

**People for the Ethical Treatment of Animals, Inc.
Financial Statements**

July 31, 2021

With Independent Auditor's Report Thereon

People for the Ethical Treatment of Animals, Inc.

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Independent Auditor's Report

To the Board of Directors of
People for the Ethical Treatment of Animals, Inc.

We have audited the accompanying financial statements of People for the Ethical Treatment of Animals, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 People for the Ethical Treatment of Animals, Inc. as of July 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Saggar & Rosenberg P.C.

Rockville, Maryland
December 3, 2021

People for the Ethical Treatment of Animals, Inc.
Statement of Financial Position
July 31, 2021

Assets

Current Assets	
Cash and cash equivalents	\$ 2,540,297
Investments, current portion	1,537,828
Property held for sale, current portion	29,950
Legacies receivable	87,498
Other receivables	7,866,397
Inventory	80,133
Prepaid expenses	1,659,729
Total Current Assets	<u>13,801,832</u>
Property and Equipment, Net	<u>831,381</u>
Other Assets	
Investments, non-current portion	22,134,403
Prepaid hosting arrangements, net	28,995
Property held for sale, non-current portion	1,598,143
Deposits and other assets	169,235
Total Other Assets	<u>23,930,776</u>
Total Assets	<u>\$ 38,563,989</u>
Current Liabilities	
Accounts payable	\$ 2,383,078
Related party payable	3,054,117
Accrued expenses	948,447
Deferred rent, current portion	3,750
Annuities payable, current portion	323,791
Total Current Liabilities	<u>6,713,183</u>
Long-Term Liabilities	
Annuities payable, non-current portion	<u>3,126,226</u>
Total Long-Term Liabilities	<u>3,126,226</u>
Total Liabilities	<u>9,839,409</u>
Net Assets	
Without donor restrictions	
Designated by Governing Board for legal matters	1,000,000
Undesignated	<u>21,193,782</u>
With donor restrictions	
Purpose Restricted	2,818,595
Endowment	<u>3,712,203</u>
Total Net Assets	<u>28,724,580</u>
Total Liabilities and Net Assets	<u>\$ 38,563,989</u>

See Accompanying Footnotes

People for the Ethical Treatment of Animals, Inc.
Statement of Activities
For the Year Ended July 31, 2021

		With Donor Restrictions		
	Without Donor Restrictions	Temporary Restrictions	Endowment Funds	Total
Support and Revenue				
Public support				
Contributions and donations	\$ 35,970,334	\$ 5,050,016	\$ 348,252	\$ 41,368,602
Donated services and inkind contributions	10,511,998	-	-	10,511,998
Legacies and bequests	14,294,634	345,007	-	14,639,641
Paycheck Protection Loan Forgiveness	1,905,465			1,905,465
Special event				
Contributions	13,813	-	-	13,813
Special event revenue	8,813	-	-	8,813
Less: cost of direct benefits to donors	(14,425)	-	-	(14,425)
Total public support	62,690,632	5,395,023	348,252	68,433,907
Other revenue				
Merchandise sales	129,381	-	-	129,381
Net investment and other income	4,055,369	-	69,583	4,124,952
Total other revenue	4,184,750	-	69,583	4,254,333
Net Assets Released from Restrictions				
Satisfaction of program restrictions	4,957,066	(4,957,066)	-	-
Total Support and Revenue	71,832,448	437,957	417,835	72,688,240
Expenses				
Program services				
Public Outreach and Education	16,161,870	-	-	16,161,870
International Grassroots Campaigns	12,632,142	-	-	12,632,142
Research, Investigations, and Rescue	19,622,254	-	-	19,622,254
Cruelty-Free Merchandise	496,400	-	-	496,400
Total program services	48,912,666	-	-	48,912,666
Supporting services				
Membership development	9,455,075	-	-	9,455,075
Management and general	715,429	-	-	715,429
Total supporting services	10,170,504	-	-	10,170,504
Total Expenses	59,083,170	-	-	59,083,170
Change in Net Assets	12,749,278	437,957	417,835	13,605,070
Net Assets at Beginning of Year	9,444,504	2,380,638	3,294,368	15,119,510
Net Assets at End of Year	\$ 22,193,782	\$ 2,818,595	\$ 3,712,203	\$ 28,724,580

See Accompanying Footnotes

People for the Ethical Treatment of Animals, Inc.
Statement of Functional Expenses
For the Year Ended July 31, 2021

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Public Outreach and Education</u>	<u>International Grassroots Campaigns</u>	<u>Research, Investigations and Rescue</u>	<u>Cruelty-Free Merchandise</u>	<u>Total</u>	<u>Membership Development</u>	<u>Management and General</u>	<u>Cost of Direct Benefit to Donors</u>	
Professional services and consultants	\$ 5,786,328	\$ 2,474,018	\$ 7,426,013	\$ 186,987	\$ 15,873,346	\$ 3,016,021	\$ 363,156	\$ -	\$ 19,252,523
Media and press support	4,199,213	210,455	17,248	7,115	4,434,031	869,322	30	-	5,303,383
Salaries and related expenses	3,536,467	4,755,852	5,955,052	12,919	14,260,290	24,860	46,718	-	14,331,868
Education and promotional costs	731,980	1,164,281	1,717,454	3,325	3,617,040	3,383,707	161	-	7,000,908
Donations to charitable organizations	7,000	1,981,010	1,228,660	-	3,216,670	-	-	-	3,216,670
General operating expenses	550,333	700,901	1,270,776	36,380	2,558,390	697,056	8,284	-	3,263,730
Rent and other building expenses	490,832	381,979	487,706	65,036	1,425,553	22,130	5,346	-	1,453,029
Travel and transportation	19,881	146,477	258,501	66	424,925	4,923	1,805	-	431,653
Postage	518,076	716,851	1,149,478	105,373	2,489,778	893,185	289,395	-	3,672,358
Special events expenses	-	-	-	-	-	451,458	-	-	451,458
Cost of direct benefits to donors	-	-	-	-	-	-	-	14,425	14,425
Cost of goods sold	-	-	-	74,674	74,674	-	-	-	74,674
Telephone and misc. office expenses	321,760	100,318	111,366	4,525	537,969	92,413	534	-	630,916
Total expenses	\$ 16,161,870	\$ 12,632,142	\$ 19,622,254	\$ 496,400	\$ 48,912,666	\$ 9,455,075	\$ 715,429	\$ 14,425	\$ 59,097,595
Less expenses included with support and revenue on statement of activities									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(14,425)	(14,425)
Total expenses included in the expense section of the statement of activities	\$ 16,161,870	\$ 12,632,142	\$ 19,622,254	\$ 496,400	\$ 48,912,666	\$ 9,455,075	\$ 715,429	\$ -	\$ 59,083,170
Percent of total expenses	27.35%	21.38%	33.21%	0.85%	82.79%	16.00%	1.21%	0.00%	100.00%

See Accompanying Footnotes

People for the Ethical Treatment of Animals, Inc.
Statement of Cash Flows
For the Year Ended July 31, 2021

Cash Flows From Operating Activities:	
Change in net assets	\$ 13,605,070
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Property and equipment depreciation and amortization	342,968
Gain on disposal of property and equipment	(18,529)
Premium on bonds	3,909
Accrued interest payable	37,892
Non-cash donations	(1,148,779)
Net realized and unrealized gains in operating investments	(1,606,285)
Net realized and unrealized gains in endowment investments	(778,414)
Net change in deferred rent liability	(9,000)
Net realized and unrealized losses on property held for sale	140,951
Cash receipts of contributed financial assets	1,158,032
Forgiveness of Paycheck Protection Loan	(1,905,465)
Change in assets and liabilities:	
Decrease in legacies receivable	783,786
Increase in other receivables	(7,749,054)
Increase in inventory	(27,853)
Increase in prepaid expenses	(908,649)
Increase in deposits and other assets	(137,534)
Increase in accounts payable	931,941
Increase in related party payable	633,092
Increase in accrued expenses	164,782
Net Cash Provided By Operating Activities	<u>3,512,861</u>
Cash Flows From Investing Activities:	
Reinvestment of matured securities and purchases of investments	(28,544,281)
Maturities and proceeds from sales of investments	22,813,607
Purchase of property and equipment	(294,190)
Purchase of prepaid hosting arrangements	(28,995)
Proceeds from sale of property and equipment	22,000
Net Cash Used in Investing Activities	<u>(6,031,859)</u>
Cash Flows From Financing Activities:	
Proceeds from annuity contracts	929,743
Principal payments on annuity contracts	(260,272)
Net Cash Provided By Financing Activities	<u>669,471</u>
Net Decrease in Cash	(1,849,527)
Cash and Cash Equivalents at Beginning of Year	<u>4,389,824</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,540,297</u></u>

See Accompanying Footnotes

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization

People for the Ethical Treatment of Animals, Inc. (“PETA” or the “organization”), a nonprofit organization formed in 1980, disseminates information about animal abuse, animal protection, and related subjects to the public and encourages people to make compassionate choices. PETA is a charity exempt from income tax under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

The following is a sample of various programs conducted by PETA.

Public Outreach and Information

PETA conducts informative campaigns and publishes materials for young children, high school and college students, and educators as well as factsheets, booklets, flyers, posters, and a magazine called *PETA Global* for supporters and other members of the public. PETA’s campaigns—which reach millions of people and receive extensive media coverage—involve renowned celebrities, interactive social networking, website features, news articles, and public service announcements, which are typically placed for free in high-exposure outlets

In fiscal year 2021, PETA secured free advertising space worth nearly \$2,500,000 and logged more than 80,000 interactions with the media via news releases, letters, tweets, and radio, TV, print, and online interviews. PETA’s websites received more than 83 million page views, its social media posts received over 2.25 billion impressions, and its videos were viewed more than 505 million times.

Total expenses incurred in this program were \$16,161,870.

International Grassroots Campaigns

PETA organizes campaigns to inform the public about the abuse and killing of animals within the experimentation, food, clothing, and entertainment industries along with other types of cruelty. In fiscal year 2021, PETA organized and led more than 450 demonstrations and sent out millions of letters through its online advocacy campaigns to urge companies and individuals to make changes that benefit animals.

PETA pushed the World Health Organization (WHO) to call for the closure of live-animal markets worldwide, including presenting the agency with petitions containing hundreds of thousands of signatures. WHO is now urging countries to suspend the sale of live mammalian wild animals in food markets as an emergency measure, saying that wild animals are a leading cause of emerging infectious diseases like COVID-19.

PETA launched its “trash fishing” initiative by coordinating trash-fishing events around the country and sending trash-fishing kits—which included a pair of eco-friendly gloves, compostable trash bags, a trash picker, and Swedish fish—to dozens of reporters across the U.S. to encourage people to go out and fish for trash instead of fish.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

PETA continued to push Petco to stop selling all animals, PETA submitted a question at the company's annual meeting asking when it will stop selling live animals and simultaneously held a demo outside a Petco store near the company's San Diego headquarters.

During Christmas 2020, PETA launched a “naughty” list that called out 10 companies—Kroger, Urban Outfitters, SeaWorld, Wendy's, Domino's, Krispy Kreme, Hermès, Air France, Starbucks, and Petco—that are still exploiting animals.

PETA sent the “Liar, Liar, Pants on Fire” award to companies that are guilty of trying to deceive customers about their use and abuse of animals, including Eli Lilly, for boasting of a “commitment to responsible animal research” while refusing to ban the forced swim test.

PETA placed several billboards across the country as memorials for animals killed in truck crashes and fires.

PETA launched Challenging Assumptions, TeachKind's brand-new social justice-themed curriculum for high school teachers. This one-of-a-kind resource includes thought-provoking lessons and an inspiring new video designed to empower young people to challenge societal norms such as speciesism.

PETA sent letters to various dictionary publishers asking them to drop speciesist definitions of “pig” (“a dirty, gluttonous, or repulsive person”), “snake” (“a worthless or treacherous fellow”), and “dog” (“a worthless or contemptible person”).

Students Opposing Speciesism (SOS) launched a “Hers, Not Yours” campaign, focused on the cruelty of the dairy industry. SOS activists led Starbucks sit-ins and grocery store demonstrations across the country to urge consumers to opt for nondairy options. Students also held protests against Elisabeth Murray's experiments on monkeys as well as protests urging Urban Outfitters brands to stop selling animal-derived materials.

Animals in the Experimentation Industry

Following a brief, vigorous campaign by PETA, the University of Illinois at Chicago notified the group that the National Institute on Minority Health and Health Disparities—a branch of the National Institutes of Health (NIH)—canceled funding for a racist experiment at the school. Experimenters at the school were imposing “episodic aggression” on mice—a euphemism for forcing them to fight or making a larger, stressed mouse attack a smaller one—purportedly to “mimic ... structural violence observed in urban [African American] communities.”

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

PETA urged, biopharmaceutical company Amgen to stop conducting the forced swim test—in which small animals are often dosed with a test substance, dropped into inescapable beakers of water, and made to swim for their lives. And after hearing from PETA and Humane Research Australia, the University of Adelaide became one of the first universities in Australia to stop subjecting mice and other animals to the cruel forced swim test.

In a first-of-its kind ruling within the Fifth Circuit, the U.S. District Court for the Southern District of Texas denied Texas A&M University’s attempt to dismiss a lawsuit that PETA had filed against it. The lawsuit challenged the university’s refusal to allow PETA to place an ad on the school’s buses showing a dog used in canine muscular dystrophy experiments there. The university later informed the court and PETA that its policy against allowing ads of a political nature had been revoked.

As of May 1, 2021, China will allow companies to market most imported “general cosmetics”—like shampoo, body wash, lotion, and makeup—without the usually required animal testing, once those companies take a number of steps and apply for the exemption. This move comes after PETA awarded grants to the Institute for In Vitro Sciences so that its scientists could travel to China to offer their expertise and guidance on replacing cruel, unreliable animal tests with non-animal methods.

After hearing from PETA and more than 85,000 of its supporters, the Hass Avocado Board—one of the major agricultural commodity research and promotion boards—adopted a new public policy stating that it will no longer support, fund, or conduct animal research.

After discussions with PETA, Standard Foods Group—the largest health food company in Taiwan and a licensee of PepsiCo’s Quaker Oats Company there—became Taiwan’s first major food and beverage company to ban animal tests not required by law, which it previously conducted or funded to make human-health claims for marketing its products.

The Taiwan Food and Drug Administration will now prioritize “non-animal test methods that are internationally recognized,” which should result in little to no health-food safety tests on animals in Taiwan going forward—a landmark move that follows PETA’s recommendation to update Taiwan’s safety-testing regulations for health foods. Separately, after receiving PETA’s detailed scientific critique and more than 73,000 e-mails to agency officials from PETA supporters opposing animal experiments, the agency also removed horrific drowning and electroshock tests on animals from Taiwan’s regulation concerning companies attempting to make anti-fatigue health claims for marketing food and beverage products.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

After discussions with PETA and Taiwan-based Kindness to Animals, Vitalon Foods Group—the third-largest health food company in Taiwan and maker of Super Supau, Taiwan’s best-selling brand of sports drink—banned animal tests not explicitly required by law. From 2005 to 2019, Vitalon and its subsidiary YEC Biotechnology Co. conducted or funded at least 12 laboratory experiments that involved at least 1,038 animals in attempts to justify marketing claims about the supposed human-health benefits of its products. Relatedly, Lian Hwa Foods Corp.—a popular snack-food company based in Taiwan and a major supplier of ready-to-eat foods to 7-Eleven stores there—banned animal tests not explicitly required by law. This company also previously conducted or funded animal tests to make human-health claims for marketing its products.

After hearing from PETA, the world’s largest fruit and vegetable producer, Dole Food Company, persuaded the Mayo Clinic to divert funds that the company donates to that institution away from deadly experiments on animals and toward superior, human-relevant, animal-free nutrition research.

In partnership with several companies, PETA Science Consortium International e.V.—of which PETA is a member—awarded researchers tools that can replace the use of rats and mice in tests to assess how inhaled chemicals affect the lungs. The Science Consortium also honored an early-career researcher for a poster that he presented on a three-dimensional model of the human cornea that can be used to assess chemicals for their potential to irritate the eye, without using animals.

Obstetrics and gynecology medical residents at Aurora Sinai Medical Center in Milwaukee will no longer practice surgical procedures on live pigs, following months of talks between the hospital and PETA.

Countless passersby saw PETA’s new, thought-provoking public art installation “Without Consent,” which showcases real-life stories of animals who have been tormented and killed in laboratories. It has been viewed across the U.S. and is available online.

After a meeting with PETA scientists, the U.S. Environmental Protection Agency announced a new policy that the agency says will prevent approximately 750 rats, rabbits, or guinea pigs each year from enduring tests in which pesticides are applied to their shaved skin, after which any survivors are killed.

PETA supporters shocked Washington, D.C., with a massive inflatable spider and the message “Scared of Spiders? Monkeys Are, Too” outside the U.S. Department of Health and Human Services to urge NIH to end monkey fright experiments.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

PETA took its campaign to stop animals from being killed in gruesome Cobra Gold military training exercises in Thailand—in which U.S. Marines drank the blood of beheaded snakes, killed chickens with their bare hands, ate live scorpions, and gutted live geckos—to the Pentagon, where activists displayed graphic photos and signs calling on the Secretary of Defense to intervene. In an encouraging sign, U.S. and Thai officials confirmed that not a single animal was killed during Cobra Gold 2021.

Animals in the Food Industry

PETA celebrated its 25th annual Congressional Veggie Dog Lunch, with Courtney Stodden returning as host to serve up hundreds of vegan Nathan’s Famous hot dogs, Dairy Queen dairy-free Dilly Bars, and more. There was an hour-long line.

PETA supporters also handed out nearly 200 free Nathan’s Famous vegan dog samples outside the Fourth of July Nathan’s Hot Dog Eating Contest. And after reports of a “wing shortage,” PETA worked with local activists in Salt Lake City to give away hundreds of vegan wings.

To help those affected by winter storms in Texas, PETA sponsored vegan chili dogs from Good Dog Houston and rice and veggie dishes from Mojo Meal Preps as part of choreographer Blacka Di Danca’s vegan food giveaway.

Ahead of the Super Bowl, PETA pitched its list of the Top 10 Vegan Wings in the U.S.

PETA’s “Veganuary” food giveaway traveled to cities across the country.

Nearly 200 vegan starter kit stands, which offer free vegan recipes and tips on going vegan, were placed around the country in high-traffic areas.

Ahead of Shark Week, PETA placed a new *Jaws* parody ad near the ferry to Martha’s Vineyard, where the movie was filmed, to bring attention to the real predators of the sea—humans. The ad encouraged folks to go vegan and to leave sharks in the ocean and all fish off their plates.

PETA’s new “ThanksVegan” campaign urges people to celebrate a vegan Thanksgiving. Billboards, face shields, and blogs got the word out, and grocery stores and restaurants across the country are participating.

For Earth Day, PETA worked with over 50 restaurants across the country to add a special vegan entrée or promote an existing one.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

After pressure from PETA—including billboards and vegan fish giveaways with mermaid mascots—and after receiving e-mails from tens of thousands of PETA supporters, Long John Silver's became the first major chain to offer faux fish and cruelty-free crab at select locations in California and Georgia.

A PETA staffer spoke before the Berkeley, California, city council in support of Vision 2025, which would replace a large portion of the city's annual animal-derived food procurement with vegan foods. After the meeting, Berkeley became the first city to adopt Vision 2025. The mayor committed to supporting the future policies and a shift toward vegan living.

PETA sent letters to multiple coffee shops and beer distributors urging them to stop selling kopi luwak, which is made from coffee berries that have been eaten and excreted by Asian palm civet cats. These animals are typically taken from nature and spend the rest of their lives alone in cramped, barren cages.

PETA awarded the national chain The Halal Guys with a Great Taste Award for its groundbreaking vegan Meatless Gyro.

PETA's newly launched campaign revealing fish as superior beings has received widespread media attention and garnered over 12 million impressions and counting.

PETA attended Starbucks' annual meeting to ask when the company would drop its vegan-milk surcharge and simultaneously held a demo outside. It also worked with Vigilante Vegan on an Instagram video for his 24,000 followers that called out Starbucks from the perspective of a social justice activist and person of color for doing wrong by the Earth, animals, and people of color (who are overwhelmingly lactose intolerant) by upholding the surcharge on vegan milks.

Alan Cumming sent a letter to Starbucks' CEO in Canada on PETA's behalf to ask that the vegan-milk surcharge be dropped.

Businesses across the U.S. are testing out vegan foods, including vegan orange chicken at Panda Express, plant-based hot dogs at Dodger Stadium, plant-based pepperoni at Little Caesars, vegan chicken chalupa shells at Taco Bell, and Hershey's first-ever vegan chocolate bars, made with oat milk.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

Animals in the Entertainment Industry

For PETA’s annual “Boycott SeaWorld” Day, the group launched a new video exposing where all the baby belugas and dolphins used at SeaWorld come from, protested at all three parks, released a new “SeaWorld Sucks” ad with influencer Hayes Grier, and called on AAA and Expedia to cut ties with the *abusement* parks.

During SeaWorld’s annual meeting in June, PETA supporter Kate del Castillo called for an end to the park’s dolphin- and whale-breeding program. PETA submitted a shareholder resolution urging SeaWorld to address the public’s opposition to keeping animals in extreme captivity and the pandemic’s impact by studying how quickly it could eliminate all animal-based programs except legitimate rescue. Ahead of the summer tourism season, PETA launched new billboards near the Orlando and San Diego parks, alerting travelers to the unrelenting suffering of the dolphins confined there.

PETA organized a meet-and-greet with Delle, an ultra-realistic robotic dolphin created by Edge Innovations designed to replace animals at marine parks. A group of excited kids met and swam with the animatronic marine mammal, who looks, feels, and behaves like a real dolphin.

Four sponsors dropped support for the deadly Iditarod dogsled race this year: ExxonMobil, Craft Sportswear, Medical Park Family Care, and Anchorage Distillery in Anchorage, Alaska. During the 2021 Iditarod, PETA protested at the race’s start and finish lines and continued to appeal to the Millennium Hotels and Resorts chain to cut ties with the race, including by holding several protests at its affiliated hotels around the country and outside its corporate headquarters as well as by setting up “dog graveyards.”

PETA ran an ad blitz on gas stations in Myrtle Beach, South Carolina, warning travelers about the sick and suffering animals held at Waccatee Zoo—the worst roadside zoo in the U.S. Then, following the death of Lila the tiger, who had suffered for years in a decrepit cage at Waccatee Zoo, PETA flew a banner during a busy tourist day and supporters gathered near the facility to call for the release of the remaining animals to reputable facilities.

After hearing from PETA about the egregious cruelty inherent in animal circuses when Penn National Gaming’s Sam Houston Race Park hosted UniverSoul Circus shows, the company banned the cruel circuses across its 41 properties nationwide.

Upon learning of magician Jay Owenhouse’s plans to cage three tigers in a parking lot on the South Las Vegas Strip for six months, more than 100,000 PETA supporters urged Triple Five not to allow the cruel acts on its property and called on Owenhouse to make tigers disappear from his show.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

The property where the magic show was slated to take place was sold, and Owenhouse never forced the tigers to perform there.

Following the ever-popular *Tiger King* exposé, PETA launched a billboard calling on Circus World to end its cruel animal acts, which have been connected to the notorious roadside zoo and the cub-petting industry exposed in the shocking docuseries.

The annual Running of the Bulls in Pamplona, Spain, was canceled again as a result of COVID-19, and PETA called for the bull run and subsequent bullfights to be canceled for good.

Just before the holidays, PETA exposed the immense suffering that reindeer endure for holiday displays. Just days after hearing from PETA and thousands of its supporters, Coastal Farm & Home Supply canceled such displays exploiting live reindeer at more than a dozen of its stores across Oregon.

Los Angeles is considering banning vile tools used in rodeos and *charreadas*, including electrical prods, electroshock devices, wire tie-downs, and sharpened or fixed spurs. PETA submitted a letter of support for the ban and sent out an e-mail alert to PETA Latino members in Los Angeles asking them to submit comments in support as well.

PETA's lawsuit seeking records related to the deaths of 54 stingrays, who were on loan from SeaWorld at Brookfield Zoo in Illinois, reached a settlement. The agency involved refused to provide PETA with records related to both the cause of the tank's malfunction and the nature of the zoo's ties with SeaWorld, requested under the Illinois Freedom of Information Act, prompting PETA to file suit. PETA will receive the records and has recouped \$9,000 in attorneys' fees—and the Chicago Zoological Society, which runs the zoo, verified that it is no longer engaged in any business relationship with SeaWorld and does not plan to enter into one in the future.

Colorado joined California, Hawaii, Illinois, New Jersey, and New York in restricting the use of animals in abusive traveling acts. PETA alerted its supporters to urge their representative to vote "yes" on the bill and coordinated campaigning efforts with local advocates.

After hearing from PETA, drugstore giant Rite Aid confirmed that it will remove all greeting cards that feature demeaning and exploitative images of great apes from its store shelves.

The federal exhibitor's license of a roadside zoo called The Camel Farm was permanently revoked after PETA repeatedly urged the U.S. Department of Agriculture (USDA) not to renew the facility's Animal Welfare Act (AWA) license and filed a lawsuit challenging the agency's automatic renewal of that license.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

The USDA terminated tiger show operator Michael Todd’s exhibitor’s license after finding a history of AWA violations by him and his employee Marcus Cook, a notorious animal exploiter. PETA had been pressuring the USDA for years to revoke Todd’s license because of his circumvention of Cook’s AWA license revocation and continued employment of Cook despite his nearly 100 AWA violations.

PETA target and wildlife exploiter “Doc” Antle was charged with a felony count of wildlife tracking, a felony count of conspiracy to traffic in wildlife, and 13 misdemeanor charges, including cruelty to animals. He had violated the AWA many times in the past for neglecting animals in his care.

The USDA ordered Pennsylvania’s Union County Sportsmen’s Club to pay \$1,700 to settle a litany of citations, including those relating to Dillan the bear, who was kept for years in a small, concrete-floored pen and who suffered from rotted teeth and morbid obesity and engaged in continual rocking. The settlement specifically prohibits the club from ever again possessing bears, bobcats, and most other species. Dillan was rescued in January 2020 following a vigorous PETA campaign and is now thriving at The Wild Animal Sanctuary in Colorado.

For years, Grant Kemmerer frequently supplied bears, primates, big cats, and other wild animals for talk shows and allowed prohibited direct contact between the animals and members of the public, including Robert and Bindi Irwin, Jimmy Fallon, George Stephanopoulos, and Wendy Williams. But after PETA alerted New York authorities to these violations, they denied Kemmerer’s license to exhibit wild animals in New York until at least 2023.

Following a complaint from PETA, the USDA cited backyard animal exploiter Larry Wallach for multiple violations of the AWA. PETA notified the agency of Wallach’s Facebook videos showing him electroshocking a juvenile tiger named Sheba, keeping her in a rundown enclosure, and handling her in a harmful and inhumane manner.

After PETA tipped off the USDA to an illegal tiger display at a flea market by Lisa Lopez—who operates under the name All Things Wild and had no federal license to exhibit animals—the agency issued her a citation and ordered an end to the display.

Following a complaint from PETA, the Florida Fish and Wildlife Conservation Commission cited Monica Welde, owner of Bearadise Ranch and the notorious traveling show Welde’s Big Bear Show, for violating state wildlife laws by allowing a news crew to enter an enclosure with a 300-pound bear. The crew was allowed to interact with and feed the bear without any barriers present.

PETA alerted USDA officials to apparent animal welfare violations at Sea Lion Splash—a traveling exhibit that forces sea lions to perform circus-style tricks and uses them as props for photo ops—prompting the agency to issue numerous federal AWA citations to the shabby outfit.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

After PETA alerted the USDA that goats were seen hobbling around the grounds of Zootastic Park in North Carolina, the agency cited the roadside zoo for failing to notice that several animals were in the same poor condition, noting that the inattention could have caused “increased periods of pain and suffering.”

Following complaints from PETA, the USDA inspected Illinois roadside zoo Walnut Prairie Wildside three times and slapped its owner with a 21-day license suspension over a slew of AWA citations.

PETA posted an enormous billboard in Michigan warning people that vulnerable cubs suffer when they’re forced into photo ops at Oswald’s Bear Ranch, a notorious roadside zoo in the Upper Peninsula. The billboard urged tourists to avoid the place at all costs.

Following France’s historic ban on breeding and acquiring orcas and other dolphins, which includes a transition period to move the animals to seaside sanctuaries, PETA activists and a crying, chained “orca” protested outside the Miami Seaquarium, which is currently owned by the same company that owns Marineland France, to urge it to release lone orca Lolita to a seaside sanctuary, too.

Other Cruelty to Animals

After PETA learned that Tennessee’s Sevier County Fair gave away iguanas and goldfish as prizes, it sent the organizers a letter asking that the fair never do so again. The midway company gave assurances that it would no longer give live animals as prizes.

After hearing from PETA and tens of thousands of its members and supporters, The Pearl Hotel in San Diego stopped displaying betta fish in cramped bowls in its rooms and said that it has no plans to do so ever again.

A community homeowner’s association in North Carolina canceled its plans to kill beavers after hearing from concerned residents and PETA.

After PETA shared with Gap Inc. how small animals caught on glue traps suffer for days—tearing their flesh, breaking bones, and even trying to chew off limbs in an attempt to escape—the company not only removed the traps but also banned them across its 2,500+ stores, which include chains Old Navy and Banana Republic.

PETA sent Walmart Canada a Certificate of Appreciation for ending the sale of rodent glue traps. The move will prevent countless animals from suffering.

CVS pledged to share PETA’s message about the dangers of leaving dogs and children in parked vehicles on its in-store radio channel.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

Just days after PETA shared with Albertsons—which operates more than 2,200 locations nationwide—those temperatures can quickly soar in parked cars, causing dogs and children trapped inside to die from heatstroke within minutes, it quickly created new signs to display at its shopping centers, warning shoppers about the dangers of leaving dogs and children in parked cars.

After hearing from PETA, Kimco Realty, which owns more than 400 shopping centers nationwide, designed its own warning signs about the dangers of leaving dogs and children in parked cars and installed them at its shopping centers

Total expenses incurred in this program were \$12,632,142.

Research, Investigations, and Rescues

Receiving hundreds of complaints related to animal abuse and neglect each week, PETA works to rescue abused, neglected, and at-risk animals and organize care for them. PETA also investigates cruelty cases, conducts investigations, gathers evidence of legal violations, and engages in investigative journalism and newsgathering. It takes action to ensure the enforcement of laws and regulations.

PETA intervened in multiple hoarding cases in which animals were living in squalor and were in desperate need of rescue, including more than 70 cats and kittens in Camden, Michigan; 48 animals of various species in East Lansing, Michigan; 38 dogs and puppies in Hollis, Oklahoma; and more than 20 animals in Templeton, Pennsylvania (which resulted in nearly 200 cruelty-to-animals charges).

PETA's emergency pager carrier received a call alerting the group to graphic and disturbing footage posted to Snapchat of a cat being viciously beaten by his juvenile owner. Through persistent and steadfast urging, PETA's caseworker persuaded the understaffed Pennsylvania law-enforcement agency in the area to secure the cat's surrender and get him immediate veterinary care. The teenager was charged and sentenced to juvenile probation, ordered to pay restitution to PETA, and banned from possessing animals during the length of his probation. The cat has recovered and is happy in his new home.

A California trapper was caught on video repeatedly shooting in the head and face a coyote he'd captured in an apparently illegal trap. PETA pushed authorities, and the perpetrator was charged with felony cruelty to animals and a wildlife code violation. In a subsequent plea deal, the trapper was sentenced to 120 days in jail and 12 months' probation.

A Michigan juvenile posted a video to YouTube showing himself repeatedly slapping, tackling, and jumping on top of the family dog. PETA verified the perpetrator's identity and location and informed law-enforcement officers, who investigated and secured the dog's surrender. The juvenile is undergoing psychiatric treatment.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

PETA persuaded the management of a New Jersey retirement community to retrofit a spiked fence on which deer were becoming impaled.

Indiana police investigated a small animal-breeding mill, after PETA revealed that guinea pigs died of heatstroke and hundreds of rabbits were caged amid their own feces there.

PETA exposed a Michigan puppy mill that was keeping dozens of dogs amid feces and depriving them of shelter and water. The case was detailed by local television and radio stations, informing people of the cruelty inherent in the breeding industry and reminding them to adopt and never buy animals.

PETA successfully prevented a San Diego fireworks show from being held immediately next to sea lion and seal rookeries. The fight continues as PETA urges officials to close the beach during pupping season.

PETA received a tip from an online gamer that another gamer was sending videos of himself torturing wildlife. After PETA reported the perpetrator to law enforcement, the individual was charged with 10 felony counts of cruelty to animals.

Three emaciated dogs who were being starved were rescued and cruelty charges were filed against the Washington woman responsible, after PETA caseworkers guided an inexperienced law-enforcement officer on proceeding with the case on New Year's Eve.

After a neighbor alerted PETA that several goats, a calf, and a pregnant cow were dead on her neighbor's Washington property, a caseworker walked her through the process of lodging a complaint. The perpetrator was fined and charged with seven counts of cruelty to animals, including one felony count, and was mandated to rehome all the surviving animals.

A woman's doorbell Ring camera caught her neighbor violently abusing his pit bull puppy. Caseworkers walked the initially reluctant complainant through the process of reporting the perpetrator, who was subsequently charged, and PETA is working to ensure that he faces the maximum sentence allowable, with a prohibition on future contact with animals. The puppy was seized.

A chained dog whose collar had become embedded in his neck and a litter of puppies were seized and given urgent veterinary care after PETA called in every connection in Mississippi to make it happen.

After a witness provided PETA with video of a man routinely abusing his pit bull with a metal pole and violently kicking the crate she was in, PETA expedited the footage into the hands of New York City authorities. Shortly thereafter, an arrest was made and the dog was seized, with multiple charges filed.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

When PETA got a call from someone concerned about a cat stuck in a tree for more than four days, it found a local tree climber to help get her down. After recovering from the harrowing ordeal and receiving a clean bill of health, Wendy was adopted into an indoor-only home with Sherman, another cat rescued by PETA.

It took almost 24 hours and the assistance of the local fire department for PETA fieldworkers to rescue Mikey, a tiny kitten found trapped and screaming in a storm drain. After spending a few weeks in foster care recovering from his ordeal, he was adopted by a wonderful family.

Animals in the Experimentation Industry

PETA broke its six-month undercover investigation into the Wisconsin National Primate Research Center, where monkeys were being driven mad by extreme confinement in barren steel cages—some had spent two decades there. The highly stressful conditions led to deep, painful lacerations and other injuries from attacks. Some monkeys pulled out their own hair. Cornelius, who was usually kept all alone, was constantly found hunched over or with his face pressed against the cage bars. Monkeys were forced to give birth on wire floors, and their terrified infants cried as workers pulled them away. Babies were put in a bleak basement room before being tattooed.

PETA broke its investigation into Moulton Chinchilla Ranch, a massive breeding mill in Minnesota that sells animals to laboratories and into the pet trade. Approximately 1,000 chinchillas were found confined to wire-floored cages in a shed reeking of ammonia. These nocturnal prey animals, who love to run and climb, were deprived of everything important to their physical and psychological health. Chinchillas were denied veterinary care for severe, life-threatening injuries and rampant disease. Based on PETA's evidence, police executed a search warrant and opened a criminal investigation, and the USDA cited owner Dan Moulton with 42 violations of federal law, including for leaving chinchillas to suffer from eyes sealed shut with discharge and painful dental ailments.

Animals in the Food Industry

In response to PETA's request, the Virginia Department of Transportation is studying why nine trucks hauling live pigs to a single Smithfield Foods slaughterhouse have crashed in recent years on a local road, adding to the pain and terror thousands of these animals already endured in factory farms. A day later, amid media coverage of the issue, Smithfield announced that it would stop slaughtering pigs at this specific plant—marking the end of decades of killing pigs there, no doubt in part thanks to PETA's continued exposure of these crashes.

PETA revealed that fully conscious pigs whose throats had been slashed were left to walk around a North Carolina slaughterhouse and that in Iowa, pigs were dragged through a hair-removal machine and four others were repeatedly shot in the head on the kill floor.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

PETA called for charges against a Nevada slaughterhouse where staff shot animals in the head up to five times, a Colorado slaughterhouse where workers shot a cow in the head twice and then left her to suffer in a trailer while they grabbed another rifle and finally ended her pain, and a Pennsylvania slaughterhouse where five animals were repeatedly shot in the head. PETA also exposed many other acts of cruelty in the animal agriculture industry, including that more than 9000 “spent” hens were left to freeze to death on trucks outside a Minnesota slaughterhouse.

A Utah sheriff investigated a farm after PETA submitted a concerned citizen’s video footage showing workers there beating pigs with a wooden board, kicking them in the face, and more.

On the heels of a whistleblower tip and a complaint from PETA, the USDA found that 91 pigs died outside a Smithfield Foods slaughterhouse in Nebraska after being left on trucks for hours in February as the temperature plummeted to 27 below. PETA’s call for a criminal investigation netted national attention.

After a concerned citizen documented severely injured and dead pigs inside a Tyson shed in Iowa, PETA obtained bodycam footage from the responding deputy, who found that a factory farmer had hauled the sick and wounded animals from Minnesota to the shed to make a few dollars from selling them, rather than putting them out of their misery. Even when confronted with eyewitness and police footage of the animals’ wounds and neglect, Tyson tried to deny its responsibility.

Iowa law enforcement opened a criminal investigation at PETA’s request after it reported the horrifying death of a pig who was found hanging upside down and struggling to right herself just seconds from being plunged alive into scalding-hot water, before a worker shot her twice in the head.

PETA alerted authorities to suffering at a Pennsylvania small-animal mill, and the owner was charged with and pleaded guilty to cruelty to animals. After the man admitted to killing guinea pigs by bashing their heads in, PETA found a guinea pig who’d been left to languish in a cage with open sores on her back. She and three others were rescued and rushed for veterinary care, and all have recovered and been adopted. The breeder shut down his facility and cannot possess any animals for two years.

A Massachusetts slaughterhouse aptly named Blood Farm closed for at least 90 days after its eleventh violation of federal law—and after PETA’s calls in 2017, 2018, and 2019 for some small measure of justice for its victims.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

Animals in the Entertainment Industry

The U.S. District Court for the Southern District of Indiana granted partial summary judgment in favor of PETA in its Endangered Species Act (ESA) lawsuit against Wildlife in Need and its operator, Tim Stark. The judge issued a permanent injunction barring Stark from allowing lion, tiger, and lion-tiger hybrid cubs to interact with the public, separating mother cats and their cubs, declawing big cats, and possessing big cats who were unlawfully taken in violation of the ESA. As a result of this decision, PETA rescued 25 big cats and coordinated their transfer to accredited sanctuaries. Separately, the Indiana attorney general's office permanently banned Stark "from acquiring, owning, and exhibiting any exotic or native animals, including all mammals, birds, reptiles and amphibians." PETA was awarded fees and costs totaling \$753,232.

On August 17, 2020, the USDA suspended Jeff Lowe's AWA Exhibitor's License for 21 days and filed an enforcement action against him and his wife, Lauren, alleging numerous AWA violations. His license has since been permanently revoked.

PETA and The Wild Animal Sanctuary in Colorado rescued three juvenile lions, including a lion named Nala who could barely take a few steps without falling over, from Lowe's Greater Wynnewood Exotic Animal Park. She was found to have severe nutritional deficiencies and metabolic bone disease but has recovered, thanks to excellent care at the sanctuary.

A federal judge granted PETA permission to inspect Tiger King Park and to depose the owners, Jeff and Lauren Lowe, as well as now-deceased animal handler Erik Cowie, to preserve evidence for a future lawsuit relating to the Lowes' and several of their associates' alleged violations of the ESA. The U.S. District Court of the Western District of Oklahoma ordered Jeff Lowe to pay PETA \$2,539.05 and Lauren Lowe to pay \$6,851 for having to compel the deposition and to provide lion husbandry records.

The U.S. Department of Justice (DOJ) filed a lawsuit against the Lowes and two businesses associated with the couple for violations of the ESA and the AWA, including illegally taking, possessing, and transporting protected animals and placing the health of animals in serious danger. The suit heavily relied on precedent PETA won in its ESA suit against Wildlife in Need and seeks, among other relief, for the court to enjoin the defendants permanently from violating the AWA and the ESA and to order the Lowes to relinquish all endangered species in their possession. PETA has filed a motion to intervene as co-plaintiff in the lawsuit.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

The DOJ confiscated 69 ESA-protected big cats from Tiger King Park, named after the Netflix docuseries that made the Lowes (and their exploitation of big cats) infamous. The DOJ's search-and-seizure warrant was based in part on evidence obtained by PETA—including testimony regarding big-cat breeding in violation of a court order and evidence regarding the appalling condition of lions PETA rescued from the Lowes in 2020. The DOJ has since confiscated all wild and exotic animals from the Lowes.

The Fourth Circuit Court of Appeals upheld PETA's victory in its ESA lawsuit against Tri-State Zoological Park; its owner and operator, Robert Candy; and an associated entity, Animal Park, Care & Rescue, Inc. The judge ruled that PETA had standing to bring the suit in part because the roadside zoo "created the misimpression that the conditions in which the animals were kept were lawful and consistent with animal welfare" and because PETA's mission demanded that it take action to correct that misimpression. As a result of the trial court's ruling, three big cats were transferred to The Wild Animal Sanctuary and the roadside zoo was prohibited from ever again owning or possessing endangered or threatened species.

The U.S. District Court for the Middle District of Florida ordered the now-shuttered Dade City's Wild Things and its operators, Kathy and Randy Stearns, to pay nearly \$400,000 to PETA in attorneys' fees and expenses related to PETA's successful ESA suit. PETA was previously awarded a default judgment and permanent injunction in the lawsuit barring the roadside zoo and the Stearns from owning or possessing endangered tigers. Following the judgment, Dade City's Wild Things shut down and the last six tigers held there were transferred to The Wild Animal Sanctuary.

In a major victory, SeaQuest agreed to end its bid to open up shop at a mall in Fort Lauderdale, Florida. This decision was made as part of an agreement to settle a lawsuit filed in 2019 by PETA, the Animal Rights Foundation of Florida, and a local resident. The suit alleged that the city of Fort Lauderdale unlawfully issued SeaQuest a development permit to open in the mall under the false pretense of being a "museum" rather than an aquarium (which is not allowed under city zoning laws).

After years of violating the AWA, pleading guilty to cruelty to animals, facing a license termination proceeding by the USDA, and seeing its license challenged in a PETA lawsuit against the USDA, animal exhibitor Laughing Valley Ranch finally surrendered its exhibitor's license.

The U.S. Court of Appeals for the Eleventh Circuit reversed a district court's dismissal of PETA's lawsuit against the USDA challenging the agency's decision to license the Miami Seaquarium after it was sold in 2014. PETA will return to court to argue that the USDA unlawfully licensed Palace Entertainment when it purchased the park and that Lolita cannot remain in her current conditions if it wishes to continue exhibiting any animals to the public.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

PETA and the Animal Legal Defense Fund filed a lawsuit in the U.S. District Court for the Western District of Pennsylvania against Pymatuning Deer Park. The suit alleges that the roadside zoo's mistreatment of big cats, lemurs, and other animals violates the ESA. The groups also allege that the facility's mistreatment of all the animals there—including Bosco the bear, who is confined to a concrete pit—constitutes a public nuisance under state law.

PETA rescued every remaining chimpanzee from the Missouri Primate Foundation, a former breeding facility that for decades had been the primary source of chimpanzees who were sold into the entertainment industry and the pet trade. The six chimpanzees now live at the lush Global Federation of Animal Sanctuaries—accredited Center for Great Apes, where they will be acclimated to a beautiful and complex outdoor habitat. PETA is continuing its efforts to enforce court orders that two additional chimpanzees—Joey, who was improperly taken from the facility, and Tonka, who PETA believes was also improperly taken—be transferred to the Center for Great Apes, too.

Companion-Animal Issues

PETA's mobile spay/neuter clinics sterilized 12,805 animals during fiscal year 2021. The clinics completed more than 1,850 free surgeries, 907 of them on pit bulls. Veterinary staff performed 3,766 surgeries at half their usual cost or less.

Total expenses incurred in this program were 19,622,254

Cruelty-Free Merchandise Program

PETA encourages and facilitates cruelty-free living by providing compassionate people around the world with consumer products—such as cosmetics and household cleaners that aren't tested on animals, animal-care products, and animal rights T-shirts—informational videos and books, animal-rescue equipment, and campaign materials. These items are available online through the PETA Mall and the PETA Shop.

This fiscal year, PETA added 1,289 brands and companies to its Global Beauty Without Bunnies list of companies that don't test on animals, bringing the total number to 5,508 (and 3,053 of them are also vegan).

The program was featured by many major media outlets and in many leading industry publications, including *Allure*, *Elle*, *Forbes*, *Harper's Bazaar*, *Marie Claire* (U.K.), and *Vogue* (Australia). PETA also welcomed the addition of many celebrity-backed brands, including Rare Beauty by Selena Gomez, Crete by Lil Yachty, Keys Soulcare by Alicia Keys, and Pattern by Tracee Ellis Ross. After working with PETA, TRESemmé—one of the most widely recognized hair-care brands—banned all tests on animals anywhere in the world.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 1: Organization (continued)

In the last year, PETA's Global Beauty Without Bunnies searchable online database received 6,850,000 page views (an average of 548,333 views per month).

Total expenses incurred in this program were \$496,400.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of PETA have been prepared in accordance with U.S Generally Accepted Accounting Principles ("US GAAP"), which require PETA to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions- Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of PETA's management and the board of directors.

Net Assets With Donor Restrictions- Net assets subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

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.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Promises to Give

PETA records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment

PETA capitalizes property, equipment, and betterments over \$1,000 with a useful life greater than one year. Property and equipment are recorded at cost. Property and equipment donated to PETA is recorded at fair market value at the date of donation. The cost of maintenance and repairs is recorded as an expense when incurred.

PETA capitalizes certain costs of software developed for internal use when preliminary development efforts are successfully completed, management has committed project resourcing, and it is probable that the project will be completed, and the software will be used as intended. Such costs are amortized over a straight-line basis of the estimated useful life of the related asset. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred.

Depreciation is calculated using the straight-line method over estimated lives of the assets as follows:

Mobile spay/neuter clinics and other vehicles	5 - 7 years
Office furniture and equipment	3 - 7 years
Software	1 - 10 years
Buildings and improvements	7 - 40 years

PETA reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. PETA has determined that no long-lived assets were impaired during the fiscal year.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Prepaid Hosting Arrangements

In August 2018, FASB issued ASU 2018-15, Intangibles–Goodwill and Other–Internal-Use Software (“ASU 2018-15”), which requires an organization to follow the guidance in Subtopic 350-40 to determine which costs to capitalize under a service contract for a cloud computing arrangement. This update is effective for financial statements issued for fiscal years beginning after December 15, 2020, with early adoption permitted. During 2018, PETA chose to early adopt this ASU.

Under the terms of the ASU, PETA treats cloud computing arrangements that do not include a software license as a service contract. Fees associated with the hosting element of the arrangement are expensed as incurred. Implementation costs of the arrangement are capitalized and amortized on a straight-line basis over the term of the hosting arrangement. Prepaid hosting arrangements for fiscal year ended July 31, 2021 comprise of prepaid implementation costs on such arrangements.

Inventory

Inventory consists of cruelty-free merchandise available for sale. Inventory is valued at the lower of cost or net realizable value. Cost is determined by the first in, first out method.

Cruelty-free merchandise sales revenue is recognized upon shipment of goods.

Deferred Rent Liability

PETA received rent abatements under the terms of certain office space leases. Accounting principles generally accepted in the United States of America require that rent expense be straight-lined over the life of the lease. PETA is amortizing the abatement over the life of the lease.

Charitable Gift Annuities

Under charitable gift annuity contracts, PETA receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over a stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as an unrestricted contribution. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Legacies Receivable

PETA receives indications of gifts in the form of bequests, which are typically revocable during the donor's lifetime, as well as bequests from deceased donors. Due to the uncertain nature of the intentions from active donors, PETA considers these to be intentions to give and these are not recognized in the financial statements. PETA records a receivable and will record Legacies and bequests as revenue when they have an irrevocable right to the gift and the proceeds are readily measurable.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of the donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to PETA's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. PETA records donated professional services at the respective fair values of the services received (Note 11).

Advertising Costs

Advertising costs are expensed as incurred and totaled \$4,895,820 for the year ended July 31, 2021.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amount program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated included the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Rent and other building expenses	Square footage
General Operating Expenses	Time and effort
Donations to charitable organizations	Time and effort
Postage	Time and effort
Media and press support	Time and effort
Telephone and misc. office expenses	Time and effort
Travel and transportation	Time and effort
Special event expenses	Time and effort
Education and promotional costs	Time and effort
Cost of goods sold	Time and effort
Professional services and consultants	Time and effort

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

For the year ended July 31, 2021, PETA has evaluated subsequent events for potential recognition and disclosure through December 3, 2021, the date the financial statements were available to be issued and believe there to be no further potential recognition or disclosure.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASU’s replaced most existing revenue recognition in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. PETA adopted the new standard effective July 1, 2020, the first day of the Organization’s fiscal year, using the full retrospective method. The organization does not believe the application of the provisions has a material effect on the amounts presented or disclosed. On July 1, 2020, the date the standard was adopted, the beginning balance of the exchange receivables included in accounts receivable were \$75,295.

In February 2016, the FASB issued guidance codified in ASC 842, Leases, which amends the guidance in former ASC 840, Leases, requiring the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The effective date for nonpublic entities is annual reporting periods beginning after December 15, 2021 and interim periods therein. As such, PETA will be required to adopt the standard on August 1, 2022. Early adoption is permitted. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. PETA is currently evaluating how the changes in ASC 842 will affect its financial statements.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 3: Availability and Liquidity

The following represents PETA's financial assets at July 31, 2021:

Financial Assets at year-end:	
Cash and cash equivalents	\$ 2,540,297
Legacy and Accounts receivable	87,498
Other Receivables	7,866,397
Operating investments	19,445,351
Endowment investments	4,226,881
Property held for sale	1,628,093
Total financial assets	<u>35,794,517</u>
Less amounts not available to be used within one year:	
Endowment investments	(4,226,881)
Property held for sale	(1,628,093)
Total amounts not available to be used	<u>(5,854,974)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 29,939,543</u>

As part of PETA's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, PETA invests cash in excess of daily requirements in short-term investments.

Note 4: Prepaid Hosting Arrangements

Prepaid hosting arrangements at July 31, 2021 consisted of the following:

Prepaid hosting arrangements	\$ 28,995
Less: accumulated amortization	<u>(--)</u>
	<u>\$ 28,995</u>

As of July 31, 2021, there was no amortization expense associated with prepaid hosting arrangements.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 5: Property and Equipment

Property and equipment at July 31, 2021 consisted of the following:

Mobile spay/neuter clinics and other vehicles	\$ 1,575,177
Office furniture and equipment	432,279
Software	711,583
Buildings and improvements	185,434
Work in process	14,747
Land	<u>91,170</u>
	3,010,390
Less: accumulated depreciation and amortization	<u>(2,179,009)</u>
Total property and equipment, net	<u>\$ 831,381</u>

Depreciation and amortization expense for the year ended July 31, 2021 was \$ 342,968.

Note 6: Fair Value Measurements

PETA reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 6: Fair Value Measurements (continued)

A significant portion of PETA's investment assets are classified within Level 1 because they are comprised of equity securities, exchange traded funds, and stock funds with readily determinable fair values based on the daily redemption values. PETA invests in corporate bonds and real estate funds that are traded in the financial markets. These investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, market-rate assumptions, and are classified with Level 2.

The carrying amount of cash held in money market accounts are accounted for at cost and not categorized in the fair value hierarchy below.

Financial assets measured at fair value on a recurring basis as of July 31, 2021 comprise of PETA's investments summarized in the following tables using the fair value hierarchy:

Operating Investments

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,453,455	\$ --	\$ --	\$ 1,453,455
Corporate bonds	--	8,262,302	--	8,262,302
Equity securities	8,364,219	--	--	8,364,219
Stock Funds	9,842	--	--	9,842
Exchange traded funds	430,390	--	--	430,390
Mutual Funds	165,577	--	--	165,577
Real estate funds	--	759,565	--	759,565
	<u>\$ 10,423,483</u>	<u>\$ 9,021,867</u>	<u>\$ --</u>	<u>\$ 19,445,350</u>

Endowment Investments

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 84,373	\$ --	\$ --	\$ 84,373
Corporate bonds	--	2,212,756	--	2,212,756
Equity securities	1,846,011	--	--	1,846,011
Stock funds	2,728	--	--	2,728
Real estate fund	--	911	--	911
Real estate investment trust	--	80,102	--	80,102
	<u>\$ 1,933,112</u>	<u>\$ 2,293,769</u>	<u>\$ --</u>	<u>\$ 4,226,881</u>

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 7: Net Assets

Without Donor Restrictions

The Board of Directors designated \$1 million to cover costs of legal matters. These matters would include the challenges brought by PETA to fight animal abuse and could include defense against challenges made by opponents of animal rights. The Board of Directors wishes to be prepared to defend against future challenges without interrupting PETA's programs.

With Donor Restrictions

Purpose restricted funds of \$2,818,595 are available for campaigns against animal testing, factory farming, and animal cruelty.

Endowments are comprised of five separate endowment funds with a total value of \$3,712,203 as of July 31, 2021. Under terms of the first endowment fund, 20% of the ordinary earnings from investments are permanently restricted while 35% are available for unrestricted use and the remaining 45% are donated to other organizations. Under the terms of the second endowment fund ordinary earnings from one half of the endowment shall be used for capital expenditures. Under the terms of the third endowment earnings from investments are restricted for campaigns against animal cruelty in India. Earnings on the remaining two endowment funds are unrestricted.

Interpretation of Relevant Law

The Board of Directors of PETA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PETA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by PETA in a manner consistent with the standard of prudence prescribed by SPMIFA.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 7: Net Assets (continued)

In accordance with SPMIFA, PETA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of PETA and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of PETA
- (7) The investment policies of PETA

Endowment Net Asset Composition by Type of Fund
As of July 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
With Donor Restriction endowment funds	\$ --	\$ 3,712,203	\$ 3,712,203

Changes in Endowment Net Assets
for the Fiscal Year Ended July 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ --	\$ 3,294,368	\$ 3,294,368
Investment return:			
Investment income	--	69,583	69,583
Total investment Return	--	69,583	69,583
Contributions	--	348,252	348,252
Endowment net assets, end of year	\$ --	\$ 3,712,203	\$ 3,712,203

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 7: Net Assets (continued)

Return Objectives and Risk Parameters

PETA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that PETA must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve principal while earning as much income as possible assuming a low level of investing risk.

Note 8: Defined Contribution Retirement Plan

PETA is a participating employer in a defined contribution plan. To be an eligible participant of the plan, full time employees (working at least 1,000 hours during the plan year) must be 21 years of age and complete one year of service. Employer matching contributions to the plan are at the discretion of the Board of Directors of PETA. Employer contributions for the year ended July 31, 2021, were \$134,981.

Note 9: Related Party Transactions

The Foundation to Support Animal Protection (“FSAP”) is a non-profit organization that supports the activities of various animal protection organizations, including PETA. FSAP and PETA are related through a single common board member.

PETA has entered into agreements to lease office space, tangible and intangible assets from FSAP as more fully described in Note 13. Rental payments to FSAP during fiscal year 2021 were \$1,176,210. FSAP also donated \$42,000 of space to PETA during the fiscal year. In addition, the Foundation provided \$17,677,481 in services to PETA during the fiscal year. At year end, PETA owed FSAP \$3,054,116 and was owed \$7,272,889 from FSAP.

A PETA director serves on the boards of directors of affiliated animal rights organizations in the United States, France, the Asia-Pacific region, India, Netherlands, the United Kingdom, Germany, Australia, and Switzerland to which during the fiscal year PETA donated \$2,213,214 of cash to assist in their operations.

Note 10: Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each financial institution. At July 31, 2021, PETA exceeded insured levels by \$1,788,158.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 11: Donated Professional Services and Materials

PETA received donated professional services and goods as follows during the fiscal year:

	Program Services	Management and General	Fundraising and Development	Total
Legal services	\$ 86,965	--	--	\$ 86,965
Professional services	4,740,401	110,191	2,510,508	7,361,100
Advertising	2,507,915	--	4,663	2,512,578
Goods	<u>187,668</u>	<u>--</u>	<u>363,687</u>	<u>551,355</u>
	<u>\$ 7,522,949</u>	<u>110,191</u>	<u>2,878,858</u>	<u>\$ 10,511,998</u>

The organization receives various items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received. Donors contributing auction items have unrestricted the proceeds from the sale of auction items. Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance non-financial assets or require specialized skills that would need to be purchased if they were not donated. The organization receives contributed legal, professional, and advertising services used for various programs benefiting animal rights.

Note 12: Allocation of Joint Costs

During the fiscal year, PETA incurred joint costs of \$12,073,900 for educational material and activities that included fund-raising appeals. Based on an analysis of the content of these mailings, \$50,063 was allocated to management and general, \$4,624,815 was allocated to membership development and \$7,399,022 was allocated to program expenses. Of the amount allocated to program expenses, \$2,278,804 was allocated to international grass roots campaigns, \$1,483,914 was allocated to public outreach and education, \$3,625,552 was allocated to research, investigations and rescue, and \$10,752 was allocated to the cost of merchandise.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 13: Operating Leases

PETA leases office space and tangible and intangible assets from FSAP. The leases are non-cancelable and expire at various times through July 2029. Future minimum rental payments under the non-cancelable operating leases are:

Year ending July 31,	
2022	\$ 618,135
2023	775,058
2024	712,031
2025	740,880
2026	740,880
Thereafter	<u>1,817,471</u>
	<u>\$ 5,404,455</u>

Rent expense for the year ended July 31, 2021, was \$1,273,668.

Note 14: Cash Flows

Supplemental disclosure of cash flow information

PETA paid \$159,023 of interest during the fiscal year.

Note 15: Paycheck Protection Loan

On April 19, 2020, PETA was granted \$2,603,800 loan under the Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The PPP loan application required the Company certify in “good faith” that is requesting the loan due to “economic uncertainty,” and that it has no access to credit elsewhere. The Small Business Administration (“SBA”) or U.S. Treasury may audit the Company’s “good faith” certification. Management believes its “good faith” certification will be upheld in the event of an audit. PETA initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP Loan no longer existed. PETA recognized \$1,905,465 as grant revenue for the year ended July 31, 2021.

People for the Ethical Treatment of Animals, Inc.
Notes to Financial Statements

Note 16: Risk and Contingencies

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen, which could impact operations. The extent to which COVID-19 impacts results will depend on future developments, which are highly uncertain and cannot be predicted. Management is evaluating the potential impacts of COVID-19 on the financial statements and believes there to be no further potential recognition or disclosure.