



**TULSA ZOO MANAGEMENT, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Tulsa Zoo Management, Inc.

We have audited the accompanying financial statements of Tulsa Zoo Management, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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.

### Auditor's 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 audits 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 our 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, we consider 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 Tulsa Zoo Management, Inc. as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Tulsa, Oklahoma  
December 4, 2018

**TULSA ZOO MANAGEMENT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,589,263	\$ 1,700,871
Accounts receivable	330,600	561,939
Short-term investments	2,008,909	500,203
Contributions receivable	652,317	1,772,558
Prepaid expenses and other	218,640	143,123
Total current assets	4,799,729	4,678,694
Property and equipment, net	121,960	238,544
Contributions receivable, net	2,941,214	1,894,618
Certificates of deposit	1,750,000	2,515,615
Investments	3,904,756	3,725,180
Total assets	\$ 13,517,659	\$ 13,052,651
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,578,531	\$ 2,099,978
Deferred revenue	259,003	103,458
Custodial accounts	6,811	6,794
Current maturities of long-term debt	2,329,688	2,563,426
Total current liabilities	4,174,033	4,773,656
Long-term debt, net of current maturities	-	1,946,000
Total liabilities	4,174,033	6,719,656
Net assets:		
Unrestricted:		
Undesignated	2,188,621	1,201,061
Board-designated - endowment	4,264,119	3,922,025
Total unrestricted	6,452,740	5,123,086
Temporarily restricted	2,890,886	1,209,909
Total net assets	9,343,626	6,332,995
Total liabilities and net assets	\$ 13,517,659	\$ 13,052,651

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2018**  
**(with comparative totals from the year ended June 30, 2017)**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenues from operations</b>				
Management fee revenue	\$ 6,071,344	\$ -	\$ 6,071,344	\$ 5,938,832
Admissions	2,301,505	-	2,301,505	2,221,072
Memberships	1,686,988	-	1,686,988	1,683,466
Train and carousel	593,521	-	593,521	559,266
Private events	1,240,799	-	1,240,799	1,043,695
Food sales	481,757	-	481,757	466,752
Temporary exhibits and events	146,859	-	146,859	172,214
Gift sales	271,195	-	271,195	235,896
Other	1,366,430	-	1,366,430	253,133
Contributions	-	-	-	29
In-kind contributions	-	90,920	90,920	15,989
Net investment income	63,616	-	63,616	29,748
Net assets released from restrictions	1,379,774	(1,379,774)	-	-
<b>Total revenues from operations</b>	<b>15,603,788</b>	<b>(1,288,854)</b>	<b>14,314,934</b>	<b>12,620,092</b>
<b>Expenses</b>				
Program services expense	9,831,814	-	9,831,814	8,914,946
Supporting services expense:				
General and administrative	2,703,161	-	2,703,161	2,580,773
Fundraising and development	401,761	-	401,761	383,953
<b>Total supporting services expense</b>	<b>3,104,922</b>	<b>-</b>	<b>3,104,922</b>	<b>2,964,726</b>
<b>Total expenses</b>	<b>12,936,736</b>	<b>-</b>	<b>12,936,736</b>	<b>11,879,672</b>
<b>Total increase (decrease) from operations</b>	<b>2,667,052</b>	<b>(1,288,854)</b>	<b>1,378,198</b>	<b>740,420</b>
<b>Income (loss) from nonoperations</b>				
Contributions	-	2,812,897	2,812,897	3,583,109
Gross special events revenue	-	408,024	408,024	528,150
Less: cost of direct benefit to donors	-	(251,090)	(251,090)	(221,845)
<b>Net special events revenue</b>	<b>-</b>	<b>156,934</b>	<b>156,934</b>	<b>306,305</b>
Expenses for capital projects (Note 9)	(1,679,053)	-	(1,679,053)	(13,870,646)
Net investment gain	341,655	-	341,655	484,280
<b>Total increase (decrease) from nonoperations</b>	<b>(1,337,398)</b>	<b>2,969,831</b>	<b>1,632,433</b>	<b>(9,496,952)</b>
<b>Change in net assets</b>	<b>1,329,654</b>	<b>1,680,977</b>	<b>3,010,631</b>	<b>(8,756,532)</b>
Net assets, beginning of year	5,123,086	1,209,909	6,332,995	15,089,527
<b>Net assets, end of year</b>	<b>\$ 6,452,740</b>	<b>\$ 2,890,886</b>	<b>\$ 9,343,626</b>	<b>\$ 6,332,995</b>

See notes to financial statements.

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Revenues from operations</b>			
Management fee revenue	\$ 5,938,832	\$ -	\$ 5,938,832
Admissions	2,221,072	-	2,221,072
Memberships	1,683,466	-	1,683,466
Train and carousel	559,266	-	559,266
Private events	1,043,695	-	1,043,695
Food sales	466,752	-	466,752
Temporary exhibits and events	172,214	-	172,214
Gift sales	235,896	-	235,896
Other	253,133	-	253,133
Contributions	29	-	29
In-kind contributions	15,989	-	15,989
Net investment income	29,748	-	29,748
Net assets released from restrictions	11,655,964	(11,655,964)	-
Total revenues from operations	24,276,056	(11,655,964)	12,620,092
<b>Expenses</b>			
Program services expense	8,914,946	-	8,914,946
Supporting services expense:			
General and administrative	2,580,773	-	2,580,773
Fundraising and development	383,953	-	383,953
Total supporting services expense	2,964,726	-	2,964,726
Total expenses	11,879,672	-	11,879,672
Total increase (decrease) from operations	12,396,384	(11,655,964)	740,420
<b>Income (loss) from nonoperations</b>			
Contributions	-	3,583,109	3,583,109
Gross special events revenue	-	528,150	528,150
Less: cost of direct benefit to donors	-	(221,845)	(221,845)
Net special events revenue	-	306,305	306,305
Expenses for capital projects (Note 9)	(13,870,646)	-	(13,870,646)
Net investment gain	484,280	-	484,280
Total increase (decrease) from nonoperations	(13,386,366)	3,889,414	(9,496,952)
Change in net assets	(989,982)	(7,766,550)	(8,756,532)
Net assets, beginning of year	6,113,068	8,976,459	15,089,527
Net assets, end of year	<u>\$ 5,123,086</u>	<u>\$ 1,209,909</u>	<u>\$ 6,332,995</u>

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENTS OF CASH FLOWS**

**Years ended June 30, 2018 and 2017**

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 3,010,631	\$ (8,756,532)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	190,433	226,113
Contributions restricted for long-term purposes	(2,812,897)	(3,583,109)
Noncash distributions	-	185,664
Noncash transfer to City of Tulsa for capital projects (Note 9)	1,679,053	13,870,646
Net gain on endowment fund investments	(264,649)	(450,252)
Changes in operating assets and liabilities:		
Accounts receivable	231,339	(345,329)
Contributions receivable, net	1,709,947	15,447
Prepaid expenses and other	(75,517)	(43,151)
Accounts payable and accrued liabilities	(521,447)	604,664
Deferred revenue	155,545	15,156
Custodial accounts	17	(4,953)
Net cash provided by operating activities	3,302,455	1,734,364
<b>Cash Flows from Investing Activities</b>		
Purchase of short-term investments	(1,489,344)	(146,866)
Maturity of certificates of deposit	746,253	2,685,541
Sales of investments	837,678	3,420,626
Purchases of investments	(752,605)	(3,384,694)
Payments for capital projects (Note 9)	(1,679,053)	(13,870,646)
Purchases of property and equipment	(73,849)	(2,708)
Net cash used in investing activities	(2,410,920)	(11,298,747)
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term borrowings	1,258,927	4,509,426
Contributions restricted for long-term purposes	1,176,595	3,629,608
Payments on long-term debt	(3,438,665)	-
Net cash provided by (used in) financing activities	(1,003,143)	8,139,034
Net change in cash and cash equivalents	(111,608)	(1,425,349)
Cash and cash equivalents, beginning of year	1,700,871	3,126,220
Cash and cash equivalents, end of year	\$ 1,589,263	\$ 1,700,871
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	\$ 149,772	\$ 26,903
Noncash transfers to City of Tulsa for property and equipment	\$ -	\$ 185,664
Noncash transfers to City of Tulsa for capital projects	\$ 1,679,053	\$ 13,870,646

See notes to financial statements.

**TULSA ZOO MANAGEMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018 and 2017**

**Note 1 – Nature of Operations**

Tulsa Zoo Management, Inc. (TZMI) is a nonprofit organization formed for the purposes of promoting and supporting the improvement of the Tulsa Zoo and Living Museum (the Zoo). TZMI entered into an agreement with the City of Tulsa (the City), whereby TZMI operates the Zoo under a management agreement. Under this management agreement, TZMI retains all gate admissions, the City pays TZMI a management fee and a portion of its utilities in exchange for operating the Zoo. The City retains ownership of the Zoo grounds and buildings while the employees working at the Zoo are employees of TZMI.

**Note 2 – Summary of Significant Accounting Policies**

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements reflect the activities of TZMI as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted Net Assets* – Net assets not subject to donor-imposed restrictions and available for purposes consistent with TZMI's mission. Revenues are generally reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Investment returns generated by unrestricted funds are classified as changes in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed restrictions that must be met by actions of TZMI and/or the passage of time. Contributed assets normally fund specific expenditures of an operating or capital nature. Temporarily restricted contributions received and expended within the same fiscal year are reported as increases in temporarily restricted net assets and net assets released from restrictions, respectively, in the statement of activities.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed restrictions requiring that they be maintained permanently by TZMI. There were no permanently restricted net assets at June 30, 2018 or 2017.

Cash and cash equivalents

Cash and cash equivalents include cash and unrestricted highly liquid investments with original maturities less than 90 days. Typically, such balances are in excess of the Federal Deposit Insurance Corporation insurance limit of \$250,000.

Receivables and credit policies

Accounts receivable consist primarily of noninterest-bearing amounts due for rental fees from private events on Zoo premises and TZMI's share of gift shop and concession revenue due from the third-party operator. An allowance for uncollectible accounts receivable, when deemed necessary, is based on



historical experiences, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. No allowance for uncollectible accounts receivable was deemed necessary at June 30, 2018 or 2017.

#### Short-term investments

Certificates of deposit and other securities having maturities of more than three months when purchased but less than a year are reported at cost plus accrued interest.

#### Contributions receivable

Contributions receivable represents promises to fund planned campaigns, including the acquisition of various buildings, improvements and exhibits. Contributions receivable expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. No allowance for uncollectible contributions receivable was deemed necessary at June 30, 2018 or 2017.

#### Property and equipment

Property and equipment are stated at purchased cost or estimated fair value at date of donation. Additions in excess of \$1,000 are capitalized, whereas the cost of repairs and maintenance are charged to expense as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

#### Investments

Management records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain (loss) is reported in general revenue in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses and various investment fees.

#### Revenue and revenue recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

#### Donated services and in-kind contributions

Volunteers contribute significant amounts of time to TZMI's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. Such donated professional services are recorded as temporarily restricted in-kind contributions revenue and in the appropriate expense category. Revenues from contributed services amounted to approximately \$89,000 and \$100,000 during the years ended June 30, 2018 and 2017, respectively.

### Advertising costs

Advertising costs are expensed as incurred and approximated \$360,000 and \$305,000 during the years ended June 30, 2018 and 2017, respectively.

### Allocation of functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions.

### Income taxes

TZMI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not considered a private foundation under Section 509(a) of the Code. As a result, as long as TZMI maintains its tax exemption, it will not be subject to income tax.

### Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported results of operations or net assets.

### Subsequent events

Management has performed an evaluation of subsequent events through December 4, 2018, which is the date financial statements were made available for issuance.

### New accounting pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU simplifies and improves how a not-for-profit entity classifies its net assets, as well as the information it presents in financial statements and notes concerning liquidity, financial performance and cash flows. Among other requirements, this ASU primarily requires not-for-profits to present on the face of the statement of financial position amounts for two classes of net assets (i.e., net assets with donor restrictions and net assets without donor restrictions rather than the currently required three classes. ASU-2016-14 is to be applied retrospectively, and is effective for years beginning after December 15, 2017, with early adoption permitted. TZMI will be evaluating the impact this standard will have on its financial statements and related disclosures.

### Note 3 – Fair Value Measurements

The fair value measurement standards establish a consistent framework for measuring fair value and establish a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities.
- Level 2 – other significant observable inputs (including quoted prices for similar securities).
- Level 3 – significant unobservable inputs (including TZMI's own assumptions in determining the value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

The following is a summary of the inputs used as of June 30, in valuing TZMI securities held within the Endowment carried at fair value:

	Fair Value Measurement at June 30, 2018			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Bond funds	\$ 575,063	\$ 575,063	\$ -	\$ -
Equity funds	3,250,109	3,250,109	-	-
Beneficial interest in Tulsa Community Foundation	79,584	-	79,584	-
Total investments at fair value	<u>\$ 3,904,756</u>	<u>\$ 3,825,172</u>	<u>\$ 79,584</u>	<u>\$ -</u>
	Fair Value Measurement at June 30, 2017			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Bond funds	\$ 571,440	\$ 571,440	\$ -	\$ -
Equity funds	3,079,646	3,079,646	-	-
Beneficial interest in Tulsa Community Foundation	74,094	-	74,094	-
Total investments at fair value	<u>\$ 3,725,180</u>	<u>\$ 3,651,086</u>	<u>\$ 74,094</u>	<u>\$ -</u>

Beneficial interest in assets held by others (Beneficial Interest) at Tulsa Community Foundation (the Foundation) is measured at fair value using Level 2 inputs. Since the Foundation maintains variance power for the beneficial interest it holds, there is no potential market for the Beneficial Interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the Beneficial Interest. The underlying investments include cash equivalents, fixed income, equity funds and alternative investments securities. The fair values of the underlying investments are based on quoted prices from active markets.

TZMI has established an endowment (the Endowment) to be used at the discretion of TZMI's Board of Directors. The principal objective of the Endowment is to preserve the purchasing power, and to provide a growing stream of cash distributions to fund the operation and development of the Zoo. The Endowment is expected to attain an average annual real (inflation-adjusted) total return of 5% to 7% over most five-year periods. The Endowment shall be diversified so as to minimize the risk of large losses,

unless under circumstances it is clearly not prudent to do so. Fund managers should make reasonable efforts to preserve capital and control risk. The endowment funds are handled consistently with TZMI's overall investment philosophy, which, in general, is an allocation of 20% fixed income securities, 10% international equity investments, and 70% domestic equity investments. Distributions are allowed up to 4% of the trailing three-year average market value of the endowment portfolio. At June 30, 2018, board-designated endowment assets consisted of \$229,362 in cash and investments valued at \$3,904,756. At June 30, 2017, board-designated endowment assets consisted of \$196,844 in cash and investments valued at \$3,725,180.

Changes in investments for the years ended June 30 are as follows:

	2018	2017
Balance, beginning of year	\$ 3,725,180	\$ 3,310,860
Disbursements	(130,000)	(79,302)
Interest and dividend income	66,477	61,723
Net unrealized gain	93,717	397,514
Net realized gain	170,932	52,738
Investment fees	(21,550)	(18,353)
Balance, end of year	<u>\$ 3,904,756</u>	<u>\$ 3,725,180</u>

#### Note 4 – Contributions Receivable

Contributions receivable are estimated to be collected as follows at June 30:

	2018	2017
Within one year	\$ 652,317	\$ 1,772,558
In one to five years	1,191,214	1,446,379
Over five years	1,750,000	500,000
	3,593,531	3,718,937
Less discount	-	(51,761)
	<u>\$ 3,593,531</u>	<u>\$ 3,667,176</u>

Two donors accounted for approximately 83% of total contributions receivable at June 30, 2018. Three donors accounted for approximately 72% of total contributions receivable at June 30, 2017.

#### Note 5 – Property and Equipment

Property and equipment consists of the following at June 30:

	2018	2017	Years
Equipment	\$ 1,538,667	\$ 1,464,818	3-10
Train and accessories	534,782	534,782	3-10
	2,073,449	1,999,600	
Less accumulated depreciation	1,951,489	1,761,056	
	<u>\$ 121,960</u>	<u>\$ 238,544</u>	

## Note 6 – Debt

Debt consists of the following at June 30:

	2018	2017
Promissory note - construction	\$ -	\$ 2,009,426
Promissory note	2,329,688	2,500,000
Less current maturities	(2,329,688)	(2,563,426)
Long-term debt, net current maturities	<u>\$ -</u>	<u>\$ 1,946,000</u>

On January 31, 2017, TZMI entered into a promissory note with a bank to facilitate construction of an exhibit up to \$3,600,000 and annual payments based upon the payment of contributions for the related exhibit, including interest at the London Interbank Offered Rate (LIBOR) plus 2.75% (4.84% at June 30, 2018), maturing January 31, 2024. The loan was secured by any payments and contributions receivable for the related exhibit. The loan was fully repaid in 2018.

On October 13, 2016, TZMI entered into a promissory note with a bank to facilitate construction of an exhibit for \$2,500,000 requiring monthly interest-only payments at LIBOR plus 1.42% (3.51% at June 30, 2018). The agreement was amended October 12, 2017, and matured on October 11, 2018. The agreement was again amended on October 11, 2018, and the unpaid balance matures October 10, 2019. The loan is secured by the Endowment.

## Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted to the following projects at June 30:

	2018	2017
Memorials	\$ 48,400	\$ 27,615
Education	1,554	551
Coca-Cola donations/capital projects	6,771	6,771
Lost Kingdom	-	170,413
STEM Alliance	2,500	2,500
Rain Garden	438	438
YOT Full Circle	10,000	-
Osage Casino Giraffe Exhibit Expansion	-	996,620
IEF Grant	9,062	5,001
Carnivores	1,593,542	-
Carnivores Playground	1,218,619	-
Total temporarily restricted net assets	<u>\$ 2,890,886</u>	<u>\$ 1,209,909</u>

## Note 8 – Retirement Plan

TZMI has adopted a retirement plan (the Plan) qualified under Section 401(k) of the Code. The Plan provides that eligible employees, as defined by the Plan, who have attained the age of 21, are not temporary employees, and completed 30 days of service may voluntarily contribute to the Plan up to the maximum amount allowed by the Internal Revenue Service. TZMI matches 50% of an employee's contribution up to a maximum of 3% of eligible employee compensation, resulting in retirement plan expenses for the years ended June 30, 2018 and 2017, of approximately \$114,000 and \$86,000, respectively.

In addition to matching contributions, TZMI can elect to contribute a portion of its profits to its eligible employees based on the percentage of an eligible employee's wages to the total of all eligible wages. There were no additional profit sharing contributions made by TZMI for the years ended June 30, 2018 or 2017.

In 2018, TZMI has adopted a Deferred Contribution Plan under Section 457(b) of the Code. It is open for certain highly paid employees and TZMI can elect to contribute to its eligible employees. As of June 30, 2018, TZMI has contributed approximately \$8,500 to the Deferred Contribution Plan.

**Note 9 – Related Party Transactions**

In the course of carrying out its obligations under the management agreement, certain real and personal property owned by the City is made available to TZMI. Such property includes the TZMI administrative offices, admission facilities, food and gift concession buildings, and train ride equipment. In some cases, TZMI has funded all or a part of these facilities. The City charges no rental fee for making these facilities available to TZMI.

The following table summarizes TZMI's expenses for capital projects on behalf of the Zoo during the years ended June 30:

	2018	2017
Zoo improvements	\$ -	\$ 1,084,524
Lost Kingdom	645,906	12,490,534
Osage Casino Giraffe	1,000,817	-
Rhino exhibit	-	10,400
Saint John's	-	234,894
Other	32,330	50,294
	\$ 1,679,053	\$ 13,870,646