

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

CONSOLIDATED FINANCIAL REPORT

March 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 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 CPA LLP

West Des Moines, Iowa
May 10, 2024

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

ASSETS	March 31	
	2023	2022
CURRENT ASSETS		
Cash	\$ 3,413,345	\$ 2,976,878
Accounts receivable	50,399	23,468
Contributions and grants receivable, current	200,000	200,200
Inventory	251,579	218,874
Prepaid expenses	163,846	140,506
Total current assets	4,079,169	3,559,926
NONCURRENT ASSETS		
Interest in assets held at Community Foundation of Greater Des Moines	8,645,151	9,803,855
Cash restricted for investment in land, building, and equipment	522,245	166,957
Contributions and grants receivable, noncurrent	1,692,830	53,205
Property and equipment, net of accumulated depreciation	18,660,361	19,044,348
Total noncurrent assets	29,520,587	29,068,365
Total assets	\$33,599,756	\$32,628,291
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 368,410	\$ 365,863
Notes payable, current	7,406	6,906
Accrued compensation	297,444	236,635
Deferred memberships	668,336	502,163
Event deposits	592,106	449,123
Total current liabilities	1,933,702	1,560,690
NOTES PAYABLE , noncurrent	1,912	9,282
Total liabilities	1,935,614	1,569,972
NET ASSETS		
Without donor restrictions		
Undesignated	19,539,584	20,818,924
Board-designated	9,213,331	9,760,054
Total net assets without donor restrictions	28,752,915	30,578,978
With donor restrictions	2,911,227	479,341
Total net assets	31,664,142	31,058,319
Total liabilities and net assets	\$33,599,756	\$32,628,291

See Notes to Consolidated Financial Statements.

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

	<u>Year ended March 31, 2023</u>			<u>Year ended March 31, 2022</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	\$ 522,951	\$ 158,881	\$ 681,832	\$ 829,372	\$ 113,604	\$ 942,976
Fundraising events, net of expenses of 2023, \$178,049 and 2022, \$41,007	145,079	-	145,079	61,303	-	61,303
Government support	<u>530,511</u>	<u>1,150,000</u>	<u>1,680,511</u>	<u>561,500</u>	<u>-</u>	<u>561,500</u>
Total public support	<u>1,198,541</u>	<u>1,308,881</u>	<u>2,507,422</u>	<u>1,452,175</u>	<u>113,604</u>	<u>1,565,779</u>
Operating revenues						
Zoo revenues	5,373,735	-	5,373,735	5,337,735	-	5,337,735
Memberships	<u>1,157,368</u>	<u>-</u>	<u>1,157,368</u>	<u>1,072,907</u>	<u>-</u>	<u>1,072,907</u>
Total operating revenues	<u>6,531,103</u>	<u>-</u>	<u>6,531,103</u>	<u>6,410,642</u>	<u>-</u>	<u>6,410,642</u>
Net assets released from restrictions						
Satisfaction of program and time restrictions	<u>932,736</u>	<u>(932,736)</u>	<u>-</u>	<u>92,028</u>	<u>(92,028)</u>	<u>-</u>
Total revenue	<u>8,662,380</u>	<u>376,145</u>	<u>9,038,525</u>	<u>7,954,845</u>	<u>21,576</u>	<u>7,976,421</u>
EXPENSES						
Program services	7,385,856	-	7,385,856	5,812,457	-	5,812,457
Fundraising	327,100	-	327,100	240,435	-	240,435
Management and general	<u>1,175,265</u>	<u>-</u>	<u>1,175,265</u>	<u>970,027</u>	<u>-</u>	<u>970,027</u>
Total expenses	<u>8,888,221</u>	<u>-</u>	<u>8,888,221</u>	<u>7,022,919</u>	<u>-</u>	<u>7,022,919</u>
Change in net assets from operations	(225,841)	376,145	150,304	931,926	21,576	953,502
OTHER CHANGES IN NET ASSETS						
Contributions restricted for long-term purposes	-	2,244,150	2,244,150	-	33,729	33,729
Investment return	(642,312)	(2,888)	(645,200)	577,456	1,427	578,883
Depreciation	(1,154,239)	-	(1,154,239)	(1,068,980)	-	(1,068,980)
Federal pandemic support	-	-	-	782,254	-	782,254
Gain on sale of property and equipment	10,808	-	10,808	10,922	-	10,922
Net assets released from restrictions – property and equipment	<u>185,521</u>	<u>(185,521)</u>	<u>-</u>	<u>1,110,944</u>	<u>(1,110,944)</u>	<u>-</u>
Total other changes in net assets	<u>(1,600,222)</u>	<u>2,055,741</u>	<u>455,519</u>	<u>1,412,596</u>	<u>(1,075,788)</u>	<u>336,808</u>
CHANGE IN NET ASSETS	(1,826,063)	2,431,886	605,823	2,344,522	(1,054,212)	1,290,310
NET ASSETS						
Beginning of the 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>
End of year	<u>\$28,752,915</u>	<u>\$2,911,227</u>	<u>\$31,664,142</u>	<u>\$30,578,978</u>	<u>\$ 479,341</u>	<u>\$31,058,319</u>

See Notes to Consolidated Financial Statements.

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

	Year ended March 31, 2023			
	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
Personnel	\$4,419,586	\$ 249,726	\$ 663,901	\$ 5,333,213
Feed and bedding	306,875	-	-	306,875
Postage and freight	15,731	1,814	4,091	21,636
Repairs and maintenance	506,485	-	-	506,485
Supplies	440,241	15,170	35,259	490,670
Occupancy	622,089	842	5,629	628,560
Veterinary and laboratory	121,540	-	-	121,540
Advertising	263,874	-	-	263,874
Printing and design	17,960	9,004	8,285	35,249
Licenses, fees and subscriptions	22,663	11,100	262,569	296,332
Cost of goods sold	451,160	-	-	451,160
Travel and training	16,276	7,323	12,849	36,448
Grants and assistance to organizations	52,591	-	-	52,591
Insurance	128,785	-	42,840	171,625
Professional fees	-	32,121	54,137	86,258
Information technology	-	-	85,705	85,705
Depreciation	1,123,877	-	30,362	1,154,239
Special events	-	<u>178,049</u>	-	<u>178,049</u>
Total functional expenses	<u>8,509,733</u>	<u>505,149</u>	<u>1,205,627</u>	<u>10,220,509</u>
Less expenses not functionally reported on the consolidated statements of activities:				
Depreciation	(1,123,877)	-	(30,362)	(1,154,239)
Special events	-	<u>(178,049)</u>	-	<u>(178,049)</u>
Totals	<u>\$7,385,856</u>	<u>\$ 327,100</u>	<u>\$1,175,265</u>	<u>\$ 8,888,221</u>

See Notes to Consolidated Financial Statements.

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

	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	6,850,034	281,442	1,001,430	8,132,906
Less expenses not functionally reported on the consolidated statements of activities:				
Depreciation	(1,037,577)	-	(31,403)	(1,068,980)
Special events	-	(41,007)	-	(41,007)
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.

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

	Year ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 605,823	\$1,290,310
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Federal pandemic support	–	(782,254)
Depreciation expense	1,154,239	1,068,980
Contributions restricted for long-term purposes	(2,226,129)	(28,588)
Unrealized and realized (gains) losses on investments	861,321	(412,670)
Reinvested dividends	(209,308)	(165,211)
Purchase of animal collection	5,906	645
Gain on disposal of equipment	(10,808)	(10,922)
Change in assets and liabilities		
Accounts receivable	(26,931)	8,336
Contributions and grants receivable	1,300	12,700
Inventory	(32,705)	(121,366)
Prepaid expenses	(23,340)	(28,029)
Accounts payable and accrued expenses, net of property and equipment payables	2,547	43,729
Accrued compensation	60,809	(96,987)
Deferred memberships	166,173	63,924
Event deposits	<u>142,983</u>	<u>74,169</u>
Net cash flows from operating activities before federal pandemic support	471,880	916,766
Cash received from federal pandemic support	<u>–</u>	<u>1,277,313</u>
Net cash flows from operating activities	<u>471,880</u>	<u>2,194,079</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(16,487)	(146,452)
Proceeds from sale of investments	523,178	458,632
Purchase of property, equipment, and animal collection	(757,450)	(1,134,077)
Proceeds from sale of property and equipment	<u>–</u>	<u>11,675</u>
Net cash flows from investing activities	<u>(250,759)</u>	<u>(810,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions received for long-term purposes	577,504	101,449
Payments on long-term debt	<u>(6,870)</u>	<u>(6,480)</u>
Net cash flows from financing activities	<u>570,634</u>	<u>94,969</u>
NET CHANGE IN CASH	791,755	1,478,826
CASH		
Beginning	<u>3,143,835</u>	<u>1,665,009</u>
Ending	<u>\$3,935,590</u>	<u>\$3,143,835</u>

See Notes to Consolidated Financial Statements.

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

	Year ended March 31	
	2023	2022
RECONCILIATION OF CASH PER CONSOLIDATED STATEMENTS OF CASH FLOWS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Per consolidated statements of financial position		
Cash	\$3,413,345	\$2,976,878
Cash restricted for investment in land, building, and equipment	<u>522,245</u>	<u>166,957</u>
Total per consolidated statements of financial position	<u>\$3,935,590</u>	<u>\$3,143,835</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
In-kind contribution of property and equipment	<u>\$ 7,900</u>	<u>\$ 6,000</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, 2023 and 2022, the allowance for uncollectible contributions was \$-0- and \$15,000, respectively.

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.

Contributions of Nonfinancial Assets

Donated facilities and services are recognized if the support (a) creates or enhances nonfinancial assets or (b) requires specialized skills, is performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services throughout the year that are not recognized as in-kind support in the consolidated financial statements since the recognition criteria were not met.

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

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

Contributions of Nonfinancial Assets (continued)

Donations, goods, materials and utilities are recorded as support at their estimated fair value at the time the contribution was received. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. For the years ended March 31, 2023 and 2022, the Organization received donated services and supplies as follows:

	<u>Year ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Gala items	\$ 93,217	\$ 11,384
Utilities	120,000	121,500
Other	<u>15,629</u>	<u>3,702</u>
Total	<u>\$ 228,846</u>	<u>\$ 136,586</u>

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 2019.

Credit Risk

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

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated 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 \$263,874 and \$205,788 for the years ended March 31, 2023 and 2022, respectively.

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

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

Animal Collections

In accordance with industry practice, the Foundation does not capitalize animal collections. Animal acquisitions are reported as expenses in the period of acquisition. The Foundation recorded \$5,906 and \$645 in animal acquisition expenses for the years ended March 31, 2023 and 2022, respectively. The Foundation's animal collection consists of over 2,200 specimens and approximately 217 different species.

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:

	March 31	
	2023	2022
Cash	\$3,413,345	\$2,976,878
Accounts receivable	50,399	23,468
Contributions and grants receivable	200,000	200,200
	\$3,663,744	\$3,200,546

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 \$8,440,000. 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).

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 (continued)

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

	March 31, 2023			March 31, 2022		
	Fair value	Cost	Unrealized appreciation	Fair value	Cost	Unrealized appreciation
Money market funds	\$ 73,766	\$ 73,766	\$ -	\$ 117,852	\$ 117,852	\$ -
Exchange traded funds	<u>8,571,385</u>	<u>7,873,525</u>	<u>697,860</u>	<u>9,686,003</u>	<u>8,176,894</u>	<u>1,509,109</u>
Totals	<u>\$8,645,151</u>	<u>\$7,947,291</u>	<u>\$ 697,860</u>	<u>\$9,803,855</u>	<u>\$8,294,746</u>	<u>\$1,509,109</u>
				2023		2022
Components of investment return						
Interest and dividend income				\$ 254,497		\$ 214,883
Realized and unrealized gain (loss) on investments				(861,321)		412,670
Investment fees				<u>(38,376)</u>		<u>(48,670)</u>
Total investment return				<u>\$ (645,200)</u>		<u>\$ 578,883</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, 2023 and 2022.
- 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, 2023 and 2022.

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 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.

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

NOTE 4 FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at March 31, 2023 and 2022 are as follows:

	March 31, 2023			
	Fair value	Level 1	Level 2	Level 3
Money market funds	\$ 73,766	\$ 73,766	\$ —	\$ —
Exchange traded funds	<u>8,571,385</u>	<u>8,571,385</u>	<u>—</u>	<u>—</u>
Totals	<u>\$8,645,151</u>	<u>\$8,645,151</u>	<u>\$ —</u>	<u>\$ —</u>
	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>

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, 2023			March 31, 2022		
	Program	Capital Campaigns	Total	Program	Capital Campaigns	Total
Due within one year	\$ 200,000	\$ 661,163	\$ 861,163	\$ 200,200	\$ 22,538	\$ 222,738
Due in two to five years	<u>22,000</u>	<u>1,009,667</u>	<u>1,031,667</u>	<u>31,000</u>	<u>14,667</u>	<u>45,667</u>
Total contributions and grants receivable	222,000	1,670,830	1,892,830	231,200	37,205	268,405
Less allowance for uncollectible contributions and grants receivable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,000</u>	<u>15,000</u>
Net contributions and grants receivable	<u>\$ 222,000</u>	<u>\$1,670,830</u>	<u>\$1,892,830</u>	<u>\$ 231,200</u>	<u>\$ 22,205</u>	<u>\$ 253,405</u>
					2023	2022
Reconciliation to consolidated statements of financial position						
Contributions and grants receivable, current					\$ 200,000	\$ 200,200
Contributions and grants receivable, noncurrent					<u>1,692,830</u>	<u>53,205</u>
					<u>\$1,892,830</u>	<u>\$ 253,405</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	
	2023	2022
Buildings and exhibits	\$19,910,377	\$19,863,186
Land improvements	3,460,306	3,295,388
Leasehold improvements	1,858,931	1,697,758
Vehicles	339,531	246,137
Computer equipment	514,350	540,089
Zoo equipment	1,094,308	847,200
Construction in progress	<u>110,837</u>	<u>72,814</u>
	27,288,640	26,562,572
Less accumulated depreciation	<u>8,628,279</u>	<u>7,518,224</u>
Property and equipment, net	<u>\$18,660,361</u>	<u>\$19,044,348</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, 2023 and 2022 was \$9,318 and \$16,188, respectively.

Maturities on the notes payable are as follows:

Year ending March 31

2024	\$ 7,406
2025	<u>1,912</u>
	<u>\$ 9,318</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 \$120,000 during each of the years ended March 31, 2023 and 2022, 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, 2023 and 2022 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	
	2023	2022
Conservation	\$ —	\$ 1,495
Designated for future capital projects	187,000	187,000
Designated for Expand the Impact campaign	589,615	—
Endowment	<u>8,436,716</u>	<u>9,571,559</u>
	<u>\$9,213,331</u>	<u>\$9,760,054</u>

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

	March 31	
	2023	2022
Capital improvements	\$2,270,051	\$ 223,260
Conservation	5,603	5,913
Education	15,000	15,000
Endow Iowa Fund	38,088	42,893
Operating restrictions	432,985	33,775
Time restrictions	<u>149,500</u>	<u>158,500</u>
	<u>\$2,911,227</u>	<u>\$ 479,341</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, 2023 and 2022 were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

	March 31	
	2023	2022
Capital improvements	\$ 185,521	\$1,108,615
Conservation	1,476	28,981
Endowment earnings appropriated for expenditure	1,917	2,329
Operating	770,343	51,047
Expiration of time restrictions	159,000	12,000
	\$1,118,257	\$1,202,972

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, 2023 and 2022 were \$50,294 and \$42,086, 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, 2023</u>			<u>March 31, 2022</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	\$8,436,716	\$ –	\$8,436,716	\$9,571,559	\$ –	\$9,571,559
Donor-restricted endowment funds						
Original donor-restricted gift amounts required to be held in perpetuity	–	38,088	38,088	–	42,893	42,893
Term endowments	<u>–</u>	<u>15,000</u>	<u>15,000</u>	<u>–</u>	<u>15,000</u>	<u>15,000</u>
	<u>\$8,436,716</u>	<u>\$ 53,088</u>	<u>\$8,489,804</u>	<u>\$9,571,559</u>	<u>\$ 57,893</u>	<u>\$9,629,452</u>

The change in endowment net assets was as follows:

	<u>Year ended March 31, 2023</u>			<u>Year ended March 31, 2022</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	\$9,571,559	\$ 57,893	\$9,629,452	\$9,382,629	\$ 45,621	\$9,428,250
Contributions	18,021	–	18,021	69,618	13,174	82,792
Interest and dividends	230,001	947	230,948	214,024	859	214,883
Change in market value	(857,486)	(3,835)	(861,321)	411,978	692	412,670
Investment fees	(38,376)	–	(38,376)	(48,546)	(124)	(48,670)
Appropriated for operations	(475,932)	(1,917)	(477,849)	(456,303)	(2,329)	(458,632)
Operational costs	<u>(11,071)</u>	<u>–</u>	<u>(11,071)</u>	<u>(1,841)</u>	<u>–</u>	<u>(1,841)</u>
Balance, end of year	<u>\$8,436,716</u>	<u>\$ 53,088</u>	<u>\$8,489,804</u>	<u>\$9,571,559</u>	<u>\$ 57,893</u>	<u>\$9,629,452</u>

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 10, 2024, 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	
	<u>2023</u>	<u>2022</u>
Admissions	\$1,977,637	\$2,103,921
Special events	888,593	965,816
Educational programs	419,403	318,903
Train rides	247,121	165,205
Camel rides	-	38,030
Carousel rides	88,456	81,613
Kid's Kingdom	134,509	83,673
Other Zoo experiences	114,861	90,842
Rentals	231,362	170,141
Vending	60,087	85,847
Stroller rental	7,387	9,130
Gift shop	888,814	1,083,001
Food		
Grill	19,934	25,637
GoGo Plaza	116,499	-
Catering	33,905	27,346
Miscellaneous income	<u>145,167</u>	<u>88,630</u>
 Total Zoo revenues	 <u>\$5,373,735</u>	 <u>\$5,337,735</u>

See Independent Auditor's Report.