

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE

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REPORT ON AUDIT OF FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2011

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*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The International Primate Protection League  
Summerville, South Carolina

We have audited the accompanying statement of financial position of The International Primate Protection League as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The International Primate Protection League at December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Luciano, Roberts & Kent, LLC*

North Charleston, South Carolina  
April 24, 2012

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011

ASSETS

Current assets

Cash and cash equivalents	\$ 88,136
Prepaid expenses	23,352
Inventories	<u>3,268</u>

Total current assets	<u>114,756</u>
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Property and equipment, net of accumulated depreciation	<u>1,329,555</u>
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Other assets

Investments	3,208,430
Cash surrender value - life insurance	<u>69,988</u>

Total other assets	<u>3,278,418</u>
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Total assets	<u><u>\$ 4,722,729</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and other current liabilities	<u>\$ 22,564</u>
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Total liabilities	<u>22,564</u>
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Net assets

Unrestricted	<u>4,700,165</u>
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Total net assets	<u>4,700,165</u>
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Total liabilities and net assets	<u><u>\$ 4,722,729</u></u>
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(See notes to financial statements)

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

UNRESTRICTED

PUBLIC SUPPORT AND REVENUE

Public Support

Contributions	\$ 318,904
Grants	678,031
Legacies and bequests	<u>259,291</u>

Total public support 1,256,226

Revenue

Investment income	126,915
Net realized and unrealized gains (losses) on investments	(18,953)
Miscellaneous income	75
Merchandise	<u>1,840</u>

Total revenue 109,877

Total support and revenue 1,366,103

EXPENSES

Program Services

Primate care investigation and education	<u>949,209</u>
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Supporting Services

Management and general	133,773
Fundraising	<u>10,629</u>

Total supporting services 144,402

Total expenses 1,093,611

Change in net assets 272,492

Net assets at beginning of year 4,427,673

Net assets at end of year \$ 4,700,165

(See notes to financial statements)



THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2011

	Program Services	Supporting Services			Total
	Primate Care Investigation and Education	Management and General	Fundraising	Total	Expenses
Salaries and wages	\$ 202,530	\$ 38,066	\$ 3,416	\$ 41,482	\$ 244,012
Payroll taxes	15,592	2,931	263	3,194	18,786
Total salaries, wages and related expenses	218,122	40,997	3,679	44,676	262,798
Education	9,676	-	-	-	9,676
Animal food	56,218	-	-	-	56,218
Auto expenses	12,988	-	-	-	12,988
Bank charges	2,059	111	-	111	2,170
Conferences	3,974	-	-	-	3,974
Contract labor	20,977	17,561	-	17,561	38,538
Cost of merchandise	-	2,039	-	2,039	2,039
Credit card fees	-	4,582	-	4,582	4,582
Dues and subscriptions	608	2,098	-	2,098	2,706
Education center expenses	135	-	-	-	135
Grants-sanctuary and other	373,249	-	-	-	373,249
Insurance	25,748	5,014	-	5,014	30,762
Internet expenses	1,964	-	-	-	1,964
Investigation	2,483	-	-	-	2,483
Office supplies and postage	33,774	2,350	5,391	7,741	41,515
Professional fees	17,545	17,000	-	17,000	34,545
Reports and other literature	30,522	390	-	390	30,912
Publications (newsletters)	23,820	-	-	-	23,820
Rent	4,800	-	-	-	4,800
Repairs and maintenance	18,300	7,708	-	7,708	26,008
Software maintenance	-	7,634	-	7,634	7,634
Supplies	18,460	-	-	-	18,460
Taxes and licenses	-	2,540	-	2,540	2,540
Telephone	805	3,980	-	3,980	4,785
Travel	5,501	-	-	-	5,501
Utilities	15,828	1,100	-	1,100	16,928
Total expenses before Depreciation	897,556	115,104	9,070	124,174	1,021,730
Depreciation expense	51,653	18,669	1,559	20,228	71,881
Total expenses	\$ 949,209	\$ 133,773	\$ 10,629	\$ 144,402	\$1,093,611

(See notes to financial statements)

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2011

Cash Flows from Operating Activities

Change in net assets	\$ 272,492
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	71,881
Net losses on sales of investments	3,750
Unrealized losses on investments	15,203
Decrease in cash surrender value of life insurance	266
(Increase) in prepaid expenses	(57)
Decrease in other current assets	1,491
(Decrease) in accounts payable	<u>(1,056)</u>
Net cash provided by operating activities	<u>363,970</u>

Cash Flows from Investing Activities

Purchase of property and equipment	(194,807)
Proceeds from sales of investments	650,166
Purchase of investments	<u>(788,577)</u>
Net cash (used) in investing activities	<u>(333,218)</u>
Net increase in cash and cash equivalents	30,752
Cash and cash equivalents at beginning of year	<u>57,384</u>
Cash and cash equivalents at end of year	<u><u>\$ 88,136</u></u>

(See notes to financial statements)

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The International Primate Protection League (IPPL) is a nonprofit organization whose purpose is to educate the public on issues of primates, investigate the illegal trafficking in primates, and to provide a facility for the care and rehabilitation of gibbons released from research facilities. The Organization is supported primarily through donor contributions grants and bequests.

Basis of Accounting

The financial statements of IPPL have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement preparation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, IPPL is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, IPPL considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$300. Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the related assets using straight-line methods. Expenditures for maintenance and repairs are charged to expense as incurred.



THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

Note 1. Nature of Activities and Summary of Significant Accounting Policies  
(continued)

Functional Expenses

Directly identifiable expenses are charged to programs and services. Expenses related to more than one function are charged to programs and supporting services on the basis of personnel time and space utilized for the related activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets of (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided administrative services throughout the year that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met.

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

Note 1. Nature of Activities and Summary of Significant Accounting Policies  
(continued)

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Income Taxes

IPPL is a not for profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. By reference, the State of South Carolina adopted this code; hence, IPPL is also exempt from South Carolina income taxes. Classification by the Internal Revenue Service is other than a private foundation.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value at the measurement date, based on quoted prices in active markets and are determined based on Level 1 inputs. Investment income of endowment funds, unless restricted to a specific purpose or required to be added to the principal of the endowment, is available for unrestricted purposes and, if any, is included in the change in unrestricted net assets.

Inventories

Inventories consist of retail merchandise available for sale to the general public. Inventories are stated at cost determined on the first-in, first-out method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Related Party Transactions

IPPL houses some of the gibbons on three acres of land leased from a former employee of the Organization. The lease is accounted for as an operating lease and may be canceled by either party with a 30 day written notice. Lease expense for the year ended December 31, 2011 amounted to \$4,800.

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

Note 3. Credit Risk

IPPL has accounts held by one banking institution. Amounts held by the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2011 the entire bank balances of \$121,029 was fully insured.

The risk of loss from any uninsured cash balances during the year is mitigated by the use of nationally recognized financial institutions and is monitored by the management.

Note 4. Investments

Investments are stated at fair market value, and consist of the following at December 31, 2011:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 301,872	\$ 301,872	\$ -
Certificates of deposit	1,642,323	1,638,000	(4,323)
US Agency securities	70,866	74,204	3,338
Corporate bonds	159,139	160,609	1,470
Mutual funds	<u>1,044,995</u>	<u>1,033,745</u>	<u>(11,250)</u>
Total investments	<u>\$3,219,195</u>	<u>\$3,208,430</u>	<u>\$ (10,765)</u>

Investment return is summarized as follows for the year ended December 31, 2011

Interest and dividend income	\$ 126,915
Net realized and unrealized losses	<u>(18,953)</u>
Total investment income	<u>\$ 107,962</u>

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

Note 5. Property and Equipment

Property and equipment consist of the following as of December 31, 2011:

Land, buildings and improvements	\$1,387,682
Furniture, fixtures and equipment	818,952
Less accumulated depreciation	<u>(877,079)</u>
Net	<u>\$1,329,555</u>

Depreciation expense for the year ended December 31, 2011 was \$71,881.