

Primarily Primates, Inc.
**Financial Statements
and Independent Auditor's Report**
April 30, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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 16, 2021

Primarily Primates, Inc.

Statements of Financial Position
April 30, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 392,083	\$ 102,377
Prepaid expenses	41,228	28,939
Contributions receivable, net	200,000	-
Total current assets	<u>633,311</u>	<u>131,316</u>
Interest in supporting organization	<u>2,297,799</u>	<u>1,904,814</u>
Property, plant and equipment		
Buildings and improvements	1,104,308	1,098,694
Cages, equipment and other	3,396,596	3,369,564
Construction in progress	65,403	-
Less accumulated depreciation	<u>(2,882,720)</u>	<u>(2,772,462)</u>
	1,683,587	1,695,796
Land	<u>1,094,145</u>	<u>1,094,145</u>
Total property, plant and equipment, net	<u>2,777,732</u>	<u>2,789,941</u>
Total assets	<u>\$ 5,708,842</u>	<u>\$ 4,826,071</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 70,839	\$ 6,755
Accrued expenses	52,438	52,105
Refundable advance	126,300	103,800
Total current liabilities	<u>249,577</u>	<u>162,660</u>
Net assets		
Without donor restrictions	2,926,466	2,746,047
With donor restrictions	<u>2,532,799</u>	<u>1,917,364</u>
Total net assets	<u>5,459,265</u>	<u>4,663,411</u>
Total liabilities and net assets	<u>\$ 5,708,842</u>	<u>\$ 4,826,071</u>

See Notes to Financial Statements.

Primarily Primates, Inc.
Statements of Activities
Years Ended April 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support						
Contributions and gifts	\$ 1,166,069	\$ 267,000	\$ 1,433,069	\$ 1,230,686	\$ 12,550	\$ 1,243,236
Contributions - PPP	103,800	-	103,800	-	-	-
Unrealized appreciation on interest in supporting organization	-	516,399	516,399	-	13,226	13,226
Miscellaneous income	7,286	-	7,286	2,957	-	2,957
Total revenues, gains and other support	1,277,155	783,399	2,060,554	1,233,643	25,776	1,259,419
Net assets released from restrictions						
Satisfaction of program restrictions	44,550	(44,550)	-	45,663	(45,663)	-
Distribution from interest in supporting organization	123,414	(123,414)	-	121,920	(121,920)	-
Total net assets released from restrictions	167,964	(167,964)	-	167,583	(167,583)	-
Total revenues, gains and other support	1,445,119	615,435	2,060,554	1,401,226	(141,807)	1,259,419
Expenses						
Animal care	957,537	-	957,537	1,022,448	-	1,022,448
Public information	231,473	-	231,473	192,860	-	192,860
Fundraising	40,285	-	40,285	43,361	-	43,361
General and administrative	35,405	-	35,405	27,530	-	27,530
Total expenses	1,264,700	-	1,264,700	1,286,199	-	1,286,199
Changes in net assets	180,419	615,435	795,854	115,027	(141,807)	(26,780)
Net assets, beginning	2,746,047	1,917,364	4,663,411	2,631,020	2,059,171	4,690,191
Net assets, end	<u>\$ 2,926,466</u>	<u>\$ 2,532,799</u>	<u>\$ 5,459,265</u>	<u>\$ 2,746,047</u>	<u>\$ 1,917,364</u>	<u>\$ 4,663,411</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

Statements of Functional Expenses
Year Ended April 30, 2021
(with Comparative Totals for 2020)

	Animal care	Public information	Fundraising	General and administrative	2021 Total expenses	2020 Total expenses
Expenses						
Salaries and employee benefits	\$ 493,868	\$ 160,117	\$ 17,753	\$ 22,786	\$ 694,524	\$ 760,074
Animal food, supplies and care	144,546	-	-	-	144,546	156,010
Depreciation	110,257	-	-	-	110,257	108,805
Repairs and maintenance	76,109	32	8	16	76,165	67,941
Utilities	63,128	2,608	652	2,693	69,081	62,357
Insurance	20,028	775	194	2,990	23,987	26,285
Advertising	-	57,689	-	-	57,689	23,183
Professional fees	19,026	-	865	1,730	21,621	22,077
Newsletter/mailings	-	8,937	4,017	1,198	14,152	14,329
Computer	6,206	359	3,578	503	10,646	13,961
Bank fees	2,235	-	10,739	873	13,847	9,771
Automobile	4,855	-	-	-	4,855	6,717
Travel	771	-	-	-	771	4,682
Office supplies	13,354	138	64	569	14,125	4,317
Postage	789	603	2,411	384	4,187	3,247
Telephone	1,785	15	4	8	1,812	2,939
Registrations	-	-	-	1,655	1,655	2,183
Dues and subscriptions	580	200	-	-	780	1,455
Miscellaneous	-	-	-	-	-	1,447
Bad debt recovery	-	-	-	-	-	(5,581)
Total	<u>\$ 957,537</u>	<u>\$ 231,473</u>	<u>\$ 40,285</u>	<u>\$ 35,405</u>	<u>\$ 1,264,700</u>	<u>\$ 1,286,199</u>

See Notes to Financial Statements.

Primarily Primates, Inc.

Statements of Functional Expenses
Year Ended April 30, 2020

	Animal care	Public information	Fundraising	General and administrative	Total expenses
Expenses					
Salaries and employee benefits	\$ 563,413	\$ 157,621	\$ 17,584	\$ 21,456	\$ 760,074
Animal food, supplies and care	156,010	-	-	-	156,010
Depreciation	108,805	-	-	-	108,805
Repairs and maintenance	67,871	40	10	20	67,941
Utilities	58,080	2,444	611	1,222	62,357
Insurance	22,197	859	215	3,014	26,285
Advertising	-	23,183	-	-	23,183
Professional fees	19,428	-	883	1,766	22,077
Newsletter/mailings	-	7,727	6,602	-	14,329
Computer	6,289	95	7,416	161	13,961
Bank fees	1,522	-	7,642	607	9,771
Automobile	6,717	-	-	-	6,717
Travel	4,682	-	-	-	4,682
Office supplies	3,570	142	36	569	4,317
Postage	138	478	1,745	886	3,247
Telephone	2,815	71	18	35	2,939
Registrations	11	-	-	2,172	2,183
Dues and subscriptions	895	200	360	-	1,455
Miscellaneous	5	-	239	1,203	1,447
Bad debt recovery	-	-	-	(5,581)	(5,581)
Total	<u>\$ 1,022,448</u>	<u>\$ 192,860</u>	<u>\$ 43,361</u>	<u>\$ 27,530</u>	<u>\$ 1,286,199</u>

See Notes to Financial Statements.

Primarily Primates, Inc.
Statements of Cash Flows
Years Ended April 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 795,854	\$ (26,780)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	110,257	108,805
Contributions - PPP	(103,800)	-
Change in fair value of interest in supporting organization	(516,399)	(13,226)
Changes in operating assets and liabilities		
Prepaid expenses	(12,289)	(15,917)
Contributions receivable, net	(200,000)	7,500
Due from related party	-	2,502
Accounts payable	64,084	(10,987)
Accrued expenses	333	(11,726)
	138,040	40,171
Net cash provided by operating activities		
Cash flow from investing activities		
Acquisition of property, plant and equipment	(98,048)	(173,858)
Distribution from interest in supporting organization	123,414	121,920
	25,366	(51,938)
Net cash provided by (used in) investing activities		
Cash flow from financing activities		
Refundable advance	126,300	103,800
	289,706	92,033
Net change in cash		
Cash, beginning	102,377	10,344
Cash, end	\$ 392,083	\$ 102,377

See Notes to Financial Statements.

Primarily Primates, Inc.

Notes to Financial Statements April 30, 2021 and 2020

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 nonnative species of primates, birds, mammals and reptiles that would otherwise die prematurely by abandonment or euthanasia.

Recent accounting pronouncements

The Organization adopted Accounting Standards Update 2018-13 (ASU 2018-13), *Fair Value Measurement* (Topic 820). This accounting standard changes the disclosure requirements for fair value measurement. The Organization adopted the provisions of ASU 2018-13 on May 1, 2020. There is no effect on net assets in connection with the implementation of ASU 2018-13.

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, 2021 and 2020. The Organization's federal and state information returns prior to fiscal year 2018 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, 2021 and 2020.

Contributions

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Noncash 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 noncash 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 long-lived assets as of April 30, 2021 and 2020.

Primarily Primates, Inc.

Notes to Financial Statements April 30, 2021 and 2020

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. 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.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 16, 2021, 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. At April 30, 2021, the cash balances exceeded federally insured limits by approximately \$149,000. 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. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of April 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$ 392,083</u>	<u>\$ 102,377</u>
	<u>\$ 392,083</u>	<u>\$ 102,377</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 \$123,414 and \$121,920 of revenue related to the annual distributions from the Foundation for the years ended April 30, 2021 and 2020, respectively. This distribution is for the Organization's general use.

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

The net assets of the Foundation were \$5,744,497 and \$4,762,036, respectively, as of April 30, 2021 and 2020.

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 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, 2021 and 2020 are all classified as Level 3. There have been no changes in the methodology used at April 30, 2021 and 2020.

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.

Primarily Primates, Inc.

**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:

Instrument	2021 Fair value	2020 Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Interest in supporting organization	\$ 2,297,799	\$ 1,904,814	(A)	Base price	N/A	N/A

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

Note 6 - Leases

Equipment

The Organization leases office equipment. Equipment lease expense for each of the years ended April 30, 2021 and 2020 was \$2,208 and \$2,157, respectively. The monthly expense on the lease is \$117 and expires in May 2021.

Future minimum lease payments due in the year subsequent to April 30, 2021 are as follows:

2022	<u>\$ 117</u>
Total future minimum lease payments	<u><u>\$ 117</u></u>

Note 7 - 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 \$232,556 and \$722,421 for the years ended April 30, 2021 and 2020, respectively. Included in this amount was \$131,228 and \$130,181 for the years ended April 30, 2021 and 2020, 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, 2021 and 2020, the Organization was reimbursed by FoA for expenses of \$3,928 and \$5,490, respectively, of which \$0 were due from FoA as of April 30, 2021 and 2020, respectively.

Note 8 - Donations in-kind

Donations in-kind are included in contributions and gifts in the statements of activities. During 2021 and 2020, PPI received donated services of advertising, administrative support and produce. The total value of the donated advertising recorded in the statements of activities was \$57,689 and \$23,183 for the years ended April 30, 2021 and 2020, respectively. Administrative support from FoA amounted to \$131,228 and \$130,181 for the years ended April 30, 2021 and 2020, respectively, (see Note 7). The total value of the donated produce recorded in the statements of activities as animal care was \$27,826 and \$38,205 for the years ended April 30, 2021 and 2020, respectively.

Primarily Primates, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of April 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest in supporting organization	\$ 2,297,799	\$ 1,904,814
Wildlife Waystation Chimps	235,000	-
Habitat for "Sax"	-	2,550
Habitat for "Lennie"	-	10,000
	<u>\$ 2,532,799</u>	<u>\$ 1,917,364</u>

Note 10 - Refundable advance

On April 21, 2020, the Organization received a loan for \$103,800 from Frost Bank through the Small Business Association's Paycheck Protection Program to cover payroll and utility costs. The loan bore interest at 1% and was to be paid in 17 monthly installments of \$5,767 beginning on November 21, 2020. However, per the loan agreement, the loan was forgiven on January 7, 2021 as the funds were used to cover payroll and utility costs. The proceeds of the loan have been recognized on the statements of activities.

On February 8, 2021, the Organization received a loan for \$126,300 from Frost Bank through the Small Business Association's Paycheck Protection Program, Second Draw, to cover payroll and utility costs. The loan bears interest at 1% and is to be paid in monthly installments beginning on July 8, 2022. However, per the loan agreement, the loan will be forgiven if the funds are used to cover payroll and utility costs, which the Organization fully anticipates. The proceeds of the loan are recognized as a refundable advance, based on Accounting Standards Codification 958-605, and are included in current liabilities on the Organization's statements of financial position.

Note 11 - Subsequent event

On June 18, 2021, the loan for \$126,300 from Frost Bank through the Small Business Association's Paycheck Protection Program, Second Draw, was fully forgiven.



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