

John Ball Zoo



Years Ended  
December 31,  
2019 and 2018

Financial  
Statements

# JOHN BALL ZOO

## Table of Contents

|  | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report   | 1           |
| Financial Statements for the Years Ended<br>December 31, 2019 and 2018 |             |
| Statements of Financial Position                                       | 3           |
| Statements of Activities   | 4           |
| Statements of Functional Expenses                                      | 6           |
| Statements of Cash Flows   | 8           |
| Notes to Financial Statements  | 9           |

**INDEPENDENT AUDITORS' REPORT**

April 23, 2020

Board of Directors  
John Ball Zoo  
Grand Rapids, Michigan

We have audited the accompanying financial statements of *John Ball Zoo* (the "Zoo"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Independent Auditors' Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *John Ball Zoo* as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Implementation of ASU 2018-08*

As described in Note 1 to the financial statements, in 2019 the Zoo adopted Accounting Standards Update (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). Our opinion is not modified with respect to these matters.

*Rehmann Lobson LLC*

# JOHN BALL ZOO

## Statements of Financial Position

|  | December 31          |                     |
|--|----------------------|---------------------|
|  | 2019                 | 2018                |
| <b>ASSETS</b>                                |                      |                     |
| Current assets                               |                      |                     |
| Cash and cash equivalents                    | \$ 752,657           | \$ 1,740,512        |
| Investments                                  | 1,722,690            | 364,119             |
| Accounts receivable                          | 152,973              | 2,481               |
| Pledges receivable, current portion          | 2,001,728            | 818,527             |
| Inventory                                    | 166,617              | 168,179             |
| Prepaid expenses                             | 316,687              | 91,855              |
| <b>Total current assets</b>                  | <b>5,113,352</b>     | <b>3,185,673</b>    |
| Noncurrent assets                            |                      |                     |
| Pledges receivable, net of current portion   | 4,392,271            | 1,960,987           |
| Investments - endowment                      | 254,580              | 254,080             |
| Beneficial interest in assets held by others | 96,797               | 87,997              |
| Intangible asset - liquor license, net       | 15,167               | 17,167              |
| Construction in progress                     | 4,629,819            | 16,172              |
| Property and equipment, net                  | 2,598,197            | 2,888,691           |
| <b>Total noncurrent assets</b>               | <b>11,986,831</b>    | <b>5,225,094</b>    |
| <b>Total assets</b>                          | <b>\$ 17,100,183</b> | <b>\$ 8,410,767</b> |
| <b>LIABILITIES AND NET ASSETS</b>            |                      |                     |
| Current liabilities                          |                      |                     |
| Line of credit                               | \$ -                 | \$ 500,000          |
| Accounts payable                             | 1,898,527            | 397,103             |
| Accrued expenses                             | 559,308              | 523,047             |
| Deferred income                              | 272,515              | 251,950             |
| <b>Total current liabilities</b>             | <b>2,730,350</b>     | <b>1,672,100</b>    |
| Net assets                                   |                      |                     |
| Without donor restrictions                   | 6,953,645            | 1,968,636           |
| With donor restrictions                      | 7,416,188            | 4,770,031           |
| <b>Total net assets</b>                      | <b>14,369,833</b>    | <b>6,738,667</b>    |
| <b>Total liabilities and net assets</b>      | <b>\$ 17,100,183</b> | <b>\$ 8,410,767</b> |

The accompanying notes are an integral part of these financial statements.

# JOHN BALL ZOO

## Statement of Activities

Year Ended December 31, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|--|-------------------------------|----------------------------|----------------------|
| <b>Support, revenue and gains</b>                  |                               |                            |                      |
| Donations  | \$ 428,484                    | \$ 6,352,858               | \$ 6,781,342         |
| Fundraising events, net of direct expenses         | 250,884                       | -                          | 250,884              |
| Grant revenue                                      | 1,115,600                     | -                          | 1,115,600            |
| Memberships  | 1,397,646                     | -                          | 1,397,646            |
| Millage funding                                    | 5,125,670                     | -                          | 5,125,670            |
| Guest services                                     | 5,321,821                     | -                          | 5,321,821            |
| Rental revenue                                     | 758,108                       | -                          | 758,108              |
| Education programs                                 | 311,968                       | -                          | 311,968              |
| Investment income, net                             | 119,372                       | -                          | 119,372              |
| Gain on disposal of assets                         | 300                           | -                          | 300                  |
| Miscellaneous                                      | 177,811                       | -                          | 177,811              |
| Change in value of beneficial interest             | -                             | 12,830                     | 12,830               |
| <b>Total support, revenue and gains</b>            | <b>15,007,664</b>             | <b>6,365,688</b>           | <b>21,373,352</b>    |
| <b>Expenses</b>                                    |                               |                            |                      |
| Program services                                   |                               |                            |                      |
| Guest services                                     | 2,928,300                     | -                          | 2,928,300            |
| Animal care  | 3,070,691                     | -                          | 3,070,691            |
| Education  | 630,906                       | -                          | 630,906              |
| Institutional advancement                          | 964,439                       | -                          | 964,439              |
| Zoo operations                                     | 2,952,194                     | -                          | 2,952,194            |
| Management and general                             | 2,322,788                     | -                          | 2,322,788            |
| Fundraising  | 872,868                       | -                          | 872,868              |
| <b>Total expenses</b>                              | <b>13,742,186</b>             | <b>-</b>                   | <b>13,742,186</b>    |
| Excess of support, revenue and gains over expenses | 1,265,478                     | 6,365,688                  | 7,631,166            |
| Net assets released from restriction               | 3,719,531                     | (3,719,531)                | -                    |
| Change in net assets                               | 4,985,009                     | 2,646,157                  | 7,631,166            |
| Net assets, beginning of year                      | 1,968,636                     | 4,770,031                  | 6,738,667            |
| Net assets, end of year                            | <b>\$ 6,953,645</b>           | <b>\$ 7,416,188</b>        | <b>\$ 14,369,833</b> |

The accompanying notes are an integral part of these financial statements.

# JOHN BALL ZOO

## Statement of Activities

Year Ended December 31, 2018

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| <b>Support, revenue, gains and losses</b>                             |                               |                            |                   |
| Donations   | \$ 307,472                    | \$ 4,237,642               | \$ 4,545,114      |
| Fundraising events, net of direct expenses                            | 202,429                       | -                          | 202,429           |
| Memberships   | 1,203,512                     | -                          | 1,203,512         |
| Millage funding   | 4,730,184                     | -                          | 4,730,184         |
| Guest services  | 4,348,042                     | -                          | 4,348,042         |
| Rental income   | 680,112                       | -                          | 680,112           |
| Education programs  | 274,579                       | -                          | 274,579           |
| Investment loss, net  | (19,442)                      | -                          | (19,442)          |
| Loss on disposal of assets  | (1,605)                       | -                          | (1,605)           |
| Change in value of beneficial interest                                | -                             | (10,681)                   | (10,681)          |
| <b>Total support, revenue, gains and losses</b>                       | <b>11,725,283</b>             | <b>4,226,961</b>           | <b>15,952,244</b> |
| <b>Expenses</b>   |                               |                            |                   |
| Program services  |                               |                            |                   |
| Guest services  | 2,353,478                     | -                          | 2,353,478         |
| Animal care   | 2,698,431                     | -                          | 2,698,431         |
| Education   | 579,222                       | -                          | 579,222           |
| Institutional advancement   | 873,753                       | -                          | 873,753           |
| Zoo operations  | 4,295,326                     | -                          | 4,295,326         |
| Management and general  | 2,249,915                     | -                          | 2,249,915         |
| Fundraising   | 566,121                       | -                          | 566,121           |
| <b>Total expenses</b>   | <b>13,616,246</b>             | <b>-</b>                   | <b>13,616,246</b> |
| Excess of support, revenue, gains and losses<br>(under) over expenses | (1,890,963)                   | 4,226,961                  | 2,335,998         |
| Net assets released from restriction                                  | 711,688                       | (711,688)                  | -                 |
| Change in net assets  | (1,179,275)                   | 3,515,273                  | 2,335,998         |
| Net assets, beginning of year   | 3,147,911                     | 1,254,758                  | 4,402,669         |
| Net assets, end of year   | \$ 1,968,636                  | \$ 4,770,031               | \$ 6,738,667      |

The accompanying notes are an integral part of these financial statements.

# JOHN BALL ZOO

## Statement of Functional Expenses

Year Ended December 31, 2019

|   | Program Services    |                     |                   |                           |                     | Total               | Supporting Services    |                   | Total               |
|---|---------------------|---------------------|-------------------|---------------------------|---------------------|---------------------|------------------------|-------------------|---------------------|
|   | Guest Services      | Animal Care         | Education         | Institutional Advancement | Zoo Operations      |                     | Management and General | Fundraising       |                     |
| Salaries, wages and benefits                        | \$ 1,395,697        | \$ 2,243,549        | \$ 510,431        | \$ 234,217                | \$ 843,796          | \$ 5,227,690        | \$ 1,292,142           | \$ 491,693        | \$ 7,011,525        |
| Payroll taxes                                       | 96,763              | 135,150             | 33,392            | 15,051                    | 53,841              | 334,197             | 65,068                 | 31,574            | 430,839             |
| Advertising and promotion                           | 970                 | -                   | 185               | 340,791                   | -                   | 341,946             | 775                    | 405               | 343,126             |
| Animal health and nutrition                         | -                   | 304,086             | -                 | -                         | -                   | 304,086             | -                      | -                 | 304,086             |
| Bank, payroll and credit card fees                  | 128,894             | 7,084               | 27,455            | 66,693                    | 4,949               | 235,075             | 18,020                 | 17,513            | 270,608             |
| Computer and internet expense                       | 2,546               | 11,218              | 906               | 7,756                     | 8,597               | 31,023              | 185,778                | 26,875            | 243,676             |
| Conferences and training                            | 16,619              | 32,506              | 4,284             | 1,791                     | 4,473               | 59,673              | 32,308                 | 1,574             | 93,555              |
| Contractual services                                | 33,754              | 32,845              | -                 | 146,431                   | 5,925               | 218,955             | 123,133                | 132,934           | 475,022             |
| Design, printing and photographs                    | 34,918              | -                   | 15,680            | 100,467                   | 50                  | 151,115             | 39,850                 | 62,314            | 253,279             |
| Equipment rental                                    | 16,870              | 327                 | 142               | 200                       | 1,614               | 19,153              | 2,111                  | 5,530             | 26,794              |
| Exhibits  | -                   | -                   | -                 | -                         | 483,974             | 483,974             | -                      | -                 | 483,974             |
| Food purchases                                      | 558,245             | 1,845               | 6,448             | 405                       | 562                 | 567,505             | 19,188                 | 54,444            | 641,137             |
| Gift shop purchases                                 | 362,426             | -                   | -                 | -                         | -                   | 362,426             | -                      | -                 | 362,426             |
| Insurance   | -                   | -                   | -                 | -                         | -                   | -                   | 102,740                | -                 | 102,740             |
| Interest  | 10                  | -                   | 239               | 301                       | -                   | 550                 | 6,158                  | 488               | 7,196               |
| Dues and subscriptions                              | 1,435               | 4,924               | 1,149             | 839                       | 789                 | 9,136               | 27,782                 | 2,487             | 39,405              |
| Miscellaneous                                       | 961                 | 46,531              | 905               | -                         | 8,611               | 57,008              | 15,538                 | 8,018             | 80,564              |
| Postage   | 3                   | 5,357               | 150               | 18,984                    | -                   | 24,494              | 11,471                 | 8,122             | 44,087              |
| Professional and licensing fees                     | 5,021               | 1,545               | -                 | -                         | 546                 | 7,112               | 142,025                | -                 | 149,137             |
| Rent, parking and other occupancy                   | -                   | 19                  | 65                | -                         | -                   | 84                  | 18,852                 | 1,454             | 20,390              |
| Repairs and maintenance                             | 17,084              | 18,371              | -                 | -                         | 661,505             | 696,960             | 10,064                 | -                 | 707,024             |
| Security  | 3,213               | -                   | -                 | -                         | 85,820              | 89,033              | 3,208                  | -                 | 92,241              |
| Small equipment                                     | 23,744              | 36,489              | -                 | 2,247                     | 45,935              | 108,415             | 52,702                 | 525               | 161,642             |
| Supplies  | 120,773             | 83,517              | 12,570            | 988                       | 76,176              | 294,024             | 37,893                 | 5,405             | 337,322             |
| Travel and hospitality                              | 1,887               | 1,306               | 79                | 184                       | 232                 | 3,688               | 23,924                 | 234               | 27,846              |
| Uniforms  | 18,646              | 3,092               | 1,667             | 248                       | 1,944               | 25,597              | 3,487                  | 121               | 29,205              |
| Utilities   | 987                 | 780                 | 730               | 360                       | 594,748             | 597,605             | 14,828                 | 100               | 612,533             |
| Total expenses before depreciation and amortization | 2,841,466           | 2,970,541           | 616,477           | 937,953                   | 2,884,087           | 10,250,524          | 2,249,045              | 851,810           | 13,351,379          |
| Depreciation and amortization                       | 86,834              | 100,150             | 14,429            | 26,486                    | 68,107              | 296,006             | 73,743                 | 21,058            | 390,807             |
| Total expenses                                      | <u>\$ 2,928,300</u> | <u>\$ 3,070,691</u> | <u>\$ 630,906</u> | <u>\$ 964,439</u>         | <u>\$ 2,952,194</u> | <u>\$10,546,530</u> | <u>\$ 2,322,788</u>    | <u>\$ 872,868</u> | <u>\$13,742,186</u> |

The accompanying notes are an integral part of these financial statements.



# JOHN BALL ZOO

## Statement of Functional Expenses

Year Ended December 31, 2018

|  | Program Services    |                     |                   |                           |                     | Supporting Services |                        | Total             |                     |
|--|---------------------|---------------------|-------------------|---------------------------|---------------------|---------------------|------------------------|-------------------|---------------------|
|  | Guest Services      | Animal Care         | Education         | Institutional Advancement | Zoo Operations      | Total               | Management and General |                   | Fundraising         |
| Salaries, wages and benefits                               | \$ 1,066,615        | \$ 2,082,190        | \$ 482,940        | \$ 363,978                | \$ 844,840          | \$ 4,840,563        | \$ 1,302,290           | \$ 274,713        | \$ 6,417,566        |
| Payroll taxes  | 75,024              | 127,100             | 30,655            | 24,014                    | 52,514              | 309,307             | 72,541                 | 16,068            | 397,916             |
| Advertising and promotion                                  | 333                 | -                   | 110               | 254,186                   | -                   | 254,629             | -                      | 8,000             | 262,629             |
| Animal health and nutrition                                | -                   | 274,519             | -                 | -                         | -                   | 274,519             | -                      | -                 | 274,519             |
| Bank, payroll and credit card fees                         | 120,161             | -                   | 12,488            | 13,972                    | 21                  | 146,642             | 37,063                 | 7,626             | 191,331             |
| Computer and internet expense                              | 6,212               | 10,421              | 834               | 162                       | 4,217               | 21,846              | 153,963                | 17,590            | 193,399             |
| Conferences and training                                   | 1,119               | 8,311               | 1,536             | 1,010                     | 2,464               | 14,440              | 16,564                 | 1,102             | 32,106              |
| Contractual services                                       | 141,922             | 10,549              | -                 | 706                       | 882,921             | 1,036,098           | 73,771                 | 105,091           | 1,214,960           |
| Design, printing and photographs                           | 27,377              | -                   | 16,927            | 115,074                   | 85,420              | 244,798             | 32,897                 | 53,400            | 331,095             |
| Equipment rental   | 65                  | 4,767               | 596               | 19,613                    | 12,881              | 37,922              | 1,739                  | -                 | 39,661              |
| Exhibits   | -                   | -                   | -                 | -                         | 881,062             | 881,062             | -                      | -                 | 881,062             |
| Food purchases   | 431,637             | 288                 | 7,135             | 376                       | 591                 | 440,027             | 18,590                 | 45,287            | 503,904             |
| Gift shop purchases  | 336,039             | -                   | -                 | -                         | -                   | 336,039             | -                      | -                 | 336,039             |
| Insurance  | -                   | -                   | -                 | -                         | -                   | -                   | 98,347                 | -                 | 98,347              |
| Interest   | -                   | -                   | -                 | -                         | -                   | -                   | 5,046                  | -                 | 5,046               |
| Dues and subscriptions                                     | 470                 | 4,488               | 2,775             | -                         | 775                 | 8,508               | 26,700                 | 1,054             | 36,262              |
| Miscellaneous  | 1,019               | 730                 | 915               | 16,688                    | 6,658               | 26,010              | 47,976                 | 7,816             | 81,802              |
| Postage  | 99                  | 4,269               | 1,984             | 30,871                    | 57                  | 37,280              | 12,997                 | 8,203             | 58,480              |
| Professional and licensing fees                            | 26,546              | 14,004              | -                 | 4,736                     | 5,664               | 50,950              | 101,385                | 818               | 153,153             |
| Rent, parking and other occupancy                          | -                   | -                   | -                 | -                         | -                   | -                   | 7,066                  | -                 | 7,066               |
| Repairs and maintenance                                    | 7,084               | 2,030               | -                 | -                         | 553,259             | 562,373             | 10,399                 | 247               | 573,019             |
| Small equipment  | 20,318              | 36,328              | -                 | 1,612                     | 15,469              | 73,727              | 53,790                 | 2,841             | 130,358             |
| Supplies   | 31,680              | 58,875              | 14,734            | 9,562                     | 80,462              | 195,313             | 22,042                 | 13,730            | 231,085             |
| Travel and hospitality                                     | 4,840               | 23,586              | 2,563             | 2,243                     | 3,723               | 36,955              | 54,614                 | 2,063             | 93,632              |
| Uniforms   | 10,905              | 1,899               | 1,184             | 369                       | 1,141               | 15,498              | 3,354                  | 14                | 18,866              |
| Utilities  | 1,551               | 3,210               | 1,846             | 3,150                     | 590,786             | 600,543             | 15,289                 | -                 | 615,832             |
| <b>Total expenses before depreciation and amortization</b> | <b>2,311,016</b>    | <b>2,667,564</b>    | <b>579,222</b>    | <b>862,322</b>            | <b>4,024,925</b>    | <b>10,445,049</b>   | <b>2,168,423</b>       | <b>565,663</b>    | <b>13,179,135</b>   |
| <b>Depreciation and amortization</b>                       | <b>42,462</b>       | <b>30,867</b>       | <b>-</b>          | <b>11,431</b>             | <b>270,401</b>      | <b>355,161</b>      | <b>81,492</b>          | <b>458</b>        | <b>437,111</b>      |
| <b>Total expenses</b>                                      | <b>\$ 2,353,478</b> | <b>\$ 2,698,431</b> | <b>\$ 579,222</b> | <b>\$ 873,753</b>         | <b>\$ 4,295,326</b> | <b>\$10,800,210</b> | <b>\$ 2,249,915</b>    | <b>\$ 566,121</b> | <b>\$13,616,246</b> |

The accompanying notes are an integral part of these financial statements.

# JOHN BALL ZOO

## Statements of Cash Flows

|   | Year Ended December 31   |                            |
|---|--------------------------|----------------------------|
|   | 2019                     | 2018                       |
| Cash flows from operating activities  |                          |                            |
| Change in net assets  | \$ 7,631,166             | \$ 2,335,998               |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                          |                            |
| Depreciation and amortization   | 390,807                  | 437,111                    |
| Unrealized (gain) loss on investments   | (159,072)                | 24,507                     |
| (Gain) loss on disposal of assets   | (300)                    | 1,605                      |
| Changes in beneficial interest  | (8,800)                  | 10,681                     |
| Changes in operating assets and liabilities that provided (used) cash:                      |                          |                            |
| Accounts receivable   | (150,492)                | 11,707                     |
| Pledges receivable  | (3,614,485)              | (2,693,114)                |
| Inventory   | 1,562                    | (12,130)                   |
| Prepaid expenses  | (224,832)                | 73,763                     |
| Construction in progress  | (4,613,647)              | 1,006,602                  |
| Accounts payable  | 1,501,424                | (170,204)                  |
| Accrued expenses  | 36,261                   | 26,664                     |
| Deferred income   | 20,565                   | 465                        |
| Net cash provided by operating activities   | <u>810,157</u>           | <u>1,053,655</u>           |
| Cash flows from investing activities  |                          |                            |
| Purchases of property and equipment   | (98,312)                 | (173,725)                  |
| Proceeds from sale of assets  | 300                      | 1,660                      |
| Proceeds from sale of investments   | 2,500,000                | -                          |
| Purchases of investments  | (3,700,000)              | -                          |
| Net cash used in investing activities   | <u>(1,298,012)</u>       | <u>(172,065)</u>           |
| Cash flows used in financing activities   |                          |                            |
| Net line of credit repayments   | <u>(500,000)</u>         | <u>(150,000)</u>           |
| Net (decrease) increase in cash and cash equivalents  | (987,855)                | 731,590                    |
| Cash and cash equivalents, beginning of year  | <u>1,740,512</u>         | <u>1,008,922</u>           |
| Cash and cash equivalents, end of year  | <u><u>\$ 752,657</u></u> | <u><u>\$ 1,740,512</u></u> |
| Supplemental cash flows information   |                          |                            |
| Interest paid   | <u><u>\$ 7,196</u></u>   | <u><u>\$ 5,046</u></u>     |

The accompanying notes are an integral part of these financial statements.

# JOHN BALL ZOO

## Notes to Financial Statements

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

*John Ball Zoo* (the “Zoo”) is a 501(c)(3) and 509(a)(2) nonprofit organization committed to the advancement of public education on the need for wildlife conservation and preservation. On January 1, 2014, Kent County and the John Ball Zoological Society unified their respective operations at the Zoo to create John Ball Zoo. It is mutually agreed that the County shall continue to own the real property, but the Zoo shall operate and maintain such assets and manage all programs listed hereafter. Prior to this date, Kent County managed and operated the Zoo in partnership with the John Ball Zoological Society. In addition, Zoo employees previously employed by Kent County are now employed by John Ball Zoo. Refer to Note 10 for disclosure relating to the Kent County Operating Agreement.

The John Ball Zoo is formed for the following purposes: to advance public education on the need for wildlife conservation and preservation and to support the captive propagation of wild and endangered animal species; and to promote the welfare of the John Ball Zoo and its advancement as a public education institution, as a scientific center, as a natural science and wildlife exhibit and conservation agency, and as a cultural and recreational establishment, dedicated to the enrichment of human and natural resources.

John Ball Zoo's mission is to inspire our community to be actively engaged in the conservation of wildlife and our natural environment.

The Zoo fulfils its mission through the following program services:

*Guest Services:* The Zoo incurs expenses related to the operation and management of its food service, gift shop, visitor experiences and admission sales.

*Animal Care:* The Zoo incurs expenses related to the support in caring for their animal collection. This includes food, veterinary services, animal enrichment, equipment and appropriate staffing.

*Education:* The Zoo offers education programs which include classes, tours, camps, teen programs, scout programs, school programs, family programs, educational exhibit graphics and exhibit interpretation.

*Institutional Advancement:* The Zoo incurs costs related to the operation and management of membership sales, events, promotions and rentals.

*Zoo Operations:* The Zoo incurs expenses related to the management and maintenance of the buildings, equipment, and zoo and park outdoor spaces. This includes repairs, renovations, exhibit development and exhibit construction.

### *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 public support and revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to the allocation of expenses between program and supporting services.

### *Net Asset Classification*

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### *Cash and Cash Equivalents*

The Zoo considers all demand bank deposits, interest bearing bank deposits, and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Zoo has cash in the form of demand deposits and with one bank. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Zoo believes it is impractical to insure all bank deposits. As a result, the Zoo evaluates each financial institution with which it deposits Zoo funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. Management does not believe the Zoo is exposed to any significant interest rate or other financial risk as a result of these deposits.

### *Investments*

Investments are carried at fair value using quoted prices whenever available. Investments are used to support operating cash flows and are classified as a current asset on the statement of financial position, except for endowment fund assets which are included in noncurrent investments. In the case in which quoted market values are not available, such investments are valued at an estimated fair market value. Unrealized increases or decreases resulting from changes in the fair value of investments are included annually in the statement of activities. Realized gains and losses are recorded using specific identification of the assets sold.

Investment return, net of fees is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, distributions from beneficial interest in perpetual trusts, less external investment expenses.

### *Risks and Uncertainties*

The Zoo invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these financial statements.

### *Fair Value Measurements*

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurement, refer to Note 2 to the financial statements.

# JOHN BALL ZOO

## Notes to Financial Statements

### *Beneficial Interest*

The Zoo is the income beneficiary of perpetual trusts held and administered by outside fiscal agents. Under the terms of the trusts, the Zoo has the irrevocable right to receive the income earned on the trusts' assets in perpetuity, but will never receive the assets held in trust. The market value of the trust is recognized as an asset and donor restricted contributed support at the date the trust is established. Distributions from the trust are recorded as investment return, and the carrying value of the assets are adjusted annually for changes in market value.

### Donations and Unconditional Promises to Give

Donations are considered to be without donor restrictions unless specifically restricted by the donor. Donor-restricted donations whose restrictions are met within the same year as received are reflected as the donation is received without donor restrictions in the accompanying financial statements.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, less an allowance for promises estimated to be uncollectible. The gifts are reported as either net assets without donor restrictions or net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets.

### *Revenue Recognition*

#### *Grant Awards*

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

- *Grant awards that are contributions* - Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 958-605. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.
- *Grant awards that are exchange transactions* - Exchange transactions are typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended December 31, 2019 and 2018.

# JOHN BALL ZOO

## Notes to Financial Statements

### *Guest Services Revenue - Retail Sales*

The Zoo recognizes guest revenue from ticket sales at the time of admission. Sales from concessions and gift shops are recognized at the time of sale, point of sale. The sales are reported at the amount that reflects the consideration to which the Zoo expects to be entitled in exchange for providing goods or services to the customer. Customers pay for goods sold on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale. Certain retail transactions provide customer with several direct opportunities that are considered performance obligations:

- The Zoo allows customers to purchase gift certificates on a stand-alone selling price basis. Customers can use the gift certificate to purchase goods in retail locations as if the gift certificate was cash.

The Zoo has reported a liability for its outstanding gift certificates.

### *Millage Funding*

The Zoo is a recipient of a voter approved millage from Kent County for property taxes. The taxes assessed to county residents are for general operations of the Zoo. This is not considered a contract. Monies comes from taxes of the citizens and the Zoo does not have to provide a performance obligation in return. Millage revenue is recognized when earned throughout the fiscal year.

### *Membership Dues*

Annual memberships are offered at posted rates for individuals, families and grandparents. The member pays for and begins receiving membership benefits upfront, and the performance obligation of the exchange element is satisfied over time as the benefits are consumed. Memberships are purchased throughout the year and primarily used by the end of the fiscal year given the seasonality of the Zoo's operations. A portion of membership fees are deferred at year end and will be recognized as membership benefits are consumed.

### *Rental Revenue*

Hospitality rental deposits that are eligible to be refunded upon event cancellation are also reported as deferred revenue until no longer eligible for refund.

### *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from balances outstanding and collateral is not required. Management has reviewed the balances that comprise accounts receivable and determined such balances to be fully collectible. Accordingly, no provision for uncollectible accounts is included in the financial statements. If amounts become uncollectible, a provision for the potential loss will be charged to operations when that determination is made.

# JOHN BALL ZOO

## Notes to Financial Statements

### *Pledges Receivable and Contributions*

The Zoo records as revenue the following types of contributions when they are received unconditionally, at their fair value: cash, promises to give, certain donated services and gifts of long-lived and other assets. Conditional contributions, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor restricted gifts are reported as restricted support in the net asset with donor restrictions category.

### *Inventory*

Inventory, consisting of concession and gift items, is stated at the lower of cost using the first in, first-out (FIFO) method, or net realizable value.

### *Intangible Asset - Liquor License*

The Zoo has capitalized a liquor license in the amount of \$30,000, and is amortizing it on the straight line method over the term of the license (15 years). Amortization expense was \$2,000 for the years ended December 31, 2019 and 2018.

### *Property and Equipment*

Property and equipment are stated at cost or, if donated at fair value, on the date of acquisition. The Zoo capitalizes all expenditures for property and equipment in excess of \$10,000. Additions and improvements are capitalized; expenditures for routine maintenance are charged to operations. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. Depreciation is computed using the straight-line method over their estimated useful lives or the lease term if shorter, which range from 3-20 years.

### *Construction in Progress*

In accordance with industry practice, construction in progress reflects amounts expended for projects and exhibits that are in progress at the end of the Zoo's fiscal year. Such projects and exhibits are generally donated to Kent County upon completion, and will be reflected as an expense in the statement of activities when the project or exhibit is completed, and ownership is transferred to the County.



# JOHN BALL ZOO

## Notes to Financial Statements

### *Animal and Horticultural Collections*

In accordance with industry practice, the Zoo does not capitalize animal and horticultural collections; acquisitions are reported as expenditures in the period of acquisition. The Zoo is responsible for the health and welfare of its animal and horticultural collections. The Zoo maintains records of its collections and any exchanges with other collections that continue to be cared for, used, and expanded.

### *Donated Services*

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. In addition, many other volunteers have contributed significant amounts of time to the Zoo, without compensation. These contributions, although clearly substantial, are not recognized as contributions in the financial statements since the recognition criteria stated above was not met.

### *Advertising Expenses*

Advertising costs are expensed to operations as incurred. Advertising expense was \$343,126 and \$262,629 for the years ended December 31, 2019 and 2018, respectively.

### *Income Taxes*

The Zoo is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) and 509(a)(2) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Zoo's rental income is subject to tax as unrelated business income. The Zoo recorded \$0 in tax expense for this unrelated business activity for the years ended December 31, 2019 and 2018.

The Zoo evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Zoo has no significant unrecognized tax benefits under that criteria. The Zoo's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed (2016 - 2019).

### *Functional Allocation of Expenses*

The costs to provide the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as detailed in the statements of activities and functional expenses.

## Notes to Financial Statements

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Dedicated program support expenses consist primarily of personnel functions and other expenses directly associated with several different programs. Fringe benefits and payroll fees are allocated based on the number of employees. Bank fees are allocated based on budgeted expense. Fees associated with accepting credit card are allocated based on budgeted revenue. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

### *Reclassification*

Certain amounts as reported in the 2018 financial statements have been reclassified to conform with the 2019 presentation.

### *Subsequent Events*

In preparing these financial statements, the Zoo has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2019, the most recent statement of financial position presented herein, through April 23, 2020, the date these financial statements were available to be issued. No significant such events or transactions were identified, except as noted in Note 8.

### *Uncertainty*

Subsequent to year end, a health emergency related to the spread of a contagious virus began disrupting certain supply chains, production, construction, and revenues across a range of industries, resulting in economic uncertainty. These events occurring subsequent to year end, and continuing through the date of this report, could result in an impact on the Zoo's operational and financial performance. As of the date of this report, the Zoo has closed to the public. The extent of the potential impact on the Zoo's future operational and financial performance and financial condition is uncertain.

### *Change in Accounting Principle*

As of January 1, 2019, the Zoo adopted Accounting Standards Update (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides guidance on how to determine whether a contribution is conditional and how to better distinguish a donor-imposed condition from a donor-imposed restriction. The Zoo has applied this ASU on a modified prospective basis and elected to apply the provisions only to agreements that were entered into after the effective date. There was no impact to the timing or amount of revenue recognized as a result of this adoption.

# JOHN BALL ZOO

## Notes to Financial Statements

### 2. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Zoo utilizes fair value measurements to record fair values adjustments to certain assets and to determine fair value disclosures. Investments (including beneficial interests) are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value.

*Beneficial Interest in Assets Held by Others:* Fair value measurements of underlying investments held by a community foundation are based upon quoted prices. The underlying assets cannot be liquidated or redeemed by the Zoo. As such, no quoted prices or active market are available for this asset and the balance of \$96,767 and \$87,997 as of December 31, 2019 and 2018, respectively, is classified as Level 3. As a practical expedient, the carrying value of this asset is equal to the fair value of the underlying investments held by a community foundation.

#### Cash and Cash Equivalents, and Investments

*Money market mutual funds:* Level 1 fair value measurement is based upon the closing price reported on the active market.

*Common stocks:* Level 1 fair value measurement is based upon the closing price reported on the active market in which the individual securities are traded.

*Bonds:* Bonds and debentures valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Zoo 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.

#### *Investments Recorded at Fair Value on a Recurring Basis*

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of December 31:

| 2019                            | Investments at Fair Value |             |             |                     |
|---------------------------------|---------------------------|-------------|-------------|---------------------|
|                                 | Level 1                   | Level 2     | Level 3     | Total               |
| Money market mutual funds       | \$ 1,657,982              | \$ -        | \$ -        | \$ 1,657,982        |
| Common stocks                   | 319,288                   | -           | -           | 319,288             |
| Total investments at fair value | <u>\$ 1,977,270</u>       | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,977,270</u> |

# JOHN BALL ZOO

## Notes to Financial Statements

| 2018                                   | Investments at Fair Value |             |             |                   |
|--|---------------------------|-------------|-------------|-------------------|
|  | Level 1                   | Level 2     | Level 3     | Total             |
| Money market mutual funds              | \$ 170,989                | \$ -        | \$ -        | \$ 170,989        |
| Common stocks                          | 367,581                   | -           | -           | 367,581           |
| Bonds                                  | 79,629                    | -           | -           | 79,629            |
| <b>Total investments at fair value</b> | <b>\$ 618,199</b>         | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 447,210</b> |

Following is a reconciliation of the beneficial interest in assets held by others activity (Level 3) with a fair value based on significant unobservable (non-market) information for the years ended December 31:

|   | 2019             | 2018             |
|---|------------------|------------------|
| Balance, beginning of year                            | \$ 87,997        | \$ 98,678        |
| Net investment gain (loss)                            | 12,830           | (6,706)          |
| Appropriation of beneficial interest for expenditures | (4,030)          | (3,975)          |
| <b>Balance, end of year</b>                           | <b>\$ 96,797</b> | <b>\$ 87,997</b> |

### 3. PLEDGES RECEIVABLE

Pledges receivable are estimated to be collected as follows at December 31:

|                                  | 2019                | 2018                |
|----------------------------------|---------------------|---------------------|
| Receivable in less than one year | \$ 2,001,728        | \$ 818,527          |
| Receivable in one to five years  | 4,586,451           | 2,078,780           |
| Gross pledges receivable         | 6,588,179           | 2,897,307           |
| Less: allowance at 2.75% rate    | (194,180)           | (117,793)           |
| <b>Net pledges receivable</b>    | <b>\$ 6,393,999</b> | <b>\$ 2,779,514</b> |

# JOHN BALL ZOO

## Notes to Financial Statements

### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers for the Zoo for the years ended December 31, 2019 and 2018, is as follows:

|   | 2019                | 2018                |
|---|---------------------|---------------------|
| Guest services - recognized point in time | \$ 5,321,821        | \$ 4,348,042        |
| Memberships - recognized over time        | 1,397,646           | 1,203,512           |
| Total                                     | <u>\$ 6,719,467</u> | <u>\$ 5,551,554</u> |

Guest services (concessions, gift and souvenir sales, and admissions) are recognized at a point in time as control does not transfer to the customer until the point of sale. As discussed in Note 1, certain variable consideration and customer rights have been reported as a contract liability. The exchange portion of memberships are recognized over time as the customer simultaneously receives and consumes the benefit of the services. The Zoo uses both input and output methods to recognize revenue depending on the nature of the services provided.

### 5. CONSTRUCTION IN PROGRESS

During the year ended December 31, 2019, the whistlestop, hospital upgrades, and various other small projects were completed and donated to Kent County in the amount of \$483,974. During the year ended December 31, 2018, the brown barn, upper valley pathway, and various other small projects were completed and donated to Kent County in the amount of \$881,062. The balance of the construction in progress account as of December 31, 2019 and 2018 was \$4,629,819 and \$16,172, respectively, all in the support of the Zoo's 10 year master plan. At December 31, 2019, the Zoo had outstanding commitments through construction contracts of approximately \$5.7 million.

### 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

|                               | 2019                | 2018                |
|-------------------------------|---------------------|---------------------|
| Equipment                     | \$ 5,125,686        | \$ 5,066,386        |
| Computer software             | 81,878              | 81,878              |
| Leasehold improvements        | 73,306              | 41,616              |
| Vehicles                      | 130,990             | 130,990             |
| Total                         | 5,411,860           | 5,320,870           |
| Less accumulated depreciation | (2,813,663)         | (2,432,179)         |
| Net property and equipment    | <u>\$ 2,598,197</u> | <u>\$ 2,888,691</u> |

# JOHN BALL ZOO

## Notes to Financial Statements

### 7. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Zoo maintains an agency endowment fund held by the Grand Rapids Community Foundation (the "Foundation"). The Zoo is the income beneficiary of the fund which had a balance of \$96,797 and \$87,997 at December 31, 2019 and 2018, respectively.

Under this agreement, the Zoo is entitled to spend 5% of the average fair value of the investments over a period of 16 rolling quarters in perpetuity. The Foundation maintains variance power and legal ownership of amounts contributed by the Zoo as a reciprocal donation plus any interest earned, and gains and losses, however, the funds represent assets of the Zoo and are recorded on the statements of financial position. The asset is revalued on an annual basis based on changes in market value. This revaluation, less the spendable portion to which the Zoo is entitled, is treated as unrealized gain or loss on investments in the statements of activities, which is included in investment (loss) income, net.

In addition, individual donations were made to the fund which did not flow through the Zoo to the Foundation; rather the donations were directly received by the Foundation from the donors. In accordance with accounting principles generally accepted in the United States of America, the Zoo has not recorded the fair value of these gifts, which was \$12,625 and \$11,563 at December 31, 2019 and 2018, respectively, as an asset on the Zoo's statements of financial position. The Zoo will record grant distributions received from the fund as contributions in its statements of activities at the time the contributions are received by the Zoo. Contributions recorded were \$4,590 and \$4,475 at December 31, 2019 and 2018, respectively.

### 8. LINE OF CREDIT

The Zoo has an unsecured line of credit in the amount of \$1,500,000 available through September 30, 2020, with interest on borrowings at LIBOR one month floating rate plus 2.40%. The LIBOR rate was 1.76% at December 31, 2019. There were borrowings of \$0 and \$500,000 on the line of credit at December 31, 2019 and 2018, respectively.

On February 5, 2020 the Zoo established a line of credit in the amount of \$4,500,000. The line of credit bears interest on borrowings at LIBOR one month floating rate plus 1.950%. The line of credit matures February 5, 2025.

# JOHN BALL ZOO

## Notes to Financial Statements

### 9. DEFERRED INCOME

Deferred income consists of deferred membership, deferred gift card and advance payments received for future events. The balances in deferred income consist of the following at December 31:

|                          | 2019              | 2018              |
|--------------------------|-------------------|-------------------|
| Deferred membership      | \$ 58,569         | \$ 32,098         |
| Deferred facility rental | 183,004           | 200,498           |
| Deferred gift card       | 30,942            | 19,354            |
| Total deferred income    | <u>\$ 272,515</u> | <u>\$ 251,950</u> |

### 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$7,141,198 and \$4,427,954 as of December 31, 2019 and 2018, respectively. These restrictions are designated for specific exhibits or programs to be built or expended in future years. Net assets with donor restrictions subject to donor-imposed restrictions which are perpetual in nature were \$351,377 and \$342,077 as of December 31, 2019 and 2018, respectively. These restrictions consist of a bequest for the creation of an endowment fund where the income would be used to support operations and beneficial interests in assets held by others. Management is discussing a more specific purpose of the endowment with the donor.

### 11. KENT COUNTY OPERATING AGREEMENT

The Zoo entered into an operating agreement with Kent County for the period January 1, 2014 to December 31, 2034. The operating agreement also provides for two additional 20-year extensions of the contract. The County may terminate the agreement prior to December 31, 2034, under a limited number of default criteria. Under the terms of the operating agreement, the County retains ownership of all real property utilized by the Zoo. The Zoo will operate and maintain such property and manage all related programs that support wildlife conservation, education, and professional animal management of the Zoo. The Zoo leases the real property from the County under an operating lease for \$20 for the entire 20-year term, which was paid in full at the inception of the lease.

Under the terms of the operating agreement, the County provides a management fee to the Zoo for each year of the contract term. No management fee was received or required for the year ended December 31, 2019 or 2018. The County is contracted to provide future management fees of \$2,000,000 per year for the years 2020 through 2034, offset by the voter-approved millage, as stated below.

# JOHN BALL ZOO

## Notes to Financial Statements

On November 8, 2016, a voter-approved millage was passed that will provide funding for the Zoo over the next 10 years. In accordance with the County operating agreement, the management fee will be reduced by the amount of the revenue provided by the millage funding. The Zoo will annually receive one half of the approved 0.44 mill property tax levy to be spent on care of animals, repair and improvement of exhibits and providing enhanced educational programs. For the years ending December 31, 2019 and 2018, the Zoo received millage funding of \$5,125,670 and \$4,730,184 respectively.

### 12. RETIREMENT SAVINGS PLAN

John Ball Zoo sponsors a qualified 401(k) Plan and Trust covering employees who are at least age 21 and who have one year of service (at least 1,000 hours in a twelve month period). Upon eligibility, participants are automatically enrolled for a 3% contribution from his or her compensation. The employee has the option to waive this enrollment. John Ball Zoo's contributions and employer matching contributions are discretionary. For the years ended December 31, 2019 and 2018, the Zoo's contributions were 6% of wages of eligible employees, and the expense was \$252,243 and \$234,954, respectively.

### 13. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Zoo's financial assets available within one year of the statements of financial position date for general expenditures are as follows as of December 31:

|  | 2019              | 2018              |
|--|-------------------|-------------------|
| Cash and cash equivalents  | \$ 752,657        | \$ 1,740,512      |
| Investments  | 1,722,690         | 364,119           |
| Accounts receivable  | 152,973           | 2,481             |
| Pledges receivable, current portion  | 2,001,728         | 818,527           |
| Total financial assets available within one year                                       | 4,630,048         | 2,925,639         |
| Less: Amounts unavailable for general expenditures within one year, due to:            |                   |                   |
| Pledges receivable related to the capital campaign                                     | (2,001,728)       | (818,527)         |
| Restricted by donors with purpose restrictions included above                          | (1,863,215)       | (1,618,643)       |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 765,105</u> | <u>\$ 488,469</u> |



# JOHN BALL ZOO

## Notes to Financial Statements

The Zoo has \$765,105 and \$488,469 as of December 31, 2019 and 2018, respectively, in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Pledges receivable are subject to implied time restrictions but are expected to be collected within one year. The Zoo manages its liquidity required to meet its operating needs while also trying to maximize the investment of its available funds. To help manage unanticipated liquidity needs, the Zoo has a line of credit with maximum borrowings of \$1,500,000, which it could draw upon. As part of the Zoo's liquidity plan, millage, admissions, membership and park operations revenue is available for general expenditures, without donor or other restrictions limiting their use, within one year of the financial position date.

### 14. RISK MANAGEMENT AND BENEFITS

Effective January 1, 2019 the Zoo is self-insured for claims relating to medical benefits. The Zoo estimates the liability for employee medical claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the statements.

The Zoo maintains a self-insurance program for employee health insurance with Priority Health. The program is administered by Priority Health. Premiums are paid based on a fixed rate established each year; monies are then advanced to Priority Health to pay claims and administrative costs.

Changes in the balances of estimated liabilities during 2019 as follows:

|   | 2019              |
|---|-------------------|
| Health insurance  |                   |
| Estimated liability, January 1                            | \$ -              |
| Estimated claims incurred, including changes in estimates | 589,679           |
| Claim payments  | <u>441,925</u>    |
| Estimated liability, December 31                          | <u>\$ 147,754</u> |

# JOHN BALL ZOO

## Notes to Financial Statements

### 15. LEASES

Effective September 1, 2019 the Zoo entered into a lease agreement for a facility for administrative office space. The expense is recorded in management and general as rent, parking and other occupancy. Lease expense for the year ended December 31, 2019 was \$11,367. Future minimum lease payments on noncancelable lease terms having initial or remaining lease terms of one year or more are as follows for the years subsequent to December 31, 2019:

| Year Ended<br>December 31 | Amount            |
|---------------------------|-------------------|
| 2020                      | \$ 34,100         |
| 2021                      | 34,100            |
| 2022                      | 34,100            |
| 2023                      | 34,100            |
| 2024                      | <u>22,736</u>     |
| Total                     | <u>\$ 159,136</u> |

