

SAVE THE CHIMPS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SAVE THE CHIMPS, INC.

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Miami, FL
September 17, 2024

SAVE THE CHIMPS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,163,716	\$ 2,307,381
Contributions receivable, net	3,258,547	661,748
Prepaid expenses	<u>135,102</u>	<u>108,268</u>
Total Current Assets	<u>5,557,365</u>	<u>3,077,397</u>
Other Assets		
Property and equipment, net	9,352,219	9,697,605
Contributions receivable, net of current portion	856,375	--
Construction in progress	94,029	85,805
Assets held for sale	177,793	--
Operating lease right-of-use assets, net	<u>10,175</u>	<u>19,448</u>
Total Other Assets	<u>10,490,591</u>	<u>9,802,858</u>
Total Assets	<u>\$ 16,047,956</u>	<u>\$ 12,880,255</u>

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

SAVE THE CHIMPS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 837,897	\$ 649,375
Other current liabilities	2,500	6,113
Notes payable, current portion	496,027	37,434
Operating lease liabilities, current portion	<u>5,527</u>	<u>9,235</u>
Total Current Liabilities	<u>1,341,951</u>	<u>702,157</u>
Long-Term Debt		
Notes payable, net of current portion	--	494,570
Operating lease liabilities, net of current portion	<u>4,648</u>	<u>10,213</u>
Total Long-Term Liabilities	<u>4,648</u>	<u>504,783</u>
Total Liabilities	<u>1,346,599</u>	<u>1,206,940</u>
Contingencies		
Net Assets		
Without donor restrictions	10,276,171	10,992,133
With donor restrictions	<u>4,425,186</u>	<u>681,182</u>
Total Net Assets	<u>14,701,357</u>	<u>11,673,315</u>
Total Liabilities and Net Assets	<u>\$ 16,047,956</u>	<u>\$ 12,880,255</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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023	Without Donor Restrictions	With Donor Restrictions	2022
Public Support and Revenues						
Contributions	\$ 7,432,630	\$ 4,669,391	\$ 12,102,021	\$ 7,374,729	\$ 1,179,119	\$ 8,553,848
In-kind contributions	461,794	--	461,794	358,347	--	358,347
Fundraising revenue	372,504	--	372,504	223,108	--	223,108
Other income	52,796	--	52,796	43,501	--	43,501
Interest income	66,983	--	66,983	4,470	--	4,470
Net assets released from restriction	925,387	(925,387)	--	497,937	(497,937)	--
Total Public Support and Revenues	<u>9,312,094</u>	<u>3,744,004</u>	<u>13,056,098</u>	<u>8,502,092</u>	<u>681,182</u>	<u>9,183,274</u>
Expenses						
Program services:						
Sanctuary care	7,696,483	--	7,696,483	6,836,586	--	6,836,586
Education	192,907	--	192,907	215,035	--	215,035
Supporting activities:						
Management and general	742,578	--	742,578	841,558	--	841,558
Fundraising	1,713,207	--	1,713,207	1,414,682	--	1,414,682
Total Expenses	<u>10,345,175</u>	<u>--</u>	<u>10,345,175</u>	<u>9,307,861</u>	<u>--</u>	<u>9,307,861</u>
Other Income						
Employee retention credit (Note 13)	317,119	--	317,119	--	--	--
Change in Net Assets	(715,962)	3,744,004	3,028,042	(805,769)	681,182	(124,587)
Net Assets - Beginning	<u>10,992,133</u>	<u>681,182</u>	<u>11,673,315</u>	<u>11,797,902</u>	<u>--</u>	<u>11,797,902</u>
Net Assets - Ending	<u>\$ 10,276,171</u>	<u>\$ 4,425,186</u>	<u>\$ 14,701,357</u>	<u>\$ 10,992,133</u>	<u>\$ 681,182</u>	<u>\$ 11,673,315</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, 2023

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

	Program Services			Supporting Activities			2023	2022
	Sanctuary Care	Education	Total Program Services	Management and General	Fundraising	Total Supporting Activities		
Salaries and wages	\$ 3,570,611	\$ 90,575	\$ 3,661,186	\$ 403,195	\$ 602,283	\$ 1,005,478	\$ 4,666,664	\$ 4,360,051
Payroll taxes and benefits	1,038,039	4,635	1,042,674	72,834	121,710	194,544	1,237,218	1,109,019
Total Salaries and Benefits	4,608,650	95,210	4,703,860	476,029	723,993	1,200,022	5,903,882	5,469,070
Professional services	245,518	13,006	258,524	80,867	463,053	543,920	802,444	578,914
Chimp care supplies	883,506	--	883,506	--	--	--	883,506	824,781
Depreciation and amortization	539,103	--	539,103	--	5,000	5,000	544,103	546,249
Repairs and maintenance	487,719	--	487,719	--	--	--	487,719	314,276
In-kind donations	388,794	--	388,794	--	73,000	73,000	461,794	358,347
Occupancy	209,433	--	209,433	2,173	--	2,173	211,606	156,005
Office expenses	63,125	--	63,125	24,768	70,697	95,465	158,590	246,200
Medical supplies	147,658	--	147,658	--	--	--	147,658	123,124
Donor mail	--	84,691	84,691	12,099	145,184	157,283	241,974	263,974
Information technology	33,294	--	33,294	28,742	63,435	92,177	125,471	121,053
Travel	28,817	--	28,817	76,566	43,034	119,600	148,417	129,634
Insurance	30,367	--	30,367	17,468	2,604	20,072	50,439	63,463
Advertising	--	--	--	--	32,390	32,390	32,390	50,069
Interest expense	24,117	--	24,117	--	--	--	24,117	24,340
Licenses, permits, taxes	3,128	--	3,128	8,222	4,127	12,349	15,477	10,170
Other fundraising expenses	--	--	--	--	85,673	85,673	85,673	9,412
Conferences and meetings	3,254	--	3,254	15,644	1,017	16,661	19,915	18,780
Total Expenses	\$ 7,696,483	\$ 192,907	\$ 7,889,390	\$ 742,578	\$ 1,713,207	\$ 2,455,785	\$ 10,345,175	\$ 9,307,861

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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 3,028,042	\$ (124,587)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	544,103	544,773
Amortization of deferred financing costs	1,476	1,476
Amortization of operating lease right-of-use assets	9,273	8,880
(Increase) decrease in:		
Contributions receivable	(3,453,174)	(426,024)
Prepaid expenses	(26,834)	(10,824)
Increase (decrease) in:		
Accounts payable and accrued expenses	188,522	96,107
Operating lease liabilities	(9,273)	(8,880)
Other current liabilities	(3,613)	(390)
Total Adjustments	<u>(2,749,520)</u>	<u>205,118</u>
Net Cash Provided by Operating Activities	<u>278,522</u>	<u>80,531</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(308,921)	(54,739)
Payments for construction in progress	(75,813)	(85,805)
Net Cash Used in Investing Activities	<u>(384,734)</u>	<u>(140,544)</u>
Cash Flows From Financing Activities		
Principal payments on notes payable	(37,453)	(35,109)
Net Cash Used In Financing Activities	<u>\$ (37,453)</u>	<u>\$ (35,109)</u>

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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Net Change in Cash and Cash Equivalents	\$ (143,665)	\$ (95,122)
Cash and Cash Equivalents - Beginning	<u>2,307,381</u>	<u>2,402,503</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,163,716</u>	<u>\$ 2,307,381</u>
Supplemental Disclosure		
Cash paid during the year for interest	\$ 22,641	\$ 24,340
Non-Cash Transactions		
Construction in progress placed into service	\$ 67,589	\$ 12,337
Operating lease liabilities and right-of-use assets arising from ASC 842 implementation	\$ --	\$ 28,328

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, 2023

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). In June 2024, the Sanctuary sold the New Mexico property. The sales agreement included provisions that the facility and location would never be used for animal research. As of December 31, 2023, 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 or that can be fulfilled or otherwise removed by actions of the Sanctuary pursuant to those restrictions. As of December 31, 2023, there are approximately \$4,425,000 of net assets with donor restrictions.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 deposit and money market accounts at financial institutions that exceed the Federal Deposit Insurance Corporation (“FDIC”). As of December 31, 2023, the Sanctuary maintained account balances of approximately \$1,418,000 in excess of FDIC limits. 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 36% of its total public support and revenues from two separate donors for the year ended December 31, 2023. 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, 2023, two separate donors accounted for approximately 94% of contributions receivable. The Sanctuary maintains allowances for potential losses, which

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATION OF CREDIT RISK (CONTINUED)

Contributions Receivable (continued)

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, 2023, management determined that an allowance for uncollectable contributions was not deemed necessary.

LEASING ARRANGEMENTS

The Sanctuary accounts for leasing arrangements under ASU No. 2016-02, *Leases* ("Topic 842"). 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.

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.

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. 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.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 ranging from 3 to 40 years. 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.

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, 2023.

ASSETS HELD FOR SALE

The Sanctuary classifies long-lived assets or disposal groups as held-for-sale when management having the appropriate authority, generally the Sanctuary's Executive Officers, determines certain criteria are met. The assets are considered held-for-sale if the Sanctuary has committed to a plan of sale, the disposal group is ready for immediate sale, an active program to locate a buyer has been initiated and the sale is probable and expected to be completed within one year. Once classified as held-for-sale, disposal groups are valued at the lower of their carrying amount or fair value less estimated selling costs. Depreciation on these properties is discontinued at the time they are classified as held for sale, but operating revenues, operating expenses, and interest expense continues to be recognized until the date of disposal.

As of December 31, 2023, the Sanctuary had assets held for sale with a net book value of approximately \$178,000 which consists of the Sanctuary's New Mexico property. On June 11, 2024, the Sanctuary sold their property to a third party at a price of \$750,000. See Notes 6 and 10 for additional information.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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 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, 2023 and is included as interest expense in the accompanying statement of functional expenses. Future amortization is expected to be approximately \$1,200 for the year ending December 31, 2024.

ADVERTISING EXPENSES

Advertising expenses are charged to expense as incurred. For the year ended December 31, 2023, the Sanctuary incurred approximately \$274,000 of advertising expenses, which consists of advertising 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 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, 2023, approximately \$98,000 was allocated to education expenses, approximately \$14,000 was allocated to management and general expenses, and \$167,000 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, 2023.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, 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.

SUBSEQUENT EVENTS

The Sanctuary has evaluated subsequent events through September 17, 2024, 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.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Financial assets available for general expenditures within one year as of December 31, 2023 consisted of the following:

Cash	\$ 2,163,716
Contributions receivable due in less than one year	<u>3,258,547</u>
	5,422,263
Less: donor restrictions	<u>(4,425,186)</u>
Available Financial Assets for General Expenditures	<u>\$ 997,077</u>

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, 2023, contribution receivables have been discounted using a risk free rate of 8.25%.

As of December 31, 2023 total net contributions receivable consists of the following:

Due in less than one year	\$ 3,258,547
Due in one to five years	<u>1,000,000</u>
Total contributions receivable	4,258,547
Less: discount to net present value	<u>(143,625)</u>
Total Contributions Receivable, Net	<u>\$ 4,114,922</u>

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, 2023, was approximately \$131,000.

During the year ended December 31, 2023, the Sanctuary received approximately \$1,287,000 of contributions from a private foundation whose board president is also a board member of the Sanctuary and a contribution of \$1,000,000 from an individual related to one of the members of the Board.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – PROPERTY, EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property, equipment and construction in progress consist of the following as of December 31, 2023:

	Amount	Estimated Useful Lives
Land	\$ 449,482	--
Site improvements and buildings	15,528,795	5 - 40 years
Equipment and furnishings	1,155,801	5 - 15 years
Vehicles	603,909	3 - 5 years
Software	<u>111,026</u>	3 years
Total	17,849,013	
Less: accumulated depreciation and amortization	<u>(8,496,794)</u>	
Total Property and Equipment, Net	<u>\$ 9,352,219</u>	
Construction in Progress	<u>\$ 94,029</u>	

In August 2014, the Sanctuary entered into a lease agreement with an unrelated party to rent their New Mexico facility to an unrelated party. The property and equipment related to the New Mexico facility is not currently being used for Sanctuary operations and is held for sale as of December 31, 2023. See Notes 2 and 10 for additional information.

Depreciation and amortization expense associated with property and equipment was approximately \$544,000 for the year ended December 31, 2023.

NOTE 7 – DONATED MATERIALS AND SERVICES

The Sanctuary received the following donated goods and services for the year ending December 31, 2023:

Food, enrichment, and supplies	\$ 426,544
Contributed Services	<u>35,250</u>
Total In-Kind Donations	<u>\$ 461,794</u>

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 – DONATED MATERIALS AND SERVICES (CONTINUED)

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 purchasing the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. The fair value for contributed services is based on the standard hourly rates charged for those services.

The Sanctuary utilized approximately \$389,000 of donated goods towards program services and approximately \$73,000 towards fundraising activities. 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, 2023, the outstanding balance of the note was approximately \$496,000. In June 2024 the Company paid the full outstanding principal and interest balance on the note payable

As of December 31, 2023, the total future minimum principal payments due on this note are as follows:

For the Year Ending December 31,	Amount
2024	\$ 497,195
Total Payments	497,195
Less: unamortized loan costs	(1,168)
Total	496,027
Less: current portion	496,027
Long-Term	<u><u>\$ --</u></u>

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 – NET ASSETS

As of December 31, 2023, the Sanctuary has undesignated net assets without donor restrictions of \$10,276,171.

Net assets with donor restrictions at December 31, 2023 are as follows:

Subject to Expenditures for Specified Purpose	
Unconditional promises to give in future years	\$ 4,114,922
Future capital expenditures:	
Chimpanzee care and structural improvements	<u>310,264</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,425,186</u>

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, 2023 as follows:

Purpose Restrictions Accomplished	
Chimpanzee nutrition, care, and equipment	\$ 115,500
Capital expenditures and chimpanzee rescue	659,887
Capital campaign consulting	<u>150,000</u>
Total Net Assets Released from Donor Restriction	<u>\$ 925,387</u>

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, 2023, the annual rental income was approximately \$48,600, 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. In August 2023 the lessee entered into an amendment to extend the lease term on a month-to-month basis. As of December 31, 2023 the property was held for sale. See Notes 2 and 6 for additional information.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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. During the year ended December 31, 2023 the Sanctuary made lease payments totaling approximately \$10,000. The leases do 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 \$9,200, for the year ended December 31, 2023, 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:

	<u>December 31, 2023</u>
Assets	
Noncurrent	\$ <u>10,175</u>
Total Operating Right-of-Use Assets	<u>\$ 10,175</u>
Liabilities	
Current	\$ 5,527
Noncurrent	<u>4,648</u>
Total Operating Lease Liabilities	<u>\$ 10,175</u>
Weighted Average Remaining Lease Term	1.91 years
Weighted Average Discount Rate	5%

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 – CONTINGENCIES (CONTINUED)

OPERATING LEASES (CONTINUED)

Future lease payments relating to the Sanctuary’s operating lease liabilities as of December 31, 2023 are as follows:

For the Year Ending December 31,	Amount
2024	\$ 6,227
2025	2,481
2026	<u>2,274</u>
Total lease payments	10,982
Less: amount representing imputed interest	<u>(807)</u>
Present Value of Lease Obligations	<u>\$ 10,175</u>

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. In July 2024, the Sanctuary executed a third amendment, extending the term through July 2025. Payments for the lease were expensed and totaled approximately \$56,000 and is included in management and general expenses in the accompanying statement of activities for the year ended December 31, 2023.

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.

SAVE THE CHIMPS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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 \$104,000 for the year ended December 31, 2023.

NOTE 13 – EMPLOYEE RETENTION CREDIT

On March 27, 2020, the CARES Act was signed into law. The CARES Act provides for an Employee Retention Credit, a fully refundable payroll tax credit for eligible employers on certain qualified wages as stipulated in the provisions of the Act. During the year ended December 31, 2023, the Sanctuary received and recognized a total benefit of approximately \$317,000 based on qualified wages paid to employees. The total income from employee retention credit is included as other income in the accompanying statement of activities.