

**Blank Park Zoo Foundation, Incorporated
and Affiliate
Des Moines, Iowa**

CONSOLIDATED FINANCIAL REPORT

October 31, 2015

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	4
Consolidated statements of activities	5-6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-17
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION	18
SUPPLEMENTARY INFORMATION	
Zoo revenues	19
Schedule of functional expenses	20-21

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Blank Park Zoo Foundation, Incorporated and Affiliate
Des Moines, Iowa

We have audited the accompanying consolidated financial statements of Blank Park Zoo Foundation, Incorporated and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of October 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Foundation'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 Foundation'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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Blank Park Zoo Foundation, Incorporated and Affiliate as of October 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 7, 2016

**Blank Park Zoo Foundation, Incorporated and Affiliate
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

ASSETS	October 31	
	2015	2014
Cash	\$ 2,195,797	\$ 1,963,037
Interest in assets held at Community Foundation of Greater Des Moines	8,989,057	8,887,478
Accounts receivable		
City of Des Moines	24,167	96,667
Other	106,445	17,537
Contributions and grants receivable, net of allowance for uncollectibles, 2015 and 2014 - \$35,000	506,766	812,011
Inventory	53,569	73,476
Prepaid expenses	85,952	52,808
Land	1,000,000	1,610,000
Property and equipment, net of accumulated depreciation, 2015 - \$1,783,246; 2014 - \$1,116,455	<u>15,205,737</u>	<u>14,598,315</u>
Total assets	<u>\$28,167,490</u>	<u>\$28,111,329</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and deferred grant revenue	\$ 883,199	\$ 722,857
Accrued payroll and vacations	338,995	277,263
Event deposits	<u>28,572</u>	<u>24,325</u>
Total liabilities	<u>1,250,766</u>	<u>1,024,445</u>
NET ASSETS		
Unrestricted net assets		
Undesignated	15,953,365	14,811,351
Board-designated	<u>10,166,499</u>	<u>5,217,056</u>
Total unrestricted net assets	<u>26,119,864</u>	<u>20,028,407</u>
Temporarily restricted	<u>796,860</u>	<u>7,058,477</u>
Total net assets	<u>26,916,724</u>	<u>27,086,884</u>
Total liabilities and net assets	<u>\$28,167,490</u>	<u>\$28,111,329</u>

See Notes to Consolidated Financial Statements.

**Blank Park Zoo Foundation, Incorporated and Affiliate
CONSOLIDATED STATEMENTS OF ACTIVITIES**

	Year ended October 31, 2015			
	Unrestricted			
	Unrestricted	Board- designated	Temporarily restricted	Total
REVENUE				
Contributions	\$ 1,402,101	\$ —	\$ 406,970	\$ 1,809,071
Zoo revenues	4,112,729	—	—	4,112,729
Memberships	853,297	—	—	853,297
BRAVO	150,000	—	—	150,000
City of Des Moines contributions	290,000	—	—	290,000
Grant income	20,000	—	—	20,000
Interest and dividends	—	182,567	501	183,068
Realized gains on sale of investments	—	191,690	527	192,217
Unrealized gains (losses) on investments	—	(226,203)	(617)	(226,820)
Net assets released from restrictions	906,747	5,762,251	(6,668,998)	—
Total revenue	<u>7,734,874</u>	<u>5,910,305</u>	<u>(6,261,617)</u>	<u>7,383,562</u>
EXPENSES				
Program services	5,192,655	—	—	5,192,655
Fundraising	260,924	—	—	260,924
Management and general	1,490,143	—	—	1,490,143
Total expenses	<u>6,943,722</u>	<u>—</u>	<u>—</u>	<u>6,943,722</u>
CHANGE IN NET ASSETS BEFORE IMPAIRMENT OF VALUE OF LAND	791,152	5,910,305	(6,261,617)	439,840
IMPAIRMENT OF VALUE OF LAND	<u>(610,000)</u>	<u>—</u>	<u>—</u>	<u>(610,000)</u>
CHANGE IN NET ASSETS	181,152	5,910,305	(6,261,617)	(170,160)
NET ASSET TRANSFERS	960,862	(960,862)	—	—
NET ASSETS				
Beginning of the year	<u>14,811,351</u>	<u>5,217,056</u>	<u>7,058,477</u>	<u>27,086,884</u>
End of year	<u>\$15,953,365</u>	<u>\$10,166,499</u>	<u>\$ 796,860</u>	<u>\$26,916,724</u>

See Notes to Consolidated Financial Statements.

Year ended October 31, 2014

<u>Unrestricted</u>	<u>Unrestricted Board- designated</u>	<u>Temporarily restricted</u>	<u>Total</u>
\$ 418,852	\$ —	\$ 795,313	\$ 1,214,165
3,758,453	—	—	3,758,453
762,458	—	—	762,458
150,000	—	—	150,000
290,000	—	—	290,000
44,530	—	—	44,530
—	68,217	127,301	195,518
—	85,102	158,812	243,914
—	60,879	113,609	174,488
<u>276,240</u>	<u>—</u>	<u>(276,240)</u>	<u>—</u>
<u>5,700,533</u>	<u>214,198</u>	<u>918,795</u>	<u>6,833,526</u>
4,811,740	—	—	4,811,740
198,373	—	—	198,373
<u>1,394,111</u>	<u>—</u>	<u>—</u>	<u>1,394,111</u>
<u>6,404,224</u>	<u>—</u>	<u>—</u>	<u>6,404,224</u>
(703,691)	214,198	918,795	429,302
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
(703,691)	214,198	918,795	429,302
2,068,235	(233,838)	(1,834,397)	—
<u>13,446,807</u>	<u>5,236,696</u>	<u>7,974,079</u>	<u>26,657,582</u>
<u>\$14,811,351</u>	<u>\$5,217,056</u>	<u>\$7,058,477</u>	<u>\$27,086,884</u>

See Notes to Consolidated Financial Statements.

**Blank Park Zoo Foundation, Incorporated and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended October 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (170,160)	\$ 429,302
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	666,791	578,926
Unrealized and realized (gains) losses on investments	34,603	(418,402)
Donated equipment	-	(75,000)
Impairment of value of land	610,000	-
Change in assets and liabilities		
Accounts receivable	(16,408)	(37,271)
Contributions and grants receivable	305,245	426,504
Inventory	19,907	(15,541)
Prepaid expenses	(33,144)	12,473
Accounts payable and accrued expenses, net of property and equipment payables	118,722	48,982
Accrued payroll and vacations	61,732	2,787
Event deposits	4,247	7,907
Net cash provided by operating activities	<u>1,601,535</u>	<u>960,667</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(602,830)	(1,149,131)
Proceeds from sale of investments	466,648	1,909,684
Purchase of property and equipment	<u>(1,232,593)</u>	<u>(1,613,843)</u>
Net cash (used in) investing activities	<u>(1,368,775)</u>	<u>(853,290)</u>
INCREASE IN CASH	232,760	107,377
CASH		
Beginning	<u>1,963,037</u>	<u>1,855,660</u>
Ending	<u>\$2,195,797</u>	<u>\$1,963,037</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Donated equipment	\$ <u> -</u>	\$ <u>75,000</u>

See Notes to Consolidated Financial Statements.

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Blank Park Zoo Foundation, Incorporated is a nonprofit corporation organized under the laws of the state of Iowa for the purpose of supporting the Blank Park Zoo, which is located in Des Moines, Iowa. The primary purposes of the Foundation are as follows: a) to manage the Blank Park Zoo utilizing sound principles and administrative policies; b) to solicit, collect and provide funds, and to receive gifts and bequests for securing and maintaining animals, and improving facilities and programs of the Zoo; c) to promote interest among the general public concerning the Zoo; d) to implement and assist where possible, through the use of the Zoo, the study of zoological natural history, animal behavior and the science allied therewith; and e) to provide charitable and educational assistance in association with the Zoo, and to solicit and accept contributions, gifts, grants and funds which along with the income therefrom, shall be held, administered and expended for the use and direct benefit of the Zoo.

Blank Park Endowment Corporation was organized under the laws of the State of Iowa as a nonprofit corporation exclusively for the benefit of, to support the functions of, and to assist in carrying out the purposes of the Blank Park Foundation, Incorporated, and is organized, and at all times hereafter, is operated exclusively for the benefit of the Blank Park Zoo Foundation, Incorporated.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Blank Park Zoo Foundation, Incorporated and its affiliate, Blank Park Endowment Corporation (collectively known as the Foundation), which have been consolidated in accordance with the Not-for-Profit Entities Consolidation Topic of the *FASB Accounting Standards Codification*. All significant intercompany accounts and transactions between entities have been eliminated in consolidation.

Use of Estimates

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

Cash

Cash consists of deposits in checking and savings accounts. Money market funds held in brokerage accounts are classified as investments.

Interest in Assets Held at the Community Foundation of Greater Des Moines

The Foundation values its interest in Assets Held at the Community Foundation of Greater Des Moines (CFGDM) at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying consolidated statement of activities.

Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

As required by the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*, the Foundation reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets are those assets that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations. The Foundation's governing board may earmark portions of its unrestricted net assets as board-designated for various purposes. Contributions which were given with donor-imposed stipulations whose restrictions are met in the year received are reported as unrestricted contributions.

Temporarily restricted net assets represent contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation pursuant to those stipulations. As donor-imposed stipulations expire, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets represent contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

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.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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. The Foundation has only unrestricted and temporarily restricted net assets as of October 31, 2015 and 2014.

Contributions and Grants Receivable

Unconditional contributions receivable are recognized as receivables and contributions in the period received. Conditional contributions receivable are recognized only when the conditions on which they depend are substantially met. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. At October 31, 2015 and 2014, the allowance for uncollectible contributions was \$35,000.

Unconditional contributions that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions that are expected to be collected in future years are recorded at fair value using present value techniques. Amortization of the discount is included in contribution revenue.

Inventory

Inventory is stated at cost, based on the first-in, first-out method. Inventory consists of food and gift shop items.

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donated equipment is recognized at its estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements. The Foundation is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for tax years prior to 2011.

Credit Risk

The Foundation at various times throughout the year has amounts on deposit with financial institutions in excess of FDIC limits.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Animal Collections

In accordance with industry practice, the Foundation does not capitalize animal collections. Animal acquisitions are reported as expenses in the period of acquisition.

Revenue Recognition

The Foundation is the recipient of a grant from Vision Iowa for the Foundation's expansion project. Grant revenue will be recognized as costs related to the project are incurred. The balance of the deferred grant revenues reported in the statement of financial position is \$512,367 as of October 31, 2015.

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS

Investments held at October 31, 2015 and October 31, 2014 are summarized as follows:

	<u>October 31, 2015</u>			<u>October 31, 2014</u>		
	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized appreciation</u>	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized appreciation</u>
Assets held at the Community Foundation of Greater Des Moines	<u>\$8,989,057</u>	<u>\$8,833,588</u>	<u>\$ 155,469</u>	<u>\$8,887,478</u>	<u>\$8,505,189</u>	<u>\$ 382,289</u>
Components of investment return						
Interest and dividend income		\$ 183,068			\$ 195,518	
Realized gain on sale of investments		192,217			243,914	
Unrealized gain (loss) from adjustment to market value		<u>(226,820)</u>			<u>174,488</u>	
Total investment return		<u>\$ 148,465</u>			<u>\$ 613,920</u>	

NOTE 3 FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification* requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Topic are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Foundation has no level 1 investments.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. The Foundation has no level 2 investments.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The fair value of investments held at the Community Foundation of Greater Des Moines are based on significant unobservable inputs.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Foundation's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future market values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at October 31, 2015 and 2014 are as follows:

<u>October 31, 2015</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets held at the Community Foundation of Greater Des Moines	\$8,989,057	\$ —	\$ —	\$8,989,057
<u>October 31, 2014</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets held at the Community Foundation of Greater Des Moines	\$8,887,478	\$ —	\$ —	\$8,887,478

Assets held by the CFGDM consist of pooled funds. The Foundation holds a share of the pooled funds and net direct ownership of the underlying investments. Although the pooled funds include equity, fixed income, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled funds at the statement of financial position date based on its relative ownership investment in the pool. All funds held at the CFGDM are considered Level 3 investments since there is not direct ownership of the underlying investments. However, the underlying investments in the pooled funds consist of investments that have been measured using Level 1, Level 2 and Level 3 inputs.

The following table provides a summary of changes in fair value of the Foundation's Level 3 funds held by the CFGDM for the year ended October 31, 2015 and 2014.

	<u>October 31</u>	
	<u>2015</u>	<u>2014</u>
Beginning balance	\$8,887,478	\$8,406,041
Interest and dividends	183,053	158,417
Realized gains	192,217	205,185
Unrealized gains (losses)	(226,820)	197,151
Contributions/transfers	419,777	1,015,162
Transfers to the Foundation	(402,477)	(1,033,127)
Investment expenses	(64,171)	(61,351)
Ending balance	<u>\$8,989,057</u>	<u>\$8,887,478</u>

The following table provides a summary of changes in fair value of the Foundation's Level 3 other investment funds for the years ended October 31, 2015 and 2014.

	<u>October 31</u>	
	<u>2015</u>	<u>2014</u>
Beginning balance	\$ —	\$ 799,850
Realized gains	—	38,729
Unrealized gains	—	—
Contributions/sales/transfers	—	(838,579)
Ending balance	<u>\$ —</u>	<u>\$ —</u>

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION OF GREATER DES MOINES

The Foundation has an interest in assets held at the Community Foundation of Greater Des Moines. The assets are invested in CFGDM's pooled endowment under an investment allocation determined by CFGDM's Investment Committee. At October 31, 2015, the majority of assets in the pooled fund were comprised of fixed income securities and domestic and international equities and hedge funds. The remaining assets are invested in money markets, real estate investment trusts, and preferred stocks. The Foundation may request these assets or the net investment income of these assets at any time from the CFGDM. Distributions are not subject to variance power (ie, the CFGDM does not have the power to redirect the assets or the net investment income to an entity other than the Foundation). The realized gains/losses and unrealized appreciation/depreciation on the endowment at October 31, 2015, are reflected in board designated net assets.

The investment allocation at October 31, 2015 was as follows:

Domestic equity	31.2%
International equity	24.7
Fixed income	13.9
Cash composite	2.2
Hedge funds	16.8
Real assets	7.2
Private equity	<u>4.0</u>
Total	<u>100.0%</u>

NOTE 5 CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at October 31, 2015 consist of unconditional contributions and grants primarily from individuals, governmental entities and corporations in the State of Iowa. They are discounted at 4%. The future collections of contributions and grants receivable as of October 31, 2015 are as follows:

Year ending October 31

2016	\$ 406,622
2017	133,500
2018	<u>10,000</u>
Total contributions and grants receivable	550,122
Less discount to present value	8,356
Less allowance for uncollectible contributions receivable	<u>35,000</u>
Net contributions and grants receivable	<u>\$ 506,766</u>

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	October 31	
	2015	2014
Building	\$11,924,632	\$11,741,972
Computer equipment	260,160	219,984
Construction in progress	732,805	175,194
Land improvements	2,502,494	2,502,494
Leasehold improvements	1,278,551	850,329
Vehicles	128,918	78,056
Zoo equipment	<u>161,423</u>	<u>146,741</u>
	16,988,983	15,714,770
Less accumulated depreciation	<u>1,783,246</u>	<u>1,116,455</u>
Property and equipment, net	<u>\$15,205,737</u>	<u>\$14,598,315</u>

The Foundation entered into contracts for the construction of various capital improvements totaling approximately \$1,270,000. Costs incurred on these contracts totaling approximately \$885,000 have been included in construction in progress and building and are reflected in the consolidated statement of financial position at October 31, 2015. Remaining commitments on these contracts as of October 31, 2015 total approximately \$385,000 and will be paid from current reserves.

NOTE 7 IMPAIRMENT OF VALUE OF LAND

The Foundation was the recipient of a donation of a parcel of land in a prior year. The land was originally recorded at the fair value of the property at the time of the donation. The parcel of land was subsequently appraised, and the value of the land was adjusted based on the appraisal in the year ended October 31, 2009. During the year ended October 31, 2015, the Foundation received an offer to purchase the land. The value of the land as of October 31, 2015 was adjusted based on this offer, which was determined to be estimated fair value. The effect of the adjustment was to decrease the value of land to \$1,000,000 as of October 31, 2015, and to recognize an adjustment in the value of land of \$610,000 in the consolidated statement of activities for the year ended October 31, 2015.

NOTE 8 AGREEMENTS WITH THE CITY OF DES MOINES

The Foundation entered into an Operation, Management and Maintenance Agreement with the City of Des Moines. The purpose of the agreement is for the Foundation to more fully undertake and implement the goals of the Super Block Master Plan relating to the Zoo and for the Foundation to enhance and improve the Park and the Zoo by being responsible for the construction of additional improvements and assuming full operating responsibility for the Zoo and the Park. The term of the agreement began May 1, 2011 and will continue through December 31, 2031, unless otherwise terminated, and contains a provision to automatically renew for two additional twenty year terms.

The City transferred ownership of certain furniture, equipment, supplies, materials, inventories, vehicles and other personal property used in the operation of the Zoo to the Foundation. The City also transferred ownership of all animals to the Foundation.

In consideration of the Foundation managing, operating and maintaining the property and for providing recreation, educational and other services to the general public, the City leases the property comprising the Zoo to the Foundation for \$1 a year for the initial twenty year term of the agreement and any renewal term.

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 AGREEMENTS WITH THE CITY OF DES MOINES (continued)

The City will continue to provide the Foundation annual funding for the operation of the Zoo in the amount of \$290,000 through December 31, 2031.

Accounts receivable from the City related to the above agreements was \$24,167 and \$96,667 as of October 31, 2015 and 2014, respectively.

NOTE 9 UNRESTRICTED BOARD-DESIGNATED NET ASSETS

The Foundation's board has designated unrestricted net assets to fund the endowment and various other future liabilities of the Foundation. Unrestricted board-designated net assets as of October 31, 2015 and 2014 are as follows:

	October 31	
	2015	2014
Conservation	\$ 93,913	\$ 100,798
Equipment replacement	8,191	39,682
Infrastructure and maintenance	223,121	189,524
Endowment	9,841,274	4,887,052
	<u>\$10,166,499</u>	<u>\$5,217,056</u>

Included in the Board-designated endowment fund is a gift received from an individual's estate. On an annual basis, the Board has committed to designate up to five percent of the annual average fund balance to be used for operations or for other purposes. The endowment fund cash is held in a separate investment account. Included in net assets transferred in the statements of activities, \$440,000 and \$425,000 of the endowment fund were transferred to undesignated net assets in 2015 and 2014, respectively.

NOTE 10 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	October 31	
	2015	2014
Expansion	\$ 730,047	\$1,245,772
County grant	2,515	2,515
Animal acquisition	6,611	179,575
Restricted grants	9,880	9,880
Education	21,919	18,085
Capital improvements	821	821
Wetlands project	1,596	1,596
Endow Iowa Fund	23,471	24,365
Myron N. Blank Fund (1)	—	5,575,868
Total	<u>\$ 796,860</u>	<u>\$7,058,477</u>

(1) The Myron N. Blank Fund was created through an agreement with the Foundation and Myron N. Blank in 2004. The agreement established an endowment fund to support the mission of the Foundation. All income and gains from the Fund are to be retained in the Fund. Distributions may be made from the Fund with approval from the Foundation's Board of Directors and subject to restrictions the Agreement imposes on distribution amounts. Ten years after the date of the gift, all distribution restrictions lapse. As per the Agreement, the Foundation released these funds from temporarily restricted net assets and have included them in the board designated endowment in 2015.

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 RESTRICTIONS ON NET ASSETS (continued)

Temporarily restricted net assets are included in the following categories in the consolidated statement of financial position:

	October 31	
	2015	2014
Cash	\$ 251,623	\$ 444,850
Contributions and grants receivable	506,766	812,011
Investments	38,471	5,801,616
Total	\$ 796,860	\$7,058,477

NOTE 11 RETIREMENT PLAN

The Foundation has a Section 401(k) retirement plan covering employees who have met the eligibility requirements. To be eligible, an employee must meet certain hours worked requirements and be age 21. The Foundation's contributions to the plan are discretionary. Contributions to the plan for the years ended October 31, 2015 and 2014 were \$18,918 and \$15,875, respectively.

NOTE 12 ENDOWMENT FUNDS

The Foundation's endowment funds consist of board-designated net assets which are available for endowment purposes and temporarily restricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has adopted the practice of the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with the Iowa Prudent Management of Institutional Funds Act (IPMIFA), the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

**Blank Park Zoo Foundation, Incorporated and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 12 ENDOWMENT FUNDS (continued)

The change in endowment net assets was as follows for the year ended October 31, 2015:

	<u>Temporarily Restricted</u>	<u>Board- Designated</u>	<u>Total</u>
Balance, beginning of year	\$5,801,616	\$4,887,052	\$10,688,668
Contributions	-	358	358
Interest and dividends	501	197,612	198,113
Realized gains on sale of investments	527	191,690	192,217
Unrealized (losses) on investments	(617)	(226,203)	(226,820)
Impairment of value of land	-	(610,000)	(610,000)
Expenditures	(1,305)	(361,486)	(362,791)
Transfers	(5,762,251)	5,762,251	-
Balance, end of year	<u>\$ 38,471</u>	<u>\$9,841,274</u>	<u>\$ 9,879,745</u>

The change in endowment net assets was as follows for the year ended October 31, 2014:

	<u>Temporarily Restricted</u>	<u>Board- Designated</u>	<u>Total</u>
Balance, beginning of year	\$5,401,894	\$5,139,411	\$10,541,305
Interest and dividends	127,301	68,217	195,518
Realized gains on sale of investments	158,812	85,102	243,914
Unrealized gains on investments	113,609	60,879	174,488
Expenditures/transfers	-	(466,557)	(466,557)
Balance, end of year	<u>\$5,801,616</u>	<u>\$4,887,052</u>	<u>\$10,688,668</u>

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 7, 2016, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.



INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Blank Park Zoo Foundation, Incorporated and Affiliate
Des Moines, Iowa

We have audited the consolidated financial statements of Blank Park Zoo Foundation, Incorporated and Affiliate as of and for the years ended October 31, 2015 and 2014, and have issued our report thereon dated January 7, 2016, which expressed an unmodified opinion on those financial statements, and appears on page 3. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 7, 2016

**Blank Park Zoo Foundation, Incorporated and Affiliate
ZOO REVENUES**

	<u>Year ended October 31</u>	
	<u>2015</u>	<u>2014</u>
Special events	\$ 531,442	\$ 579,283
Development events	167,047	146,805
Educational programs	247,509	232,434
Volunteer income	3,499	3,179
Miscellaneous income	46,366	41,204
Rentals	99,848	95,976
Admissions	1,502,661	1,330,078
Train rides	230,554	201,987
Camel rides	42,067	39,063
Carousel rides	60,656	57,138
Kid's Kingdom	106,995	100,527
Vending	100,527	101,374
Stroller rental	5,615	5,382
Gift shop	660,176	604,552
Food		
Grill	72,755	75,717
Catering	14,612	12,604
Sponsorships	<u>220,400</u>	<u>131,150</u>
 Total Zoo revenues	 <u>\$4,112,729</u>	 <u>\$3,758,453</u>

Blank Park Zoo Foundation, Incorporated and Affiliate
SCHEDULE OF FUNCTIONAL EXPENSES

	<u>Year ended October 31, 2015</u>			
	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	
Restricted projects	\$ 367,363	\$ —	\$ —	\$ 367,363
Annual giving	—	53,072	—	53,072
Membership	38,767	—	—	38,767
Night Eyes	62,655	—	—	62,655
Special events	148,696	—	—	148,696
Development events	—	74,570	—	74,570
Educational programs	32,593	—	—	32,593
Volunteer	5,521	—	—	5,521
Salaries	1,887,030	114,365	857,741	2,859,136
Payroll taxes and benefits	312,132	18,917	141,878	472,927
Veterinary and laboratory	86,931	—	—	86,931
Protection and security	30,990	—	—	30,990
Postage and delivery	—	—	25,408	25,408
Utilities	213,997	—	—	213,997
Telephone and internet	—	—	45,405	45,405
Marketing	233,621	—	—	233,621
Photocopy and reproduction	—	—	12,939	12,939
Insurance	—	—	90,824	90,824
Repairs and maintenance	226,491	—	—	226,491
Equipment rental	—	—	17	17
Licenses and permits	9,615	—	—	9,615
Dues and subscriptions	—	—	27,191	27,191
Waste removal	18,256	—	—	18,256
Vehicle maintenance	21,040	—	—	21,040
Office supplies	12,896	—	—	12,896
Chemicals and gases	4,764	—	—	4,764
Fuel	17,806	—	—	17,806
Cleaning, janitorial and sanitary	59,789	—	—	59,789
Feed	173,935	—	—	173,935
Supplies	22,968	—	—	22,968
Maintenance supplies	27,824	—	—	27,824
Tools	2,416	—	—	2,416
Uniforms	17,849	—	—	17,849
Safety and protective equipment	7,187	—	—	7,187
Animal bedding	12,825	—	—	12,825
Merchandise for resale	287,336	—	—	287,336
Miscellaneous operating expenses	95,553	—	—	95,553
Meetings/promotion	3,014	—	—	3,014
Bank charges/fees	—	—	139,865	139,865
Payroll processing fees	—	—	46,003	46,003
Legal and accounting	—	—	33,588	33,588
Board expense	—	—	12,234	12,234
Conservation support	20,000	—	—	20,000
Travel and training	—	—	50,422	50,422
Mileage	—	—	6,628	6,628
Capital outlay	64,004	—	—	64,004
Depreciation	666,791	—	—	666,791
Totals	<u>\$5,192,655</u>	<u>\$ 260,924</u>	<u>\$1,490,143</u>	<u>\$6,943,722</u>

Year ended October 31, 2014

<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
\$ 276,240	\$ -	\$ -	\$ 276,240
-	25,984	-	25,984
50,232	-	-	50,232
41,960	-	-	41,960
145,646	-	-	145,646
-	47,758	-	47,758
30,913	-	-	30,913
4,568	-	-	4,568
1,761,182	106,738	800,537	2,668,457
295,237	17,893	134,199	447,329
73,191	-	-	73,191
36,123	-	-	36,123
-	-	18,182	18,182
244,101	-	-	244,101
-	-	35,203	35,203
221,843	-	-	221,843
-	-	12,753	12,753
-	-	91,104	91,104
234,969	-	-	234,969
-	-	558	558
7,454	-	-	7,454
-	-	25,272	25,272
20,678	-	-	20,678
20,334	-	-	20,334
16,033	-	-	16,033
2,451	-	-	2,451
24,556	-	-	24,556
60,374	-	-	60,374
175,278	-	-	175,278
3,604	-	-	3,604
23,634	-	-	23,634
4,355	-	-	4,355
14,037	-	-	14,037
10,453	-	-	10,453
20,605	-	-	20,605
268,481	-	-	268,481
51,045	-	-	51,045
2,364	-	-	2,364
-	-	124,376	124,376
-	-	52,445	52,445
-	-	32,569	32,569
-	-	9,720	9,720
20,000	-	-	20,000
-	-	53,502	53,502
-	-	3,691	3,691
70,873	-	-	70,873
<u>578,926</u>	<u>-</u>	<u>-</u>	<u>578,926</u>
<u>\$4,811,740</u>	<u>\$ 198,373</u>	<u>\$1,394,111</u>	<u>\$6,404,224</u>