

# Nonhuman Rights Project, Inc.

## Financial Statements

December 31, 2020

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## Independent Auditors' Report

To the Board of Directors  
Nonhuman Rights Project, Inc.  
Coral Springs, Florida

We have audited the accompanying financial statements of Nonhuman Rights Project, Inc. (the "Organization"), which comprise the statement of financial position at December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Continued from previous page*

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Doogal Dalton LLP*

Boca Raton, Florida  
July 16, 2021

Nonhuman Rights Project, Inc.  
Statement of Financial Position  
December 31, 2020

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Assets

Assets:

Cash	\$	1,405,812
Contribution receivable		30,097
Investments		1,319,050
Assets limited to use		15,000
Prepaid expenses		8,565
Property and equipment, net		3,090
Total assets	\$	<u>2,781,614</u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$	19,278
Note payable		125,300
Total liabilities		<u>144,578</u>

Commitments and contingencies

Net assets:

Without donor restriction		2,609,964
With donor restriction		27,072
Total net assets		<u>2,637,036</u>

Total liabilities and net assets	\$	<u>2,781,614</u>
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See accompanying notes to the financial statements.

Nonhuman Rights Project, Inc.  
Statement of Activities  
For the Year Ended December 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 1,626,679	\$ 1,000	\$ 1,627,679
Total revenues and other support	<u>1,626,679</u>	<u>1,000</u>	<u>1,627,679</u>
Operating expenses:			
Program	641,530	60,223	701,753
Administrative	228,284	-	228,284
Fundraising	136,312	-	136,312
Total operating expenses	<u>1,006,126</u>	<u>60,223</u>	<u>1,066,349</u>
Total operating income	<u>620,553</u>	<u>(59,223)</u>	<u>561,330</u>
Other income:			
Interest and dividends	(36,259)	-	(36,259)
Unrealized gain on investments	(12,641)	-	(12,641)
Total other income	<u>(48,900)</u>	<u>-</u>	<u>(48,900)</u>
Change in net assets	669,453	(59,223)	610,230
Net assets, beginning of year	<u>1,940,511</u>	<u>86,295</u>	<u>2,026,806</u>
Net assets, end of year	<u>\$ 2,609,964</u>	<u>\$ 27,072</u>	<u>\$ 2,637,036</u>

See accompanying notes to the financial statements.

Nonhuman Rights Project, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:				
Salaries	\$ 471,523	\$ 90,133	\$ 96,455	\$ 658,111
Payroll taxes	35,918	9,506	7,485	52,909
Total personnel costs	<u>507,441</u>	<u>99,639</u>	<u>103,940</u>	<u>711,020</u>
Other than personnel expenses:				
Independent contractors	61,711	46,547	14,246	122,504
Non-payroll campaign expense	50,039	-	11,961	62,000
Website development costs	18,967	4,615	2,705	26,287
Medical benefits	-	24,524	-	24,524
Public education	21,167	-	-	21,167
Accounting fees	-	17,550	-	17,550
Dues, licenses and permits	9,631	7,819	20	17,470
Non payroll litigation expense	13,568	-	-	13,568
Travel expense	10,524	1,050	1,273	12,847
Other	2,088	8,765	649	11,502
Payment processing fees	-	10,105	601	10,706
Events	6,396	-	568	6,964
Office expense	417	2,262	9	2,688
Telephone and postage	(266)	1,872	256	1,862
Insurance	(201)	1,767	-	1,566
Depreciation	-	1,151	-	1,151
Bank service charge	-	618	-	618
Recruiting	240	-	-	240
Gifts	31	-	84	115
Total expenses	<u>\$ 701,753</u>	<u>\$ 228,284</u>	<u>\$ 136,312</u>	<u>\$ 1,066,349</u>

See accompanying notes to the financial statements.

Nonhuman Rights Project, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2020

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Cash flows from operating activities:	
Change in net assets	\$ 610,230
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,151
Unrealized gain on investments	(12,641)
Changes in operating assets and liabilities:	
Contribution receivable	5,314
Prepaid expenses	4,152
Accounts payable and accrued expenses	(58,700)
Net cash provided by operating activities	<u>549,506</u>
Cash flows from investing activities:	
Purchase of property and equipment	(1,479)
Purchase of investments	(336,116)
Net cash used in investing activities	<u>(337,595)</u>
Cash flows from financing activities:	
Borrowings on note payable	125,300
Net cash provided by financing activities	<u>125,300</u>
Net increase in cash	337,211
Cash, beginning of year	<u>1,068,601</u>
Cash, end of year	<u>\$ 1,405,812</u>

See accompanying notes to the financial statements.



## Note 1 – Description of Organization

Nonhuman Rights Project, Inc. (the "Organization") is a not-for-profit corporation whose mission is to achieve actual legal rights for members of species other than our own. The Organization's primary source of support is contributions.

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes.

## Note 2 – Summary of Significant Accounting Policies

### *Basis of Presentation*

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with the provisions of Financial Accounting Standards Board in its Accounting Standards Update ("FASB ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit-Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activates according to two (2) classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

### *Financial Statement Presentation*

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles ("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 reporting period. Actual results could differ from those estimates.

## Note 2 – Summary of Significant Accounting Policies, continued

### Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, general and administrative and fundraising based on management's analysis of these costs.

### Contributions and Program Revenue

Contributions received are recorded as revenue without donor restricted net assets or with donor restricted net assets depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### Cash and Cash Equivalents

The Organization considers all highly liquid investments, for general operating purposes, with a maturity date of three (3) months or less at date of purchase to be cash equivalents. At times during the year, the Organization maintains balances with financial institutions which may exceed the federally insured limit of \$250,000. The Organization has not experienced any losses on such accounts and does not feel it is exposed to any significant risk with respect to cash and cash equivalents.

### Contributions Receivable

Receivables are stated at the amount of the uncollected balance less an allowance for doubtful accounts, if considered necessary. Management periodically evaluates the adequacy of the allowance based on past experience and adverse situations that may affect the donor or grantor's ability to pay. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized as revenue when received. There was no allowance for doubtful accounts at December 31, 2020.

### Investments

Investments are stated at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*. The investments held at December 31, 2020 consisted of equity funds and mutual funds.

### Assets Limited as to Use

Limited use assets consist of assets set aside under the terms of various trust agreements, under the control of the trustee, to be used for the beneficiary as needed. The Organization is the grantor of three (3) revocable trusts (the "Trusts"). The Trusts provide that, for the beneficiaries' lifetime the trustee will distribute assets of the Trusts for the beneficiary as needed. The Organization has the right to revoke the assets in the Trusts at any point.

## Note 2 – Summary of Significant Accounting Policies, continued

### Property and Equipment

Property and equipment is capitalized at cost, if purchased, or, if acquired by contribution, at the estimated fair value on the date of contribution. The Organization provides for depreciation on property and equipment over the useful lives of five (5) years on the related depreciable assets using the straight-line method.

### Fair Value of Financial Instruments

FASB ASC 825, *Disclosure About Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. The Organization estimates that the fair value of all financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

### Recent Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019. Adoption of ASU 2018-08 did not have a material effect on the financial statements and disclosures.

### Contributions

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions. The Organization's policy is to report contributions with donor-imposed restrictions as net assets without donor restrictions when the restrictions are met in the same year that the contributions are received.

### Date of Management's Review

Management evaluated the Organization's activity through July 16, 2021, the date on which the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto.

### Note 3 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2020:

Cash	\$	1,405,812
Contributions receivable		30,097
Investments		1,319,050
Assets limited to use		15,000
Total financial assets		<u>2,769,959</u>
Less: contractually restricted amounts		
Purpose restrictions		27,072
Assets limited to use		15,000
		<u>42,072</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>2,727,887</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

### Note 4 – Investments

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.

**Note 4 – Investments, continued**

- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.
- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Organization uses to measure its assets at fair value.

- Equity funds and mutual funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded.

***Fair Value on a Recurring Basis***

Investments measured at fair value on a recurring basis are summarized below at December 31, 2020:

Quoted in active markets for Identical assets	
(Level 1):	
Mutual funds	\$ 1,261,128
Equity	57,922
	<u>\$ 1,319,050</u>

Return on investment consists of the following for the year ended December 31, 2020:

Interest and dividends	\$ 36,259
Unrealized gain	12,641
	<u>\$ 48,900</u>

**Note 5 – Property and Equipment**

Property and equipment consist of the following at December 31, 2020:

Office equipment	\$ 6,839
Accumulated depreciation	(3,749)
	<u>\$ 3,090</u>

Depreciation expense amounted to \$1,151 for the year ended December 31, 2020.

### Note 6 – Note Payable

During May 2020, the Organization was granted a loan (the “Loan”) from a financial institution for the aggregate amount of \$125,300 pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act. The Loan, which was in the form of a note dated May 3, 2020 issued to the Organization, matures in May 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing November 2020. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred after February 15, 2020. The Organization intends to use the Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On May 10, 2021, the Organization was formally notified that the PPP Loan balance of \$125,300 was fully forgiven.

### Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2020:

Purpose restrictions:	
Legal services	\$ 27,072
Total purpose restrictions	<u>\$ 27,072</u>

### Note 8 – Net Assets Released from Donor Restriction

Net assets released from donor restriction consist of the following at December 31, 2020:

Purpose restrictions:	
Legal services	\$ 59,223
Trust agreement - beneficiary use	1,000
Total purpose restrictions	<u>\$ 60,223</u>

### Note 9 – Commitments and Contingencies

#### COVID-19 Pandemic

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.