonable rates of return.

Summary of endowment balances and activity

Endowment net assets as of December 31, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment	<u>\$ 12,572,445</u>	<u>\$ -</u>	<u>\$ 12,572,445</u>

Endowment net assets as of December 31, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment	<u>\$ 11,837,876</u>	<u>\$ -</u>	<u>\$ 11,837,876</u>

Farm Sanctuary, Inc. and Subsidiary  
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8. BOARD-DESIGNATED NET ASSETS AND BOARD-DESIGNATED ENDOWMENT  
(continued)

Summary of endowment balances and activity (continued)

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2023	\$ 11,837,876	\$ -	\$ 11,837,876
Investment return			
Interest and dividends	398,004	-	398,004
Realized and unrealized gains on fair value of investments	995,780	-	995,780
Investment fees	<u>(99,215)</u>	<u>-</u>	<u>(99,215)</u>
Total investment return	1,294,569	-	1,294,569
Appropriation of endowment assets for expenditures	<u>(560,000)</u>	<u>-</u>	<u>(560,000)</u>
	<u>734,569</u>	<u>-</u>	<u>734,569</u>
Balance, December 31, 2024	<u>\$ 12,572,445</u>	<u>\$ -</u>	<u>\$ 12,572,445</u>

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2022	\$ 10,492,517	\$ -	\$ 10,492,517
Investment return			
Interest and dividends	362,452	-	362,452
Realized and unrealized gains on fair value of investments	1,338,346	-	1,338,346
Investment fees	<u>(86,796)</u>	<u>-</u>	<u>(86,796)</u>
Total investment return	1,614,002	-	1,614,002
Appropriation of endowment assets for expenditures	<u>(268,643)</u>	<u>-</u>	<u>(268,643)</u>
	<u>1,345,359</u>	<u>-</u>	<u>1,345,359</u>
Balance, December 31, 2023	<u>\$ 11,837,876</u>	<u>\$ -</u>	<u>\$ 11,837,876</u>

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9. REVOLVING LINE OF CREDIT

The Organization opened a Revolving Line of Credit ("Line of Credit") with a bank in the amount of \$2,500,000 million with interest rates at the Bloomberg Short-Term Bank Yield plus 2.25%, collateralized by certain eligible assets held at an affiliate of the lender. In November 2023, the Organization entered into an amendment to increase the maximum borrowing amount to \$3,000,000. The Line of Credit has no set expiration date as long as the Organization does not close its accounts related to the eligible assets held at the affiliate of the lender. Bank advances on the credit line are payable on demand; however, if no demand is made, interest only payments are required monthly. The Line of Credit bears interest rate of 6.94% as of December 31, 2024.

The Organization had an outstanding balance of \$2,534,486 and \$2,504,861 on the Line of Credit as of December 31, 2024 and 2023, respectively.

10. IN-KIND CONTRIBUTIONS

In-kind contributions were comprised of goods and services with an estimated fair value of \$18,584 and \$113,335, respectively, during the year ended December 31, 2024 and \$13,066 and \$261,266, respectively, during the year ended December 31, 2023.

In-kind contributions valuation techniques

Contributed animal feed, supplies and certain property and equipment are valued at the fair value based on estimated values that would be received for selling similar or identical products in the United States. Contributed services are valued at fair value based on current rates for similar services.

Donor restrictions and in-kind contribution use

The in-kind contributions received during the years ended December 31, 2024 and 2023 included no donor restrictions. Contributed feed, supplies and certain property and equipment were fully utilized by the Organization for program services and management and general activities and not monetized.

11. EMPLOYEE RETIREMENT PLAN

The Organization sponsors the Farm Sanctuary 403(b) Plan (the "Plan"), which is a defined contribution plan. All employees with the exception of non-resident aliens, employees covered under a collective bargaining agreement, or employees who are part of a substitute workforce are eligible to participate. Employees are eligible to participate in the Plan as of their date of hire. Participants may elect to contribute a percentage of their pre-tax compensation or a fixed amount per pay period, as defined in the Plan. Participants may also contribute amounts representing distributions (rollovers) from other qualified benefit plans. Management will determine annually, what matching contribution will be made, if any, and will be allocated to participants using a specific formula based on either compensation or years of service. During the years ended December 31, 2024 and 2023, the Organization contributed \$141,182 and \$130,137 to the Plan, respectively.

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12. ALLOCATION OF JOINT COSTS

Farm Sanctuary communicates with its supporters, donors, prospective donors, and others through campaigns conducted via direct mail, telemarketing, e-mail, and member/supporter groups such as Hilda Club and Legacy Society. These outreach campaigns include requests for contributions, education about issues and programs conducted by the Organization, and calls to action in order to advance our mission to protect farm animals from cruelty, inspire change in the way society views and treats farm animals, and promote compassionate vegan living.

During the years ended December 31, 2024 and 2023, the costs of conducting these campaigns were \$1,182,334 and \$1,742,671, respectively. Costs were allocated by function as follows:

	2024	2023
Program services	\$ 443,375	\$ 678,953
Fundraising	738,959	1,063,718
	\$ 1,182,334	\$ 1,742,671

13. LIQUIDITY AND AVAILABILITY

The following financial assets reported in the accompanying consolidated statements of financial position as of December 31, 2024 and 2023 are available for general expenditures within one year. Substantially all of the Organization's net assets with donor restrictions are expected to be satisfied by the passage of time and/or the fulfillment of purpose restrictions during the next twelve months. Consequently, the amounts available are not reduced by net assets with donor restrictions (see Note 7) as of December 31, 2024 and 2023.

Liquidity of financial assets as of December 31, 2024 and 2023 is as follows:

	2024	2023
Cash and cash equivalents	\$ 1,314,116	\$ 2,079,991
Credit card receivables	121,754	186,712
Investments	915,024	800,000
Other receivables	33,722	30,835
Unconditional promises to give, current	960,350	861,925
	\$ 3,344,966	\$ 3,959,463

As part of Farm Sanctuary's liquidity management, financial assets are structured to be available to meet its general expenditures, liabilities, and other obligations as they come due. In addition, the Organization invests cash in excess of daily requirements in money market funds, certificates of deposit, and other short-term investments. In addition, in order to meet significant unanticipated liquidity needs, the Organization maintains a committed line of credit in the amount of \$3,000,000, which it could draw upon.

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December 31, 2024 and 2023

13. LIQUIDITY AND AVAILABILITY (continued)

Farm Sanctuary maintains a board-designated endowment investment account which had a fair market value of \$12,572,445 at December 31, 2024. As explained in Note 8, the Board of Directors annually approves an amount for expenditure in the following year as part of the Organization's operating budget. The amount approved for expenditure under this policy for the year ended December 31, 2025 is \$800,000 and is included as part of investments - current on the accompanying consolidated statement of financial position as of December 31, 2024. The unappropriated amount of the board-designated endowment is included as part of investments held for endowment – noncurrent in the accompanying consolidated statement of financial position as of December 31, 2024.

The Organization also maintains board-designated reserves which had a fair market value of \$7,729,599 at December 31, 2024. The Board appropriated \$355,024 for expenditure in 2025 which is included as part of investment - current on the accompanying consolidated statement of financial position as of December 31, 2024. The unappropriated amount is included as part of investments – noncurrent in the accompanying consolidated statement of financial position as of December 31, 2024. The Organization's policy requires that reserves be held in an amount not less than fifty percent of the current year's operating budget. Use of these funds requires approval by the Organization's Board of Directors.

Although Farm Sanctuary does not intend to spend amounts from the board-designated endowment and board-designated reserves in an amount exceeding the amount approved for expenditure during the following year, amounts from these accounts could be made available if necessary.