



Primarily Primates, Inc.
**Financial Statements
and Independent Auditor's Report**
April 30, 2018 and 2017

Primarily Primates, Inc.

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Independent Auditor's Report

Board of Trustees
Primarily Primates, Inc.

We have audited the accompanying financial statements of Primarily Primates, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 above present fairly, in all material respects, the financial position of Primarily Primates, Inc. as of April 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Hartford, Connecticut
August 28, 2018

Primarily Primates, Inc.

Statements of Financial Position
April 30, 2018 and 2017

	<u>Assets</u>	
	<u>2018</u>	<u>2017</u>
Current assets		
Cash	\$ 9,517	\$ 6,129
Prepaid expenses	8,321	8,609
Contributions receivable, net	8,500	11,250
Total current assets	<u>26,338</u>	<u>25,988</u>
Interest in supporting organization	<u>2,008,701</u>	<u>2,028,174</u>
Property, plant and equipment		
Buildings and improvements	935,967	935,967
Cages, equipment and other	3,274,196	3,130,419
Less accumulated depreciation	<u>(2,566,593)</u>	<u>(2,470,036)</u>
	1,643,570	1,596,350
Land	1,094,145	1,094,145
Construction in progress	<u>3,232</u>	<u>10,496</u>
Total property, plant and equipment, net	<u>2,740,947</u>	<u>2,700,991</u>
Total assets	<u>\$ 4,775,986</u>	<u>\$ 4,755,153</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 23,011	\$ 39,398
Accrued expenses	<u>68,143</u>	<u>68,437</u>
Total current liabilities	<u>91,154</u>	<u>107,835</u>
Net assets		
Unrestricted	2,640,180	2,619,144
Temporarily restricted	<u>2,044,652</u>	<u>2,028,174</u>
Total net assets	<u>4,684,832</u>	<u>4,647,318</u>
Total liabilities and net assets	<u>\$ 4,775,986</u>	<u>\$ 4,755,153</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

**Statements of Activities
Years Ended April 30, 2018 and 2017**

	2018			2017		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenues, gains and other support						
Contributions and gifts	\$ 1,264,432	\$ 38,000	\$ 1,302,432	\$ 1,256,308	\$ -	\$ 1,256,308
Unrealized appreciation on interest in Lois E. Womer Foundation	-	104,549	104,549	-	251,480	251,480
Miscellaneous income	2,985	-	2,985	2,263	-	2,263
Total revenues, gains and other support	<u>1,267,417</u>	<u>142,549</u>	<u>1,409,966</u>	<u>1,258,571</u>	<u>251,480</u>	<u>1,510,051</u>
Net assets released from restrictions						
Satisfaction of program restrictions	2,049	(2,049)	-	6,000	(6,000)	-
Distribution from interest in supporting organization	124,022	(124,022)	-	116,973	(116,973)	-
Total net assets released from restrictions	<u>126,071</u>	<u>(126,071)</u>	<u>-</u>	<u>122,973</u>	<u>(122,973)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,393,488</u>	<u>16,478</u>	<u>1,409,966</u>	<u>1,381,544</u>	<u>128,507</u>	<u>1,510,051</u>
Expenses						
Animal care	1,049,003	-	1,049,003	1,106,099	-	1,106,099
Public information	173,497	-	173,497	204,404	-	204,404
Fundraising	47,627	-	47,627	43,760	-	43,760
General and administrative	102,325	-	102,325	139,863	-	139,863
Total expenses	<u>1,372,452</u>	<u>-</u>	<u>1,372,452</u>	<u>1,494,126</u>	<u>-</u>	<u>1,494,126</u>
Changes in net assets	21,036	16,478	37,514	(112,582)	128,507	15,925
Net assets, beginning	2,619,144	2,028,174	4,647,318	2,731,726	1,899,667	4,631,393
Net assets, end	<u>\$ 2,640,180</u>	<u>\$ 2,044,652</u>	<u>\$ 4,684,832</u>	<u>\$ 2,619,144</u>	<u>\$ 2,028,174</u>	<u>\$ 4,647,318</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

**Statement of Functional Expenses
Year Ended April 30, 2018
(with Comparative Totals for 2017)**

	<u>Animal care</u>	<u>Public information</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>2018 Total expenses</u>	<u>2017 Total expenses</u>
Expenses						
Salaries and employee benefits	\$ 537,023	\$ 60,331	\$ 15,181	\$ 93,026	\$ 705,561	\$ 753,052
Animal food, supplies and care	213,805	-	-	-	213,805	241,563
Advertising	-	103,680	-	-	103,680	116,285
Depreciation	96,356	-	-	-	96,356	85,864
Repairs and maintenance	81,127	36	9	21	81,193	113,877
Utilities	52,619	2,209	560	1,133	56,521	51,752
Insurance	26,087	955	334	3,103	30,479	25,627
Professional fees	17,292	1,327	786	1,572	20,977	25,455
Newsletter/mailings	813	4,201	12,752	4	17,770	19,890
Computer	5,674	149	3,277	351	9,451	9,570
Bank fees	-	-	8,885	138	9,023	7,617
Office supplies	4,910	343	275	1,462	6,990	8,323
Automobile	6,729	-	-	-	6,729	6,436
Postage	528	57	3,949	1,037	5,571	6,324
Telephone	4,156	137	34	68	4,395	5,154
Miscellaneous	350	-	-	3,737	4,087	(290)
Registrations	731	-	1,389	630	2,750	4,613
Dues and subscriptions	803	72	-	-	875	331
Travel	-	-	196	43	239	683
Bad debt (recovery) expense	-	-	-	(4,000)	(4,000)	12,000
Total	<u>\$ 1,049,003</u>	<u>\$ 173,497</u>	<u>\$ 47,627</u>	<u>\$ 102,325</u>	<u>\$ 1,372,452</u>	<u>\$ 1,494,126</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

**Statement of Functional Expenses
Year Ended April 30, 2017**

	<u>Animal care</u>	<u>Public information</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>Total expenses</u>
Expenses					
Salaries and employee benefits	\$ 551,325	\$ 77,689	\$ 10,884	\$ 113,154	\$ 753,052
Animal food, supplies and care	241,563	-	-	-	241,563
Advertising	-	116,285	-	-	116,285
Repairs and maintenance	113,375	31	8	463	113,877
Depreciation	85,864	-	-	-	85,864
Utilities	48,206	2,050	510	986	51,752
Insurance	21,536	797	267	3,027	25,627
Professional fees	18,612	360	1,206	5,277	25,455
Newsletter/mailings	911	4,365	14,609	5	19,890
Bad debt expense	-	-	-	12,000	12,000
Computer	5,373	376	3,276	545	9,570
Office supplies	3,755	449	333	3,786	8,323
Bank fees	16	-	7,517	84	7,617
Automobile	6,436	-	-	-	6,436
Postage	493	1,831	2,708	1,292	6,324
Telephone	4,918	135	34	67	5,154
Registrations	2,485	-	519	1,609	4,613
Travel	584	-	-	99	683
Dues and subscriptions	295	36	-	-	331
Miscellaneous	352	-	1,889	(2,531)	(290)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,106,099</u>	<u>\$ 204,404</u>	<u>\$ 43,760</u>	<u>\$ 139,863</u>	<u>\$ 1,494,126</u>

See Notes to Financial Statements.

Primarily Primates, Inc.
Statements of Cash Flows
Years Ended April 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ 37,514	\$ 15,925
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	96,356	85,864
Change in fair value of interest in supporting organization	(104,549)	(251,480)
Changes in operating assets and liabilities		
Prepaid expenses	288	96
Contributions receivable	2,750	61,390
Accounts payable	(16,387)	12,211
Accrued expenses	(294)	4,636
	<u>15,678</u>	<u>(71,358)</u>
Net cash provided by (used in) operating activities		
Cash flow from investing activities		
Acquisition of property, plant and equipment	(136,312)	(262,095)
Distribution from interest in supporting organization	124,022	116,973
	<u>(12,290)</u>	<u>(145,122)</u>
Net cash used in investing activities		
Net change in cash	3,388	(216,480)
Cash, beginning	<u>6,129</u>	<u>222,609</u>
Cash, end	<u>\$ 9,517</u>	<u>\$ 6,129</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

Notes to Financial Statements April 30, 2018 and 2017

Note 1 - Organization and summary of significant accounting policies

Primarily Primates, Inc. ("PPI" or the "Organization") is a not-for-profit corporation which was organized in the State of Texas on January 20, 1981. The Organization is an animal protection organization that provides sanctuary, rehabilitation, lifetime care and shelter to various non-native species of primates, birds, mammals and reptiles that would otherwise die prematurely by abandonment or euthanasia.

Basis of presentation

The accompanying 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"). The financial statements report information regarding the Organization's financial position and results of its activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily restricted - Net assets whose use by the Organization is subject to explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Organization or that expire by the passage of time.

Permanently restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Organization and stipulate the use of income and/or appreciation (depreciation) as either unrestricted or temporarily restricted based on donor-imposed stipulations or by operation of law. There were no permanently restricted net assets as of April 30, 2018 and 2017.

Income taxes

The Organization is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization has no unrecognized tax benefits at April 30, 2017 and 2016. The Organization's federal and state information returns prior to fiscal year 2015 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization has unrelated business income taxes, the Organization will recognize interest and penalties associated with uncertain tax positions as part of income tax expense and include accrued interest and penalties with the related tax liability in the statements of financial position.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. There were no cash equivalents as of April 30, 2017 and 2016.

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2018 and 2017**

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Non-cash contributions

The Organization records donations of securities at the fair market value on the date of the gift. The Organization has a policy of recording all other non-cash donations that are \$500 or greater at the fair market value on the date of the gift.

Donated services

Donated services are recorded at their estimated values at the date of receipt.

Donated assets

Donations of property, plant and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Property, plant and equipment

PPI capitalizes all property, plant and equipment in excess of \$1,000. PPI values its property, plant and equipment at cost and depreciates them over their estimated useful lives using the straight-line method of depreciation. Depreciation of property, plant and equipment is provided using the following useful lives:

Buildings	10 - 40 years
Cages, equipment and other	3 - 40 years

Items included in construction in progress are depreciated when they are placed in service.

The Organization reviews its long-lived assets for impairment using an undiscounted cash flow method whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. There were no impairment losses related to long-lived assets as of April 30, 2018 and 2017.

Functional allocation of expenses

Expenses are charged to animal care, public information, fundraising and general and administrative based on a combination of specific identification and allocations made by management.

Use of estimates

The preparation of the Organization's 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.

Primarily Primates, Inc.

Notes to Financial Statements April 30, 2018 and 2017

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 28, 2018, which is the date the financial statements were available to be issued.

Note 2 - Concentrations of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and contributions receivable. The Organization maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. As of April 30, 2018, no amounts exceeded the federally insured limits. Concentrations of credit risk with respect to receivables are limited due to the large number of contributors, comprised of individuals, corporations and foundations.

Note 3 - Interest in supporting organization

The interest in supporting organization on the statements of financial position represents the Organization's interest in the Lois E. Womer Foundation (the "Foundation"). The Organization has a 40% interest in the Foundation and receives an annual distribution based on their allocated percentage, which is calculated based on the terms of the agreement. The Organization earned \$124,022 and \$116,973 of revenue related to the annual distributions from the Foundation for the years ended April 30, 2017 and 2016, respectively. This distribution is for the Organization's general use.

The net assets of the Foundation were \$5,021,753 and \$5,070,434, respectively, as of April 30, 2018 and 2017.

Note 4 - Fair value measurements

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.
- Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. If an asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2018 and 2017**

Financial assets carried at fair value at April 30, 2018 and 2017 are all classified as level 3. There have been no changes in the methodology used at April 30, 2018 and 2017.

The interest in supporting organization is designated as a level 3 instrument primarily because the fair value of the PPI's share of the Foundation is based on the values of the underlying investments in the Foundation which are established by the trustees using market values for identical assets in an active market for similar assets. PPI receives periodic payments from the Foundation based on the trustees' calculation of the present value of expected cash flows to be received from the Foundation. The Foundation provides PPI with investment statements and valuations of its portion of the Foundation at year end. These are evaluated annually by the Organization.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although PPI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth changes in assets measured at fair value using level 3 inputs for the years ended April 30, 2018 and 2017:

	<u>Balance as of April 30, 2017</u>	<u>Change in fair value</u>	<u>Distributions</u>	<u>Balance as of April 30, 2018</u>
Interest in supporting organization	<u>\$ 2,028,174</u>	<u>\$ 104,549</u>	<u>\$ (124,022)</u>	<u>\$ 2,008,701</u>

	<u>Balance as of April 30, 2016</u>	<u>Change in fair value</u>	<u>Distributions</u>	<u>Balance as of April 30, 2017</u>
Interest in supporting organization	<u>\$ 1,893,667</u>	<u>\$ 251,480</u>	<u>\$ (116,973)</u>	<u>\$ 2,028,174</u>

The following table represents PPI's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

<u>Instrument</u>	<u>2018 Fair value</u>	<u>2017 Fair value</u>	<u>Principal valuation technique</u>	<u>Unobservable inputs</u>	<u>Significant input values</u>	<u>Weighted average</u>
Interest in supporting organization	\$ 2,008,701	\$ 2,028,174	(A)	Base price	N/A	N/A

(A) Valuation of underlying assets as provided by issuer.

The Organization's policy is to recognize transfers in and out of various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended April 30, 2018 and 2017.

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2018 and 2017**

Note 5 - Leases

Equipment

The Organization leases office equipment. Equipment lease expense for each of the years ended April 30, 2018 and 2017 was \$3,817 and \$2,637, respectively. The monthly expense on the lease is \$117 and expires in May 2021.

Future minimum lease payments due in each of the years subsequent to April 30, 2018 are as follows:

2019	\$	1,404
2020		1,404
2021		1,404
2022		117
Total future minimum lease payments	\$	<u>4,329</u>

Note 6 - Related party transactions

PPI shares common board members with Friends of Animals ("FoA"). FoA has provided substantial support to fund operations of PPI. The total financial support provided by FoA amounted to \$846,748 and \$464,166 for the years ended April 30, 2018 and 2017, respectively. Included in this amount was \$123,328 and \$149,666 for the years ended April 30, 2018 and 2017, respectively, of donated administrative support.

FoA supports a wild horse project in which wild horses were rescued and are being kept and cared for on the PPI property. PPI cares for the animals and FoA reimburses PPI for all expenses incurred relating to this project. During the years ending April 30, 2018 and 2017, the Organization reimbursed FoA for expenses of \$3,818 and \$16,330, respectively.

Note 7 - Donations in-kind

Donations in-kind are included in contributions and gifts in the statements of activities. During 2018 and 2017, PPI received donated services of advertising, administrative support and produce. The total value of the donated advertising recorded in the statements of activities was \$103,680 and \$116,285 for the years ended April 30, 2018 and 2017, respectively. Administrative support from FoA amounted to \$123,328 and \$149,666 for the years ended April 30, 2018 and 2017, respectively (see Note 6). The total value of the donated produce recorded in the statements of activities as animal food, supplies and care was \$36,369 and \$44,960 for the years ended April 30, 2018 and 2017, respectively.

Note 8 - Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes as of April 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest in supporting organization	\$ 2,008,701	\$ 2,028,174
Lemur habitat improvements	35,951	-
	<u>\$ 2,044,652</u>	<u>\$ 2,028,174</u>

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