

Nonhuman Rights Project, Inc.

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

Board of Directors
Nonhuman Rights Project, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Nonhuman Rights Project, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nonhuman Rights Project, Inc. which comprise the statements of financial position as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, Nonhuman Rights Project, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

Harrison, New York
April 19, 2019

Nonhuman Rights Project, Inc.

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
Cash	\$ 679,430	\$ 383,765
Contribution receivable	-	20,273
Other receivable	-	550
Investments	892,956	882,806
Assets limited as to use	15,000	-
Prepaid expenses	12,717	5,950
Office equipment, net	<u>2,870</u>	<u>2,727</u>
	<u>\$ 1,602,973</u>	<u>\$ 1,296,071</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 46,976</u>	<u>\$ 69,092</u>
Net assets, without donor restrictions	<u>1,555,997</u>	<u>1,226,979</u>
	<u>\$ 1,602,973</u>	<u>\$ 1,296,071</u>

Nonhuman Rights Project, Inc.

Statements of Activities

	Year Ended December 31,	
	2018	2017
REVENUE AND SUPPORT		
Contributions	<u>\$ 1,225,255</u>	<u>\$ 1,055,592</u>
OPERATING EXPENSES		
Program	576,897	610,236
Administrative	175,244	186,497
Fundraising	<u>134,131</u>	<u>130,048</u>
Total Expenses	<u>886,272</u>	<u>926,781</u>
Excess of operating revenue over operating expenses	<u>338,983</u>	<u>128,811</u>
NONOPERATING INCOME (EXPENSE)		
Interest and dividends	29,105	20,275
Unrealized loss on investments	(42,263)	4,375
Realized loss on investments	-	(3,514)
Other income	<u>3,193</u>	<u>-</u>
Nonoperating (expense) income	<u>(9,965)</u>	<u>21,136</u>
Change in net assets	329,018	149,947
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	<u>1,226,979</u>	<u>1,077,032</u>
End of year	<u>\$ 1,555,997</u>	<u>\$ 1,226,979</u>

See notes to financial statements

Nonhuman Rights Project, Inc.

Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL				
Salaries	\$ 352,873	\$ 60,730	\$ 101,177	\$ 514,780
Payroll taxes	<u>25,879</u>	<u>8,784</u>	<u>12,025</u>	<u>46,688</u>
Total Personnel Costs	378,752	69,514	113,202	561,468
OPERATING EXPENSES				
Non payroll litigation expense	31,837	10	20	31,867
Independent contractors	28,661	10,067	-	38,728
Accounting fees	-	38,800	-	38,800
Public education	15,304	-	103	15,407
Office expense	2,350	13,778	515	16,643
Telephone and postage	2,439	101	88	2,628
Travel expense	53,113	13,805	5,280	72,198
Insurance	29	2,444	-	2,473
Dues, licenses and permits	8,136	1,986	2,319	12,441
Non payroll campaign expense	55,490	172	11,516	67,178
Other	125	15,213	6	15,344
Payment processing fees	-	8,199	979	9,178
Events	661	-	103	764
Depreciation	-	792	-	792
Bank service charge	<u>-</u>	<u>363</u>	<u>-</u>	<u>363</u>
Total Expenses	<u>\$ 576,897</u>	<u>\$ 175,244</u>	<u>\$ 134,131</u>	<u>\$ 886,272</u>

Nonhuman Rights Project, Inc.

Statement of Functional Expenses
Year Ended December 31, 2017

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL				
Salaries	\$ 304,647	\$ 68,713	\$ 87,260	\$ 460,620
Payroll taxes	<u>22,939</u>	<u>5,151</u>	<u>6,546</u>	<u>34,636</u>
Total Personnel Costs	327,586	73,864	93,806	495,256
OPERATING EXPENSES				
Non payroll litigation expense	20,070	-	-	20,070
Independent contractors	48,444	6,306	1,564	56,314
Accounting fees	-	59,551	-	59,551
Public education	60,712	-	1,684	62,396
Office expense	2,656	22,196	115	24,967
Telephone and postage	408	251	-	659
Travel expense	62,838	11,036	7,831	81,705
Insurance	-	2,482	-	2,482
Dues, licenses and permits	7,260	1,494	46	8,800
Website expense	23,071	-	5,994	29,065
Non payroll campaign expense	52,331	187	16,049	68,567
Other	1,497	3,749	285	5,531
Payment processing fees	-	1,384	2,674	4,058
Events	3,363	-	-	3,363
Training	-	2,445	-	2,445
Depreciation	-	558	-	558
Bank service charge	<u>-</u>	<u>994</u>	<u>-</u>	<u>994</u>
Total Expenses	<u>\$ 610,236</u>	<u>\$ 186,497</u>	<u>\$ 130,048</u>	<u>\$ 926,781</u>

Nonhuman Rights Project, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 329,018	\$ 149,947
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	792	558
Unrealized loss (gain) on investments	42,263	(4,375)
Realized loss on investments	-	3,514
Changes in operating assets and liabilities		
Contribution receivable	20,273	4,590
Other receivables	550	(550)
Prepaid expenses	(6,767)	(5,950)
Assets limited as to use	(15,000)	-
Accounts payable and accrued expenses	(22,116)	38,583
Net Cash from Operating Activities	<u>349,013</u>	<u>186,317</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	(935)	(1,407)
Purchase of investments	(52,413)	(369,953)
Sale of investments	-	52,605
Net Cash from Investing Activities	<u>(53,348)</u>	<u>(318,755)</u>
Change in Cash	295,665	(132,438)
CASH		
Beginning of year	<u>383,765</u>	<u>516,203</u>
End of year	<u>\$ 679,430</u>	<u>\$ 383,765</u>

See notes to financial statements

Nonhuman Rights Project, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

1. 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.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

On January 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit entities. This guidance requires the Not-for-Profit entities to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization are without donor restrictions.

Contributions

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. The Organization's policy is to report as unrestricted support, contributions with donor-imposed restrictions when the restrictions are met in the same year that the contributions are received.

Contribution Receivable

All contributions receivable are due within less than one year.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-offs history, aging analysis and any specific known troubled accounts. As of December 31, 2018 and 2017, management has concluded that an allowance for doubtful accounts is not necessary.

Nonhuman Rights Project, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2015.

Revenue recognition

Program revenues represent the primary source of revenue and are recorded as earned for each year.

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the assumptions used in pricing assets or liabilities. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments and Investment Income Recognition

Investments are valued at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the record date. Realized and unrealized gains and losses are included in the determination of change in net assets.

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 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.

Office Equipment

Office equipment is reported at its original cost less applicable depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The estimated useful life of the office equipment is 5 years.

Nonhuman Rights Project, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

Functional Expenses

The Organization allocates its expenses on a functional basis between its program and supporting services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to each on a basis determined by management.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 19, 2019.

3. Concentration of Credit Risk

The Organization maintains cash balances with a banking institution which from time to time may exceed the Federal Deposit Insurance Corporation's insurable limit.

4. Investments

As of December 31, 2018 and 2017, investments consisted of the following:

	<u>2018</u>	<u>2017</u>
Quoted in Active Markets for Identical Assets (Level 1)		
Mutual funds	\$ 860,870	\$ 877,498
Equities	<u>32,086</u>	<u>5,308</u>
	<u>\$ 892,956</u>	<u>\$ 882,806</u>

Return on investment for the years ended December 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 29,105	\$ 20,275
Unrealized (loss) gain	(42,263)	4,375
Realized loss on investments	<u>-</u>	<u>(3,514)</u>
	<u>\$ (13,158)</u>	<u>\$ 21,136</u>

Nonhuman Rights Project, Inc.

Notes to Financial Statements December 31, 2018 and 2017

5. Office Equipment

Office equipment as of December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 4,429	\$ 3,494
Accumulated depreciation	<u>(1,559)</u>	<u>(767)</u>
	<u>\$ 2,870</u>	<u>\$ 2,727</u>

6. Liquidity and Availability of Financial Assets

The Organization's cash flows are primarily driven by contributions from individual and corporate donors.

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual designations. Amounts not available include assets limited as to use with respect to trusts for which the Organization is the grantor.

Financial Assets:

Cash	\$ 679,430
Investments	892,956
Assets limited as to use	<u>15,000</u>
Total Financial Assets	<u>1,587,386</u>

Less contractually restricted amounts

Assets limited as to use	<u>15,000</u>
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Financial assets available to meet general expenditures
over the next twelve months

\$ 1,572,386

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