

# **Animal Welfare Institute**

Financial Statements  
(Together with Independent Auditors' Report)

June 30, 2019 and 2018

**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, 2019 and 2018**

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## 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, 2019 and 2018, 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, 2019 and 2018 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.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, The Animal Welfare Institute adopted Accounting Standards Update 2016-14, Not-for-Profit Entities. Our opinion is not modified with respect to this matter.



Purchase, New York  
October 10, 2019

**ANIMAL WELFARE INSTITUTE  
STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (including \$1,428,204 and \$1,276,412 in money market funds in 2019 and 2018, respectively)	\$ 3,709,012	\$ 3,929,315
Contributions and accounts receivable	3,786	45,086
Certificate of Deposits	1,501,595	-
Investment in securities	6,075,958	5,894,684
Prepaid expenses	20,914	18,799
<b>TOTAL CURRENT ASSETS</b>	<b>11,311,265</b>	<b>9,887,884</b>
FIXED ASSETS	4,844,957	4,932,612
INTANGIBLE ASSET - WEBSITE COST	48,240	60,300
<b>TOTAL ASSETS</b>	<b>\$ 16,204,462</b>	<b>\$ 14,880,796</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
 <b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 129,319	\$ 57,403
TENANT SECURITY PAYABLE	10,425	12,950
<b>NET ASSETS:</b>		
Without donor restrictions	15,964,718	14,670,803
With donor restrictions:		
Restricted for time and purpose	-	39,640
Perpetual in nature	100,000	100,000
<b>TOTAL NET ASSETS</b>	<b>16,064,718</b>	<b>14,810,443</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 16,204,462</b>	<b>\$ 14,880,796</b>

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>2019</b>	<b>2018</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Contributions - Foundations and trusts	\$ 857,076	\$ 884,676
- Legacies and bequests	2,258,548	1,689,810
- Memberships and other	1,911,176	1,826,225
- In-kind	28,884	-
Tenants net rental income	93,384	66,605
Sale of publications and reports	1,111	1,627
Dividend income	112,331	90,461
Interest income	27,613	19,785
Realized and unrealized gain on securities	93,580	444,180
	<u>5,383,703</u>	<u>5,023,369</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>		
Satisfaction of program restrictions:		
Marine Mammals	20,500	-
Roger L. Stevens Publication Fund	19,140	35,669
Total net assets released from restrictions	<u>39,640</u>	<u>35,669</u>
Total revenues and other support	<u>5,423,343</u>	<u>5,059,038</u>
<b>EXPENSES:</b>		
Program services	3,766,371	3,264,109
Management and general	297,738	261,446
Fundraising	65,319	54,816
Total expenses	<u>4,129,428</u>	<u>3,580,371</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>1,293,915</u>	<u>1,478,667</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Net assets released from restrictions	<u>(39,640)</u>	<u>(35,669)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(39,640)</u>	<u>(35,669)</u>
<b>INCREASE IN NET ASSETS</b>	1,254,275	1,442,998
<b>NET ASSETS - beginning of year</b>	<u>14,810,442</u>	<u>13,367,444</u>
<b>NET ASSETS - end of year</b>	<u>\$ 16,064,717</u>	<u>\$ 14,810,442</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 (except for Quarterlies)	211,399	751	80	212,230
Telephone, duplicating and office supplies	64,739	1,291	2,632	68,662
Professional services	61,943	13,551	104	75,598
Membership and subscriptions	164,356	28,962	-	193,318
Consultants	42,605	11,292	400	54,297
Internet services	354,488	-	-	354,488
Schweitzer Award	56,276	271	12,424	68,971
Occupancy costs	5,293	-	-	5,293
Bank fees	65,501	37,412	416	103,329
	-	52,854	-	52,854
<b>Total expenses before depreciation and amortization</b>	<b>3,701,810</b>	<b>291,282</b>	<b>64,602</b>	<b>4,057,694</b>
Depreciation and amortization	64,561	6,456	717	71,734
<b>Total expenses</b>	<b><u>3,766,371</u></b>	<b><u>297,738</u></b>	<b><u>65,319</u></b>	<b><u>4,129,428</u></b>

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

**ANIMAL WELFARE INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,350,255	\$ 92,772	\$ 29,559	\$ 1,472,587
Payroll taxes and unemployment insurance	105,148	7,223	2,293	14,663
Employee benefits	111,053	11,638	2,425	125,117
Retirement plan	30,786	4,362	671	35,819
Advertising	52,840	240	2,950	56,030
Animal Welfare Institute Quarterlies	187,072	-	3,066	190,138
Printing and publications (except for Quarterlies)	115,954	271	7,804	124,028
Research, writing and editing	19,547	-	-	19,547
Grants	632,542	-	-	632,542
Conferences, meetings and travel	140,741	1,903	7	142,652
Postage, mailing and addressing costs (except for Quarterlies)	40,197	195	1,140	41,533
Telephone, duplicating and office supplies	59,678	18,449	326	78,453
Professional services	68,840	25,375	-	94,216
Membership and subscriptions	17,730	9,001	507	27,237
Consultants	166,299	-	-	166,299
Internet services	19,673	-	-	19,673
Schweitzer Award	25,520	-	-	25,520
Occupancy costs	61,936	30,651	638	93,225
Bank and investment fees	-	52,507	-	52,507
<b>Total expenses before depreciation and amortization</b>	<b>3,205,811</b>	<b>254,587</b>	<b>51,387</b>	<b>3,511,786</b>
Depreciation and amortization	58,298	6,859	3,429	68,586
<b>Total expenses</b>	<b>\$ 3,264,109</b>	<b>\$ 261,446</b>	<b>\$ 54,816</b>	<b>\$ 3,580,372</b>

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

**ANIMAL WELFARE INSTITUTE  
STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 1,254,275	\$ 1,442,999
Adjustments to reconcile changes in net assets to net cash provided by:		
Depreciation and amortization expense	117,306	106,270
Realized and unrealized gain on securities	(93,580)	(444,180)
Changes in operating assets and liabilities:		
Decrease in contributions and accounts receivable	41,300	723
Increase in prepaid expenses	(2,115)	(6,761)
Increase in accounts payable and accrued expenses	71,916	44,985
(Decrease) increase in tenant security deposit	(2,525)	4,900
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,386,577</u>	<u>1,148,936</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of building improvements	(17,591)	(94,210)
Purchase of intangibles assets	-	(72,360)
Purchase of certificate of deposits	(1,501,595)	-
Proceeds from sale of securities	841,765	2,488,850
Purchase of securities	(929,458)	(2,546,583)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,606,879)</u>	<u>(224,303)</u>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	(220,302)	924,633
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>3,929,314</u>	<u>3,004,681</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u>\$ 3,709,012</u>	<u>\$ 3,929,314</u>

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



**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**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, 2019 AND 2018**

**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. Certificate of Deposits**

Certificate of deposits 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 unrestricted income unless restricted by donor or law.

Certificate of Deposits	<u>\$1,501,595</u>
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**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 considered available for unrestricted use, unless the donor restricts the use thereof, either on a temporary or permanent basis.

**H. Revenue Recognition**

The Organization reports gifts of cash and other assets as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires by the passage of time or its restriction is accomplished, with donor restriction net assets are reclassified to without donor restrictions net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions revenues and support.

**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.

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

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, 2019 and 2018 by approximately \$2,516,000 and \$2,752,500, respectively.

**L. Recent Accounting Pronouncements**

FASB Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-18 *Statement of Cash Flows* was adopted for the year ended June 30, 2019. ASU 2016-14 provides for a number of changes including the presentation of two classes of net assets and enhanced disclosure on liquid resources and expense allocation. These changes had no impact on the change in net assets for the year ended June 30, 2018. Net assets as of June 30, 2018 were reclassified to conform to the new presentation.

The FASB has issued standards that the Organization must consider for adoption over the next two years. Those standards include the following: 1) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for the year ended December 31, 2019; which 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, and 2) *Leases*, effective for the year ended December 31, 2021, which aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Organization is currently evaluating the impact of the adoption of these standards on its financial statements.

**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, 2019 AND 2018**

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

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

Cash and cash equivalents	\$	3,709,012
Contribution Receivable		3,786
Certificates of Deposits		1,501,595
Investment in securities		6,075,958
Less: net assets with donor restrictions -		(100,000)
	\$	11,190,351

**NOTE 4 - INVESTMENTS**

Fair Value Measurements

Fair Value Measurements Using:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	June 30, 2019	June 30, 2018
		\$ 3,886,637
Stocks	1,723,791	1,877,726
Mutual Funds	5,610,428	5,458,385
	(Level 2)	
	366,137	339,544
U.S Treasury Notes and Bills	99,393	96,755
Corporate Bonds	465,530	436,299
	\$ 6,075,958	\$ 5,894,684

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, 2019 AND 2018**

**NOTE 4 – INVESTMENTS (CONTINUED)**

Level 3: Valuations base 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	2019	2018
Land, building and improvements	10-40	\$ 5,784,944	\$ 5,767,353
Less: Accumulated depreciation		(939,987)	(834,741)
		\$ 4,844,957	\$ 4,932,612

**NOTE 6 – CONCENTRATIONS**

AWI received approximately 31% of its total contributions from three contributors in 2019 and 23% of its total contributions from three contributors in 2018.

	Number of Contributors	2019	Number of Contributors	2018
Foundation	1	\$ 501,250	1	\$ 400,000
Bequest	2	\$ 1,090,384	2	\$ 576,294

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

Net assets with donor restrictions are available for the following purposes:

	2019	2018
Roger L. Stevens Publications Fund	\$ -	\$ 19,140
Marine Mammals	-	20,500
	\$ -	\$ 39,640

Net assets with donor restrictions of \$100,000 in both 2019 and 2018 are restricted in perpetuity, the income from which 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 year ended June 30, 2019:

	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)
	\$ -	\$ 100,000	\$ 100,000

Changes in endowment net assets for year ended June 30, 2018:

	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)
	\$ -	\$ 100,000	\$ 100,000

**ANIMAL WELFARE INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**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 \$36,550 and \$35,819 to the plan for the years ended June 30, 2019 and 2018, respectively.

**NOTE 9 – TENANT NET RENTAL INCOME**

Tenant net rental income consists of:

	<u>2019</u>	<u>2018</u>
Rental income	\$ 138,955	\$ 104,289
Depreciation	<u>(45,571)</u>	<u>(37,684)</u>
Net rental income	<u>\$ 93,384</u>	<u>\$ 66,605</u>

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the Statement of Financial position through October 10, 2019, the date the Financials statements were available to be issued.