

Dave Thomas Foundation for Adoption
Columbus, Ohio

Financial Statements
For the years ended June 30, 2025 and 2024
and Independent Auditor's Report Thereon



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Table of Contents

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	9
Notes to the Financial Statements	10

Independent Auditor's Report

Board of Trustees
Dave Thomas Foundation for Adoption
Dublin, Ohio

Opinion

We have audited the financial statements of the Dave Thomas Foundation for Adoption (Foundation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its 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 (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Schneider Downs & Co., Inc.

Columbus, Ohio
September 10, 2025

Dave Thomas Foundation for Adoption

Statements of Financial Position As of June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 19,973,548	\$ 21,450,297
Contributions receivables, net	1,262,216	429,087
Government contract receivables	2,806,436	1,850,492
Prepaid expenses	492,732	322,816
Investments	80,311,744	71,475,697
Quasi-endowment investment	5,225,754	4,844,321
Endowment investment	448,717	415,965
Property and equipment	6,785,055	6,545,701
Total assets	\$ 117,306,202	\$ 107,334,376
Liabilities and Net Assets		
Liabilities		
Grants payable	\$ 6,547,131	\$ 6,151,660
Accounts payable	538,942	311,437
Accrued liabilities	734,061	590,139
Total liabilities	7,820,134	7,053,236
Net assets		
Net assets without donor restrictions	108,823,003	97,012,578
Net assets with donor restrictions	663,065	3,268,562
Net assets	109,486,068	100,281,140
Total liabilities and net assets	\$ 117,306,202	\$ 107,334,376

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Statements of Activities and Changes in Net Assets For the years ended June 30, 2025 and 2024

	Without Donor Restriction 2025	With Donor Restriction 2025	Total 2025	Without Donor Restrictions 2024	With Donor Restrictions 2024	Total 2024
Revenues, Support and Other Income:						
Contributions	\$31,738,847	\$ 8,836,500	\$40,575,347	\$30,105,468	\$ 8,076,111	\$38,181,579
Donated PSA	49,210,702	-	49,210,702	28,500,865	-	28,500,865
Broadcasting, in-kind						
Government contracts	12,630,436	-	12,630,436	13,785,869	-	13,785,869
Investment gain, net	5,510,540	32,752	5,543,292	6,510,694	44,541	6,555,235
Interest income	596,389	-	596,389	420,085	-	420,085
Net assets released from restriction	11,474,749	(11,474,749)	-	8,992,757	(8,992,757)	
Total revenues, support, and other income	111,161,663	(2,605,497)	108,556,166	88,315,738	(872,105)	87,443,633
Expenses:						
Donated PSA broadcasting	49,210,702	-	49,210,702	28,500,865	-	28,500,865
Grants and allocations	28,806,678	-	28,806,678	25,298,626	-	25,298,626
Other program expenses	12,422,559	-	12,422,559	10,649,704	-	10,649,704
Supporting services:						
General and administrative	3,604,465	-	3,604,465	3,038,551	-	3,038,551
Fundraising	5,306,834	-	5,306,834	4,218,442	-	4,218,442
Total expenses	99,351,238	-	99,351,238	71,706,188	-	71,706,188
Change in net assets	11,810,425	(2,605,497)	9,204,928	16,609,550	(872,105)	15,737,445
Net assets at beginning of year	97,012,578	3,268,562	100,281,140	80,403,028	4,140,667	84,543,695
Net assets at end of year	\$108,823,003	\$ 663,065	\$109,486,068	\$97,012,578	\$ 3,268,562	\$100,281,140

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Statements of Functional Expenses For the year ended June 30, 2025

	Program Grants and Awareness	Wendy's Wonderful Kids	Post-Adoption	Adoption- Friendly Workplace	National Adoption Day/Month	Program Services Total	Fundraising	General and Administrative	Total
Donated PSA broadcasting	\$ 49,210,702	\$ -	\$ -	\$ -	\$ -	\$ 49,210,702	\$ -	\$ -	\$ 49,210,702
Grants and allocations	1,846,608	25,760,070	1,200,000	-	-	28,806,678	-	-	28,806,678
Salaries and wages	778,302	3,312,145	9,093	31,136	21,169	4,151,845	1,482,138	2,233,015	7,866,998
Public relations/advertising	3,753,092	68,569	-	342,983	26,325	4,190,969	9,365	36,073	4,236,407
Consulting expense	-	-	-	-	-	-	2,533,930	51,850	2,585,780
Employee benefits	131,573	621,966	1,711	5,582	3,961	764,793	225,256	368,942	1,358,991
Program training	-	749,937	-	-	-	749,937	-	-	749,937
Database management	-	600,712	-	-	-	600,712	-	-	600,712
Software	-	307,166	-	-	-	307,166	-	253,423	560,589
Fundraising expense	-	-	-	-	-	-	481,280	-	481,280
Occupancy costs	42,909	215,487	543	1,811	1,210	261,960	82,728	114,064	458,752
Payroll taxes	45,669	192,044	315	1,763	1,025	240,816	85,745	124,745	451,306
Depreciation	72,633	141,426	-	-	-	214,059	62,730	99,744	376,533
Travel	37,994	98,076	-	-	-	136,070	121,495	966	258,531
Advocacy	-	253,751	-	-	-	253,751	-	-	253,751
Retirement plan contributions	17,805	106,053	341	1,402	882	126,483	41,765	66,607	234,855
Research and program evaluation	161,625	-	-	-	-	161,625	-	-	161,625
Contributions - DTFA Canada	151,345	-	-	-	-	151,345	-	-	151,345
Other expenses	2,418	4,781	-	-	-	7,199	9,923	78,798	95,920
Credit card fees	-	-	-	-	-	-	72,805	-	72,805
Business insurance	-	-	-	-	-	-	-	72,065	72,065
Accounting fees	-	-	-	-	-	-	-	69,385	69,385
Postage and shipping	978	625	-	-	-	1,603	48,863	3,369	53,835

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Statements of Functional Expenses

For the year ended June 30, 2025

	Program Grants and Awareness	Wendy's Wonderful Kids	Post-Adoption	Adoption- Friendly Workplace	National Adoption Day/Month	Program Services Total	Fundraising	General and Administrative	Total
Conference, convention and meetings	\$ 2,583	\$ 14,477	\$ -	\$ -	\$ -	\$ 17,060	\$ 990	\$ 28,187	\$ 46,237
Office supplies	1,467	17,449	-	-	-	18,916	9,535	3,182	31,633
Photography	31,074	-	-	-	-	31,074	-	-	31,074
Printing and publications	23,056	3	-	-	-	23,059	-	-	23,059
Fundraising materials	-	-	-	-	-	-	21,980	-	21,980
Auction expenses	-	-	-	-	-	-	16,106	-	16,106
Branding	7,300	-	-	-	-	7,300	-	-	7,300
Program materials	4,817	-	-	-	-	4,817	-	-	4,817
Bad debts	-	-	-	-	-	-	200	-	200
Telephone	-	-	-	-	-	-	-	50	50
Total expenses	\$ 56,323,950	\$ 32,464,737	\$ 1,212,003	\$ 384,677	\$ 54,572	\$ 90,439,939	\$ 5,306,834	\$ 3,604,465	\$ 99,351,238

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Statements of Functional Expenses For the year ended June 30, 2024

	Program Grants and Awareness	Wendy's Wonderful Kids	Post-Adoption	Adoption- Friendly Workplace	National Adoption Day/Month	Program Services Total	Fundraising	General and Administrative	Total
Donated PSA broadcasting	\$ 28,500,865	\$ -	\$ -	\$ -	\$ -	\$ 28,500,865	\$ -	\$ -	\$ 28,500,865
Grants and allocations	1,914,618	23,384,008	-	-	-	25,298,626	-	-	25,298,626
Salaries and wages	564,468	3,192,883	8,340	27,812	18,747	3,812,250	1,146,637	1,786,685	6,745,572
Public relations/advertising	2,551,601	34,886	-	257,327	22,350	2,866,164	9,395	31,179	2,906,738
Consulting expense	-	106,242	-	-	-	106,242	1,829,712	89,000	2,024,954
Employee benefits	125,569	574,562	2,921	17,405	6,559	727,016	233,789	317,316	1,278,121
Program training	-	687,176	-	-	-	687,176	-	-	687,176
Database management	-	523,620	-	-	-	523,620	-	-	523,620
Software	-	256,095	-	-	-	256,095	-	223,062	479,157
Fundraising expense	-	-	-	-	-	-	488,183	-	488,183
Occupancy costs	40,948	205,637	518	1,728	1,155	249,986	78,947	108,850	437,783
Payroll taxes	31,461	185,375	288	1,574	899	219,597	66,396	98,845	384,838
Depreciation	97,271	197,978	-	-	-	295,249	24,930	30,703	350,882
Travel	36,101	92,257	-	-	-	128,358	103,259	13,164	244,781
Advocacy	-	352,700	-	-	-	352,700	-	-	352,700
Retirement plan contributions	16,654	99,751	351	1,306	845	118,907	37,989	46,948	203,844
Research and program evaluation	71,900	-	-	-	-	71,900	-	-	71,900
Contributions - DTFA Canada	148,178	-	-	-	-	148,178	-	-	148,178
Other expenses	2,374	4,815	-	-	-	7,189	12,012	92,329	111,530
Credit card fees	-	-	-	-	-	-	69,673	-	69,673
Business insurance	-	-	-	-	-	-	-	67,497	67,497
Accounting fees	-	-	-	-	-	-	-	57,480	57,480
Postage and shipping	822	259	-	-	-	1,081	42,619	12,332	56,032

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Statements of Functional Expenses

For the year ended June 30, 2024

	Program Grants and Awareness	Wendy's Wonderful Kids	Post-Adoption	Adoption- Friendly Workplace	National Adoption Day/Month	Program Services Total	Fundraising	General and Administrative	Total
Conference, convention and meetings	\$ 5,045	\$ 3,418	\$ -	\$ -	\$ -	\$ 8,463	\$ 6,544	\$ 42,768	\$ 57,775
Office supplies	1,443	14,384	-	-	-	15,827	11,145	16,293	43,265
Photography	22,142	-	-	-	-	22,142	-	-	22,142
Printing and publications	25,488	-	-	-	-	25,488	-	1,460	26,948
Fundraising materials	-	-	-	-	-	-	31,729	-	31,729
Auction expenses	-	-	-	-	-	-	25,183	-	25,183
Branding	3,618	-	-	-	-	3,618	-	-	3,618
Program materials	2,458	-	-	-	-	2,458	-	-	2,458
Bad debts	-	-	-	-	-	-	300	-	300
Telephone	-	-	-	-	-	-	-	37	37
Legal fees	-	-	-	-	-	-	-	2,603	2,603
Total expenses	\$ 34,163,024	\$ 29,916,046	\$ 12,418	\$ 307,152	\$ 50,555	\$ 64,449,195	\$ 4,218,442	\$ 3,038,551	\$ 71,706,188

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 9,204,928	\$ 15,737,445
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	376,533	350,882
Change in discount on long-term pledges	2,060	(1,830)
Investment gain, net of fees	(5,543,292)	(6,555,235)
(Increase) decrease in operating assets:		
Government contracts receivable	(955,944)	(46,044)
Prepaid expenses	(169,916)	106,116
Contributions receivable	(835,188)	479,593
Increase (decrease) in operating liabilities:		
Accounts payable	227,505	233,614
Accrued liabilities	143,922	33,288
Grants payable	395,471	(2,755,239)
Total adjustments to reconcile change in net assets to net cash used in operating activities	(6,358,849)	(8,154,855)
Net cash provided by operating activities	2,846,079	7,582,590
Cash flows from investing activities		
Purchase of property, plant and equipment	(615,887)	(37,819)
Proceeds from sale of investments	69,247,649	46,820,734
Purchase of investments	(72,954,590)	(51,533,306)
Net cash used in investing activities	(4,322,828)	(4,750,391)
Net (decrease) increase in cash and cash equivalents	(1,476,749)	2,832,199
Cash and cash equivalents at beginning of year	21,450,297	18,618,098
Cash and cash equivalents at end of year	\$ 19,973,548	\$ 21,450,297
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 19,973,548	\$ 21,450,297

See accompanying notes to financial statements.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

1. Nature of Organization

The Dave Thomas Foundation for Adoption (the "Foundation") is a not-for-profit organization established to find permanent homes for more than 150,000 children waiting in North America's foster care systems. Created by Wendy's founder Dave Thomas, who was adopted, the Foundation implements evidence-based, results-driven national service programs, foster care adoption awareness campaigns and innovative grantmaking.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. 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.

c. Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

The Foundation maintains cash balances at U.S. banks that are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Foundation's cash balances at times exceeded federally insured limits. The Foundation has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At June 30, 2025, the Foundation's cash accounts exceeded federally insured limits by approximately \$19,700,000.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

d. Contributions Receivable

An unconditional written promise to give (contributions) is recognized as an asset and contribution revenue in the period received. Contributions are recorded at net realizable value and are discounted at an appropriate rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible promises to give is estimated by the Foundation based on factors like economic environment, history of individual payments and likelihood of collectability on an individual donation basis. Conditional promises to give are recognized when the conditions on which they depend, which consist of both a barrier and a right of return or release, are met.

e. Discount on Long-Term-Pledges

Discount on Long-Term Pledges - Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate utilized for long-term pledges was based on the Daily Treasury Yield Curve as of the date of the signed pledge, which ranged from 0.13% to 3.22%.

f. Government Contracts Receivable

Accounts receivable include amounts billed and currently due from customers of which the Foundation has an unconditional right to receive. The amounts due are stated at their estimated net realizable value. The Foundation extends credit to its customers and does not require collateral. An allowance for credit losses is maintained to provide for the estimated amount of receivables that will not be collected. The allowance is based on the Foundation's assessment of the collectibility of receivables with similar risk characteristics on a pooled basis. It is derived from a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. The Foundation writes off uncollectible receivables against the allowance when the likelihood of collection is remote. Recoveries of receivables previously written off are recognized as an offset to provision for credit loss in the year of recovery. Management determined that no allowance was necessary for the fiscal years ended June 30, 2025 and 2024.

g. Investments

Investments are reported at fair value. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the statement of activities and changes in net assets.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

Gains and losses on the sale of investments are determined using the specific identification method. Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or law. Dividend and interest income are accrued as earned. Income and net gains (losses) on investment of endowment funds are reported in the statement of activities and changes in net assets as follows:

- As increases (decreases) in net assets without donor restrictions for board-designated endowment funds;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund; or
- As increases (decreases) in net assets without donor restrictions in all other cases.

The investment portfolio is managed by professional investment advisors and managers in accordance with the Foundation's investment policy.

h. Property and Equipment

Property and equipment is recorded at cost. Expenditures for additions, improvements and other enhancements to property, plant, and equipment are capitalized, and minor replacements, maintenance and repairs that do not extend asset life or add value are charged to expense as incurred. When property and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations.

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Property and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property and equipment are as follows: buildings and improvements: 35 - 40 years, furniture and fixtures: 2 - 5 years, and machinery and equipment: 2 - 5 years. The Foundation's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of its assets. The Foundation periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

The Foundation reports gifts of property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

i. Net Assets

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

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of directors (Board). Net assets without donor restrictions include net assets designated by the Board for specific purposes.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, wherein the donor has stipulated the funds be maintained in perpetuity. All net assets restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

j. Grants Payable

Grants payable represent all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statement of financial position date. Additionally, the Foundation has committed to make future conditional contributions of approximately \$4,700,000 as of June 30, 2025.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

k. Contributions and Grants

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Conditional contributions, which include government grants, are recognized as revenue when both a barrier and a right of return or a right of release have been substantially met. Receipt and recognition of conditional contributions (approximately \$22,600,000 and \$35,500,000 at June 30, 2025 and 2024, respectively) is contingent upon the Foundation satisfying barriers included in the funding agreements, the most significant of which requires satisfactory performance and progress towards achievement of the purpose.

Grants - Grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance, under which revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants are on a cost reimbursement basis and require the Foundation to incur eligible expenses prior to the release of funds. The Foundation reports these grants as changes in net assets without donor restrictions when restrictions are met in the same period.

Contributed Nonfinancial Assets - Contributed nonfinancial assets are recorded at fair value at the date of donation. Contributions of services are reported as revenue only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Foundation if they had not been provided by contribution, require specialized skills and are provided by individuals with those skills. There were no contributed nonfinancial assets for 2025 or 2024.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

l. Functional Allocation of Expenses

The costs of providing the Foundation's program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities. The Foundation's basis for allocation is based on employee time and effort on programs and activities. Expenses that are allocated include administrative salaries and wages, payroll taxes and related benefits, consulting, advertising, occupancy, office supplies, travel, donated services, postage, depreciation and other expenses.

m. Fundraising Events

The Foundation performs fundraising activities to generate income, including special events like golf outings and auctions. Through such activities, the Foundation often receives donated goods that are auctioned to the public. Proceeds from the sale of these items are reflected as contribution revenue in the statements of activities and change in net assets.

n. Income Taxes

The Foundation is a not-for-profit organization as described in Section 501(c)3 of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Foundation's exempt function. The Foundation may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Foundation's exempt function. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income and determine its filing and tax obligations in jurisdictions for which it has nexus. As of June 30, 2025 and 2024, the Foundation believes that it has not generated any unrelated business taxable income.

The Foundation recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by the taxing authorities, based on the technical merits of the position. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

Generally, the Foundation is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2022.

o. Fair Value Measurements

The Foundation measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three levels based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the Foundation has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such instruments.
- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

- **Level 3:** Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability, therefore the Foundation must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The asset's or liability's fair value measurement level 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. Following is a description of the valuation methodologies used for assets measured at fair value:

Merrill Lynch Bank of America (includes investments, quasi-endowment investment, endowment investment): Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value.

Short-Term Cash Holdings: Valued at cost, which approximates fair value.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the trustee at year-end.

Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The methods described above might produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Further, although the Foundation believes that its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

Alternative investments that are not readily marketable are carried at NAV, as provided by the investment managers, which is used as a practical expedient. The Foundation's alternative investments are private equity funds. NAV is assessed by management to approximate fair value. Investments that do not report a NAV are valued at fair value as estimated by management. In estimating fair value, management takes into consideration valuations reported to the Foundation by the fund managers, the nature of the investments, current market conditions and other factors the Foundation considers relevant.

The Foundation reviews and evaluates the values and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments might differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

The Foundation maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

p. Subsequent Events

The Foundation's management evaluated events that occurred after June 30, 2025 through September 10, 2025, the date when the financial statements were available to be issued.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements
June 30, 2025 and and 2024

3. Contributions Receivable

Contributions receivable at June 30 consist of the following :

	2025	2024
Contributions due within one year	\$ 1,198,032	\$ 289,963
Contributions due in one to five years	70,000	147,000
Contributions receivable, gross	1,268,032	436,963
Less discount for long-term pledges	(5,816)	(7,876)
Contributions receivable, net	\$ 1,262,216	\$ 429,087

The discount rate used to measure the net present value ranged from 0.13% to 3.22%.

4. Investments

Investments by type at June 30 consist of the following :

	Cost	Fair Value	Cost	Fair Value
Description	2025	2025	2024	2024
Cash	\$ 495,699	\$ 495,699	\$ 1,023,882	\$ 1,023,882
U.S. government securities	12,075,373	12,282,902	8,351,182	8,817,989
Corporate bonds	43,857,594	44,774,070	42,124,098	42,778,348
Equities	3,983,923	4,444,830	4,763,937	5,282,486
Mutual funds	16,767,793	17,542,405	10,403,157	13,572,992
Private equities (a)	700,000	771,838	-	-
	\$ 77,880,382	\$ 80,311,744	\$ 66,666,256	\$ 71,475,697

Investment gain, net of investment fees at June 30 consist of the following :

	2025	2024
Interest and dividend income	\$ 2,180,933	\$ 1,863,511
Realized and unrealized gain	2,800,574	3,988,135
Endowment investment return (Note 6)	561,785	703,589
	\$ 5,543,292	\$ 6,555,235

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

As of June 30, 2025 and 2024, the fair value of the holdings in the investment balances above and endowment balances (Note 6) were determined using Level 1 and Level 2 and Level 3 inputs within the fair value hierarchy.

The valuation of the Foundation's investments accounted for at fair value according to the fair value hierarchy at June 30 is summarized as follows:

Investments 2025:	Level 1	Level 2	Total
Cash and cash equivalents	\$ 495,699	\$ -	\$ 495,699
U.S. government securities	-	12,282,902	12,282,902
Corporate bonds	-	44,774,070	44,774,070
Equities	4,444,830	-	4,444,830
Mutual funds	17,542,405	-	17,542,405
Total fair value of investments	22,482,934	57,056,972	79,539,906
Investments measured at NAV (a)	-	-	771,838
Total investments	\$ 22,482,934	\$ 57,056,972	\$ 80,311,744

Investments 2024:	Level 1	Level 2	Total
Cash and cash equivalents	\$ 1,023,882	\$ -	\$ 1,023,882
U.S. government securities	-	8,817,989	8,817,989
Corporate bonds	-	42,778,348	42,778,348
Equities	5,282,486	-	5,282,486
Mutual funds	13,572,992	-	13,572,992
Total fair value of investments	\$ 19,879,360	\$ 51,596,337	\$ 71,475,697

(a) Alternative investments that are measured at fair value using the NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements
June 30, 2025 and and 2024

5. Liquidity and Availability of Resources

The Foundation's financial assets available for general use at June 30, consist of the following:

	2025	2024
Financial assets available:		
Cash and cash equivalents	\$ 19,973,548	\$ 21,450,297
Contributions and government contracts, net	4,068,652	2,279,579
Investments	85,986,215	76,735,983
Total financial assets available	110,028,415	100,465,859
Less: Investments measured at NAV	(771,838)	-
Less: Donor-imposed restrictions and amounts not available to be used within one year:		
Net assets with donor restrictions	(663,065)	(3,268,562)
Quasi-endowment investment	(5,225,754)	(4,844,321)
Financial assets available to meet cash needs for general expenditures within one year	\$ 103,367,758	\$ 92,352,976

The Foundation's working capital and cash flows fluctuate during the year due to the timing of cash receipts and major contributions. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation's goal is to maintain cash reserves of at least four months (approximately 33%) of the total approved budgeted expenses for the current fiscal year. The Foundation's fiscal year 2026 budget (unaudited), which was approved at the May 2025 board meeting, includes budgeted expenses, excluding in-kind contributions, of approximately \$56,300,000. Financial reserves as of June 30, 2025 approximate 183% of the fiscal year 2026 budget. The Foundation's main ongoing strategic priority, to operate its signature adoption program at scale in all fifty states, carries a remaining cost of approximately \$100 million. The Foundation anticipates spending approximately \$50 million of its currently-held investments over the next five to ten years in fulfillment of this initiative. As part of the liquidity plan, excess cash is deposited in a money market account, which earns interest compounded monthly at the Federal Fund rate, which was 4.25% at June 30, 2025. In addition to these available assets, a significant portion of the Foundation's annual expenditures are expected to be funded with operating revenues and support. The Foundation withdraws funds from its endowments in accordance with the Board-approved endowment spending policy. The Foundation withdrew approximately \$148,000 and \$140,000 during fiscal years ended June 30, 2025 and 2024, respectively.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

6. Endowment

From time to time, the Foundation receives pledges to its endowment fund for the benefit of the Foundation. The goal of the fund is to establish segregated endowed assets and to provide adequate cash flow to meet annual spending needs while seeking to maintain the purchasing power of the assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the index benchmarks set for each asset class while assuming a moderate level of investment risk.

The Foundation's quasi-endowment was established in 2017 and consists of various investment funds established primarily for support of the Foundation's mission. The quasi-endowment represents Board-designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Together, the endowment investment and quasi-endowment investment represent the endowment funds (endowment funds). The Foundation manages its endowment funds in accordance with Uniform Prudent Management of Institutional Funds Act, which permits a nonprofit organization to appropriate investment income and appreciation on endowment funds for operations in absence of donor restrictions.

Annual distributions are spent in accordance with the endowment funds spending policy. The Foundation's spending policy permits withdrawals not to exceed 3% of the average market value of the fund's assets for the 12 consecutive calendar quarters ending December 31 of the year preceding the current fiscal year. The distribution of income remains at the discretion of the executive board within the direction of the budget process.

In addition, the Foundation's investment policy outlines a philosophy and attitude that guides the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

Investments in the Foundation’s endowment and Board-designated quasi-endowment by type at June 30 consist of the following:

Endowment:	Cost 2025	Fair Value 2025	Cost 2024	Fair Value 2024
Cash	\$ 5,066	\$ 5,066	\$ 2,824	\$ 2,824
U.S. government securities	49,466	49,950	49,574	49,260
Corporate bonds	14,707	15,548	21,745	22,775
Equities	70,251	79,332	88,676	99,290
Mutual funds	288,875	298,821	174,908	241,816
	\$ 428,365	\$ 448,717	\$ 337,727	\$ 415,965

Quasi-Endowment:	Cost 2025	Fair Value 2025	Cost 2024	Fair Value 2024
Cash	\$ 58,996	\$ 58,996	\$ 32,883	\$ 32,883
U.S. government securities	576,086	581,719	577,337	573,680
Corporate bonds	171,278	181,077	253,237	265,244
Equities	818,140	923,898	1,032,722	1,156,333
Mutual funds	3,364,222	3,480,064	2,036,966	2,816,181
	\$ 4,988,722	\$ 5,225,754	\$ 3,933,145	\$ 4,844,321

Endowment Total:	Cost 2025	Fair Value 2025	Cost 2024	Fair Value 2024
Endowment	\$ 428,365	\$ 448,717	\$ 337,727	\$ 415,965
Quasi-Endowment	4,988,721	5,225,754	3,933,145	4,844,321
	\$ 5,417,086	\$ 5,674,471	\$ 4,270,872	\$ 5,260,286

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

The valuation of the Foundation's endowments and quasi-endowments accounted for at fair value according to the fair value hierarchy at June 30 is summarized as follows:

Endowment 2025:	Level 1	Level 2	Total
Cash and cash equivalents	\$ 5,066	\$	\$ 5,066
U.S. government securities		49,950	49,950
Corporate bonds		15,548	15,548
Equities	79,332		79,332
Mutual funds	298,821		298,821
Total fair value of investments	\$ 383,219	\$ 65,498	\$ 448,717

Quasi-Endowment 2025:	Level 1	Level 2	Total
Cash and cash equivalents	\$ 58,996	\$	\$ 58,996
U.S. government securities		581,719	581,719
Corporate bonds		181,077	181,077
Equities	923,898		923,898
Mutual funds	3,480,064		3,480,064
Total fair value of investments	\$ 4,462,958	\$ 762,796	\$ 5,225,754

Endowment 2024:	Level 1	Level 2	Total
Cash and cash equivalents	\$ 2,824	\$	\$ 2,824
U.S. government securities		49,260	49,260
Corporate bonds		22,775	22,775
Equities	99,290		99,290
Mutual funds	241,816		241,816
Total fair value of investments	\$ 343,930	\$ 72,035	\$ 415,965

Quasi-Endowment 2024:	Level 1	Level 2	Total
Cash and cash equivalents	\$ 32,883	\$	\$ 32,883
U.S. government securities		573,680	573,680
Corporate bonds		265,244	265,244
Equities	1,156,333		1,156,333
Mutual funds	2,816,181		2,816,181
Total fair value of investments	\$ 4,005,397	\$ 838,924	\$ 4,844,321

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

The net asset endowments activity is as follows:

As of June 30, 2025	Without Donor Restrictions/ Quasi- Endowment	With Donor Restrictions/ Endowment	Total
Investments, beginning of year	\$ 4,844,321	\$ 415,965	\$ 5,260,286
Investment return, net	517,361	44,424	561,785
Distributions	(135,928)	(11,672)	(147,600)
Investments, end of year	\$ 5,225,754	\$ 448,717	\$ 5,674,471

As of June 30, 2024	Without Donor Restrictions/ Quasi- Endowment	With Donor Restrictions/ Endowment	Total
Investments, beginning of year	\$ 4,325,589	\$ 371,424	\$ 4,697,013
Investment return, net	647,954	55,635	703,589
Distributions	(129,222)	(11,094)	(140,316)
Investments, end of year	\$ 4,844,321	\$ 415,965	\$ 5,260,286

Dave Thomas Foundation for Adoption

Notes to the Financial Statements
June 30, 2025 and and 2024

7. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30 are as follows:

	2025	2024
Time restrictions	\$ 28,778	\$ 28,778
Blue Meridian Partners - Wendy's Wonderful Kids expansion	-	2,638,249
Post-adoption	93,845	93,845
Wendy's Wonderful Kids	99,601	99,601
Endowment - Kathy McGinnis	1,711	1,594
Endowment - Andres Garcia	171,133	159,374
Endowment - Jeffrey Coghlan	128,350	119,530
Endowment - Shore Morgan Young Wealth Strategies Fund	34,227	31,875
Endowment - R.L. and Barbara Richards Fund	42,783	39,843
Endowment - Jonathan Catherwood	68,453	63,749
Less: Discount for long-term pledges	(5,816)	(7,876)
Total net assets with donor restrictions	\$ 663,065	\$ 3,268,562

Net assets were released from donor restrictions by the passage of time, or by incurring expenses satisfying purpose restrictions specified by donors as follows for the years ended June 30:

	2025	2024
Blue Meridian Partners - Wendy's Wonderful Kids expansion	\$ 11,474,749	\$ 8,978,365
Wendy's Wonderful Kids	-	14,392
Total net assets released from restrictions	\$ 11,474,749	\$ 8,992,757

8. Related-Party Transactions

The Foundation is affiliated with the Dave Thomas Foundation for Adoption Canada (DTFA Canada), whose purpose is to find homes for children who are waiting to be adopted from foster care in Canada and to raise money to provide free educational resources, promote awareness, educate policymakers and employers, and support adoption professionals and agencies throughout Canada. The Foundation has a majority voting interest in DTFA Canada.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements June 30, 2025 and and 2024

The Foundation provides DTFA Canada certain accounting and management services at an estimated fair value of approximately \$151,000 and \$148,000 for the years ended June 30, 2025 and 2024, respectively. DTFA Canada pays the Foundation for the services, and the Foundation in turn donates the same amount of money to DTFA Canada.

The summarized financial position of DTFA Canada as of December 31, 2024 and 2023 expressed in Canadian dollars is as follows:

Description	2024	2023
Assets	\$ 5,733,631	\$ 4,941,104
Liabilities	199,907	96,608
Net assets	5,533,724	4,844,496
Change in net assets	\$ 689,228	\$ 2,251,742

The Foundation is the sole beneficiary of certain fundraising events and in-store campaigns sponsored by Wendy's and its franchisees. The Foundation received approximately \$22,958,000 and \$23,001,000 from Wendy's from various fundraising activities for the years ended June 30, 2025 and 2024, respectively, which are reported as contributions on the statements of activities and change in net assets.

Wendy's entered into an Assignment of Rights Agreement with Oldemark, LLC, dated as of November 5, 2000 (Assignment). Wendy's has used Mr. Thomas, the founder, as a focal point for its products and services for many years, and has, through its extensive investment in the advertising and promotional use of Mr. Thomas' name, likeness, image, voice, caricature, endorsement rights and photographs (Thomas Persona), made the Thomas Persona well-known in the United States and throughout North America. Under terms of the Assignment, the Foundation was granted the use of the Thomas Persona, at no charge, for as long as the Foundation maintains its present purpose and ideals. No revenue or expense has been recorded in the financial statements for the use of the Thomas Persona.

9. Defined Contribution Plan

The Foundation sponsors a defined contribution plan for its employees. The Foundation's contributions to the plan are based on each participant's actual amount contributed to the plan, up to a 5% match of annual eligible compensation as of June 30, 2025 and 2024. Amounts charged to expense for the defined contribution plan totaled \$235,000 and \$204,000 for the years ended June 30, 2025 and 2024, respectively.

Dave Thomas Foundation for Adoption

Notes to the Financial Statements

June 30, 2025 and and 2024

10. Litigation

In the normal course of operations, the Foundation becomes involved in legal matters and claims. While the Foundation believes the ultimate outcome of such other matters and claims will not have a material adverse effect on the Foundation's financial position, results of operations or cash flows, the outcome of such matters and claims is not determinable with certainty, and negative outcomes may adversely affect the Foundation. No accrual was deemed necessary as of June 30, 2025 and June 30, 2024.

Certain aspects of the Foundation's revenues are subject to review by agents of the funding sources, the purpose of which is to ensure compliance with conditions precedent to the disbursement of funds. Revenues generated by these programs may be disallowed or adjusted in subsequent periods as a result of these reviews.