

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

**CONSOLIDATED FINANCIAL REPORT**

**March 31, 2020**

## C O N T E N T S

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

## 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 statement of financial position as of March 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 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 consolidated 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 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 March 31, 2020, 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.

  
DENMAN & COMPANY, LLP

West Des Moines, Iowa  
August 21, 2020

**Blank Park Zoo Foundation, Incorporated and Affiliate**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 304,581
Accounts receivable	10,626
Contributions and grants receivable	162,325
Inventory	162,953
Prepaid expenses	<u>123,087</u>
Total current assets	<u>763,572</u>

**NONCURRENT ASSETS**

Interest in assets held at Community Foundation of Greater Des Moines	7,394,201
Cash restricted for investment in land, building, and equipment	851,805
Contributions receivable restricted to investment in land, building and equipment, net	187,438
Property and equipment, net of accumulated depreciation	<u>18,040,504</u>
Total noncurrent assets	<u>26,473,948</u>

Total assets	<u>\$27,237,520</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 567,848
Notes payable, current	6,008
Accrued compensation	288,400
Deferred memberships	475,943
Event deposits	<u>236,344</u>
Total current liabilities	<u>1,574,543</u>

**NOTES PAYABLE, noncurrent**

Total liabilities	<u>22,656</u>
	<u>1,597,199</u>

**NET ASSETS**

Without donor restrictions	
Undesignated	16,018,849
Board-designated	<u>7,919,928</u>
Total net assets without donor restrictions	<u>23,938,777</u>

With donor restrictions	<u>1,701,544</u>
Total net assets	<u>25,640,321</u>

Total liabilities and net assets	<u>\$27,237,520</u>
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**Blank Park Zoo Foundation, Incorporated and Affiliate**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended March 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Public support			
Grants and contributions	\$ 562,316	\$ 716,315	\$ 1,278,631
Fundraising events, net of expenses of \$60,678	59,946	-	59,946
Government support	<u>552,360</u>	<u>275,000</u>	<u>827,360</u>
Total public support	<u>1,174,622</u>	<u>991,315</u>	<u>2,165,937</u>
Operating revenues			
Zoo revenues	4,381,932	-	4,381,932
Memberships	<u>1,155,915</u>	<u>-</u>	<u>1,155,915</u>
Total operating revenues	<u>5,537,847</u>	<u>-</u>	<u>5,537,847</u>
Net assets released from restrictions	<u>84,962</u>	<u>(84,962)</u>	<u>-</u>
Total revenue	<u>6,797,431</u>	<u>906,353</u>	<u>7,703,784</u>
<b>EXPENSES</b>			
Program services	6,752,789	-	6,752,789
Fundraising	229,017	-	229,017
Management and general	<u>1,034,304</u>	<u>-</u>	<u>1,034,304</u>
Total expenses	<u>8,016,110</u>	<u>-</u>	<u>8,016,110</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(1,218,679)	906,353	(312,326)
Investment return	(1,318,551)	(4,337)	(1,322,888)
Loss on disposal of property and equipment	<u>(15,191)</u>	<u>-</u>	<u>(15,191)</u>
<b>CHANGE IN NET ASSETS</b>	(2,552,421)	902,016	(1,650,405)
<b>NET ASSETS</b>			
Beginning of the year	<u>26,491,198</u>	<u>799,528</u>	<u>27,290,726</u>
End of year	<u>\$23,938,777</u>	<u>\$ 1,701,544</u>	<u>\$25,640,321</u>

See Notes to Consolidated Financial Statements.

**Blank Park Zoo Foundation, Incorporated and Affiliate**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended March 31, 2020

	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
Personnel	\$3,443,974	\$ 212,468	\$ 616,348	\$4,272,790
Feed and bedding	287,853	80	-	287,933
Postage and freight	32,428	2,335	6,833	41,596
Repairs and maintenance	343,790	-	-	343,790
Supplies	353,391	7,458	24,171	385,020
Occupancy	437,913	786	7,078	445,777
Veterinary and laboratory	131,403	-	-	131,403
Advertising	208,543	-	-	208,543
Printing and design	43,168	11	9,429	52,608
Licenses, fees and subscriptions	17,520	2,750	216,934	237,204
Cost of goods sold	375,475	-	-	375,475
Travel and training	41,481	1,181	8,849	51,511
Grants and assistance to Organizations	27,841	-	-	27,841
Depreciation	926,701	1,948	32,795	961,444
Insurance	81,308	-	31,948	113,256
Professional fees	-	-	37,171	37,171
Information technology	-	-	42,748	42,748
Totals	<u>\$6,752,789</u>	<u>\$ 229,017</u>	<u>\$1,034,304</u>	<u>\$8,016,110</u>

See Notes to Consolidated Financial Statements.

**Blank Park Zoo Foundation, Incorporated and Affiliate**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended March 31, 2020

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$(1,650,405)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation expense	961,444
Contributions restricted for long-term purposes, net	(918,315)
Unrealized and realized losses on investments	1,452,433
Reinvested dividends	(196,586)
Purchase of animal collection	10,430
Loss on disposal of equipment	15,191
Change in assets and liabilities	
Accounts receivable	(1,407)
Contributions and grants receivable	(625)
Inventory	36,259
Prepaid expenses	(36,358)
Accounts payable and accrued expenses, net of property and equipment payables	45,926
Accrued compensation	(92,650)
Deferred memberships	(46,689)
Event deposits	8,854
Net cash flows from operating activities	<u>(412,498)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(2,000)
Proceeds from sale of investments	569,598
Purchase of property, equipment, and animal collection	<u>(637,409)</u>
Net cash flows from investing activities	<u>(69,811)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from contributions received for long-term purposes	696,718
Payments on long-term debt	<u>(4,156)</u>
Net cash flows from financing activities	<u>692,562</u>

**NET CHANGE IN CASH**

210,253

**CASH**

Beginning	<u>946,133</u>
Ending	<u>\$1,156,386</u>

**RECONCILIATION OF CASH PER CONSOLIDATED STATEMENT OF CASH FLOWS TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Per consolidated statement of financial position	
Cash	\$ 304,581
Cash restricted for investment in land, building, and equipment	<u>851,805</u>
Total per consolidated statement of cash flows	<u>\$1,156,386</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

In-kind contribution of property and equipment	<u>\$ 69,375</u>
Property and equipment purchases financed	<u>\$ 32,820</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 Zoo 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 two classes of net assets:

Net assets without donor restrictions are those assets that are not restricted by donor-imposed stipulations. The Foundation's governing board may earmark portions of its net assets without donor restrictions 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.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction.

**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. Cash restricted by the donor for long-term use is classified as cash restricted for investment in land, building, and equipment.



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

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

**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 fair value in the consolidated statement of financial position. Realized and unrealized gains and losses are included in the accompanying consolidated statement of activities. Investment return limited by restrictions is reported as an increase or decrease in net assets without donor restrictions 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.

**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 March 31, 2020, the allowance for uncollectible contributions was \$15,000.

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 average cost 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
Land improvements	15 years
Leasehold improvements	5 – 20 years
Vehicles	5 years
Computer equipment	5 years
Equipment	5 – 7 years

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

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

**Revenue Recognition**

Memberships

Membership dues are based upon annualized rates and are billed at the beginning of each membership term. Memberships are non-refundable. The Foundation recognizes revenue from memberships in equal installments over the membership period. Amounts collected in advance of the membership period are recorded as deferred memberships until the period of performance.

Zoo Revenues

Zoo revenues include admissions, special events, merchandise sales, education programs and other auxiliary activities. Zoo revenues are recognized at the point in time when the Foundation satisfies its performance obligations, which is typically at the time the transaction occurs. Education programs and auxiliary activities revenue are recognized as of the date the programs and activities are performed. Payments in advance of the service date are recorded as event deposits until the period of performance. Deposits for education programs and auxiliary activities are non-refundable.

Public Support

Contributions and grants received are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions are recognized as revenue when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give, that is, those contributions with a measurable and material performance or other barrier and a right of return, are not recognized as revenue until the donor's conditions are substantially met.

The Foundation has entered into an agreement with the City of Des Moines for the operations of the Zoo. As part of that agreement, the City provides funding to the Foundation of \$290,000 annually, conditioned upon the Foundation complying with various terms of the agreement. The Foundation recognizes revenue from this agreement in equal installments over the agreement's term. See further discussion regarding this agreement at Note 8.

**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 disclosure 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 2016.

**Credit Risk**

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

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

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

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses which are allocated include depreciation, insurance, and certain personnel costs.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled \$208,543 for the year ended March 31, 2020.

**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 \$10,430 in animal acquisition expenses for the year ended March 31, 2020. The Foundation's animal collection consists of over 2,700 specimens and approximately 500 different species.

**Changes in Accounting Principles**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue From Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Foundation adopted the requirements of the new guidance as of April 1, 2019, utilizing the full retrospective method of transition. Adoption of the new guidance resulted in changes to the Foundation's accounting policies for revenue recognition, as previously described, however there were no changes in the amounts reported within the 2019 financial statements.

The Foundation has adopted FASB Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard clarifies previously issued guidance regarding whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 in the accompanying consolidated financial statements under the modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of this standard.

The Foundation has adopted FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. The revised requirements modified net asset reporting requirements and increased reporting and disclosure of nonprofit organization's functional expenses and liquidity. This new standard did not result in a change in amounts reported within the 2019 financial statements.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash	\$ 304,581
Accounts receivable	10,626
Contributions and grants receivable	<u>162,325</u>
	<u>\$ 477,532</u>

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

**NOTE 2 LIQUIDITY AND AVAILABILITY (continued)**

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the above available assets, the Foundation has board-designated endowment funds of approximately \$7,160,000. Although the Foundation does not intend to spend from its board-designated endowment other than the amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

**NOTE 3 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).

The Foundation's interest in assets held at the Community Foundation of Greater Des Moines at March 31, 2020 is summarized as follows:

	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized (depreciation)</u>
Money market funds	\$ 51,520	\$ 51,520	\$ -
Exchange traded funds	<u>7,342,681</u>	<u>9,268,585</u>	<u>(1,925,904)</u>
Totals	<u>\$7,394,201</u>	<u>\$9,320,105</u>	<u>\$(1,925,904)</u>
Components of investment return			
Interest and dividend income			\$ 196,586
Realized and unrealized loss on investments			(1,452,433)
Investment fees			<u>(67,041)</u>
Total investment return			<u>\$(1,322,888)</u>

**NOTE 4 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 market funds, and exchange traded funds 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 Foundation does not have any Level 2 investments as of March 31, 2020.
- 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 March 31, 2020.

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.

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

**NOTE 4 FAIR VALUE MEASUREMENTS (continued)**

The Foundation's investments are reported at fair value in the accompanying consolidated statement 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 March 31, 2020 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 51,520	\$ 51,520	\$ -	\$ -
Exchange traded funds	<u>7,342,681</u>	<u>7,342,681</u>	<u>-</u>	<u>-</u>
Totals	<u>\$7,394,201</u>	<u>\$7,394,201</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 CONTRIBUTIONS AND GRANTS RECEIVABLE**

Contributions and grants receivable at March 31, 2020 consist of unconditional contributions and grants primarily from individuals, governmental entities and corporations in the State of Iowa. The future collections of contributions and grants receivable as of March 31, 2020 are as follows:

Due within one year	\$ 297,096
Due in two to five years	<u>67,667</u>
Total contributions receivable	364,763
Less allowance for uncollectible contributions receivable	<u>15,000</u>
Net contributions receivable	<u>\$ 349,763</u>
Reconciliation to consolidated statement of financial position	
Contributions receivable	\$ 162,325
Contributions receivable restricted for investment in land, building, and equipment, net	<u>187,438</u>
Total	<u>\$ 349,763</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment as of March 31, 2020 consists of the following:

Building and exhibits	\$16,892,353
Land improvements	2,990,687
Leasehold improvements	1,579,605
Vehicles	263,261
Computer equipment	324,498
Equipment	642,412
Construction in progress	<u>822,917</u>
	23,515,733
Less accumulated depreciation	<u>5,475,229</u>
Property and equipment, net	<u>\$18,040,504</u>

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

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

Construction in progress at March 31, 2020 pertains to the Foundation's Zooplex project. The Foundation has outstanding contractual commitments related to the project of approximately \$930,000. The project is expected to be completed in the upcoming fiscal year and will be funded through donor contributions.

**NOTE 7 NOTES PAYABLE**

The Foundation has entered into two notes payable for the purchase of vehicles. The notes accrue interest at a rate of 6.99% and mature in April 2024. The notes are secured by the vehicles. The outstanding balance of the notes payable as of March 31, 2020 was \$28,664.

Maturities on the notes payable are as follows:

**Year ending March 31**

2021	\$ 6,008
2022	6,442
2023	6,906
2024	7,406
2025	<u>1,902</u>
	<u>\$ 28,664</u>

**NOTE 8 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. Under the terms of the agreement, the City will provide the Foundation annual funding for the operation of the Zoo in the amount of \$290,000 through December 31, 2031. The City is also responsible for certain utility costs of the Zoo, which were valued at approximately \$75,000 during the year ended March 31, 2020 and have been included with government support on the accompanying consolidated statement of activities.

Amounts due from the City related to the above agreements were \$72,500 as of March 31, 2020 and have been included with contributions and grants receivable on the accompanying consolidated statement of financial position.

Consistent with prior years, the fair value of the lease has not been reflected in the accompanying consolidated financial statements because objective valuation information is not available due to the unique characteristics of the facility.

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

**NOTE 9 BOARD-DESIGNATED NET ASSETS**

The Foundation's board has designated net assets without donor restrictions at the end of the fiscal year to fund the endowment and various other future liabilities of the Foundation. Board-designated net assets as of March 31, 2020 are as follows:

Conservation	\$ 73,124
Designated for future capital projects	687,000
Endowment	<u>7,159,804</u>
	<u>\$7,919,928</u>

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at March 31, 2020:

Capital improvements	\$1,585,123
Conservation	4,506
Education	15,000
Endow Iowa Fund	21,915
Time restrictions	<u>75,000</u>
	<u>\$1,701,544</u>

Net assets during the year ended March 31, 2020 were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

Capital improvements	\$ 6,500
Conservation	5,494
Endowment earnings appropriated for expenditure	1,635
Expiration of time restrictions	<u>71,333</u>
	<u>\$ 84,962</u>

**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 period ended March 31, 2020 were \$45,878.

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

**NOTE 12 ENDOWMENT FUNDS**

The Foundation's endowment funds consist of board-designated net assets which are available for endowment purposes and donor 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

Per the Foundation's statement of investment policy, the assets of the endowment fund are to be invested with the objective of providing a real rate of return over inflation sufficient to support in perpetuity the mission of the Foundation. Accordingly, the investment process seeks to achieve a net return of 8.5%, annualized, in order to keep the corpus whole with inflation after spending. Endowment assets are invested in a well-diversified asset mix that is intended to result in a tolerable level of asset risk. Allowable annual distributions from the endowment are not to exceed 5% of the fund's market value.

Endowment net asset composition by type of fund as of March 31, 2020 is as follows:

	<u>With donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ —	\$7,159,804	\$7,159,804
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be held in perpetuity	21,915	—	21,915
Term endowments	<u>15,000</u>	<u>—</u>	<u>15,000</u>
	<u>\$ 36,915</u>	<u>\$7,159,804</u>	<u>\$7,196,719</u>

The change in endowment net assets was as follows for the year ended March 31, 2020:

	<u>With donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total</u>
Balance, beginning of year	\$ 42,887	\$9,172,935	\$9,215,822
Contributions	—	2,000	2,000
Interest and dividends	465	196,121	196,586
Change in market value	(4,642)	(1,447,791)	(1,452,433)
Investment fees	(160)	(66,881)	(67,041)
Appropriated for operations	(1,635)	(443,840)	(445,475)
Appropriated for capital projects	—	(250,000)	(250,000)
Insurance and reporting fees	<u>—</u>	<u>(2,740)</u>	<u>(2,740)</u>
Balance, end of year	<u>\$ 36,915</u>	<u>\$7,159,804</u>	<u>\$7,196,719</u>



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

**NOTE 13 CONTINGENCIES**

On March 17, 2020, due to the COVID-19 pandemic and as a result of an emergency proclamation issued by the Governor of the State of Iowa, the Foundation closed its facilities to the public. The closure was lifted on May 22, 2020, however, the Foundation continues to limit visitor capacity at its facility. The closure has resulted in a significant loss of revenue while the Foundation continues to incur ongoing operating costs to care for wildlife and maintain the facilities. The pandemic has also resulted in significant volatility to financial markets, which may have had adverse effects on the Foundation's investments. The Foundation is unable to predict the overall impact that the pandemic will ultimately have on its operations, liquidity, and capital resources.

**NOTE 14 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through August 21, 2020, the date which the financial statements were available to be issued. In April 2020, the Foundation obtained approximately \$730,000 in Paycheck Protection Program loan funds under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As provided under the CARES Act, the loan may be forgivable if certain conditions are met.



## 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 year ended March 31, 2020, and have issued our report thereon dated August 21, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The following schedule of Zoo revenues for the year ended March 31, 2020 (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 consolidated 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  
August 21, 2020

**Blank Park Zoo Foundation, Incorporated and Affiliate**  
**SCHEDULE OF ZOO REVENUES**  
**Year ended March 31, 2020**

Admissions	\$1,725,331
Special events	648,500
Educational programs	339,850
Train rides	223,990
Camel rides	45,224
Carousel rides	72,742
Kid's Kingdom	99,183
Other Zoo experiences	148,925
Rentals	125,966
Vending	30,761
Stroller rental	8,077
Gift shop	846,349
Food	
Grill	42,050
Catering	14,313
Miscellaneous income	<u>10,671</u>
 Total Zoo revenues	 <u>\$4,381,932</u>