

# **The American Anti-Vivisection Society**

Consolidated Financial Statements  
and Supplementary Information

December 31, 2021 and 2020

# The American Anti-Vivisection Society

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## **Independent Auditors' Report**

To the Board of Managers of  
The American Anti-Vivisection Society

### **Opinion**

We have audited the consolidated financial statements of The American Anti-Vivisection Society, and subsidiary (the Organizations), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2021 and 2020, 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 (GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organizations 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 the Organizations' abilities to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

In performing an audit in accordance with GAAS, 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 the Organizations' 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 the Organizations' 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.

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on Pages 22 to 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
April 8, 2022

# The American Anti-Vivisection Society

Consolidated Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,815,055	\$ 2,308,461
Prepaid expenses	76,618	85,722
Receivables from estates and trusts	504,249	379,016
Furniture and equipment, net of accumulated depreciation of \$547,110 and \$542,173	24,523	12,473
Right of use assets, operating leases	336,575	-
Long-term investments at fair value	45,546,808	41,346,312
Beneficial interests in perpetual trusts	2,101,003	1,818,040
	<u>51,404,831</u>	<u>45,950,024</u>
Total assets	<u>\$ 51,404,831</u>	<u>\$ 45,950,024</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 47,662	\$ 50,378
Accrued compensation and related items	34,935	40,935
Deferred dues revenue	141,807	105,118
Lease obligations	336,575	-
Grants payable	1,436,346	1,619,812
Gift annuities payable	64,084	71,741
	<u>2,061,409</u>	<u>1,887,984</u>
Total liabilities	<u>2,061,409</u>	<u>1,887,984</u>
<b>Net Assets</b>		
Without donor restrictions	46,019,578	41,086,627
With donor restriction	3,323,844	2,975,413
	<u>49,343,422</u>	<u>44,062,040</u>
Total net assets	<u>49,343,422</u>	<u>44,062,040</u>
Total liabilities and net assets	<u>\$ 51,404,831</u>	<u>\$ 45,950,024</u>

See notes to consolidated financial statements

# The American Anti-Vivisection Society

Consolidated Statements of Activities and Changes in Net Assets  
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Net Assets Without Donor Restrictions</b>		
<b>Revenue, Gains and Other Support</b>		
Bequests	\$ 705,682	\$ 720,153
Investment income from long-term investments, net of investment expenses of \$439,198 and \$364,690	185,316	229,927
Investment income from perpetual trusts	82,703	93,993
Dues	193,861	226,653
Contributions	538,553	443,935
Government grants	-	147,000
Realized gains on long-term investments, net	2,866,938	1,302,920
Unrealized gains on long-term investments, net	2,334,064	4,319,924
Other income	276,697	258,863
	<u>7,183,814</u>	<u>7,743,368</u>
Net assets released from restrictions	87,702	68,767
Total revenue, gains and other support	<u>7,271,516</u>	<u>7,812,135</u>
<b>Expenses</b>		
Program services:		
Campaigns and outreach	775,645	1,063,292
Animalearn	204,247	204,263
Leaping bunny	364,607	285,605
Alternatives research	344,894	372,448
	<u>1,689,393</u>	<u>1,925,608</u>
Supporting services:		
General and administrative	297,828	281,925
Fundraising	351,344	327,876
	<u>649,172</u>	<u>609,801</u>
Total expenses	<u>2,338,565</u>	<u>2,535,409</u>
Increase in net assets without donor restrictions	<u>4,932,951</u>	<u>5,276,726</u>
<b>Net Assets With Donor Restrictions</b>		
Investment income from long-term investments	12,063	14,857
Investment income from perpetual trusts	11,665	15,350
Contributions	50,000	50,000
Realized gains on long-term investments, net	31,651	14,015
Unrealized gains on long-term investments, net	47,791	5,437
Unrealized gains on beneficial interests in perpetual trusts	282,963	24,667
Net assets released from restrictions	(87,702)	(68,767)
	<u>348,431</u>	<u>55,559</u>
Increase in net assets with donor restrictions	<u>348,431</u>	<u>55,559</u>
Change in net assets	5,281,382	5,332,285
<b>Net Assets, Beginning</b>	<u>44,062,040</u>	<u>38,729,755</u>
<b>Net Assets, Ending</b>	<u>\$ 49,343,422</u>	<u>\$ 44,062,040</u>

See notes to consolidated financial statements

## The American Anti-Vivisection Society

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2021 (Summarized Totals for the Year Ended December 31, 2020)

	2021			2020	
	Programs	General and Administrative	Fundraising	Total	Total
Grants	\$ 574,186	\$ -	\$ -	\$ 574,186	\$ 949,556
Contribution for the direct benefit of animals	23,358	-	-	23,358	26,324
Salaries	402,261	117,883	97,995	618,139	622,009
Employee benefits	94,008	27,561	22,310	143,879	135,552
Payroll taxes	31,550	9,506	7,849	48,905	48,873
Professional fees	81,174	111,318	450	192,942	119,982
Membership development	79	-	133,510	133,589	123,157
Office supplies	5,616	1,775	722	8,113	6,526
Telecommunications	19,165	362	1,694	21,221	29,038
Occupancy	97,665	17,713	13,714	129,092	127,415
Equipment rental and maintenance	54,173	6,400	21,537	82,110	54,060
Printing, publications and postage	160,033	353	41,706	202,092	138,190
Design	2,096	-	-	2,096	318
Travel	8,072	-	-	8,072	2,291
Conferences, conventions and meetings	17,678	-	-	17,678	33,326
Office expense and miscellaneous	10,398	4,479	9,308	24,185	19,213
Insurance	10,355	390	347	11,092	10,364
Advertising	23,489	-	-	23,489	16,184
Research and information services	5,892	-	-	5,892	2,419
Consultant fees	63,498	-	-	63,498	51,745
Public relations	-	-	-	-	5,000
Bad debt expense	-	-	-	-	10,377
Depreciation	4,647	88	202	4,937	2,920
Educational material	-	-	-	-	570
	<u>\$ 1,689,393</u>	<u>\$ 297,828</u>	<u>\$ 351,344</u>	<u>\$ 2,338,565</u>	<u>\$ 2,535,409</u>

See notes to consolidated financial statements

## The American Anti-Vivisection Society

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 949,556	\$ -	\$ -	\$ 949,556
Contribution for the direct benefit of animals	26,324	-	-	26,324
Salaries	420,253	108,352	93,404	622,009
Employee benefits	89,889	25,955	19,708	135,552
Payroll taxes	32,450	8,828	7,595	48,873
Professional fees	20,401	99,197	384	119,982
Membership development	50	-	123,107	123,157
Office supplies	3,606	1,125	1,795	6,526
Telecommunications	27,328	604	1,106	29,038
Occupancy	96,099	17,651	13,665	127,415
Equipment rental and maintenance	29,012	4,100	20,948	54,060
Printing, publications and postage	100,956	166	37,068	138,190
Design	318	-	-	318
Travel	2,291	-	-	2,291
Conferences, conventions and meetings	33,326	-	-	33,326
Office expense and miscellaneous	5,850	4,811	8,552	19,213
Insurance	9,631	388	345	10,364
Advertising	16,184	-	-	16,184
Research and information services	2,419	-	-	2,419
Consultant fees	51,745	-	-	51,745
Public relations	5,000	-	-	5,000
Bad debt expense	-	10,377	-	10,377
Depreciation	2,920	-	-	2,920
Educational material	-	371	199	570
	<u>\$ 1,925,608</u>	<u>\$ 281,925</u>	<u>\$ 327,876</u>	<u>\$ 2,535,409</u>

See notes to consolidated financial statements



# The American Anti-Vivisection Society

Consolidated Statements of Cash Flows  
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 5,281,382	\$ 5,332,285
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	4,937	2,920
Realized gains on long-term investments, net	(2,898,589)	(1,316,935)
Unrealized gains on long-term investments, net	(2,381,855)	(4,325,361)
Unrealized gains on beneficial interests in perpetual trusts	(282,963)	(24,667)
(Increase) decrease in assets:		
Prepaid expenses	9,104	(43,296)
Receivables from estates and trusts	(125,233)	(40,137)
Increase (decrease) in liabilities:		
Accounts payable	(2,716)	44,038
Accrued compensation and related items	(6,000)	(9,647)
Deferred dues revenue	36,689	(23,883)
Grants payable	(183,466)	262,950
Gift annuities payable	(7,657)	(25,215)
	<u>(556,367)</u>	<u>(166,948)</u>
Net cash used in operating activities		
<b>Cash Flows From Investing Activities</b>		
Purchases of furniture and equipment	(16,988)	(8,933)
Purchases of long-term investments	(8,762,541)	(6,692,767)
Proceeds from sales and maturities of long-term investments	9,842,490	6,481,907
	<u>1,062,961</u>	<u>(219,793)</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	506,594	(386,741)
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,308,461</u>	<u>2,695,202</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,815,055</u>	<u>\$ 2,308,461</u>
<b>Supplemental Disclosure of Cash Flow Data</b>		
Right-of-use assets obtained in exchange for lease obligations	<u>\$ 453,898</u>	<u>\$ -</u>

See notes to consolidated financial statements

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

## 1. Nature of Organization

The American Anti-Vivisection Society (Society) is a not-for-profit organization incorporated under the laws of the Commonwealth of Pennsylvania formed for charitable and educational purposes and for the prevention of cruelty to animals, particularly to educate the general public about vivisection, alternatives to vivisection and with the goal of abolishing vivisection.

Alternatives Research and Development Foundation (Foundation) is a not-for-profit organization incorporated under the laws of the Commonwealth of Pennsylvania. The purpose of the Foundation is to support the development and utilization of alternatives to the use of animals in biomedical research, testing and education, through provision of research grants and awards and expert information to scientists, media, government agencies and advocacy groups.

Substantially all of the The American Anti-Vivisection Society and Alternatives Research and Development Foundation (collectively referred to as Organizations) Organizations' activities are conducted within the United States, although the Organizations occasionally may provide grants or other financial support to foreign persons or organizations. A majority of the Society's membership resides in the United States. The Organizations' administrative offices are located in Jenkintown, Pennsylvania.

## 2. Summary of Significant Accounting Policies

### Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidation of the individual financial statements of the Organizations'. The individual entities have the same Board of Directors (Managers) and share facilities and equipment. The Society has legal control over the Foundation. Inter-organization transactions and balances have been eliminated in consolidation.

### Basis of Presentation

The Organizations' consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organizations report total assets, liabilities and net assets in a consolidated statement of financial position; reports the change in net assets in a consolidated statement of activities and changes in net assets; and reports the sources and uses of cash and cash equivalents in a consolidated statement of cash flows.

### Net Assets

Net assets and revenues, gains, expenses and losses are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor, grantor or other outside party restrictions. The Board of Managers may designate, from net assets without restrictions, net assets for specific use in a future period.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and are reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

# The American Anti-Vivisection Society

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Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Contributed Services

A significant portion of each Organization's functions are conducted by unpaid volunteer officers and members. The value of this contributed time is not reflected in the accompanying consolidated financial statements because it does not meet the criteria necessary for recognition.

## Cash Equivalents

Cash equivalents include highly liquid investments with an original maturity of 90 days or less. The fair value of cash equivalents approximates cost.

## Receivables From Estates and Trusts

Receivables from estates and trusts are recorded in the year the Organizations' are notified the associated will is valid and has been admitted to probate, and an estimated value is provided by an executor.

## Inventory

Inventory consists of supplies, educational materials, books and clothing and is stated at estimated fair value or average cost, whichever is lower.

## Furniture and Equipment

Furniture and equipment are stated at cost. All purchases of furniture and equipment in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of three to seven years.

## Investments

Long-term investments consist of marketable securities and are recorded at estimated fair value as determined by quoted market values. Investment gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

The assets of perpetual and other charitable trusts consist principally of marketable securities. The Organizations' beneficial interests in these various trusts are recorded at estimated fair values.

## Contributions

Contributions, bequests and beneficial interests in perpetual trusts are recorded at their estimated fair values when either Organization has received notification of a promise to give.

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## Revenue Recognition and Disaggregation of Revenue

Dues are recognized as revenue over the applicable term of the membership. Life memberships are recorded as revenue when received. The members pay dues in exchange for a defined set of benefits. The unsatisfied or partially unsatisfied performance obligations are primarily related to distribution of bi-monthly newsletter at the end of the reporting period. The performance obligations for these membership benefits are evenly distributed throughout the year. The Society believes that this method provides a faithful depiction of the transfers of services over the term of the defined performance obligations based on the inputs needed to satisfy the obligation.

## Deferred Dues Revenue

The following table depicts activities for deferred dues revenue.

	Balance, December 31, 2020	Refunds Issued	Revenue Recognized Included in December 31, 2020 Balance	Cash Received in Advance of Performance	Balance, December 31, 2021
Deferred dues revenue	\$ 105,118	\$ -	\$ 105,118	\$ 141,807	\$ 141,807

The balance of deferred dues revenue at December 31, 2021, less any refunds issued, will be recognized as revenue in 2022.

The Organizations apply the practical expedient in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14 and, therefore, does not disclose information about remaining performance obligations that have original durations of one year or less.

## Grants Payable

Grants payable represent grants awarded to other organizations. Grants payable over multiple years are discounted at prevailing interest rates. Grants involving estimates of expenses reimbursable over multiple years include an annual inflation rate based upon current market conditions. Unexpended balances of grants awarded to other organizations are required to be returned. Refunds to the Organizations are recorded when the amount of refund due becomes known, normally when a final accounting by the grantee is submitted.

## Income Taxes

The Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organizations do not have net unrelated business income subject to tax. In addition, each 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 509(a)(2).

Management believes that it has appropriate support for any tax positions taken, and as such, the Organizations do not have any uncertain tax positions that are material to the consolidated financial statements.

Each Organization's federal Return of Organization Exempt From Income Tax (Form 990) for 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after the date the return was filed.

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## Risks and Uncertainties

The Organizations' future results of operations involve a number of risks and uncertainties. Factors that could affect the Organizations' future operating results and cause actual results to vary materially from expectations include, but are not limited to, dependence on key personnel, general economic conditions, reliance on public support and the performance of their long-term investments.

## Concentrations of Credit Risk

The Organizations' principal financial instruments subject to credit risk are their cash, cash equivalents, investments and receivables. Fixed income securities are also exposed to interest rate risk. Receivables result primarily from unconditional promises to give, including bequests and other contributions.

## Accounting Standards Adopted in the Current Year

Effective January 1, 2021, the Organizations adopted FASB ASU No. 2016-02, *Leases (as amended) (Topic 842)*. ASC Topic 842 (ASC 842) was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. In accordance with ASC 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the consolidated statement of financial position.

The Organizations elected to transition to ASC 842 using the modified retrospective method. Prior period amounts are not adjusted and continue to be reported in accordance with historical accounting under previous lease guidance, ASC Topic 840, *Leases (ASC 840)*. The Organizations also elected the package of practical expedients, which permits the Organization to not reassess their prior conclusions about lease identification, classification and initial direct costs. In addition, the Organizations elected three other policy elections; 1) to combine lease and nonlease components; 2) the short-term lease recognition exemption for all leases that qualify under ASC 842; and 3) to elect the risk-free discount rate for leases if the implicit rate is unknown and the lessee is not a public business entity.

The adoption of ASU No. 2016-02 (as amended) impacted the Organizations' consolidated financial statements by the recognition of new right-of-use assets and lease liabilities on their consolidated statement of financial position for operating leases and providing significant new disclosures about leasing activities. Upon adoption, the Organizations recognized operating lease liabilities of \$91,520 based on the present value of the remaining minimum rental payments as determined in accordance with ASC 842 for leases that had historically been accounted for as operating leases under Topic 840. The Organizations recognized the corresponding right-of-use assets of \$91,520 based on the operating lease liabilities adjusted for existing straight line lease liabilities. The adoption of the standard had no impact on net assets as of January 1, 2021.

## Recently Issued Accounting Standards Not Yet Adopted

During September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organizations are currently assessing the effect that ASU No. 2020-07 will have on their consolidated financial statements.

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

## Subsequent Events

Management has evaluated subsequent events through April 8, 2022, which is the date the consolidated financial statements were available to be issued.

## 3. Receivables From Estates and Trusts

The Organizations are the beneficiaries of numerous estates and testamentary trusts. In general, the Organizations' policy is to record the receivable from an estate or trust in the year the Organizations are notified and associated will is valid and has been admitted to probate and an estimated value is provided by an executor. The Society has been notified of an estate in which the Society is a beneficiary however has not received a current valuation and a projected value by the Trustee. As such, a reasonable estimate cannot be made at this time and, therefore, not yet been recorded in the consolidated financial statements.

## 4. Fair Value of Financial Instruments

The Organizations use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in some instances, there are no quoted market prices for certain financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments.

Fair value accounting guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within range that is most representative of fair value under current market conditions.

The fair value hierarchy prioritizes the inputs to valuation methods 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not active, quoted prices for similar securities or observable inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

A financial asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

## The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

The following valuation techniques were used to measure fair value of financial instruments:

*Marketable equity securities* - The fair value of marketable equity securities is generally based on quoted market prices for the identical security.

*Marketable debt securities* - The fair value for marketable bonds, debentures and other debt securities is generally based on quoted market prices for the identical security; however quoted market prices may vary for a variety of reasons, including the number of market makers and the volume of identical securities traded on the date of valuation. If an identical security is not traded on the valuation date, estimated fair value may be determined by using other significant observable inputs, such as quoted prices for similar securities.

*Mutual funds* - The fair value of open ended mutual funds is based on net asset value which is generally determined by the quoted market values of the underlying marketable securities owned.

*Beneficial interests in perpetual trusts* - The fair value of the beneficial interests in perpetual trusts is based on the estimated present value of future cash inflows and the Organizations' percentage interest in the trust assets. These assets are included as Level 3 fair values and are measured at fair value on a recurring basis based upon the lowest level of input that is significant to the fair value of measurement.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the hierarchy used at December 31, 2021 and 2020 are as follows:

Description	2021			
	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 3,363,446	\$ 3,363,446	\$ -	\$ -
U.S. equities	30,798,219	30,798,219	-	-
International equities	772,904	772,904	-	-
Mutual funds, equity	1,038,670	1,038,670	-	-
Mutual funds, fixed income	258,337	258,337	-	-
U.S. corporate debentures	6,988,266	-	6,988,266	-
U.S. Treasury securities and bonds of government sponsored enterprises	2,326,966	-	2,326,966	-
Total investments	45,546,808	36,231,576	9,315,232	-
Beneficial interests in perpetual trusts	2,101,003	-	-	2,101,003
Total	<u>\$ 47,647,811</u>	<u>\$ 36,231,576</u>	<u>\$ 9,315,232</u>	<u>\$ 2,101,003</u>

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Description	2020			
	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 3,731,054	\$ 3,731,054	\$ -	\$ -
U.S. equities	26,715,032	26,715,032	-	-
International equities	748,276	748,276	-	-
Mutual funds, equity	926,555	926,555	-	-
Mutual funds, fixed income	318,545	318,545	-	-
U.S. corporate debentures	6,743,532	-	6,743,532	-
U.S. Treasury securities and bonds of government sponsored enterprises	2,163,318	-	2,163,318	-
Total investments	41,346,312	32,439,462	8,906,850	-
Beneficial interests in perpetual trusts	1,818,040	-	-	1,818,040
Total	\$ 43,164,352	\$ 32,439,462	\$ 8,906,850	\$ 1,818,040

## 5. Long-Term Investments

Long-term investments are carried at fair value in the consolidated statements of financial position, and realized and unrealized gains and losses are reflected in the consolidated statements of activities and changes in net assets.

Fair values of long-term investments by net asset classification are as follows at December 31:

	2021	2020
Without donor restriction	\$ 44,788,655	\$ 40,653,429
With donor restrictions	758,153	692,883
	\$ 45,546,808	\$ 41,346,312

Long-term investments are composed of the following at December 31:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 3,363,446	\$ 3,363,446	\$ 3,731,054	\$ 3,731,054
U.S. equities	18,502,797	30,798,219	17,114,292	26,715,032
International equities	1,339,428	772,904	1,255,909	748,276
Mutual funds, equity	788,974	1,038,670	762,634	926,555
Mutual funds, fixed income	276,977	258,337	326,082	318,545
U.S. corporate debentures	6,759,172	6,988,266	6,253,658	6,743,532
U.S. Treasury securities and bonds of government sponsored enterprises	2,313,520	2,326,966	2,082,044	2,163,318
	\$ 33,344,314	\$ 45,546,808	\$ 31,525,673	\$ 41,346,312



# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

The relationship between cost and fair values of investments at December 31 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Excess (Deficiency) of Fair Value Over Cost</u>
Long-term investments, 2021	\$ 45,546,808	\$ 33,344,314	\$ 12,202,494
Long-term investments, 2020	41,346,312	31,525,673	9,820,639
Unrealized gains, net			2,381,855
Realized gains, net			2,898,589
Total investment gains, net			<u>\$ 5,280,444</u>

The average annual yield based on the fair value of cash equivalents and long-term investments (net of investment expenses) was approximately 0.5 percent and 0.6 percent, and the annual total return, including realized and unrealized gains and losses was approximately 12.6 percent and 15.3 percent, for the years ended December 31, 2021 and 2020, respectively.

## 6. Net Assets

Net assets without donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Society:		
Undesignated	\$ 908,586	\$ 159,591
Funds held for long-term investment (endowment)	30,573,975	27,979,140
	<u>31,482,561</u>	<u>28,138,731</u>
Foundation:		
Undesignated	322,337	273,607
Funds held for long-term investment (endowment)	14,214,680	12,674,289
	<u>14,537,017</u>	<u>12,947,896</u>
Total	<u>\$ 46,019,578</u>	<u>\$ 41,086,627</u>

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Society:		
Direct benefit of animals	\$ 185,696	\$ 169,610
Undesignated activities of the Society	2,191,609	1,896,161
	<u>2,377,305</u>	<u>2,065,771</u>
Foundation:		
Alternatives award programs	464,687	464,490
Beneficial interest in perpetual trust	481,852	445,152
	<u>946,539</u>	<u>909,642</u>
Total	<u>\$ 3,323,844</u>	<u>\$ 2,975,413</u>

Net assets with donor restrictions in the amounts of \$87,702 and \$68,767 were released from donor restrictions by incurring expenses satisfying the restricted purposes during 2021 and 2020, respectively.

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## 7. Endowments and Similar Funds

The Society's endowment consists of three individual funds, one established for the direct benefit of animals and two for general purposes. Long-term investments include both donor-restricted endowment funds and funds that function as endowments (quasi-endowment). Net assets associated with endowment funds, including funds designated by the Board of Managers to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation does not have any formal endowment funds; its donor-restricted net assets consist of a beneficial interest in a perpetual trust held by a third party and long-term investments.

### Interpretation of Relevant Law

The Society's policy is to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) enhancements or diminishments of the funds from investment income, gain (loss) and spending allowance. Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Board of Managers considers the following factors:

- 1) Preservation of the purchasing power of the fund;
- 2) The purposes of the donee organization and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;
- 5) The expected total return from income and potential future appreciation of investments;
- 6) Other resources of the donee organization;
- 7) The investment policies of the donee organization.

The following schedule presents the changes in all net assets attributable to endowment and funds functioning as endowment funds for the years ended December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment and Similar Net Assets, Beginning of Year	\$ 40,653,429	\$ 692,883	\$ 41,346,312
Investment return:			
Investment income, net of expenses	173,651	23,728	197,379
Investment gains, net	5,201,002	79,442	5,280,444
Total investment return	5,374,653	103,170	5,477,823
Contributions invested	53		53
Transfers for restricted purposes	-	(23,359)	(23,359)
Appropriation of expenditures, spending rate	(1,239,480)	(14,541)	(1,254,021)
Endowment and Similar Net Assets, End of Year	\$ 44,788,655	\$ 758,153	\$ 45,546,808

## The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment and Similar Net Assets, Beginning of Year	\$ 34,809,916	\$ 683,241	\$ 35,493,157
Investment return:			
Investment income, net of expenses	214,577	30,207	244,784
Investment gains, net	5,622,844	19,452	5,642,296
Total investment return	5,837,421	49,659	5,887,080
Contributions invested	1,211,638	-	1,211,638
Transfers for restricted purposes	-	(26,324)	(26,324)
Appropriation of expenditures, spending rate	(1,205,546)	(13,693)	(1,219,239)
Endowment and Similar Net Assets, End of Year	\$ 40,653,429	\$ 692,883	\$ 41,346,312

### Funds With Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or law. There were no such deficiencies reported at December 31, 2021 or 2020.

### Return Objectives and Risk Parameters

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of endowment assets. Endowment assets include investments of donor-restricted funds that the Society must hold in perpetuity and without donor-restricted investments functioning as endowment. Under this policy, as approved by the Board of Managers, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the performance of the S&P 500 index, while assuming a level of investment risk acceptable to the Board of Managers.

### Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organizations have a policy of appropriating income from endowment funds and funds functioning as endowment funds as needed, but not in excess of the spending policy. For the Society, the current spending policy is to distribute up to 5 percent as of December 31, 2021 and 2020, of a moving three year average as of October 31 based on the fair value of endowment funds and funds functioning as endowment funds. For the Foundation, the current spending policy is to distribute up to 5 percent as of December 31, 2021 and 2020, of a moving three year average as of December 31 based on the fair value of endowment funds and funds functioning as endowment funds. The amount needed to fund the distributions is first taken from the accumulated excess earnings from prior years, then from the accumulated unexpended net appreciation of endowment funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the temporarily restricted balance of cumulative net unexpended gains. Over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of 4 percent annually. This is consistent with the Society's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## 8. Beneficial Interests in Perpetual Trusts

The Society receives income without donor restriction from various perpetual trusts held by third parties. The Society's beneficial interests in these trusts are recorded at their estimated fair values of \$1,619,151 and \$1,372,888 as of December 31, 2021 and 2020, respectively. The Society's average annual yield on the estimated fair value of its beneficial interests in these trusts was approximately 5.10 percent and 6.60 percent for the years ended December 31, 2021 and 2020, respectively. The estimated fair value of these beneficial interests is described in Note 4.

The Foundation receives income without donor restriction from a perpetual trust held by a third party. As of December 31, 2021 and 2020, the estimated fair value of the Foundation's beneficial interest in the trust is \$481,852 and \$445,152, respectively, and is considered donor-restricted in perpetuity. The Foundation's average annual yield on the estimated fair value of its beneficial interest in the perpetual trust was approximately 3.88 percent and 4.31 percent for the years ended December 31, 2021 and 2020, respectively.

## 9. Grants Payable

During 2013, the Society made a grant to another not-for-profit organization. The grant represents a portion of the expenses to care for seven chimpanzees for the remainder of their lifetimes. As of December 31, 2021 and 2020, the chimpanzees' ages range from nine to eleven years and eight to ten years of age, respectively, and have remaining life expectancies ranging from 49 to 51 years and 50 to 52 years, respectively. Annual expense inflation has been assumed at 2.37 percent and 1.9 percent and the estimated payments have been discounted at 3.09 percent and 2.73 percent, for the years December 31, 2021 and 2020, respectively. In 2020, the Society made a grant to another not-for-profit organization, the World Federation of Animals. As of December 31, 2021 and 2020, the outstanding balance of the grant is \$43,875 and \$73,211, respectively.

Future estimated grant payments are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Payable in less than one year	\$ 63,391	\$ 67,759
Payable in one to five years	154,646	201,893
Payable in over five years to ten years	<u>2,958,388</u>	<u>2,909,132</u>
	3,176,425	3,178,784
Less discount on amounts payable over more than one year	<u>(1,740,079)</u>	<u>(1,558,972)</u>
Grant payable	<u>\$ 1,436,346</u>	<u>\$ 1,619,812</u>

The components of grant expense for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Gross grant payments	\$ 442,758	\$ 418,329
Adjustment on present value of Chimp Haven liability	<u>(146,005)</u>	<u>224,623</u>
American Anti-Vivisection Society grant expense, net	296,753	642,952
Alternatives Research Development Foundation grants expense	<u>277,433</u>	<u>306,604</u>
Total grant expense, net	<u>\$ 574,186</u>	<u>\$ 949,556</u>

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

## 10. Paycheck Protection Program

On May 5, 2020, the Society received loan proceeds in the amount of \$147,000 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities.

The Society met the PPP's loan forgiveness requirements and, therefore, applied for forgiveness during December 2020. Legal release was received as of December 31, 2020, therefore, the Society recorded forgiveness income of \$147,000 as Government grants within their consolidated statement of activities and changes in net assets for the year ended December 31, 2020.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

## 11. Leases

The Society leases its office space under the terms of a noncancelable lease agreement which expires July 31, 2024. Lease payments are increased as of every January 1<sup>st</sup> of each calendar year after the initial term based on a factor of the Consumer Price Index. The minimum annual rent shall be increased as of the commencement of the 2<sup>nd</sup> full calendar year. Leases with an initial term of 12 months or less are not recorded on the consolidated statement of financial position and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense. Occupancy expense was \$129,092 in 2021 and \$127,415 in 2020. Cash paid for operating leases were \$117,232 in 2021 and \$139,223 in 2020.

Future minimum payments under operating leases as of December 31, 2021 were as follows:

Years ending December 31:	
2022	\$ 133,192
2023	135,357
2024	63,860
2025	3,575
2026	591
	<hr/>
Total	\$ 336,575

Future minimum payments under operating leases as of December 31, 2020 were as follows:

	<b>Operating Leases</b>
	<hr/>
2021	\$ 84,997
2022	6,523

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

The following tables include supplemental lease information and for the year ended December 31, 2021:

<b>Lease Term and Discount Rate</b>	<b>December 31, 2021</b>
Weighted-average remaining lease term	2.63 years
Weighted-average discount rate	0.96%

## 12. Retirement Plan

The Society sponsors a Savings Incentive Match Plan for Employees (SIMPLE) 401(k) plan covering substantially all employees. A SIMPLE is a qualified defined contribution retirement plan for small employers that allows eligible employees to defer compensation on a pre-tax basis, and requires the employer to make either matching contributions for eligible employees who elect to participate, or nonelective contributions for all eligible employees (including those who do not elect to participate but meet eligibility requirements).

Eligible employees of the Society and Foundation have established individual accounts with a qualified plan custodian and are 100 percent vested in their account balances. The amount of expense recognized from employer contributions to the employees' SIMPLE 401(k) accounts for the years ended December 31, 2021 and 2020 is \$32,910 and \$37,227, respectively.

The Society's policy is to fund contributions as they become payable.

## 13. Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 is \$23,489 and \$16,184, respectively.

## 14. Related-Party Transactions

The following related-party transactions are recorded in the accompanying consolidated financial statements for the years ended December 31:

<b>Relationship to the Society and the Foundation</b>	<b>Transaction</b>	<b>2021</b>	<b>2020</b>
Member of the Board of Managers and also the Treasurer	Investment advisory services provided through the employer of the Member on behalf of the Society and the Foundation	\$ 305,729	\$ 240,628
Family Member of the Board of Managers	Investment advisory services and commissions earned on investment brokerage conducted through the employer of a family member on behalf of the Society	133,469	124,062
Member of the Board of Directors and also the President of the Society	Grant disbursed to the Global Federation of Animal Sanctuaries	29,750	10,000

# The American Anti-Vivisection Society

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## 15. Expenses Classified by Function and Nature

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. An analysis of expenses by both function and natural classification is provided on the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among program, general and administrative and fundraising functions. The expenses that are allocated include salaries, payroll taxes and employee benefits, which are allocated by department, and estimated time and effort, as well as, occupancy, telecommunications, printing and copying, which are allocated, based upon approximate square footage and patterns of use.

## 16. Liquidity and Availability

The following table reflects the Organizations' financial assets as of December 31, 2021 and 2020, reduced by donor-restricted amounts not available for general expenditures within one year.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 2,815,055	\$ 2,308,461
Receivable from estates and trusts	504,249	379,016
Less amounts unavailable for general expenditures within one year:		
Donor restriction for specified purposes	<u>(464,687)</u>	<u>(464,490)</u>
Total	<u>\$ 2,854,617</u>	<u>\$ 2,222,987</u>

As of December 31, 2021 and 2020, the Organizations held liquid assets on hand to cover their operating expenses for 446 and 317 days, respectively. The Organizations' practice is to structure their financial assets to be available as their general expenditures, liabilities and other obligations come due. The Organizations' long-term investments consist of quasi-endowment funds of \$44,788,655 and \$40,653,429 as of December 31, 2021 and 2020, respectively. As described in Note 7, the quasi-endowment has a spending rate of up to 5 percent. Approximately \$1,620,000 of appropriations from the quasi-endowment will be available within the next 12 months. In the event of an emergency or other financial need, the Board, at its discretion, could expend the quasi-endowed funds.

# The American Anti-Vivisection Society

Schedule I - Consolidating Statement of Financial Position

December 31, 2021

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,039,103	\$ 775,952	\$ 2,815,055
Prepaid expenses	73,734	2,884	76,618
Receivables from estates and trusts	492,505	11,744	504,249
Due from (to) affiliate	(651)	651	-
Furniture and equipment, net of accumulated depreciation of \$537,415 and \$9,696	21,823	2,700	24,523
Right of use assets, operating leases	298,464	38,111	336,575
Long-term investments at fair value	31,332,128	14,214,680	45,546,808
Beneficial interests in perpetual trusts	1,619,151	481,852	2,101,003
	<u>\$ 35,876,257</u>	<u>\$ 15,528,574</u>	<u>\$ 51,404,831</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 40,755	\$ 6,907	\$ 47,662
Accrued compensation and related items	34,935	-	34,935
Deferred dues revenue	141,807	-	141,807
Lease obligations	298,464	38,111	336,575
Grants payable	1,436,346	-	1,436,346
Gift annuities payable	64,084	-	64,084
	<u>2,016,391</u>	<u>45,018</u>	<u>2,061,409</u>
<b>Net Assets</b>			
Without donor restrictions	31,482,561	14,537,017	46,019,578
With donor restriction	2,377,305	946,539	3,323,844
	<u>33,859,866</u>	<u>15,483,556</u>	<u>49,343,422</u>
	<u>\$ 35,876,257</u>	<u>\$ 15,528,574</u>	<u>\$ 51,404,831</u>



# The American Anti-Vivisection Society

Schedule II - Consolidating Statement of Financial Position

December 31, 2020

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,528,302	\$ 780,159	\$ 2,308,461
Prepaid expenses	82,404	3,318	85,722
Receivables from estates and trusts	379,016	-	379,016
Due from (to) affiliate	6,117	(6,117)	-
Furniture and equipment, net of accumulated depreciation of \$532,777 and \$9,396	12,473	-	12,473
Long-term investments at fair value	28,672,023	12,674,289	41,346,312
Beneficial interests in perpetual trusts	1,372,888	445,152	1,818,040
	<u>\$ 32,053,223</u>	<u>\$ 13,896,801</u>	<u>\$ 45,950,024</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 11,115	\$ 39,263	\$ 50,378
Accrued compensation and related items	40,935	-	40,935
Deferred dues revenue	105,118	-	105,118
Grants payable	1,619,812	-	1,619,812
Gift annuities payable	71,741	-	71,741
	<u>1,848,721</u>	<u>39,263</u>	<u>1,887,984</u>
<b>Net Assets</b>			
Without donor restrictions	28,138,731	12,947,896	41,086,627
With donor restriction	2,065,771	909,642	2,975,413
	<u>30,204,502</u>	<u>13,857,538</u>	<u>44,062,040</u>
	<u>\$ 32,053,223</u>	<u>\$ 13,896,801</u>	<u>\$ 45,950,024</u>

## The American Anti-Vivisection Society

Schedule III - Consolidating Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2021

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Net Assets Without Donor Restrictions</b>			
<b>Revenue, Gains and Other Support</b>			
Bequests	\$ 705,682	\$ -	\$ 705,682
Investment income (loss) from long-term investments, net of investment expenses of \$295,642 and \$143,556	192,582	(7,266)	185,316
Investment income from perpetual trusts	64,703	18,000	82,703
Dues	193,861	-	193,861
Contributions	519,144	19,409	538,553
Realized gains on long-term investments, net	1,514,749	1,352,189	2,866,938
Unrealized gains on long-term investments, net	1,788,562	545,502	2,334,064
Other income	276,697	-	276,697
	<u>5,255,980</u>	<u>1,927,834</u>	<u>7,183,814</u>
Net assets released from restrictions	37,899	49,803	87,702
	<u>5,293,879</u>	<u>1,977,637</u>	<u>7,271,516</u>
<b>Expenses</b>			
Program services:			
Campaigns and outreach	775,645	-	775,645
Animalearn	204,247	-	204,247
Leaping bunny	364,607	-	364,607
Alternatives research	-	344,894	344,894
	<u>1,344,499</u>	<u>344,894</u>	<u>1,689,393</u>
Supporting services:			
General and administrative	257,554	40,274	297,828
Fundraising	347,996	3,348	351,344
	<u>605,550</u>	<u>43,622</u>	<u>649,172</u>
Total expenses	<u>1,950,049</u>	<u>388,516</u>	<u>2,338,565</u>
Increase in net assets without donor restrictions	<u>3,343,830</u>	<u>1,589,121</u>	<u>4,932,951</u>

## The American Anti-Vivisection Society

Schedule III - Consolidating Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2021

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Net Assets With Donor Restrictions</b>			
Investment income from long-term investments	\$ 12,063	\$ -	\$ 12,063
Investment income from perpetual trusts	11,665	-	11,665
Contributions	-	50,000	50,000
Realized gains on long-term investments, net	31,651	-	31,651
Unrealized gains on long-term investments, net	47,791	-	47,791
Unrealized gains on beneficial interests in perpetual trusts	246,263	36,700	282,963
Net assets released from restrictions	<u>(37,899)</u>	<u>(49,803)</u>	<u>(87,702)</u>
 Increase in net assets with donor restriction	 <u>311,534</u>	 <u>36,897</u>	 <u>348,431</u>
 Change in net assets	 3,655,364	 1,626,018	 5,281,382
 <b>Net Assets, Beginning</b>	 <u>30,204,502</u>	 <u>13,857,538</u>	 <u>44,062,040</u>
 <b>Net Assets, Ending</b>	 <u>\$ 33,859,866</u>	 <u>\$ 15,483,556</u>	 <u>\$ 49,343,422</u>

## The American Anti-Vivisection Society

Schedule IV - Consolidating Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2020

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Net Assets Without Donor Restrictions</b>			
<b>Revenue, Gains and Other Support</b>			
Bequests	\$ 720,153	\$ -	\$ 720,153
Investment income from long-term investments, net of investment expenses of \$250,863 and \$113,827	220,357	9,570	229,927
Investment income from perpetual trusts	75,493	18,500	93,993
Dues	226,653	-	226,653
Contributions	419,437	24,498	443,935
Government grants	147,000	-	147,000
Realized gains on long-term investments, net	575,304	727,616	1,302,920
Unrealized gains on long-term investments, net	2,745,527	1,574,397	4,319,924
Other income	258,863	-	258,863
	<u>5,388,787</u>	<u>2,354,581</u>	<u>7,743,368</u>
Net assets released from restrictions	<u>40,017</u>	<u>28,750</u>	<u>68,767</u>
Total revenue, gains and other support	<u>5,428,804</u>	<u>2,383,331</u>	<u>7,812,135</u>
<b>Expenses</b>			
Program services:			
Campaigns and outreach	1,063,292	-	1,063,292
Animalearn	204,263	-	204,263
Leaping bunny	285,605	-	285,605
Alternatives research	-	372,448	372,448
	<u>1,553,160</u>	<u>372,448</u>	<u>1,925,608</u>
Supporting services:			
General and administrative	245,197	36,728	281,925
Fundraising	323,837	4,039	327,876
	<u>569,034</u>	<u>40,767</u>	<u>609,801</u>
Total expenses	<u>2,122,194</u>	<u>413,215</u>	<u>2,535,409</u>
Increase in net assets without donor restrictions	<u>3,306,610</u>	<u>1,970,116</u>	<u>5,276,726</u>

## The American Anti-Vivisection Society

Schedule IV - Consolidating Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2020

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Net Assets With Donor Restriction</b>			
Investment income from long-term investments	\$ 14,857	\$ -	\$ 14,857
Investment income from perpetual trusts	15,350	-	15,350
Contributions	-	50,000	50,000
Realized gains on long-term investments, net	14,015	-	14,015
Unrealized gains on long-term investments, net	5,437	-	5,437
Unrealized (losses) gains on beneficial interests in perpetual trusts	(6,321)	30,988	24,667
Net assets released from restrictions	<u>(40,017)</u>	<u>(28,750)</u>	<u>(68,767)</u>
 Increase in net assets with donor restrictions	 <u>3,321</u>	 <u>52,238</u>	 <u>55,559</u>
 Change in net assets	 3,309,931	 2,022,354	 5,332,285
 <b>Net Assets, Beginning</b>	 <u>26,894,571</u>	 <u>11,835,184</u>	 <u>38,729,755</u>
 <b>Net Assets, Ending</b>	 <u>\$ 30,204,502</u>	 <u>\$ 13,857,538</u>	 <u>\$ 44,062,040</u>

**The American Anti-Vivisection Society**

Schedule V - Consolidating Statement of Functional Expenses  
Year Ended December 31, 2021

	American Anti-Vivisection Society	Alternatives Research Development Foundation	Programs	American Anti-Vivisection Society	Alternatives Research Development Foundation	General and Administrative	American Anti-Vivisection Society	Alternatives Research Development Foundation	Fundraising	Total
Grants	\$ 296,753	\$ 277,433	\$ 574,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574,186
Contribution for the direct benefit of animals	23,358	-	23,358	-	-	-	-	-	-	23,358
Salaries	379,037	23,224	402,261	109,744	8,139	117,883	95,767	2,228	97,995	618,139
Employee benefits	90,625	3,383	94,008	24,582	2,979	27,561	21,521	789	22,310	143,879
Payroll taxes	30,446	1,104	31,550	8,764	742	9,506	7,655	194	7,849	48,905
Professional fees	68,379	12,795	81,174	83,852	27,466	111,318	450	-	450	192,942
Membership development	79	-	79	-	-	-	133,510	-	133,510	133,589
Office supplies	5,616	-	5,616	1,775	-	1,775	722	-	722	8,113
Telecommunications	19,018	147	19,165	334	28	362	1,694	-	1,694	21,221
Occupancy	81,140	16,525	97,665	17,142	571	17,713	13,714	-	13,714	129,092
Equipment rental and maintenance	54,173	-	54,173	6,400	-	6,400	21,537	-	21,537	82,110
Printing, publications and postage	159,937	96	160,033	257	96	353	41,706	-	41,706	202,092
Design	2,096	-	2,096	-	-	-	-	-	-	2,096
Travel	8,072	-	8,072	-	-	-	-	-	-	8,072
Conferences, conventions and meetings	16,858	820	17,678	-	-	-	-	-	-	17,678
Office expense and miscellaneous	10,398	-	10,398	4,226	253	4,479	9,171	137	9,308	24,185
Insurance	10,355	-	10,355	390	-	390	347	-	347	11,092
Advertising	20,314	3,175	23,489	-	-	-	-	-	-	23,489
Research and information services	-	5,892	5,892	-	-	-	-	-	-	5,892
Consultant fees	63,498	-	63,498	-	-	-	-	-	-	63,498
Depreciation	4,347	300	4,647	88	-	88	202	-	202	4,937
	<u>\$ 1,344,499</u>	<u>\$ 344,894</u>	<u>\$ 1,689,393</u>	<u>\$ 257,554</u>	<u>\$ 40,274</u>	<u>\$ 297,828</u>	<u>\$ 347,996</u>	<u>\$ 3,348</u>	<u>\$ 351,344</u>	<u>\$ 2,338,565</u>

**The American Anti-Vivisection Society**

Schedule VI - Consolidating Statement of Functional Expenses  
Year Ended December 31, 2020

	American Anti-Vivisection Society	Alternatives Research Development Foundation	Programs	American Anti-Vivisection Society	Alternatives Research Development Foundation	General and Administrative	American Anti-Vivisection Society	Alternatives Research Development Foundation	Fundraising	Total
Grants	\$ 642,952	\$ 306,604	\$ 949,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 949,556
Contribution for the direct benefit of animals	26,324	-	26,324	-	-	-	-	-	-	26,324
Salaries	396,413	23,840	420,253	100,675	7,677	108,352	91,254	2,150	93,404	622,009
Employee benefits	87,522	2,367	89,889	22,843	3,112	25,955	18,850	858	19,708	135,552
Payroll taxes	32,187	263	32,450	8,171	657	8,828	7,420	175	7,595	48,873
Professional fees	212	20,189	20,401	74,846	24,351	99,197	384	-	384	119,982
Membership development	50	-	50	-	-	-	123,107	-	123,107	123,157
Office supplies	3,606	-	3,606	1,125	-	1,125	1,795	-	1,795	6,526
Telecommunications	27,270	58	27,328	545	59	604	1,106	-	1,106	29,038
Occupancy	80,853	15,246	96,099	17,082	569	17,651	13,665	-	13,665	127,415
Equipment rental and maintenance	29,012	-	29,012	4,100	-	4,100	20,948	-	20,948	54,060
Printing, publications and postage	100,874	82	100,956	84	82	166	37,068	-	37,068	138,190
Design	318	-	318	-	-	-	-	-	-	318
Travel	2,291	-	2,291	-	-	-	-	-	-	2,291
Conferences, conventions and meetings	33,251	75	33,326	-	-	-	-	-	-	33,326
Office expense and miscellaneous	5,850	-	5,850	4,590	221	4,811	7,696	856	8,552	19,213
Insurance	9,631	-	9,631	388	-	388	345	-	345	10,364
Advertising	14,819	1,365	16,184	-	-	-	-	-	-	16,184
Research and information services	60	2,359	2,419	-	-	-	-	-	-	2,419
Consultant fees	51,745	-	51,745	-	-	-	-	-	-	51,745
Public relations	5,000	-	5,000	-	-	-	-	-	-	5,000
Bad debt expense	-	-	-	10,377	-	10,377	-	-	-	10,377
Depreciation	2,920	-	2,920	-	-	-	-	-	-	2,920
Educational material	-	-	-	371	-	371	199	-	199	570
	<u>\$ 1,553,160</u>	<u>\$ 372,448</u>	<u>\$ 1,925,608</u>	<u>\$ 245,197</u>	<u>\$ 36,728</u>	<u>\$ 281,925</u>	<u>\$ 323,837</u>	<u>\$ 4,039</u>	<u>\$ 327,876</u>	<u>\$ 2,535,409</u>

## The American Anti-Vivisection Society

Schedule VII - Consolidating Statement of Cash Flows  
Year Ended December 31, 2021

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 3,655,364	\$ 1,626,018	\$ 5,281,382
Adjustments to reconcile changes in net assets to net cash used in operating activities:			
Depreciation	4,637	300	4,937
Realized gains on long-term investments, net	(1,546,400)	(1,352,189)	(2,898,589)
Unrealized gains on long-term investments, net	(1,836,353)	(545,502)	(2,381,855)
Unrealized gains on beneficial interest in perpetual trusts	(246,263)	(36,700)	(282,963)
(Increase) decrease in assets:			
Prepaid expenses	8,670	434	9,104
Receivables from estates and trusts	(113,489)	(11,744)	(125,233)
Increase (decrease) in liabilities:			
Accounts payable	29,640	(32,356)	(2,716)
Accrued compensation and related items	(6,000)	-	(6,000)
Due to (from) affiliate	6,768	(6,768)	-
Deferred dues revenue	36,689	-	36,689
Grants payable	(183,466)	-	(183,466)
Gift annuities payable	(7,657)	-	(7,657)
Net cash used in operating activities	<u>(197,860)</u>	<u>(358,507)</u>	<u>(556,367)</u>
<b>Cash Flows From Investing Activities</b>			
Purchases of furniture and equipment	(13,988)	(3,000)	(16,988)
Purchases of long-term investments	(6,172,908)	(2,589,633)	(8,762,541)
Proceeds from sales and maturities of long-term investments	<u>6,895,557</u>	<u>2,946,933</u>	<u>9,842,490</u>
Net cash provided by investing activities	<u>708,661</u>	<u>354,300</u>	<u>1,062,961</u>
Net increase (decrease) in cash and cash equivalents	510,801	(4,207)	506,594
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,528,302</u>	<u>780,159</u>	<u>2,308,461</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 2,039,103</u></u>	<u><u>\$ 775,952</u></u>	<u><u>\$ 2,815,055</u></u>
<b>Supplemental Disclosure of Cash Flow Data</b>			
Right-of-use assets obtained in exchange for lease obligations	<u><u>\$ 398,691</u></u>	<u><u>\$ 55,207</u></u>	<u><u>\$ 453,898</u></u>



## The American Anti-Vivisection Society

Schedule VIII - Consolidating Statement of Cash Flows  
Year Ended December 31, 2020

	<b>The American Anti-Vivisection Society</b>	<b>Alternatives Research and Development Foundation</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 3,309,931	\$ 2,022,354	\$ 5,332,285
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:			
Depreciation	2,920	-	2,920
Realized gains on long-term investments, net	(589,319)	(727,616)	(1,316,935)
Unrealized gains on long-term investments, net	(2,750,964)	(1,574,397)	(4,325,361)
Unrealized net loss (gains) on beneficial interest in perpetual trusts	6,321	(30,988)	(24,667)
(Increase) decrease in assets:			
Prepaid expenses	(39,978)	(3,318)	(43,296)
Receivables from estates and trusts	(101,134)	60,997	(40,137)
Increase (decrease) in liabilities:			
Accounts payable	5,536	38,502	44,038
Accrued compensation and related items	(9,647)	-	(9,647)
Due (from) to affiliate	(104)	104	-
Deferred dues revenue	(23,883)	-	(23,883)
Grants payable	262,950	-	262,950
Gift annuities payable	(25,215)	-	(25,215)
Net cash provided by (used in) operating activities	<u>47,414</u>	<u>(214,362)</u>	<u>(166,948)</u>
<b>Cash Flows From Investing Activities</b>			
Purchases of furniture and equipment	(8,933)	-	(8,933)
Purchases of long-term investments	(4,289,596)	(2,403,171)	(6,692,767)
Proceeds from sales and maturities of long-term investments	<u>3,713,210</u>	<u>2,768,697</u>	<u>6,481,907</u>
Net cash (used in) provided by investing activities	<u>(585,319)</u>	<u>365,526</u>	<u>(219,793)</u>
Net (decrease) increase in cash and cash equivalents	(537,905)	151,164	(386,741)
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,066,207</u>	<u>628,995</u>	<u>2,695,202</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,528,302</u>	<u>\$ 780,159</u>	<u>\$ 2,308,461</u>