SAVE THE CHIMPS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

SAVE THE CHIMPS, INC.

CONTENTS

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, 2022, 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, 2022, 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.

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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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Miami, FL
September 13, 2023

SAVE THE CHIMPS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 2,307,381	$ 2,402,503
Contributions receivable, net	661,748	235,724
Prepaid expenses	108,268	97,444
Total Current Assets	3,077,397	2,735,671
Other Assets		
Property and equipment, net	9,697,605	10,175,302
Construction in progress	85,805	12,337
Operating lease right-of-use assets, net	19,448	--
Total Other Assets	9,802,858	10,187,639
Total Assets	$ 12,880,255	$ 12,923,310

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

SAVE THE CHIMPS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 649,375	$ 553,268
Other current liabilities	6,113	6,503
Notes payable, current portion	37,434	35,865
Operating lease liabilities, current portion	9,235	--
Total Current Liabilities	702,157	595,636
Long-term Debt		
Notes payable, net of current portion	494,570	529,772
Operating lease liabilities, net of current portion	10,213	--
Total Long-term Liabilities	504,783	529,772
Total Liabilities	1,206,940	1,125,408
Contingencies		
Net Assets		
Without donor restrictions	10,992,133	11,797,902
With donor restrictions	681,182	--
Total Net Assets	11,673,315	11,797,902
Total Liabilities and Net Assets	$ 12,880,255	$ 12,923,310

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

SAVE THE CHIMPS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	Without Donor Restrictions	With Donor Restrictions	2021
Public Support and Revenues						
Contributions	$ 7,374,729	$ 1,179,119	$ 8,553,848	$ 6,416,037	$ 55,000	$ 6,471,037
In-kind contributions	358,347	--	358,347	200,542	--	200,542
Fundraising revenue	223,108	--	223,108	45,731	--	45,731
Other income	43,501	--	43,501	44,245	--	44,245
Interest income	4,470	--	4,470	845	--	845
Net assets released from restriction	497,937	(497,937)	--	135,019	(135,019)	--
Total Public Support and Revenues	8,502,092	681,182	9,183,274	6,842,419	(80,019)	6,762,400
Expenses						
Program services:						
Sanctuary care	6,836,586	--	6,836,586	5,914,159	--	5,914,159
Education	215,035	--	215,035	59,214	--	59,214
Supporting activities:						
Management and general	841,558	--	841,558	927,269	--	927,269
Fundraising	1,414,682	--	1,414,682	1,238,644	--	1,238,644
Total Expenses	9,307,861	--	9,307,861	8,139,286	--	8,139,286
Other Gains						
Gain on forgiveness of PPP loans	--	--	--	1,279,818	--	1,279,818
Change in Net Assets	(805,769)	681,182	(124,587)	(17,049)	(80,019)	(97,068)
Net Assets - Beginning	11,797,902	--	11,797,902	11,814,951	80,019	11,894,970
Net Assets - Ending	$ 10,992,133	$ 681,182	$ 11,673,315	$ 11,797,902	$ --	$ 11,797,902

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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services			Supporting Activities				
	Sanctuary Care	Education	Total Program Services	Management and General	Fundraising	Total Supporting Activities	2022	2021
Salaries and wages	$ 3,241,448	$ 71,981	$ 3,313,429	$ 437,713	$ 608,909	$ 1,046,622	$ 4,360,051	$ 3,620,735
Payroll taxes and benefits	887,648	1,773	889,421	104,431	115,167	219,598	1,109,019	816,643
Total Salaries and Benefits	4,129,096	73,754	4,202,850	542,144	724,076	1,266,220	5,469,070	4,437,378
Professional services	188,931	48,971	237,902	104,216	236,796	341,012	578,914	1,042,538
Chimp care supplies	824,781	--	824,781	--	--	--	824,781	773,098
Depreciation and amortization	540,249	--	540,249	--	6,000	6,000	546,249	532,048
Repairs and maintenance	314,276	--	314,276	--	--	--	314,276	269,826
In-kind donations	358,347	--	358,347	--	--	--	358,347	200,542
Occupancy	149,765	--	149,765	6,240	--	6,240	156,005	184,330
Office expenses	81,378	--	81,378	30,824	133,998	164,822	246,200	151,412
Medical supplies	123,124	--	123,124	--	--	--	123,124	125,397
Donor mail	--	92,310	92,310	13,187	158,477	171,664	263,974	108,909
Information technology	35,939	--	35,939	30,337	54,777	85,114	121,053	93,198
Travel	16,935	--	16,935	80,489	32,210	112,699	129,634	67,493
Insurance	43,955	--	43,955	16,529	2,979	19,508	63,463	49,477
Advertising	--	--	--	--	50,069	50,069	50,069	48,123
Interest expense	24,340	--	24,340	--	--	--	24,340	27,380
Licenses, permits, taxes	1,820	--	1,820	2,603	5,747	8,350	10,170	10,635
Other fundraising expenses	--	--	--	--	9,412	9,412	9,412	10,601
Conferences and meetings	3,650	--	3,650	14,989	141	15,130	18,780	6,901
Total Expenses	$ 6,836,586	$ 215,035	$ 7,051,621	$ 841,558	$ 1,414,682	$ 2,256,240	$ 9,307,861	$ 8,139,286

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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (124,587)	$ (97,068)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	544,773	532,048
Amortization of deferred financing costs	1,476	1,476
Gain on forgiveness of PPP loans	--	(1,279,818)
Amortization of operating lease right-of-use assets	8,880	--
(Increase) decrease in:		
Contributions receivable	(426,024)	1,485,067
Prepaid expenses	(10,824)	30,349
Increase (decrease) in:		
Accounts payable and accrued expenses	96,107	97,966
Operating lease liabilities	(8,880)	--
Other current liabilities	(390)	(375)
Total Adjustments	205,118	866,713
Net Cash Provided by Operating Activities	80,531	769,645
Cash Flows From Investing Activities		
Purchase of property and equipment	(54,739)	(234,666)
Payments for construction in progress	(85,805)	(79,953)
Net Cash Used in Investing Activities	(140,544)	(314,619)
Cash Flows From Financing Activities		
PPP loan proceeds received	--	676,565
Principal payments on notes payable	(35,109)	(34,331)
Net Cash Provided by (Used In) Financing Activities	(35,109)	642,234
Net Change in Cash and Cash Equivalents	(95,122)	1,097,260
Cash and Cash Equivalents - Beginning	2,402,503	1,305,243
Cash and Cash Equivalents - Ending	$ 2,307,381	$ 2,402,503

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

SAVE THE CHIMPS, INC.

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Supplemental Disclosure		
Cash paid during the year for interest	$ 24,340	$ 25,905
Non-Cash Transactions		
Construction in progress placed into service	$ 12,337	$ 96,595
Operating lease liabilities arising from right-of-use assets	$ 28,328	$ --

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

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, 2022, 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, 2022, there are approximately $681,000 of 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.

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.

During the year ended December 31, 2022, the Sanctuary adopted Accounting Standards Update ("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 Financial Accounting Standards Board ("FASB") issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. This ASU requires the new standard to be 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.

FUND-RAISING ACTIVITIES

The Sanctuary's financial statements are presented in accordance with 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 37% of its total public support and revenues from three separate donors for the year ended December 31, 2022. 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, 2022, four separate donors accounted for approximately 74% 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, 2022, management determined that an allowance for doubtful accounts was not deemed necessary.

LEASING ARRANGEMENTS

Effective January 1, 2022, the Sanctuary adopted ASU No. 2016-02, *Leases* ("Topic 842"), using the modified retrospective method. The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Sanctuary elected the optional transition method to apply Topic 842 as of the effective date. Under this method, the Sanctuary has not adjusted its

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASING ARRANGEMENTS (CONTINUED)

comparative period financial statements for the effects associated with the adoption of the new standard. As such, the adoption of Topic 842 did not have any impact on net assets as of December 31, 2021.

Assets and liabilities arising from operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities in the accompanying statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Sanctuary uses their internal borrowing rate when it is readily determinable. Since most of the Sanctuary's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the internal borrowing rate at lease commencement.

Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Sanctuary's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option. The Sanctuary elected the package of practical expedients permitted under the transition guidance in Topic 842 and did not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Sanctuary also elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial term of 12 months or less are not recorded on the accompanying statement of financial position. Short-term lease payments are recognized as lease expense on a straight-line basis over the lease term.

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. Assets under construction are recorded as additions to property and equipment upon completion of the projects. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022.

DEFERRED LOAN COSTS

Deferred loan costs are presented as a reduction of the carrying amount of debt rather than as an asset pursuant to 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, 2022 and is included as interest expense in the accompanying statement of functional expenses. Future amortization is expected to be approximately $1,500 and $1,100 for each of the years ending December 31, 2023 and 2024, respectively.

ADVERTISING EXPENSES

Advertising expenses are charged to expense as incurred. For the year ended December 31, 2022, the Sanctuary incurred approximately $427,000 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINT COSTS

The Sanctuary achieves some of their program and supporting activity goals through donor mailing and professional services for social media 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, 2022, approximately $141,000 was allocated to education expenses, approximately $20,000 was allocated to management and general expenses, and $242,000 was allocated to fundraising expenses. These expenses are included in donor mail and professional services expenses in the accompanying statement of functional expenses for the year ended December 31, 2022.

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, 2022, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Sanctuary has evaluated subsequent events through September 13, 2023, 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 striving for operational efficiency and prudent financial judgment, 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, 2022 consisted of the following:

Cash	$ 2,307,381
Contributions receivable	661,748
Less: donor restrictions	(681,182)
Available financial assets for general expenditures	$ 2,287,947

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivables 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, 2022, the Sanctuary had approximately $662,000 in outstanding receivables due within one year. Of the outstanding receivables approximately $67,000 is with donor restrictions, while the remaining approximately $595,000 is without donor restrictions.

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, 2022, was approximately $632,000.

During the year ended December 31, 2022, the Sanctuary received approximately $1,430,000 of contributions from a private foundation whose board president is also a board member of the Sanctuary.

Additionally, during the year ended December 31, 2022, 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, 2022.

	Amount	Estimated Useful Lives
Land	$ 500,997	--
Site improvements and buildings	17,084,094	5 - 40 years
Equipment and furnishings	1,271,952	5 - 15 years
Vehicles	559,329	3 - 5 years
Software	111,026	3 years
Total	19,527,398	
Less: accumulated depreciation and amortization	(9,829,793)	
Total Property and Equipment, Net	$ 9,697,605	
Construction in Progress	$ 85,805	

In August 2014, the Sanctuary entered into a 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 $545,000 for the year ended December 31, 2022.

NOTE 7– DONATED MATERIALS AND SERVICES

The Sanctuary received the following donated goods and services for the year ending December 31, 2022:

Food, enrichment, and supplies	$ 303,347
Contributed Services	55,000
Total In-Kind Donations	$ 358,347

The Sanctuary receives significant in-kind contributions of food and care supplies from members of the community and local businesses related to program operations. Donated food and supplies are recognized as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The Sanctuary values in-kind contributions based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

All donated goods were utilized by the Sanctuary's program services. There were no donor-imposed restrictions associated with the donated services.

NOTE 8 – NOTES 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, 2022, the outstanding balance of the note was approximately $532,000 and approximately $37,000 was included in current portion of notes payable.

NOTE 8 – NOTES PAYABLE (CONTINUED)

As of December 31, 2022, the total future minimum principal payments due on this note are as follows:

For the Year Ending December 31,	Amount
2023	$ 37,434
2024	497,214
Total Payments	534,648
Less: unamortized loan costs	(2,644)
Total	532,004
Less: current portion	37,434
Long-Term	$ 494,570

NOTE 9 – NET ASSETS

As of December 31, 2022, the Sanctuary has undesignated net assets without donor restrictions of $10,992,133.

Net assets with donor restrictions at December 31, 2022 are as follows:

Subject to Expenditures for Specified Purpose	
Future capital expenditures:	
Chimpanzee care and structural improvements	$ 681,182
Total Net Assets With Donor Restrictions	$ 681,182

NOTE 9 – NET ASSETS (CONTINUED)

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, 2022 as follows:

Purpose Restrictions Accomplished		
Chimpanzee nutrition, care, and equipment	$	227,000
Capital development and chimpanzee rescue		220,937
Tanya's Island climbing structures		50,000
Total Net Assets Released from Donor Restriction	$	497,937

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, 2022, 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, 2022, the future estimated minimum annual rental income due under this lease are as follows:

For the Year Ending December 31,	Amount
2023	$ 24,500
Total	$ 24,500

NOTE 11 – CONTINGENCIES

OPERATING LEASES

Operating leases with terms in excess of one year are included in right-of-use lease assets and lease liabilities in the accompanying statement of financial position. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term. The Sanctuary's leases do not provide an implicit rate. Therefore, the Sanctuary uses the internal borrowing rate at the commencement date in determining the present value of lease payments.

The Sanctuary has two operating leases for a vehicle and office equipment. Their payments are due monthly and range from $207 to $624 and their maturity dates are June, 3, 2024 and November 1, 2026. The leases no not include an option to renew the terms of the lease.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease expense is recognized in the period in which the obligation for those payments is incurred. Operating lease cost is approximately $10,000, for the year ended December 31, 2022, and is included in management and general expenses in the accompanying statement of activities.

The classification and description of right-of-use assets and lease liabilities consist of the following:

	December 31, 2022
Assets	
Noncurrent	$ 19,448
Total Operating Right-of-Use Assets	$ 19,448
Liabilities	
Current	$ 9,235
Noncurrent	10,213
Total Operating Lease Liabilities	$ 19,448
Weighted Average Remaining Lease Term	2.49 years
Weighted Average Discount Rate	5%

NOTE 11 – CONTINGENCIES (CONTINUED)

OPERATING LEASES (CONTINUED)

Future lease payments relating to the Sanctuary's operating lease liabilities as of December 31, 2022 are as follows:

For the Year Ending December 31,	Amount
2023	$ 9,972
2024	6,227
2025	2,481
2026	2,274
Total lease payments	20,954
Less: amount representing imputed interest	(1,506)
Present value of lease obligations	$ 19,448

Short-term operating leases, which have an initial term of 12 months or less, are not recorded in the accompanying statement of financial position. The Sanctuary has one short term property lease which was entered into in July 2021 for an initial term of 12 months with no option to renew. On March 2, 2022 the Sanctuary amended the original agreement, extending the term of the lease for another 12 months through July 2023. In January 2023 the Sanctuary executed a second amendment, extending the term through July 2024. Payments for the lease were expensed and totaled approximately $50,500 and is included in management and general expenses in the accompanying statement of activities for the year ended December 31, 2022.

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, after consultation with its legal counsel, believe will have a material effect on the Sanctuary's financial position or activities.

NOTE 12 – RETIREMENT PLAN

The Sanctuary offers eligible employees a qualified retirement plan commonly referred to as a 401(k) plan. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation, in accordance with Section 401(k) of the Internal Revenue Code. The Sanctuary's 401(k) plan is structured as a safe-harbor plan, under which the Sanctuary makes matching contributions equal to 100% of the employee's elective deferrals up to 4% of the employees' compensation for each payroll period, subject to annual limitations as defined by the Internal Revenue Service. The Sanctuary's contributions to the plan amounted to approximately $101,000 for the year ended December 31, 2022.