

**Animal Welfare Institute**

**Financial Statements  
(Together with Independent Auditors' Report)**

**June 30, 2020 and 2019**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**Animal Welfare Institute**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**June 30, 2020 and 2019**

**CONTENTS**

	<b><u>Page(s)</u></b>
Independent Auditors' Report .....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Functional Expenses .....	4-5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-13

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Animal Welfare Institute  
Washington, DC

We have audited the accompanying financial statements of Animal Welfare Institute, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, 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 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 audit 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 Animal Welfare Institute as of June 30, 2020 and 2019 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.



Purchase, New York  
December 3, 2020

**ANIMAL WELFARE INSTITUTE  
STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and cash equivalents (including \$1,638,662 and \$1,428,204 in money market funds in 2020 and 2019, respectively)	\$ 4,601,470	\$ 3,709,012
Contributions and accounts receivable	94,507	3,786
Certificates of Deposit	1,296,762	1,501,595
Investment in securities	6,142,460	6,075,958
Prepaid expenses	17,568	20,914
TOTAL CURRENT ASSETS	12,152,767	11,311,265
FIXED ASSETS	4,747,363	4,844,957
INTANGIBLE ASSET - WEBSITE COST	36,180	48,240
TOTAL ASSETS	\$ 16,936,310	\$ 16,204,462
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 19,948	\$ 129,319
TENANT SECURITY DEPOSIT PAYABLE	6,475	10,425
NET ASSETS:		
Without donor restrictions	16,809,887	15,964,718
With donor restrictions:		
Perpetual in nature	100,000	100,000
TOTAL NET ASSETS	16,909,887	16,064,718
TOTAL LIABILITIES AND NET ASSETS	\$ 16,936,310	\$ 16,204,462

The accompanying notes are an integral part of these financial statements.

**ANIMAL WELFARE INSTITUTE**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Contributions - Foundations and trusts	\$ 832,219	\$ 857,076
- Legacies and bequests	1,765,660	2,258,548
- Memberships and other	2,066,992	1,911,176
- In-kind	-	28,884
Tenants net rental income	64,965	93,384
Sale of publications and reports	3,061	1,111
Dividend income	106,298	112,331
Interest income	66,643	27,614
Realized and unrealized gain on securities	96,877	93,580
	<u>5,002,715</u>	<u>5,383,704</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>		
Satisfaction of program restrictions:		
Marine Mammals	-	20,500
Roger L. Stevens Publication Fund	-	19,140
Total net assets released from restrictions	<u>-</u>	<u>39,640</u>
Total revenues and other support	<u>5,002,715</u>	<u>5,423,344</u>
<b>EXPENSES:</b>		
Program services	3,773,499	3,766,371
Management and general	336,136	297,738
Fundraising	47,911	65,319
	<u>4,157,546</u>	<u>4,129,428</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>845,169</u>	<u>1,293,916</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Net assets released from restrictions	<u>-</u>	<u>(39,640)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>-</u>	<u>(39,640)</u>
<b>INCREASE IN NET ASSETS</b>	<u>845,169</u>	<u>1,254,276</u>
<b>NET ASSETS - beginning of year</b>	<u>16,064,718</u>	<u>14,810,442</u>
<b>NET ASSETS - end of year</b>	<u>\$ 16,909,887</u>	<u>\$ 16,064,718</u>

The accompanying notes are an integral part of these financial statements.

**ANIMAL WELFARE INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,436,099	\$ 142,921	\$ 15,880	\$ 1,594,900
Payroll taxes and unemployment insurance	114,448	11,455	1,272	127,175
Employee benefits	134,375	15,368	1,490	151,233
Retirement plan	31,899	3,190	354	35,443
Advertising	42,230	2,460	2,640	47,330
Animal Welfare Institute Quarterlies	217,131	-	2,629	219,760
Printing and publications (except for Quarterlies)	82,715	3,658	12,069	98,442
Research, writing and editing	39,897	-	-	39,897
Grants	661,478	-	-	661,478
Conferences, meetings and travel	127,578	911	161	128,650
Postage, mailing and addressing costs (except for Quarterlies)	46,318	1,269	1,833	49,420
Telephone, duplicating and office supplies	69,019	15,560	613	85,192
Professional services	205,598	26,950	-	232,548
Membership and subscriptions	42,941	10,133	6,449	59,523
Consultants	349,356	41	-	349,397
Internet services	49,324	757	1,344	51,425
Schweitzer Award	311	-	-	311
Occupancy costs	57,543	42,816	452	100,811
Bank and investment fees	-	52,123	-	52,123
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	3,708,260	329,612	47,186	4,085,058
Depreciation and amortization	65,239	6,524	725	72,488
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 3,773,499</u>	<u>\$ 336,136</u>	<u>\$ 47,911</u>	<u>\$ 4,157,546</u>

The accompanying notes are an integral part of these financial statements.

**ANIMAL WELFARE INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,462,307	\$ 115,515	\$ 26,896	\$ 1,604,718
Payroll taxes and unemployment insurance	115,376	9,510	2,102	126,988
Employee benefits	136,058	14,568	2,632	153,258
Retirement plan	33,311	2,628	610	36,549
Advertising	52,260	455	1,660	54,375
Animal Welfare Institute Quarterlies	237,416	-	2,394	239,810
Printing and publications (except for Quarterlies)	108,109	2,222	12,252	122,583
Research, writing and editing	30,364	-	-	30,364
Grants	500,009	-	-	500,009
Conferences, meetings and travel costs	211,399	751	80	212,230
Postage, mailing and addressing (except for Quarterlies)	64,739	1,291	2,632	68,662
Telephone, duplicating and office supplies	61,943	13,551	104	75,598
Professional services	164,356	28,962	-	193,318
Membership and subscriptions	42,605	11,292	400	54,297
Consultants	354,488	-	-	354,488
Internet services	56,276	271	12,424	68,971
Schweitzer Award	5,293	-	-	5,293
Occupancy costs	65,501	37,412	416	103,329
Bank fees	-	52,854	-	52,854
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	3,701,810	291,282	64,602	4,057,694
Depreciation and amortization	64,561	6,456	717	71,734
Total expenses	<u>\$ 3,766,371</u>	<u>\$ 297,738</u>	<u>\$ 65,319</u>	<u>\$ 4,129,428</u>

The accompanying notes are an integral part of these financial statements.

**ANIMAL WELFARE INSTITUTE  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 845,169	\$ 1,254,276
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	118,634	117,306
Realized and unrealized gain on securities	(96,877)	(93,580)
Changes in operating assets and liabilities:		
(Increase) Decrease in contributions and accounts receivable	(90,721)	41,300
Decrease (Increase) in prepaid expenses	3,346	(2,115)
(Decrease) Increase in accounts payable and accrued expenses	(109,371)	71,916
Decrease in tenant security deposit	(3,950)	(2,525)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>666,230</b>	<b>1,386,578</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of building improvements	(8,980)	(17,591)
Proceeds (Purchase) of certificates of deposit	204,833	(1,501,595)
Proceeds from sale of securities	4,421,307	841,765
Purchase of securities	(4,390,932)	(929,458)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>226,228</b>	<b>(1,606,879)</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>892,458</b>	<b>(220,301)</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>3,709,012</b>	<b>3,929,313</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>\$ 4,601,470</b>	<b>\$ 3,709,012</b>

The accompanying notes are an integral part of these financial statements.



**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Animal Welfare Institute (“AWI” or the “Organization”) is a nonprofit organization incorporated in 1951 under the laws of the state of Delaware. The general objective of AWI is to reduce animal suffering caused by people.

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal income tax, pursuant to Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting and Use of Estimates**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

**B. Basis of Presentation**

The Organization’s financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) guidance on reporting information regarding its financial position and activities for not-for-profit organizations. Under that guidance, the Organization is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, including board designated funds functioning as endowment.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained permanently by the Organization, and net assets from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. Endowment earnings and donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions revenues and support.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed, or endowment earnings are appropriated) are reported as net assets released from restrictions.

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**D. Certificates of Deposit**

Certificates of deposit are recorded at cost plus interest earned but not paid. Interest income is reflected on the statement of activities and changes in net assets as net assets without donor restrictions unless restricted by donor or law.

**E. Investments**

Investments are carried at fair value. Unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income is recognized as revenue in the period earned. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy provides observable and unobservable inputs used to measure fair value into three levels as described in Note 4.

**F. Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the related assets. Fixed assets are capitalized by AWI for all items \$1,000 or more and its useful life is greater than one year.

**G. Contributions and Grants**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional contributions and promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as support until the conditions on which they depend are substantially met. 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenues and support without donor restrictions.

Bequests are recognized as revenue once the probate process is complete and amounts are determined to be uncontested. AWI also receives revenue from leasing space to certain tenants, which is recorded in accordance with lease agreements. See Note 9 for tenant rental income.

**H. Donated Services**

The Organization records donated services in the accompanying financial statements when such services are susceptible to objective measurement or valuation and the services would normally have been paid for had they not been donated. Donated services of \$-0- and \$28,884 in years ended June 30, 2020 and 2019, respectively, relate to legal fees and are included in professional fees on the statements of functional expenses. The estimated value of these donated services has been reflected in the accompanying financial statements revenues with a like amount included in-kind as expenses. The value of donated volunteer services are not reflected in the accompanying financial statements since these services do not meet the criteria to be recorded.

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements 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 benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that are consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and wages, employee benefits and payroll taxes, which are based on time and effort within each functional area. Postage and shipping, and bank charges are based on expenses tracked by account across functions. Supplies, office and computer expenses, and telephone are based on staff usage.

**J. Income Taxes**

The Organization follows FASB Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**K. Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limit amount of \$250,000 per depositor.

The Organization had insured cash accounts that exceeded the FDIC insurance limit for the years ended June 30, 2020 and 2019 by approximately \$3,365,000 and \$2,516,000, respectively.

**L. Recent Accounting Pronouncements**

FASB ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was adopted for the year ended June 30, 2020. ASU 2018-08 aims to assist entities in evaluating whether contributions should be accounted for as contributions or exchange transactions and determination as to whether a contribution is conditional. The adoption of ASU 2018-08 did not result in changes as the funding received from contributors are nonreciprocal transactions where the contributors do not receive direct benefit.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES**

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as services undertaken to support those activities, to be general expenditures.

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES  
(CONTINUED)**

As of June 30, 2020 and 2019, the Organization’s financial assets available for general expenditures within one year of the statement of financial position date, comprise the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 4,601,470	\$ 3,709,012
Contributions and accounts receivable	94,507	3,786
Certificates of deposit	1,296,762	1,501,595
Investment in securities	6,142,460	6,075,958
Less: net assets with donor restrictions	<u>(100,000)</u>	<u>(100,000)</u>
	<u>\$ 12,035,199</u>	<u>\$ 11,190,351</u>

**NOTE 4 - INVESTMENTS**

Fair Value Measurements

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Stocks	\$ 4,030,659	\$ 3,886,637
Mutual Funds	<u>1,638,662</u>	<u>1,723,791</u>
	5,669,321	5,610,428
	(Level 2)	
U.S Treasury Notes and Bills	<u>367,997</u>	<u>366,137</u>
Corporate Bonds	<u>105,142</u>	<u>99,393</u>
	<u>473,139</u>	<u>465,530</u>
	<u>\$ 6,142,460</u>	<u>\$ 6,075,958</u>

FASB ASC 820-10 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1: Valuations based on quoted prices (unadjusted) in an active market area that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 4 – INVESTMENTS (CONTINUED)**

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Equity Securities

Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price.

U.S. Government Securities

U.S. government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate Bonds

Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

**NOTE 5 – FIXED ASSETS**

Estimated useful lives and accumulated depreciation consists of the following:

	Estimated Useful Lives	2020	2019
Land, building and improvements	10-40	\$ 5,793,924	\$ 5,784,944
Less: Accumulated depreciation		(1,046,561)	(939,987)
		<u>\$ 4,747,363</u>	<u>\$ 4,844,957</u>

**NOTE 6 – CONCENTRATIONS**

AWI received approximately 31% of its total contributions from three contributors in 2020 and 31% of its total contributions from three contributors in 2019.

	Number of Contributors	2020	Number of Contributors	2019
Foundation	1	\$ 400,000	1	\$ 501,250
Bequest	2	\$ 1,034,447	2	\$ 1,090,384

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of \$100,000 in both 2020 and 2019 are restricted in perpetuity, although the income from such assets is expendable to support the operations of AWI.

Delaware enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, AWI is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. As a result of this interpretation, AWI classifies as with donor restrictions net assets the original value of gifts donated to be held in perpetuity. The remaining unappropriated earnings are classified with donor restrictions until it is appropriated.

Changes in net assets with donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	With Donor Restrictions		Total
	Earnings	Endowment Corpus	
Endowment net assets, beginning of year	\$ -	\$ 100,000	\$ 100,000
Investment return:			
Investment income	2,450	-	2,450
Amounts appropriated for expenditure	(2,450)	-	(2,450)
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

	With Donor Restrictions		Total
	Earnings	Endowment Corpus	
Endowment net assets, beginning of year	\$ -	\$ 100,000	\$ 100,000
Investment return:			
Investment income	2,250	-	2,250
Amounts appropriated for expenditure	(2,250)	-	(2,250)
Endowment net assets, June 30, 2019	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

**NOTE 8 – 401(k) PLAN**

AWI has a 401(k) plan that covers substantially all employees. Contributions are made to the plan at the discretion of management. AWI contributed \$35,443 and \$36,550 to the plan for the years ended June 30, 2020 and 2019, respectively.

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 9 – TENANT NET RENTAL INCOME**

AWI has a noncancelable operating lease agreement that expires on November 30, 2024.

Minimum future rental income are as follows:

Years ending June 30,		
2021	\$	61,259
2022		50,025
2023		51,535
2024		52,562
2025		22,080
	<u>\$</u>	<u>237,461</u>

Tenant net rental income consists of:

	<u>2020</u>	<u>2019</u>
Rental income	\$ 111,111	\$ 138,955
Depreciation	<u>(46,146)</u>	<u>(45,571)</u>
Net rental income	<u>\$ 64,965</u>	<u>\$ 93,384</u>

**NOTE 10 – COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. AWI could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on AWI’s financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, AWI cannot predict the extent to which its financial condition and results of operations will be affected.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through December 3, 2020, the date the financial statements were available to be issued.