

SAVE THE CHIMPS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SAVE THE CHIMPS, INC.

CONTENTS

Independent Auditors' Report	1-2
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Financial Statements

Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6-7

Notes to Financial Statements	8-17
--------------------------------------------	------

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Save the Chimps, Inc.

Opinion

We have audited the financial statements of Save the Chimps, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Save the Chimps, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Save the Chimps, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Save the Chimps, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Save the Chimps, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Save the Chimps, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited Save the Chimps, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Miami, FL
September 15, 2022

SAVE THE CHIMPS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,402,503	\$ 1,305,243
Contributions receivable, net	235,724	1,720,791
Prepaid expenses	97,444	127,793
Total Current Assets	2,735,671	3,153,827
Property and Equipment, Net	10,175,302	10,376,089
Construction in Progress	12,337	86,453
Total Assets	<u>\$ 12,923,310</u>	<u>\$ 13,616,369</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 553,268	\$ 512,776
Other current liabilities	6,503	6,878
Notes payable, current	35,865	386,230
Total Current Liabilities	595,636	905,884
Notes Payable, Less Current Portion	529,772	815,515
Total Liabilities	<u>1,125,408</u>	<u>1,721,399</u>
Contingencies		
Net Assets		
Without donor restrictions	11,797,902	11,814,951
With donor restrictions	--	80,019
Total Net Assets	<u>11,797,902</u>	<u>11,894,970</u>
Total Liabilities and Net Assets	<u>\$ 12,923,310</u>	<u>\$ 13,616,369</u>

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

SAVE THE CHIMPS, INC.

STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021	Without Donor Restrictions	With Donor Restrictions	2020
Public Support and Revenues						
Contributions	\$ 6,416,037	\$ 55,000	\$ 6,471,037	\$ 5,262,840	\$ 67,176	\$ 5,330,016
In-kind contributions	200,542	--	200,542	76,129	--	76,129
Fundraising revenue	45,731	--	45,731	116,370	--	116,370
Other income	44,245	--	44,245	39,400	--	39,400
Interest income	845	--	845	5,076	--	5,076
Gain on sale of land	--	--	--	444,612	--	444,612
Net assets released from restriction	<u>135,019</u>	<u>(135,019)</u>	<u>--</u>	<u>948,626</u>	<u>(948,626)</u>	<u>--</u>
Total Public Support and Revenues	<u>6,842,419</u>	<u>(80,019)</u>	<u>6,762,400</u>	<u>6,893,053</u>	<u>(881,450)</u>	<u>6,011,603</u>
Expenses						
Program services:						
Sanctuary care	5,914,159	--	5,914,159	5,393,230	--	5,393,230
Education	59,214	--	59,214	104,183	--	104,183
Supporting activities:						
Management and general	927,269	--	927,269	825,223	--	825,223
Fundraising	<u>1,238,644</u>	<u>--</u>	<u>1,238,644</u>	<u>948,882</u>	<u>--</u>	<u>948,882</u>
Total Expenses	<u>8,139,286</u>	<u>--</u>	<u>8,139,286</u>	<u>7,271,518</u>	<u>--</u>	<u>7,271,518</u>
Other Gains						
Gain on forgiveness of PPP loans	<u>1,279,818</u>	<u>--</u>	<u>1,279,818</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in Net Assets	(17,049)	(80,019)	(97,068)	(378,465)	(881,450)	(1,259,915)
Net Assets - Beginning	<u>11,814,951</u>	<u>80,019</u>	<u>11,894,970</u>	<u>12,193,416</u>	<u>961,469</u>	<u>13,154,885</u>
Net Assets - Ending	<u>\$ 11,797,902</u>	<u>\$ --</u>	<u>\$11,797,902</u>	<u>\$ 11,814,951</u>	<u>\$ 80,019</u>	<u>\$ 11,894,970</u>

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

SAVE THE CHIMPS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services			Supporting Activities			2021	2020
	Sanctuary Care	Education	Total Program Services	Management and General	Fundraising	Total Supporting Activities		
Salaries and wages	\$ 2,758,001	\$ 19,588	\$ 2,777,589	\$ 306,791	\$ 536,355	\$ 843,146	\$ 3,620,735	\$ 2,998,342
Benefits	244,928	370	245,298	22,542	33,353	55,895	301,193	249,508
Payroll taxes	462,202	1,138	463,340	16,962	35,148	52,110	515,450	463,232
Total Salaries and Benefits	3,465,131	21,096	3,486,227	346,295	604,856	951,151	4,437,378	3,711,082
Professional services	206,467	--	206,467	462,942	373,129	836,071	1,042,538	984,533
Chimp care supplies	773,098	--	773,098	--	--	--	773,098	815,923
Depreciation and amortization	525,548	--	525,548	--	6,500	6,500	532,048	541,159
Repairs and maintenance	269,826	--	269,826	--	--	--	269,826	200,112
In-kind donations	200,542	--	200,542	--	--	--	200,542	64,129
Occupancy	183,409	--	183,409	921	--	921	184,330	194,142
Office expenses	58,236	--	58,236	23,503	69,673	93,176	151,412	180,844
Medical supplies	125,397	--	125,397	--	--	--	125,397	101,436
Donor mail	--	38,118	38,118	5,445	65,346	70,791	108,909	272,843
Information technology	25,060	--	25,060	15,476	52,662	68,138	93,198	90,184
Travel	14,392	--	14,392	52,677	424	53,101	67,493	17,087
Insurance	34,893	--	34,893	12,343	2,241	14,584	49,477	30,753
Advertising	--	--	--	--	48,123	48,123	48,123	10,778
Interest expense	27,380	--	27,380	--	--	--	27,380	29,056
Licenses, permits, taxes	2,435	--	2,435	3,111	5,089	8,200	10,635	12,587
Other fundraising expenses	--	--	--	--	10,601	10,601	10,601	8,704
Conferences and meetings	2,345	--	2,345	4,556	--	4,556	6,901	6,166
Total Expenses	\$ 5,914,159	\$ 59,214	\$ 5,973,373	\$ 927,269	\$ 1,238,644	\$ 2,165,913	\$ 8,139,286	\$ 7,271,518

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

SAVE THE CHIMPS, INC.

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ (97,068)	\$ (1,259,915)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	532,048	541,159
Amortization of deferred financing costs	1,476	1,598
Amortization of discount receivable	--	(51,374)
Gain on forgiveness of PPP loans	(1,279,818)	--
Gain on the sale of land	--	(444,612)
(Increase) decrease in:		
Contributions receivable	1,485,067	(671,366)
Prepaid expenses	30,349	(63,897)
Increase (decrease) in:		
Accounts payable and accrued expenses	97,966	253,538
Other current liabilities	(375)	(367)
 Total Adjustments	 866,713	 (435,321)
 Net Cash Provided by (Used in) Operating Activities	 769,645	 (1,695,236)
 Cash Flows From Investing Activities		
Proceeds from sale of land	--	740,392
Purchase of property and equipment	(234,666)	(221,807)
Payments for construction in progress	(79,953)	(28,979)
 Net Cash Provided by (Used in) Investing Activities	 (314,619)	 489,606
 Cash Flows From Financing Activities		
PPP loan proceeds received	676,565	603,253
Principal payments on notes payable	(34,331)	(32,790)
 Net Cash Provided by Financing Activities	 642,234	 570,463
 Net Change in Cash and Cash Equivalents	 1,097,260	 (635,167)
 Cash and Cash Equivalents - Beginning	 1,305,243	 1,940,410
 Cash and Cash Equivalents - Ending	 \$ 2,402,503	 \$ 1,305,243

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

SAVE THE CHIMPS, INC.

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Supplemental Disclosure		
Cash paid during the year for interest	\$ 25,905	\$ 27,458
Non-Cash Transactions		
Construction in progress placed into service	\$ 96,595	\$ --
Donations capitalized to property and equipment	\$ --	\$ 12,000
Payable due on construction in progress	\$ --	\$ 57,474

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

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – NATURE OF ORGANIZATION

ORGANIZATION AND PURPOSE

Save the Chimps, Inc. ("the Sanctuary") is a District of Columbia nonprofit Sanctuary that was incorporated in 1997 for the purpose of providing a sanctuary for the permanent lifetime care for chimpanzees rescued from research laboratories, entertainment, and the pet trade. The Sanctuary has one primary facility in Fort Pierce, Florida that began housing chimpanzees in 2001. The Sanctuary has an additional facility in Alamogordo, New Mexico that previously housed chimpanzees. During 2011, all remaining chimpanzees housed in New Mexico were migrated to the Florida facility. Subsequently, the Sanctuary leased the New Mexico facility to an unrelated third party (See Note 10). As of December 31, 2021, the Sanctuary provided care for more than 220 chimpanzees. In addition, the Sanctuary provides educational services regarding the proper treatment and care of chimpanzees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Sanctuary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions

Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in net assets with donor restrictions.

With Donor Restrictions

Net assets used by the Sanctuary which are limited by donor-imposed restrictions that either expire with the passage of time, that can be fulfilled or otherwise removed by actions of the Sanctuary pursuant to those stipulations. As of December 31, 2021, there were no net assets with donor restrictions.

CONTRIBUTIONS AND PROMISES TO GIVE

Contributions are recognized as revenue when they are received or unconditionally pledged. An unconditional promise to give that is expected to be collected within one year is recorded at its net realizable value. Unconditional promises to be collected in future years are recorded at their present value of estimated future cash flows using a risk-free interest rate applicable to the year which the promise was made.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND PROMISES TO GIVE (CONTINUED)

Contributions with donor or grantor restrictions that limit the use of donated assets are reported as with donor restriction support in the accompanying statement of activities. When donor or grantor restrictions are satisfied, with donor restriction net assets are reclassified as without donor restriction net assets and reported in the accompanying statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as without donor restriction revenue in the accompanying statement of activities.

CONTRIBUTED SERVICES AND DONATED GOODS

Contributed services and donated goods are reflected in the accompanying financial statements at their estimated fair value, if reasonably determined. The contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Services provided by volunteers throughout the year are not recognized as contributions in the accompanying financial statements since these services are not susceptible to objective measurement or valuation.

For the year ended December 31, 2021, there was approximately \$201,000 in such non-cash contributions.

FUND-RAISING ACTIVITIES

The Sanctuary's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund Raising*. FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposit and money market accounts and all highly liquid financial instruments with original maturities of three months or less when acquired.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Sanctuary to concentrations of credit risk consist primarily of cash and cash equivalents and contributions receivable.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATION OF CREDIT RISK (CONTINUED)

Cash and Cash Equivalents

From time to time, the Sanctuary maintains a cash balance in deposit and money market accounts at financial institutions that exceed the Federal Deposit Insurance Corporation (“FDIC”). The Sanctuary maintains these balances in what it believes to be high quality financial institutions, which it believes limits its risk.

Contributions Receivable

The Sanctuary received approximately 51% of its total public support and revenues from three separate donors for the year ended December 31, 2021. Two of these donors are a related party (See Note 5). As the revenue from these donors is significant to the overall activities of the Sanctuary, any significant reduction or loss of funding from these donors may affect the Sanctuary’s ability to operate in its present form. As of December 31, 2021, one separate donor accounted for approximately 42% of contributions receivable.

The Sanctuary maintains allowances for potential losses, which are based on amounts estimated to be uncollectible based on historical experience and any specific collection issues that management has identified. Actual losses have historically been within management’s expectations and estimates. As of December 31, 2021, management determined that an allowance for doubtful accounts was not deemed necessary.

PROPERTY AND EQUIPMENT

Property and equipment, valued in excess of \$5,000, with a useful life over one year are capitalized. These assets are recorded at cost or, if donated, at fair value at the date of the donation. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets. Major renewals and improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts and any resulting gains or losses are recognized.

IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with FASB ASC 360, *Property, Plant and Equipment*, the carrying value of long-lived assets is reviewed whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by determining if the carrying value of the asset exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset over the remaining economic life of the asset. If recoverability is not assured, impairment is determined based on comparing the carrying value of the asset and the estimated fair value of the asset. Management does not believe that long-lived assets were impaired as of December 31, 2021.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED LOAN COSTS

Deferred loan costs are presented as a reduction of the carrying amount of debt rather than as an asset pursuant to Accounting Standards Update (“ASU”) 2015-03, *Interest – Imputation of Interest*. Deferred loan costs consist of costs incurred in obtaining long term debt and are being amortized on a straight-line basis over the term of the related debt, which approximates the effective interest method. Amortization expense was approximately \$1,500 for the year ended December 31, 2021, and is included as interest expense in the accompanying statement of functional expenses. Future amortization is expected to be approximately \$1,500 for each of the years ending December 31, 2022 through 2024.

ADVERTISING EXPENSES

Advertising expenses are charged to expense as incurred. For the year ended December 31, 2021, the Sanctuary incurred approximately \$293,000 of advertising expenses, which is included in advertising, professional services and donor mail expense in the accompanying statement of functional expenses.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the accompanying statement of activities and on a detailed basis in the accompanying statement of functional expenses. Expenses are charged directly to functions based on a combination of specific identification and allocation by management. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on an analysis of time spent and effort.

JOINT COSTS

The Sanctuary achieves some of their program and supporting activity goals through donor mailing and other donor communication that include requests for contributions. The costs of conducting these activities include joint costs that are not directly attributable to either program services or supporting activities. For the year ended December 31, 2021, approximately \$38,000 was allocated to education expenses, approximately \$5,000 was allocated to management and general expenses, and \$65,000 was allocated to fundraising expenses.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Sanctuary is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code and as such is subject to Federal income taxes only on unrelated business income. For the year ended December 31, 2021, there was no significant unrelated business income tax resulting from unrelated business income.

The Sanctuary accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Sanctuary had no material unrecognized tax benefits and no adjustments to its financial position, activities or cash flows were required. The Sanctuary does not expect that unrecognized tax benefits will increase within the next twelve months. The Sanctuary recognizes accrued interest and penalties, if any, related to uncertain tax positions as income tax expense. The Sanctuary is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which amends the guidance relating to the definition of a lease, recognition of lease assets and liabilities on the statement of financial position and the related disclosure requirements. This ASU is applicable for the Sanctuary for its annual reporting period beginning after December 15, 2021. Earlier application is permitted, however, the Sanctuary did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. This ASU requires the new standard to be

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Earlier application is permitted, however, the Sanctuary did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

SUBSEQUENT EVENTS

The Sanctuary has evaluated subsequent events through September 15, 2022, the date which the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Sanctuary regularly monitors liquidity required to meet its operating needs and contractual commitments. The Sanctuary receives significant contributions generally without donor restrictions through fundraising efforts with continued direct mail appeals, online marketing through the website and social media and direct donor contact appeals as well as several special events that occur on an annual basis.

The Sanctuary manages its cash available to meet general expenditures by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets, and maintaining sufficient reserves to provide reasonable assurance that upcoming obligations will continue to be met.

The board meets regularly to decide on the amount and timing of major contributions and pledges.

Financial assets available for general expenditures within one year as of December 31, 2021 is cash totaling approximately \$2,403,000 and contributions receivable due in less than one year of approximately \$236,000.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give to be received in future periods and are discounted to their present value based on anticipated future cash flows. As of December 31, 2021, the Sanctuary had \$236,000 in outstanding receivables due within one year without donor restrictions. There were no outstanding receivables with donor restrictions as of December 31, 2021.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 – RELATED PARTY CONTRIBUTIONS

The Sanctuary receives significant contributions on an annual basis from members of the Board of Directors and their affiliates. Contributions received directly from members of the Board of Directors during the year ended December 31, 2021 was approximately \$629,000.

During the year ended December 31, 2021, the Sanctuary received approximately \$1,435,000 of contributions from a private foundation whose board president is also a board member of the Sanctuary.

Additionally, during the year ended December 31, 2021, the Sanctuary received a contribution of \$1,000,000 from an individual related to one of the members of the Board of Directors.

NOTE 6 – PROPERTY, EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property, equipment and construction in progress consist of the following as of December 31, 2021.

	Amount	Estimated Useful Lives
Land	\$ 500,997	--
Site improvements and buildings	17,044,462	5 - 40 years
Equipment and furnishings	1,251,757	5 - 15 years
Vehicles	552,079	3 - 5 years
Software	<u>111,026</u>	3 years
Total	19,460,321	
Less: accumulated depreciation and amortization	<u>(9,285,019)</u>	
Total Property and Equipment, Net	<u>\$ 10,175,302</u>	
Construction in Progress	<u>\$ 12,337</u>	

In August 2014, the Sanctuary entered into a three-year lease agreement with an unrelated party to rent their New Mexico facility (See Note 10). The property and equipment related to the New Mexico facility is not currently being used for Sanctuary operations.

Depreciation and amortization expense associated with property and equipment was approximately \$532,000 for the year ended December 31, 2021.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7– DONATED MATERIALS AND SERVICES

During the year ended December 31, 2021, the Sanctuary received approximately \$201,000 of donated materials and services associated with sanctuary care for the chimpanzees.

NOTE 8 – NOTES PAYABLE

PAYCHECK PROTECTION PROGRAM PROMISSORY NOTES

On April 25, 2020, the Sanctuary obtained a Paycheck Protection Program (“PPP”) promissory note under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration (“SBA”) in the amount of approximately \$603,000. In accordance with the requirements of the CARES Act, the Company used the proceeds of the note primarily for payroll and other allowable costs. On August 2, 2021, the SBA forgave the entire balance of the PPP promissory note.

On February 13, 2021, the Sanctuary obtained a second PPP promissory note under the CARES Act administered by the SBA in the amount of approximately \$677,000. In accordance with the requirements of the CARES Act, the Company used the proceeds of the note primarily for payroll and other allowable costs. On August 25, 2021, the SBA forgave the entire balance of the second PPP promissory note.

The Sanctuary recognized a gain on forgiveness of PPP loans of approximately \$1,280,000 in the accompanying statement of activities for the year ended December 31, 2021.

MORTGAGE PAYABLE

On October 17, 2014, the Sanctuary renegotiated a \$775,668 mortgage note payable, which is collateralized by the Sanctuary's real property. The note requires monthly payments of principal and interest of \$4,935 with an interest rate of 4.5% for the first 60 months, followed by monthly payments of principal and interest of \$5,008 with an interest rate of 4.32% for the remaining 59 months. The note matures on October 17, 2024, at which time all remaining outstanding principal and interest will be due. As of December 31, 2021, the outstanding balance of the note was approximately \$570,000 and approximately \$36,000 was included in current portion of notes payable.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 – NOTES PAYABLE (CONTINUED)

MORTGAGE PAYABLE (CONTINUED)

As of December 31, 2021, the future principal payments due on this note is as follows:

For the Year Ending December 31,	Amount
2022	\$ 35,865
2023	37,468
2024	<u>496,423</u>
Total Payments	569,756
Less: unamortized loan costs	<u>(4,119)</u>
Total	565,637
Less: current portion	<u>35,865</u>
Long-Term	<u><u>\$ 529,772</u></u>

NOTE 9 – NET ASSETS

As of December 31, 2021, the Sanctuary has undesignated net assets without donor restrictions of \$11,797,902.

As of December 31, 2021, the Sanctuary did not have any net assets with donor restrictions.

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended December 31, 2021 as follows:

Purpose Restrictions Accomplished	
Master site plan development	\$ 55,000
Seve's Island climbing structures	<u>80,019</u>
Total Net Assets Released from Donor Restriction	<u><u>\$ 135,019</u></u>

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 – RENTAL INCOME

In August 2014, the Sanctuary entered into a three-year lease agreement with an unrelated party to rent their New Mexico facility. The length of the lease agreement is an initial three-year term with four separate three-year renewal options. For the year ended December 31, 2021, the annual rental income was approximately \$42,350, which is included in other income in the accompanying statement of activities. On June 17, 2020, the lessee exercised the second renewal option on this agreement extending the lease through July 31, 2023.

As of December 31, 2021, the future estimated minimum annual rental income due under this lease are as follows:

For the Year Ending December 31,	
2022	\$ 42,000
2023	<u>24,500</u>
Total	<u><u>\$ 66,500</u></u>

NOTE 11 – CONTINGENCIES

Leases

The Sanctuary leases a property from an unrelated party in Vero Beach, Florida, requiring monthly payments ranging from approximately \$4,000 to \$4,500, expiring through June 2023.

The estimated future minimum annual rental payments on the operating lease in effect as of December 31, 2021 are as follows:

For the Year Ending December 31,	
2022	\$ 51,000
2023	<u>27,000</u>
Total	<u><u>\$ 78,000</u></u>

Litigation

From time to time, the Sanctuary is subject to legal proceedings and claims arising in the normal course of business. There are currently no pending legal proceedings to which the Sanctuary is a party that management and its legal counsel believe will have a material effect on the Sanctuary's financial position or activities.