

**Nonhuman Rights Project, Inc.**  
**Financial Statements**  
**And Independent Auditor's Report**  
**December 31, 2022**

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# Nonhuman Rights Project, Inc.

## Index

### Page

Independent Auditor's Report

2

### Financial Statements

Statement of Financial Position

4

Statement of Activities

5

Statement of Functional Expenses

6

Statement of Cash Flows

7

Notes to Financial Statements

8

## Independent Auditor's Report

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

### *Opinion*

We have audited the financial statements of Nonhuman Rights Project, Inc. (the "Organization") a nonprofit organization, which comprise the statement of financial position at December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization at December 31, 2022, 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.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*CohnReznick LLP*

Boca Raton, Florida  
October 18, 2023

**Nonhuman Rights Project, Inc.**

**Statement of Financial Position  
December 31, 2022**

**Assets**

Assets:

Cash	\$ 1,590,074
Contribution receivable	150,015
Investments	1,389,287
Assets limited to use	15,000
Prepaid expenses	19,926
Property and equipment, net	3,331
Website development costs	36,282
Total assets	<u>\$ 3,203,915</u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable and accrued expenses	\$ 19,604
Total liabilities	<u>19,604</u>

Commitments and contingencies

Net assets:

Without donor restriction	<u>3,184,311</u>
Total net assets	<u>3,184,311</u>

Total liabilities and net assets	<u>\$ 3,203,915</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, 2022**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Public support and revenues			
Contributions	\$ 1,567,772	\$ -	\$ 1,567,772
Interest and dividends	37,720	-	37,720
Realized and unrealized losses on investments	(158,910)	-	(158,910)
Net assets released from restriction	17,710	(17,710)	-
Total public support and revenue	<u>1,464,292</u>	<u>(17,710)</u>	<u>1,446,582</u>
Functional expenses:			
Program	887,536	-	887,536
Management and general	329,709	-	329,709
Fundraising	209,448	-	209,448
Total functional expenses	<u>1,426,693</u>	<u>-</u>	<u>1,426,693</u>
Change in net assets	37,599	(17,710)	19,889
Net assets, beginning of the year	<u>3,146,712</u>	<u>17,710</u>	<u>3,164,422</u>
Net assets, end of the year	<u>\$3,184,311</u>	<u>\$ -</u>	<u>\$3,184,311</u>

See accompanying notes to the financial statements.

**Nonhuman Rights Project, Inc.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:				
Salaries	\$ 569,369	\$ 192,373	\$ 156,674	\$ 918,416
Payroll taxes	30,427	33,272	12,289	75,988
Medical benefits	18,798	8,996	742	28,536
Total personnel costs	<u>618,594</u>	<u>234,641</u>	<u>169,705</u>	<u>1,022,940</u>
Other than personnel expenses:				
Professional services	31,568	55,056	23,726	110,350
Litigation program expenses	109,035	-	-	109,035
Advocacy program expenses	25,825	540	325	26,690
Education and public relations	77,131	1,675	7,580	86,386
Travel	671	729	2,854	4,254
Office expense	7,559	2,333	4,641	14,533
Bank, merchant account and other fees	-	21,659	-	21,659
Insurance	-	9,556	-	9,556
Dues, licenses and permits	1,908	2,179	417	4,504
Telephone and postage	569	26	88	683
Depreciation	-	1,283	-	1,283
Events	14,506	-	112	14,618
Gifts	170	32	-	202
Total functional expenses	<u>\$ 887,536</u>	<u>\$ 329,709</u>	<u>\$ 209,448</u>	<u>\$ 1,426,693</u>

See accompanying notes to the financial statements.

**Nonhuman Rights Project, Inc.**

**Statement of Cash Flows  
For the Year Ended December 31, 2022**

Cash flows from operating activities:	
Change in net assets	\$ 19,889
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,283
Unrealized losses on investments	88,455
Changes in operating assets and liabilities:	
Contribution receivable	(140,701)
Prepaid expenses	(11,104)
Accounts payable and accrued expenses	2,805
Net cash used in operating activities	<u>(39,373)</u>
Cash flows from investing activities:	
Sale of investments	(491,258)
Purchase of investments	700,433
Purchase of property and equipment	(2,465)
Website development costs	(36,282)
Net cash provided by investing activities	<u>170,428</u>
Net increase in cash	131,055
Cash, beginning of the year	<u>1,459,019</u>
Cash, end of the year	<u>\$ 1,590,074</u>

See accompanying notes to the financial statements.



## Nonhuman Rights Project, Inc.

### Notes to the Financial Statements December 31, 2022

#### 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 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 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.

## **Nonhuman Rights Project, Inc.**

### **Notes to the Financial Statements December 31, 2022**

#### **Income taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Returns of Organization Exempt from Income Tax (Forms 990) for 2019 through 2022 are subject to examination by the Internal Revenue Service ("IRS").

#### **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**

Contributions are voluntarily surrendered by the donor who does not expect anything in return other than the satisfaction of helping a cause. In an exchange transaction, the payee agrees to exchange cash or assets and expects to receive some agreed upon benefit in return. Conditional conditions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

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. At December 31, 2022, cash balances in excess of Federal Deposit Insurance Corporation ("FDIC") limits totaled approximately \$1,211,000. 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, 2022.

## **Nonhuman Rights Project, Inc.**

### **Notes to the Financial Statements December 31, 2022**

#### **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, 2022 consisted of equity funds, fixed income 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 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. These assets are held in cash in a separately designated bank account.

#### **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 years on the related depreciable assets using the straight-line method.

#### **Website Development**

Website development costs are capitalized and amortized over their estimated useful lives. Costs related to the maintenance of the website are expensed as incurred.

#### **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, 2022 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.

#### **Date of Management’s Review**

Subsequent events were evaluated by management through October 18, 2023, 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.

## Nonhuman Rights Project, Inc.

### Notes to the Financial Statements December 31, 2022

#### 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, 2022:

Cash	\$ 1,590,074
Contributions receivable	150,015
Investments	1,389,287
Assets limited to use	<u>15,000</u>
Total financial assets	<u>3,144,376</u>
Less: contractually restricted amounts	
Assets limited to use	<u>15,000</u>
	<u>15,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,129,376</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.
- **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.

## Nonhuman Rights Project, Inc.

### Notes to the Financial Statements December 31, 2022

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

- Equity funds, fixed income 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, 2022:

Quoted in active markets for identical assets (Level 1):	
Mutual funds	\$ 741,363
Fixed income	611,455
Equity	36,469
	<u>\$ 1,389,287</u>

Return on investment consists of the following for the year ended December 31, 2022:

Interest and dividends	\$ (37,720)
Realized and unrealized gains	158,910
	<u>\$ 121,190</u>

#### Note 5 – Property and Equipment

Property and equipment consist of the following at December 31, 2022:

Office equipment	\$ 9,305
Accumulated depreciation	(5,974)
	<u>\$ 3,331</u>

Depreciation expense amounted to \$1,283 for the year ended December 31, 2022.

#### Note 6 – Website Development Costs

Website development costs consisted of the following at December 31, 2022:

	<u>Estimated Useful Life (in Years)</u>	
Website development costs	3	\$ 36,282

The website upgrades were launched during 2023.

**Nonhuman Rights Project, Inc.**

**Notes to the Financial Statements  
December 31, 2022**

Future amortization expense for the website development costs is as follows:

<u>Years Ending December 31,</u>	
2023	\$ 12,094
2024	12,094
2025	12,094
	<u>\$ 36,282</u>

**Note 7– Net Assets Released from Donor Restriction**

Net assets released from donor restriction consist of the following at December 31, 2022:

Purpose restrictions:	
Legal services	\$ 17,710
Total purpose restrictions	<u>\$ 17,710</u>

**Note 8 – Commitments and Contingencies**

**Legal Matters**

From time to time, the Organization may be involved in various asserted claims and legal proceedings arising in the ordinary course of business, some of which may involve claims for substantial amounts. Management provides provisions for these items to the extent that the losses are deemed both probable and reasonably estimable. No provisions were required for the year ended December 31, 2022.



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