

The White Coat Waste Project, Inc.

**STATEMENT OF FINANCIAL POSITION
December 31, 2021**

_____*Monahan & Company CPA's, P.C.*_____

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The White Coat Waste Project, Inc.
Washington, D.C.

We have audited the accompanying statement of financial position of The White Coat Waste Project, Inc. (the Organization), as of December 31, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The White Coat Waste Project, Inc. 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.

Monahan & Company CPA's, P.C.

Monahan & Company CPA's, P.C.

September 6, 2022
Hauppauge, New York

The White Coat Waste Project, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Cash and cash equivalents (appropriated for current use)	\$ 1,715,093
Contributions receivable	258,463
Prepaid and other assets	<u>345,563</u>
Total Assets	<u><u>\$ 2,319,119</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	<u>\$ 62,872</u>
Total Liabilities	<u>62,872</u>
Net assets without donor restrictions (undesignated)	2,256,247
Net assets with donor restrictions	<u>-</u>
Total Net Assets	<u><u>2,256,247</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,319,119</u></u>

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

The White Coat Waste Project, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2021

Revenues, gains, and other support (without donor restrictions)

Support

Contributions	\$ 2,639,356
Grants from private entities	<u>395,000</u>
Total support	3,034,356
Program service fees	-
Investment return	134
Other revenue	<u>76,576</u>
Total revenues, gains, and other support	<u>\$ 3,111,066</u>

Expenses (without donor restrictions)

Program Services	
Public policy/advocacy	\$ 1,781,748
Lobbying activities	<u>41,240</u>
	1,822,988
Supporting Services	
General and administrative	268,699
Fundraising	<u>418,604</u>
Total expenses	<u>2,510,291</u>

CHANGE IN NET ASSETS \$ 600,775

NET ASSETS (without donor restrictions)
- beginning of year 1,655,472

NET ASSETS (without donor restrictions)
- end of year \$ 2,256,247

The White Coat Waste Project, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	<u>600,775</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in assets and liabilities:		
Contributions receivable		(146,771)
Prepaid and other assets		(282,871)
Accounts payable		<u>39,627</u>
		<u>(390,015)</u>
Net Cash Provided By Operating Activities		<u>210,760</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Provided By Investing Activities		<u>-</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

		<u>-</u>
Change in cash and cash equivalents		
		210,760
Cash and cash equivalents at beginning of year		<u>1,504,333</u>
Cash and cash equivalents at end of year	\$	<u><u>1,715,093</u></u>

SUPPLEMENTAL INFORMATION

The Organization does not have any donor restricted funds at December 31, 2021.

Interest paid	\$	-
Corporate taxes	\$	30,156
Receipt of contributed securities	\$	104,712

The White Coat Waste Project, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>				
	<u>PUBLIC POLICY</u> <u>/ADVOCACY</u>	<u>LOBBYING</u>	<u>TOTAL</u> <u>PROGRAM SVCS</u>	<u>GENERAL &</u> <u>ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTAL</u> <u>SUPPORTING SVCS</u>	<u>TOTALS</u>	
SALARIES AND BENEFITS	\$ 592,206	\$ 26,677	\$ 618,883	\$ 87,170	\$ 97,058	\$ 184,228	\$ 803,111	
LEGAL & ACCOUNTING	-	-	-	23,842	-	23,842	23,842	
COMMUNICATIONS / PR TOOLS / CONSULTING	123,140	-	123,140	-	-	-	123,140	
DIGITAL / DATA / WEBSITE	70,933	-	70,933	17,443	943	18,386	89,319	
GIFTS / AWARDS / GRANTS	5,266	-	5,266	275	-	275	5,541	
EVENTS	7,278	-	7,278	-	-	-	7,278	
POSTAGE & SHIPPING	264	-	264	3,148	-	3,148	3,412	
PROCESSING FEES	-	-	-	5,190	-	5,190	5,190	
PRODUCTION / CREATIVE	696,490	-	696,490	4,035	150	4,185	700,675	
OFFICE EXPENSES	7,581	-	7,581	9,069	428	9,497	17,078	
TRAVEL	1,893	-	1,893	-	2,500	2,500	4,393	
INSURANCE	40,831	1,663	42,494	13,129	4,532	17,661	60,155	
ADVERTISING / MEDIA PLACEMENT FEES	213,254	-	213,254	-	16,033	16,033	229,287	
FUNDRAISING SERVICE FEE / COMMISSIONS	22,612	-	22,612	58,605	296,960	355,565	378,177	
LOBBYING COSTS	-	12,900	12,900	-	-	-	12,900	
STATE SOLICITATION / REGISTRATION COSTS	-	-	-	16,637	-	16,637	16,637	
UNRELATED BUSINESS TAXES	-	-	-	30,156	-	30,156	30,156	
TOTALS	\$ 1,781,748	\$ 41,240	\$ 1,822,988	\$ 268,699	\$ 418,604	\$ 687,303	\$ 2,510,291	

The White Coat Waste Project, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 1: DESCRIPTION OF ORGANIZATION

The White Coat Waste Project, Inc. (the Organization) is a section 501(c)(3) tax exempt organization formed on October 2011, in the Commonwealth of Virginia. It is the Organization's mission to educate and inform the public about the suffering of animals in publicly funded laboratories and experimentation facilities, through research investigating and advertising. The Organization's team of seasoned issue advocates, scientists, doctors, and political strategists combines grass roots tactics media campaigns, diverse coalitions, creative legal tools and lobbying to expose and stop government spending on wasteful animal experiments.

The activities performed by the Organization consist of advertising, coalition building, seminars/training, fundraising, communications, research, and investigations.

Management and general activities include the functions necessary to provide support for the Organization's program activities. They include activities that provide governance (Board of Directors) oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment.

Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting special fundraising events, and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting and U.S. GAAP.

The financial statements are prepared using Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), of which the core principle is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances.

The White Coat Waste Project, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – cont'd.

The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restriction. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

The White Coat Waste Project, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – cont’d.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The Organization maintains its cash balance at one local financial institution. Deposit accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. The balances occasionally exceed those limits, and at December 31, 2021 the Organization’s cash balance had \$1,465,093 in excess of such limits. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account, with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported a net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management’s evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. There did not exist any contributions receivable in excess of one year at December 31, 2021.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the donor specifically restricts use of the contributed asset. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore, are reported as restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts, or when a unit of service is provided for performance grants. The Organization does not receive any grant revenue from federal agencies, thus is not subject to independent audit under the Office of Management and Budget’s audit requirements for federal awards and review by grantor agencies.

The White Coat Waste Project, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Telephone and internet services, insurance, supplies, and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally conducts its fundraising activities in conjunction with its other activities. Joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

NOTE 3: BASIS OF PRESENTATION

Resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes to ensure observance of limitations and restrictions placed on their use. The assets, liabilities, and net assets of the Organization are reported in two categories as follows:

- Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

The White Coat Waste Project, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 3: BASIS OF PRESENTATION – cont’d.

- Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions until their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (that is, the donor-stipulated purposes have been fulfilled or the stipulated time period has elapsed, or both) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

NOTE 4: CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at December 31, 2021 are due as follows:

Currently due:		
Less than 1 year		\$ 258,463
1 year to 5 years		-
		258,463
Less: Allowance for uncollectible contributions receivable		-
		\$ 258,463
	Total	

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Organization is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, based in part upon the advice of legal counsel, these matters are of such a nature that unfavorable disposition would not have a material adverse effect on the consolidated financial position, results of operations, or cash flows of the Organization.

The White Coat Waste Project, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 6: NOT-FOR-PROFIT FINANCIAL REPORTING MODEL STANDARDS CHANGE

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which is the first phase of a two-phase project, makes significant changes in seven areas:

- Net asset classes
- Liquidity and availability of resources
- Classification and disclosure of underwater endowment funds
- Expense reporting
- Statement of cash flows
- Investment return
- Release of restrictions on capital assets

The amendments in ASU No. 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.

The White Coat Waste Project, Inc.'s governing board has not appropriated any self-imposed limits on the use of resources that are free of donor-imposed restrictions, other than designation of such fund for on-going, current operations.

NOTE 7: COVID RELIEF ECONOMIC PACKAGES

The Organization had elected not to apply for the SBA PPP-1 loan, PPP-2 loan, EIDL grant, and EIDL loans. This decision was based upon potential financial need and various eligibility requirements.

NOTE 8: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 1, 2022, which is the date the financial statements were available to be issued. On April 1, 2022, the Organization received a grant contract in the amount of \$1,000,000 from a private foundation. This agreement contained a grant term of April 1, 2022 to March 31, 2023.

Management has determined that, other than noted above, there had not been any subsequent events that would have a significant impact on the financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.