

The American Anti-Vivisection Society

Financial Statements and
Supplementary Information

December 31, 2010 and 2009



The American Anti-Vivisection Society

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December 31, 2010 and 2009

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Independent Auditors' Report

Board of Managers
The American Anti-Vivisection Society

We have audited the accompanying consolidated statement of financial position of The American Anti-Vivisection Society (a non-profit organization) as of December 31, 2010 and 2009, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The American Anti-Vivisection Society as of December 31, 2010 and 2009, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

ParenteBeard LLC

Malvern, Pennsylvania
April 8, 2011

The American Anti-Vivisection Society

Consolidated Statement of Financial Position
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 662,877	\$ 521,612
Prepaid expenses	28,743	22,025
Receivables from estates and trusts	275,208	149,928
Inventory	18,967	13,615
Furniture and equipment , net of accumulated depreciation of \$496,911 and \$466,643	30,261	59,301
Long-term investments at fair value	24,134,180	22,999,598
Beneficial interests in charitable trusts	420,342	170,982
Beneficial interests in perpetual trusts	1,702,446	1,595,140
	<u>27,273,024</u>	<u>25,532,201</u>
Total assets	<u>\$ 27,273,024</u>	<u>\$ 25,532,201</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 22,817	\$ 16,137
Accrued compensation and related items	29,464	46,406
Deferred dues revenue	112,575	104,759
Capital lease obligations	12,460	21,020
Other	55,226	41,710
	<u>232,542</u>	<u>230,032</u>
Total liabilities	<u>232,542</u>	<u>230,032</u>
Net Assets		
Unrestricted	24,911,131	23,276,905
Temporarily restricted	82,066	85,285
Permanently restricted	2,047,285	1,939,979
	<u>27,040,482</u>	<u>25,302,169</u>
Total net assets	<u>27,040,482</u>	<u>25,302,169</u>
Total liabilities and net assets	<u>\$ 27,273,024</u>	<u>\$ 25,532,201</u>

See notes to financial statements

The American Anti-Vivisection Society

Consolidated Statement of Activities and Changes in Net Assets Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Unrestricted Net Assets		
Revenue, Gains (Losses) and Other Support		
Bequests	\$ 503,096	\$ 723,165
Investment income from long-term investments, net of investment expenses of \$121,350 and \$108,045	622,461	635,624
Investment income from perpetual trusts	49,568	56,766
Dues	221,265	200,802
Contributions	290,155	306,660
Realized gains (losses) on long-term investments	591,697	(1,610,699)
Net unrealized gains on long-term investments	1,143,539	5,216,109
Unrealized gain on beneficial interests in charitable trusts	129,277	-
Other income	40,538	39,801
	<u>3,591,596</u>	<u>5,568,228</u>
Net assets released from restrictions	30,657	37,909
	<u>3,622,253</u>	<u>5,606,137</u>
Expenses		
Program services:		
Campaigns and outreach	1,093,977	1,139,232
Animalearn	202,906	160,084
Alternatives research	299,930	258,938
	<u>1,596,813</u>	<u>1,558,254</u>
Supporting services:		
General and administrative	195,118	197,948
Fundraising	196,096	227,448
	<u>391,214</u>	<u>425,396</u>
	<u>1,988,027</u>	<u>1,983,650</u>
	<u>1,634,226</u>	<u>3,622,487</u>
Temporarily Restricted Net Assets		
Investment income from long-term investments	16,250	15,410
Investment income from perpetual trusts	8,896	16,170
Realized gains on long-term investments	6,702	45,001
Unrealized losses on long-term investments	(4,410)	(25,991)
Net assets released from restrictions	(30,657)	(37,909)
	<u>(3,219)</u>	<u>12,681</u>
Permanently Restricted Net Assets		
Unrealized gains on beneficial interests in perpetual trusts	107,306	205,925
	<u>1,738,313</u>	<u>3,841,093</u>
Net Assets, Beginning	<u>25,302,169</u>	<u>21,461,076</u>
Net Assets, Ending	<u>\$ 27,040,482</u>	<u>\$ 25,302,169</u>

See notes to financial statements

The American Anti-Vivisection Society

Consolidated Statement of Cash Flows
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,738,313	\$ 3,841,093
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,268	30,098
Net realized (gains) losses on long-term investments	(598,399)	1,565,698
Net unrealized gains on long-term investments	(1,139,129)	(5,190,114)
Net unrealized gains on beneficial interests in perpetual trusts	(107,306)	(205,925)
(Increase) decrease in assets:		
Prepaid expenses	(6,718)	4,029
Receivables from estates and trusts	(125,280)	(87,984)
Inventory	(5,352)	4,703
Beneficial interests in charitable trusts	(249,360)	2,233,286
Increase (decrease) in liabilities:		
Accounts payable	6,680	(12,217)
Accrued compensation and related items	(16,942)	(8,357)
Deferred dues revenue	7,816	8,601
Other	13,516	558
Net cash provided by (used in) operating activities	<u>(451,893)</u>	<u>2,183,469</u>
Cash Flows from Investing Activities		
Purchases of furniture and equipment	(1,228)	(9,710)
Purchases of long-term investments	(9,681,312)	(10,635,739)
Proceeds from sales of long-term investments	<u>10,284,258</u>	<u>8,355,925</u>
Net cash provided by (used in) investing activities	<u>601,718</u>	<u>(2,289,524)</u>
Cash Flows Used in Financing Activities		
Payment of capital lease obligations	<u>(8,560)</u>	<u>(7,943)</u>
Net increase in cash	141,265	(113,998)
Cash and Cash Equivalents, Beginning	<u>521,612</u>	<u>635,610</u>
Cash and Cash Equivalents, Ending	<u>\$ 662,877</u>	<u>\$ 521,612</u>

See notes to financial statements

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

1. Nature of Organization

The American Anti-Vivisection Society (Society) is a nonprofit organization incorporated under the laws of the Commonwealth of Pennsylvania formed for charitable and educational purposes and for the prevention of cruelty to animals, particularly to educate the general public about vivisection, alternatives to vivisection, and with the goal of abolishing vivisection.

Alternatives Research and Development Foundation (Foundation) is a nonprofit organization incorporated under the laws of the Commonwealth of Pennsylvania. The purpose of the Foundation is to support the development and utilization of alternatives to the use of animals in biomedical research, testing and education, through provision of research grants and awards and expert information to scientists, media, government agencies, and advocacy groups.

Substantially all of the Organizations' activities are conducted within the United States, although the organizations occasionally may provide grants or other financial support to foreign persons or organizations. A majority of the Society's membership resides in the United States. The Organizations' administrative offices are located in Jenkintown, Pennsylvania.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements reflect the consolidation of the individual financial statements of The American Anti-Vivisection Society and Alternatives Research and Development Foundation (collectively referred to as Organizations). The individual entities have the same board of directors (managers) and share facilities and equipment. The Society has legal control over the Foundation. Inter-organization transactions and balances have been eliminated in consolidation.

Basis of Presentation

The Organizations report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organizations is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organizations.

Temporarily Restricted Resources

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the donee organization has incurred expenditures in compliance with the specific restrictions, or as result of the passage of time restricting the use of the funds. Donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

2. Summary of Significant Accounting Policies (Continued)

Permanently Restricted Resources

Permanently restricted funds are restricted by the donor to be maintained in perpetuity for the use of the donee organization. Generally, the donors of these funds permit the donee organization to use all or part of the income earned on related investments for general or specific purposes. Accumulated unexpended investment gains on permanently restricted funds are considered temporarily restricted until such accumulated gains are spent, temporarily restricted net assets are then reclassified and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets consist of beneficial interests in perpetual trusts and certain marketable securities, the sale of which is not permitted under the terms of the gift. Net gains and losses related to these marketable securities are also considered permanently restricted.

Use of Estimates

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

Contributed Services

A significant portion of each Organization's functions are conducted by unpaid volunteer officers and members. The value of this contributed time is not reflected in the accompanying consolidated financial statements because it does not meet the criteria necessary for recognition.

Inventory

Inventory consists of supplies, educational materials, books and clothing and is stated at estimated fair value or average cost, whichever is lower.

Furniture and Equipment

Furniture and equipment are stated at cost. All purchases of furniture and equipment in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of three to seven years.

Revenue Recognition

Contributions, bequests, and beneficial interests in perpetual and charitable trusts are recorded at their estimated fair values when either the organization has received notification of a promise to give. Dues are recognized as income over the applicable term of the membership. Life memberships are recorded as income when received.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

2. Summary of Significant Accounting Policies (Continued)

Investments

Long-term investments consist of marketable securities, and are recorded at estimated fair value as determined by quoted market values. Investment gains and losses are included in the change in net assets in the accompanying statement of activities and changes in net assets.

The assets of perpetual and other charitable trusts consist principally of marketable securities. The Organizations' beneficial interests in these various trusts are recorded at estimated fair values.

Cash Equivalents

Cash equivalents include highly liquid investments with an original maturity of 90 days or less. The fair value of cash equivalents approximates cost.

Income Taxes

The Society and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organizations do not have net unrelated business income subject to tax. In addition, each Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management believes that it has appropriate support for any tax positions taken, and as such, the Organizations do not have any uncertain tax positions that are material to the consolidated financial statements.

Each Organizations' federal Return of Organization Exempt from Income Tax (Form 990) for 2009, 2008, and 2007 are subject to examination by the IRS, generally for three years after the date they were filed.

Refunds Due from Grants Awarded to Other Organizations

Unexpended balances of grants awarded to other organizations by the Foundation are required to be returned to the Foundation. Grant refunds to the Organization are recorded when the amount of refund due becomes known, normally when a final accounting by the grantee is submitted.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among program, general and administrative, and fundraising functions based upon management's estimates.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

2. Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Organizations' future results of operations involve a number of risks and uncertainties. Factors that could affect the Organizations' future operating results and cause actual results to vary materially from expectations include, but are not limited to, dependence on key personnel, general economic conditions, reliance on public support and the performance of its long-term investments.

Subsequent Events

Management has evaluated subsequent events through April 8, 2011, which is the date the financial statements were available to be issued.

Reclassification

Certain amounts from the prior year have been reclassified to conform to current year presentation which did not affect total changes in net assets or total net assets.

3. Fair Value of Financial Instruments

The Organizations use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of the financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in some instances, there are no quoted market prices for certain financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments.

Fair value accounting guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within range that is most representative of fair value under current market conditions.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

3. Fair Value of Financial Instruments (Continued)

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2:* Quoted prices in markets that are not active, quoted prices for similar securities, or observable inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

A financial asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following valuation techniques were used to measure fair value of financial instruments:

Marketable equity securities - The fair value of marketable equity securities is generally based on quoted market prices for the identical security.

Marketable debt securities - The fair value for marketable debt securities is generally based on quoted market prices for the identical security; however quoted market prices may vary for a variety of reasons including the number of market makers and the volume of identical securities traded on the date of valuation. If an identical security is not traded on the valuation date, estimated fair value may be determined by using other significant observable inputs, such as quoted prices for similar securities.

Beneficial interests in perpetual trusts - The fair value of the beneficial interests in perpetual trusts is based on the estimated present value of future cash inflows and the Organizations' percentage interest in the trust assets. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value of measurement.

Beneficial interests in charitable trusts - The fair value of these split interest agreements is based on the estimated present value of future cash inflows, the discount rate is 5%. Life expectancies of individual income beneficiaries are estimated based on standard mortality tables. These assets are included as Level 3 fair values, and are measured at fair value on a recurring basis based upon the lowest level of input that is significant to the fair value of measurement.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

3. Fair Value of Financial Instruments (Continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the hierarchy used at December 31, 2010 are as follows:

Description	2010			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 3,574,051	\$ 3,574,051	\$ -	\$ -
U.S. equities	11,214,392	11,214,392	-	-
International equities	543,265	543,265	-	-
Mutual funds – equity	1,008,885	1,008,885	-	-
Mutual funds - fixed income	421,041	421,041	-	-
U.S. corporate debentures	3,605,428	-	3,605,428	-
U.S. Treasury securities and bonds of government sponsored enterprises	2,169,730	-	2,169,730	-
Unit investment trusts	1,597,388	-	1,597,388	-
Total investments	24,134,180	16,761,634	7,372,546	-
Beneficial interests in charitable trusts	420,342	-	-	420,342
Beneficial interests in perpetual trusts	1,702,446	-	-	1,702,446
Total	<u>\$ 26,256,968</u>	<u>\$ 16,761,634</u>	<u>\$ 7,372,546</u>	<u>\$ 2,122,788</u>

For assets falling within Level 3 of the fair value hierarchy, the activity recognized during the year ended December 31, 2010 is as follows:

Beneficial Interests in Trusts Held by Others	Level 3 Total
Balance at January 1, 2010	\$ 1,766,122
Contributions	120,083
Investment income	58,464
Distributions to beneficiaries	(58,464)
Unrealized gain on charitable trusts	129,277
Unrealized gain on perpetual trusts	107,306
Balance at December 31, 2010	<u>\$ 2,122,788</u>

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

3. Fair Value of Financial Instruments (Continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the hierarchy used at December 31, 2009 are as follows:

Description	2009			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 3,411,906	\$ 3,411,906	\$ -	\$ -
U.S. equities	10,073,994	10,073,994	-	-
International equities	520,026	520,026	-	-
Mutual funds - equity	1,015,170	1,015,170	-	-
Mutual funds - fixed income	412,464	412,464	-	-
U.S. corporate debentures	4,299,454	-	4,299,454	-
U.S. Treasury securities and bonds of government sponsored enterprises	2,125,199	-	2,125,199	-
Unit investment trusts	1,141,385	-	1,141,385	-
Total investments	22,999,598	15,433,560	7,566,038	-
Beneficial interests in charitable trusts	170,982	-	-	170,982
Beneficial interests in perpetual trusts	1,595,140	-	-	1,595,140
Total	<u>\$ 24,765,720</u>	<u>\$ 15,433,560</u>	<u>\$ 7,566,038</u>	<u>\$ 1,766,122</u>

For assets falling within Level 3 of the fair value hierarchy, the activity recognized during the year ended December 31, 2009 is as follows:

Beneficial Interests in Trusts Held by Others	Level 3 Total
Balance at January 1, 2009	\$ 3,793,484
Contributions	450,418
Investment income	72,936
Distributions to beneficiaries	(2,756,641)
Unrealized gain on perpetual trusts	205,925
Balance at December 31, 2009	<u>\$ 1,766,122</u>

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

4. Long-Term Investments

Long-term investments are carried at fair value in the consolidated statements of financial position, and realized and unrealized gains and losses are reflected in the consolidated statements of activities and changes in net assets.

Fair values of long-term investments by net asset classification are as follows at December 31:

	<u>2010</u>	<u>2009</u>
Unrestricted	\$ 23,707,275	\$ 22,569,474
Temporarily restricted	82,066	85,285
Permanently restricted	344,839	344,839
	<u>\$ 24,134,180</u>	<u>\$ 22,999,598</u>

Long-term investments are composed of the following classes of investments as of December 31:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 3,574,051	\$ 3,574,051	\$ 3,411,906	\$ 3,411,906
U.S. equities	10,628,595	11,214,392	10,283,325	10,073,994
International equities	512,002	543,265	481,115	520,026
Mutual funds – equity	1,130,971	1,008,885	1,209,238	1,015,170
Mutual funds - fixed income	407,671	421,041	407,529	412,464
U.S. corporate debentures	3,646,597	3,605,428	4,582,272	4,299,454
U.S. Treasury securities and bonds of government sponsored enterprises	2,112,842	2,169,730	2,066,586	2,125,199
Unit investment trusts	1,484,517	1,597,388	1,059,822	1,141,385
	<u>\$ 23,497,246</u>	<u>\$ 24,134,180</u>	<u>\$ 23,501,793</u>	<u>\$ 22,999,598</u>

The relationship between cost and fair values of investments at December 31 are as follows:

	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Excess (Deficiency) of Estimated Fair Value over Cost</u>
Long-term investments, 2010	\$ 24,134,180	\$ 23,497,246	\$ 636,934
Long-term investments, 2009	22,999,598	23,501,793	<u>(502,195)</u>
Net unrealized gains			1,139,129
Net realized gains			<u>598,399</u>
Total net investment gains			<u>\$ 1,737,528</u>

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

4. Long-Term Investments (Continued)

The average annual yield based on the fair value of cash equivalents and long-term investments (net of investment expenses) was approximately 2.7% and 3.2%, and the annual total return including realized and unrealized gains and losses was approximately 10.1% and 21.3%, for the years ended December 31, 2010 and 2009, respectively.

5. Temporarily Restricted Net Assets

The temporarily restricted net assets of the Society are available for the following purposes at December 31:

	<u>2010</u>	<u>2009</u>
Direct benefit of animals	\$ 69,685	\$ 71,701
Any activities of the Society	<u>12,381</u>	<u>13,584</u>
	<u>\$ 82,066</u>	<u>\$ 85,285</u>

Temporarily restricted net assets in the amounts of \$30,657 and \$37,909 were released from donor restrictions by incurring expenses satisfying the restricted purposes during 2010 and 2009, respectively.

6. Permanently Restricted Net Assets

Permanently restricted net assets of the Society consist of marketable securities and beneficial interests in perpetual trusts, the income from which is expendable to support general and specified activities of the Society. The Society's permanently restricted net assets had purpose restrictions as follows at December 31:

	<u>2010</u>	<u>2009</u>
Income expendable for the direct benefit of animals	\$ 100,000	\$ 100,000
Income expendable for any activities of the Society	<u>1,536,474</u>	<u>1,448,747</u>
Total	<u>\$ 1,636,474</u>	<u>\$ 1,548,747</u>

The permanently restricted net assets of the Foundation consist of a beneficial interest in a perpetual trust (see Note 8). Unrealized gains and losses arising from the change in fair value of beneficial interests in perpetual charitable trust are classified as permanently restricted.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

7. Endowments

The Society's permanent endowment consists of three individual funds, one established for the direct benefit of animals and two for general purposes. Long-term investments include both donor-restricted endowment funds and funds that function as endowment. Net assets associated with endowment funds, including funds designed by the Board of Managers to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation does not have any formal endowment funds; its permanently restricted net assets consist of a beneficial interest in a perpetual trust held by a third party.

Interpretation of Relevant Law

The Society's policy is to require 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, the Society classifies as permanently restricted net assets (a) the original value of the 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 unexpended cumulative investment gains are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Board of Managers considers the following factors:

- 1) Preservation of the purchasing power of the fund;
- 2) The purposes of the donee organization and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;
- 5) The expected total return from income and potential future appreciation of investments;
- 6) Other resources of the donee organization;
- 7) The investment policies of the donee organization.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

7. Endowments (Continued)

The following schedule presents the changes in all net assets attributable to endowment and funds functioning as endowment funds for the years ended December 31:

	2010			
	Unrestricted Subject to Spending Rate	Temporarily Restricted	Permanently Restricted	Total
Endowment and similar Net Assets, Beginning of Year	\$ 22,569,474	\$ 85,285	\$ 344,839	\$ 22,999,598
Investment return:				
Investment income, net of expenses	622,461	16,250	-	638,711
Net investment gains	1,735,236	2,292	-	1,737,528
Total investment return	2,357,697	18,542	-	2,376,239
Contributions invested	24,077	8,896	-	32,973
Withdrawals	(164,541)	(8,896)	-	(173,437)
Transfers	(95,000)	-	-	(95,000)
Appropriation of expenditures – spending rate	(984,432)	(21,761)	-	(1,006,193)
Endowment and similar Net Assets, End of Year	\$ 23,707,275	\$ 82,066	\$ 344,839	\$ 24,134,180
	2009			
Endowment and similar Net Assets, Beginning of Year	\$ 16,677,923	\$ 72,604	\$ 344,839	\$ 17,095,366
Investment return:				
Investment income, net of expenses	635,624	15,410	-	651,034
Net investment gains	3,605,410	19,010	-	3,624,420
Total investment return	4,241,034	34,420	-	4,275,454
Contributions invested	2,650,638	16,170	-	2,666,808
Withdrawals	(106,868)	(16,170)	-	(123,038)
Appropriation of expenditures – spending rate	(893,253)	(21,739)	-	(914,992)
Endowment and similar Net Assets, End of Year	\$ 22,569,474	\$ 85,285	\$ 344,839	\$ 22,999,598

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

7. Endowments (Continued)

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. Such deficiencies, should they occur, would be reported as a reduction of unrestricted net assets. There were no such deficiencies at December 31, 2010 and 2009.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of endowment assets. Endowment assets include investments of donor-restricted funds that the Society must hold in perpetuity and unrestricted investments functioning as endowment. Under this policy, as approved by the Board of Managers, the endowment assets are invested in a manner that is intended to produce results that exceed the performance of the S&P 500 index, while assuming a level of investment risk acceptable to the Board of Managers.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Society has a policy of appropriating income from endowment funds as needed but not in excess of applicable state law. The amount needed to fund the distributions is first taken from the accumulated excess earnings from prior years, then from the accumulated unexpended net appreciation of endowment funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the temporarily restricted balance of cumulative net unexpended gains. Over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of four percent annually. This is consistent with the Society's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

8. Perpetual and Other Charitable Trusts

The Society receives unrestricted income from various trusts held by third parties. The Society's beneficial interests in these trusts are recorded at their estimated fair value of \$1,291,635 and \$1,203,908 as of December 31, 2010 and 2009, respectively. The Society's average annual yield on the estimated fair value of its beneficial interests in these trusts (exclusive of net investment gains and losses) was approximately 3.6% and 5.2%, for the years ended December 31, 2010 and 2009, respectively. The estimated fair value of these beneficial interests is described in Note 3.

The Foundation receives unrestricted income from a perpetual trust held by a third party. As of December 31, 2010 and 2009, the estimated fair value of the Foundation's beneficial interest in the trust is \$410,811 and \$391,232, respectively, and is considered permanently restricted.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

8. Perpetual and Other Charitable Trusts (Continued)

The Foundation's average annual yield on the estimated fair value of its beneficial interest in the perpetual trust was approximately 3.5% and 4.0% for the years ended December 31, 2010 and 2009, respectively.

The Society has been designated as remainder beneficiary under the terms of charitable remainder trusts, which are unrestricted resources once received. The Society is not a trustee and has no control over the trustees, the trusts, grantors or other income beneficiaries. These receivables are recorded at the estimated present value of future estimated cash flows. The Society's policy is to accrue remainder interests in an irrevocable trust of which it is a stated beneficiary when management receives official notification from a trustee. The Society has recorded two charitable remainder trusts which are included in the caption "beneficial interests in charitable trusts" in the accompanying consolidated statements of financial position at an estimated present value of approximately \$420,342 and \$170,982 at December 31, 2010 and 2009, respectively.

9. Leases

The Society leases its office space under the terms of a non-cancelable agreement classified as an operating lease which expires July 31, 2012. The Foundation also leases its office space under the terms of a non-cancelable agreement classified as an operating lease which expires July 31, 2011.

Total rent expense for all operating leases for the years ended December 31, 2010 and 2009 was \$112,687 and \$112,177, respectively.

Furniture and equipment includes office equipment subject to capital lease agreements are as follows as of December 31:

	<u>2010</u>	<u>2009</u>
Cost	\$ 27,478	\$ 27,478
Accumulated depreciation	<u>(18,319)</u>	<u>(13,085)</u>
Total	<u>\$ 9,159</u>	<u>\$ 14,393</u>

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

9. Leases (Continued)

Future minimum payments under all non-cancelable leases are as follows:

	<u>Operating Leases</u>	<u>Capital Lease Obligations</u>
Years ending December 31:		
2011	\$ 81,200	\$ 8,988
2012	42,875	4,232
	<u>\$ 124,075</u>	13,220
Total minimum lease payments		
		760
Amount representing interest		
		<u>\$ -</u>
Present value of net minimum lease payments		

10. Retirement Plan

The Society sponsors a Savings Incentive Match Plan for Employees (SIMPLE) 401(k) plan covering substantially all employees. A SIMPLE is a qualified defined contribution retirement plan for small employers that allows eligible employees to defer compensation on a pre-tax basis, and requires the employer to make either matching contributions for eligible employees who elect to participate, or non-elective contributions for all eligible employees (including those who do not elect to participate but meet eligibility requirements).

Eligible employees of the Society and Foundation have established individual accounts with a qualified plan custodian and are 100% vested in their account balances. The amount of expense recognized from employer contributions to the employee's SIMPLE 401(k) accounts for each of the years ended December 31, 2010 and 2009 is \$29,620 and \$27,783, respectively.

The Society's policy is to fund contributions as they become payable.

11. Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid on capital lease obligations of \$1,308 and \$2,054 during the years ended December 31, 2010 and 2009, respectively. Interest expense incurred approximates interest paid for each year presented in the accompanying consolidated financial statements.

12. Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2010 and 2009 is \$54,611 and \$63,548, respectively.

The American Anti-Vivisection Society

Notes to Consolidated Financial Statements
December 31, 2010 and 2009

13. Concentrations of Credit Risk

The Organizations' principal financial instruments subject to credit risk are its cash, cash equivalents, investments and receivables. Fixed income securities are also exposed to interest rate risk. Receivables result primarily from unconditional promises to give, including bequests and other contributions.

14. Related Party Transactions

The following related party transactions are recorded in the accompanying consolidated financial statements for the years ended December 31:

Relationship to the Society and the Foundation	Transaction	2010	2009
Member of the Board of Managers	Commissions earned on investment brokerage conducted through the employer of the Member on behalf of the Society	\$ 133,066	\$ 109,321
Member of the Board of Managers and Treasurer	Investment advisory services provided through the employer of the Member on behalf of the Society and the Foundation	121,350	108,045
Members of the Board of Managers	The President and three Members of the Board of Managers are also Members of the Board of Managers of Ryerss Farm for Aged Equines, a nonprofit recipient of grants from the Society	38,043	37,252

At December 31, 2010, and 2009, the Society had grants payable to Ryerss Farm for Aged Equines in the amount of \$11,454 and \$9,413, respectively.

Independent Auditors' Report on Supplementary Information

Board of Directors
The American Anti-Vivisection Society

Our report on our audits of the consolidated financial statements of American Anti-Vivisection Society as of and for the years ended December 31, 2010 and 2009 appears on Page 1. Those audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information Schedules I through VIII on Pages 22-31 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The supplementary information contained in Schedules I through VIII has been subjected to the auditing procedures applied in the audits of the basic 2010 and 2009 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

ParenteBeard LLC

Malvern, Pennsylvania
April 8, 2011

The American Anti-Vivisection Society

Schedule I - Consolidating Statement of Financial Position - December 31, 2010

(See Independent Auditors' Report on Supplementary Information)

	2010		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Assets			
Cash and cash equivalents	\$ 413,279	\$ 249,598	\$ 662,877
Prepaid expenses	28,743	-	28,743
Receivables from estates and trusts	275,208	-	275,208
Due (to) from affiliate	5,326	(5,326)	-
Inventory	18,967	-	18,967
Furniture and equipment, net of accumulated depreciation of \$487,515 and \$9,396	30,261	-	30,261
Long-term investments at fair value	17,503,071	6,631,109	24,134,180
Beneficial interests in charitable trusts	420,342	-	420,342
Beneficial interests in perpetual trusts	1,291,635	410,811	1,702,446
	<u>\$ 19,986,832</u>	<u>\$ 7,286,192</u>	<u>\$ 27,273,024</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 22,817	\$ -	\$ 22,817
Accrued compensation and related items	29,464	-	29,464
Deferred dues revenue	112,575	-	112,575
Capital lease obligations	12,460	-	12,460
Other	55,226	-	55,226
	<u>232,542</u>	<u>-</u>	<u>232,542</u>
Net Assets			
Unrestricted	18,035,750	6,875,381	24,911,131
Temporarily restricted	82,066	-	82,066
Permanently restricted	1,636,474	410,811	2,047,285
	<u>19,754,290</u>	<u>7,286,192</u>	<u>27,040,482</u>
Total net assets	<u>19,754,290</u>	<u>7,286,192</u>	<u>27,040,482</u>
Total liabilities and net assets	<u>\$ 19,986,832</u>	<u>\$ 7,286,192</u>	<u>\$ 27,273,024</u>

The American Anti-Vivisection Society

Schedule II - Consolidating Statement of Financial Position - December 31, 2009
(See Independent Auditors' Report on Supplementary Information)

	2009		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Assets			
Cash and cash equivalents	\$ 290,806	\$ 230,806	\$ 521,612
Prepaid expenses	22,025	-	22,025
Receivables from estates and trusts	149,928	-	149,928
Due (to) from affiliate	(325)	325	-
Inventory	13,615	-	13,615
Furniture and equipment , net of accumulated depreciation of \$457,439 and \$9,204	59,109	192	59,301
Long-term investments at fair value	16,633,230	6,366,368	22,999,598
Beneficial interests in charitable trusts	170,982	-	170,982
Beneficial interests in perpetual trusts	1,203,908	391,232	1,595,140
	<u>\$ 18,543,278</u>	<u>\$ 6,988,923</u>	<u>\$ 25,532,201</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 16,137	\$ -	\$ 16,137
Accrued compensation and related items	46,406	-	46,406
Deferred dues revenue	104,759	-	104,759
Capital lease obligations	21,020	-	21,020
Other	41,710	-	41,710
	<u>230,032</u>	<u>-</u>	<u>230,032</u>
Net Assets			
Unrestricted	16,679,214	6,597,691	23,276,905
Temporarily restricted	85,285	-	85,285
Permanently restricted	1,548,747	391,232	1,939,979
	<u>18,313,246</u>	<u>6,988,923</u>	<u>25,302,169</u>
Total net assets	<u>\$ 18,543,278</u>	<u>\$ 6,988,923</u>	<u>\$ 25,532,201</u>
Total liabilities and net assets	<u>\$ 18,543,278</u>	<u>\$ 6,988,923</u>	<u>\$ 25,532,201</u>

The American Anti-Vivisection Society

Schedule III - Consolidating Statement of Activities and Changes in Net Assets - Year Ended

December 31, 2010

(See Independent Auditors' Report on Supplementary Information)

	2010		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Unrestricted Net Assets			
Revenue, Gains and Other Support			
Bequests	\$ 503,096	\$ -	\$ 503,096
Investment income from long-term investments, net of investment expenses of \$56,833 and \$64,517	530,555	91,906	622,461
Investment income from perpetual trusts	35,469	14,099	49,568
Dues	221,265	-	221,265
Contributions	259,908	30,247	290,155
Realized gains on long-term investments	464,981	126,716	591,697
Unrealized gains on long-term investments	796,809	346,730	1,143,539
Unrealized gain on beneficial interests in charitable trusts	129,277	-	129,277
Other income	40,538	-	40,538
	<u>2,981,898</u>	<u>609,698</u>	<u>3,591,596</u>
Net assets released from restrictions	30,657	-	30,657
	<u>3,012,555</u>	<u>609,698</u>	<u>3,622,253</u>
Expenses			
Program services:			
Campaigns and outreach	1,093,977	-	1,093,977
Animalearn	202,906	-	202,906
Alternatives research	-	299,930	299,930
	<u>1,296,883</u>	<u>299,930</u>	<u>1,596,813</u>
Supporting services:			
General and administrative	163,040	32,078	195,118
Fundraising	196,096	-	196,096
	<u>359,136</u>	<u>32,078</u>	<u>391,214</u>
	<u>1,656,019</u>	<u>332,008</u>	<u>1,988,027</u>
	<u>1,356,536</u>	<u>277,690</u>	<u>1,634,226</u>
Increase in unrestricted net assets			-

The American Anti-Vivisection Society

Schedule III - Consolidating Statement of Activities and Changes in Net Assets - Year Ended

December 31, 2010 (Continued)

(See Independent Auditors' Report on Supplementary Information)

	2010		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Temporarily Restricted Net Assets			
Investment income from long-term investments	16,250	\$ -	\$ 16,250
Investment income from perpetual trusts	8,896	-	8,896
Realized gain on long-term investments	6,702	-	6,702
Unrealized losses on long-term investments	(4,410)	-	(4,410)
Net assets released from restrictions	(30,657)	-	(30,657)
Increase in temporarily restricted net assets	(3,219)	-	(3,219)
Permanently Restricted Net Assets			
Unrealized gains on beneficial interests in perpetual trusts	87,727	19,579	107,306
Change in net assets	1,441,044	297,269	1,738,313
Net Assets, Beginning	18,313,246	6,988,923	25,302,169
Net Assets, Ending	<u>\$ 19,754,290</u>	<u>\$ 7,286,192</u>	<u>\$ 27,040,482</u>

The American Anti-Vivisection Society

Schedule IV - Consolidating Statement of Activities and Changes in Net Assets - Year Ended

December 31, 2009

(See Independent Auditors' Report on Supplementary Information)

	2009		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Unrestricted Net Assets			
Revenue, Gains (Losses) and Other Support			
Bequests	\$ 723,165	\$ -	\$ 723,165
Investment income from long-term investments, net of investment expenses of \$49,648 and \$58,397	526,249	109,375	635,624
Investment income from perpetual trusts	42,138	14,628	56,766
Dues	200,802	-	200,802
Contributions	268,663	37,997	306,660
Realized losses on long-term investments	(1,426,787)	(183,912)	(1,610,699)
Unrealized gains on long-term investments	4,021,379	1,194,730	5,216,109
Other income	39,801	-	39,801
	<u>4,395,410</u>	<u>1,172,818</u>	<u>5,568,228</u>
Net assets released from restrictions	37,909	-	37,909
	<u>4,433,319</u>	<u>1,172,818</u>	<u>5,606,137</u>
Expenses			
Program Services			
Campaigns and outreach	1,139,232	-	1,139,232
Animalearn	160,084	-	160,084
Alternatives research	-	258,938	258,938
	<u>1,299,316</u>	<u>258,938</u>	<u>1,558,254</u>
Supporting Services			
General and administrative	167,312	30,636	197,948
Fundraising	227,448	-	227,448
	<u>394,760</u>	<u>30,636</u>	<u>425,396</u>
	<u>1,694,076</u>	<u>289,574</u>	<u>1,983,650</u>
Total expenses	<u>1,694,076</u>	<u>289,574</u>	<u>1,983,650</u>
Increase in unrestricted net assets	<u>2,739,243</u>	<u>883,244</u>	<u>3,622,487</u>

The American Anti-Vivisection Society

Schedule IV - Consolidating Statement of Activities and Changes in Net Assets - Year Ended

December 31, 2009 (Continued)

(See Independent Auditors' Report on Supplementary Information)

	2009		
	<u>The American Anti-Vivisection Society</u>	<u>Alternative Research and Development Foundation</u>	<u>Total</u>
Temporarily Restricted Net Assets			
Investment income from long-term investments	\$ 15,410	\$ -	\$ 15,410
Investment income from perpetual trusts	16,170	-	16,170
Realized gains on long-term investments	45,001	-	45,001
Unrealized losses on long-term investments	(25,991)	-	(25,991)
Net assets released from restrictions	(37,909)	-	(37,909)
	<u>12,681</u>	<u>-</u>	<u>12,681</u>
Increase in temporarily restricted net assets			
Permanently Restricted Net Assets			
Unrealized gains on beneficial interests in perpetual trusts	<u>157,180</u>	<u>48,745</u>	<u>205,925</u>
Change in net assets	2,909,104	931,989	3,841,093
Net Assets, Beginning	<u>15,404,142</u>	<u>6,056,934</u>	<u>21,461,076</u>
Net Assets, Ending	<u>\$ 18,313,246</u>	<u>\$ 6,988,923</u>	<u>\$ 25,302,169</u>

The American Anti-Vivisection Society

Schedule V - Consolidating Statement of Cash Flows - Year Ended December 31, 2010
(See Independent Auditors' Report on Supplementary Information)

	2010		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Cash Flows from Operating Activities			
Change in net assets	\$ 1,441,044	\$ 297,269	\$ 1,738,313
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Depreciation	30,076	192	30,268
Realized gains on long-term investments	(471,683)	(126,716)	(598,399)
Net unrealized gains on long-term investments	(792,399)	(346,730)	(1,139,129)
Net unrealized gains on beneficial interest in perpetual trusts	(87,727)	(19,579)	(107,306)
(Increase) decrease in assets:			
Prepaid expenses	(6,718)		(6,718)
Receivables from estates and trusts	(125,280)	-	(125,280)
Inventory	(5,352)	-	(5,352)
Beneficial interests in charitable trusts	(249,360)		(249,360)
Increase (decrease) in liabilities:			
Accounts payable	6,680	-	6,680
Accrued compensation and related items	(16,942)	-	(16,942)
Due to (from) affiliate	(5,651)	5,651	-
Deferred dues revenue	7,816	-	7,816
Other	13,516	-	13,516
Net cash used in operating activities	<u>(261,980)</u>	<u>(189,913)</u>	<u>(451,893)</u>
Cash Flows from Investing Activities			
Purchases of furniture and equipment	(1,228)	-	(1,228)
Purchases of long-term investments	(8,136,492)	(1,544,820)	(9,681,312)
Proceeds from sales and maturities of long-term investments	<u>8,530,733</u>	<u>1,753,525</u>	<u>10,284,258</u>
Net cash provided by investing activities	<u>393,013</u>	<u>208,705</u>	<u>601,718</u>
Cash Flows Used in Financing Activities			
Payment of capital lease obligation	<u>(8,560)</u>	<u>-</u>	<u>(8,560)</u>
Net increase in cash	122,473	18,792	141,265
Cash and Cash Equivalents, Beginning	<u>290,806</u>	<u>230,806</u>	<u>521,612</u>
Cash and Cash Equivalents, Ending	<u>\$ 413,279</u>	<u>\$ 249,598</u>	<u>\$ 662,877</u>

The American Anti-Vivisection Society

Schedule VI - Consolidating Statement of Cash Flows - Year Ended December 31, 2009
(See Independent Auditors' Report on Supplementary Information)

	2009		
	The American Anti-Vivisection Society	Alternative Research and Development Foundation	Total
Cash Flows from Operating Activities			
Change in net assets	\$ 2,909,104	\$ 931,989	\$ 3,841,093
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:			
Depreciation	29,517	581	30,098
Realized losses on long-term investments	1,381,786	183,912	1,565,698
Net unrealized gains on long-term investments	(3,995,384)	(1,194,730)	(5,190,114)
Net unrealized gains on beneficial interests in perpetual trusts	(157,180)	(48,745)	(205,925)
(Increase) decrease in assets:			
Prepaid expenses	4,029	-	4,029
Receivables from estates and trusts	(94,298)	6,314	(87,984)
Inventory	4,703	-	4,703
Beneficial interests in charitable trusts	2,233,286	-	2,233,286
Increase (decrease) in liabilities:			
Accounts payable	(7,405)	(4,812)	(12,217)
Accrued compensation and related items	(8,357)	-	(8,357)
Due to (from) affiliate	3,284	(3,284)	-
Deferred dues revenue	8,601	-	8,601
Other	558	-	558
Net cash provided by (used in) operating activities	<u>2,312,244</u>	<u>(128,775)</u>	<u>2,183,469</u>
Cash Flows from Investing Activities			
Purchases of furniture and equipment	(9,710)	-	(9,710)
Purchases of long-term investments	(8,684,594)	(1,951,145)	(10,635,739)
Proceeds from sales and maturities of long-term investments	<u>6,263,060</u>	<u>2,092,865</u>	<u>8,355,925</u>
Net cash provided by (used in) investing activities	<u>(2,431,244)</u>	<u>141,720</u>	<u>(2,289,524)</u>
Cash Flows Used in Financing Activities			
Payment of capital lease obligation	<u>(7,943)</u>	<u>-</u>	<u>(7,943)</u>
Net increase (decrease) in cash	(126,943)	12,945	(113,998)
Cash and Cash Equivalents, Beginning	<u>417,749</u>	<u>217,861</u>	<u>635,610</u>
Cash and Cash Equivalents, Ending	<u>\$ 290,806</u>	<u>\$ 230,806</u>	<u>\$ 521,612</u>

The American Anti-Vivisection Society

Schedule VII - Consolidated Schedule of Functional Expenses - Year Ended December 31, 2010
(See Independent Auditors' Report on Supplementary Information)

2010

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 286,500	\$ -	\$ -	\$ 286,500
Grant to Ryerss	15,000	-	-	15,000
Salaries	443,608	77,733	25,525	546,866
Employee benefits	130,000	24,335	5,257	159,592
Payroll taxes	37,546	6,715	2,329	46,590
Professional fees	19,326	67,722	209	87,257
Membership development	930	-	111,706	112,636
Office supplies	9,247	-	-	9,247
Telecommunications	12,053	758	342	13,153
Postage and shipping	35,570	27	5,857	41,454
Occupancy	96,915	10,797	4,975	112,687
Equipment rental and maintenance	42,582	-	4,762	47,344
Printing and publications	200,571	-	24,539	225,110
Editorial services	728	-	-	728
Design	42,500	-	-	42,500
Merchandise and Material	(1,810)	-	-	(1,810)
Travel	26,650	-	802	27,452
Conferences, conventions, and meetings	33,561	-	395	33,956
Office expense and miscellaneous	8,011	6,318	-	14,329
Insurance	9,667	675	145	10,487
Advertising	51,216	-	3,395	54,611
Research and information services	1,400	-	-	1,400
Consultant fees	21,630	-	5,858	27,488
Contribution for direct benefit of animals (Ryerss)	23,043	-	-	23,043
Depreciation	30,230	38	-	30,268
Educational material	20,139	-	-	20,139
	<u>\$ 1,596,813</u>	<u>\$ 195,118</u>	<u>\$ 196,096</u>	<u>\$ 1,988,027</u>

The American Anti-Vivisection Society

Schedule VIII - Consolidated Schedule of Functional Expenses - Year Ended December 31, 2009
(See Independent Auditors' Report on Supplementary Information)

	2009			Total
	Programs	General and Administrative	Fundraising	
Grants	\$ 248,489	\$ -	\$ -	\$ 248,489
Grant to Ryerss	10,000	-	-	10,000
Salaries	458,282	81,265	26,855	566,402
Employee benefits	124,889	22,962	10,504	158,355
Payroll taxes	39,858	6,995	2,429	49,282
Professional fees	6,984	68,843	169	75,996
Membership development	3,665	-	128,090	131,755
Office supplies	10,566	-	-	10,566
Telecommunications	15,028	769	340	16,137
Postage and shipping	36,918	36	5,802	42,756
Occupancy	96,483	10,738	4,956	112,177
Equipment rental and maintenance	39,431	-	3,524	42,955
Printing and publications	179,049	-	37,622	216,671
Editorial services	840	-	-	840
Design	31,294	-	150	31,444
Merchandise and Material	8,289	-	-	8,289
Travel	29,877	-	-	29,877
Conferences, conventions, and meetings	41,455	-	370	41,825
Office expense and miscellaneous	8,641	5,462	-	14,103
Insurance	10,462	762	189	11,413
Advertising	57,463	-	6,085	63,548
Research and information services	10,975	-	363	11,338
Consultant fees	15,210	-	-	15,210
Contribution for direct benefit of animals (Ryerss)	27,252	-	-	27,252
Depreciation	29,982	116	-	30,098
Educational materials	16,872	-	-	16,872
	<u>\$ 1,558,254</u>	<u>\$ 197,948</u>	<u>\$ 227,448</u>	<u>\$ 1,983,650</u>