

THE HUMANE LEAGUE

Financial Statements

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)



**and
Report Thereon**



THE HUMANE LEAGUE

TABLE OF CONTENTS
For the Year Ended December 31, 2021

| | <i>Page</i> |
|--|--------------------|
| Independent Auditors' Report..... | 1-2 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows..... | 6 |
| Notes to Financial Statements..... | 7-14 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Humane League

Opinion

We have audited the financial statements of The Humane League, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Humane League as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Humane League 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 The Humane League's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 The Humane League'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 The Humane League'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.

Other Matter

Report on Summarized Comparative Information

We have previously audited The Humane League's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
July 28, 2022

THE HUMANE LEAGUE
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Summarized Financial Information as of December 31, 2020)

| | 2021 | 2020 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,707,768 | \$ 4,687,848 |
| Grants and contribution receivable | 2,149,016 | 4,920,323 |
| Prepaid expense and other assets | 187,023 | 153,925 |
| Investments | 17,262,894 | 12,708,138 |
| Property and equipment, net | - | 1,008 |
| TOTAL ASSETS | \$ 25,306,701 | \$ 22,471,242 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 145,512 | \$ 55,052 |
| Accrued payroll expenses | 201,208 | 148,222 |
| Note payable | - | 949,075 |
| TOTAL LIABILITIES | 346,720 | 1,152,349 |
| Net Assets | | |
| Without donor restrictions | 20,945,492 | 14,525,311 |
| With donor restrictions | 4,014,489 | 6,793,582 |
| TOTAL NET ASSETS | 24,959,981 | 21,318,893 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 25,306,701 | \$ 22,471,242 |

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

THE HUMANE LEAGUE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)

| | Without Donor Restrictions | With Donor Restrictions | 2021 Total | 2020 Total |
|--|----------------------------------|----------------------------|----------------------|----------------------|
| OPERATING SUPPORT AND REVENUE | | | | |
| Contributions | \$ 6,447,836 | \$ 15,000 | \$ 6,462,836 | \$ 8,021,625 |
| Grants and contracts | 4,835,051 | 670,000 | 5,505,051 | 6,305,387 |
| Other income | 11,560 | - | 11,560 | 8,100 |
| Donated goods and services | 3,262 | - | 3,262 | 2,498 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program restrictions | 2,882,958 | (2,882,958) | - | - |
| Satisfaction of time restrictions | 581,135 | (581,135) | - | - |
| | 14,761,802 | (2,779,093) | 11,982,709 | 14,337,610 |
| TOTAL OPERATING REVENUE AND SUPPORT | | | | |
| OPERATING EXPENSES | | | | |
| Program services | 7,850,220 | - | 7,850,220 | 6,669,671 |
| Management and general | 1,543,406 | - | 1,543,406 | 791,899 |
| Fundraising | 1,378,684 | - | 1,378,684 | 1,264,635 |
| | 10,772,310 | - | 10,772,310 | 8,726,205 |
| TOTAL OPERATING EXPENSES | | | | |
| Change in Net Assets From Operations | 3,989,492 | (2,779,093) | 1,210,399 | 5,611,405 |
| NONOPERATING ITEMS | | | | |
| Investment income | 293,298 | - | 293,298 | 281,660 |
| Realized and unrealized gain on investments | 1,188,316 | - | 1,188,316 | 960,929 |
| Forgiveness of note payable | 949,075 | - | 949,075 | - |
| | 6,420,181 | (2,779,093) | 3,641,088 | 6,853,994 |
| CHANGE IN NET ASSETS | | | | |
| NET ASSETS, BEGINNING OF YEAR | 14,525,311 | 6,793,582 | 21,318,893 | 14,464,899 |
| NET ASSETS, END OF YEAR | \$ 20,945,492 | \$ 4,014,489 | \$ 24,959,981 | \$ 21,318,893 |

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

THE HUMANE LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)

| | Supporting Services | | | 2021 Total | 2020 Total |
|---|---------------------|---------------------------|---------------------|----------------------|---------------------|
| | Program Services | Management and General | Fundraising | | |
| Salaries and benefits | \$ 4,036,034 | \$ 1,114,595 | \$ 782,870 | \$ 5,933,499 | \$ 5,283,200 |
| Grants and awards | 3,127,790 | - | - | 3,127,790 | 2,183,069 |
| Professional fees | 50,082 | 248,808 | 412,747 | 711,637 | 543,020 |
| Advertising | 390,244 | 2,472 | 7,990 | 400,706 | 296,279 |
| Technology | 143,916 | 28,349 | 11,058 | 183,323 | 143,077 |
| Printing and shipping | 23,101 | 10,666 | 55,561 | 89,328 | 59,479 |
| Charitable registration and other fees | 7,453 | 2,905 | 78,131 | 88,489 | 72,887 |
| Education and training | 18,700 | 54,107 | 344 | 73,151 | 17,196 |
| Events | 12,960 | 33,055 | 2,059 | 48,074 | 38,411 |
| Supplies | 15,513 | 19,814 | 12,661 | 47,988 | 17,760 |
| Insurance | 19,664 | 7,941 | 3,453 | 31,058 | 21,632 |
| Travel | 4,650 | 9,101 | 11,810 | 25,561 | 25,701 |
| Miscellaneous | 113 | 10,585 | - | 10,698 | 20,756 |
| Depreciation | - | 1,008 | - | 1,008 | 3,738 |
| TOTAL EXPENSES | \$ 7,850,220 | \$ 1,543,406 | \$ 1,378,684 | \$ 10,772,310 | \$ 8,726,205 |

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

THE HUMANE LEAGUE

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)

| | 2021 | 2020 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 3,641,088 | \$ 6,853,994 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,008 | 3,738 |
| Net realized and unrealized gain on investments | (1,188,316) | (960,929) |
| Decrease in discount for present value | (122,950) | (159,915) |
| Forgiveness of note payable | (949,075) | - |
| Changes in assets and liabilities: | | |
| Grants and contribution receivable | 2,894,257 | (760,767) |
| Prepaid expense and other assets | (33,098) | (99,927) |
| Accounts payable and accrued expenses | 90,460 | 5,652 |
| Accrued payroll expenses | 52,986 | 9,005 |
| | <u>4,386,360</u> | <u>4,890,851</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales of investments | 10,441,703 | 10,362,320 |
| Purchases of investments | (14,089,338) | (15,084,752) |
| | <u>(3,647,635)</u> | <u>(4,722,432)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from note payable | - | 949,075 |
| | <u>-</u> | <u>949,075</u> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>738,725</u> | <u>1,117,494</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>5,185,532</u> | <u>4,068,038</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 5,924,257</u> | <u>\$ 5,185,532</u> |
| CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENT OF FINANCIAL POSITION | | |
| Cash and cash equivalents | 5,707,768 | 4,687,848 |
| Cash and cash equivalents held within investments | 216,489 | 497,684 |
| | <u>\$ 5,924,257</u> | <u>\$ 5,185,532</u> |
| TOTAL CASH AND CASH EQUIVALENTS | | |
| NONCASH FINANCING ACTIVITIES | | |
| Forgiveness of note payable | <u>\$ 949,075</u> | <u>\$ -</u> |

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

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. Organization and Summary of Significant Accounting Policies

Organization

The Humane League (the Organization) was incorporated in the Commonwealth of Pennsylvania in 2005 as a nonprofit corporation. The Organization's mission is to end the abuse of animals raised for food. Their focus is educating companies and institutions about making more compassionate policy decisions as well as engaging in reform campaigns to encourage the adoption of higher standard welfare policies with regards to farm animals. The Organization is supported primarily through public contributions and grants.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents that are specifically held for investment purposes are reported as investments.

Grants and Contribution Receivable

Unconditional grants and contributions that are expected to be collected within one year are recorded at their net realizable value. Unconditional grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in contributions in the accompanying statement of activities. The Organization uses the allowance method to record potentially uncollectible receivables.

Investments

Investments consist of equities, exchange traded funds, corporate bonds, certificates of deposit and money market funds held for investment purposes. These investments are recorded in the accompanying statement of financial position at their fair value. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are recorded in the appropriate classification of net assets. If the restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized, the income is recorded as increases in the without donor restrictions net assets.

Fair Value Measurement

In accordance with accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of December 31, 2021, the Organization's investments, as described in Note 4 of these financial statements, were measured at fair value on a recurring basis.

Property and Equipment

The Organization capitalizes property and equipment purchased or donated with a fair value over \$2,500 and an economic life in excess of one year. Lesser amounts are expensed when purchased. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in services. The Organization reclassifies items with donor restrictions to without donor restrictions at the time. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the assets' estimated useful lives of three years.

Net Assets

The net assets of the Organization are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for use at the discretion of the Board of Directors and/or management for the Organization's operations.

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

- Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. See Note 7 regarding the composition of net assets with donor restrictions.

Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional amounts received that are designated for future periods or restricted for specific purposes by the donor are reported as support with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of a restriction is accomplished, the net assets are reclassified to without donor restriction and reported in the accompanying statement of activities as net assets released from restriction.

Donated Goods and Services

Volunteers contribute significant amounts of time to the Organization's program services, administration, fundraising 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. Donated professional services are recorded at the respective fair values of the services received.

No significant contributions of goods or services were received during the year ended December 31, 2021.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service based upon estimates deemed to justify the benefits received by each program and supporting service. Indirect costs are primarily allocated among the functional areas on the basis of direct salary and based on the Organization's approved allocation policy.

Grant and Award Expense

Unconditional grants and awards given are recorded as expenses when approved by the Organization.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivables

Grants and contributions receivable as of December 31, 2021, were due as follows:

| | |
|---|---------------------|
| Due in less than one year | \$ 1,369,061 |
| Due in one to five years | <u>864,000</u> |
| Total Grants and Contributions Receivable | 2,233,061 |
| Less: Discount on Multiyear Receivables (3.25%) | <u>(84,045)</u> |
| Grants and Contributions, Net | <u>\$ 2,149,016</u> |

All amounts were deemed to be fully collectible as of December 31, 2021.

3. Property and Equipment and Accumulated Depreciation

The Organization's property and equipment consisted of the following as of December 31, 2021:

| | |
|--------------------------------|------------------|
| Furniture and equipment | <u>\$ 18,513</u> |
| Total Property and Equipment | 18,513 |
| Less: Accumulated Depreciation | <u>(18,513)</u> |
| Property and Equipment, Net | <u>\$ -</u> |

Depreciation expense totaled \$1,008 for the year ended December 31, 2021.

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

4. Investments and Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of December 31, 2021, aggregated by the fair value hierarchy level with which those measurements were made:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---------------|---|---|--|
| Assets: | | | | |
| Equities: | | | | |
| US | \$ 4,706,671 | \$ 4,706,671 | \$ - | \$ - |
| Fixed-income | 2,139,603 | 2,139,603 | - | - |
| International | 1,591,232 | 1,591,232 | - | - |
| Exchange-traded funds | 646,288 | 646,288 | - | - |
| Corporate bonds | 4,912,611 | - | 4,912,611 | - |
| Certificates of deposit | 3,050,000 | - | 3,050,000 | - |
| Total Investments | | | | |
| Classified in the Fair Value Hierarchy | 17,046,405 | \$ 9,083,794 | \$ 7,962,611 | \$ - |
| Cash and cash equivalents | 216,489 | | | |
| Total Investments | \$ 17,262,894 | | | |

The Organization uses the following methods and significant assumptions to estimate fair value for assets measured at fair value:

Equities and exchange-traded funds – Measured using quoted market prices for identical assets in active markets.

Corporate bonds and certificates of deposit – Measured based on pricing models, such as matrix pricing, quoted prices of securities with similar characteristics, or discounted cash flows.

5. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

| | |
|-------------------------------------|--------------|
| Cash and cash equivalents | \$ 5,707,768 |
| Grants and contributions receivable | 1,285,016 |
| Investments | 17,262,894 |
| Total Financial Assets | 24,255,678 |

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

5. Liquidity and Availability of Resources (continued)

(continued)

Less amounts not available to be used within one year:

Net assets with donor restrictions \$ (3,150,489)

Financial Assets Available to Meet

General Expenditures Within One Year \$ 21,105,189

As part of the Organization's liquidity management, it has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

6. Paycheck Protection Program Loan

On May 3, 2020, the Organization entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$942,400. The loan was to mature on May 3, 2022, with a fixed interest rate of 1% per annum. The loan amount was eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder could be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained. On January 20, 2021, SBA approved Organization's application for forgiveness of the PPP loan. As a result, the Organization recognized the forgiveness of the loan principal in the amount of \$949,075 in the accompanying statement of activities.

7. Net Assets

Net Assets With Donor Restrictions

The Organization's holds net assets with donor restrictions for purpose and time that were available as follows as of December 31, 2021:

| | |
|--|---------------------|
| Subject to expenditure for specified purpose: | |
| Open Wing Alliance | \$ 2,225,072 |
| The Humane League Mexico | 100,000 |
| Translation of Animal Liberation Manual | 30,462 |
| Live Shackle Slaughter | <u>15,000</u> |
| Total Subject to Expenditure for Specified Purpose | <u>2,370,534</u> |
| Subject to passage of time: | <u>1,643,955</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 4,014,489</u> |

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

8. Concentrations and Contingencies

Concentration of Credit Risk

Cash and cash equivalents for the purposes of the statement of cash flows consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days and available for current operations. The Organization maintains cash balances in financial institutions which are insured up to \$250,000. At December 31, 2021, the amount in excess of Federal depository insurance coverage was approximately \$5,459,000.

Major Grantors

The Organization was owed approximately 80% from one donor, of the unconditional promise to give balance as of December 31, 2021, respectively. Management does not believe that its relationship with this donor will be discontinued in the foreseeable future.

Global Pandemic

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Organization has been able to continue operations without notable impact; however, at this point, the extent to which COVID-19 will impact the Organization's financial condition or results of operations is uncertain and being evaluated by management and the Board.

9. Related Parties

The Humane League UK (THL-UK) and The Humane League Mexico (THL-MX), are international charity organizations incorporated under local regulations. These organizations are related to the Organization through common board members. There is no controlling financial interest between the organizations. During the year ended December 31, 2021, the Organization provided THL-UK and THL-MX grants in the amounts of \$1,165,225 and \$441,400, respectively.

10. Retirement Plan

The Organization maintains a defined contribution 401(k) savings plan for all employees. Employees may contribute elective deferrals of salary to the plan, and the Organization will match 100% of the elective deferral, up to 3% of an employee's salary. Employees are fully vested after 4 years of service. The Organization made contributions to the plan totaling \$85,903 for the year ended December 31, 2021.

THE HUMANE LEAGUE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

11. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code. No provision for income taxes is required for the year ended December 31, 2021, as the Organization had no significant net unrelated business income.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2021, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2021, the statute of limitations remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Organization files tax returns; however, there are currently no audits for any tax periods pending or in progress. It is the Organization's policy to recognize interest and penalties related to uncertain tax positions, if any, in income tax or interest expense. As of December 31, 2021, the Organization had no accruals for interest and/or penalties.

12. Summarized Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 28, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.