TAILS OF VALOR PAWS OF HONOR PROGRAM, INC.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025 AND 2024

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RILEY and Company, Inc.

BUSINESS ADVISORS & CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Tails of Valor Paws of Honor Program, Inc.
Coopersburg, PA

We have reviewed the accompanying financial statements of Tails of Valor Paws of Honor Program, Inc. (a Pennsylvania nonprofit corporation), which comprise the statements of financial position – modified cash basis as of December 31, 2025 and 2024, and the related statements of activities and net assets – modified cash basis, and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting the entity uses is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Tails of Valor Paws of Honor Program, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Billy and Company, Inc.

Stroudsburg, PA
July 31, 2026

TAILS OF VALOR PAWS OF HONOR PROGRAM, INC.
Statements of Financial Position - Modified Cash Basis
As of December 31, 2025 and 2024

Exhibit A

ASSETS

	2025	2024
Cash:		
Without donor restrictions	$539,231	$691,129
Property and Equipment:		
Land	50,000	50,000
Building	602,471	602,471
Land improvements	101,761	101,761
Vehicles	39,227	39,227
Equipment	75,239	75,239
Computer equipment	4,366	3,667
Less: Accumulated depreciation	(157,217)	(126,433)
Property and Equipment - Net of Accumulated Depreciation	715,847	745,932
Other Assets:		
Investments	218,210	0
Inventory	11,759	10,806
Prepaid expenses	12,200	6,608
Total Other Assets	242,169	17,414
Total Assets	$1,497,247	$1,454,475

LIABILITIES AND NET ASSETS

Liabilities:		
Loans payable	$404,959	$439,511
Total Liabilities	404,959	439,511
Net Assets:		
Net assets without donor restrictions	1,092,288	1,014,964
Total Liabilities and Net Assets	$1,497,247	$1,454,475

The "Notes to Financial Statements" are an integral part of
these statements and should be read in conjunction therewith.

TAILS OF VALOR PAWS OF HONOR PROGRAM, INC.
Statements of Activities and Net Assets - Modified Cash Basis
For the Years Ended December 31, 2025 and 2024

Exhibit B

	2025	2024
Revenue and Support:		
Contributions	$676,106	$682,038
Investment income	38,217	24,390
Fundraising - Net of direct costs of $56,717 and $78,849, respectively	(7,380)	14,891
Total Revenue and Support	706,943	721,319
Expenses:		
Program Service	510,343	442,842
Management and General	98,072	63,169
Fundraising	21,204	10,242
Total Expenses	629,619	516,253
Increase (Decrease) in Net Assets	77,324	205,066
Net Assets at Beginning of Year	1,014,964	809,898
Net Assets at End of Year	$1,092,288	$1,014,964

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

TAILS OF VALOR PAWS OF HONOR PROGRAM, INC.
Statements of Functional Expenses - Modified Cash Basis
For the Years Ended December 31, 2025 and 2024

Exhibit C

	2025	2024
Program Service:		
Salaries and wages	$250,763	$178,459
Payroll taxes	26,630	15,804
Benefits	13,953	11,518
Adoption, transport, and boarding fees for dogs	5,345	688
Veterinary and medical for dogs	21,841	17,024
Materials and supplies	46,011	62,892
Occupancy	31,939	20,070
Public relations	74,096	79,436
Depreciation	22,035	25,991
Interest	0	10,385
Training	17,730	20,575
Total Program Service	$510,343	$442,842
Management and General:		
Salaries and wages	$11,528	$4,827
Payroll taxes	972	427
Bank charges	746	2,686
Administrative	24,716	16,799
Professional fees	6,867	9,718
Insurance	9,065	7,394
Depreciation	8,749	10,649
Meetings and conferences	3,158	2,152
Marketing	18,526	5,056
Interest	13,745	3,461
Total Management and General	$98,072	$63,169
Fundraising:		
Salaries and wages	$10,888	$3,568
Payroll taxes	918	315
Marketing	9,398	6,359
Total Fundraising	$21,204	$10,242

The "Notes to Financial Statements" are an integral part of
these statements and should be read in conjunction therewith.

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Note 1: Summary of Significant Accounting Policies:

Organization and Nature of Activities

Tails of Valor Paws of Honor Program, Inc. (the "Organization"), was incorporated on February 1, 2016, as a nonprofit organization under Pennsylvania law. The Organization provides rehabilitation through non-medical therapies with service canines to Veterans, Law Enforcement and Emergency Personnel suffering from post-traumatic stress disorders (PTSD), traumatic brain injury (TBI) and physical disabilities. The Organization's training facility is located in Quakertown, PA and its services are available to any Veteran, Law Enforcement or Emergency Personnel residing in one of the 48 contiguous United States.

The Organization believes valid intervention will lead to increased long-term behavioral development that is positive for Veterans, Law Enforcement and Emergency Personnel and their families. The Organization's dogs offer opportunities for Veterans, Law Enforcement and Emergency Personnel to interact with members of the community and experience positive interactions with society. Training requires positive emotions for success which will help the emotionally detached, improve social skills, and work towards a better emotional behavioral lifestyle.

All of the Organization's dogs, who are named in honor of a fallen soldier, are rescued or breeder donated and trained with trainers and volunteers, for a one to two-year period, learning more than 100 exposures of everyday living and more than 40 commands. The Organization has designed the Tails of Valor Animal Assisted Therapy Program. This program integrates a service dog (SD) or psychiatric service dog (PSD) in training to provide animal assisted therapies (AAT) to aid in the treatment of mental illness/TBI among Veterans, Law Enforcement, Emergency Personnel and the community. AAT would then, in turn, provide a non-medicinal alternative for mental and physical rehabilitation perhaps resulting in animal assisted intervention (AAI). This is a form of medical modernized therapy through the complementary integrated health initiative that impacts mental and physical rehabilitation.

Vision

Building a Behavioral Health Facility to house Standard Behavioral Health Programs with Alternative Medicine and Non-Medicinal therapies.

Note 1: Summary of Significant Accounting Policies: (Continued)

Values

Respect, Honor and Serve our Veterans, Law Enforcement and Emergency Personnel's needs while treating the whole person not just the symptoms of a problem. Creating that better tomorrow for those that gave us today.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, modified to record assets or liabilities with respect to cash transactions and events that provide a benefit or result in an obligation that covers a period greater than one year. The modification results in the recording of prepaid expenses and debt. Revenues are recognized when received and expenses are recognized when paid. In addition, depreciation of property and equipment is calculated based on statutory lives and methods and intangible assets are amortized based on statutory lives and methods.

Public Support, Revenue, and Expenses

Contributions received are recorded as "without donor restrictions" or "with donor restrictions", depending on the existence and nature of any donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions.

Tails of Valor Paws of Honor Program, Inc. records contributions as part of "net assets with donor restrictions" if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled, or the time restriction expires – "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities as "net assets released from restrictions". It is the Organization's policy to record donor-restricted contributions received and expended in the same accounting period as contributions without donor restrictions. Contributions restricted to the purchase of property or equipment are considered to be met when the asset is placed in service.

Inventory

Inventory consists of dog supplies used to care for the dogs that have not been used up as of year-end. Inventory is valued at fair market value at the time of being donated.

Note 1: Summary of Significant Accounting Policies: (Continued)

Public Support, Revenue, and Expenses (Continued)

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets (supplies and billboard advertising) to be used directly in the operations is transferred to the Organization. Donated assets are recognized at fair market value. Nonmonetary contributions for the years ended December 31, 2025 and 2024, were $112,373 and $167,135 respectively.

The Organization receives donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Substantially, all of the Organization's revenue is derived from fundraising events and contributions and grants from local business leaders, the general public, and government agencies. The ability and willingness of the public, local business leaders, and government officials to support the Organization's activities is subject to the economic conditions in the Lehigh Valley and surrounding areas.

Use of Estimates

The financial statements are prepared in conformity with the modified cash basis of accounting. Management makes estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income tax under IRS Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income. Since the Organization was incorporated under the nonprofit corporation law of the Commonwealth of Pennsylvania, it is exempt from Pennsylvania corporation taxes.

Generally, federal tax returns are subject to examination by the Internal Revenue Service for three years after they are filed.

Note 1: Summary of Significant Accounting Policies: (Continued)

Cash

The Organization's accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2025 and 2024, account balances in excess of FDIC coverage were $48,941 and $184,528, respectively.

Investments

Investments purchased by the Organization are initially recorded at cost, and donated investments are recorded fair value on the date they are received as a donation. Subsequent to their acquisition, investments in equity securities are reported at fair values as of the date of the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the same reporting period in which the income and/or gains are recognized.

Improvements and Equipment

Improvements and equipment are recorded at cost. Depreciation is computed using a combination of the straight-line method and the accelerated depreciation method over the estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

Equipment	5-7 years
Improvements	15-39 years
Building	40 years

Donations of property and equipment are recorded at fair value at the date of donation.

Note 1: Summary of Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The cost of providing various programs and activities has been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs for salaries and wages, payroll taxes, and marketing have been allocated among the program and supporting services benefited.

Functional allocation of salaries and wages and payroll taxes were based on estimated time spent between program and supporting services. Functional allocation of marketing cost was based on estimated benefit of costs between program and supporting services.

Advertising

Advertising and marketing costs are charged to expense when incurred.

Lease Accounting

The Association follows the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). This standard governs how entities record the financial impact of their leasing agreements.

Note 2: Investments:

The Organization presents investments in marketable securities at fair value. All securities are considered available for sale.

Market value, cost, and accumulated unrealized gain and losses were as follows:

	Market Value	Cost	Accumulated Unrealized Gains
December 31, 2025	$218,210	202,428	$15,782
December 31, 2024	$0	$0	$0

Note 2: Investments: (Continued)

	2025	2024
Proceeds from sales of investments	$0	$0
Gross realized gains on sales	$2,553	$0
Gross realized losses on sales	$0	$0

Note 3: Estimated Fair Value of Financial Instruments:

Financial Accounting standards Board Accounting Standards Codification, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority

Level 2 inputs consist of observable inputs other than quoted policies for identical assets.

Level 3 inputs have the lowest priority

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence for fair value.

Note 3: Estimated Fair Value of Financial Instruments: (Continued)

The Organization's investments reported at fair value in the accompanying statement of financial position are as follows:

	Fair Value	Fair Value Measurement at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2025:		
Mutual Funds	$34,182	$34,182
Exchange-traded Funds	184,028	184,028
Total	$218,210	$218,210
December 31, 2024:		
Mutual Funds	$0	$0
Exchange-traded Funds	0	0
	$0	$0

Note 4: Loans Payable:

Loans payable were as follows at December 31:

	2025	2024
Loan Payable - QNB Bank, Secured by a Passenger Van, Payable in Monthly Installments of $565, Including Interest at 3.875%, Matures July 2025.	$0	$3,903
Loan Payable - Related Party - Russ & H LLC, Secured by a Building, Payable in Monthly Installments of $3,411, Including Interest at 3.0%, Matures October 2037.	404,959	435,608
Total	404,959	439,511
Less: Current Portion	(29,115)	(32,159)
Long Term Portion of Loans Payable	$375,844	$407,352

Maturities of loans payable are as follows:

2026	$29,115
2027	30,001
2028	30,913
2029	31,854
2030	32,823
Thereafter	250,253
Total Loans Payable	$404,959

Note 5: Liquidity:

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 come due. The Organization sequences its assets according to nearness of conversion to cash and sequences its liabilities according to nearness of their maturity and the resulting use of cash. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	$539,231
Less: Current portion of loan payable	(29,115)
Total	$510,116

Note 6: Related Party Transaction:

In September 2022, the Organization purchased the Quakertown facility from one of the Organization's Officers. The purchase was for $617,500 and included 19 acres and a building with septic and well. The Organization financed the purchase with the Note Payable to Russ and H, LLC in the original amount of $494,000.

Note 7: Subsequent Events:

Management has evaluated subsequent events through July 31, 2026, the date the financial statements were available to be issued.