

CuriOdyssey

Financial Statements

September 30, 2014

CuriOdyssey

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CERTIFIED PUBLIC ACCOUNTANTS

Partners

Daniel J. Harrington, CPA

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Principal

Mitchell Richstone, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
CuriOdyssey

We have audited the accompanying financial statements of CuriOdyssey (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2014, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

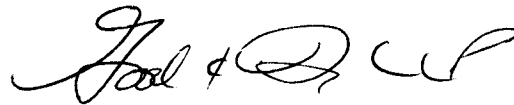
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CuriOdyssey as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CuriOdyssey's 2013 financial statements, and our report dated January 16, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative Statement of Financial Position information presented herein as of September 30, 2013, is consistent, in all material respects, with audited financial statements from which it has been derived.

South San Francisco, California
January 16, 2015



CuriOdyssey
Statement of Financial Position
September 30, 2014
(With Comparative Totals at September 30, 2013)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 343,899	\$ 445,531
Unconditional Promises to Give		
Unrestricted Annual	-	600
Unrestricted Capital Campaign	3,358,624	1,629,733
Restricted to Facilities Use	101,705	93,742
Grants/Accounts Receivable	170,770	201,722
Annuity Receivable	530	711
Investments		
Operating Reserves	599,209	585,196
Store Inventories	35,904	21,429
Prepaid Expenses	26,449	38,359
Total Current Assets	4,637,090	3,017,023
NONCURRENT ASSETS		
Investments		
Permanently Restricted	876,211	876,210
Capital Revolving Fund	1,923,170	2,138,364
Property and Equipment (Net)	1,952,349	1,881,745
Annuity Receivable (Net of Discount)	10,870	11,400
Unconditional Promises to Give		
Unrestricted Capital Campaign (Net of Discount)	2,448,949	3,432,001
Restricted to Facilities Use (Net of Discount)	1,216,690	1,318,394
Total Noncurrent Assets	8,428,239	9,658,114
Total Assets	\$ 13,065,329	\$ 12,675,137

CuriOdyssey
Statement of Financial Position
September 30, 2014
(With Comparative Totals at September 30, 2013)
(Continued)

	<u>2014</u>	<u>2013</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 156,774	\$ 111,758
Accrued Payroll and Vacation	195,547	164,662
Deferred Revenue	<u>65,900</u>	<u>47,792</u>
Total Current Liabilities	<u>418,221</u>	<u>324,212</u>
NET ASSETS		
Unrestricted		
Capital Campaign	7,496,281	7,200,098
Other Unrestricted	<u>2,872,678</u>	<u>2,668,579</u>
Total Unrestricted	<u>10,368,959</u>	<u>9,868,677</u>
Temporarily Restricted	1,401,938	1,606,037
Permanently Restricted	<u>876,211</u>	<u>876,211</u>
Total Net Assets	<u>12,647,108</u>	<u>12,350,925</u>
Total Liabilities and Net Assets	<u>\$ 13,065,329</u>	<u>\$ 12,675,137</u>

CuriOdyssey
Statement of Activities and Changes in Net Assets
Year Ended September 30, 2014
(With Comparative Totals at September 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
REVENUE					
Contributions - Combined Campaign					
via Annual Operating	\$ 421,888	\$ 438,643	\$ -	\$ 860,531	\$ 816,376
via Campaign Plan	983,439	-	-	983,439	767,419
In-Kind Contributions	30,544	113,464	-	144,008	159,558
Total Contributions	1,435,871	552,107	-	1,987,978	1,743,353
Program Fees	382,225	-	-	382,225	364,968
Admissions	373,250	-	-	373,250	305,732
Membership	301,969	-	-	301,969	328,465
Museum Store Sales (Net of Cost of Sales)	77,433	-	-	77,433	63,701
Special Event Income	355,844	-	-	355,844	332,151
Special Event Expenses	(189,386)	-	-	(189,386)	(133,924)
Facility Rental Income	153,950	-	-	153,950	152,606
Net Investment Income	32,806	-	-	32,806	29,739
Subtotal	2,923,962	552,107	-	3,476,069	3,186,791
Net Assets Released from Restrictions	756,206	(756,206)	-	-	-
Total Revenue	3,680,168	(204,099)	-	3,476,069	3,186,791
EXPENSES					
Program Services	2,586,872	-	-	2,586,872	2,356,951
Supporting Services					
Management and General	414,488	-	-	414,488	380,655
Fund Raising	343,453	-	-	343,453	295,554
Membership	131,256	-	-	131,256	153,631
Total Supporting Services	889,197	-	-	889,197	829,840
Total Expenses	3,476,069	-	-	3,476,069	3,186,791
CHANGE IN NET ASSETS BEFORE CAPITAL CAMPAIGN					
	204,099	(204,099)	-	-	-
CAPITAL CAMPAIGN					
Contributions	1,674,576	-	-	1,674,576	8,042,989
Allocated via Campaign Plan to Annual Operations	(983,439)	-	-	(983,439)	(767,419)
Capital Campaign Expenses	(394,954)	-	-	(394,954)	(393,819)
Addition to Net Assets	296,183	-	-	296,183	6,881,751
CHANGE IN NET ASSETS	500,282	(204,099)	-	296,183	6,881,751
NET ASSETS, Beginning	9,868,677	1,606,037	876,211	12,350,925	5,469,174
NET ASSET, Ending	\$ 10,368,959	\$ 1,401,938	\$ 876,211	\$ 12,647,108	\$ 12,350,925

CuriOdyssey
Statement of Functional Expenses
Year Ended September 30, 2014
(With Comparative Totals at September 30, 2013)

	Program Services							Total Program Services
	Wildlife Habitats	Programs/ Changing Exhibits	School Services/ Volunteers	Building and Grounds	Museum Store	Community Outreach	Total	
Salaries	\$ 399,782	\$ 364,754	\$ 157,212	\$ 79,609	\$ 61,704	\$ 266,781	\$ 1,329,842	
Employee Benefits and Payroll Taxes	78,544	60,814	42,037	10,064	16,055	54,456	261,970	
Total Personnel Costs	<u>478,326</u>	<u>425,568</u>	<u>199,249</u>	<u>89,673</u>	<u>77,759</u>	<u>321,237</u>	<u>1,591,812</u>	
Outside Services	34,039	30,159	366	119,974	-	41,761	226,299	
Facilities Use/Rent	74,420	66,212	31,000	13,952	4,830	4,498	194,912	
Supplies, Equipment and Exhibit Rental	74,021	27,252	4,081	14,120	3,439	7,508	130,421	
Printing and Postage	204	554	2,283	1,471	123	30,430	35,065	
Office Expense and Mileage	1,532	19,498	1,217	7,316	5,215	15,140	49,918	
Promotion/Advertising	-	1,265	-	4	-	71,214	72,483	
Repairs and Maintenance	15,249	4,498	1,625	9,933	866	3,530	35,701	
Insurance	10,231	2,911	1,505	635	492	2,129	17,903	
Dues and Subscriptions	17,645	299	211	370	55	1,194	19,774	
Conferences/Staff Training	6,424	1,002	2,715	309	129	5,716	16,295	
Telephone	2,809	2,639	1,104	439	432	1,878	9,301	
Total Nonpersonnel Costs	<u>236,574</u>	<u>156,289</u>	<u>46,107</u>	<u>168,523</u>	<u>15,581</u>	<u>184,998</u>	<u>808,072</u>	
Total Expenses Before Depreciation	714,900	581,857	245,356	258,196	93,340	506,235	2,399,884	
Depreciation	67,849	69,452	32,517	14,636	809	1,725	186,988	
Total Expenses	<u>\$ 782,749</u>	<u>\$ 651,309</u>	<u>\$ 277,873</u>	<u>\$ 272,832</u>	<u>\$ 94,149</u>	<u>\$ 507,960</u>	<u>\$ 2,586,872</u>	
2013 Total	<u>\$ 737,866</u>	<u>\$ 624,620</u>	<u>\$ 263,481</u>	<u>\$ 259,319</u>	<u>\$ 64,086</u>	<u>\$ 407,579</u>	<u>\$ 2,356,951</u>	

CuriOdyssey
Statement of Functional Expenses
Year Ended September 30, 2014
(With Comparative Totals at September 30, 2013)
(Continued)

	Supporting Services					Total	Capital Campaign	Total 2014	Total 2013
	Management and General	Fund-raising	Member-ship	Total Supporting Services	Total Operating 2014				
Salaries	\$ 264,745	\$ 213,142	\$ 61,403	\$ 539,290	\$ 1,869,132	\$ 208,123	\$ 2,077,255	\$ 1,830,765	
Employee Benefits and Payroll Taxes	76,242	40,078	11,900	128,220	390,190	29,206	419,396	378,952	
Total Personnel Costs	<u>340,987</u>	<u>253,220</u>	<u>73,303</u>	<u>667,510</u>	<u>2,259,322</u>	<u>237,329</u>	<u>2,496,651</u>	<u>2,209,717</u>	
Outside Services	26,874	32,260	4,329	63,463	289,762	136,826	426,588	394,824	
Facilities Use/Rent	4,669	3,468	1,004	9,141	204,053	3,251	207,304	208,128	
Supplies, Equipment and Exhibit Rental	4,221	8,618	4,988	17,827	148,248	1,470	149,718	168,550	
Printing and Postage	1,280	13,464	23,838	38,582	73,647	598	74,245	119,679	
Office Expense and Mileage	6,897	17,871	17,407	42,175	92,093	7,780	99,873	103,747	
Promotion/Advertising	104	-	226	330	72,813	-	72,813	60,635	
Repairs and Maintenance	4,415	5,217	3,920	13,552	49,253	3,201	52,454	49,247	
Insurance	7,332	1,701	490	9,523	27,426	1,661	29,087	25,856	
Dues and Subscriptions	4,506	685	42	5,233	25,007	60	25,067	23,733	
Conferences/Staff Training	9,383	4,143	886	14,412	30,707	-	30,707	19,957	
Telephone	1,988	1,446	429	3,863	13,164	1,503	14,667	13,992	
Total Nonpersonnel Costs	<u>71,669</u>	<u>88,873</u>	<u>57,559</u>	<u>218,101</u>	<u>1,026,173</u>	<u>156,350</u>	<u>1,182,523</u>	<u>1,188,348</u>	
Total Expenses Before Depreciation	412,656	342,093	130,862	885,611	3,285,495	393,679	3,679,174	3,398,065	
Depreciation	1,832	1,360	394	3,586	190,574	1,275	191,849	182,545	
Total Expenses	<u>\$ 414,488</u>	<u>\$ 343,453</u>	<u>\$ 131,256</u>	<u>\$ 889,197</u>	<u>\$ 3,476,069</u>	<u>\$ 394,954</u>	<u>\$ 3,871,023</u>	<u>\$ 3,580,610</u>	
2013 Total	<u>\$ 380,655</u>	<u>\$ 295,554</u>	<u>\$ 153,631</u>	<u>\$ 829,840</u>	<u>\$ 3,186,791</u>	<u>\$ 393,819</u>	<u>\$ 3,580,610</u>		

CuriOdyssey
Statement of Cash Flows
Year Ended September 30, 2014
(With Comparative Totals at September 30, 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 296,183	\$ 6,881,751
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	191,849	182,545
Amortization of Discount	93,741	87,326
Dividends Reinvested	(32,295)	(22,424)
Net Realized and Unrealized (Gain) on Investments	(19,317)	(16,488)
(Increase) Decrease in Operating Assets		
Unconditional Promises to Give	(745,239)	(4,799,171)
Grants/Accounts Receivable	30,952	(79,061)
Annuity Receivable	711	682
Store Inventories	(14,475)	630
Prepaid Expenses	11,910	(7,624)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Liabilities	45,017	40,790
Accrued Payroll and Vacation	30,885	26,664
Deferred Revenue	18,108	26,292
Net Cash Provided (Used) by Operating Activities	<u>(91,970)</u>	<u>2,321,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	884,017	971,497
Purchase of Investments	(613,404)	(3,124,325)
Net Increase (Decrease) in Money Market Fund	(17,820)	28,414
Purchase of Property and Equipment	<u>(262,455)</u>	<u>(111,532)</u>
Net Cash (Used) by Investing Activities	<u>(9,662)</u>	<u>(2,235,946)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(101,632)	85,966
CASH AND CASH EQUIVALENTS, Beginning	<u>445,531</u>	<u>359,565</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 343,899</u>	<u>\$ 445,531</u>

CuriOdyssey
Notes to Financial Statements
September 30, 2014

1. Nature of Activities

CuriOdyssey is a California non-profit corporation founded in 1953. CuriOdyssey operates a science and native wildlife center that gives children the tools to deeply understand the world through interactive science exhibits, hands-on and explorative school and public programs, and up close and personal encounters with non-releasable native Californian animals. The majority of support and revenue is derived from contributions and grants from individuals and foundations located in the San Francisco Bay Area.

2. Summary of Significant Accounting Policies

Method of Accounting – The accrual method of accounting is used, which reflects revenues when earned and expenses as incurred.

Basis of Presentation – CuriOdyssey is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Fair Value of Financial Instruments – The carrying amounts of cash and cash equivalents, grants/accounts receivables, prepaid expenses, accounts payable and accrued expenses, none of which are held for trading purposes, approximate the fair value due to the short-term maturities of those instruments.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, CuriOdyssey considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Board-restricted endowment cash is not considered part of the cash and cash equivalents on the Statement of Cash Flows.

Grants and Accounts Receivable – Grants and accounts receivable represent program grants and event receivables. Grants and accounts receivable have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful accounts as of September 30, 2014.

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

2. Summary of Significant Accounting Policies (continued)

Promises to Give – Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A discount to pledges for the capital campaign has been recognized on the books. Promises to Give have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful accounts as of September 30, 2014.

Investments – CuriOdyssey carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Store Inventories – Store inventories are presented at the lower of cost or market determined by the first-in, first-out method.

Property and Equipment – All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Restricted and Unrestricted Revenue – Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

2. Summary of Significant Accounting Policies (continued)

Deferred Revenue – Deferred revenue results from payments made in advance of services performed. Amounts will be recognized as revenue as the services are performed.

Donated Assets – Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Facilities and Services – The financial statements reflect \$113,464 of donated occupancy rights for the year ended September 30, 2014 (see Note 8). Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CuriOdyssey.

A substantial number of volunteers make significant contributions of their time to ensure the success of CuriOdyssey. Reported volunteer hours were 8,760 for the fiscal year. CuriOdyssey volunteers assist significantly in providing educational programs for citizens and schools in the San Francisco Bay Area as well as volunteering in the wildlife habitats and administration. The value of the contributed time is not reflected in the accompanying financial statements since they do not meet with criteria for recognition.

In-kind donations are recognized as contributions that would otherwise have been purchased by CuriOdyssey. During the year ended September 30, 2014, we received \$30,544 of donated goods or services for the following: wildlife enrichment, services and items for the successful annual fundraiser, catering for events, and legal services.

Expense Allocation – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based on square footage, facility usage, number of employees, and specific identification.

Advertising – CuriOdyssey uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the year ended September 30, 2014, advertising costs totaled \$72,813.

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Taxes – CuriOdyssey is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization recognizes the effect of income tax positions only if those positions are more than not to be sustained. Management continuously evaluates tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

The Organization's exempt organization returns are generally subject to examination by federal and state tax authorities for three and four years, respectively, after filing.

Presentation of Sales Taxes – The State of California imposes a sales tax on all sales to customers. CuriOdyssey collects that sales tax from customers and remits the entire amount to the State. CuriOdyssey's accounting policy is to exclude the tax collected and remitted to the State from sales and expenses.

Comparative Financial Information – The financial statements includes summarized comparative information for the Statement of Financial Position. They do not include summarized comparative information for the other statements because of the change in fiscal year that occurred last year.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

3. Concentration of Credit Risk

CuriOdyssey maintains its cash accounts at two commercial banks. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2014, CuriOdyssey's uninsured balance totaled \$63,328. The organization does not believe that it is exposed to any significant risk in connection with these cash balances.

4. Promises to Give – Capital Campaign

Receivable in less than one year	\$ 3,358,624
Receivable in one to five years	<u>2,554,949</u>
Total unconditional promises to give	5,913,573
Less: discounts to net present value	<u>(106,000)</u>
Net present value	5,807,573
Less: current portion	<u>(3,358,624)</u>
 Long-term portion	 \$ <u>2,448,949</u>

Promises to give to be received after September 30, 2014 are discounted at 3%.

5. Promises to Give – Donated Facilities

Restricted to facilities use (see Note 8)	
Receivable in less than one year	\$ 207,206
Receivable in one to five years	1,036,030
Receivable in more than five years	<u>569,817</u>
	1,813,053
Less: discounts to present value	<u>(494,658)</u>
Net present value	1,318,395
Less: current portion	<u>(101,705)</u>
 Long-term portion	 \$ <u>1,216,690</u>

The discount rate used on the long-term unconditional promise to give was 8% through June 2019 and 4% from July 2019 through June 2023.

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

6. Investments

Dimensional Fund Advisors Securities:	
Bond Funds	\$ 2,962,286
Equity Funds	382,686
Common Stock	<u>31,935</u>
	3,376,907
Money Market Funds	<u>21,683</u>
Total	\$ <u>3,398,590</u>

Investments are shown in the Statement of Financial Position as follows:

Operating Reserves	\$ 599,209
Permanently Restricted	876,211
Capital Revolving Fund	<u>1,923,170</u>
Total	\$ <u>3,398,590</u>

Net Investment Income for the year ended September 30, 2014 was as follows:

Interest and Dividends	\$ 32,551
Change in Unrealized Gains and Losses	14,221
Net Realized Gains and Losses	5,096
Investment Management Fees	<u>(19,062)</u>
Total	\$ <u>32,806</u>

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

7. Fair Value Measurements

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consists of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. CuriOdyssey uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at September 30, 2014, are as follows:

	<u>Level 1</u>
Mutual Funds	\$ 3,344,972
Common Stock	<u>31,935</u>
Total	<u>\$ 3,376,907</u>

The fair value of promises to give is determined using present value techniques that consider historical trends of collection, the type of donor, general economic conditions, and market interest rate assumptions for individuals and foundations.

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

8. Property, Equipment and Donated Facilities

Wildlife Habitats	\$ 4,653,997
Building Improvements	1,208,283
Office Furniture and Equipment	477,248
Redwood Hall and Related Equipment	243,448
Renovation Work in Progress	<u>292,581</u>
	6,875,557
Less: Accumulated Depreciation	<u>(4,923,208)</u>
 Property and Equipment – Net	 \$ <u>1,952,349</u>

Depreciation expense was \$191,849 for the year ended September 30, 2014.

The CuriOdyssey building was constructed on land owned by the County of San Mateo. The Organization paid a portion of the cost of construction. The CuriOdyssey building contains the offices, classrooms, Redwood Hall, and exhibits. The Wildlife Habitats were built adjacent to the building on land also owned by the County of San Mateo. The construction of the Wildlife Habitats was financed entirely by contributions to the Museum.

CuriOdyssey has an agreement with the Board of Supervisors of the County of San Mateo to operate the Coyote Point Museum for 30 years as of August 15, 1989. During the year ended June 30, 2002, this agreement was amended to extend the use for four additional years. Title to the land, building, and exterior improvements are held by the County. The title to the Wildlife Habitats, Redwood Hall, exhibits, and personal property remains with CuriOdyssey until the termination of the aforementioned agreement. The Organization is not required to pay electricity, water, or rent to the County for use of the facilities, but is responsible for interior maintenance of the building and operation of the programs.

The fair market value of the rent at the date of the promise to give use of the facilities was \$207,206 per year and is recorded in facilities use/rent in the accompanying Statement of Functional Expenses. For the year ended September 30, 2014, \$113,464 of the unamortized discount was realized as contributed facilities. The remaining present value of this unconditional promise to give at September 30, 2014, is \$1,318,395, net of the unamortized discount of \$494,658 (see Note 5).

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

9. Temporarily Restricted Net Assets

Restricted as to Purpose:	
Memberships	\$ 5,750
Restricted as to Timing and Purpose:	
Donated Facilities – County of San Mateo	1,318,395
Administration	62,793
School Services	<u>15,000</u>
 Total Temporarily Restricted Net Assets	 \$ <u>1,401,938</u>

10. Permanently Restricted Net Assets

The Board of Trustees has determined that the permanently restricted net assets meet the definition of endowment funds. CuriOdyssey has reviewed these funds and considers that they are currently being appropriately reflected in the financial statements.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted an investment policy, approved by the Board of Trustees, which attempts to provide a predictable stream of funding available for the purposes of the endowment while also maintaining the purchasing power of the endowment assets over the long term. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, with acceptable levels of risk. The endowment is invested in publicly traded mutual funds.

Endowment Spending Policy

CuriOdyssey has a policy of transferring any gain or loss on investment to unrestricted net assets. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects its endowment to be consistent over the next years with any changes being appropriately reflected as unrestricted. All investment return has been transferred to unrestricted net assets for the year ended September 30, 2014.

CuriOdyssey
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11. Retirement Plan

CuriOdyssey has a Non-ERISA tax-deferred retirement plan under Section 403(b) of the Internal Revenue Code which covers all employees at least 21 years of age. Eligible employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization did not make any employer contributions during the year ended September 30, 2014.

12. Lease Commitments

CuriOdyssey leases a copier and a postage meter under leases through January 2018. Rent expense under these and other leases/contracts was \$8,255 for the year ended September 30, 2014. Future minimum lease payments are as follows:

<u>Year Ended September 30,</u>	
2015	\$ 5,181
2016	4,380
2017	4,380
2018	<u>1,095</u>
Total	\$ <u>15,036</u>

CuriOdyssey
Notes to Financial Statements
September 30, 2014
(Continued)

13. Capital Campaign, Building the New CuriOdyssey

On October 1, 2011, the Board of Trustees began a comprehensive capital campaign for the purposes of ensuring the sustainability and mission of the organization. The comprehensive campaign aims to raise funds for a new science facility as well as funds for the operating budget through annual contributions. Specifically, contributions allocated to the *Building the New CuriOdyssey Campaign* will support: 1) program costs over the term of the campaign through our goals for annual grants and gifts; and 2) facility project costs, including a complete renovation of the main building, interim staging, reserves, campaign costs, and contingencies.

Gifts to the campaign will strongly benefit the community and anchor CuriOdyssey's future. They will:

- Fundamentally build out CuriOdyssey's capacity, reach, and proven effectiveness in helping children become creative, informed, science-minded and nature-minded learners.
- Completely re-configure, re-design and wholly renovate the main building and surrounding site, which are deeply inadequate: 1) in terms of mission – to bring our comprehensive, experiential introduction to science for young children to the necessary scale, and 2) in terms of long-term financial viability – to provide ordinary efficiencies and to attract sufficient attendance and support to sustain the organization long-term.
- Broaden donor and community support for the science and wildlife centers and education programs sufficient to sustain balanced operating budgets post construction.
- Sustain balanced operating budgets during the duration of the Campaign.

In the fiscal year ended September 30, 2014, the *Building the New CuriOdyssey Campaign* counted total contributions and booked promises to give of \$2,535,107 for combined operations and facility renovations. Of that total, \$860,534 was raised through the regular Annual Fund, and \$1,674,576 was raised through campaign-specific solicitations. From campaign-specific gifts, a total of \$983,436 was allocated to annual program operations per the Campaign Plan.

CuriOdyssey is currently working with the County of San Mateo to update the ground lease. The updated lease will date from CuriOdyssey's move into the renovated facility per a new "certificate of occupancy."

CuriOdyssey
Notes to Financial Statements
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(Continued)

14. Subsequent Events

Management has evaluated subsequent events through January 16, 2015, the date on which the financial statements were available to be issued, and determined one subsequent event to be reported.

- As of December 10, 2014, CuriOdyssey had raised \$16.5 million of the comprehensive capital campaign. On that basis, the board unanimously agreed to go public with the campaign, recognizing a major milestone in Building the New CuriOdyssey.