



Primarily Primates, Inc.
**Financial Statements
and Independent Auditor's Report**
April 30, 2019 and 2018

Primarily Primates, Inc.

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Independent Auditor's Report

To the 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, 2019 and 2018, 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, 2019 and 2018, 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 26, 2019

Primarily Primates, Inc.

Statements of Financial Position
April 30, 2019 and 2018

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 10,344	\$ 9,517
Prepaid expenses	13,022	8,321
Contributions receivable, net	7,500	8,500
Due from related party	2,502	-
Total current assets	<u>33,368</u>	<u>26,338</u>
Interest in supporting organization	<u>2,013,508</u>	<u>2,008,701</u>
Property, plant and equipment		
Buildings and improvements	934,223	935,967
Cages, equipment and other	3,350,437	3,274,196
Less accumulated depreciation	<u>(2,663,658)</u>	<u>(2,566,593)</u>
Land	1,621,002	1,643,570
Construction in progress	1,094,145	1,094,145
Construction in progress	<u>9,741</u>	<u>3,232</u>
Total property, plant and equipment, net	<u>2,724,888</u>	<u>2,740,947</u>
Total assets	<u>\$ 4,771,764</u>	<u>\$ 4,775,986</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 17,742	\$ 23,011
Accrued expenses	<u>63,831</u>	<u>68,143</u>
Total current liabilities	<u>81,573</u>	<u>91,154</u>
Net assets		
Without donor restrictions	2,631,020	2,640,180
With donor restrictions	<u>2,059,171</u>	<u>2,044,652</u>
Total net assets	<u>4,690,191</u>	<u>4,684,832</u>
Total liabilities and net assets	<u>\$ 4,771,764</u>	<u>\$ 4,775,986</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

**Statements of Activities
Years Ended April 30, 2019 and 2018**

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support						
Contributions, grants and gifts	\$ 1,173,861	\$ 36,000	\$ 1,209,861	\$ 1,264,432	\$ 38,000	\$ 1,302,432
Unrealized appreciation on interest in Lois E. Womer Foundation	-	130,571	130,571	-	104,549	104,549
Miscellaneous income	1,688	-	1,688	2,985	-	2,985
Total revenues, gains and other support	1,175,549	166,571	1,342,120	1,267,417	142,549	1,409,966
Net assets released from restrictions						
Satisfaction of program restrictions	26,288	(26,288)	-	2,049	(2,049)	-
Distribution from interest in supporting organization	125,764	(125,764)	-	124,022	(124,022)	-
Total net assets released from restrictions	152,052	(152,052)	-	126,071	(126,071)	-
Total revenues, gains and other support	1,327,601	14,519	1,342,120	1,393,488	16,478	1,409,966
Expenses						
Animal care	1,036,219	-	1,036,219	1,049,003	-	1,049,003
Public information	127,660	-	127,660	173,497	-	173,497
Fundraising	62,545	-	62,545	47,627	-	47,627
General and administrative	110,337	-	110,337	102,325	-	102,325
Total expenses	1,336,761	-	1,336,761	1,372,452	-	1,372,452
Changes in net assets	(9,160)	14,519	5,359	21,036	16,478	37,514
Net assets, beginning	2,640,180	2,044,652	4,684,832	2,619,144	2,028,174	4,647,318
Net assets, end	\$ 2,631,020	\$ 2,059,171	\$ 4,690,191	\$ 2,640,180	\$ 2,044,652	\$ 4,684,832

See Notes to Financial Statements.

Primarily Primates, Inc.

**Statement of Functional Expenses
Year Ended April 30, 2019
(with Comparative Totals for 2018)**

	<u>Animal care</u>	<u>Public information</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>2019 Total expenses</u>	<u>2018 Total expenses</u>
Expenses						
Salaries and employee benefits	\$ 542,585	\$ 61,833	\$ 18,660	\$ 98,995	\$ 722,073	\$ 705,561
Animal food, supplies and care	197,480	-	-	-	197,480	213,805
Advertising	-	49,872	625	-	50,497	103,680
Depreciation	97,065	-	-	-	97,065	96,356
Repairs and maintenance	71,517	24	6	12	71,559	81,193
Utilities	59,506	2,518	815	1,074	63,913	56,521
Insurance	23,911	931	448	2,835	28,125	30,479
Professional fees	17,746	-	807	1,613	20,166	20,977
Newsletter/mailings	94	10,299	16,089	638	27,120	17,770
Computer	6,877	877	9,207	1,400	18,361	9,451
Bank fees	-	-	7,931	-	7,931	9,023
Office supplies	3,832	140	677	768	5,417	6,990
Automobile	6,091	-	-	-	6,091	6,729
Postage	604	696	3,693	569	5,562	5,571
Telephone	3,435	110	28	55	3,628	4,395
Miscellaneous	1,448	80	1,767	364	3,659	4,087
Registrations	-	-	1,189	1,245	2,434	2,750
Dues and subscriptions	1,349	280	-	-	1,629	875
Travel	2,679	-	603	(231)	3,051	239
Bad debt (recovery) expense	-	-	-	1,000	1,000	(4,000)
Total	<u><u>\$ 1,036,219</u></u>	<u><u>\$ 127,660</u></u>	<u><u>\$ 62,545</u></u>	<u><u>\$ 110,337</u></u>	<u><u>\$ 1,336,761</u></u>	<u><u>\$ 1,372,452</u></u>

See Notes to Financial Statements.

Primarily Primates, Inc.

**Statement of Functional Expenses
Year Ended April 30, 2018**

	<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	\$ 537,023	\$ 60,331	\$ 15,181	\$ 93,026	\$ 705,561
Animal food, supplies and care	213,805	-	-	-	213,805
Advertising	-	103,680	-	-	103,680
Repairs and maintenance	81,127	36	9	21	81,193
Depreciation	96,356	-	-	-	96,356
Utilities	52,619	2,209	560	1,133	56,521
Insurance	26,087	955	334	3,103	30,479
Professional fees	17,292	1,327	786	1,572	20,977
Newsletter/mailings	813	4,201	12,752	4	17,770
Bad debt recovery	-	-	-	(4,000)	(4,000)
Computer	5,674	149	3,277	351	9,451
Office supplies	4,910	343	275	1,462	6,990
Bank fees	-	-	8,885	138	9,023
Automobile	6,729	-	-	-	6,729
Postage	528	57	3,949	1,037	5,571
Telephone	4,156	137	34	68	4,395
Registrations	731	-	1,389	630	2,750
Travel	-	-	196	43	239
Dues and subscriptions	803	72	-	-	875
Miscellaneous	350	-	-	3,737	4,087
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 1,049,003</u>	<u>\$ 173,497</u>	<u>\$ 47,627</u>	<u>\$ 102,325</u>	<u>\$ 1,372,452</u>

See Notes to Financial Statements.

Primarily Primates, Inc.
Statements of Cash Flows
Years Ended April 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Changes in net assets	\$ 5,359	\$ 37,514
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation	97,065	96,356
Change in fair value of interest in supporting organization	(130,571)	(104,549)
Changes in operating assets and liabilities		
Prepaid expenses	(4,701)	288
Contributions receivable	1,000	2,750
Due from related party	(2,502)	-
Accounts payable	(5,269)	(16,387)
Accrued expenses	(4,312)	(294)
	(43,931)	15,678
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Acquisition of property, plant and equipment	(81,006)	(136,312)
Distribution from interest in supporting organization	125,764	124,022
	44,758	(12,290)
Net cash provided by (used in) investing activities		
Net increase in cash	827	3,388
Cash, beginning	9,517	6,129
Cash, end	\$ 10,344	\$ 9,517

See Notes to Financial Statements.

Primarily Primates, Inc.

Notes to Financial Statements April 30, 2019 and 2018

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. The Organization reports information regarding its financial position and activities according to two classes of net assets described as follows:

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) 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, where the donor stipulates that resources be maintained in perpetuity.

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, 2019 and 2018. The Organization's federal and state information returns prior to fiscal year 2016 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 the 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, 2019 and 2018.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

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Notes to Financial Statements April 30, 2019 and 2018

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 support without donor restrictions 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 its long-lived assets as of April 30, 2019 and 2018.

Functional allocation of expenses

Expenses are charged to spaying and neutering costs, public information and animal protection costs, fundraising and administrative based on a combination of specific identification and allocations made by management. Expenses that are attributed to multiple functions are allocated using a reasonable allocation method that is consistently applied. Salaries and related costs are allocated based on staff functions.

Use of estimates

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

New accounting pronouncement

During 2019, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The provisions improve the usefulness and reduce the complexities of information provided to donors, grantors, creditors, and other users of the financial statements by eliminating the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements. Enhanced disclosures in the notes to the financial statements will provide useful information about the nature, amounts and effects of the various types of donor-imposed restrictions, which often

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2019 and 2018**

include limits on the purposes for which resources can be used as well as the time frame for their use. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity and expenses both their nature and functional classification. While the adoption of ASU 2016-14 requires net assets to be presented with and without donor restrictions, the ASU had no effect on the Organization's total net assets.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 26, 2019, 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, 2019, 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 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of April 30, 2019, the Organization has financial assets available to meet annual operating needs for the 2020 fiscal year as follows:

Cash	\$	10,344
Contributions receivable, net		<u>7,500</u>
	\$	<u><u>17,844</u></u>

As part of the Organization's liquidity management, the Organization keeps its financial assets available as its general expenditures, liabilities, and other obligations come due.

Note 4 - 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 \$125,764 and \$124,022 of revenue related to the annual distributions from the Foundation for the years ended April 30, 2019 and 2018, respectively. This distribution is for the Organization's general use.

The net assets of the Foundation were \$5,033,769 and \$5,021,753, respectively, as of April 30, 2019 and 2018.

Note 5 - 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

Primarily Primates, Inc.

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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.

Financial assets carried at fair value at April 30, 2019 and 2018 are all classified as level 3. There have been no changes in the methodology used at April 30, 2019 and 2018.

The interest in supporting organization is designated as a level 3 instrument primarily because the fair value of 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, 2019 and 2018:

	<u>Balance as of April 30, 2018</u>	<u>Change in fair value</u>	<u>Distributions</u>	<u>Balance as of April 30, 2019</u>
Interest in supporting organization	<u>\$ 2,008,701</u>	<u>\$ 130,571</u>	<u>\$ (125,764)</u>	<u>\$ 2,013,508</u>
	<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>

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**Notes to Financial Statements
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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>2019 fair value</u>	<u>2018 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	\$ 2,013,508	\$ 2,008,701	(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, 2019 and 2018.

Note 6 - Leases

Equipment

The Organization leases office equipment. Equipment lease expense for each of the years ended April 30, 2019 and 2018 was \$2,448 and \$3,817, 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, 2019 are as follows:

2019	\$ 1,404
2020	1,404
2021	117
	<hr/>
Total future minimum lease payments	<u>\$ 2,925</u>

Note 7 - Related party transactions

PPI shares some 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 \$766,687 and \$846,748 for the years ended April 30, 2019 and 2018, respectively. Included in this amount was \$134,482 and \$123,328 for the years ended April 30, 2019 and 2018, 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 ended April 30, 2019 and 2018, the Organization was reimbursed by FoA for expenses of \$7,775 and \$3,818, respectively, of which \$2,502 and \$0, respectively, were due from FoA.

Note 8 - Donations in-kind

Donations in-kind are included in contributions and gifts in the statements of activities. During 2019 and 2018, PPI received donated services of advertising, administrative support and produce. The total value of the donated advertising recorded in the statements of activities was \$49,872 and \$103,680 for the years ended April 30, 2019 and 2018, respectively. Administrative support from

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FoA amounted to \$134,482 and \$123,328 for the years ended April 30, 2019 and 2018, respectively (see Note 7). The total value of the donated produce recorded in the statements of activities as animal food, supplies and care was \$39,107 and \$36,369 for the years ended April 30, 2019 and 2018, respectively.

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of April 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest in supporting organization	\$ 2,013,508	\$ 2,008,701
Lemur habitat improvements	9,663	35,951
Chimpanzee habitat improvements	<u>36,000</u>	<u>-</u>
	<u>\$ 2,059,171</u>	<u>\$ 2,044,652</u>

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