

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE

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REPORT ON AUDIT OF FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2013

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE

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# LUCIANO, ROBERTS & KENT, LLC

*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 financial statements of The International Primate Protection League (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The International Primate Protection League as of December 31, 2013, 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.



North Charleston, South Carolina  
April 25, 2014

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

ASSETS

Current assets

Cash and cash equivalents	\$ 72,241
Prepaid expenses	25,152
Inventories	3,268
Other current assets	<u>80</u>

Total current assets 100,741

Property and equipment, net of accumulated depreciation 1,239,473

Other assets

Investments	4,429,294
Cash surrender value - life insurance	<u>65,470</u>

Total other assets 4,494,764

Total assets \$ 5,834,978

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and other current liabilities \$ 24,792

Total liabilities 24,792

Net assets

Unrestricted 5,810,186

Total net assets 5,810,186

Total liabilities and net assets \$ 5,834,978

(See notes to financial statements)

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013

	<u>UNRESTRICTED</u>
PUBLIC SUPPORT AND REVENUE	
Public Support	
Contributions	\$ 376,608
Grants	681,153
Legacies and bequests	<u>591,018</u>
Total public support	<u>1,648,779</u>
Revenue	
Investment income	131,879
Net realized and unrealized gains (losses) on investments	26,808
Merchandise	<u>2,356</u>
Total revenue	<u>161,043</u>
Total support and revenue	<u>1,809,822</u>
EXPENSES	
Program Services	
Primate care investigation and education	<u>1,137,341</u>
Supporting Services	
Management and general	125,801
Fundraising	<u>6,813</u>
Total supporting services	<u>132,614</u>
Total expenses	<u>1,269,955</u>
Change in net assets	539,867
Net assets at beginning of year	<u>5,270,319</u>
Net assets at end of year	<u>\$ 5,810,186</u>

(See notes to financial statements)

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013

	Program Services		Supporting Services			Total Expenses
	Primate Care Investigation and Education	Management and General	Fundraising	Total		
Salaries and wages	\$ 222,026	\$ 41,730	\$ 3,745	\$ 45,475	\$ 267,501	
Payroll taxes	17,035	3,202	287	3,489	20,524	
Total salaries, wages and related expenses	239,061	44,932	4,032	48,964	288,025	
Education	7,810	-	-	-	7,810	
Animal food	85,744	-	-	-	85,744	
Auto expenses	13,273	-	-	-	13,273	
Bank charges	2,378	75	-	75	2,453	
Conferences	3,442	-	-	-	3,442	
Contract labor	23,953	18,872	-	18,872	42,825	
Cost of merchandise	-	3,047	-	3,047	3,047	
Credit card fees	-	5,723	-	5,723	5,723	
Dues and subscriptions	5,707	821	-	821	6,528	
Education center expenses	135	-	-	-	135	
Grants-sanctuary and other	441,462	-	-	-	441,462	
Insurance	34,412	6,701	-	6,701	41,113	
Internet expenses	2,300	-	-	-	2,300	
Investigation	4,974	-	-	-	4,974	
Office supplies and postage	44,076	1,609	1,715	3,324	47,400	
Professional fees	7,584	11,500	-	11,500	19,084	
Reports and other literature	30,245	365	-	365	30,610	
Publications (newsletters)	61,223	-	-	-	61,223	
Rent	4,920	-	-	-	4,920	
Repairs and maintenance	21,179	883	-	883	22,062	
Software maintenance	-	6,893	-	6,893	6,893	
Supplies	19,021	-	-	-	19,021	
Taxes and licenses	-	1,149	-	1,149	1,149	
Telephone	802	4,982	-	4,982	5,784	
Travel	11,389	-	-	-	11,389	
Utilities	18,785	1,306	-	1,306	20,091	
Total expenses before Depreciation	1,083,875	108,858	5,747	114,605	1,198,480	
Depreciation expense	53,466	16,943	1,066	18,009	71,475	
Total expenses	<u>\$ 1,137,341</u>	<u>\$ 125,801</u>	<u>\$ 6,813</u>	<u>\$ 132,614</u>	<u>\$1,269,955</u>	

(See notes to financial statements)

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities

Change in net assets	\$ 539,867
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	71,475
Net gains on sales of investments	(1,301)
Unrealized gain on investments	(25,507)
Decrease in cash surrender value of life insurance	3,243
(Increase) in prepaid expenses	(3,504)
Decrease in other current assets	607
(Decrease) in accounts payable	<u>(9,267)</u>
Net cash provided by operating activities	<u>575,613</u>

Cash Flows from Investing Activities

Purchase of property and equipment	(2,714)
Proceeds from sales of investments	825,426
Purchase of investments	<u>(1,489,169)</u>
Net cash (used) in investing activities	<u>(666,457)</u>
Net (decrease) in cash and cash equivalents	(90,844)
Cash and cash equivalents at beginning of year	<u>163,085</u>
Cash and cash equivalents at end of year	<u>\$ 72,241</u>

(See notes to financial statements)



THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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 primate matters and to campaign to protect wild and captive primates. IPPL investigates both legal and illegal trafficking in primates, supports primate rescue centers around the world, and provides a sanctuary home for gibbons released from research facilities or otherwise in need of homes. 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, 2013

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, 2013

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, 2013 amounted to \$4,920.

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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, 2013, the entire bank balance of \$219,198 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, 2013:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 461,538	\$ 461,538	\$ -
Certificates of deposit US and state government	1,237,709	1,259,169	21,460
agency securities	55,436	55,816	380
Corporate bonds	170,529	172,479	1,950
Mutual funds	<u>2,419,110</u>	<u>2,480,292</u>	<u>61,182</u>
 Total investments	 <u>\$4,344,322</u>	 <u>\$4,429,294</u>	 <u>\$ 84,972</u>

Investment return is summarized as follows for the year ended December 31, 2013:

Interest and dividend income	\$ 131,879
Net realized and unrealized gains	<u>26,808</u>
 Total investment income	 <u>\$ 158,687</u>

THE INTERNATIONAL PRIMATE PROTECTION LEAGUE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

Note 5. Property and Equipment

Property and equipment consist of the following as of December 31, 2013:

Land, buildings and improvements	\$1,390,724
Furniture, fixtures and equipment	849,672
Less accumulated depreciation	<u>(1,000,923)</u>
Net	<u>\$1,239,473</u>

Depreciation expense for the year ended December 31, 2013 was \$71,475.