

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

**July 31, 2022**

**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.

### **Opinion**

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People for the Ethical Treatment of Animals, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People for the Ethical Treatment of Animals, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of People for the Ethical Treatment of Animals, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People for the Ethical Treatment of Animals, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Saggar & Rosenberg P.C.*

Rockville, Maryland  
December 8, 2022

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Financial Position**  
**July 31, 2022**

**Assets**

Current assets	
Cash and cash equivalents	\$ 1,264,291
Investments, current portion	650,412
Property held for sale, current portion	137,274
Legacies receivable	165,423
Account receivables	6,011,057
Inventory	86,082
Prepaid expenses	1,703,333
Total current assets	<u>10,017,872</u>
Property and equipment, net	<u>1,144,591</u>
Other assets	
Investments, non-current portion	25,140,133
Prepaid hosting arrangements, net	65,029
Property held for sale, non-current portion	1,551,124
Deposits and other assets	<u>185,622</u>
Total other assets	<u>26,941,908</u>
Total assets	<u>\$ 38,104,371</u>

See Accompanying Footnotes

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Financial Position**  
**July 31, 2022**

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	\$ 2,984,236
Related party payable	5,628,828
Accrued expenses	1,106,818
Annuities payable, current portion	<u>351,640</u>
Total current liabilities	<u>10,071,522</u>
Long-term liabilities	
Annuities payable, non-current portion	<u>2,913,736</u>
Total long-term liabilities	<u>2,913,736</u>
Total liabilities	<u>12,985,258</u>
Net assets	
Without donor restrictions	
Designated by governing board for legal matters	1,000,000
Undesignated	<u>19,058,739</u>
Total net assets without donor restrictions	<u>20,058,739</u>
With donor restrictions	
Purpose restricted	1,307,288
Endowment	<u>3,753,086</u>
Total net assets with donor restrictions	5,060,374
Total net assets	<u>25,119,113</u>
Total liabilities and net assets	<u><u>\$ 38,104,371</u></u>

See Accompanying Footnotes

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Activities**  
**For the Year Ended July 31, 2022**

	With			<u>Total</u>
	<u>Without</u> <u>Donor Restrictions</u>	<u>Donor Restrictions</u>		
		Temporary Restrictions	Endowment Funds	
Support and revenue				
Public support				
Contributions and donations	\$ 45,873,886	\$ 434,395	\$ -	\$ 46,308,281
Donated services and in-kind contributions	17,051,124	-	-	17,051,124
Legacies and bequests	18,212,157	1,238,184	-	19,450,341
Total public support	<u>81,137,167</u>	<u>1,672,579</u>	<u>-</u>	<u>82,809,746</u>
Other revenue				
Merchandise sales	151,639	-	-	151,639
Other income	966,251	-	-	966,251
Net investment loss	(1,742,437)	-	40,883	(1,701,554)
Total other revenue	<u>(624,547)</u>	<u>-</u>	<u>40,883</u>	<u>(583,664)</u>
Net assets released from restrictions				
Satisfaction of program restrictions	3,183,886	(3,183,886)	-	-
Total support and revenue	<u>83,696,506</u>	<u>(1,511,307)</u>	<u>40,883</u>	<u>82,226,082</u>
Expenses				
Program services				
Public outreach and education	32,897,462	-	-	32,897,462
International grassroots campaigns	15,871,919	-	-	15,871,919
Research, investigations, and rescue	23,409,029	-	-	23,409,029
Cruelty-free merchandise	600,245	-	-	600,245
Total program services	<u>72,778,655</u>	<u>-</u>	<u>-</u>	<u>72,778,655</u>
Supporting services				
Membership development	11,972,282	-	-	11,972,282
Management and general	1,080,612	-	-	1,080,612
Total supporting services	<u>13,052,894</u>	<u>-</u>	<u>-</u>	<u>13,052,894</u>
Total expenses	<u>85,831,549</u>	<u>-</u>	<u>-</u>	<u>85,831,549</u>
Change in net assets	(2,135,043)	(1,511,307)	40,883	(3,605,467)
Net assets at beginning of year	<u>22,193,782</u>	<u>2,818,595</u>	<u>3,712,203</u>	<u>28,724,580</u>
Net assets at end of year	<u>\$ 20,058,739</u>	<u>\$ 1,307,288</u>	<u>\$ 3,753,086</u>	<u>\$ 25,119,113</u>

See Accompanying Footnotes

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended July 31, 2022**

	<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>Total Supporting Services</u>	
Professional services and consultants	\$ 7,013,759	\$ 2,731,664	\$ 8,982,607	\$ 243,675	\$ 18,971,705	\$ 4,254,228	\$ 370,610	\$ 4,624,838	\$ 23,596,543
Media and press support	18,385,621	634,709	274,027	9,788	19,304,145	1,578,796	105,952	1,684,748	20,988,893
Salaries and related expenses	4,604,577	4,258,980	6,541,372	15,404	15,420,333	30,305	56,029	86,334	15,506,667
Education and promotional costs	835,091	1,185,230	1,863,690	3,376	3,887,387	3,636,850	199	3,637,049	7,524,436
Donations to charitable organizations	45,489	4,714,076	2,234,534	29,924	7,024,023	119,641	149,551	269,192	7,293,215
General operating expenses	564,319	716,155	1,519,718	42,423	2,842,615	705,707	116,918	822,625	3,665,240
Rent and other building expenses	559,014	390,726	407,330	63,500	1,420,570	15,220	7,169	22,389	1,442,959
Travel and transportation	72,065	338,976	380,368	828	792,237	29,252	6,380	35,632	827,869
Postage	537,738	769,496	1,091,849	94,200	2,493,283	1,231,997	266,455	1,498,452	3,991,735
Special events expenses	-	-	-	-	-	132,830	-	132,830	132,830
Cost of goods sold	-	-	-	94,178	94,178	-	-	-	94,178
Telephone and misc. office expenses	279,789	131,907	113,534	2,949	528,179	237,456	1,349	238,805	766,984
<b>Total expenses</b>	<b>\$ 32,897,462</b>	<b>\$ 15,871,919</b>	<b>\$ 23,409,029</b>	<b>\$ 600,245</b>	<b>\$ 72,778,655</b>	<b>\$ 11,972,282</b>	<b>\$ 1,080,612</b>	<b>\$ 13,052,894</b>	<b>\$ 85,831,549</b>
Percent of total expenses	<u>38.33%</u>	<u>18.49%</u>	<u>27.27%</u>	<u>0.70%</u>	<u>84.79%</u>	<u>13.95%</u>	<u>1.26%</u>	<u>15.21%</u>	<u>100.00%</u>

See Accompanying Footnotes



**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended July 31, 2022**

Cash flows from operating activities:	
Change in net assets	\$ (3,605,467)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Property and equipment depreciation and amortization	297,321
Prepaid hosting arrangements amortization	6,220
Gain on disposal of property and equipment	15,531
Premium on bonds	2,701
Accrued interest payable	(27,051)
Non-cash donations	(3,812,237)
Net realized and unrealized losses in operating investments	2,031,871
Net realized and unrealized losses in endowment investments	215,271
Net change in deferred rent liability	(3,750)
Net realized and unrealized losses on property held for sale	41,470
Cash receipts of contributed financial assets	3,723,326
Gain from annuity contracts	(25,333)
Change in assets and liabilities:	
Increase in legacies receivable	(77,925)
Decrease in other receivables	1,855,340
Increase in inventory	(5,949)
Increase in prepaid expenses	(43,604)
Increase in deposits and other assets	(16,387)
Increase in accounts payable	601,157
Increase in related party payable	2,574,711
Increase in accrued expenses	158,371
Net cash provided by operating activities	<u>3,905,587</u>
Cash flows from investing activities:	
Reinvestment of matured securities and purchases of investments	(38,358,181)
Maturities and proceeds from sales of investments	34,006,912
Purchase of property and equipment	(644,643)
Purchase of prepaid hosting arrangements	(42,254)
Proceeds from sale of property and equipment	18,581
Net cash used in investing activities	<u>(5,019,585)</u>
Cash flows from financing activities:	
Proceeds from annuity contracts	171,282
Principal payments on annuity contracts	(333,290)
Net cash used in financing activities	<u>(162,008)</u>
Net decrease in cash	(1,276,006)
Cash and cash equivalents at beginning of year	<u>2,540,297</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,264,291</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 informational campaigns and publishes materials for children, high school and college students, and educators as well as factsheets, booklets, flyers, posters, and a magazine called *PETA Global* for the public and supporters. PETA’s campaigns—which reach millions of people and receive extensive media coverage—involve renowned celebrities, attention-grabbing social media posts, hard-hitting videos, website features, news articles, and public service announcements, which are typically placed for free in high-exposure outlets.

In fiscal year 2022, PETA secured free advertising space worth nearly \$15 million and logged more than 100,000 interactions with the media via news releases, letters, tweets, and radio, TV, print, and online interviews.

Total expenses incurred in this program were \$32,897,462.

International Grassroots Campaigns

PETA campaigns to inform the public about the abuse and killing of animals in the experimentation, food, clothing, and entertainment industries, among other types of cruelty. In 2022, PETA organized and led 867 demonstrations and sent out millions of letters through its online advocacy campaigns to urge companies and individuals to make changes that benefit animals.

*Animals in the Experimentation Industry*

Dr. Amy Clippinger, managing director of PETA’s Regulatory Toxicology Department, won the 2022 Society of Toxicology Enhancement of Animal Welfare Award. The Society of Toxicology, an international scientific organization with more than 8,000 members, chose Dr. Clippinger for her exceptional contributions to the advancement of non-animal approaches to toxicology testing.

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

Note 1: Organization (continued)

After years of efforts by PETA, the U.S. Department of Transportation fully accepted non-animal methods to test corrosive materials. This updated rule will spare rabbits painful tests in which potentially hazardous substances are applied to their shaved skin to see if burns or other signs of skin damage develop.

In a win for PETA's work to inform the public and hold the University of Washington (UW) and the Washington National Primate Research Center accountable, the King County Superior Court held that UW violated the state Public Records Act by withholding records revealing financial and personnel dysfunction at the center and by maintaining a policy of destroying photos and videos of primates.

The 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge ruled that Louisiana State University must turn over records PETA requested related to experimenter Christine Lattin's taxpayer-funded experiments on sparrows. PETA filed its lawsuit in December 2020 after the school refused to release public documents, including veterinary care records and videos recorded by Lattin, whose experiments involved trapping sparrows, pumping sex hormones into them, exposing them to terrifying calls from predators, and then killing them. The university has appealed the decision, but PETA remains confident that its victory will remain intact.

A judge ruled that Oregon Health & Science University (OHSU) was found to have caused "undue delay" and unreasonably withheld videos and photos requested by PETA—including by taking steps to delete videos of deadly experiments in which prairie voles were given the equivalent of 15 bottles of wine a day. The judge also found that the university's police illegally surveilled PETA by subscribing to regular reports on the organization's protected First Amendment activity. As a sanction, OHSU will have to pay costs and fees PETA incurred in the lawsuit.

*Animals in the Food Industry*

Paul McCartney partnered with PETA and wrote to the CEO of Starbucks asking to drop the vegan milk surcharge, and PETA widely placed its "Sir Paul to Starbucks" billboard. PETA activists also held a demonstration outside the company's headquarters, hosted vegan brew giveaways, and sent out an e-mail alert to its members. A PETA representative questioned the company at its annual meeting of shareholders, too.

PETA placed billboards and ads focused on a variety of issues, including a "Not Your Mom, Not Your Milk" billboard in Chicago that ran through Mother's Day and garnered more than \$20,000 in discounted ad space, "I'm ME, Not MEAT" ads in St. Louis that also received a largely discounted rate, and an "End Speciesism" ad featuring Wu-Tang Clan cofounder RZA that was posted in 75 airports across the U.S., Canada, and the U.K. and will reach over 60 million travelers.

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

Note 1: Organization (continued)

PETA launched a “Save the Whales” initiative calling on people to stop eating fish and other sea life in order to save whales. The organization urged Greenpeace to stop promoting “sustainable fishing” since encouraging fishing of any kind harms whales and the environment.

Publix, Walmart, and Jewel-Osco stopped selling Chaokoh coconut milk, which uses forced monkey labor in Thailand, after an investigation and campaigning by PETA.

PETA hosted its largest food justice giveaway ever, at a Georgia church, with Pastor Dr. Jamal Bryant, restaurateur Pinky Cole, and music producer Jermaine Dupri. It gave out hundreds of free vegan meals and vegan meal starter kits as well as 500 containers of Dupri’s vegan ice cream.

Ahead of Easter, PETA launched an e-mail and action alert and ran its “Redemption” ad featuring James Cromwell in multiple cities, urging Wegmans and Harris Teeter to reconsider their business relationship with Plainville Farms for abuse of turkeys. The ad called out the blasphemy of “humane meat” and directed people of all faiths to the organization’s Plainville turkey farm investigation.

PETA’s “ThanksVegan” ad ran in *The Washington Times* and was displayed on dozens of billboards and bus stops across the country. It was likely seen by 16 million people.

PETA launched its “Fight the Bite” campaign ahead of the Super Bowl, including a new TV ad that received more than 1.3 million views, vegan chicken giveaways, and demonstrations outside chicken chain restaurants. The organization also partnered with local restaurants to promote their vegan wings.

PETA’s new “Hell on Wheels” chicken truck is touring the U.S., stopping at food festivals, city centers, and other busy locations in dozens of cities.

PETA created and sells a limited-edition Lone Star Tick Cookbook in its online store. The lone star tick makes people allergic to meat and other animal-derived products, and the organization wants to let everyone know that they can avoid this by eating vegan.

PETA was a co-plaintiff in a successful lawsuit challenging the state of Iowa’s second attempt at an “ag-gag” law. The U.S. District Court for the Southern District of Iowa issued an order on March 15 holding that the law criminalizing undercover investigations at factory farms, slaughterhouses, and puppy mills violates the First Amendment. The state’s appeal of that decision is currently pending.

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

Note 1: Organization (continued)

After the court preliminarily enjoined Iowa’s second ag-gag law, the legislature passed another law that switched the state’s strategy from criminalizing undercover investigations to criminalizing the use of surveillance technology during a trespass. The same plaintiffs who challenged the first two laws filed suit on August 10, 2021, challenging this third law’s constitutionality. The court issued an order on September 26, 2022, finding the state’s third attempt at an ag-gag law also unconstitutional.

PETA Latino placed a billboard in the most industrial city in Mexico asking kids not to eat pigs at Christmastime if they wouldn’t eat their dogs. The billboard caused so much controversy that people asked the state’s governor to take it down. The issue got widespread media coverage.

*Animals in the Entertainment Industry*

After years of pressure from PETA, travel giant Expedia stopped selling tickets to SeaWorld and “swim with dolphins” programs.

For PETA’s annual “Boycott SeaWorld” Day, it protested at all three park locations, called on AAA to cut ties with the company, and worked with a vegan restaurant on an “Empty the Tanks” drink, with a percentage of proceeds supporting PETA’s work. Dozens of celebrities and influencers got involved. Across social media platforms, PETA had over 3.5 million impressions for the day. During SeaWorld’s annual meeting, PETA pal Joan Jett called for an end to the park’s dolphin- and whale-breeding programs.

The global calls to release Lolita from the world’s smallest orca tank, at the Miami Seaquarium, are stronger now than ever due to PETA’s relentless pressure, eye-catching demonstrations, and viral social media posts and videos. A damning federal inspection report revealed a slew of animal welfare violations at the facility, including holding incompatible dolphins together who ended up dying from trauma, forcing Lolita to perform tricks that likely injured her jaw, and repeatedly acting against its own veterinarians’ instructions.

When a whistleblower reported that Lolita was deathly ill at the park, PETA broke the news, emphasizing the need to move her to a sanctuary as soon as possible. Thousands of PETA supporters, including Kate del Castillo and Paulina Rubio, have called on the Seaquarium’s new owner to release Lolita to a seaside sanctuary.

For the Iditarod’s 50<sup>th</sup> anniversary, PETA ran TV and bus ads in Alaska, held protests, published many blog posts, and issued dozens of news releases. Following years of pressure from PETA and other PETA entities—including protests all around the world, shocking ad campaigns, and phone calls and e-mails from nearly 500,000 supporters—Millennium Hotels and Resorts dropped its sponsorship of the Iditarod and global software company Nutanix followed suit.

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

Note 1: Organization (continued)

Nearly every major company has dropped its support of the Iditarod following PETA campaigns, and the organization ramped up the pressure on GCI, an Alaskan telecommunications provider owned by Liberty Media. It held a demo at Liberty's headquarters, purchased stock in the company, and attended the company's annual meeting. PETA is pushing Liberty-owned Formula 1 to act, through letters to all F1 drivers and demos at F1 races worldwide.

The Big E Fair in Springfield, Massachusetts, was elephant-free for the first time in years after pressure from PETA, more than 175,000 of its supporters, and local residents.

After hearing from PETA about the suffering endured by reindeer used in holiday displays, Camp Abbot Trading Co., a hardware store in Oregon, banned events with live animals. The AAD Shrine in Duluth, Minnesota, announced that its annual circus would no longer use elephants, tigers, or other exotic animals, after working for years with some of the cruelest animal exploiters in the industry.

Following a campaign led by PETA and local activists, magician Jay Owenhouse withdrew an application to cage tigers near the Las Vegas Strip for a yearlong show.

After hearing from PETA and its members and supporters, the Oklahoma Senate allowed HB 3281—the Endangered Ark Foundation Preservation Act—to die without calling it for a vote. This insidious bill would have protected trainers caught abusing elephants from prosecution under the state's cruelty laws.

After learning from PETA that cards featuring great apes wearing costumes, displayed in studios, or interacting with humans hinder conservation efforts, CVS banned such cards from its nearly 10,000 stores.

The U.S. District Court for the Western District of Oklahoma granted PETA a victory in its Endangered Species Act (ESA) lawsuit against notorious animal exhibitor and *Tiger King* villain Jeff Lowe, finding that he “treated the four lions directly involved in this case ... with appalling cruelty.” Lowe was added as a defendant in PETA's lawsuit against his former business partner, fellow *Tiger King* subject Tim Stark, after Stark violated multiple court orders in the case by transporting the four cubs to Lowe's property. One of them, Kahari, died only days before her scheduled rescue—because of Lowe's illegal acts, according to the court.

This is the first court decision establishing that Lowe's treatment of animals is so deficient that it violates the ESA, and it sets a number of important precedents that will hopefully protect all big cats in captivity. The court ordered Lowe to pay more than \$180,000 in attorneys' fees and costs to PETA.

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

Note 1: Organization (continued)

*Other Cruelty to Animals*

MoxieLash banned fur eyelashes after learning from PETA that the mink fur used to make false eyelashes comes from animals on factory farms.

After hearing from PETA, Dream Hotel Group, which owns nine luxury hotels around the world, pledged that it would no longer use down bedding. PETA Honorary Director Pamela Anderson teamed up with the organization to distribute thousands of methane-offset starter kits to people across the U.S. and Canada to help address the climate crisis.

Following reports that an Ohio teen allegedly hit a dog with his car and then shared video footage of himself decapitating the animal on social media, TeachKind rushed letters to local school administrators and worked with them to weave compassion for animals into the curriculum.

When TeachKind learned that a group of Florida high school students hung a dead shark from school rafters, it worked with the school district to add its “Share the World” kit to the district curriculum map.

Students Opposing Speciesism (SOS) activists launched a campaign at the University of California–Davis to shut down the primate lab and worked to end SeaWorld ticket sales at the University of Central Florida. Other SOS activists held eye-catching “Dog BBQ” demonstrations in city centers, created “human glue trap” displays to urge The Home Depot to stop selling the cruel devices, spoke at city council meetings to oppose funding for Texas Biomedical Research Institute, protested at In-N-Out Burger drive-throughs, and gave away delicious vegan ice cream outside grocery stores.

Total expenses incurred in this program were \$15,871,919.

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. In addition, it takes action to ensure the enforcement of laws and regulations.

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

Note 1: Organization (continued)

Pancake (so named by PETA's field team because she'd had so little interaction with humans that she flattened herself to the ground upon their approach) was chained for years, neglected, and frequently deprived of food and water. After being kept in isolation, she had to learn how to overcome a lifetime of fear and anxiety. Pancake was fostered and has been adopted by a patient family dedicated to rehabilitating her and helping her build confidence and start enjoying her life. Her story was featured in *People* magazine and in *The Washington Post Magazine* article "A Dog's Life: Why Are So Many People So Cruel to Their Dogs?" by two-time Pulitzer Prize winners journalist Gene Weingarten and photojournalist Michael S. Williamson.

PETA's animal rescue team visited Puerto Rico with the goal of improving several animal shelters on the island. The team helped built "catios" to get cats out of cramped cages and taught shelter staff how to introduce dogs into playgroups safely so that they could enjoy more space, playtime, and socialization. For safety, enrichment, and exercise, the team built a puppy socialization area and repaired outdoor fencing so more dogs could enjoy the yards.

PETA's Mobile Clinics Division added a stationary clinic in Ashland, Virginia. This clinic has much more space than the mobile clinics and can do bloodwork and X-rays. A new mobile clinic was also added to the fleet in order to serve more locations.

PETA exposed a Missouri puppy mill that denied care to thin and injured dogs and kept others in filthy conditions without adequate shelter, a Texas couple who kept dying sugar gliders among others' rotting remains and thousands more in cages teeming with roaches, and a pet trade supplier in Michigan who left 1,500 hamsters caged amid feces and the rotting remains of others.

After a pandemic-related two-year hiatus, PETA's "Poochella" adoption event returned and five local animal shelters participated. The organization welcomed the public into its Bea Arthur Dog Park in Norfolk, Virginia, to meet adoptable dogs, and several of them, including PETA-rescued Eleanor, a former hunting dog, found wonderful homes with loving families.

After a compassionate person called PETA about emaciated sheep kept in a barren pen at a rural convenience store, caseworkers talked to their owner, who agreed that their needs were not being met. Camellia and her lamb, Marigold, recovered in foster care and are thriving in a permanent home. When a victim of domestic violence contacted PETA because she wanted to leave her abuser but not her dogs, the organization helped find safe places for all of them.

A U.S. Department of Agriculture (USDA) judge revoked the federal Animal Welfare Act (AWA) license of a Pennsylvania guinea pig breeder whom PETA found denying severely injured animals veterinary care. After PETA alerted local humane investigators, the perpetrator was convicted of cruelty and banned from having animals for two years.



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

Note 1: Organization (continued)

PETA's undercover investigation into an Ohio breeding facility called Great Pets documented that guinea pigs and birds were denied care for upper respiratory infections and paralysis, crammed into dark cages and small plastic tubs, and even left to die. One frustrated bird was kept in a filthy cage so small that she couldn't even spread her wings. PETA continues to urge Petland to reconsider selling animals from this animal factory.

PETA launched an investigation into a Michigan dog-breeding kennel, where the owner severed puppies' tails and cut off their dewclaws as the puppies screamed in pain. Dozens of dogs penned in snow were given nothing but a few handfuls of straw per dilapidated doghouse, leaving them shivering—the wind chill dropped as low as 1 degree—and their drinking water froze daily. After the local sheriff sat on PETA's evidence for a month without helping the animals, staff and activists from across the country conducted a four-day sit-in at the sheriff's office. Two peaceful protesters were arrested. Tens of thousands of supporters e-mailed and called the department. A short while later, the county seized the 39 Jack Russell terriers and successfully sought their permanent forfeiture in court, and they were then placed for adoption.

*Animals in the Experimentation Industry*

A groundbreaking PETA undercover investigation blew the lid off neglect, intense confinement, suffering, and death at Envigo's massive beagle-breeding facility in Cumberland, Virginia. The company is an international supplier of animals for use in experiments. Within a few months, the exposé was followed by citations for dozens of violations of federal animal welfare regulations, the execution of a search warrant that resulted in law-enforcement officials' seizure of nearly 450 dogs and puppies "in acute distress," and a legal battle between Envigo and the U.S. Department of Justice (DOJ). A federal judge approved the DOJ's plan to transfer all approximately 4,000 surviving dogs from Envigo to shelters for adoption. The judge then entered a consent decree that permanently barred Envigo from breeding and selling dogs and experimenting on animals at the facility, which is closing down. No more dogs will be bred or born at this beagle factory farm.

Following more than a decade of intense campaigning by PETA, other PETA entities, and grassroots activists around the world, Air France announced that it would end its transport of monkeys to laboratories as soon as its current contracts end. PETA also persuaded EgyptAir to ban the transport of monkeys to laboratories.

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

Note 1: Organization (continued)

The Pakistani government banned the use of live animals in testing and surgical veterinary trainings in the capital, Islamabad, and surrounding areas after PETA sent urgent letters to three colleges implicated in gory videos showing horrific scenes of reportedly abducted dogs being subjected to invasive surgeries without having received anesthetics. The organization also sent letters to the relevant Pakistani ministries in charge of professional education and veterinary training—and it met directly with the head of Prime Minister Shehbaz Sharif’s Strategic Reforms Unit (SRU) communicating PETA’s recommendations and broader animal testing concerns—urging them to embrace humane simulation models and ban training methods on animals that aren’t medically necessary and don’t directly benefit the animals involved. The SRU agreed with PETA and initiated this landmark reform for animals.

Following discussions with PETA and Kindness to Animals, a partner organization in Taiwan, AGV Products Corp.—a major company licensed by Nestlé to produce, distribute, and market its Nestea products in Taiwan—banned animal tests not explicitly required by law. AGV had conducted or funded at least 12 cruel experiments on animals between 2006 and 2020 in which nearly 900 animals were mutilated and killed to support human health claims for the marketing of products sold by the corporation.

For the second year in a row, not a single animal was killed in survival training drills during Cobra Gold 2022, a massive joint multinational military exercise held in Thailand. This victory came after an intense campaign in which PETA and thousands of its supporters urged the secretary of defense and the Marine Corps commandant to end the cruel behavior of Marines participating in the annual exercise, which included beheading snakes and drinking their blood, killing chickens with their bare hands, eating live scorpions, and gutting live geckos.

The Taiwan Food and Drug Administration (TFDA) finalized a regulation that removes animal testing as an option for companies wanting to make blood pressure health claims for marketing their food and beverage products to consumers. The testing included feeding certain foods for at least eight weeks to rats bred to develop hypertension and measuring their blood pressure response using the stress-inducing tail-cuff method. The TFDA will now require only safe and effective human tests for this purpose.

This followed pressure from PETA that included the submission of a detailed scientific critique at the agency’s request and e-mails to agency officials from more than 50,000 supporters opposing animal experiments. Following discussions with PETA, Grape King Bio—Taiwan’s largest biotech fermentation health food company, known there for its popular energy drink—banned animal tests not explicitly required by law. It had conducted or funded at least 10 animal experiments from 2002 to 2020 that involved mutilating and killing more than 1,330 animals, purportedly to support health claims for marketing probiotics and other products and ingredients to consumers.

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

Note 1: Organization (continued)

After discussions with a scientist from PETA, Macquarie University in Australia banned the cruel and debunked forced swim test, in which mice and other small animals are dropped into beakers of water, causing them to panic and frantically swim to exhaustion.

In the wake of a crash that occurred on a Pennsylvania highway involving a truck carrying 100 laboratory-bound long-tailed macaques, PETA immediately raised concerns with the U.S. secretary of transportation about the possibility of disease spillover. The organization's statement was included in much of the widespread coverage on the matter, including a segment on *Jesse Watters Primetime* (which has 3 million viewers). Furthermore, PETA prompted the USDA to investigate, succeeded in urging Kenya Airways to stop flying monkeys, and brought international attention and scrutiny to the Centers for Disease Control and Prevention and the Pennsylvania Department of Health.

Swire Coca-Cola Taiwan, one of Taiwan's leading soft-drink manufacturers and the Taiwanese bottling partner of The Coca-Cola Company, banned animal tests not required by law after discussions with PETA. The company previously conducted or funded experiments in which hamsters were starved, killed, and dissected.

Following pressure from PETA, including e-mails from nearly 60,000 of its supporters, Uni-President Enterprises Corporation—the largest food company in Asia—banned animal tests not required by law. The company previously conducted or funded at least 17 animal experiments that involved mutilating and killing almost 1,000 animals in attempts to make human health claims for marketing its products.

After PETA discovered that deadly animal experiments on at least 172 mice had used products provided by Blommer Chocolate Company—"the largest cocoa processor and ingredient chocolate supplier in North America"—even though its parent company, Fuji Oil Holdings Inc., banned animal tests, the organization immediately called on the subsidiary to adhere to the policy. Following talks with PETA, Blommer announced that it would "not fund, conduct, or commission animal testing" and would "place stipulations on product donations for experiments that product not be used in deadly animal testing."

Following pressure from PETA, including e-mails from nearly 60,000 of its supporters, Yakult Co. Ltd.—known for its probiotic drinks in Taiwan—banned animal tests not required by law after being formally included in its parent company's (Yakult Honsha Co. Ltd.) newly updated policy banning such tests. Yakult Co. previously conducted or funded experiments in which nearly 250 rats and mice were mutilated and killed, purportedly to support human health claims for marketing products and ingredients to consumers.

**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, 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. From 2013 to 2018, Lian Hwa conducted or funded at least five invasive and lethal laboratory experiments that involved no fewer than 178 animals in attempts to justify marketing claims about the supposed human health benefits of its products and ingredients, which include oats, probiotics, and mulberry leaves.

A federal judge fined Dan Moulton, operator of the notorious Moulton Chinchilla Ranch, \$18,000 and revoked his AWA license. Moulton's history of violations, which PETA helped expose, included caging chinchillas in a filthy shed and leaving sick and injured animals without veterinary care. After more than 50 years, Moulton went out of business, and instead of being sold to laboratories or killed for fur, the surviving chinchillas recovered and were adopted into loving homes.

After pressure from PETA and more than 75,000 of its supporters, Erlanger Health System announced a new policy banning its staff—including its emergency medevac provider, LIFE FORCE—from participating in medical training that uses animals.

Previously, LIFE FORCE personnel were forced to attend training sessions held by the University of Tennessee College of Medicine in which they had to practice invasive procedures on live pigs, including IV insertion, oral intubation, and chest tube insertion, or risk losing their jobs.

After hearing from PETA, Kikkoman, the world's largest Japanese-style soy sauce manufacturing company and a sponsor of the University of Wisconsin–Madison's Food Research Institute, told the institute to stop using its funding for tests on animals and instead to allocate the company's donations to educational programs, special meetings, and administrative expenses only. Kikkoman, which has donated at least \$1 million to the university, ended its own animal experiments in 2015 after talks with PETA.

KEKA Aerospace, a private space agency in the Democratic Republic of the Congo, publicly confirmed that a rat named Kavira died last year "because of a failure" aboard the firm's Troposphere 5 rocket and that the company "will never use animals in [its] research again."

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

Note 1: Organization (continued)

*Animals in the Food Industry*

PETA's undercover investigation into Maple Leaf Farms, the largest duck producer in the U.S., revealed hatchery workers' practices of dumping fully conscious day-old ducklings into a macerator and grinding them up alive as well as flinging hatchlings onto a conveyor belt to be hauled off to massive sheds and slaughtered only months later. Relatedly, Winn-Dixie's parent company and Albertsons, North America's second-largest grocery chain, stopped buying from Culver Duck Farms after PETA shared a whistleblower's evidence that female ducks were "gang raped" in crowded sheds there.

PETA's investigation into a hatchery operated by a supplier to McDonald's, KFC, and other chains revealed that chicken embryos were crushed, thrown, and stepped on, opening millions of eyes to the suffering and death of countless individuals beyond those who end up in sandwiches and as nuggets.

PETA's work prompted dozens of news reports detailing the terrifying deaths of pigs and cattle in slaughterhouses in Colorado, Hawaii, Idaho, Illinois, Iowa, Michigan, Missouri, Ohio, Pennsylvania, South Carolina, Wisconsin, and elsewhere.

In light of a new PETA undercover investigation revealing that workers kicked, stomped on, and beat turkeys sold by companies with "humanely raised" labels, the organization sent a letter to President Joe Biden asking him to call off the annual presidential turkey "pardon." It noted that the birds "spared" by former President Donald Trump ended up sorely neglected and confined to barren stalls at Virginia Tech and Iowa State University.

The U.S. District Court for the District of Maryland rejected a motion to dismiss PETA's lawsuit, brought alongside co-counsel with the American Civil Liberties Union, challenging the Tri-County Council for the Lower Eastern Shore of Maryland and one of its divisions, Shore Transit, over their refusal to run PETA's ads on their buses, allowing the lawsuit to move forward. PETA's ads read, "No One Needs to Kill to Eat," and call for the closure of slaughterhouses. The court agreed that Shore Transit's policy appeared "neither viewpoint neutral nor reasonable."

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

Note 1: Organization (continued)

PETA revealed that workers kicked, stomped on, and beat turkeys at farms supplying Plainville Farms, a supplier to Publix, Wegmans, Harris Teeter, and other chains. Workers were caught on camera pretending to masturbate with a dying female bird, throwing birds like basketballs, and trying to break turkeys' necks and tossing them aside to die in intense pain. Based on PETA's findings, Whole Foods suspended purchasing and selling turkey flesh from Plainville, which terminated 13 workers.

A total of 139 criminal charges were filed against 11 perpetrators. Global Animal Partnership, the deceptive marketing scheme founded and funded by Whole Foods, suspended Plainville's certification as "humane."

*Animals in the Entertainment Industry*

The USDA filed a formal complaint against Oswald's Bear Ranch over an incident in which two bear cubs escaped from enclosures and one of them was then shot and killed. Oswald's was ordered to pay a \$2,400 penalty to settle the lawsuit, which stemmed from a tip from PETA that the roadside zoo's owner had lied to the agency about the circumstances surrounding the cub's death.

After PETA discovered that tiger exhibitor Adam Burck had moved to Oklahoma without alerting the USDA—and didn't have a facility to house tigers—the organization repeatedly urged the agency to investigate and terminate his license, which it did.

A vacant Kmart store in Grand Forks, North Dakota, was close to being turned into a SeaQuest aquarium and petting zoo until PETA stepped in. SeaQuest's CEO had made numerous false statements to the Grand Forks City Council, including about his connection to a convicted wildlife trafficker. PETA urged the North Dakota attorney general to consider the facts, and SeaQuest dropped its plans to open there.

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

Note 1: Organization (continued)

PETA released the results of undercover investigations into the Austin Aquarium in Texas and Yellowstone Bear World in Idaho, two seedy operations that sell “encounters” with wild animals such as lemurs and bear cubs. In Austin, PETA found that reptiles were left to suffer and die without veterinary care, escaped venomous snakes were crawling around, staff members joked about abandoning hundreds of lizards loose outside, and animals routinely bit and injured staff and guests. In Idaho, PETA’s investigator found that an irate supervisor threatened to throw a vulnerable cub across the room and rip out her teeth and that cubs used in bottle-feeding encounters with the public routinely bit, scratched, and bruised employees. Upon the organization’s request, the USDA, the Occupational Safety and Health Administration, and state and local agencies are investigating both facilities.

PETA and two individual plaintiffs filed a lawsuit against Waccatee alleging that the facility confined hundreds of animals, including ESA-protected animals, in conditions in which they’re deprived of appropriate veterinary care and other necessities. Waccatee has since closed.

Allowing four prairie dogs to escape, failing to provide an ailing lamb with adequate veterinary care, and allowing vulnerable schoolchildren to handle a tiger cub were just a few of the issues that prompted the USDA to fine Animal Haven Zoo in Wisconsin \$6,450. Many of the citations were prompted by complaints to the agency from PETA.

A roadside zoo operator pleaded no contest to 27 counts of cruelty to animals and is not allowed to own exotic animals for five years, the maximum term available. Because of his plea, he will also be ineligible for a USDA exhibitor’s license for at least three years. This came after the Virginia Attorney General’s Office’s Animal Law Unit executed a search warrant at Wilson’s Wild Animal Park, seizing 119 animals, including bears PETA had observed sweltering in the sun.

Kentucky adopted new exotic-animal regulations that prohibit circuses from using endangered species such as tigers and Asian elephants, ban elephant rides, and end dangerous exotic-animal shows at state and county fairs. PETA submitted comments in support of the statewide rule changes in late 2021 and has been instrumental in ensuring that the Kentucky Department of Fish & Wildlife Resources enforces regulations related to the use of exotic animals in circuses.

After PETA tipped off authorities to singer Chris Brown’s illegal possession of a capuchin monkey, the Florida-based dealer behind the sale was indicted in federal court and pleaded guilty to a felony charge of conspiracy to commit wildlife trafficking and three counts of violating the ESA. Jim Hammonds, who breeds and sells exotic animals, was sentenced to five years of probation, including less than a year of home detention, and a \$90,000 fine. PETA has called on the USDA to revoke his AWA license.

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

Note 1: Organization (continued)

PETA and The Wild Animal Sanctuary in Colorado rescued a North American black bear named Dolly and three foxes who were being held at Sunrise Side Nature Trail and Exotic Park, a defunct roadside zoo in Michigan that had denied animals adequate veterinary care for at least 18 months. The rescue followed the USDA's confiscation of an injured bear named Grizzly who had suffered for months with a wound without veterinary attention. Sunrise Side then entered into an agreement with PETA to relinquish Dolly and foxes and never again to acquire or possess any wild or exotic animals.

PETA won another victory in its successful federal ESA lawsuit against Tri-State Zoological Park and its associates: The U.S. Court of Appeals for the Fourth Circuit granted PETA's motion for attorneys' fees and costs incurred in conjunction with Tri-State's appeal, which it lost in 2021. The court's order included the full amount that PETA requested, nearly \$58,000.

In addition, the same court affirmed sanctions ordered by the U.S. District Court for the District of Maryland against Tri-State Zoo, Animal Park, and Care & Rescue Inc. as well as their owner, Robert Candy, and their counsel, Nevin Young, to pay \$56,655.77 in fees and costs to PETA. PETA was awarded these funds after the U.S. district court found that Candy, with assistance from Young, had "drummed up charges" against two of PETA's witnesses "on the eve of trial in a bad faith attempt to intimidate PETA's witnesses and disrupt litigation," just days before the organization's ESA lawsuit against the roadside zoo went to trial.

In total, the U.S. District Court for the District of Maryland and the Fourth Circuit ordered Tri-State Zoological Park of Western Maryland Inc., Animal Park, Care & Rescue Inc., and Robert Candy to pay more than \$1 million collectively in attorneys' fees, expert fees, and costs to PETA.

After PETA and the Animal Legal Defense Fund sued Pymatuning Deer Park in Pennsylvania, claiming that animals protected under the ESA had endured mistreatment there, the notorious roadside zoo retired eight animals in its custody, including birds, lemurs, and big cats, to The Wild Animal Sanctuary in Colorado.

The rescue of a chimpanzee named Tonka, who was once used in films such as *Buddy* and *George of the Jungle*, followed a years-long legal battle between PETA and Tonia Haddix, who took over ownership of the chimpanzees who were held at the defunct Missouri Primate Foundation breeding compound in Festus, Missouri, from their original owner, after PETA sued over their living conditions. PETA was granted permission to rescue Tonka and six other chimpanzees, but upon arriving to carry out the court's order, the organization discovered that Tonka had vanished—and Haddix falsely claimed that he had died.



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

Note 1: Organization (continued)

In response, PETA launched a nationwide search for the chimpanzee, including posting ads and offering a \$10,000 reward for information leading to Tonka. These efforts paid off when a tip led PETA to a basement in rural Missouri where Tonka was found alive in a cramped cage. Tonka is now living at Florida's Save the Chimps sanctuary. As a result of PETA's lawsuit, nine chimpanzees in total were moved to accredited sanctuaries.

The Florida Fish and Wildlife Conservation Commission filed a felony charge of aggravated cruelty to animals against fisher Charles Mora in response to PETA's complaint and video showing him ripping the mantle, which houses the hearts and other organs, off a live octopus. The agency also filed a felony charge of aggravated cruelty to animals and two misdemeanor possession charges against fisher Michael Bossert in response to PETA's complaint and video showing him slamming a shark against the side of a boat and apparently carving out chunks of the animal's flesh to use as bait. PETA's footage was recorded on a vessel that supplied Keys Fisheries, the largest seller of stone crabs in Florida, and showed workers tearing the claws off live crabs and tossing the mutilated animals back into the ocean to suffer and die.

*Animals in the Clothing Industry*

Dolce & Gabbana announced that it would go fur- and angora-free, luxury retailer Moda Operandi banned fur and exotic skins, and fashion brands Moncler, RUDSAK, Saint Laurent, and Brioni banned fur. Plymouth, Massachusetts, banned fur sales, and Italy banned fur farming.

Following decades of pressure from PETA and activists worldwide, fashion brand Oscar de la Renta banned fur.

After five years of pressure from PETA and action from more than 300,000 of its members and supporters, American Express removed all crocodile-skin products from its rewards program. Luxury brand Altuzarra banned exotic skins.

After hearing from PETA, Overstock.com added badger hair to its long list of prohibited items, which includes alpaca, angora, exotic skins, fur, and mohair. Following talks with PETA, the Armani Group—whose iconic brands include Giorgio Armani, Emporio Armani, EA7, and Armani Exchange—confirmed that it would ban the use of angora in future collections. Chico's FAS Inc. decided to stop using alpaca after PETA shared the results of its groundbreaking investigation into the alpaca industry.

In partnership with a relief agency, PETA and PETA U.K. worked to distribute more than 250 fur coats to refugees and others in need facing freezing winters in Pakistan.

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

Note 1: Organization (continued)

As part of PETA’s campaign calling on the Urban Outfitters brands—including Anthropologie and Free People—to ban all animal-derived materials, the organization launched an online “store” (UrbanOutraged.com) pretending to sell jackets, boots, skirts, and bags made of “human” leather. To call attention to the suffering of sheep, alpacas, goats, and other animals exploited for Urban Outfitters brands’ clothing, PETA placed over 400 ads in more than 10 cities.

Social media influencers Angela Martini, Francesca Farago, Megan Lourdes, and Tanaya Henry—who have a combined reach of more than 7 million followers—confronted Urban Outfitters executives at the company’s virtual annual meeting by asking the following question on behalf of PETA: “When will URBN leaders take our generation’s concerns seriously and stop selling cruelly obtained and environmentally destructive animal-derived materials?”

PETA entities launched an investigation into two Indonesian slaughterhouses that supply LVMH—which owns Louis Vuitton, Dior, Celine, and other fashion brands—which revealed that snakes were beaten with hammers, sliced open with razorblades, and likely skinned alive.

At a slaughterhouse that supplies Gucci, workers bashed lizards over the head with machetes and hacked at their necks before decapitating them. And PETA entities protested at Hermès stores around the world after footage from Kindness Project and Farm Transparency Project revealed immense suffering at crocodile farms owned by Hermès and one of its suppliers.

Following pressure from PETA and local groups, including NH Citizens Against Recreational Trapping, the Miss New Hampshire Scholarship Program will no longer award pageant winners with fur coats provided by the New Hampshire Trappers Association. This marks the end of a decades-long sponsorship from the fur group.

PETA entities launched an investigation into two Indonesian slaughterhouses that supply LVMH—which owns Louis Vuitton, Dior, Celine, and other fashion brands—which revealed that snakes were beaten with hammers, sliced open with razorblades, and likely skinned alive. At a slaughterhouse that supplies Gucci, workers bashed lizards over the head with machetes and hacked at their necks before decapitating them. And PETA entities protested at Hermès stores around the world after footage from Kindness Project and Farm Transparency Project revealed immense suffering at crocodile farms owned by Hermès and one of its suppliers.

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

Note 1: Organization (continued)

*Other Campaigns*

After learning that the Mexican government would not include companion animals in its evacuation plans from Ukraine, PETA Latino sent a letter to the government. Shortly thereafter, Mexico's secretary of foreign affairs announced that companion animals would be allowed to be evacuated from Ukraine.

PETA Latino spayed or neutered more than 200 animals in two days at the Cancún municipal animal shelter with help from Mexican actor Sofia Sisniega.

Through an open-records request, PETA acquired footage showing Thoroughbred trainer Amber Cobb screaming and cursing at a horse as well as hitting the animal with a plastic pitchfork. The video has been viewed nearly a half a million times on PETA's social media pages.

The organization wrote to tracks and racing commissions in states where Cobb raced, calling for her license to be terminated. Pimlico racetrack in Baltimore assured the group that she is barred from its facility, and Delaware stewards also issued a ruling denying her access to facilities under their jurisdiction. PETA is pushing for criminal charges to be brought against her.

After PETA wrote to the Union Internationale de Pentathlon Moderne (UIPM) and the International Olympic Committee calling for an end to all equestrian events at the Olympics, the UIPM announced that it would be replacing horse riding in the modern pentathlon with a human obstacle course starting in 2028.

For the first time ever, New York legislators denied a racing industry request for public funding. When PETA and its coalition partners learned that the New York Racing Association was attempting to acquire \$450 million in state-backed bonds to build a showier clubhouse, the organization got its supporters to contact their representatives and called and met with numerous legislators—and the issue was dropped from the budget.

The USDA cited the Cleveland County Agriculture & Livestock Exchange in North Carolina based entirely on undercover video footage, provided by PETA, showing wildlife native to other countries along with other vulnerable animals being kicked, hit with poles, dragged, and held upside down. Organizers canceled their plans to hold another auction, and the USDA issued citations.

Two more airports banned cruel glue traps after hearing from PETA, and Dollar Tree Canada, Family Dollar, and Target banned the sale of the devices.

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

Note 1: Organization (continued)

A California man was convicted of felony cruelty to animals for killing 12 critically endangered condors in the wildfire he started in 2020. The precedent-setting conviction followed PETA's plea to the district attorney to file cruelty charges. And an Oregon man who killed animals in a wildfire he started was sentenced to 11 years behind bars on cruelty charges filed at PETA's request.

In Washington state, PETA helped get the annual "spring hunt" for bears canceled.

After years of PETA's hard work, California Gov. Gavin Newsom signed a bill to phase out the operation of warehouses that keep dogs perpetually caged for their blood. Healthy canine companions already in loving homes will now be volunteered for safe blood collection.

A Korean report that recommended putting retired racehorses' flesh in companion animal food made waves. Dozens of animal rights groups and civic groups opposed the plan, citing a PETA investigation exposing that horses were slaughtered days after racing and that many still had potent drugs in their system that could harm humans or companion animals who ate their flesh. A National Assembly member then criticized the Korea Racing Authority for failing to account for the whereabouts of retired racehorses. Reporters concluded that these "unknown status" horses had likely been killed for meat and referenced PETA's investigation and the subsequent criminal prosecutions in dozens of stories.

*Companion-Animal Issues*

PETA's mobile spay/neuter clinics sterilized 13,862 animals during FY 2022. The clinics completed more than 3,323 free surgeries, 1,311 of which were on pit bulls. Veterinary staff performed 1,747 surgeries at half the usual cost or less.

Total expenses incurred in this program were \$23,409,029.

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 676 brands and companies to its Global Beauty Without Bunnies list of companies that don't test on animals, bringing the total number to 6,184 (and 3,511 of them are also vegan).

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

Note 1: Organization (continued)

The program was mentioned and featured by many leading industry publications and media outlets, including *Marie Claire*, *People*, *Refinery29*, *Yahoo!*, *CNN*, *Harper's Bazaar*, *Forbes*, *HuffPost*, *Reader's Digest*, and *Parade*.

PETA also welcomed the addition of many celebrity-backed brands, including Eilish by Billie Eilish, Rhode by Hailey Bieber, and af94 by Halsey.

In the past year, PETA's Global Beauty Without Bunnies searchable online database received 2,907,657 page views (an average of 242,305 views per month).

Total expenses incurred in this program were \$600,245.

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.

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

Note 2: Summary of Significant Accounting Policies (continued)

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.

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

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, 2022, 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.

Accounts Receivable

Accounts receivables are stated at amounts estimated by management to be the net realizable value. PETA charges off accounts receivable when it becomes apparent based upon age or customer circumstances that amounts will not be collected.

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

Note 2: Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through charges to the provisions for bad debts. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs, management's judgement of the probability of collecting accounts and managements evaluation of business risk.

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.



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

Note 2: Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred and totaled \$19,086,075 for the year ended July 31, 2022.

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

Income Taxes

People for the Ethical Treatment of Animals, Inc. is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code. The People for the Ethical Treatment of Animals, Inc has been classified as other than a private foundation. Any income determined to be unrelated is taxable. Taxable years before July 31, 2022, are subject to federal and other jurisdictions tax authority examination. Management is of the opinion that no liability will result from these actions.

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.

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

Note 2: Summary of Significant Accounting Policies (continued)

Subsequent Events

For the year ended July 31, 2022, PETA has evaluated subsequent events for potential recognition and disclosure through December 8, 2022 the date the financial statements were available to be issued and believe there to be no further potential recognition or disclosure.

Note 3: Availability and Liquidity

The following represents PETA's financial assets at July 31, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,264,291
Legacy and accounts receivable	6,176,480
Operating investments	22,274,503
Endowment investments	3,516,042
Property held for sale	1,688,398
Total financial assets	<u>34,919,714</u>

Less: amounts not available to be used within one year:

Net assets with donor restrictions	(1,307,288)
Endowment investments	(3,516,043)
Property held for sale	(1,551,124)
Total amounts not available to be used	<u>(6,374,455)</u>

Financial assets available to meet general expenditures over the next twelve months	<u>\$ 28,545,259</u>
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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, 2022 consisted of the following:

Prepaid hosting arrangements	\$ 71,249
Less: accumulated amortization	<u>(6,220)</u>
	<u>\$ 65,029</u>

As of July 31, 2022, there was \$6,220 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, 2022 consisted of the following:

Mobile spay / neuter clinic and other vehicles	\$ 1,911,931
Office furniture and equipment	427,171
Software	756,784
Buildings and improvements	196,044
Land	<u>91,170</u>
	3,383,100
Less: accumulated depreciation and amortization	(2,377,121)
Work in process	<u>138,612</u>
Total property and equipment, net	<u>\$ 1,144,591</u>

Depreciation and amortization expense for the year ended July 31, 2022 was \$297,321.

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.

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

Note 6: Fair Value Measurements (continued)

*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.

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, 2022 comprise of PETA's investments summarized in the following tables using the fair value hierarchy:

Operating Investments

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 597,115	\$ --	\$ --	\$ 597,115
Corporate bonds	--	9,610,549	--	9,610,549
Equity securities	10,671,089	--	--	10,671,089
Exchange traded funds	27,329	--	--	27,329
Mutual funds	488,194	--	--	488,194
Real estate funds	--	880,227	--	880,227
	<u>\$ 11,783,727</u>	<u>\$ 10,490,775</u>	<u>\$ --</u>	<u>\$ 22,274,503</u>

Endowment Investments

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 53,297	\$ --	\$ --	\$ 53,297
Corporate bonds	--	1,875,604	--	1,875,604
Equity securities	1,503,698	--	--	1,503,698
Real estate investment trust	--	83,443	--	83,443
	<u>\$ 1,556,995</u>	<u>\$ 1,959,047</u>	<u>\$ --</u>	<u>\$ 3,516,042</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 \$1,307,288 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 \$3,753,086 as of July 31, 2022. 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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ --	\$ 3,753,086	\$ 3,753,086
Endowment funds	<u>\$ --</u>	<u>\$ 3,753,086</u>	<u>\$ 3,753,086</u>

**Changes in Endowment Net Assets**  
**for the Fiscal Year Ended July 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$	\$ 3,712,203	\$ 3,712,203
Investment return:			
Investment income	<u>--</u>	<u>40,883</u>	<u>40,883</u>
Total investment return	<u>--</u>	<u>40,883</u>	<u>40,883</u>
Endowment net assets, end of year	<u>\$ --</u>	<u>\$ 3,753,086</u>	<u>\$ 3,753,086</u>

**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, 2022, were \$141,628.

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 2022 were \$1,187,235. FSAP also donated \$29,889 of space to PETA during the fiscal year. In addition, the Foundation provided \$17,873,479 in services to PETA during the fiscal year. At year end, PETA owed FSAP \$5,628,828 and was owed \$4,716,500 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 PETA donated \$2,657,889 of cash to assist in their operations during the fiscal year.

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, 2022, PETA exceeded insured levels by \$929,492.

**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:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Legal services	\$ 470,677	\$ --	\$ --	\$ 470,677
Professional services	644,422	35,335	235,115	914,872
Advertising	15,313,935	--	1,125	15,315,060
Action items	<u>103,271</u>	<u>113,759</u>	<u>133,485</u>	<u>350,515</u>
	<u>\$ 16,532,305</u>	<u>\$ 149,094</u>	<u>\$ 369,725</u>	<u>\$ 17,051,124</u>

The organization receives various items to be sold at its annual auction. Contributed auction items are valued at their estimated fair market value that they would receive for selling similar goods in their principal market. Donors contributing auction items have unrestricted the proceeds from the sale of auction items. Contributed services are recognized as in-kind revenue is based on their estimated fair market 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 estimated fair value of legal and professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which the services are rendered. 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 \$12,765,756 for educational material and activities that included fund-raising appeals. Based on an analysis of the content of these mailings, \$83,813 was allocated to management and general, \$4,919,434 was allocated to membership development and \$7,762,509 was allocated to program expenses. Of the amount allocated to program expenses, \$2,274,411 was allocated to international grass roots campaigns, \$1,739,015 was allocated to public outreach and education, \$3,739,836 was allocated to research, investigations and rescue, and \$9,247 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:

Years ending July 31,	
2023	\$ 1,199,741
2024	1,206,172
2025	1,235,021
2026	1,235,021
2027	1,149,358
Thereafter	<u>1,910,087</u>
	\$ 7,935,400

Rent expense for the year ended July 31, 2022, was \$1,303,774.

Note 14: Cash Flows

Supplemental disclosure of cash flow information

PETA paid \$165,432 of interest during the fiscal year.

Note 15: New Accounting Pronouncements

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 adopted 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.