



**AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

**National Anti-Vivisection Society
Audit Report
For the Year Ended June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Anti-Vivisection Society
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of **National Anti-Vivisection Society**, which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Anti-Vivisection Society as of June 30, 2024 and 2023, and the change 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.

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 National Anti-Vivisection Society 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 National Anti-Vivisection Society's ability to continue as a going concern within 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 National Anti-Vivisection Society'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 National Anti-Vivisection Society'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.

Selden Fox, Ltd.

November 4, 2024

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

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 257,100	\$ 492,428
Investments	24,326,506	12,481,776
Royalties receivable	34,598	34,148
Accrued interest receivable	29,166	14,868
Prepaid expenses	63,850	68,650
Total current assets	24,711,220	13,091,870
Property and equipment, net	57,681	33,306
Operating ROU asset	272,091	332,217
Total assets	\$ 25,040,992	\$ 13,457,393
Liabilities and Net Assets		
Current liabilities:		
Accrued wages and vacation	\$ 52,034	\$ 48,141
Accounts payable and accrued expenses	72,134	227,993
Operating lease liability, current portion	66,662	63,130
Total current liabilities	190,830	339,264
Noncurrent assets:		
Operating lease liability, noncurrent portion	236,070	302,732
Total liabilities	426,900	641,996
Net assets without donor restrictions	24,428,783	12,487,888
Net assets with donor restrictions - Special project	185,309	327,509
Total net assets	24,614,092	12,815,397
Total liabilities and net assets	\$ 25,040,992	\$ 13,457,393

See accompanying notes.

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

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues:			
Donations	\$ 818,662	\$ -	\$ 818,662
Foundation grants	295,878	-	295,878
Net investment income	2,155,924	-	2,155,924
Legacies and bequests	11,469,167	-	11,469,167
Royalty income	177,898	-	177,898
Miscellaneous	-	-	-
Net assets released from restrictions	142,200	(142,200)	-
	<u>15,059,729</u>	<u>(142,200)</u>	<u>14,917,529</u>
Total revenues			
Expenses:			
Program - education	2,455,797	-	2,455,797
Supporting services:			
Management and general	418,930	-	418,930
Fund-raising	244,107	-	244,107
	<u>3,118,834</u>	<u>-</u>	<u>3,118,834</u>
Total expenses			
Change in net assets	11,940,895	(142,200)	11,798,695
Net assets:			
Beginning of the year	12,487,888	327,509	12,815,397
End of the year	<u>\$ 24,428,783</u>	<u>\$ 185,309</u>	<u>\$ 24,614,092</u>

See accompanying notes.

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,063,901	\$ 9,021	\$ 1,072,922
73,850	50,000	123,850
1,304,557	-	1,304,557
2,570,098	-	2,570,098
265,385	-	265,385
14,189	-	14,189
124,500	(124,500)	-
<u>5,416,480</u>	<u>(65,479)</u>	<u>5,351,001</u>
2,510,469	-	2,510,469
668,847	-	668,847
227,603	-	227,603
<u>3,406,919</u>	<u>-</u>	<u>3,406,919</u>
2,009,561	(65,479)	1,944,082
<u>10,478,327</u>	<u>392,988</u>	<u>10,871,315</u>
<u>\$ 12,487,888</u>	<u>\$ 327,509</u>	<u>\$ 12,815,397</u>

**National Anti-Vivisection Society
Statement of Functional Expenses
For the Year Ended June 30, 2024**

	Program Services			
	Public Awareness and General Education	Student/ Teacher Programs	Legal and Legislative	Science Programs
Salaries	\$ 280,632	\$ 203,915	\$ 230,463	\$ 175,126
Payroll taxes	21,884	16,292	16,166	13,957
Total salaries and related expenses	302,516	220,207	246,629	189,083
Professional and consulting fees	132,447	60,803	85,258	27,103
Telephone	8,010	1,285	822	947
Postage	66,405	698	-	551
Occupancy	64,164	-	-	-
Repairs and maintenance	9,367	411	412	1,054
Insurance	25,593	22,956	29,969	23,222
Printing and publication	207,425	405	100	2,142
Dues and subscriptions	7,046	218	-	85
Conferences, conventions, and meetings	9,499	23,736	6,215	52,876
Office expense	1,981	2	-	2,595
Grants	-	-	93,160	265,000
Software and information technology	126,201	3,032	720	14,630
Bank fees	-	-	-	-
Miscellaneous	868	582	513	422
Total expenses before depreciation and amortization	961,522	334,335	463,798	579,710
Depreciation and amortization	-	-	-	-
Total expenses	\$ 961,522	\$ 334,335	\$ 463,798	\$ 579,710

See accompanying notes.

		Supporting Services			
Cooperative Efforts and Grants	Total	Management and General	Fund- raising	Total	Total
\$ 15,285	\$ 905,421	\$ 259,485	\$ 63,112	\$ 322,597	\$ 1,228,018
1,195	69,494	19,912	5,265	25,177	94,671
16,480	974,915	279,397	68,377	347,774	1,322,689
2,652	308,263	48,681	54,632	103,313	411,576
80	11,144	1,970	668	2,638	13,782
-	67,654	65	27,509	27,574	95,228
-	64,164	10,264	3,024	13,288	77,452
8	11,252	2,151	358	2,509	13,761
2,654	104,394	39,219	11,113	50,332	154,726
-	210,072	-	76,569	76,569	286,641
-	7,349	360	108	468	7,817
2,304	94,630	440	1,209	1,649	96,279
-	4,578	1,299	98	1,397	5,975
92,200	450,360	-	-	-	450,360
-	144,583	164	300	464	145,047
-	-	21,638	-	21,638	21,638
54	2,439	1,162	142	1,304	3,743
116,432	2,455,797	406,810	244,107	650,917	3,106,714
-	-	12,120	-	12,120	12,120
\$ 116,432	\$ 2,455,797	\$ 418,930	\$ 244,107	\$ 663,037	\$ 3,118,834

**National Anti-Vivisection Society
Statement of Functional Expenses
For the Year Ended June 30, 2023**

	Program Services			
	Public Awareness and General Education	Student/ Teacher Programs	Legal and Legislative	Science Programs
Salaries	\$ 275,432	\$ 179,527	\$ 152,928	\$ 222,092
Payroll taxes	26,613	8,940	12,067	15,463
Total salaries and related expenses	302,045	188,467	164,995	237,555
Professional and consulting fees	27,198	25,911	341,483	9,014
Telephone	2,545	22	33	33
Postage	109,976	-	-	-
Occupancy	94,054	-	-	-
Repairs and maintenance	11,917	4,743	622	622
Insurance	15,283	10,279	10,532	20,410
Printing and publication	286,961	83	-	58
Dues and subscriptions	5,612	-	340	-
Conferences, conventions, and meetings	6,409	22,060	4,670	3,556
Office expense	2,353	4,653	-	-
Grants	750	29,350	135,000	170,000
Software and information technology	114,245	119	-	-
Bank fees	-	-	-	-
Miscellaneous	-	-	-	900
Total expenses before depreciation and amortization	979,348	285,687	657,675	442,148
Depreciation and amortization	-	-	-	-
Total expenses	\$ 979,348	\$ 285,687	\$ 657,675	\$ 442,148

See accompanying notes.

		Supporting Services				
Cooperative Efforts and Grants	Total	Management and General	Fund- raising	Total	Total	
\$ 17,233	\$ 847,212	\$ 266,397	\$ 41,109	\$ 307,506	\$ 1,154,718	
1,339	64,422	20,281	3,254	23,535	87,957	
18,572	911,634	286,678	44,363	331,041	1,242,675	
-	403,606	272,394	13,484	285,878	689,484	
22	2,655	474	145	619	3,274	
-	109,976	104	40,392	40,496	150,472	
-	94,054	13,359	4,447	17,806	111,860	
311	18,215	1,430	496	1,926	20,141	
2,206	58,710	44,877	8,256	53,133	111,843	
-	287,102	60	115,245	115,305	402,407	
-	5,952	775	775	1,550	7,502	
-	36,695	86	-	86	36,781	
-	7,006	497	-	497	7,503	
124,500	459,600	-	-	-	459,600	
-	114,364	1,591	-	1,591	115,955	
-	-	27,012	-	27,012	27,012	
-	900	8,030	-	8,030	8,930	
145,611	2,510,469	657,367	227,603	884,970	3,395,439	
-	-	11,480	-	11,480	11,480	
\$ 145,611	\$ 2,510,469	\$ 668,847	\$ 227,603	\$ 896,450	\$ 3,406,919	

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

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 11,798,695	\$ 1,944,082
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization expense	12,120	11,480
Amortization of operating ROU asset	60,126	58,336
Unrealized gain on investments	(1,542,346)	(834,653)
Realized gain on investments	(54,026)	(247,772)
Changes in operating assets and liabilities:		
Royalties receivable	(450)	17,175
Accrued interest receivable	(14,298)	(12,315)
Prepaid expenses	4,800	(33,992)
Accounts payable and accrued expenses	(151,966)	17,222
Operating lease liability	(63,130)	(24,691)
Cash from operating activities	<u>10,049,525</u>	<u>894,872</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	18,454,752	2,265,097
Purchases of investments	(28,703,110)	(2,899,914)
Purchase of property and equipment	(36,495)	(7,804)
Cash from investing activities	<u>(10,284,853)</u>	<u>(642,621)</u>
Change in cash and cash equivalents	(235,328)	252,251
Cash and cash equivalents, beginning of the year	<u>492,428</u>	<u>240,177</u>
Cash and cash equivalents, end of the year	<u>\$ 257,100</u>	<u>\$ 492,428</u>

See accompanying notes.

National Anti-Vivisection Society Notes to the Financial Statements

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)

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.

Significant Concentrations – For the year ended June 30, 2024, bequest income from one estate accounted for approximately 70% of revenue.

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.

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment gains/(losses) in the statement of activities.

Investment gain/(loss) is reported net in the statement of activities and consists of realized and unrealized gains and losses, less external and direct internal investment expenses. Interest and dividends and investment return are reflected in the statement of activities as income without donor restrictions or income with donor restrictions based upon the existence and nature of any donor restrictions. Interest and dividends and investment return that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the interest and dividends and investment return are recognized.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

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

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

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 and amortization of property and equipment is provided by the straight-line method over the following estimated useful lives:

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 2024 or 2023. Accordingly, no provision for income taxes is included in the financial statements.

NAVS' tax returns for the years ended June 30, 2021 through 2023, are open years for purposes of any future IRS or applicable state examinations.

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 statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimated staff time. All direct costs of the programs are charged to the programs, and all remaining costs are considered administrative expenses.

Leases – Management evaluates contracts at their inception to determine if an arrangement contains a lease based on whether NAVS has the right to control the asset during the contract period and other facts and circumstances. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities.

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

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

Leases (cont'd) – As a lessee, NAVS records a right-of-use (“ROU”) asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. For leases with a term of less than 12 months (short-term leases), NAVS does not record a ROU asset and lease liability and the payments will be recognized in results of operations over the lease term. ROU assets and lease liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. NAVS includes lease extensions in the lease term when it is reasonably certain that it will exercise the extension. The discount rates used to determine the ROU asset and liability are the lease’s implied rate, if readily determinable. If the implied rate is not readily determinable, the discount rate used is NAVS’ incremental borrowing rate. For lease agreements with both lease and non-lease components, management has elected the practical expedient to account for them as a single lease component. The ROU asset also includes initial direct costs and prepaid lease payments made less lease incentives and deferred rent, if any. NAVS’ lease agreements do not contain any material residual value guarantees or material restrictive covenants

Subsequent Events – Subsequent events have been evaluated through November 4, 2024, which is the date the financial statements were available to be issued.

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:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 257,100	\$ 492,428
Receivables	63,764	49,016
Investments	24,326,506	12,481,776
Less financial assets with restrictions	(185,309)	(327,509)
Financial assets available to meet general expenditures over the next twelve months	\$ 24,462,061	\$ 12,695,711

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.

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

3. Investments

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

	June 30, 2024		June 30, 2023	
	Cost	Fair Value	Cost	Fair Value
Common stock and mutual funds	\$ 21,314,932	\$ 24,326,406	\$ 10,990,193	\$ 12,481,676
Other - cost	100	100	100	100
	\$ 21,315,032	\$ 24,326,506	\$ 10,990,293	\$ 12,481,776

Net investment income for the year ended June 30, 2024, consists of an unrealized gain of \$1,542,346 (\$834,653 of unrealized gain for the year ended June 30, 2023), realized gain of \$54,026 (\$247,772 of realized gain for the year ended June 30, 2023), interest and dividends of \$635,392 (\$300,140 for the year ended June 30, 2023), and investment expenses of \$75,840 (\$78,008 for the year ended June 30, 2023).

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.

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

4. Investments Hierarchy (cont'd)

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.

2024				
Description	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance, June 30
Mutual funds:				
U.S. Large Cap	\$ 8,797,817	\$ -	\$ -	\$ 8,797,817
U.S. Mid Cap	2,710,896	-	-	2,710,896
U.S. Small Cap	435,790	-	-	435,790
International	3,404,943	-	-	3,404,943
Fixed income	2,190,648	-	-	2,190,648
Other	907,310	-	-	907,310
Common stocks:				
Domestic	5,705,562	-	-	5,705,562
Cash	173,540	-	-	173,540
	<u>\$ 24,326,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,326,506</u>

2023				
Description	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance, June 30
Mutual funds:				
U.S. Large Cap	\$ 3,224,425	\$ -	\$ -	\$ 3,224,425
U.S. Mid Cap	390,095	-	-	390,095
U.S. Small Cap	308,962	-	-	308,962
International	651,577	-	-	651,577
Fixed income	1,663,727	-	-	1,663,727
Other	187,114	-	-	187,114
Common stocks:				
Domestic	4,238,732	-	-	4,238,732
Cash	294,789	-	-	294,789
Certificates of deposit	1,522,355	-	-	1,522,355
	<u>\$ 12,481,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,481,776</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:

	2024	2023
Furniture and equipment	\$ 59,445	\$ 56,830
Computer software	149,694	149,694
Automobile	40,636	40,636
Construction in progress	33,880	-
	283,655	247,160
Less accumulated depreciation and amortization	225,974	213,854
	\$ 57,681	\$ 33,306

Depreciation and amortization expense of property and equipment for the year ended June 30, 2024, was \$12,120 (\$11,480 for the year ended June 30, 2023).

6. Operating Lease

In March of 2021, NAVS entered into an office space lease which expires in August of 2028. Operating lease ROU assets and operating lease liabilities of \$272,091 and \$302,732, respectively, associated with this lease are included on the statement of financial position as of June 30, 2024 (\$332,217 and \$365,832, respectively, at June 30, 2023).

Operating lease cost is recognized on a straight-line basis over the lease term and is included in occupancy expenses on the statement of functional expenses. Operating lease cost was \$69,974 for the year ended June 30, 2024 and 2023.

As of June 30, 2024, the remaining lease term was 4.09 years, and the discount rate was 2.92% for the operating lease recognized in the financial statements.

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

6. Operating Lease (cont'd)

Future minimum lease payments for each of the next three years due under noncancelable operating leases with initial or remaining lease terms in excess of one year consisted of the following at June 30, 2024:

	2025	\$	74,620
	2026		76,299
	2027		78,016
	2028		79,771
	2029		53,972
Total minimum lease payments			362,678
Less imputed interest			(59,946)
Present value of operating lease liability		\$	302,732

The following table provides supplemental cash flow information related to our leases for the year ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	\$ 72,978	\$ 71,372

7. Related Parties

The Executive Director of NAVS is also an officer for the International Foundation for Ethical Research (IFER), to which NAVS granted \$250,000 for the year ended June 30, 2024 (\$200,000 for the year ended June 30, 2023). 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.

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

8. Allocation of Joint Costs

During the years ended June 30, 2024 and 2023, 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:

	2024	2023
Public awareness and general education	\$ 216,466	\$ 306,526
Cooperative efforts and grants	92,200	124,500
Fund-raising	89,738	119,610
Total	<u>\$ 398,404</u>	<u>\$ 550,636</u>

9. Net Assets With Donor Restrictions

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

	2024	2023
Special project – Sanctuary fund	\$ 185,309	\$ 277,509
Unspent grant proceeds	-	50,000
	<u>\$ 185,309</u>	<u>\$ 327,509</u>

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:

	2024	2023
Special project – Sanctuary fund	\$ 92,200	\$ 124,500
Grant proceeds spent	50,000	-
Total	<u>\$ 142,200</u>	<u>\$ 124,500</u>

10. 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 \$23,000 for calendar year 2024 and \$22,500 for calendar year 2023, of current income.

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

11. 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, 2024, amounted to \$177,898 (\$265,385 for the year ended June 30, 2023). The royalties are computed monthly and typically received within 60 days of each month end. As of June 30, 2024, \$34,598 of royalties were receivable, and recorded as royalties receivable on the statement of financial position (\$34,148 as of June 30, 2023).

12. Risks and Uncertainties

NAVS has been the recipient of federal assistance in the form of forgivable PPP loans, which the SBA has forgiven. NAVS forgiveness applications remain subject to audit, and any disallowed credits could become a liability to NAVS.