



TULSA ZOO MANAGEMENT, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, Tulsa Zoo Management, Inc. adopted Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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, 2019 and 2018, 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
October 14, 2019

TULSA ZOO MANAGEMENT, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,142,789	\$ 1,589,263
Accounts receivable	316,559	330,600
Short-term investments	1,000,000	2,008,909
Contributions receivable, net	1,055,801	652,317
Prepaid expenses and other	205,624	218,640
	5,720,773	4,799,729
Property and equipment, net	121,271	121,960
Contributions receivable, net	3,127,500	2,941,214
Certificates of deposit	750,000	1,750,000
Investments	2,807,764	3,904,756
	\$ 12,527,308	\$ 13,517,659
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,150,873	\$ 1,578,531
Deferred revenue	108,692	259,003
Custodial accounts	6,668	6,811
Current maturities of long-term debt	-	2,329,688
	1,266,233	4,174,033
Net assets:		
Without donor restrictions:		
Undesignated	3,440,618	1,453,621
Board-designated - operating reserve	735,000	735,000
Board-designated - endowment	2,925,207	4,264,119
	7,100,825	6,452,740
Net assets with donor restrictions	4,160,250	2,890,886
	11,261,075	9,343,626
Total liabilities and net assets	\$ 12,527,308	\$ 13,517,659

TULSA ZOO MANAGEMENT, INC.

STATEMENT OF ACTIVITIES

**Year ended June 30, 2019
(with comparative totals from the year ended June 30, 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues from operations				
Management fee revenue	\$ 6,221,133	\$ -	\$ 6,221,133	\$ 6,071,344
Admissions	1,941,827	-	1,941,827	2,301,505
Memberships	1,757,534	-	1,757,534	1,686,988
Train and carousel	489,291	-	489,291	593,521
Private events	1,153,416	-	1,153,416	1,240,799
Food sales	415,010	-	415,010	481,757
Temporary exhibits and events	197,198	-	197,198	146,859
Gift sales	224,732	-	224,732	271,195
Other	1,035,063	-	1,035,063	1,366,430
In-kind contributions	-	108,012	108,012	90,920
Net investment income	83,115	-	83,115	63,616
Net assets released from restrictions	1,191,370	(1,191,370)	-	-
Total revenues from operations	14,709,689	(1,083,358)	13,626,331	14,314,934
Expenses				
Program services expense	10,244,337	-	10,244,337	9,831,814
Supporting services expense:				
General and administrative	2,498,324	-	2,498,324	2,703,161
Fundraising and development	510,845	-	510,845	401,761
Total supporting services expense	3,009,169	-	3,009,169	3,104,922
Total expenses	13,253,506	-	13,253,506	12,936,736
Total increase (decrease) from operations	1,456,183	(1,083,358)	372,825	1,378,198
Income (loss) from nonoperations				
Contributions	-	2,194,852	2,194,852	2,812,897
Gross special events revenue	-	435,608	435,608	408,024
Less: cost of direct benefit to donors	-	(277,738)	(277,738)	(251,090)
Net special events revenue	-	157,870	157,870	156,934
Expenses for capital projects (Note 10)	(1,172,609)	-	(1,172,609)	(1,679,053)
Net investment gain	364,511	-	364,511	341,655
Total increase (decrease) from nonoperations	(808,098)	2,352,722	1,544,624	1,632,433
Change in net assets	648,085	1,269,364	1,917,449	3,010,631
Net assets, beginning of year	6,452,740	2,890,886	9,343,626	6,332,995
Net assets, end of year	\$ 7,100,825	\$ 4,160,250	\$ 11,261,075	\$ 9,343,626

TULSA ZOO MANAGEMENT, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues from operations			
Management fee revenue	\$ 6,071,344	\$ -	\$ 6,071,344
Admissions	2,301,505	-	2,301,505
Memberships	1,686,988	-	1,686,988
Train and carousel	593,521	-	593,521
Private events	1,240,799	-	1,240,799
Food sales	481,757	-	481,757
Temporary exhibits and events	146,859	-	146,859
Gift sales	271,195	-	271,195
Other	1,366,430	-	1,366,430
Contributions	-	-	-
In-kind contributions	-	90,920	90,920
Net investment income	63,616	-	63,616
Net assets released from restrictions	1,379,774	(1,379,774)	-
Total revenues from operations	15,603,788	(1,288,854)	14,314,934
Expenses			
Program services expense	9,831,814	-	9,831,814
Supporting services expense:			
General and administrative	2,703,161	-	2,703,161
Fundraising and development	401,761	-	401,761
Total supporting services expense	3,104,922	-	3,104,922
Total expenses	12,936,736	-	12,936,736
Total increase (decrease) from operations	2,667,052	(1,288,854)	1,378,198
Income (loss) from nonoperations			
Contributions	-	2,812,897	2,812,897
Gross special events revenue	-	408,024	408,024
Less: cost of direct benefit to donors	-	(251,090)	(251,090)
Net special events revenue	-	156,934	156,934
Expenses for capital projects (Note 10)	(1,679,053)	-	(1,679,053)
Net investment gain	341,655	-	341,655
Total increase (decrease) from nonoperations	(1,337,398)	2,969,831	1,632,433
Change in net assets	1,329,654	1,680,977	3,010,631
Net assets, beginning of year	5,123,086	1,209,909	6,332,995
Net assets, end of year	\$ 6,452,740	\$ 2,890,886	\$ 9,343,626

TULSA ZOO MANAGEMENT, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Changes in net assets	\$ 1,917,449	\$ 3,010,631
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	90,415	190,433
Contributions restricted for long-term purposes	(2,194,852)	(2,812,897)
Noncash transfer to City of Tulsa for capital projects (Note 10)	1,172,609	1,679,053
Net gain on endowment fund investments	(222,404)	(264,649)
Changes in operating assets and liabilities:		
Accounts receivable	14,041	231,339
Contributions receivable, net	879,541	1,709,947
Prepaid expenses and other	13,016	(75,517)
Accounts payable and accrued liabilities	(427,658)	(521,447)
Deferred revenue	(150,311)	155,545
Custodial accounts	(143)	17
Net cash provided by operating activities	1,091,703	3,302,455
Cash Flows from Investing Activities		
Purchase of short-term investments	(393,279)	(1,489,344)
Maturity of certificates of deposit	2,402,188	746,253
Sales of investments	6,206,400	837,678
Purchases of investments	(4,887,004)	(752,605)
Payments for capital projects (Note 10)	(1,172,609)	(1,679,053)
Purchases of property and equipment	(89,726)	(73,849)
Net cash provided by (used in) investing activities	2,065,970	(2,410,920)
Cash Flows from Financing Activities		
Proceeds from long-term borrowings	-	1,258,927
Contributions restricted for long-term purposes	725,541	1,176,595
Payments on long-term debt	(2,329,688)	(3,438,665)
Net cash used in financing activities	(1,604,147)	(1,003,143)
Net change in cash and cash equivalents	1,553,526	(111,608)
Cash and cash equivalents, beginning of year	1,589,263	1,700,871
Cash and cash equivalents, end of year	\$ 3,142,789	\$ 1,589,263
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 56,442	\$ 149,772
Noncash transfers to City of Tulsa for capital projects	\$ 1,172,609	\$ 1,679,053

See notes to financial statements.

TULSA ZOO MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

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 presentation

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 presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires the presentation of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

Descriptions of the two net asset categories and the types of transactions off-setting each category are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The governing board has designated, from net assets without donor restrictions, net assets for board designated purposes. Board designated net assets are subject to self-imposed limits by action of the Board of Directors. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of property and equipment, or other uses.

With donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and may or will be met by expenditures or actions of TZMI, or by the passage of time. TZMI reports gifts of cash and other assets as revenue with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as released from restrictions.

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 may be 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, 2019 or 2018.

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. The allowance for uncollectible contributions receivables was \$11,100 at June 30, 2019. There was no allowance at June 30, 2018.

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.

Contributions restricted by donors are recorded as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

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 generally accepted accounting principles. 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 donor restricted in-kind contributions revenue and in the appropriate expense category. Revenues from contributed services amounted to approximately \$108,000 and \$89,000 during the years ended June 30, 2019 and 2018, respectively.

Advertising costs

Advertising costs are expensed as incurred and approximated \$481,000 and \$360,000 during the years ended June 30, 2019 and 2018, 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 October 14, 2019, which is the date financial statements were made available for issuance.

Recently adopted accounting pronouncement

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* which provides more relevant information about available resources (and the changes in those resources) to donors, grantors, creditors and other users. The most significant aspects of the ASU are as follows: (1) it decreases the number of net asset classes from three (unrestricted, temporarily restricted and permanently restricted) to two classes of net assets (with donor

restrictions and without donor restrictions), (2) requires reporting of underwater amounts of donor restricted endowment funds in net assets with donor restrictions and enhances disclosures about underwater endowments, (3) requires specific quantitative and qualitative disclosures of how an entity manages its liquid available resources to meet cash needs for general expenditures within one year and the availability of a nonprofit's financial assets to meet cash needs for general expenditures within one year, (4) requires reporting of expenses by nature and function, as well as an analysis of the allocation of these expenses, and (5) it requires investment returns to be presented net of external and direct internal investment expenses. ASU 2016-14 was adopted on a retrospective basis in 2019. As a result, in this 2019 presentation, the TZMI expanded its disclosures on liquidity as required by this ASU (See Note 3).

Accounting pronouncement not yet adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accordance with U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The FASB has since issued several additional amendments to this guidance. In July 2015, the FASB approved a one-year deferral of the effective date of the new standard. The effective date of the amended standard for TMZI was July 1, 2019. TMZI has not yet evaluated the impact this standard will have on its financial statement and related disclosures.

Note 3 – Financial Assets and Liquidity Resources

TZMI's financial assets available within one year of the statement of financial position date for general expenditures as of June 30, are as follows:

	2019	2018
Assets:		
Cash and cash equivalents	\$ 3,142,789	\$ 1,589,263
Accounts receivable	316,559	330,600
Certificates of deposits	1,000,000	2,008,909
Contributions receivable	1,055,801	652,317
	<hr/>	<hr/>
Total financial assets available within one year	5,515,149	4,581,089
Less:		
Amounts unavailable for general expenditures within one year due to:		
Board designated cash and cash equivalents	(778,196)	(79,636)
Donor restricted contributions receivable	(1,049,801)	(652,317)
	<hr/>	<hr/>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,687,152</u>	<u>\$ 3,849,136</u>

As part of TZMI's liquidity management, it structures its financial assets to be available as its general expenditures, such as operating expenses, and other obligations come due. TZMI is dependent upon collection of current period revenues, primarily management fees, admission and memberships to fund operations. In addition, the Board has designated funds to function as an endowment, that could be used for operations upon a vote of the Board, although TZMI has no plans to do so.

Note 4 – 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, 2019			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Bond funds	\$ 427,666	\$ 427,666	\$ -	\$ -
Equity funds	2,300,146	2,300,146	-	-
Beneficial interest in Tulsa				
Community Foundation	79,952	-	79,952	-
Total investments at fair value	<u>\$ 2,807,764</u>	<u>\$ 2,727,812</u>	<u>\$ 79,952</u>	<u>\$ -</u>
	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>

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 so diversified 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, 2019, board-designated endowment assets consisted of \$117,443 in cash and investments valued at \$2,807,764. At June 30, 2018, board-designated endowment assets consisted of \$229,362 in cash and investments valued at \$3,904,756.

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

	2019	2018
Balance, beginning of year	\$ 3,904,756	\$ 3,725,180
Purchases	200,000	-
Disbursements	(1,577,844)	(130,000)
Interest and dividend income	78,819	66,477
Net unrealized gain (loss)	(250,902)	93,717
Net realized gain	473,306	170,932
Investment fees	(20,371)	(21,550)
Balance, end of year	<u>\$ 2,807,764</u>	<u>\$ 3,904,756</u>

Note 5 – Contributions Receivable

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

	2019	2018
Within one year	\$ 1,055,801	\$ 652,317
In one to five years	3,127,500	1,191,214
Over five years	-	1,750,000
	<u>\$ 4,183,301</u>	<u>\$ 3,593,531</u>

Four and two donors accounted for approximately 86% and 83% of total contributions receivable at June 30, 2019 and 2018, respectively.

Note 6 – Property and Equipment

Property and equipment consists of the following at June 30:

	2019	2018
Equipment	\$ 1,624,142	\$ 1,538,667
Train and accessories	534,782	534,782
	2,158,924	2,073,449
Less accumulated depreciation	<u>2,037,653</u>	<u>1,951,489</u>
	<u>\$ 121,271</u>	<u>\$ 121,960</u>

Note 7 – Debt

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 loan was fully repaid in 2019.

Note 8 – Donor Restricted Net Assets

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

	2019	2018
Memorials	\$ 68,227	\$ 48,400
Education	2,123	1,554
Coca-Cola donations/capital projects	6,771	6,771
STEM Alliance	2,500	2,500
Rain Garden	438	438
YOT Full Circle	22,653	10,000
IEF Grant	9,062	9,062
Other	8,025	-
Carnivores	2,970,097	1,593,542
Carnivores Playground	1,070,354	1,218,619
Total temporarily restricted net assets	<u>\$ 4,160,250</u>	<u>\$ 2,890,886</u>

Note 9 – 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, 2019 and 2018, of approximately \$107,000 and \$114,000, 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, 2019 or 2018.

In 2018, TZMI 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. No contributions were made to the Deferred Contribution Plan for the year ended June 30, 2019. TZMI contributed approximately \$8,500 to the Deferred Contribution Plan for the year ended June 30, 2018.

Note 10 – 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:

	2019	2018
Carnivores	\$ 32,460	\$ -
Lost Kingdom	352,035	645,906
Osage Casino Giraffe	-	1,000,817
Carnivores Playground	776,655	-
Other	11,459	32,330
Total expenses for capital projects	<u>\$ 1,172,609</u>	<u>\$ 1,679,053</u>

Note 11 – Functional Expenses

The Organization's functional expense by natural classification for the year ended June 30, 2019, is as follows:

2019	Program Services								Support Services			Combined Total
	Guest Services	Animal Care	Conservation/ Education	Events	Operations	Investment in Zoo	PR and Marketing	Total	Fundraising	Total		
Payroll	\$ 569,291	\$ 2,411,468	\$ 341,924	\$ 133,088	\$ 1,205,525	\$ -	\$ 287,596	\$ 4,948,892	\$ 687,703	\$ 237,408	\$ 925,111	\$ 5,874,003
Payroll taxes	45,357	189,070	31,328	12,354	95,840	-	22,471	396,420	50,427	20,709	71,136	467,556
Employee benefits	68,954	403,496	34,044	28,164	252,063	-	43,703	830,424	111,156	39,362	150,518	980,942
Workers comp insurance	6,567	43,247	1,344	206	20,693	-	958	73,015	5,600	415	6,015	79,030
Retirement plan	5,903	48,646	2,955	2,038	17,052	-	3,579	80,173	21,134	5,589	26,723	106,896
Total payroll expenses	696,072	3,095,927	411,595	175,850	1,591,173	-	358,307	6,328,924	876,020	303,483	1,179,503	7,508,427
Advertising	3,538	-	-	99	49	-	473,580	477,266	-	95	95	477,361
Banking fees	101,949	214	1,105	-	44	-	39	103,351	8,443	39	8,482	111,833
Contracted services	45,182	34,315	74,978	8,909	392,668	-	39,613	595,665	295,089	4,796	299,885	895,550
Dues and subscriptions	18,751	17,974	5,044	445	50	-	3,210	45,474	36,509	2,180	38,689	84,163
Entertainment/catering	769	-	7,344	719,419	187	-	67	727,786	16,737	6,805	23,542	751,328
Equipment	9,647	47,935	9,321	50,120	59,136	-	5,385	181,544	49,640	173,798	223,438	404,982
Insurance	-	-	-	350	-	-	-	350	105,498	-	105,498	105,848
Interest	-	-	-	-	-	-	-	-	56,442	-	56,442	56,442
IT	82,829	-	105	-	2,739	-	4,172	89,845	79,029	2,400	81,429	171,274
Lic/cert/fees	-	3,050	408	568	50	-	-	4,076	6,817	-	6,817	10,893
Mail handling	5,709	25,382	122	1,855	-	-	29	33,097	1,828	905	2,733	35,830
Miscellaneous	1,357	22,993	414	1,926	-	-	397	27,087	35,781	6,439	42,220	69,307
Printing	30,215	-	164	1,678	-	-	7,264	39,321	2,105	1,358	3,463	42,784
Repair and maintenance	27,639	2,626	-	-	120,953	-	-	151,218	4,358	-	4,358	155,576
Supplies	72,630	526,837	14,264	65,601	184,550	-	30,775	894,657	26,853	8,547	35,400	930,057
Support/contributions	-	-	55,335	-	-	451,682	-	507,017	-	-	-	507,017
Travel/training	-	79	-	-	-	-	-	79	83,593	-	83,593	83,672
Utilities	-	-	-	-	-	-	-	-	760,746	-	760,746	760,746
Total before depreciation	400,215	681,405	168,604	850,970	760,426	451,682	564,531	3,877,833	1,569,468	207,362	1,776,830	5,654,663
Depreciation	-	-	-	-	-	37,580	-	37,580	52,836	-	52,836	90,416
Total expense	\$ 1,096,287	\$ 3,777,332	\$ 580,199	\$ 1,026,820	\$ 2,351,599	\$ 489,262	\$ 922,838	\$ 10,244,337	\$ 2,498,324	\$ 510,845	\$ 3,009,169	\$ 13,253,506

Note 11 – Functional Expenses (continued)

The Organization's functional expense by natural classification for the year ended June 30, 2018, is as follows:

2018	Program Services								Support Services			Combined Total
	Guest Services	Animal Care	Conservation/ Education	Events	Operations	Investment in Zoo	PR and Marketing	Total	Fundraising	Total		
Payroll	\$ 594,420	\$ 2,436,626	\$ 383,354	\$ 118,324	\$ 1,092,271	\$ -	\$ 233,832	\$ 4,858,827	\$ 787,769	\$ 294,589	\$ 1,082,358	\$ 5,941,185
Payroll taxes	46,498	177,141	29,139	11,150	78,138	-	16,914	358,980	57,713	22,355	80,068	439,048
Employee benefits	62,399	368,892	34,428	28,021	199,339	-	39,210	732,289	85,791	34,387	120,178	852,467
Workers comp insurance	3,932	56,475	1,153	247	23,207	-	774	85,788	4,109	511	4,620	90,408
Retirement plan	25,678	30,476	5,424	1,956	16,663	-	4,182	84,379	24,488	4,764	29,252	113,631
Total payroll expenses	732,927	3,069,610	453,498	159,698	1,409,618	-	294,912	6,120,263	959,870	356,606	1,316,476	7,436,739
Advertising	20	-	-	-	-	-	349,183	349,203	-	221	221	349,424
Banking fees	127,625	466	(988)	-	39	-	39	127,181	11,082	10	11,092	138,273
Contracted services	55,493	42,727	143,264	5,650	365,649	-	54,547	667,330	211,951	5,365	217,316	884,646
Dues and subscriptions	1,138	19,622	4,641	485	200	-	2,342	28,428	36,640	1,882	38,522	66,950
Entertainment/catering	1,290	-	7,377	740,180	-	-	-	748,847	23,173	3,932	27,105	775,952
Equipment	15,970	46,006	8,760	47,188	59,546	-	3,222	180,692	56,646	449	57,095	237,787
Insurance	-	-	-	-	-	-	-	-	159,054	-	159,054	159,054
IT	26,472	-	1,091	-	2,758	-	935	31,256	61,198	14,309	75,507	106,763
Lic/cert/fees	-	747	325	-	50	-	-	1,122	3,241	-	3,241	4,363
Mail handling	5,413	3,409	106	182	68	-	67	9,245	4,944	5,270	10,214	19,459
Miscellaneous	1,301	1,304	413	199	129	-	94	3,440	20,424	5,368	25,792	29,232
Printing	30,861	-	398	-	-	-	2,167	33,426	5,491	5,898	11,389	44,815
Repair and maintenance	42,978	3,974	-	-	140,863	-	860	188,675	2,193	-	2,193	190,868
Supplies	35,265	540,151	13,872	5,699	185,159	-	21,720	801,866	99,308	2,451	101,759	903,625
Support/contributions	-	-	-	-	-	536,039	-	536,039	-	-	-	536,039
Travel/training	-	-	-	-	-	-	-	-	72,659	-	72,659	72,659
Utilities	-	-	-	-	-	-	-	-	789,655	-	789,655	789,655
Total before depreciation	343,826	658,406	179,259	799,583	754,461	536,039	435,176	3,706,750	1,557,659	45,155	1,602,814	5,309,564
Depreciation	-	-	-	-	-	4,801	-	4,801	185,632	-	185,632	190,433
Total Expense	\$ 1,076,753	\$ 3,728,016	\$ 632,757	\$ 959,281	\$ 2,164,079	\$ 540,840	\$ 730,088	\$ 9,831,814	\$ 2,703,161	\$ 401,761	\$ 3,104,922	\$ 12,936,736