

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

CONSOLIDATED FINANCIAL REPORT

March 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Blank Park Zoo Foundation, Incorporated and Affiliate, which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blank Park Zoo Foundation, Incorporated and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blank Park Zoo Foundation, Incorporated and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blank Park Zoo Foundation, Incorporated and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blank Park Zoo Foundation, Incorporated and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 13, 2022

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

ASSETS	March 31	
	2022	2021
CURRENT ASSETS		
Cash	\$ 2,976,878	\$ 615,498
Accounts receivable	23,468	526,863
Contributions and grants receivable, current	200,200	198,900
Inventory	218,874	97,508
Prepaid expenses	140,506	112,477
Total current assets	3,559,926	1,551,246
NONCURRENT ASSETS		
Interest in assets held at Community Foundation of Greater Des Moines	9,803,855	9,538,154
Cash restricted for investment in land, building, and equipment	166,957	1,049,511
Contributions and grants receivable, noncurrent	53,205	140,066
Property and equipment, net of accumulated depreciation	19,044,348	19,028,899
Total noncurrent assets	29,068,365	29,756,630
Total assets	\$32,628,291	\$31,307,876
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 365,863	\$ 370,384
Notes payable, current	6,906	6,442
Accrued compensation	236,635	333,622
Deferred memberships	502,163	438,239
Event deposits	449,123	374,954
Total current liabilities	1,560,690	1,523,641
NOTES PAYABLE , noncurrent	9,282	16,226
Total liabilities	1,569,972	1,539,867
NET ASSETS		
Without donor restrictions		
Undesignated	20,818,924	18,621,824
Board-designated	9,760,054	9,612,632
Total net assets without donor restrictions	30,578,978	28,234,456
With donor restrictions	479,341	1,533,553
Total net assets	31,058,319	29,768,009
Total liabilities and net assets	\$32,628,291	\$31,307,876

See Notes to Consolidated Financial Statements.

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

	<u>Year ended March 31, 2022</u>			<u>Year ended March 31, 2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT						
Public support						
Grants and contributions	\$ 829,372	\$ 113,604	\$ 942,976	\$ 903,495	\$ 88,395	\$ 991,890
Fundraising events, net of expenses of 2022, \$41,007 and 2021, \$16,010	61,303	-	61,303	82,143	-	82,143
Government support	<u>561,500</u>	<u>-</u>	<u>561,500</u>	<u>582,100</u>	<u>-</u>	<u>582,100</u>
Total public support	<u>1,452,175</u>	<u>113,604</u>	<u>1,565,779</u>	<u>1,567,738</u>	<u>88,395</u>	<u>1,656,133</u>
Operating revenues						
Zoo revenues	5,337,735	-	5,337,735	2,673,022	-	2,673,022
Memberships	<u>1,072,907</u>	<u>-</u>	<u>1,072,907</u>	<u>823,326</u>	<u>-</u>	<u>823,326</u>
Total operating revenues	<u>6,410,642</u>	<u>-</u>	<u>6,410,642</u>	<u>3,496,348</u>	<u>-</u>	<u>3,496,348</u>
Net assets released from restrictions						
Satisfaction of program and time restrictions	<u>92,028</u>	<u>(92,028)</u>	<u>-</u>	<u>92,019</u>	<u>(92,019)</u>	<u>-</u>
Total revenue	<u>7,954,845</u>	<u>21,576</u>	<u>7,976,421</u>	<u>5,156,105</u>	<u>(3,624)</u>	<u>5,152,481</u>
EXPENSES						
Program services	5,812,457	-	5,812,457	4,603,690	-	4,603,690
Fundraising	240,435	-	240,435	250,990	-	250,990
Management and general	<u>970,027</u>	<u>-</u>	<u>970,027</u>	<u>861,932</u>	<u>-</u>	<u>861,932</u>
Total expenses	<u>7,022,919</u>	<u>-</u>	<u>7,022,919</u>	<u>5,716,612</u>	<u>-</u>	<u>5,716,612</u>
Change in net assets from operations	931,926	21,576	953,502	(560,507)	(3,624)	(564,131)
OTHER CHANGES IN NET ASSETS						
Contributions restricted for long-term purposes	-	33,729	33,729	-	1,188,984	1,188,984
Investment return	577,456	1,427	578,883	3,064,002	9,758	3,073,760
Depreciation	(1,068,980)	-	(1,068,980)	(1,014,160)	-	(1,014,160)
Federal pandemic support	782,254	-	782,254	1,443,235	-	1,443,235
Gain on sale of property and equipment	10,922	-	10,922	-	-	-
Net assets released from restrictions – property and equipment	<u>1,110,944</u>	<u>(1,110,944)</u>	<u>-</u>	<u>1,363,109</u>	<u>(1,363,109)</u>	<u>-</u>
Total other changes in net assets	<u>1,412,596</u>	<u>(1,075,788)</u>	<u>336,808</u>	<u>4,856,186</u>	<u>(164,367)</u>	<u>4,691,819</u>
CHANGE IN NET ASSETS	2,344,522	(1,054,212)	1,290,310	4,295,679	(167,991)	4,127,688
NET ASSETS						
Beginning of the year	<u>28,234,456</u>	<u>1,533,553</u>	<u>29,768,009</u>	<u>23,938,777</u>	<u>1,701,544</u>	<u>25,640,321</u>
End of year	<u>\$30,578,978</u>	<u>\$ 479,341</u>	<u>\$31,058,319</u>	<u>\$28,234,456</u>	<u>\$1,533,553</u>	<u>\$29,768,009</u>

See Notes to Consolidated Financial Statements.

Blank Park Zoo Foundation, Incorporated and Affiliate
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended March 31, 2022			Total
	Program services	Fundraising	Management and general	
Personnel	\$3,209,473	\$ 184,417	\$ 560,485	\$3,954,375
Feed and bedding	267,542	-	-	267,542
Postage and freight	8,118	7,983	3,919	20,020
Repairs and maintenance	386,754	-	-	386,754
Supplies	403,644	10,332	19,529	433,505
Occupancy	547,020	1,032	2,685	550,737
Veterinary and laboratory	108,819	-	-	108,819
Advertising	205,788	-	-	205,788
Printing and design	7,493	10,466	8,239	26,198
Licenses, fees and subscriptions	19,979	15,679	229,552	265,210
Cost of goods sold	485,055	-	-	485,055
Travel and training	17,148	10,526	2,391	30,065
Grants and assistance to Organizations	41,339	-	-	41,339
Insurance	104,285	-	31,841	136,126
Professional fees	-	-	41,399	41,399
Information technology	-	-	69,987	69,987
Depreciation	1,037,577	-	31,403	1,068,980
Special events	-	41,007	-	41,007
Total functional expenses	<u>6,850,034</u>	<u>281,442</u>	<u>1,001,430</u>	<u>8,132,906</u>
Less expenses not functionally reported on the consolidated statements of activities:				
Depreciation	(1,037,577)	-	(31,403)	(1,068,980)
Special events	<u>-</u>	<u>(41,007)</u>	<u>-</u>	<u>(41,007)</u>
Totals	<u>\$5,812,457</u>	<u>\$ 240,435</u>	<u>\$ 970,027</u>	<u>\$7,022,919</u>

See Notes to Consolidated Financial Statements.

Year ended March 31, 2021

<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
\$2,811,200	\$ 235,441	\$ 573,076	\$3,619,717
269,511	—	—	269,511
13,859	1,911	6,353	22,123
295,683	—	—	295,683
87,249	5,041	10,236	102,526
509,140	1,232	3,286	513,658
90,712	—	—	90,712
99,562	—	—	99,562
13,409	1,356	6,958	21,723
12,782	5,565	169,111	187,458
269,226	—	—	269,226
6,448	444	1,394	8,286
27,000	—	—	27,000
97,909	—	22,381	120,290
—	—	21,483	21,483
—	—	47,654	47,654
978,681	—	35,479	1,014,160
—	<u>16,010</u>	—	<u>16,010</u>
<u>5,582,371</u>	<u>267,000</u>	<u>897,411</u>	<u>6,746,782</u>
(978,681)	—	(35,479)	(1,014,160)
<u>—</u>	<u>(16,010)</u>	<u>—</u>	<u>(16,010)</u>
<u>\$4,603,690</u>	<u>\$ 250,990</u>	<u>\$ 861,932</u>	<u>\$5,716,612</u>

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

	Year ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$1,290,310	\$4,127,688
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Federal pandemic support	(782,254)	(1,443,235)
Depreciation expense	1,068,980	1,014,160
Contributions restricted for long-term purposes, net	(28,588)	(1,217,302)
Unrealized and realized (gains) on investments	(412,670)	(2,914,180)
Reinvested dividends	(165,211)	(205,124)
Purchase of animal collection	645	11,137
Gain on disposal of equipment	(10,922)	-
Change in assets and liabilities		
Accounts receivable	8,336	(21,178)
Contributions and grants receivable	12,700	(81,575)
Inventory	(121,366)	65,445
Prepaid expenses	(28,029)	10,610
Accounts payable and accrued expenses, net of property and equipment payables	43,729	35,276
Accrued compensation	(96,987)	45,222
Deferred memberships	63,924	(37,704)
Event deposits	74,169	138,610
Net cash flows from operating activities before federal pandemic support	916,766	(472,150)
Cash received from federal pandemic support	1,277,313	948,176
Net cash flows from operating activities	<u>2,194,079</u>	<u>476,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(146,452)	(25,318)
Proceeds from sale of investments	458,632	1,000,669
Purchase of property, equipment, and animal collection	(1,134,077)	(2,243,432)
Proceeds from sale of property and equipment	11,675	-
Net cash flows from investing activities	<u>(810,222)</u>	<u>(1,268,081)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions received for long-term purposes	101,449	1,306,674
Payments on long-term debt	(6,480)	(5,996)
Net cash flows from financing activities	<u>94,969</u>	<u>1,300,678</u>
NET CHANGE IN CASH	1,478,826	508,623
CASH		
Beginning	<u>1,665,009</u>	<u>1,156,386</u>
Ending	<u>\$3,143,835</u>	<u>\$1,665,009</u>

See Notes to Consolidated Financial Statements.

Blank Park Zoo Foundation, Incorporated and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended March 31	
	2022	2021
RECONCILIATION OF CASH PER CONSOLIDATED STATEMENTS OF CASH FLOWS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Per consolidated statements of financial position		
Cash	\$2,976,878	\$ 615,498
Cash restricted for investment in land, building, and equipment	<u>166,957</u>	<u>1,049,511</u>
Total per consolidated statements of financial position	<u>\$3,143,835</u>	<u>\$1,665,009</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
In-kind contribution of property and equipment	<u>\$ 6,000</u>	<u>\$ 3,000</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 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 statements 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 statements of financial position. Realized and unrealized gains and losses are included in the accompanying consolidated statements 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, noncurrent. 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, 2022 and 2021, 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 statements 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 2018.

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 statements 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 \$205,788 and \$99,562 for the years ended March 31, 2022 and 2021, respectively.

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 \$645 and \$11,137 in animal acquisition expenses for the years ended March 31, 2022 and 2021, respectively. The Foundation's animal collection consists of over 10,900 specimens and approximately 270 different species.

Reclassifications

Certain reclassifications have been made to the 2021 consolidated financial statements in order to conform to the 2022 presentation with no effect on previously reported net assets or change in net assets.

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:

	<u>March 31</u>	
	<u>2022</u>	<u>2021</u>
Cash	\$2,976,878	\$ 615,498
Accounts receivable	23,468	526,863
Contributions and grants receivable	<u>200,200</u>	<u>198,900</u>
	<u>\$3,200,546</u>	<u>\$1,341,261</u>

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 \$9,570,000. 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.

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

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 is summarized as follows:

	<u>March 31, 2022</u>			<u>March 31, 2021</u>		
	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized appreciation</u>	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized appreciation</u>
Money market funds	\$ 117,852	\$ 117,852	\$ -	\$ 144,367	\$ 144,367	\$ -
Exchange traded funds	<u>9,686,003</u>	<u>8,176,894</u>	<u>1,509,109</u>	<u>9,393,787</u>	<u>8,101,103</u>	<u>1,292,684</u>
Totals	<u>\$9,803,855</u>	<u>\$8,294,746</u>	<u>\$1,509,109</u>	<u>\$9,538,154</u>	<u>\$8,245,470</u>	<u>\$1,292,684</u>
Components of investment return						
Interest and dividend income			\$ 214,883			\$ 205,124
Realized and unrealized gain on investments			412,670			2,914,180
Investment fees			<u>(48,670)</u>			<u>(45,544)</u>
Total investment return			<u>\$ 578,883</u>			<u>\$3,073,760</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 is 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, 2022 and 2021.
- 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, 2022 and 2021.

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 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 March 31, 2022 and 2021 are as follows:

	March 31, 2022			
	Fair value	Level 1	Level 2	Level 3
Money market funds	\$ 117,852	\$ 117,852	\$ -	\$ -
Exchange traded funds	<u>9,686,003</u>	<u>9,686,003</u>	<u>-</u>	<u>-</u>
Totals	<u>\$9,803,855</u>	<u>\$9,803,855</u>	<u>\$ -</u>	<u>\$ -</u>

	March 31, 2021			
	Fair value	Level 1	Level 2	Level 3
Money market funds	\$ 144,367	\$ 144,367	\$ -	\$ -
Exchange traded funds	<u>9,393,787</u>	<u>9,383,787</u>	<u>-</u>	<u>-</u>
Totals	<u>\$9,538,154</u>	<u>\$9,538,154</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of unconditional contributions and grants primarily from individuals, governmental entities and corporations in the State of Iowa and are in support of the Foundation's programs and capital campaigns. The future collections of contributions and grants receivable are as follows:

Year ending March 31	March 31, 2022			March 31, 2021		
	Program	Capital Campaigns	Total	Program	Capital Campaigns	Total
Due within one year	\$ 200,200	\$ 22,538	\$ 222,738	\$ 198,900	\$ 80,399	\$ 279,299
Due in two to five years	<u>31,000</u>	<u>14,667</u>	<u>45,667</u>	<u>45,000</u>	<u>29,667</u>	<u>74,667</u>
Total contributions and grants receivable	231,200	37,205	268,405	243,900	110,066	353,966
Less allowance for uncollectible contributions and grants receivable	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Net contributions and grants receivable	<u>\$ 231,200</u>	<u>\$ 22,205</u>	<u>\$ 253,405</u>	<u>\$ 243,900</u>	<u>\$ 95,066</u>	<u>\$ 338,966</u>
Reconciliation to consolidated statements of financial position						
Contributions and grants receivable, current			\$ 200,200			\$ 198,900
Contributions and grants receivable, noncurrent			<u>53,205</u>			<u>140,066</u>
			<u>\$ 253,405</u>			<u>\$ 338,966</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:

	March 31	
	2022	2021
Buildings and exhibits	\$19,863,186	\$19,130,740
Land improvements	3,295,388	3,176,137
Leasehold improvements	1,697,758	1,616,845
Vehicles	246,137	263,261
Computer equipment	540,089	444,680
Zoo equipment	847,200	697,385
Construction in progress	<u>72,814</u>	<u>189,239</u>
	26,562,572	25,518,287
Less accumulated depreciation	<u>7,518,224</u>	<u>6,489,388</u>
Property and equipment, net	<u>\$19,044,348</u>	<u>\$19,028,899</u>

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, 2022 and 2021 was \$16,188 and \$22,668, respectively.

Maturities on the notes payable are as follows:

Year ending March 31

2023	\$ 6,906
2024	7,406
2025	<u>1,876</u>
	<u>\$ 16,188</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.

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

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

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 \$121,500 and \$142,000 during the years ended March 31, 2022 and 2021, respectively, and have been included with government support on the accompanying consolidated statements of activities.

Amounts due from the City related to the above agreements were \$72,500 as of March 31, 2022 and 2021 and have been included with contributions and grants receivable on the accompanying consolidated statements of financial position.

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.

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 consist of the following:

	March 31	
	2022	2021
Conservation	\$ 1,495	\$ 43,003
Designated for future capital projects	187,000	187,000
Endowment	<u>9,571,559</u>	<u>9,382,629</u>
	<u>\$9,760,054</u>	<u>\$9,612,632</u>

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	March 31	
	2022	2021
Capital improvements	\$ 223,260	\$1,312,519
Conservation	5,913	4,913
Education	15,000	15,000
Endow Iowa Fund	42,893	30,621
Operating restrictions	33,775	-
Time restrictions	<u>158,500</u>	<u>170,500</u>
	<u>\$ 479,341</u>	<u>\$1,533,553</u>

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

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets during the years ended March 31, 2022 and 2021 were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

	March 31	
	2022	2021
Capital improvements	\$1,108,615	\$1,363,109
Conservation	28,981	15,349
Endowment earnings appropriated for expenditure	2,329	1,670
Equipment	4,199	-
Education	15,860	-
Operating	30,988	-
Expiration of time restrictions	12,000	75,000
	\$1,202,972	\$1,455,128

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 March 31, 2022 and 2021 were \$42,086 and \$40,946, respectively.

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.

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

NOTE 12 ENDOWMENT FUNDS (continued)

Endowment net asset composition by type of fund is as follows:

	<u>March 31, 2022</u>			<u>March 31, 2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$9,571,559	\$ —	\$9,571,559	\$9,382,629	\$ —	\$9,382,629
Donor-restricted endowment funds						
Original donor-restricted gift amounts required to be held in perpetuity	—	42,893	42,893	—	30,621	30,621
Term endowments	<u>—</u>	<u>15,000</u>	<u>15,000</u>	<u>—</u>	<u>15,000</u>	<u>15,000</u>
	<u>\$9,571,559</u>	<u>\$ 57,893</u>	<u>\$9,629,452</u>	<u>\$9,382,629</u>	<u>\$ 45,621</u>	<u>\$9,428,250</u>

The change in endowment net assets was as follows:

	<u>Year ended March 31, 2022</u>			<u>Year ended March 31, 2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance, beginning of year	\$9,382,629	\$ 45,621	\$9,428,250	\$7,159,804	\$ 36,915	\$7,196,719
Contributions	69,618	13,174	82,792	24,700	618	25,318
Interest and dividends	214,024	859	214,883	204,491	633	205,124
Change in market value	411,978	692	412,670	2,904,992	9,188	2,914,180
Investment fees	(48,546)	(124)	(48,670)	(45,481)	(63)	(45,544)
Appropriated for operations	(456,303)	(2,329)	(458,632)	(436,247)	(1,670)	(437,917)
Appropriated for capital projects	—	—	—	(428,000)	—	(428,000)
Insurance and reporting fees	<u>(1,841)</u>	<u>—</u>	<u>(1,841)</u>	<u>(1,630)</u>	<u>—</u>	<u>(1,630)</u>
Balance, end of year	<u>\$9,571,559</u>	<u>\$ 57,893</u>	<u>\$9,629,452</u>	<u>\$9,382,629</u>	<u>\$ 45,621</u>	<u>\$9,428,250</u>

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 13, 2022, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

SUPPLEMENTARY INFORMATION

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

	Year ended March 31	
	2022	2021
Admissions	\$2,103,921	\$1,224,890
Special events	965,816	226,607
Educational programs	318,903	160,202
Train rides	165,205	133,222
Camel rides	38,030	30,237
Carousel rides	81,613	35,752
Kid's Kingdom	83,673	41,586
Other Zoo experiences	90,842	37,605
Rentals	170,141	57,558
Vending	85,847	19,963
Stroller rental	9,130	3,805
Gift shop	1,083,001	615,343
Food		
Grill	25,637	18,555
Catering	27,346	12,415
Other income	<u>88,630</u>	<u>55,282</u>
 Total Zoo revenues	 <u>\$5,337,735</u>	 <u>\$2,673,022</u>

See Independent Auditor's Report.