

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

FINANCIAL REPORT

October 31, 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Blank Park Zoo Foundation, Incorporated (a nonprofit organization) as of October 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blank Park Zoo Foundation, Incorporated as of October 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 6, 2011

Blank Park Zoo Foundation, Incorporated
STATEMENTS OF FINANCIAL POSITION

ASSETS	October 31	
	2010	2009
Cash	\$ 976,885	\$ 1,249,489
Investments	9,186,932	7,765,398
Interest in assets held at Community Foundation of Greater Des Moines	116,426	104,663
Accounts receivable		
City of Des Moines	99,289	39,373
Other	53,986	15,512
Contributions and grants receivable, net of allowance for uncollectibles, 2010 - \$35,000; 2009 - \$35,000	1,643,612	2,175,340
Inventory	122,078	101,895
Prepaid expenses	22,130	1,443
Land	1,610,000	1,610,000
Property and equipment, net of accumulated depreciation, 2010 - \$9,222	57,302	—
Total assets	\$13,888,640	\$13,063,113
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 121,281	\$ 49,989
Deferred revenue – capital improvements	822	90,889
Accrued payroll and vacations	167,762	163,844
Event deposits	13,627	6,093
Total liabilities	303,492	310,815
NET ASSETS		
Unrestricted net assets		
Undesignated	2,173,249	1,989,758
Board-designated endowment fund	3,282,210	2,996,268
Total unrestricted net assets	5,455,459	4,986,026
Temporarily restricted	8,129,689	7,766,272
Total net assets	13,585,148	12,752,298
Total liabilities and net assets	\$13,888,640	\$13,063,113

See Notes to Financial Statements.

Blank Park Zoo Foundation, Incorporated
STATEMENTS OF ACTIVITIES

	<u>Year ended October 31, 2010</u>			
	<u>Unrestricted</u>	<u>Unrestricted Board- designated endowment</u>	<u>Temporarily restricted</u>	<u>Total</u>
REVENUE				
Contributions	\$ 278,894	\$ —	\$ 815,909	\$1,094,803
Zoo revenues	2,390,791	—	—	2,390,791
Memberships	543,781	—	—	543,781
BRAVO	150,000	—	—	150,000
Night Eyes	128,119	—	—	128,119
City of Des Moines contributions	325,000	—	—	325,000
Grant income	117,600	—	—	117,600
Interest and dividends	—	89,745	71,366	161,111
Realized gains (losses) on sale of investments	—	59,194	97,425	156,619
Unrealized gains (losses) on investments	—	351,110	500,327	851,437
Net assets released from restrictions	<u>979,513</u>	<u>—</u>	<u>(979,513)</u>	<u>—</u>
Total revenue	<u>4,913,698</u>	<u>500,049</u>	<u>505,514</u>	<u>5,919,261</u>
EXPENSES				
Program services	4,159,191	—	—	4,159,191
Fundraising	251,224	—	—	251,224
Management and general	<u>675,996</u>	<u>—</u>	<u>—</u>	<u>675,996</u>
Total expenses	<u>5,086,411</u>	<u>—</u>	<u>—</u>	<u>5,086,411</u>
CHANGE IN NET ASSETS BEFORE IMPAIRMENT OF VALUE OF LAND	(172,713)	500,049	505,514	832,850
IMPAIRMENT OF VALUE OF LAND	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
CHANGE IN NET ASSETS	(172,713)	500,049	505,514	832,850
NET ASSET TRANSFERS	356,204	(214,107)	(142,097)	—
NET ASSETS				
Beginning of the year	<u>1,989,758</u>	<u>2,996,268</u>	<u>7,766,272</u>	<u>12,752,298</u>
End of year	<u>\$2,173,249</u>	<u>\$3,282,210</u>	<u>\$8,129,689</u>	<u>\$13,585,148</u>

See Notes to Financial Statements.

Year ended October 31, 2009

<u>Unrestricted</u>	<u>Unrestricted Board- designated endowment</u>	<u>Temporarily restricted</u>	<u>Total</u>
\$ 103,034	\$ 4,615	\$1,905,461	\$ 2,013,110
2,202,271	—	—	2,202,271
543,080	—	—	543,080
150,000	—	—	150,000
108,279	—	—	108,279
325,000	—	—	325,000
—	—	—	—
—	121,613	128,086	249,699
—	(373,367)	(588,864)	(962,231)
—	630,418	1,016,222	1,646,640
<u>622,436</u>	<u>—</u>	<u>(622,436)</u>	<u>—</u>
<u>4,054,100</u>	<u>383,279</u>	<u>1,838,469</u>	<u>6,275,848</u>
3,639,807	—	—	3,639,807
210,287	—	—	210,287
<u>662,062</u>	<u>—</u>	<u>—</u>	<u>662,062</u>
<u>4,512,156</u>	<u>—</u>	<u>—</u>	<u>4,512,156</u>
(458,056)	383,279	1,838,469	1,763,692
<u>(440,000)</u>	<u>—</u>	<u>—</u>	<u>(440,000)</u>
(898,056)	383,279	1,838,469	1,323,692
924,901	(852,774)	(72,127)	—
<u>1,962,913</u>	<u>3,465,763</u>	<u>5,999,930</u>	<u>11,428,606</u>
<u>\$1,989,758</u>	<u>\$2,996,268</u>	<u>\$7,766,272</u>	<u>\$12,752,298</u>

See Notes to Financial Statements.

Blank Park Zoo Foundation, Incorporated
STATEMENTS OF CASH FLOWS

	Year ended October 31	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 832,850	\$1,323,692
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	9,222	-
Unrealized and realized (gains) on investments	(1,008,056)	(684,409)
Impairment of value of land	-	440,000
Change in assets and liabilities		
(Increase) in accounts receivable	(98,390)	(14,113)
(Increase) decrease in contributions receivable	531,728	(565,340)
(Increase) decrease in inventory	(20,183)	12,909
(Increase) decrease in prepaid expenses	(20,687)	60,405
Increase (decrease) in accounts payable	71,292	(200,662)
(Decrease) in deferred revenue	(90,067)	(17,200)
Increase (decrease) in accrued payroll and vacations	3,918	(59,236)
Increase (decrease) in event deposits	<u>7,534</u>	<u>(9,782)</u>
Net cash provided by operating activities	<u>219,161</u>	<u>286,264</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,830,329)	(7,774,868)
Proceeds from sale of investments	3,405,088	8,453,467
Purchase of property and equipment	<u>(66,524)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(491,765)</u>	<u>678,599</u>
INCREASE (DECREASE) IN CASH	(272,604)	964,863
CASH		
Beginning	<u>1,249,489</u>	<u>284,626</u>
Ending	<u>\$ 976,885</u>	<u>\$1,249,489</u>

See Notes to Financial Statements.

Blank Park Zoo Foundation, Incorporated
NOTES TO 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.

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.

Investments

The Foundation values its investments at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying statement of activities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. Under the Topic the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Contributions Receivable

Contributions receivable are recorded as receivables and contribution support in the year received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

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.

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

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

Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets

Unrestricted net assets are those assets which represent the portion of expendable assets available for support of Foundation operations, along with temporarily restricted net assets whose restrictions have been satisfied. Temporarily restricted net assets represent contributions or other amounts received which are restricted for a specified purpose. Permanently restricted net assets represent assets that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foundation has only unrestricted and temporarily restricted net assets.

Income Taxes

The Foundation has received a tax determination letter indicating that it qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from State of Iowa taxation.

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 statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Reclassifications

Certain amounts have been reclassified in the 2009 financial statements in order to conform with the 2010 presentation with no effect on the change in net assets.

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

NOTE 2 INVESTMENTS

Investments held at October 31, 2010 and October 31, 2009 are summarized as follows:

	October 31, 2010			October 31, 2009		
	Fair value	Cost	Unrealized appreciation (depreciation)	Fair value	Cost	Unrealized appreciation (depreciation)
Certificates of deposit	\$ 300,702	\$ 300,775	\$ (73)	\$ –	\$ –	\$ –
Money market funds	590,909	590,909	–	968,196	968,196	–
Mutual funds and exchange traded funds	6,949,115	6,073,270	875,845	5,672,278	5,459,777	212,501
Common stocks	<u>1,346,206</u>	<u>1,118,492</u>	<u>227,714</u>	<u>1,124,924</u>	<u>1,072,518</u>	<u>52,406</u>
Totals	<u>\$9,186,932</u>	<u>\$8,083,446</u>	<u>\$1,103,486</u>	<u>\$7,765,398</u>	<u>\$7,500,491</u>	<u>\$ 264,907</u>
Components of investment return						
Interest and dividend income		\$ 161,111			\$ 249,699	
Realized gain (loss) on sale of investments		156,619			(962,231)	
Unrealized gain from adjustment to market value		<u>851,437</u>			<u>1,646,640</u>	
Total investment return		<u>\$1,169,167</u>			<u>\$ 934,108</u>	

NOTE 3 FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification* establishes 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;
- 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;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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

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

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

NOTE 3 FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at October 31, 2010 are as follows:

<u>Description</u>	<u>Fair value 10/31/10</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments				
Money market funds	\$ 590,909	\$ 590,909	\$ —	\$ —
Certificates of deposit	<u>300,702</u>	<u>300,702</u>	—	—
Mutual and exchange traded funds				
Small value	57,273	57,273	—	—
Mid cap value	237,998	237,998	—	—
Large value	833,217	833,217	—	—
Small growth	198,113	198,113	—	—
Mid cap growth	238,791	238,791	—	—
Large growth	944,432	944,432	—	—
Inflation protected bond	89,519	89,519	—	—
Intermediate term bond	370,527	370,527	—	—
Long term bond	129,102	129,102	—	—
Multi sector bond	247,459	247,459	—	—
Short term bond	261,805	261,805	—	—
World bond	347,682	347,682	—	—
Short government	259,019	259,019	—	—
Intermediate government	267,042	267,042	—	—
Small blend	139,142	139,142	—	—
Foreign large blend	193,250	193,250	—	—
Long short	603,720	603,720	—	—
Natural resources	155,528	155,528	—	—
Commodities broad basket	155,461	155,461	—	—
Diversified emerging markets	976,291	976,291	—	—
World allocation	<u>243,744</u>	<u>243,744</u>	—	—
Total mutual and exchange traded funds	<u>6,949,115</u>	<u>6,949,115</u>	—	—
Common stocks				
Business services	12,056	12,056	—	—
Consumer discretionary	147,524	147,524	—	—
Consumer staples	79,609	79,609	—	—
Energy	179,701	179,701	—	—
Financial	187,831	187,831	—	—
Healthcare	222,684	222,684	—	—
Industrials	85,384	85,384	—	—
Materials	75,809	75,809	—	—
Media	10,502	10,502	—	—
Technology	263,887	263,887	—	—
Telecommunications	58,567	58,567	—	—
Utilities	<u>22,652</u>	<u>22,652</u>	—	—
Total common stocks	<u>1,346,206</u>	<u>1,346,206</u>	—	—
Total investments at fair value	<u>9,186,932</u>	<u>9,186,932</u>	—	—
Assets held at the Community Foundation of Greater Des Moines	<u>116,426</u>	—	—	<u>116,426</u>
Total assets at fair value	<u>\$9,303,358</u>	<u>\$9,186,932</u>	<u>\$ —</u>	<u>\$ 116,426</u>

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

NOTE 3 FAIR VALUE MEASUREMENTS (continued)

The following table provides a summary of changes in fair value of the Foundation's Level 3 funds for the year ended October 31, 2010.

Balance at November 1, 2009	\$ 104,663
Interest and dividends	2,102
Realized losses	(2,452)
Unrealized gains	12,857
Investment expenses	<u>(744)</u>
Balance at October 31, 2010	\$ <u>116,426</u>

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 are invested in CFGDM's pooled endowment under an investment allocation determined by CFGDM's Investment Committee. At October 31, 2010, the majority of assets in the pooled fund were comprised of fixed income securities and domestic and international equities. The remaining assets are invested in money markets, real estate investment trusts, preferred stocks and hedge funds. The Foundation may request these assets or the net investment income of these assets at any time from the CFGDM. Distributions are not subject to variance power (ie, the CFGDM does not have the power to redirect the assets or the net investment income to an entity other than the Foundation). The realized gains/losses and unrealized appreciation/depreciation on the endowment at October 31, 2010, are reflected in unrestricted net assets.

The assets transferred to CFGDM are invested in a pooled endowment at the direction of the CFGDM's Investment Committee. The investment allocation at October 31, 2010 was as follows:

Domestic equity	27.0%
International equity	31.4
Fixed income	16.0
Cash composite	1.5
Hedge fund of funds	12.5
Real assets	6.4
Private equity	<u>5.2</u>
Total	<u>100.0%</u>

NOTE 5 CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at October 31, 2010 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, 2010 are as follows:

Year ending October 31

2011	\$1,124,661
2012	410,022
2013	206,846
2014	43,083
2015	<u>4,000</u>
Total contributions and grants receivable	1,788,612
Less discount to present value	(110,000)
Less allowance for uncollectible contributions receivable	<u>(35,000)</u>
Net contributions and grants receivable	<u>\$1,643,612</u>

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

NOTE 6 AGREEMENT WITH THE CITY OF DES MOINES

The Foundation entered into a 28E agreement with the City of Des Moines, Iowa (the City). The purpose of the agreement is for the Foundation to provide the management and maintenance of the Blank Park Zoo. The term of the agreement began April 1, 2005 and will continue through June 30, 2015 and contains a provision to automatically renew for two additional five year terms. This agreement may be terminated at any time by either party upon delivery of written notice to the other party of intent to terminate this agreement by no later than December 31, with such termination to occur on June 30 of the following year after delivery of the notice of termination.

The City retains title in all facilities, real property, certain equipment, animals, and other personal property which comprises the Zoo. The Foundation is responsible for all costs of the maintenance and operation of the Park. It is also responsible for the funding and construction of any new construction or improvements subject to certain approvals, and is responsible for all major capital repairs, replacement or reconstruction of equipment and structures. All revenues generated from the operation of the Zoo and Zoo related activities are to be retained by the Foundation.

The City will provide the Foundation annual funding for the operation of the Zoo in the amount of \$290,000 for the period July 1, 2008 through June 30, 2015 and renewal periods.

In addition, the City will provide in its budget capital funding beginning on July 1, 2005 in the amount of at least \$275,000 annually for the first five years of the agreement. If the City has not spent the annual budgeted amounts, such funding may be carried over to the next fiscal years. The City will also provide to the Foundation annual funding of \$35,000 beginning July 1, 2005 for repairs to the Zoo and Park improvements constructed prior to April 1, 2005.

Accounts receivable from the City related to the above agreements were \$56,945 and \$39,373 as of October 31, 2010 and 2009, respectively.

NOTE 7 BOARD-DESIGNATED ENDOWMENT FUND

The Board-designated endowment fund consists of gifts received from an individual's estate. On an annual basis, the Board has committed to designate up to five percent of the annual average fund balance to be used for operations or for other purposes. The endowment fund cash is held in a separate investment account. \$369,899 and \$465,987 of the endowment funds were transferred to undesignated net assets in 2010 and 2009, respectively.

NOTE 8 DONATED EQUIPMENT AND SUPPLIES

Various donors have contributed machinery, equipment, and supplies through the Foundation with the City of Des Moines as titleholder. As the Foundation does not hold the title to these items, these contributions have not been recorded as assets on the financial statements.

NOTE 9 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of October 31, 2010:

Expansion	\$3,284,419
Animal acquisition	65,738
Conservation program	16,024
Equipment replacement	8,182
Education	2,110
County grant	2,515
Wetlands project	7,770
Video production	303
Myron N. Blank Fund	<u>4,742,628</u>
Total	<u>\$8,129,689</u>

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

NOTE 9 RESTRICTIONS ON NET ASSETS (continued)

The Myron N. Blank Fund was created through an agreement with the Foundation and Myron N. Blank in 2004. The agreement established an endowment fund to support the mission of the Foundation. All income and gains from the Fund are to be retained in the Fund. Distributions may be made from the Fund with approval from the Foundation's Board of Directors and subject to restrictions the Agreement imposes on distribution amounts. Ten years after the date of the gift, all distribution restrictions lapse.

Temporarily restricted net assets at October 31, 2010 are included in the following categories in the statement of financial position:

Cash	\$ 455,586
Investments	6,021,148
Contributions receivable	<u>1,652,955</u>
Total	<u>\$8,129,689</u>

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, 2010 and 2009 were \$9,826 and \$10,294, respectively.

NOTE 11 CONDITIONAL PROMISES TO GIVE

The Foundation entered into a sponsorship agreement which commenced on April 1, 2007 and will end March 31, 2015. Payments in years one through two are \$25,000. Payments in years three through eight are conditional on a Zoo expansion project. If the Zoo expansion takes place, payments shall be \$25,000 annually. If the Zoo expansion does not take place, payments shall be \$5,000 annually. \$68,750 was received related to this agreement through October 31, 2010.

NOTE 12 IMPAIRMENT OF VALUE OF LAND

The Foundation was the recipient of a donation of a parcel of land in a prior year. The land was originally recorded at the fair value of the property at the time of the donation. The parcel of land has subsequently been appraised. As a result, the value of the land reported in the statement of financial position has been adjusted to the fair value determined by the appraisal. The effect of the adjustment was to decrease the value of land to \$1,610,000 as of October 31, 2009, and to recognize an adjustment in the value of land of \$440,000 in the statement of activities for the year ended October 31, 2009.

NOTE 13 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.

Blank Park Zoo Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS

NOTE 13 ENDOWMENT FUNDS (continued)

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 SPMIFA, 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

The change in endowment net assets was as follows for the year ended October 31, 2010:

	<u>Temporarily Restricted</u>	<u>Board- Designated</u>	<u>Total</u>
Balance, beginning of year	\$7,766,272	\$2,996,268	\$10,762,540
Contributions	815,909	-	815,909
Interest and dividends	71,366	89,745	161,111
Realized gains on sale of investments	97,425	59,194	156,619
Unrealized gains on investments	500,327	351,110	851,437
Expenditures/transfers	<u>(1,121,610)</u>	<u>(214,107)</u>	<u>(1,335,717)</u>
Balance, end of year	<u>\$8,129,689</u>	<u>\$3,282,210</u>	<u>\$11,411,899</u>

NOTE 14 INCOME TAX STATUS

Effective November 1, 2009, the Foundation has adopted the accounting for uncertainty in income tax requirements as required by the Income Taxes Topic of the *FASB Accounting Standards Codification*. The Foundation has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. The Foundation's federal income tax returns since 2006 open by statute are subject to examination by tax authorities. The Foundation has not been notified of any impending examinations by authorities, and no examinations are in process.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 6, 2011, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of Blank Park Zoo Foundation, Incorporated appears on page 3. We conducted our audits for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information of Zoo revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information presented has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 6, 2011

Blank Park Zoo Foundation, Incorporated
ZOO REVENUES

	<u>Year ended October 31</u>	
	<u>2010</u>	<u>2009</u>
Special events	\$ 108,306	\$ 67,585
Development events	29,415	20,107
Educational programs	160,475	122,531
Volunteer income	1,010	850
Miscellaneous income	21,337	7,484
Rentals	40,345	51,583
Admissions	1,122,464	1,091,492
Train rides	138,431	102,701
Camel rides	23,996	17,092
Kid's Kingdom	22,452	-
Vending	75,834	84,321
Stroller rental	8,176	8,934
Gift shop	448,769	459,767
Food		
Grill	42,972	40,520
Café	-	9,324
Cart	3,778	4,415
Catering	8,156	4,595
Sponsorships	134,875	96,455
Adopt an Animal	-	12,515
	<u> </u>	<u> </u>
Total Zoo revenues	<u>\$2,390,791</u>	<u>\$2,202,271</u>

Blank Park Zoo Foundation, Incorporated
EXPENSES

	Year ended October 31, 2010			
	Program services	Fundraising	Management and general	Total
Restricted projects	\$ 979,513	\$ —	\$ —	\$ 979,513
Annual giving	—	62,280	—	62,280
Membership	35,085	—	—	35,085
Night Eyes	37,297	—	—	37,297
Special events	68,689	—	—	68,689
Visiting animals	46,743	—	—	46,743
Development events	—	26,325	—	26,325
Educational programs	30,479	—	—	30,479
Volunteer	1,787	—	—	1,787
Salaries	1,512,858	135,769	290,934	1,939,561
Payroll taxes and benefits	299,184	26,850	57,535	383,569
Veterinary and laboratory	78,501	—	—	78,501
Protection and security	63,829	—	—	63,829
Postage and delivery	—	—	9,678	9,678
Utilities	151,008	—	—	151,008
Telephone and internet	—	—	38,792	38,792
Marketing	195,127	—	—	195,127
Photocopy and reproduction	—	—	7,114	7,114
Insurance	—	—	77,062	77,062
Repairs and maintenance	115,357	—	—	115,357
Equipment rental	—	—	1,784	1,784
Licenses and permits	6,053	—	—	6,053
Dues and subscriptions	—	—	20,212	20,212
Waste removal	397	—	—	397
Vehicle maintenance	7,227	—	—	7,227
Office supplies	23,623	—	—	23,623
Chemicals and gases	14,760	—	—	14,760
Fuel	9,050	—	—	9,050
Cleaning, janitorial and sanitary	30,462	—	—	30,462
Feed	95,725	—	—	95,725
Supplies	1,264	—	—	1,264
Maintenance supplies	23,027	—	—	23,027
Medical supplies	—	—	—	—
Tools	1,523	—	—	1,523
Uniforms	6,479	—	—	6,479
Safety and protective equipment	2,093	—	—	2,093
Animal bedding	2,799	—	—	2,799
Merchandise for resale	208,065	—	—	208,065
Miscellaneous operating expenses	35,253	—	—	35,253
Meetings/promotion	3,378	—	—	3,378
Bank charges/fees	—	—	85,579	85,579
ADP/Merit fees	—	—	9,332	9,332
Legal and accounting	—	—	33,403	33,403
Board expense	—	—	14,145	14,145
Travel and training	—	—	26,486	26,486
Mileage	—	—	3,940	3,940
Capital outlay	63,334	—	—	63,334
Depreciation	9,222	—	—	9,222
Totals	<u>\$4,159,191</u>	<u>\$ 251,224</u>	<u>\$ 675,996</u>	<u>\$5,086,411</u>

Year ended October 31, 2009

<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
\$ 622,436	\$ —	\$ —	\$ 622,436
—	37,963	—	37,963
28,350	—	—	28,350
35,612	—	—	35,612
77,030	—	—	77,030
—	—	—	—
—	17,094	—	17,094
18,749	—	—	18,749
2,935	—	—	2,935
1,443,381	129,534	277,573	1,850,488
286,324	25,696	55,062	367,082
67,358	—	—	67,358
61,051	—	—	61,051
—	—	10,756	10,756
153,874	—	—	153,874
—	—	43,025	43,025
187,523	—	—	187,523
—	—	7,345	7,345
—	—	73,560	73,560
108,629	—	—	108,629
—	—	1,874	1,874
3,855	—	—	3,855
—	—	6,681	6,681
—	—	—	—
16,846	—	—	16,846
26,583	—	—	26,583
9,207	—	—	9,207
6,098	—	—	6,098
30,619	—	—	30,619
107,598	—	—	107,598
—	—	—	—
—	—	—	—
34	—	—	34
4,583	—	—	4,583
7,841	—	—	7,841
3,283	—	—	3,283
1,691	—	—	1,691
232,344	—	—	232,344
44,037	—	—	44,037
5,018	—	—	5,018
—	—	68,141	68,141
—	—	8,465	8,465
—	—	37,136	37,136
—	—	42,214	42,214
—	—	27,890	27,890
—	—	2,340	2,340
46,918	—	—	46,918
—	—	—	—
<u>\$3,639,807</u>	<u>\$ 210,287</u>	<u>\$ 662,062</u>	<u>\$4,512,156</u>