



**AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

**National Anti-Vivisection Society  
Audit Report  
For the Year Ended June 30, 2021**

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# Selden Fox

Accounting for your future

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
National Anti-Vivisection Society  
Chicago, Illinois

We have audited the accompanying financial statements of **National Anti-Vivisection Society**, which comprise the statement of financial position as of June 30, 2021 and 2020, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 National Anti-Vivisection Society as of June 30, 2021 and 2020, 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.

*Selden Fox, Ltd.*

November 1, 2021

**National Anti-Vivisection Society**  
**Statement of Financial Position**  
**June 30,**

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 144,351	\$ 239,181
Investments	12,886,397	8,084,890
Royalties receivable	58,095	12,723
Accrued interest receivable	1,583	3,076
Prepaid expenses	65,683	48,166
<b>Total current assets</b>	<b>13,156,109</b>	<b>8,388,036</b>
Property and equipment, net	8,887	12,338
<b>Total assets</b>	<b>\$ 13,164,996</b>	<b>\$ 8,400,374</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accrued vacation	\$ 13,988	\$ 30,186
Accounts payable and accrued expenses	127,837	68,275
Payroll Protection Program loan	205,595	157,016
<b>Total current liabilities</b>	<b>347,420</b>	<b>255,477</b>
Net assets without donor restrictions	12,354,813	7,545,379
Net assets with donor restrictions:		
Special project	462,763	480,083
Unspent grant proceeds	-	119,435
<b>Total net assets</b>	<b>12,817,576</b>	<b>8,144,897</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,164,996</b>	<b>\$ 8,400,374</b>

See accompanying notes.

**National Anti-Vivisection Society**  
**Statement of Activities**  
**For the Year Ended June 30,**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Donations	\$ 778,889	\$ 80,980	\$ 859,869	\$ 1,078,538	\$ 113,016	\$ 1,191,554
Foundation grants	491,440	-	491,440	130,565	119,435	250,000
Net investment income (loss)	2,775,015	-	2,775,015	(45,829)	1,154	(44,675)
Legacies and bequests	2,903,303	-	2,903,303	1,494,475	-	1,494,475
Gain on extinguishment of Paycheck Protection Program loan	157,016	-	157,016	-	-	-
Royalty income	198,870	-	198,870	200,063	-	200,063
Miscellaneous	432	-	432	-	-	-
Net assets released from restrictions	217,735	(217,735)	-	348,410	(348,410)	-
<b>Total revenues</b>	<b>7,522,700</b>	<b>(136,755)</b>	<b>7,385,945</b>	<b>3,206,222</b>	<b>(114,805)</b>	<b>3,091,417</b>
Expenses:						
Program - education	1,934,922	-	1,934,922	1,888,042	-	1,888,042
Supporting services:						
Management and general	508,192	-	508,192	255,595	-	255,595
Fund-raising	270,152	-	270,152	245,933	-	245,933
<b>Total expenses</b>	<b>2,713,266</b>	<b>-</b>	<b>2,713,266</b>	<b>2,389,570</b>	<b>-</b>	<b>2,389,570</b>
<b>Change in net assets</b>	<b>4,809,434</b>	<b>(136,755)</b>	<b>4,672,679</b>	<b>816,652</b>	<b>(114,805)</b>	<b>701,847</b>
Net assets:						
Beginning of the year	7,545,379	599,518	8,144,897	6,728,727	714,323	7,443,050
End of the year	\$ 12,354,813	\$ 462,763	\$ 12,817,576	\$ 7,545,379	\$ 599,518	\$ 8,144,897

See accompanying notes.

**National Anti-Vivisection Society  
Statement of Functional Expenses  
For the Year Ended June 30, 2021**

	Program Services					Supporting Services				Total
	Public Awareness and General Education	Student/ Teacher Programs	Legal and Legislative	Science Programs	Cooperative Efforts and Grants	Total	Management and General	Fund- raising	Total	
Salaries	\$ 264,699	\$ 142,143	\$ 203,685	\$ 134,996	\$ 16,596	\$ 762,119	\$ 227,611	\$ 37,444	\$ 265,055	\$ 1,027,174
Payroll taxes	26,694	10,105	12,510	12,202	908	62,419	11,503	2,904	14,407	76,826
<b>Total salaries and related expenses</b>	291,393	152,248	216,195	147,198	17,504	824,538	239,114	40,348	279,462	1,104,000
Professional and consulting fees	163,482	67,540	7,500	9,623	-	248,145	154,162	134,335	288,497	536,642
Educational material	-	-	70	30	-	100	-	-	-	100
Telephone	7,967	49	72	72	48	8,208	264	96	360	8,568
Postage	131,583	-	-	-	-	131,583	591	50,239	50,830	182,413
Occupancy	48,873	-	-	-	-	48,873	7,020	2,300	9,320	58,193
Repairs and maintenance	16,833	152	455	365	191	17,996	1,364	368	1,732	19,728
Insurance	42,072	3,970	11,721	8,839	4,727	71,329	17,145	5,175	22,320	93,649
Printing and publication	109,683	-	-	-	-	109,683	7,831	35,946	43,777	153,460
Dues and subscriptions	3,809	-	60	-	-	3,869	1,026	809	1,835	5,704
Conferences, conventions, and meetings	2,965	2,775	-	527	-	6,267	350	-	350	6,617
Office expense	1,942	-	-	-	-	1,942	784	-	784	2,726
Grants	458	20,000	120,000	215,000	98,300	453,758	-	-	-	453,758
Miscellaneous	3,268	-	-	-	-	3,268	75,503	-	75,503	78,771
<b>Total expenses before depreciation</b>	824,328	246,734	356,073	381,654	120,770	1,929,559	505,154	269,616	774,770	2,704,329
Depreciation	5,363	-	-	-	-	5,363	3,038	536	3,574	8,937
<b>Total expenses</b>	<b>\$ 829,691</b>	<b>\$ 246,734</b>	<b>\$ 356,073</b>	<b>\$ 381,654</b>	<b>\$ 120,770</b>	<b>\$ 1,934,922</b>	<b>\$ 508,192</b>	<b>\$ 270,152</b>	<b>\$ 778,344</b>	<b>\$ 2,713,266</b>

See accompanying notes.

**National Anti-Vivisection Society  
Statement of Functional Expenses  
For the Year Ended June 30, 2020**

	Program Services					Supporting Services				
	Public Awareness and General Education	Student/Teacher Programs	Legal and Legislative	Science Programs	Cooperative Efforts and Grants	Total	Management and General	Fund-raising	Total	Total
Salaries	\$ 358,115	\$ 63,969	\$ 178,977	\$ 142,798	\$ 42,410	\$ 786,269	\$ 89,335	\$ 79,094	\$ 168,429	\$ 954,698
Payroll taxes	25,614	4,575	12,801	10,214	3,033	56,237	6,390	5,657	12,047	68,284
<b>Total salaries and related expenses</b>	383,729	68,544	191,778	153,012	45,443	842,506	95,725	84,751	180,476	1,022,982
Professional and consulting fees	259,187	3,278	7,907	11,221	-	281,593	46,555	103,611	150,166	431,759
Telephone	5,023	134	201	201	134	5,693	737	268	1,005	6,698
Postage	67,663	-	-	-	-	67,663	796	32,825	33,621	101,284
Occupancy	86,235	-	-	-	-	86,235	11,371	3,955	15,326	101,561
Repairs and maintenance	6,500	1,276	454	445	227	8,902	690	421	1,111	10,013
Insurance	42,648	4,217	12,436	9,384	5,043	73,728	18,785	5,920	24,705	98,433
Printing and publication	55,910	110	100	-	-	56,120	5,776	10,119	15,895	72,015
Dues and subscriptions	5,237	-	-	280	-	5,517	3,212	3,215	6,427	11,944
Special services	-	-	-	-	-	-	5,200	-	5,200	5,200
Conferences, conventions, and meetings	4,126	2,387	3,977	1,818	-	12,308	730	-	730	13,038
Office expense	4,562	-	-	-	-	4,562	1,139	-	1,139	5,701
Grants	475	-	120,000	228,000	82,701	431,176	-	-	-	431,176
Miscellaneous	2,673	662	226	-	-	3,561	60,076	-	60,076	63,637
<b>Total expenses before depreciation</b>	923,968	80,608	337,079	404,361	133,548	1,879,564	250,792	245,085	495,877	2,375,441
Depreciation	8,478	-	-	-	-	8,478	4,803	848	5,651	14,129
<b>Total expenses</b>	\$ 932,446	\$ 80,608	\$ 337,079	\$ 404,361	\$ 133,548	\$ 1,888,042	\$ 255,595	\$ 245,933	\$ 501,528	\$ 2,389,570

See accompanying notes.



**National Anti-Vivisection Society**  
**Statement of Cash Flows**  
**For the Year Ended June 30,**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,672,679	\$ 701,847
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	8,937	14,129
Unrealized loss (gain) on investments	(2,235,971)	184,317
Realized gain on investments	(410,942)	(11,886)
Gain on extinguishment of Paycheck Protection Protection Program loan	(157,016)	-
Changes in operating assets and liabilities:		
Royalties receivable	(43,879)	12,875
Prepaid expenses	(17,517)	7,739
Accounts payable and accrued expenses	43,364	71,450
Grants payable	-	(150,000)
<b>Cash from operating activities</b>	<b><u>1,859,655</u></b>	<b><u>830,471</u></b>
Cash flows from investing activities:		
Proceeds from the sale of investments	2,714,644	2,226,384
Purchases of investments	(4,869,238)	(3,220,628)
Purchase of furniture, equipment and improvements	(5,486)	-
<b>Cash from investing activities</b>	<b><u>(2,160,080)</u></b>	<b><u>(994,244)</u></b>
Cash flows from financing activities - proceeds from Payroll Protection Program loan	<u>205,595</u>	<u>157,016</u>
<b>Decrease in cash and cash equivalents</b>	<b>(94,830)</b>	<b>(6,757)</b>
Cash and cash equivalents, beginning of the year	<u>239,181</u>	<u>245,938</u>
Cash and cash equivalents, end of the year	<b><u>\$ 144,351</u></b>	<b><u>\$ 239,181</u></b>
Supplemental disclosure of noncash financing activities:		
Extinguishment of Paycheck Protection Program loan	<b><u>\$ 157,016</u></b>	<b><u>\$ -</u></b>

See accompanying notes.

## National Anti-Vivisection Society Notes to the Financial Statements

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### 1. Summary of Significant Accounting Policies

**Organization and Purpose** – The National Anti-Vivisection Society (hereafter “NAVS” or “Society”) is incorporated under the laws of the state of Illinois as of 1929, as a not-for-profit corporation.

NAVS is dedicated to abolishing the exploitation of animals used in research, education, and product testing.

NAVS promotes greater compassion, respect, and justice for animals through educational programs based on respected ethical and scientific theory and supported by extensive documentation of the cruelty and waste of Vivisection. NAVS' educational programs are directed at increasing public awareness about Vivisection, identifying humane solutions to human problems, developing alternatives to the use of animals, and working with like-minded individuals and groups to effect changes that help to end the suffering inflicted on innocent animals.

**Basis of Presentation** – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes: with donor restrictions and without donor restrictions.

**Net Assets Without Donor Restrictions** – Net assets which are available for fulfillment of NAVS' mission and which may be expended at the discretion of management and the Board of Directors.

**Net Assets With Donor Restrictions** – Net assets which are subject to donor-imposed restrictions. Some restrictions could be temporary in nature, such as those that will be met by the actions of NAVS or the passage of time, while some restrictions could be perpetual in nature, in that a donor has stipulated the funds be maintained in perpetuity.

Royalty income is received from a gas and oil lease agreement on land owned by NAVS. Revenue is recognized based on the number of units drilled computed on a daily basis.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Contributions received with donor restrictions that are met in the same year as received are reported as being received without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor imposed restrictions are released when restrictions expire (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed). Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Use of Estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

NAVS records investments at fair value. The ultimate realization of the investments is based upon future economic factors related to the investments. For this estimate, it is reasonably possible that the recorded amount or related disclosure could significantly change in the near future, as new information is available.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, NAVS considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**Property and Equipment** – Betterments and replacements of major items of property are capitalized. Maintenance, repairs and minor replacements are expensed. The cost of property sold or retired is removed from the related property and accumulated depreciation accounts, and the resultant gain or loss is recorded. Depreciation of property and equipment is provided by the straight-line method over the following estimated useful lives:

Leasehold improvements	5 - 15 years
Furniture and equipment	3 - 10 years
Automobile	5 years
Computer software	3 years

**Income Taxes** – NAVS is a not-for-profit entity, as described under Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes, except for taxes on unrelated business income generated from unrelated or trade business activities. NAVS had no unrelated or trade business activity in 2021 or 2020. Accordingly, no provision for income taxes is included in the financial statements.

NAVS' tax returns for the years ended June 30, 2018 through 2020, are open years for purposes of any future IRS or applicable state examinations.

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**New Accounting Pronouncement** – In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (ASC 606). The ASU’s core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To accomplish this objective, the standard requires five basic steps: i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The ASU also includes expanded disclosure requirements. The Society adopted the standard effective July 1, 2020, using the full retrospective method. Adoption of this standard did not have a material impact on NAVS’ financial statements since contribution revenue and investment income is scoped out of the standard.

**Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional expense basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on estimated staff time. All direct costs of the programs are charged to the programs, and all remaining costs are considered administrative expenses.

**SBA Loan - Paycheck Protection Program Loan** – In April of 2020 and March of 2021, NAVS received \$157,016 and \$205,595, respectively, of proceeds in the form of a potentially forgivable loan under the CARES Act’s Paycheck Protection Program (PPP), which is administered by the U.S. Small Business Association (SBA). NAVS has elected to account for its potentially forgivable Paycheck Protection Program loan payable under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 470 *Debt*. Under this guidance, extinguishment of the loan would be recognized when NAVS has been legally released as the primary obligor of the loan. This would occur if and when the United States Small Business Administration approves the Institute’s forgiveness application.

**Subsequent Events** – Subsequent events have been evaluated through November 1, 2021, which is the date the financial statements were available to be issued.

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

**2. Liquidity and Availability**

The following represents the Society's financial assets available to meet general expenditures over the next twelve months at June 30:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 144,351	\$ 239,181
Receivables	59,678	15,799
Investments	12,886,397	8,084,890
Less financial assets with restrictions	(462,763)	(599,518)
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<b>\$ 12,627,663</b>	<b>\$ 7,740,352</b>

NAVS' goal is generally to maintain approximately \$250,000 in liquid cash. The investment balance is intended to ensure the long-term financial viability of NAVS, but management has the ability to utilize these funds to meet current obligations as necessary.

**3. Investments**

Investments classified as current assets in the statement of financial position are summarized as follows:

	June 30, 2021		June 30, 2020	
	Cost	Fair Value	Cost	Fair Value
Common stock and mutual funds	\$ 10,109,669	\$ 12,886,297	\$ 7,544,136	\$ 8,084,790
Other - cost	100	100	100	100
	<b>\$ 10,109,769</b>	<b>\$ 12,886,397</b>	<b>\$ 7,544,236</b>	<b>\$ 8,084,890</b>

Net investment income for the year ended June 30, 2021, consists of an unrealized gain of \$2,235,971 (\$184,317 of unrealized loss for the year ended June 30, 2020), realized gain of \$410,942 (\$11,886 of realized gain for the year ended June 30, 2020), interest and dividends of \$204,957 (\$181,232 for the year ended June 30, 2020), and investment expenses of \$76,855 (\$54,660 for the year ended June 30, 2020).

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

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**4. Investments Hierarchy**

A significant number of NAVS' financial instruments are carried at fair value with changes in fair value recognized in net assets each period. NAVS makes estimates regarding valuation of assets measured at fair value in preparing the financial statements.

Fair value is defined as 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 measurement is broken down into a three-level valuation hierarchy based on the reliability of observable and unobservable inputs as follows:

**Level 1** – Valuations are based on quoted prices in active markets for identical assets or liabilities that NAVS has the ability to access at the measurement date.

**Level 2** – Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

**Level 3** – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation methodologies used for investments measured at fair value, as well as the general classification of such investments pursuant to the valuation hierarchy.

Common stock and mutual funds are valued using quoted market prices. Accordingly, these assets are categorized in Level 1 of the fair value hierarchy.

Mortgage-backed securities are valued using inter-broker prices, bid evaluations from active markets and a spread scale. Accordingly, these assets are categorized in Level 2 of the fair value hierarchy.

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

**4. Investments Hierarchy (cont'd)**

Description	2021			Balance, June 30
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
U.S. Large Cap	\$ 3,184,216	\$ -	\$ -	\$ 3,184,216
U.S. Mid Cap	790,812	-	-	790,812
U.S. Small Cap	397,084	-	-	397,084
International	1,706,824	-	-	1,706,824
Fixed income	1,855,800	-	-	1,855,800
Other	145,397	-	-	145,397
Common stocks:				
Domestic	4,587,844	-	-	4,587,844
Cash	218,420	-	-	218,420
	<u>\$ 12,886,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,886,397</u>

Description	2020			Balance, June 30
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
U.S. Large Cap	\$ 1,793,394	\$ -	\$ -	\$ 1,793,394
U.S. Mid Cap	485,280	-	-	485,280
U.S. Small Cap	87,483	-	-	87,483
International	804,153	-	-	804,153
Fixed income	1,303,953	-	-	1,303,953
Other	109,682	-	-	109,682
Common stocks:				
Domestic	2,802,035	-	-	2,802,035
Cash	698,910	-	-	698,910
	<u>\$ 8,084,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,084,890</u>

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

**5. Property and Equipment**

Property and equipment is comprised of the following at June 30:

	2021	2020
Furniture and equipment	\$ 12,066	\$ 350,997
Computer software	149,694	111,389
Automobile	40,636	40,636
Leasehold improvements	-	10,458
	<b>202,396</b>	513,480
Less accumulated depreciation and amortization	<b>193,509</b>	501,142
	<b>\$ 8,887</b>	\$ 12,338

Depreciation of property and equipment for the year ended June 30, 2021, was \$8,937 (\$14,129 for the year ended June 30, 2020).

**6. Commitments**

**Operating Lease** – NAVS previously leased office space under an operating lease, which expired in February 2021. The lease provided for basic monthly rentals. Rental expense under the lease totaled \$58,652 for the year ended June 30, 2021 (\$99,120 for the year ended June 30, 2020).

In March of 2021, NAVS entered into a new office space lease which expires in August of 2028. No rent payments are due until August of 2021.

Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2022	\$ 58,255
2023	71,372
2024	72,978
2025	74,620
2026	76,299
Thereafter	171,280
	<b>\$ 524,804</b>



**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

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**7. Related Parties**

The Executive Director of NAVS is also an officer for the International Foundation for Ethical Research (IFER), to which NAVS granted \$210,000 for the year ended June 30, 2021 (\$225,000 for the year ended June 30, 2020). IFER is a non-profit corporation, organized under the laws of Massachusetts, and was issued a certificate of incorporation by the state of Massachusetts on May 26, 1985. IFER fulfills its mission by awarding research grants to scientists who are developing credible alternatives, and to postgraduate students seeking to incorporate animal welfare issues into their studies. In addition, IFER disseminates information designed to increase awareness of alternatives through seminars, publications, and workshops.

**8. Allocation of Joint Costs**

During the years ended June 30, 2021 and 2020, NAVS incurred joint costs for informational materials and activities that included fund-raising appeals. The allocation of those costs was as follows as of June 30:

	<b>2021</b>	<b>2020</b>
Public awareness and general education	<b>\$ 196,981</b>	\$ 224,379
Cooperative efforts and grants	<b>98,300</b>	82,701
Fund-raising	<b>64,325</b>	81,477
<b>Total</b>	<b>\$ 359,606</b>	\$ 388,557

**9. SBA Loan (PPP)**

The \$205,595 PPP draw 2 Loan, which is in the form of a Note dated March 4, 2021, matures on March 4, 2023, and bears interest at a rate of 1.00% per annum. Under the terms of the PPP, as modified by the Paycheck Protection Program Flexibility Act (PPPFA), principal and interest payments have been deferred. The first payment is deferred for six months after a forgiveness determination and repayment terms have been extended to a five-year period at the same interest rate of 1.00% per annum. These terms may be subject to further changes depending on any related legislation or related regulations.

The \$157,016 PPP draw 1 loan was forgiven in April 2021 and NAVS recognized a gain on the extinguishment of the loan in that amount for the year ended June 30, 2021.

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

**10. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of unexpended revenues and gains available for the following at June 30:

	<b>2021</b>	<b>2020</b>
Special project – Sanctuary fund	<b>\$ 462,763</b>	\$ 480,083
Unspent grant proceeds	<u>-</u>	<u>119,435</u>
	<b><u>\$ 462,763</u></b>	<b><u>\$ 599,518</u></b>

The sources of net other assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes, or by the occurrence of events specified by the donor, were as follows at June 30:

	<b>2021</b>	<b>2020</b>
Special project – Sanctuary fund	<b>\$ 98,300</b>	\$ 82,701
Special project – Petrie	<b>119,435</b>	-
Receipt of restricted investment	<u>-</u>	<u>265,709</u>
<b>Total</b>	<b><u>\$ 217,735</u></b>	<b><u>\$ 348,410</u></b>

**11. Retirement Benefits**

NAVS established an employees' benefit plan that allows all full-time employees to voluntarily defer current taxation of up to 16.6% to a maximum \$19,500 for calendar year 2021 and \$19,000 for calendar year 2020, of current income.

**12. Royalty Income**

In a previous year, NAVS received a bequest of 320 acres of land. In a lease executed during the year ended June 30, 2008, with an unrelated third party, NAVS will receive royalty income of 15% on all oil produced, saved, and marketed from the leased premises, and 15% of the market value for gas produced from the leased premises. The lease shall remain in force as long as oil or gas is produced from the leased premises. Total royalty income recorded in the statement of activities for the year ended June 30, 2021, amounted to \$198,870 (\$200,063 for the year ended June 30, 2020).

**National Anti-Vivisection Society**  
**Notes to the Financial Statements (cont'd)**

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**13. Future Changes in Accounting Principles**

**Leases** – In February 2016, the Financial Accounting Standards Board released Accounting Standards Update No. 2016-02 *Leases (Topic 842)*. The revised standard is intended to increase transparency by recognizing lease assets and liabilities on the statement of financial position and enhancing the related disclosures. Under current standards, a lease was only recognized on the balance sheet if it met the definition of a capital lease. However, under the new standard, a lessee will be required to:

- Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position.
- Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis.
- Classify all cash payments within operating activities in the statement of cash flows.

In doing so, an entity must separate lease components from nonlease components (such as maintenance services) and include only the lease components in the measurement of the right-to-use asset and lease liability. Unless early implemented, this standard will be applicable to NAVS for the year ending June 30, 2023. NAVS is in the process of evaluating the potential impacts of its adoption but has yet to determine its effect.