

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

**CONSOLIDATED FINANCIAL REPORT**

**October 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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, 2017 and 2016, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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, 2017 and 2016, 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 15, 2018

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

<b>ASSETS</b>	<b>October 31</b>	
	<b>2017</b>	<b>2016</b>
Cash	\$ 2,658,809	\$ 1,766,133
Interest in assets held at Community Foundation of Greater Des Moines	8,883,653	8,687,263
Accounts receivable		
City of Des Moines	24,167	24,167
Other	17,020	109,220
Contributions and grants receivable	123,122	150,087
Inventory	76,264	53,572
Prepaid expenses	69,720	101,852
Land	-	1,000,000
Cash restricted to investment in land, building, and equipment	589,170	131,746
Contributions receivable restricted to investment in land, building and equipment, net	562,277	1,298,199
Property and equipment, net of accumulated depreciation	<u>17,388,365</u>	<u>16,051,353</u>
Total assets	<u>\$30,392,567</u>	<u>\$29,373,592</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 343,495	\$ 618,348
Deferred grant revenue	37,500	37,500
Accrued payroll and vacations	404,558	388,995
Event deposits	<u>18,347</u>	<u>29,664</u>
Total liabilities	<u>803,900</u>	<u>1,074,507</u>
<b>NET ASSETS</b>		
Unrestricted net assets		
Undesignated	17,774,185	16,722,095
Board-designated	<u>10,485,127</u>	<u>9,950,491</u>
Total unrestricted net assets	<u>28,259,312</u>	<u>26,672,586</u>
Temporarily restricted	<u>1,329,355</u>	<u>1,626,499</u>
Total net assets	<u>29,588,667</u>	<u>28,299,085</u>
Total liabilities and net assets	<u>\$30,392,567</u>	<u>\$29,373,592</u>

See Notes to Consolidated Financial Statements.

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

	Year ended October 31, 2017			
	Unrestricted	Unrestricted Board- designated	Temporarily restricted	Total
<b>REVENUE</b>				
Contributions	\$ 715,432	\$ —	\$1,383,291	\$ 2,098,723
Zoo revenues	4,573,323	—	—	4,573,323
Memberships	981,609	—	—	981,609
BRAVO	150,000	—	—	150,000
City of Des Moines contributions	290,000	—	—	290,000
Grant income	20,000	—	—	20,000
Interest and dividends	—	144,665	545	145,210
Realized gains on sale of investments	—	29,877	331	30,208
Unrealized gains (losses) on investments	—	758,535	2,200	760,735
Net assets released from restrictions	<u>1,683,511</u>	<u>—</u>	<u>(1,683,511)</u>	<u>—</u>
Total revenue	<u>8,413,875</u>	<u>933,077</u>	<u>(297,144)</u>	<u>9,049,808</u>
<b>EXPENSES</b>				
Program services	5,671,136	—	—	5,671,136
Fundraising	340,780	—	—	340,780
Management and general	<u>1,686,128</u>	<u>—</u>	<u>—</u>	<u>1,686,128</u>
Total expenses	<u>7,698,044</u>	<u>—</u>	<u>—</u>	<u>7,698,044</u>
<b>CHANGE IN NET ASSETS BEFORE LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT</b>	715,831	933,077	(297,144)	1,351,764
<b>LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT</b>	<u>(62,182)</u>	<u>—</u>	<u>—</u>	<u>(62,182)</u>
<b>CHANGE IN NET ASSETS</b>	653,649	933,077	(297,144)	1,289,582
<b>NET ASSET TRANSFERS</b>	398,441	(398,441)	—	—
<b>NET ASSETS</b>				
Beginning of the year	<u>16,722,095</u>	<u>9,950,491</u>	<u>1,626,499</u>	<u>28,299,085</u>
End of year	<u>\$17,774,185</u>	<u>\$10,485,127</u>	<u>\$1,329,355</u>	<u>\$29,588,667</u>

See Notes to Consolidated Financial Statements.

**Year ended October 31, 2016**

<u>Unrestricted</u>	<u>Unrestricted Board- designated</u>	<u>Temporarily restricted</u>	<u>Total</u>
\$ 362,806	\$ —	\$ 2,254,402	\$ 2,617,208
4,524,039	—	—	4,524,039
878,009	—	—	878,009
150,000	—	—	150,000
290,000	—	—	290,000
20,000	—	—	20,000
—	166,351	488	166,839
—	328,639	569	329,208
—	(196,023)	(437)	(196,460)
<u>1,425,383</u>	<u>—</u>	<u>(1,425,383)</u>	<u>—</u>
<u>7,650,237</u>	<u>298,967</u>	<u>829,639</u>	<u>8,778,843</u>
5,522,262	—	—	5,522,262
275,884	—	—	275,884
<u>1,598,336</u>	<u>—</u>	<u>—</u>	<u>1,598,336</u>
<u>7,396,482</u>	<u>—</u>	<u>—</u>	<u>7,396,482</u>
253,755	298,967	829,639	1,382,361
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
253,755	298,967	829,639	1,382,361
514,975	(514,975)	—	—
<u>15,953,365</u>	<u>10,166,499</u>	<u>796,860</u>	<u>26,916,724</u>
<u>\$16,722,095</u>	<u>\$ 9,950,491</u>	<u>\$ 1,626,499</u>	<u>\$28,299,085</u>

See Notes to Consolidated Financial Statements.

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

	<b>Year ended October 31</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$1,289,582	\$1,382,361
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	758,676	716,589
Contributions restricted for long-term purposes, net	(1,321,412)	(2,155,843)
Unrealized and realized (gains) on investments	(790,943)	(132,748)
Reinvested dividends	(145,210)	(163,258)
Purchase of animal collection	27,012	11,512
Loss on disposal of property and equipment	62,182	-
Change in assets and liabilities		
Accounts receivable	92,200	(2,775)
Other contributions and grants receivable	26,965	(113,965)
Inventory	(22,692)	(3)
Prepaid expenses	32,132	(15,900)
Accounts payable and accrued expenses, net of property and equipment payables	36,587	(517,781)
Accrued payroll and vacations	15,563	50,000
Event deposits	(11,317)	1,092
Net cash provided by (used in) operating activities	49,325	(940,719)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(895,844)	(8,842,900)
Proceeds from sale of investments	1,635,607	9,440,700
Purchase of property, equipment, and animal collection	(2,294,692)	(1,283,286)
Proceeds from the sale of land	948,370	-
Net cash (used in) investing activities	(606,559)	(685,486)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received for long-term purposes	1,907,334	1,328,288
Net cash provided by financing activities	1,907,334	1,328,288
<b>NET INCREASE (DECREASE) IN CASH</b>	1,350,100	(297,917)
<b>CASH</b>		
Beginning	1,897,879	2,195,796
Ending	\$3,247,979	\$1,897,879
<b>RECONCILIATION OF CASH PER CONSOLIDATED STATEMENTS OF CASH FLOWS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>		
Per consolidated statements of financial position		
Cash	\$2,658,809	\$1,766,133
Cash restricted for investment in land, building, and equipment	589,170	131,746
Total per consolidated statements of cash flows	\$3,247,979	\$1,897,879
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES</b>		
Donated building materials	\$ 150,000	\$ -

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.

**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. The Foundation has no permanently restricted net assets as of October 31, 2017.

**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.



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

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

**Cash**

Cash consists of deposits in checking and savings accounts. Money market funds held in brokerage accounts are classified as investments. Cash restricted by the donor for long-term use is classified as cash restricted for investment in land, building, and equipment.

**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.

**Investments**

The Foundation carries investments at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the consolidated statements of activities. Realized gains and investment income limited by restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as when recognized.

**Accounts Receivable**

The Foundation records receivables for program services at the amount billed for such services at the time the service was performed. Accounts receivable are carried at the amount the Foundation expects to collect on balances outstanding at year end. An allowance for doubtful accounts is recorded when accounts are deemed uncollectible. The Foundation considers all accounts fully collectible and, therefore, an allowance for doubtful accounts has not been recorded.

**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.

**Contributions and Grants Receivable**

Unconditional contributions receivable are recognized as receivables and contributions in the period received. Unconditional contributions receivable restricted by the donor for long-term use has been classified as contributions receivable for investment in land, building, and equipment. 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, 2017 and 2016, 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.

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

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

**Inventory**

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

**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.

The estimated useful lives of assets are as follows:

<u>Asset Class</u>	<u>Estimated useful lives</u>
Buildings and exhibits	5 – 40 years
Computer equipment	5 years
Land improvements	15 years
Leasehold improvements	5 – 20 years
Vehicles	5 years
Equipment	5 – 7 years

**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 2013.

**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.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled \$245,892 and \$234,996 for 2017 and 2016, respectively.

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

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

**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. The Foundation recorded \$27,012 and \$11,512 in animal acquisition expenses for the years ended October 31, 2017 and 2016, respectively. The Foundation's animal collection consists of over 2,000 specimens and approximately 200 different species.

**Revenue Recognition**

Grant revenues are recognized in revenue when the conditions on which they depend are substantially met (for example, by incurring allowable costs or providing units of service). If there are no conditions, the grant revenue is recognized when they grantor informs the Organization of its promise of the unconditional grant.

**Reclassifications**

Certain amounts have been reclassified in the 2016 financial statements in order to conform with the 2017 presentation with no effect on the change in net assets.

**NOTE 2 INVESTMENTS**

Investments held at October 31, 2017 and October 31, 2016 are summarized as follows:

	October 31, 2017			October 31, 2016		
	Fair value	Cost	Unrealized appreciation (depreciation)	Fair value	Cost	Unrealized (depreciation)
Assets held at the Community						
Foundation of Greater Des Moines						
Money market funds	\$ 336,488	\$ 336,488	\$ —	\$5,540,552	\$5,540,552	\$ —
Fixed income securities	1,685,077	1,662,885	22,192	305,642	308,675	(3,033)
Equity securities	4,538,234	3,906,114	632,120	1,653,846	1,672,673	(18,827)
Alternative investments	1,384,774	1,314,046	70,728	748,413	751,000	(2,587)
Real assets	<u>939,080</u>	<u>944,385</u>	<u>(5,305)</u>	<u>438,810</u>	<u>455,363</u>	<u>(16,553)</u>
Totals	<u>\$8,883,653</u>	<u>\$8,163,918</u>	<u>\$ 719,735</u>	<u>\$8,687,263</u>	<u>\$8,728,263</u>	<u>\$ (41,000)</u>
Components of investment return						
Interest and dividend income		\$ 145,210			\$ 166,839	
Realized gain on sale of investments		30,208			329,208	
Unrealized gain (loss) from adjustment to market value		<u>760,735</u>			<u>(196,460)</u>	
Total investment return		<u>\$ 936,153</u>			<u>\$ 299,587</u>	

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

**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 fair value of certain investments held in money markets, equity securities, alternative investments, and real assets are based on quoted prices in active markets.
- 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 fair value of fixed income securities is based on quoted prices of similar assets in inactive markets.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The Foundation does not have any Level 3 investments as of October 31, 2017 and 2016.

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.

Fair values of assets measured on a recurring basis at October 31, 2017 and 2016 are as follows:

<u>October 31, 2017</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money markets	\$ 336,488	\$ 336,488	\$ -	\$ -
Fixed income securities	1,685,077	-	1,685,077	-
Equity securities	4,538,234	4,538,234	-	-
Alternative investments	1,384,774	1,384,774	-	-
Real assets	<u>939,080</u>	<u>939,080</u>	<u>-</u>	<u>-</u>
Totals	<u>\$8,883,653</u>	<u>\$7,198,576</u>	<u>\$1,685,077</u>	<u>\$ -</u>
<u>October 31, 2016</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money markets	\$5,540,552	\$5,540,552	\$ -	\$ -
Fixed income securities	305,642	-	305,642	-
Equity securities	1,653,846	1,653,846	-	-
Alternative investments	748,413	748,413	-	-
Real assets	<u>438,810</u>	<u>438,810</u>	<u>-</u>	<u>-</u>
Totals	<u>\$8,687,263</u>	<u>\$8,381,621</u>	<u>\$ 305,642</u>	<u>\$ -</u>

**Transfers between Levels**

For the years ended October 31, 2017 and 2016, there were no transfers between levels.

**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 (CFGDM). The assets were invested with a separate investment management firm selected by the Foundation. 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).

**NOTE 5 CONTRIBUTIONS AND GRANTS RECEIVABLE**

Contributions and grants receivable at October 31, 2017 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, 2017 are as follows:

**Year ending October 31**

2018	\$ 416,221
2019	256,250
2020	31,250
2021	<u>31,250</u>
Total contributions and grants receivable	734,971
Less discount to present value	14,572
Less allowance for uncollectible contributions receivable	<u>35,000</u>
Net contributions and grants receivable	<u>\$ 685,399</u>
Reconciliation to consolidated statement of financial position	
Contributions and grants receivable	\$ 123,122
Contributions receivable restricted for investment in land, building, and equipment, net	<u>562,277</u>
Total	<u>\$ 685,399</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>October 31</u>	
	<u>2017</u>	<u>2016</u>
Building and exhibits	\$15,092,974	\$12,907,669
Computer equipment	268,470	268,470
Construction in progress	344,646	1,023,876
Land improvements	2,990,687	2,612,360
Leasehold improvements	1,465,700	1,354,970
Vehicles	173,338	135,418
Equipment	<u>307,999</u>	<u>248,425</u>
	20,643,814	18,551,188
Less accumulated depreciation	<u>3,255,449</u>	<u>2,499,835</u>
Property and equipment, net	<u>\$17,388,365</u>	<u>\$16,051,353</u>

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

**NOTE 6 PROPERTY AND EQUIPMENT (continued)**

The Foundation entered into contracts for the construction of pedestrian pathway improvements. Costs incurred on these contracts totaling approximately \$300,000 have been included in construction in progress. The Foundation has no outstanding contractual commitments relating to these contracts as of October 31, 2017.

**NOTE 7 AGREEMENTS WITH THE CITY OF DES MOINES**

The Foundation has 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.

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 as of October 31, 2017 and 2016.

**NOTE 8 UNRESTRICTED BOARD-DESIGNATED FUNDS**

The Foundation's board has designated unrestricted net assets at the end of the fiscal year to fund the endowment and various other future liabilities of the Foundation. Unrestricted board-designated net assets as of October 31, 2017 and 2016 are as follow:

	<b>October 31</b>	
	<b>2017</b>	<b>2016</b>
Conservation	\$ 90,516	\$ 85,195
Equipment replacement	-	8,191
Designated for future capital projects	500,000	-
Infrastructure and maintenance	555,370	208,581
Endowment	<u>9,339,241</u>	<u>9,648,524</u>
	<u>\$10,485,127</u>	<u>\$9,950,491</u>

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. For this purpose, the endowment fund transferred \$431,500 and \$435,500 to undesignated net assets in 2017 and 2016, respectively, which is included in net asset transfers in the statements of activities.

The Endowment Corporation's board of directors will at times loan board designated endowment funds to the Foundation for purposes of operating activities and capital projects. As of August 31, 2017, the endowment has loaned \$500,000 to the Foundation for the purpose of capital improvements. These funds remain included in the board designated net assets as it is the Foundation's intent to repay the endowment.

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

**NOTE 9 RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	October 31	
	2017	2016
Expansion	\$1,274,569	\$1,580,032
County grant	2,515	2,515
Education	22,038	17,799
Capital improvements	821	821
Wetlands project	-	1,596
Endow Iowa Fund	29,412	23,736
Total	\$1,329,355	\$1,626,499

**NOTE 10 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, 2017 and 2016 were \$22,414 and \$19,910, respectively.

**NOTE 11 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 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

Endowment net asset composition by type of fund as of October 31, 2017 and 2016 is as follows:

	2017			2016		
	Temporarily restricted	Unrestricted	Total net endowment assets	Temporarily restricted	Unrestricted	Total net endowment assets
Donor-restricted	\$ 44,412	\$ -	\$ 44,412	\$ 38,736	\$ -	\$ 38,736
Board designated	-	9,339,241	9,339,241	-	9,648,524	9,648,524
	\$ 44,412	\$9,339,241	\$9,383,653	\$ 38,736	\$9,648,524	\$9,687,260

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

**NOTE 11 ENDOWMENT FUNDS (continued)**

The change in endowment net assets was as follows for the year ended October 31, 2017:

	<u>Temporarily Restricted</u>	<u>Board- Designated</u>	<u>Total</u>
Balance, beginning of year	\$ 38,736	\$9,648,524	\$9,687,260
Contributions	4,203	-	4,203
Interest and dividends	545	149,973	150,518
Realized gains on sale of investments	331	29,877	30,208
Unrealized gains on investments	2,200	758,535	760,735
Expenditures	<u>(1,603)</u>	<u>(1,247,668)</u>	<u>(1,249,271)</u>
Balance, end of year	<u>\$ 44,412</u>	<u>\$9,339,241</u>	<u>\$9,383,653</u>

The change in endowment net assets was as follows for the year ended October 31, 2016:

	<u>Temporarily Restricted</u>	<u>Board- Designated</u>	<u>Total</u>
Balance, beginning of year	\$ 38,471	\$9,841,274	\$9,879,745
Contributions	1,000	200	1,200
Interest and dividends	488	166,351	166,839
Realized gains on sale of investments	569	328,639	329,208
Unrealized (losses) on investments	(437)	(196,023)	(196,460)
Expenditures	<u>(1,355)</u>	<u>(491,917)</u>	<u>(493,272)</u>
Balance, end of year	<u>\$ 38,736</u>	<u>\$9,648,524</u>	<u>\$9,687,260</u>

**NOTE 12 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through January 15, 2018, 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

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, 2017 and 2016, and have issued our report thereon dated January 15, 2018, which expressed an unmodified opinion on those financial statements. 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 15, 2018

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

	<b><u>Year ended October 31</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Special events	\$ 546,587	\$ 563,157
Development events	209,688	161,040
Educational programs	273,705	254,840
Volunteer income	5,100	4,350
Miscellaneous income	32,587	46,580
Rentals	125,575	115,611
Admissions	1,796,960	1,665,258
Train rides	225,981	233,044
Camel rides	41,363	43,681
Carousel rides	64,934	66,741
Kid's Kingdom	99,118	84,216
Vending	114,682	123,751
Stroller rental	6,164	5,906
Gift shop	781,927	775,552
Food		
Grill	42,997	56,321
Catering	16,577	14,841
Sponsorships	<u>189,378</u>	<u>309,150</u>
 Total Zoo revenues	 <u>\$4,573,323</u>	 <u>\$4,524,039</u>

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

	<b>Year ended October 31, 2017</b>			<b>Total</b>
	<b>Program services</b>	<b>Fundraising</b>	<b>Management and general</b>	
Restricted projects	\$ 234,635	\$ -	-	\$ 234,635
Annual giving	-	67,962	-	67,962
Membership	64,559	-	-	64,559
Night Eyes	68,286	-	-	68,286
Special events	161,678	-	-	161,678
Development events	-	123,656	-	123,656
Educational programs	33,678	-	-	33,678
Volunteer	10,116	-	-	10,116
Salaries	2,121,467	128,574	964,303	3,214,344
Payroll taxes and benefits	339,702	20,588	154,410	514,700
Visiting animals	-	-	-	-
Veterinary and laboratory	114,076	-	-	114,076
Protection and security	55,237	-	-	55,237
Postage and delivery	-	-	30,435	30,435
Utilities	198,986	-	-	198,986
Telephone and internet	-	-	75,539	75,539
Marketing	245,892	-	-	245,892
Photocopy and reproduction	-	-	15,860	15,860
Insurance	-	-	95,677	95,677
Repairs and maintenance	273,472	-	-	273,472
Licenses and permits	11,948	-	-	11,948
Dues and subscriptions	-	-	32,343	32,343
Waste removal	13,602	-	-	13,602
Vehicle maintenance	39,735	-	-	39,735
Office supplies	19,380	-	4,414	23,794
Fuel	15,923	-	-	15,923
Cleaning, janitorial and sanitary	65,269	-	-	65,269
Feed	232,389	-	-	232,389
Supplies	6,282	-	-	6,282
Maintenance supplies	36,299	-	-	36,299
Tools	3,690	-	-	3,690
Uniforms	14,316	-	-	14,316
Safety and protective equipment	3,286	-	-	3,286
Animal bedding	18,498	-	-	18,498
Merchandise for resale	329,946	-	-	329,946
Miscellaneous operating expenses	65,569	-	-	65,569
Meetings/promotion	5,516	-	-	5,516
Bank charges/fees	-	-	176,944	176,944
Payroll processing fees	-	-	33,612	33,612
Legal and accounting	-	-	39,882	39,882
Board expense	-	-	10,952	10,952
Conservation support	71,346	-	-	71,346
Travel and training	-	-	45,484	45,484
Mileage	-	-	6,273	6,273
Capital outlay	37,682	-	-	37,682
Depreciation	<u>758,676</u>	<u>-</u>	<u>-</u>	<u>758,676</u>
<b>Totals</b>	<b><u>\$5,671,136</u></b>	<b><u>\$ 340,780</u></b>	<b><u>\$1,686,128</u></b>	<b><u>\$7,698,044</u></b>

**Year ended October 31, 2016**

<b>Program services</b>	<b>Fundraising</b>	<b>Management and general</b>	<b>Total</b>
\$ 421,339	\$ -	\$ -	\$ 421,339
-	72,017	-	72,017
54,211	-	-	54,211
76,819	-	-	76,819
155,077	-	-	155,077
-	60,967	-	60,967
39,690	-	-	39,690
10,260	-	-	10,260
2,022,914	122,601	919,507	3,065,022
334,934	20,299	152,243	507,476
68,235	-	-	68,235
84,987	-	-	84,987
25,106	-	-	25,106
-	-	25,046	25,046
210,920	-	-	210,920
-	-	70,443	70,443
234,996	-	-	234,996
-	-	13,750	13,750
-	-	95,342	95,342
201,414	-	-	201,414
9,820	-	-	9,820
-	-	30,568	30,568
10,618	-	-	10,618
28,589	-	-	28,589
18,209	-	-	18,209
16,014	-	-	16,014
66,018	-	-	66,018
163,062	-	-	163,062
4,164	-	-	4,164
30,274	-	-	30,274
5,594	-	-	5,594
16,180	-	-	16,180
2,869	-	-	2,869
8,765	-	-	8,765
338,184	-	-	338,184
60,341	-	-	60,341
3,246	-	-	3,246
-	-	148,956	148,956
-	-	38,484	38,484
-	-	31,060	31,060
-	-	17,529	17,529
30,000	-	-	30,000
-	-	49,918	49,918
-	-	5,490	5,490
52,824	-	-	52,824
<u>716,589</u>	<u>-</u>	<u>-</u>	<u>716,589</u>
<u>\$5,522,262</u>	<u>\$ 275,884</u>	<u>\$1,598,336</u>	<u>\$7,396,482</u>