Dear Friends and Partners:

We have the honor and privilege of sharing with you the Petco Foundation Annual Report for the year ending April 30, 2011. It was a year of hope, and as you read this report, we ask that you keep that one word in mind: hope.

• Hope for hundreds of thousands of formerly homeless pets that found lifelong, loving homes last year through Petco-assisted adoption events and other independent adoption efforts by our more than 2,500 adoption partners.

• Hope through funding spay and neuter initiatives and programs throughout the country, making up 40 percent of Foundation funds awarded through grants.

• Hope for families who were not able to provide food for their companion animals in 2010 and were forced to entertain the thought of surrendering their beloved pets. The Petco Foundation donated more than 230 tons of food through our Petco “We Are Family, Too” program.

• Hope during natural disasters when hope was in short supply. Be it fires, floods, tornadoes or hurricanes, the Petco Foundation provided the resources to heal and to become better.

• Hope and friendship to the more than 7,500 animal welfare groups we call Charitable Partners. We also provide education and support through our Adoption Options Workshops, seminars at animal welfare conferences and individual counseling and advice.

And our message of hope resonated with you. In this economic climate of financial doom and gloom, the Petco Foundation increased donations by 42.5 percent, allowing us to more completely fulfill our mission: raising the quality of life for pets and people who love and need them.

But there is always more to be done, and so we keep going, relentless in our pursuit of providing hope.

While we have changed in countless ways throughout the years, we have never shifted our focus. It is this consistent dedication that energizes us and urges us onward.

We have a long list of friends and partners who have joined us on our journey to provide hope to animals. And the list continues to grow. We are very proud of that. We hope you are as well, since you hold a very important place on this list. Thank you for being our friends and partners.

Yours in hope,

Charlie Piscitello
President
Petco Foundation

Paul Jolly
Executive Director
Petco Foundation
The Petco Foundation embraces a philosophy best summed up by the Four Rs - Reduce, Rescue, Rehabilitate and Rejoice.

**Reduce**

Each year, millions of loving pets become homeless and enter animal shelters all over the country. When space runs out, they are euthanized to make more room.

The Petco Foundation sponsors spay and neuter programs in communities across the United States and works to educate pet parents on the importance of spaying and neutering their pets. Since our incorporation in 1999, millions of pets have been spayed and neutered with funding provided by the Petco Foundation.

**Rescue**

Since its inception in 1999, the Petco Foundation has helped save the lives of more than 3 million homeless animals that were once at risk of being put to death. Through the combined efforts of the Petco Foundation, our contributors, Petco associates and a nationwide network of more than 7,500 local animal welfare partners, these pets have found themselves in the care of loving families in their forever homes.

**Rehabilitate**

We support proper training to preserve the human-animal bond. Too many animals are relinquished to shelters because of behavior problems. The Petco Foundation is dedicated to educating the public that the human-animal bond need not be compromised due to behavioral issues. We fund numerous groups offering counseling and assistance.

**Rejoice**

In addition to our work to save animals’ lives, the Petco Foundation supports educational programs that teach children how to properly care for and treat animals. We support animal-assisted therapy programs that help people recover from illness, injury or abuse – and some that bring joy to senior citizens in retirement. We even help children with life-threatening illnesses realize their wishes to experience the comfort and healing love that only animals can provide.
where funding comes from

The Foundation’s four primary fundraisers – the National Spay and Neuter Drive, Breeds in Need, Tree of Hope and Spring A Pet – focus on areas of need; including spay and neuter, breed rescue, promoting the human-animal bond and adoptions.

Donations are made at Petco store registers or online at petcofoundation.org. Petco associates on the front line are the fundraising heroes of our donation drives, particularly Petco’s Midwest region of stores, which has led the company in donation drives for the past decade.

**National Spay and Neuter Drive**  *July 2010 - August 2010*
Donations help raise awareness about the largest threat facing pet welfare – animal overpopulation. This annual campaign provides much-needed financial assistance to local and national organizations that promote spay and neuter through advocacy, education, affordable surgeries and referrals.

The National Spay and Neuter Drive raised over $1.3 million — a 38% increase over 2009.

**Breeds in Need**  *September 2010 - October 2010*
Due to backyard breeders and puppy mills, every purebred category has unwanted dogs and cats. From the female dog bred repeatedly in a puppy mill to the racing Greyhound killed for lack of speed, many companion animals never experience the security and comfort of a safe, loving home. Our Breeds in Need fundraiser gives those animals a second chance.

Breeds in Need raised $851,000 — a 184% increase over 2009.

**Tree of Hope**  *November 2010 - December 2010*
Every year, up to eight million dogs, cats and other pets are given up to animal shelters across the country. Half of them never get out simply because they can’t find new homes. That’s four million animal lives needlessly lost.

Tree of Hope is the Foundation’s largest fundraiser, supporting local shelter groups, spay and neuter programs and disaster relief efforts across the country to rescue animals in harm’s way. Funds stay in the communities where they are raised.

Tree of Hope raised nearly $4 million — just shy of the record-breaking $4 million in 2009.

**Spring A Pet**  *March 2011 - April 2011*
Spring A Pet celebrates our Think Adoption First philosophy and provides much-needed funding to grassroots animal welfare organizations in their efforts to find forever homes for thousands of orphaned animals every year.

Spring A Pet raised more than $2.8 million — up 43% over 2010.
annual fundraising events

Thanks “Fore” Giving  November 2010

Nearly 300 golfers hit the greens at the Rancho Bernardo Inn and the Country Club of Rancho Bernardo, while 86 more participants enjoyed a culinary experience at El Bizcocho at the Rancho Bernardo Inn. Attendees then gathered for a silent auction and dinner.

The event made Foundation history, raising nearly $1 million in funds that directly supported Petco’s charitable partners and animals in need. This is the Foundation’s biggest event fundraiser and is supported by many Petco constituents, including our vendors.

“It was great to see so many partners of Petco come out and support the Petco Foundation,” said Board President Charlie Piscitello. “The weather was terrific and we raised a lot of money for the Foundation’s important work.”

Petco Foundation Gala  April 2011

The Petco Foundation hosted its third annual fundraising gala at the San Diego Marriott Marquis & Marina, honoring special guest Ellen DeGeneres for her lifelong commitment to animals. This year’s gala raised more than $220,000 for the Halo Pet Foundation and animals in need – a record-breaker for this event!

Nearly 600 guests learned how DeGeneres, co-owner of Halo, Purely for Pets, has personally advocated for animals throughout her life. She enjoyed a heartfelt thank you as she accepted the Petco Foundation’s first-ever HOPE Award. The HOPE Award celebrates the spirit of hope through a life dedicated to promoting the human-animal bond.

“This is ridiculous,” DeGeneres told the room full of fellow animal lovers. “It’s like getting an award for breathing.”

To raise the bar for fundraising at the annual event, guests had the opportunity to pledge their financial support for animals affected by recent crises across the country. The special appeal raised more than $70,000 – all in about 10 minutes!

“It was our most exciting and successful event yet,” said Petco Foundation Executive Director Paul Jolly. “Not only was it an honor to recognize Ellen for her great work in animal welfare and advocacy, it was also a joy to raise such an incredible amount of money for companion animals in need; and to expand our work on behalf of pets and people who love and need them in the years ahead.”
funds in action

The Petco Foundation donates more than $10 million a year to benefit companion animals. More than half goes to local community and regional animal welfare efforts, while the remainder supports disaster relief and other national causes and programs.

The Petco Foundation uses money raised through local, regional and national fundraising events to support other IRS-designated nonprofit groups, government agencies and educational institutions involved in animal welfare.

grants

We offer monetary grants to more than 7,500 local animal welfare organizations nationwide, mainly to help with day-to-day operations.

Adoption Events
Animal welfare groups partner with their local Petco stores to host adoption events nearly every weekend. This provides easy access for people looking to adopt – an important step in reducing the number of animals in shelters.

Disaster Relief
The Petco Foundation responded to recent disasters in the South and Midwest by using Petco stores as collection points for relief supplies. Thousands of pets inundated local animal shelters and rescues were provided with the necessities to keep them calm and healthy until their pet parents were home again.

Spay and Neuter Programs
Pet overpopulation is one of the biggest problems facing companion animals and animal welfare organizations nationwide; nearly four million pets are euthanized each year, simply because they can’t find homes. To reduce this number, we provide monetary support for spay and neuter programs.

“We Are Family, Too” Fund
Created in 2008 to provide seed funding to humane groups, this fund helps develop programs such as pet food banks and short-term foster homes that help financially strapped families keep their pets.
In fiscal 2010, more than 1,100 grants were given to support animal welfare, helping more than 170,000 pets. The average grant was $3,234.

YEAR ENDING APRIL 30, 2011
making a difference

Through our “We Are Family, Too” fund, the Foundation supports local programs to reduce the number of pets surrendered because families can’t afford to feed them. The Foundation provides seed funds to programs that help families stay together with their companion animals during times of need.

**Typical programs eligible for funding include:**

- Food Bank Programs
- Product Donations
- Veterinarian Services
- Resources for Pet-friendly Rentals
- Spay and Neuter Services
- Resources for Housing Counselors
- Short-term Foster Homes
- Short-term Financial Assistance

pet food bank program

In 2010, Loaves and Fishes, a Naperville, IL food bank, asked a local Petco to put a food receptacle in the store because more and more of their visitors were requesting pet food. The store’s General Manager contacted the Petco Foundation and began a district-wide collection in Chicago. Lance Schwimmer, Petco Foundation board member and Vice President of Regional Operations at Petco, got involved and the first nationwide Pet Food Bank program was born.

The Pet Food Bank program supports local food banks and families in financial crisis. As animal lovers, we simply refuse to accept that anyone should have to go through the pain of giving up their pet companion because of financial distress.

Special bins in Petco stores across the country serve as collection points for customers to donate pet food or litter. Stores then partner with an existing human food bank that has a pet food component, or with an animal welfare group that has its own pet food bank, to donate the food directly to pet parents in the community.

In November 2010, the program really came alive during our National Food Drive, when more than 90 tons of dog and cat food were collected and distributed to hundreds of pet food banks.

The Pet Food Bank program collects an average of 30,000 pounds of food per month, and we’ve collected more than 500,000 pounds since this program began.
Petfinder.com and the Petco Foundation have teamed up with well-known experts who speak to audiences around the country about the importance of increasing adoptions for the Adoption Options workshop. Workshop attendees are treated to thought-provoking speeches on groundbreaking animal adoption topics, meals, T-shirts, prizes and more, all at a fraction of the price of a large animal welfare conference. Workshops are held in convenient locations to provide cutting-edge adoption knowledge to underserved areas of the country.
### Statement of Financial Position

**Year Ending April 30, 2011**

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,449,780</td>
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<tr>
<td>Contributions receivable</td>
<td>$618,674</td>
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<tr>
<td>Other receivables</td>
<td>$524,746</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>$7,593,200</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
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<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
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<tr>
<td>Accounts payable &amp; accrued expenses</td>
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<tr>
<td><strong>Total liabilities</strong></td>
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<td><strong>NET ASSETS:</strong></td>
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<tr>
<td>Unrestricted</td>
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<tr>
<td><strong>Total net assets</strong></td>
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<tr>
<td><strong>Total liabilities &amp; net assets</strong></td>
<td><strong>$7,593,200</strong></td>
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</table>

### Statement of Activities

**Year Ending April 30, 2011**

**Changes in Unrestricted Net Assets**

<table>
<thead>
<tr>
<th>Support and revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTRIBUTIONS FROM FUNDRAISING ACTIVITIES:</strong></td>
<td></td>
</tr>
<tr>
<td>Tree of Hope</td>
<td>$4,025,370</td>
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<td>Spring A Pet</td>
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<td>Other</td>
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<td>National Spay and Neuter Drive</td>
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<td>Breeds in Need</td>
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<td>Pet Cancer Awareness</td>
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<td>Guide Dogs</td>
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<td>Petco Adoption Fund</td>
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<td>Managers’ Choice</td>
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<td><strong>Total contributions from fundraising activities</strong></td>
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<td><strong>SPECIAL EVENTS:</strong></td>
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<tr>
<td>Revenue</td>
<td>$1,638,672</td>
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<td>Expenses</td>
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<td><strong>Net special event revenue</strong></td>
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<td>Interest income</td>
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<td><strong>Total unrestricted support and revenue</strong></td>
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<table>
<thead>
<tr>
<th>Expenditures</th>
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<tbody>
<tr>
<td>Donations</td>
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<td>Administration and other Fundraising</td>
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<td>$435,642</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
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<td>Increase in unrestricted net assets</td>
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<td>Net assets, beginning of year</td>
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<tr>
<td><strong>Net assets, end of year</strong></td>
<td><strong>$6,864,281</strong></td>
</tr>
</tbody>
</table>

### Statement of Cash Flow

**Year Ending April 30, 2011**

**Cash Flow From Operating Activities**

| Increase in net assets                      | $3,323,909 |
| **ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** |       |
| Increase in contributions receivable        | ($453,738) |
| Increase in other receivables               | ($524,746) |
| Increase in accounts payable and accrued expenses | $492,929 |
| **Net cash provided by operating activities** | **$2,838,354** |
| **Net increase in cash and cash equivalents** | **$2,838,354** |
| **Cash and cash equivalents, beginning of year** | **$3,611,426** |
| **Cash and cash equivalents, end of year**  | **$6,449,780** |
Revenue
YEAR ENDING APRIL 30, 2011

Expenses
YEAR ENDING APRIL 30, 2011
“The Petco Foundation is a resource we can turn to for help when faced with uncertainty or financial strain due to demands. This economy has hurt all charities, and we have had to find creative ways to raise much-needed money. Thank you so very much for all your help. These cats are living a comfortable life where they are loved and cared for.”

Friends of the Rifle Animal Shelter - Rifle, CO

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Administrative Assistant

Mary Ann Magana  
Administrative Assistant

The Petco Foundation has received Charity Navigator’s highest 4 star rating six years in a row!