

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

**July 31, 2023**

**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, 2023, 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, 2023, 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  
November 20, 2023

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Financial Position**  
**July 31, 2023**

**Assets**

Current assets	
Cash and cash equivalents	\$ 2,335,823
Property held for sale, current portion	127,900
Legacies receivable	2,424,759
Account receivables	2,762,393
Inventory	106,647
Prepaid expenses	<u>1,091,059</u>
Total current assets	8,848,581
Property and equipment, net	<u>1,119,054</u>
Operating lease right-of-use asset	7,243,730
Other assets	
Investments	24,987,686
Prepaid hosting arrangements, net	147,187
Property held for sale, non-current portion	1,972,457
Deposits and other assets	<u>36,817</u>
Total other assets	<u>27,144,147</u>
Total assets	<u><u>\$ 44,355,512</u></u>

See Accompanying Footnotes

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Financial Position**  
**July 31, 2023**

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	\$ 1,283,281
Related party payable	2,320,504
Accrued expenses	1,233,551
Operating lease liability, current portion	1,215,175
Annuities payable, current portion	<u>368,906</u>
Total current liabilities	<u>6,421,417</u>
Long-term liabilities	
Operating lease liability, non-current portion	6,203,553
Annuities payable, non-current portion	<u>2,772,011</u>
Total long-term liabilities	<u>8,975,564</u>
Total liabilities	<u>15,396,981</u>
Net assets	
Without donor restrictions	
Designated by governing board for legal matters	1,000,000
Undesignated	<u>21,663,754</u>
Total net assets without donor restrictions	22,663,754
With donor restrictions	
Purpose restricted	2,455,833
Endowment	<u>3,838,944</u>
Total net assets with donor restrictions	6,294,777
Total net assets	<u>28,958,531</u>
Total liabilities and net assets	<u><u>\$ 44,355,512</u></u>

See Accompanying Footnotes

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Activities**  
**For the Year Ended July 31, 2023**

	<u>Without</u>	<u>With</u>		<u>Total</u>
	<u>Donor Restrictions</u>	<u>Temporary</u>	<u>Endowment</u>	
		<u>Restrictions</u>	<u>Funds</u>	
Support and revenue				
Public support				
Contributions and donations	\$ 28,508,226	\$ 15,633,291	\$ 75,000	\$ 44,216,517
Donated services and in-kind contributions	7,934,942	-	-	7,934,942
Legacies and bequests	21,116,416	1,059,354	-	22,175,770
Special event				
Special event - contributions	512,927	-	-	512,927
Less: cost of direct benefits to donors	(268,095)	-	-	(268,095)
Total public support	<u>57,804,416</u>	<u>16,692,645</u>	<u>75,000</u>	<u>74,572,061</u>
Other revenue				
Merchandise sales	146,128	-	-	146,128
Service income	2,166,013	-	-	2,166,013
Net investment gain	2,057,002	-	10,858	2,067,860
Total other revenue	<u>4,369,143</u>	<u>-</u>	<u>10,858</u>	<u>4,380,001</u>
Net assets released from restrictions				
Satisfaction of program restrictions	15,544,100	(15,544,100)	-	-
Total support and revenue	<u>77,717,659</u>	<u>1,148,545</u>	<u>85,858</u>	<u>78,952,062</u>
Expenses				
Program services				
Public outreach and education	22,188,453	-	-	22,188,453
International grassroots campaigns	14,235,149	-	-	14,235,149
Research, investigations, and rescue	25,440,741	-	-	25,440,741
Cruelty-free merchandise	572,493	-	-	572,493
Total program services	<u>62,436,836</u>	<u>-</u>	<u>-</u>	<u>62,436,836</u>
Supporting services				
Membership development	11,741,891	-	-	11,741,891
Management and general	933,917	-	-	933,917
Total supporting services	<u>12,675,808</u>	<u>-</u>	<u>-</u>	<u>12,675,808</u>
Total expenses	<u>75,112,644</u>	<u>-</u>	<u>-</u>	<u>75,112,644</u>
Change in net assets	2,605,015	1,148,545	85,858	3,839,418
Net assets at beginning of year	<u>20,058,739</u>	<u>1,307,288</u>	<u>3,753,086</u>	<u>25,119,113</u>
Net assets at end of year	<u>\$ 22,663,754</u>	<u>\$ 2,455,833</u>	<u>\$ 3,838,944</u>	<u>\$ 28,958,531</u>

See Accompanying Footnotes

**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended July 31, 2023**

	Program Services					Supporting Services			Total Expenses
	Public Outreach and Education	International Grassroots Campaigns	Research, Investigations and Rescue	Cruelty-Free Merchandise	Total	Membership Development	Management and General	Total Supporting Services	
Professional services and consultants	\$ 6,285,394	\$ 2,784,836	\$ 9,281,284	\$ 206,682	\$ 18,558,196	\$ 4,737,762	\$ 509,748	\$ 5,247,510	\$ 23,805,706
Media and press support	6,660,083	460,519	255,829	7,261	7,383,692	1,244,776	49,373	1,294,149	8,677,841
Salaries and related expenses	5,611,214	4,561,885	7,270,384	15,879	17,459,362	27,817	55,549	83,366	17,542,728
Education and promotional costs	1,203,210	1,341,564	2,073,537	4,175	4,622,486	4,423,856	217,367	4,641,223	9,263,709
Donations to charitable organizations	3,547	2,577,806	2,881,166	-	5,462,519	-	-	-	5,462,519
General operating expenses	657,529	840,801	1,441,545	64,100	3,003,975	985,616	82,900	1,068,516	4,072,491
Rent and other building expenses	650,163	401,411	488,465	75,464	1,615,503	26,091	15,018	41,109	1,656,612
Travel and transportation	209,819	380,316	503,618	133	1,093,886	37,056	2,369	39,425	1,133,311
Postage	654,293	760,253	1,121,644	102,852	2,639,042	2,989	1,029	4,018	2,643,060
Cost of direct benefits to donors	-	-	-	-	-	268,095	-	268,095	268,095
Cost of goods sold	-	-	-	93,117	93,117	-	-	-	93,117
Telephone and misc. office expenses	253,201	125,758	123,269	2,830	505,058	255,928	564	256,492	761,550
<b>Total expenses</b>	<b>\$ 22,188,453</b>	<b>\$ 14,235,149</b>	<b>\$ 25,440,741</b>	<b>\$ 572,493</b>	<b>\$ 62,436,836</b>	<b>\$ 12,009,986</b>	<b>\$ 933,917</b>	<b>\$ 12,943,903</b>	<b>\$ 75,380,739</b>
Less expenses included with support and revenue on statement of activities									
Cost of direct benefits to donors	-	-	-	-	-	(268,095)	-	(268,095)	(268,095)
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 22,188,453</b>	<b>\$ 14,235,149</b>	<b>\$ 25,440,741</b>	<b>\$ 572,493</b>	<b>\$ 62,436,836</b>	<b>\$ 11,741,891</b>	<b>\$ 933,917</b>	<b>\$ 12,675,808</b>	<b>\$ 75,112,644</b>
Percent of total expenses	29.54%	18.95%	33.87%	0.76%	83.12%	15.63%	1.25%	16.88%	100.00%

See Accompanying Footnotes



**People for the Ethical Treatment of Animals, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended July 31, 2023**

Cash flows from operating activities:	
Change in net assets	\$ 3,839,418
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Property and equipment depreciation and amortization	299,821
Prepaid hosting arrangements amortization	20,996
Gain on disposal of property and equipment	(7,602)
Non-cash lease expense	228,265
Accrued interest payable	2,879
Non-cash donations	(3,806,837)
Net realized and unrealized gains in operating investments	(1,452,420)
Net realized and unrealized losses in endowment investments	235,212
Net realized and unrealized gains on property held for sale	(165,565)
Change in assets and liabilities:	
Cash receipts of contributed financial assets	2,449,492
Increase in legacies receivable	(2,259,336)
Decrease in account receivables	3,248,664
Increase in inventory	(20,565)
Decrease in prepaid expenses	612,274
Decrease in deposits and other assets	148,805
Decrease in accounts payable	(1,700,955)
Decrease in related party payable	(3,308,324)
Increase in accrued expenses	126,733
Decrease in lease liabilities	(53,267)
	<hr/>
Net cash used in operating activities	(1,562,312)
Cash flows from investing activities:	
Reinvestment of matured securities and purchases of investments	(15,512,209)
Maturities and proceeds from sales of investments	17,992,815
Purchase of property and equipment	(298,198)
Purchase of prepaid hosting arrangements	(103,154)
Proceeds from sale of property and equipment	31,516
	<hr/>
Net cash provided by investing activities	2,110,770
Cash flows from financing activities:	
Proceeds from annuity contracts	234,370
Principal payments on annuity contracts	(361,708)
	<hr/>
Net cash used in financing activities	(127,338)
Net increase in cash	421,120
Cash and cash equivalents at beginning of year	1,914,703
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Cash and cash equivalents at end of year	\$ 2,335,823
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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 with regard to animals. 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 provides details of the 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, PETA Global, for the public and supporters. PETA’s campaigns which reach millions of people and receive extensive media coverage involve renowned celebrities, interactive social networking, website features, blog posts, and public service announcements (PSAs), which are typically placed for free in high-exposure outlets.

In fiscal year 2023, PETA secured free advertising space worth nearly \$4.8 million and logged more than 114,000 interactions with the media via news releases, letters, tweets, and radio, TV, print, and online interviews.

Total expenses incurred in this program were \$22,188,453.

International Grassroots Campaigns

PETA organizes 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 2023, PETA organized and led 693 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*

The University of Washington (UW) was ordered to pay PETA nearly \$540,000 in fees and penalties, following its public records lawsuit. The court found that UW had improperly withheld records detailing financial and leadership crises as well as the deaths of monkeys at its Washington National Primate Research Center.

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

Note 1: Organization (continued)

A court also ruled that members of a public animal care committee at UW have no right under the First Amendment of the U.S. Constitution to keep their identities secret. In 2021, PETA submitted public records requests for the appointment letters of members of the university's institutional animal care and use committee (IACUC), suspecting that its members may have illegal conflicts of interest. PETA expects that this decision will have far-reaching consequences and make it harder for all IACUCs to operate secretly or without accountability to taxpayers who fund experiments.

A federal judge denied the government's request to dismiss PETA's first-of-its-kind lawsuit against the National Institutes of Health (NIH) and government officials, which alleges that funding sepsis experiments on animals abuses the agency's discretion and violates its obligation to fund research to improve human health and minimize the use of animals in experiments—NIH has even acknowledged that mice and humans don't experience sepsis in the same way. The ruling means that PETA has alleged facts sufficient to allow the case to proceed.

PETA learned that NIH has officially shut off the spigot of money flowing to the Colombian organizations at the center of an 18-month PETA investigation. The agency rescinded the eligibility of the Caucasoco Scientific Research Center and the Malaria Vaccine and Development Center to receive U.S. taxpayer money. It's unlikely that these laboratories will ever torment animals in pointless experiments again. One hundred and eight monkeys and 180 mice were seized. The survivors are now recovering.

PETA worked with four Virginia state senators to expose dozens of violations of the federal Animal Welfare Act at three taxpayer-funded universities. PETA uncovered critical welfare violations at these schools, which fought tooth and nail against bills that would have penalized them for such violations. At Old Dominion, a rabbit was left to languish for over an hour while staff searched for euthanasia solution. At Eastern Virginia Medical School, four chinchillas dropped more than 30% of their body weight in an experiment, and monkeys were denied adequate care for severe low blood sugar, including one monkey who was deprived of emergency care for seven hours, "remained barely responsive," and was paralyzed. At Virginia Tech, a piglet starved over the course of six days and a calf died because experimenters failed to place an IV catheter required to administer rescue therapy after having made the animal sick with an infectious disease. The senators vowed to fight for more transparency and accountability for laboratories in the next legislative session.

After PETA wrote to officials in Sri Lanka, the government nixed a plan to export 100,000 macaques to China, where they likely would have ended up in laboratories.

PETA received an unprecedented 35% of the votes in favor of our shareholder proposal to Charles River Laboratories, which asked the company to report to shareholders on the origin of all monkeys it imports. This came after PETA contacted the company's top shareholders. PETA needed only 5% in order to reintroduce our resolution, but now the company knows that its shareholders are very unhappy with its lack of transparency.

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

Note 1: Organization (continued)

Following the vote, some shareholders filed a class action suit against the company. Charles River is also currently under federal investigation for alleged monkey laundering.

A Chinese company planned to build a massive facility in Florida, to import, quarantine, and warehouse monkeys, establishing another link in the deadly wildlife-trade chain. Following PETA's urgent warnings to Gov. Ron DeSantis, the company confirmed to PETA that the plan has been scrapped.

Congress passed the FDA Modernization Act 2.0, removing the mandate for animal tests for new drugs and giving the U.S. Food and Drug Administration (FDA) the authority to consider superior, non-animal methods instead of relying on painful, scientifically flawed animal tests.

After relentless pressure from PETA, from actor Lily Tomlin, and from more than 125,000 dedicated supporters, PETA received confirmation that Ford Motor Company would definitively slam the brakes on its animal testing. Despite its assurance in 2009 that it didn't conduct or fund such tests, PETA uncovered its financial involvement in a gruesome experiment in which 27 pigs were killed in barbaric crash tests. Following a rigorous 21-month PETA campaign, the automaker updated its public policy at PETA's request to close all loopholes that had previously allowed the funding of animal testing.

Following discussions with PETA, General Motors also announced an upgraded formal policy that now prohibits conducting or paying for any animal testing. The automaker had stopped using animals in crash tests in 1993 after an 18-month PETA campaign but didn't expressly prohibit paying others to conduct tests on animals.

For the third year in a row, PETA received confirmation from a senior Thai military official that Cobra Gold, a joint multinational military exercise held in Thailand and attended by the U.S. military, would not involve any animal killings during its survival training drills. Previously, these drills had required troops to kill chickens with their bare hands, consume live scorpions and tarantulas, skin and eat live geckos, and decapitate cobras and drink their blood. PETA's exposé first led to a halt to these atrocities in 2021.

New documents recently obtained by PETA show that the gruesome decompression sickness experiments on sheep funded by the U.S. Navy which had been awarded more than \$389,000 in taxpayer money at the University of Wisconsin–Madison were abruptly stopped up to two years ahead of schedule, following PETA's letter to Secretary of the Navy Carlos Del Toro and public records requests to the Navy and the school. The sheep formerly slated for these tests will be spared the agony of cardiovascular collapse, spinal cord injury, and paralysis.

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

Note 1: Organization (continued)

A court ordered Oregon Health & Science University to pay PETA more than \$400,000, after going to extreme and illegal lengths to keep videos of cruel experiments on voles hidden, during which the animals were given the equivalent of 15 bottles of wine a day in an attempt to draw conclusions about the impact of human alcohol consumption on infidelity.

PETA worked with Reuters to expose the great lengths to which USDA leaders went in order to avoid enforcing the Animal Welfare Act at Envigo's beagle-breeding mill in the wake of PETA's investigation. Through FOIA requests, PETA found that officials had deleted citations and details of puppies' painful deaths and dogs' severe suffering from inspection reports and cut one report from 107 pages down to just 22. USDA leaders also relieved a seasoned veterinarian and a well-respected inspector of their duties on the case and severely limited the remaining inspectors' ability to do their jobs, even as the Department of Justice was preparing to execute a search warrant at the facility and ultimately liberate all the survivors. Reuters revealed that a federal grand jury was hearing testimony on all this and on Envigo's horrific history of violations. After the Reuters report, the head of the USDA's Animal Care division, Betty Goldentyer, abruptly resigned, ending her 35-year career with the USDA.

Following a relentless six-year PETA campaign against canine muscular dystrophy experiments at Texas A&M University, the university confirmed that the surviving healthy dogs (who had been transferred to its veterinary school from the notorious laboratory) had been released for adoption. More than 50 dogs in total were released and adopted into homes, the breeding of dogs for these experiments was stopped, and the lab was closed.

After hearing from PETA, PETA Australia, and Humane Research Australia, Macquarie University in Sydney decided to prohibit the forced swim test. The school's animal ethics committee reviewed the scientific literature on the test and reached the same conclusion as PETA scientists: The forced swim test is bad science.

Following a PETA campaign lasting over 17 months, the University of Tennessee Health Science Center, which oversees the College of Medicine (UTCOM), wrote to PETA announcing that UTCOM would stop using live animals in surgical and emergency medical residency training programs on its Chattanooga campus. The decision came after more than 97,000 PETA supporters wrote to university leadership urging an end to medical training drills in which pigs were mutilated.

PETA has again sent two brand-new anatomically correct human simulators to Iraq's Advanced Trauma Life Support program, this time for use at the University of Babylon. The TraumaMan simulation models, from Simulab Corporation, are human surrogates that will prevent the mutilation and killing of dozens of animals each year in surgical practice drills.

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

Note 1: Organization (continued)

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 were required to practice invasive procedures on live pigs—including IV insertion, oral intubation, and chest tube insertion—or risk losing their jobs.

The Taiwan Food and Drug Administration (TFDA) finalized a regulation that removes animal testing recommendations for companies that want to make human dental health claims for their food and beverage products in their marketing to consumers. The testing included feeding rats sugar water and bacteria that caused dental decay, swabbing their mouths, feeding them the test food products, killing them, and dissecting their mouths. The TFDA now requires only safe and effective human tests for this purpose. This decision followed e-mails to agency officials from more than 52,000 PETA supporters opposing animal experiments.

Following discussions with PETA and our partner organization in Taiwan, Kindness to Animals, Microbio Co. Ltd.—a maker of health-food products in Taiwan—banned animal tests on products for which such tests are not explicitly required by law. The company had previously conducted or funded at least five animal experiments from 2005 to 2016 that involved mutilating and killing no fewer than 270 animals, purportedly to support health claims for ginseng, turmeric, and other common products and ingredients in its marketing to consumers.

*Animals in the Food Industry*

The U.S. Court of Appeals for the Fourth Circuit handed an important win to PETA and co-plaintiffs in a lawsuit challenging North Carolina’s ag-gag law, ruling that undercover investigations and whistleblowing are considered newsgathering activities protected by the First Amendment. PETA and a coalition of public interest groups filed the lawsuit challenging North Carolina’s “Anti-Sunshine” Law—a statute that restricts these groups from conducting and publicizing undercover investigations by allowing employers and property owners to sue undercover investigators seeking to expose unethical or illegal activities in the workplace.

PETA honorary board member James Cromwell zoomed with a piglet who fell off a transport truck headed to a facility where he would have been fattened for slaughter. James’ compelling Twitter videos achieved over 100,000 views.

PETA continues to uncover and share with the public the stories of individual animals whose suffering and horrible deaths at slaughterhouses would otherwise go unknown, with no one held accountable.

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

Note 1: Organization (continued)

PETA worked with The Washington Post to expose the recent shipping of pig flesh contaminated with clenbuterol, a drug that can lead to tremors, seizures, and even worse in humans who consume it, to Mexico by Smithfield Foods and JBS. PETA's FOIA request also revealed that this dangerous contamination went undetected by U.S. officials and only came to light when Mexican authorities tested and rejected the flesh.

Just a month after it called for cruelty charges against a truck driver caught beating pigs at a JBS slaughterhouse in Iowa, PETA found that inspectors uncovered bruises on the remains of more than 15,000 pigs who had been struck. Police are investigating.

Following PETA's undercover investigation of Plainville Farms, the Pennsylvania State Police charged 12 former workers with a total of 141 counts of cruelty to turkeys, including six felonies, across six counties. This is the largest number of charges in any factory-farmed animal case in U.S. history. Seven ex-workers have pleaded guilty.

PETA revealed that workers at a Perdue slaughterhouse wrung chickens' necks and left them to die slowly on the floor and plunged other birds into scalding-hot water while they were still alive.

PETA showed that animals were repeatedly shot in the head—for 11 minutes in one case—in slaughterhouses in North Carolina, Michigan, California, and Maryland.

PETA exposed the fact that hundreds of days-old calves died in freezing temperatures en route to an Idaho slaughterhouse, where another was found buried alive under a pile of dead animals.

PETA exposed the suffocation of shackled turkeys who were left to die by Cargill workers, the fate of 3,200 chickens who were crushed to death or suffocated when a trailer overturned at a Tyson slaughterhouse, and 1,500 birds' heatstroke deaths on trucks at a kosher facility.

PETA revealed the illegal abuse and agonizing deaths of cattle, pigs, and sheep in slaughterhouses in Iowa, Nebraska, South Carolina, Arizona, and Nevada.

PETA uncovered years of cruel handling, botched shootings, and neglect of animals at the University of Nevada–Reno's slaughterhouse. After weeks of critical media coverage, the university announced that the facility was closing, after 55 years of operation, and would only resume killing animals if someone else took it over.

PETA revealed that pigs were repeatedly beaten by JBS workers in Minnesota, that cows were repeatedly shot in the head in Tennessee, and that pigs were mangled and cruelly killed at a Tyson facility in Iowa.

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

Note 1: Organization (continued)

Following a whistleblower tip, PETA revealed that more than 2,000 chickens froze to death in trucks hauling them to Costco's slaughterhouse as wind chills tumbled to minus 50 degrees.

*Animals in the Clothing Industry*

Following talks with PETA, Macy's confirmed that it no longer sells exotic skins.

After learning from PETA that goats scream in pain and fear as they're tied down and their hair is torn out in the cashmere industry, Genesco, which owns the brands Johnston & Murphy, Journeys, Little Burgundy, and others, have confirmed that they no longer use cashmere.

Victoria's Secret has confirmed that it is banning cashmere from its source materials, following talks with PETA, and Overstock (now dba Bed, Bath & Beyond) added cashmere to its list of prohibited materials, which includes angora, alpaca wool, badger hair, exotic skins, fur, and mohair.

After PETA shared a first-of-its-kind exposé revealing that alpacas used for their wool are mishandled during shearing and left bleeding from deep wounds, Deckers Outdoor Corporation—whose brands include UGG, Koolaburra, Sanuk, HOKA, and Teva—has committed to stopping the use of alpaca wool by Fall 2023.

After learning from PETA that angora goats are left with bloody wounds in the mohair industry, furniture retailers Room & Board, Lulu and Georgia, and Nathan Anthony have joined more than 350 other brands that have agreed to stop selling the cruelly obtained fiber.

Upscale retail company Vince has confirmed that it will no longer sell mohair, following a series of meetings with PETA.

Joanna Krupa teamed up with PETA for a shocking video in which she is knocked on a city street and her sweater is torn off and stolen. This video mirrors the way sheep in the wool industry are treated. The total reach across all social media platforms was more than billion views.

Longtime PETA pal Alicia Silverstone greeted holiday shoppers and New Year's Eve revelers in a 29-foot Times Square public service announcement. Her call to wear vegan reached an astounding 6.7 billion monthly visitors.

Cuban television host William Valdes got naked in Mexico City in a "I'd Rather Go Naked Than Wear Fur" ad covered by People en Español, Yahoo, La Razón among others.



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

Note 1: Organization (continued)

*Animals in the Entertainment Industry*

After decades of hard work, the Big Cat Public Safety Act was signed into law, a historic victory for animals used in entertainment. This new law bans private ownership of big cats and prohibits public contact with them. This represents the final blow to the abusive big-cat cub-petting industry, which PETA had already virtually annihilated via our groundbreaking Endangered Species Act litigation.

Following a push from PETA, the U.S. Department of Agriculture terminated the license of Florida-based exotic-animal dealer Jimmy Wayne Hammonds (aka “The Monkey Whisperer”), blocking him from legally selling primates in the pet trade for at least a year. The decision stems from Hammonds’ guilty pleas to federal charges related to the illegal sale and transport of primates—including his notorious sale of a capuchin monkey to singer Chris Brown.

After hearing from PETA and over 37,000 supporters, the National Hockey League and the Florida Panthers scrapped plans to use live alligators during All-Star Weekend.

Tiger King villain and Myrtle Beach Safari operator Bhagavan “Doc” Antle was convicted of wildlife trafficking and conspiracy to commit wildlife trafficking. Antle was charged after PETA complaints prompted the Virginia Attorney General’s Office Animal Law Unit to execute a search warrant at the now-defunct Wilson’s Wild Animal Park, where authorities uncovered evidence of illegal trafficking in lions between Antle and Wilson’s.

Walmart—the largest retail company in the world—is banning greeting cards that feature demeaning images of great apes from its U.S. and Canadian stores. The company made this decision after learning from PETA that clownish, unnatural images of chimpanzees hinder conservation efforts.

American Greetings, the second-largest greeting card company in the world, has confirmed that it no longer sells greeting cards with demeaning images of endangered chimpanzees.

After hearing from PETA, travel company Abercrombie & Kent USA has agreed not to sell tickets for exploitative animal rides at the Pyramids of Giza and has removed camel rides from its marketing materials.

Healthcare companies Greenbrook TMS Centers of Alaska and San Diego-based Cue Health ended their Iditarod sponsorships after hearing from PETA and more than 40,000 concerned dog defenders, and AARP agreed to remove all dog-sled listings and promotions from its website and committed to refraining from the promotion of dog sledding in the future.

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

Note 1: Organization (continued)

Following discussions with PETA, multiple ad agencies and similar organizations—including Wunderman Thompson, Ogilvy, Leo Burnett Chicago, the Ad Council, RPA, and Sanders\Wingo—committed to avoiding featuring images of breathing-impaired breeds in any newly produced advertising or marketing materials going forward in order to avoid fueling demand for them.

PETA honorary director Kate del Castillo’s new anti-bullfighting campaign made a huge impact in Mexico. The media covered her ads in public transportation close to the bullfighting ring in Guadalajara, where the season took place after Mexico City temporarily canceled bullfights. Kate’s video got 1.2 million views in just the three hours after it was posted. We also launched a guerrilla flyer ad campaign during the Running of the Bulls in Pamplona, Spain.

After thousands of signatures, a letter to its CEO, news releases, a letter signed by hundreds of other global organizations, enormous media coverage, social media campaigns and e-mail alerts, Movistar announced the closing of its bullfighting channel, Canal Toros.

At SeaWorld’s annual meeting on June 13, Vanderpump Rules star Lala Kent called on the facility to move a captive orca named Corky to a seaside sanctuary, where she would be able to enjoy the rest of her life.

Director James Cameron issued an apology after PETA called him out for promoting Avatar: The Way of Water at a dolphin show in an aquarium. We also recognized director Elizabeth Banks with a Beary Best Award for using CGI to depict the bear in Cocaine Bear.

PETA honored Guardians of the Galaxy Vol. 3 director and writer James Gunn with its “Not a Number” Award. Audiences learned that Rocket Raccoon’s origin story isn’t out of nowhere—cruel experiments on animals are real, and they’re happening right now. The award was picked up by multiple media outlets, and James liked and commented on the award on Twitter (aka X).

The Daily Mail broke PETA’s undercover investigation into Bear Country U.S.A., a drive-through roadside zoo in South Dakota that displays infant animals who have been violently torn away from their mothers. PETA’s investigator caught workers on camera admitting to using explosives to scare mothers out of their dens, instructing staff to kick baby bears, and denying elderly animals adequate care. Bear cubs were kidnapped when they were no more than 8 weeks old. As the screaming newborns were stuffed into a van, workers ran chainsaws (without the chains) in order to cover up the sound so that the bear mothers wouldn’t realize what was going on.

Following months of behind-the-scenes talks with PETA, The Mirage in Las Vegas announced that the big cats who had formerly been owned by Siegfried & Roy were moved from the hotel’s Secret Garden to two sanctuaries approved by the Global Federation of Animal Sanctuaries.

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

Note 1: Organization (continued)

PETA and The Coalition to End Horse Racing Subsidies, which was initiated by PETA and which comprises human services, fiscal policy, education, and animal welfare organizations, worked with New York assembly members and senators to introduce legislation that would end the state's \$230 million in subsidies and redirect the funds into education.

The Washington Post broke PETA's year-long investigation into unregulated Quarter Horse racing in Georgia, at which we exposed jockeys and trainers who injected horses with meth and cocaine, electroshocked them into running faster, and whipped them repeatedly, which often led to catastrophic breakdowns and horse deaths. Based on PETA's evidence, the Lamar County Sheriff's Office charged a bookie for felony commercial gambling for taking wagers on unregulated races and charged six jockeys for cruelty to animals. The American Veterinary Medical Association and the American Association of Equine Practitioners announced new policies against unsanctioned horse racing following our investigation.

After PETA Senior Vice President Kathy Guillermo shared the organization's findings, the California Horse Racing Board passed a groundbreaking regulation to prevent jockeys, trainers, and owners from participating in or even attending illegal races. With this measure, California became the first state in the nation to ban its licensees from involvement in unsanctioned Quarter Horse races. PETA's videos from this investigation have had tens of millions of views.

After PETA called for the suspension of racing and timed workouts at Churchill Downs, the track, in an unprecedented move, complied and announced that it was closing and moving the rest of its meet to a nearby racetrack. This garnered massive media and put pressure on all U.S. racing. PETA kept the focus on the deaths—not the races—and it filmed the 11th horse to die at Churchill Downs this season.

Thanks to PETA's undercover investigation into racehorse slaughter in South Korea, another horse has been brought back to the U.S. Any Given Saturday, the 19-year-old American stallion who ran in the 2007 Kentucky Derby and won a \$1 million stakes race, has been returned home safe after eight years in South Korea. He now lives at a Kentucky sanctuary for retired racehorses.

Following a legal settlement with Tri-State Zoological Park, Robert Candy, and Animal Park, Care & Rescue, Inc., that forced the notorious roadside zoo to close after years of animal welfare violations and two lawsuits, PETA executed a five-day rescue operation involving 72 animals of 30 species—its largest-ever rescue of animals from a roadside zoo. PETA enlisted the help of 14 reputable sanctuaries and accredited zoos from Maryland to California, which are now caring for the animals, including bears, a squirrel monkey, a Bengal cat, domestic and exotic birds, alligators, and others. Earlier, PETA had also

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

Note 1: Organization (continued)

rescued three big cats, two coatimundis, and a kinkajou from Tri-State, bringing the total number of animals to 78.

Four chimpanzees—April, Anna, Lucy, and Cash—were rescued from Ohio’s Union Ridge Wildlife Center (URWC), a roadside zoo formerly operated by notorious animal exploiter and convicted felon Cy Vierstra, and transferred to the accredited Save the Chimps sanctuary in Florida. Their rescue followed our complaint to the Ohio Department of Agriculture, and we’ve also assisted with funding the chimpanzees’ sanctuary care. In addition, PETA supported the placement of two snow macaques from URWC at the Oklahoma Primate Sanctuary and two spider monkeys at Wildlife Rescue and Rehabilitation in Texas.

PETA and The Wild Animal Sanctuary rescued the remaining nine animals—one llama, two North American black bears, and six emus—held at Waccatee Zoo, dubbed the worst roadside zoo in America by PETA, following a lawsuit filed against the facility and its operators by PETA and two concerned citizens. The rescued animals now live at the spacious Wild Animal Refuge in Colorado.

*Other Cruelty to Animals*

After hearing from PETA, Simon Property Group has agreed to stop using glue traps. Simon is the largest owner of shopping malls in the U.S. and has approximately 400 retail centers in 24 countries. Northern Tool & Equipment banned glue traps online and at its more than 120 stores nationwide. The Massachusetts Museum of Contemporary Art confirmed that it had removed its glue traps, as did the New York State Education Department.

After hearing from PETA, Walmart stopped selling dog-breeding stands (also known as “rape racks”) which are used to restrain female dogs so that they can't fight back as they're mounted by males.

Brazilian president Lula da Silva sent a thank-you letter to PETA Latino after receiving the organization’s gift basket sent as thanks for promoting adoption and treating animals as family.

Cows, rabbits, and other animals used for their skin and fur won big at the 2022 Latin Grammys, thanks to PETA Latino’s vegan accessory gifts at the official talent gift lounge, including eco-conscious Marei1998 faux-fur bags and tea-leaf leather WASTEAs wallets as well as “NO FUR” pins for celebs to sport on their new “mink” bags—or anytime they wear faux fur.

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

Note 1: Organization (continued)

When TeachKind learned that a Connecticut library was hosting animal exploiter SeaQuest for an event, PETA sent a letter voicing their concerns. The library agreed not to book them again in the future.

TeachKind's robotic elephant, Ellie, has reached more than 100,000 kids with her message of kindness.

The TeachKind Science pilot program is an arrangement through which teachers and schools receive humane, animal-free materials to complete dissections without using any animals. Participants are required to use only the materials provided and agree not to purchase any animals to dissect. By the end of June 2023, PETA had a total of 30 participating schools.

PETA Kids launched an animal rescue experience on the extremely popular Roblox game, Seaboard City, and released an ad with actor-sisters Violet and Madeleine McGraw, urging kids to remind their parents always to adopt and never buy animals.

Total expenses incurred in this program were \$14,235,149.

Research, Investigations, and Rescues

PETA receives hundreds of complaints related to animal abuse and neglect each week and works to rescue the abused, neglected, and at-risk animals and arrange care for them. PETA also investigate cruelty cases, conduct investigations, gather evidence of legal violations, and take action to ensure the enforcement of laws and regulations. PETA fieldworkers are out every day in impoverished regions, where dogs are often chained or penned outdoors. PETA's outreach is not limited to the continental U.S.

PETA's mobile spay/neuter clinics sterilized 9,573 animals in fiscal year 2023. The clinics completed 2,400 free surgeries, 587 of which were on pit bulls, and nearly 4,000 surgeries at half the usual cost or less.

Two of PETA's mobile clinics traveled to the underserved area of Galax, in southwestern Virginia, to offer free spay/neuter surgeries along with vaccines and microchips. The total number of animals sterilized was 150. At another Virginia clinic in Hayes, 116 cats were sterilized at low or no cost.

PETA teamed up with the Humane Society of Puerto Rico to host a two-day clinic. Nearly 200 animals were vaccinated and spayed or neutered, all free of charge.

During fiscal year 2023, PETA held five spay/neuter clinics in Cancún, Mexico, where a total of 1,392 dogs and cats were sterilized free of charge. The organization collaborated with the local municipal shelter and with veterinarians and went into low-income areas

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

Note 1: Organization (continued)

where services are limited. PETA also participated in fieldwork on several occasions and delivered doghouses, food, flea prevention and deworming medication, toys, treats, and more, all free of charge. In addition, we assisted with vet care and transferred surrendered dogs to the shelter.

PETA's Poochella adoption event was a success and helped find several dogs new, permanent homes. The organization worked with North Carolina law enforcement to seize and find homes for dozens of pigs from a hoarding situation.

After PETA pressured Missouri officials for months, they removed approximately 30 dogs from a hoarder's junkyard, where they had no shelter during an Arctic blast.

PETA provided Ohio officials with enough evidence to seize approximately 30 sick and neglected dogs who were confined to filthy cages 24/7 in a hoarding situation.

The Future Farmers of America program at a California high school was using rubber bands and duct tape to dehorn baby goats. At least one young goat was shaking and screaming in pain. After we contacted the school district superintendent, we were swiftly assured that the goat had been seen by a veterinarian and that the banding would cease.

After hearing from PETA, West Virginia officials stopped using Avitrol, a poison intended for killing pigeons.

The management of a London hotel agreed to stop allowing animals at children's events after two distressed lambs were hit by several children and heard bleating for hours.

When a PETA undercover investigator visited a Virginia pet store that sells dogs obtained from out-of-state puppy mills for as much as \$15,000, an employee said that no lifetime warranties are available for English bulldogs or other breathing-impaired breeds because they will inevitably suffer from health problems, sometimes fatally. The New York Post broke the story.

The organization went undercover backstage at the Westminster Kennel Club Dog Show for a behind-the-scenes look at breeders and handlers candidly discussing the breathing-impaired breeds being shown there and the absurd lengths that they go to in an attempt to win, such as applying makeup to dogs' faces to meet the show's ridiculous and inhumane standards.

After PETA notified the Pennsylvania State Police that federal officials had repeatedly found guinea pigs dead, deprived of veterinary care, and attacked by their severely stressed companions at a breeding operation—but had not rendered the survivors any relief—the police went to the property and charged the breeder with 10 counts of cruelty to animals.

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

Note 1: Organization (continued)

The facility no longer has any guinea pigs, and its operator has surrendered her USDA license.

After a Utah man allegedly started a wildfire while trying to burn a spider, PETA's call for him to be charged with cruelty because of all the wild animals who died in the blaze sparked extensive coverage.

After a Wisconsin man was arrested for allegedly starting at least eight marshland fires, PETA urged prosecutors to add cruelty-to-animals charges, given the countless wild animals who suffered and died in the blazes.

After a California man was arrested for allegedly starting a fire that killed at least three cats and left others with burns and lung damage, PETA urged the district attorney to add cruelty-to-animals charges. The prosecutor thanked PETA for its work and is considering the request.

PETA's newest equine undercover investigation exposed Budweiser for cutting off Clydesdales' tails, severing the bone, just to market beer. The company has since discontinued the cruel practice.

Students Opposing Speciesism (SOS) campus reps and interns held protests, vegan food giveaways, and documentary screenings all over the U.S. and Canada.

PETA's youth program, peta2, launched a new website featuring content for young people in high school and college, launched a TikTok, and hit the road to attend multiple music festivals and talk to young people in person about animal rights.

Abduction, peta2's virtual reality experience, transports participants into a five-minute, non-graphic experience in which they engage in a series of scenes inspired by real-life experiments on animals. But in this scenario, the tables are turned and it's the humans who are the test subjects—in a lab run by aliens. This empathy-building exhibit has been traveling across the country in a UFO-themed truck. So far, in its first year on the road, the Abduction tour has "abducted" over 2,000 students and visited 35 university campuses and public spaces.

PETA won a lawsuit against the Los Angeles County Metropolitan Transportation Authority (L.A. Metro), one of the nation's largest public transit systems by annual ridership, challenging its highly restrictive ad policy and its refusal to run PETA's pro-vegan advertisements in 2019 and 2021. L.A. Metro's unconstitutional viewpoint discrimination and free-speech restraint won't deter our efforts to end speciesism.

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

Note 1: Organization (continued)

Organizers of an Indiana fair quickly responded to a PETA appeal to shut down a booth giving away rabbits as prizes. They also implemented a policy against using live animals as prizes.

Total expenses incurred in this program were \$25,440,741.

Cruelty-Free Merchandise Program

PETA encourages and facilitates cruelty-free living by providing compassionate people around the world with consumer products—such as personal care products 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 Catalog.

This fiscal year, PETA added 406 new companies to our Beauty Without Bunnies list of companies that don't test on animals, including celebrity brand Ariana Grande's rem. beauty, bringing the new total to 6,300.

Total expenses incurred in this program were \$572,493.

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



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

Note 2: Summary of Significant Accounting Policies (continued)

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.

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.

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

Note 2: Summary of Significant Accounting Policies (continued)

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.

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, 2023, comprise of prepaid implementation costs on such arrangements.

Leases

PETA determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, and operating lease liabilities on the balance sheet. ROU asset represents the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. PETA includes the impacts of options to extend or terminate the lease in its calculation of the lease term when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PETA has made the accounting policy election permitted under Accounting Standards Classification (“ASC”) 842, *Leases*, to exclude short-term leases (leases which have a lease term of 12-months or less at the commencement date of the lease and which do not include an option to purchase the underlying asset or option to extend the lease that the Company is reasonably certain to exercise) from recognition requirements of ASC 842.

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

Note 2: Summary of Significant Accounting Policies (continued)

PETA has elected to separate lease components from non-lease components. Non-lease components consist of the pro-rata portion of common area maintenance fees, taxes, and other assessments, as defined in the respective lease agreements. Non-lease components are not included in the calculation of PETA's ROU asset and liabilities. These amounts are expensed as incurred.

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.

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.

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 management's evaluation of business risk. Management estimates an allowance for doubtful accounts is not necessary as of July 31, 2023.

**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.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$8,345,852 for the year ended July 31, 2023.

**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>
Professional services and consultants	Time and effort
Media and press support	Time and effort
Salaries and related expenses	Time and effort
Education and promotional costs	Time and effort
Donations to charitable organizations	Time and effort
General operating expenses	Time and effort
Rent and other building expenses	Square footage
Travel and transportation	Time and effort
Postage	Time and effort
Special events expense	Time and effort
Costs of goods sold	Time and effort
Telephone and misc. office expenses	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, 2023, 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, 2023, PETA has evaluated subsequent events for potential recognition and disclosure through November 20, 2023, the date the financial statements were available to be issued and believe there to be no further potential recognition or disclosure.

Reclassifications

For the year ended July 31, 2023, certain items have been reclassified from their presentation in the prior period for consistency with the current periods financial reporting framework.

Note 3: Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Classification (“ASC”) 842, *Leases*, related to accounting for leases to increase transparency and compatibility among organizations by requiring the recognition of ROU assets and lease liabilities for those leases classified as operating leases on the balance sheet. Under this standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company is also required to recognize and measure leases existing at, or entered into, after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available. The Company adopted this new standard on August 1, 2022.

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

Note 4: Availability and Liquidity

The following represents PETA's financial assets at July 31, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,335,823
Legacy and accounts receivable	5,187,152
Operating investments	21,458,597
Endowment investments	3,529,089
Property held for sale	<u>2,100,357</u>
 Total financial assets	 <u>34,611,018</u>
 Less: amounts not available to be used within one year	
Net assets with donor restrictions	(2,455,833)
Endowment investments	(3,529,089)
Property held for sale, non-current portion	<u>(1,972,457)</u>
 Total amounts not available to be used	 <u>(7,957,379)</u>
 Financial assets available to be used over the next twelve months	 \$ <u><u>26,653,639</u></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 5: Prepaid Hosting Arrangements

Prepaid hosting arrangements at July 31, 2023, consisted of the following:

Prepaid hosting arrangements	\$ 174,403
Less: accumulated amortization	<u>(27,216)</u>
Prepaid hosting arrangements, net	\$ 147,187

For the year ending July 31, 2023, there was \$20,966 of amortization expense associated with prepaid hosting arrangements.

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

Note 6: Property and Equipment

Property and equipment at July 31, 2023, consisted of the following:

Mobile spay / neuter clinic and other vehicles	\$ 1,921,596
Office furniture and equipment	459,416
Software	819,426
Buildings and improvements	200,203
Land	<u>91,170</u>
	3,491,811
Less: accumulated depreciation and amortization	(2,392,382)
Work in process	<u>19,625</u>
Total property and equipment, net	<u>\$ 1,119,054</u>

Depreciation and amortization expense for the year ended July 31, 2023, was \$299,821.

Note 7: 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 7: 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, 2023, comprise of PETA's investments summarized in the following tables using the fair value hierarchy:

	Operating Investments			Total
	Level 1	Level 2	Level 3	
Corporate bonds	\$ --	\$ 6,870,460	\$ --	\$ 6,870,460
Equity securities	10,896,510	--	--	10,896,510
Treasury securities	864,015	--	--	864,015
Mutual funds	692,243	--	--	692,243
Life insurance	--	1,193,343	--	1,193,343
Real estate investment trust	--	942,026	--	942,026
	\$ 12,452,768	\$ 9,005,829	\$ --	\$ 21,458,597

	Endowments			Total
	Level 1	Level 2	Level 3	
Corporate bonds	\$ --	\$ 1,784,787	\$ --	\$ 1,784,787
Equity securities	1,671,993	--	--	1,671,993
Real estate investment trust	--	72,309	--	72,309
	\$ 1,671,993	\$ 1,857,096	\$ --	\$ 3,529,089

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

Note 8: 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 \$2,455,833 are available for campaigns against animal testing, factory farming, and animal cruelty.

Endowments are comprised of six separate endowment funds with a total value of \$3,838,944 as of July 31, 2023. 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 8: 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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ <u>          --</u>	\$ <u>3,838,944</u>	\$ <u>3,838,944</u>

Changes in Endowment Net Assets  
for the Fiscal Year Ended July 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>          --</u>	\$ <u>3,753,086</u>	\$ <u>3,753,086</u>
Investment return:			
Investment income	<u>          --</u>	<u>      10,858</u>	<u>      10,858</u>
Contributions	<u>          --</u>	<u>      75,000</u>	<u>      75,000</u>
Endowment net assets, end of year	<u>\$ <u>          --</u></u>	<u>\$ <u>3,838,944</u></u>	<u>\$ <u>3,838,944</u></u>

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

Note 8: 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 9: 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, 2023, were \$147,585.

Note 10: 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 14. Rental payments to FSAP during fiscal year 2023 were \$1,203,470. In addition, the Foundation provided \$14,541,422 in services to PETA during the fiscal year. At year end, PETA owed FSAP \$2,277,026 and was owed \$502,300 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, Netherlands, the United Kingdom, Germany, Australia, and Switzerland, to which PETA donated \$1,226,833 of cash to assist in their operations during the fiscal year. PETA also received \$395,775 and \$154,943 in donations from affiliated entities in Germany and the UK, respectively.

Note 11: Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each financial institution. At July 31, 2023, PETA exceeded insured levels by \$635,406.

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

Note 12: 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	\$ 847,051	\$ --	\$ --	\$ 847,051
Professional services	335,000	--	321,300	656,300
Advertising	4,791,466	--	--	4,791,466
Goods	<u>1,207,034</u>	<u>308,487</u>	<u>124,604</u>	<u>1,640,125</u>
	<u>\$ 7,180,551</u>	<u>\$ 308,487</u>	<u>\$ 445,904</u>	<u>\$ 7,934,942</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 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 13: Allocation of Joint Costs

During the fiscal year, PETA incurred joint costs of \$14,415,363 for educational material and activities that included fund-raising appeals. Based on an analysis of the content of these mailings, \$96,870 was allocated to management and general, \$5,347,553 was allocated to membership development and \$8,970,940 was allocated to program expenses. Of the amount allocated to program expenses, \$2,600,989 was allocated to international grass roots campaigns, \$2,235,184 was allocated to public outreach and education, \$4,123,522 was allocated to research, investigations and rescue, and \$11,245 was allocated to the cost of merchandise.

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

Note 14: Leases

PETA leases office space and equipment under operating arrangements. PETA's leases subject to ASC 842 expire at various times through July 2039.

The components of lease expense are as follows: for the year ended July 31, 2023:

Operating lease costs	\$ 1,245,040
Short term lease costs	<u>48,139</u>
Total lease expense	<u>\$ 1,293,179</u>

The balance sheet information related to PETA's leases are as follows as of July 31, 2023:

Operating leases	
Operating lease right-of-use assets	7,243,730
Operating lease liability	(7,418,728)

The future payments under PETA's operating lease agreement are as follows as of July 31, 2023:

2024	\$ 1,215,175
2025	1,235,020
2026	1,235,020
2027	1,248,250
Thereafter	<u>7,378,510</u>
Total payments	12,311,975
Less: imputed interest	(4,893,247)
Total	<u>\$ 7,418,728</u>

The weighted average remaining lease term for PETA's operating leases as of July 31, 2023, is 8 years.

The weighted average discounted rate PETA used to determine the right-of-use asset for operating leases in place as of July 31, 2023, is 2.18% per annum.

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

Note 15: Cash Flows

*Supplemental disclosure of cash flow information*

PETA paid \$163,821 of interest during the fiscal year.