CuriOdyssey®

SCIENCE PLAYGROUND & ZOO

FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

CURIODYSSEY
CONTENTS
September 30, 2019

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
CuriOdyssey

Report on the Financial Statements
We have audited the accompanying financial statements of CuriOdyssey (the "Organization"), which comprise the statement of financial position as of September 30, 2019, the related statements of activities, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 Organization'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 Organization'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 the Organization as of September 30, 2019, 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.

Change in Accounting Principle

As discussed in Note 4 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the restated audited financial statements from which it has been derived.

Singer Lewak LLP

March 11, 2020

CURIODYSSEY
STATEMENT OF FINANCIAL POSITION
September 30, 2019
(Summarized Financial Information at September 30, 2018)

ASSETS

	2019	2018
Assets		
Cash and cash equivalents	$ 308,441	$ 226,447
Accounts receivable	60,832	77,770
Gift shop inventory	40,464	66,756
Prepaid expenses	54,575	52,221
Grants and contributions receivable, net	5,739,612	6,373,176
Contributed use of facilities, net	709,103	856,742
Cash and other assets restricted for capital campaign	475,852	1,469,702
Investments	5,112,460	3,361,721
Property and equipment, net	3,953,066	4,058,474
Total assets	**$ 16,454,405**	**$ 16,543,009**

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities		
Accounts payable and accrued expenses	$ 431,096	$ 377,676
Deferred revenue	80,846	67,943
Total liabilities	511,942	445,619
Net assets		
Without donor restrictions	7,990,377	7,563,528
With donor restrictions	7,952,086	8,533,862
Total net assets	15,942,463	16,097,390
Total liabilities and net assets	**$ 16,454,405**	**$ 16,543,009**

See notes to financial statements.

CURIODYSSEY

STATEMENT OF ACTIVITIES

Year Ended September 30, 2019

(Summarized Financial Information for the Year Ended September 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Operating revenue				
Grants and contributions	$ 597,570	$ 667,025	$ 1,264,595	$ 1,211,682
Program service fees	623,972	-	623,972	538,755
Admissions	774,054	-	774,054	672,935
Membership	549,717	-	549,717	463,702
Contributed use of facilities	196,197	-	196,197	298,567
Net gift shop sales	118,026	-	118,026	113,961
Net investment return	1,495	39,854	41,349	20,024
Special events, net	211,993	-	211,993	448,852
Net assets released from restrictions	2,655,341	(2,655,341)	-	-
Total operating revenue	5,728,365	(1,948,462)	3,779,903	3,768,478
Operating expenses				
Program services	3,441,302	-	3,441,302	3,144,793
Supporting services	1,033,322	-	1,033,322	942,000
Total operating expenses	4,474,624	-	4,474,624	4,086,793
Change in net assets from operations	1,253,741	(1,948,462)	(694,721)	(318,315)
Capital campaign				
Contributions	-	1,366,686	1,366,686	2,713,734
Net investment income	123,532	-	123,532	32,885
Capital campaign expenses	(450,424)	-	(450,424)	(441,513)
	(326,892)	1,366,686	1,039,794	2,305,106
Loss on uncollectible contribution	(500,000)	-	(500,000)	-
Change in net assets	426,849	(581,776)	(154,927)	1,986,791
Net assets, beginning of year	7,563,528	8,533,862	16,097,390	14,110,599
Net assets, end of year	**$ 7,990,377**	**$ 7,952,086**	**$ 15,942,463**	**$ 16,097,390**

See notes to financial statements.

CURIODYSSEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2019

(Summarized Comparative Information for the Year Ended September 30, 2018)

	Program Services						
	Wildlife Habitats	Programs/ Changing Exhibits	School Services/ Volunteers	Building and Grounds	Gift Shop	Community Outreach	Total Program Services
Salaries, taxes, and benefits	$ 498,821	$ 575,104	$ 265,919	$ 109,133	$ 85,186	$ 543,970	$ 2,078,133
Outside services	137,998	40,358	439	165,398	5	76,450	420,648
Supplies, equipment and exhibit rental	114,675	77,965	5,226	29,086	5,016	18,941	250,909
Contributed use of facilities	63,887	73,658	34,059	13,978	4,830	6,790	197,202
Office expense and mileage	1,410	32,849	6,159	13,764	8,966	28,989	92,137
Repairs and maintenance	17,512	6,393	1,971	24,749	1,622	4,952	57,199
Promotion and advertising	-	500	-	-	-	42,940	43,440
Printing and postage	612	1,915	998	(1,046)	78	19,556	22,113
Dues and subscriptions	26,415	553	333	-	175	5,715	33,191
Insurance	5,221	6,239	3,033	1,142	892	5,694	22,221
Telephone	4,493	4,072	2,327	1,057	740	4,654	17,343
Conferences and staff training	5,825	4,720	1,240	107	150	2,643	14,685
Gift shop cost of goods sold	-	-	-	-	122,523	-	122,523
Cost of direct benefit to donors	-	-	-	-	-	-	-
Depreciation	57,994	78,200	36,158	14,838	1,095	3,796	192,081
Total expenses by function	934,863	902,526	357,862	372,206	231,278	765,090	3,563,825
Less expenses included with revenues on the statement of activities							
Gift shop cost of goods sold	-	-	-	-	(122,523)	-	(122,523)
Cost of direct benefit to donors	-	-	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	**$ 934,863**	**$ 902,526**	**$ 357,862**	**$ 372,206**	**$ 108,755**	**$ 765,090**	**$ 3,441,302**

See notes to financial statements.

CURIODYSSEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2019

(Summarized Comparative Information for the Year Ended September 30, 2018)

	Supporting Services					
	Management and General	Fundraising	Membership	Total Supporting Services	Total 2019	Total 2018
Salaries, taxes, and benefits	$ 358,589	$ 297,718	$ 95,773	$ 752,080	$ 2,830,213	$ 2,627,807
Outside services	31,710	115,841	3,641	151,192	571,840	483,689
Supplies, equipment and exhibit rental	2,885	3,668	3,572	10,125	261,034	200,172
Contributed use of facilities	3,822	3,172	1,020	8,014	205,216	203,982
Office expense and mileage	12,173	4,016	17,493	33,682	125,819	119,888
Repairs and maintenance	4,750	5,286	3,943	13,979	71,178	64,663
Promotion and advertising	-	1,552	1,871	3,423	46,863	27,678
Printing and postage	1,446	6,446	9,999	17,891	40,004	63,431
Dues and subscriptions	8,730	556	76	9,362	42,553	37,982
Insurance	11,238	3,116	1,002	15,356	37,577	33,924
Telephone	2,669	2,655	883	6,207	23,550	23,110
Conferences and staff training	3,838	2,795	129	6,762	21,447	18,434
Gift shop cost of goods sold	-	-	-	-	122,523	114,491
Cost of direct benefit to donors	-	70,125	-	70,125	70,125	352,235
Depreciation	2,503	2,078	668	5,249	197,330	182,033
Total expenses by function	444,353	519,024	140,070	1,103,447	4,667,272	4,553,519
Less expenses included with revenues on the statement of activities						
Gift shop cost of goods sold	-	-	-	-	(122,523)	(114,491)
Cost of direct benefit to donors	-	(70,125)	-	(70,125)	(70,125)	(352,235)
Total expenses included in the expense section on the statement of activities	**$ 444,353**	**$ 448,899**	**$ 140,070**	**$ 1,033,322**	**$ 4,474,624**	**$ 4,086,793**

See notes to financial statements.

CURIODYSSEY

STATEMENT OF CASH FLOWS

Year Ended September 30, 2019

(Comparative Information for the Year Ended September 30, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (154,927)	$ 1,986,791
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	197,330	183,773
Amortization of discount on contributed use of facility	(59,567)	129,886
Donated use of facilities	207,206	-
Loss on uncollectible contribution	500,000	-
Net realized and unrealized gain on investments	(33,781)	(10,047)
Changes in operating assets and liabilities		
Grants and contributions receivable	133,564	(1,592,430)
Accounts receivable	16,938	(67,541)
Store inventories	26,292	(16,047)
Prepaid expenses	(2,354)	22,163
Accounts payable and accrued liabilities	53,420	68,101
Deferred revenue	12,903	(163,182)
Net cash provided by operating activities	897,024	541,467
Cash flows from investing activities		
Purchases of investments	(1,716,958)	(3,351,674)
Changes in restricted cash	993,850	2,869,748
Purchases of property and equipment	(91,922)	(130,121)
Net cash used in investing activities	(815,030)	(612,047)
Net change in cash and cash equivalents	81,994	(70,580)
Cash and cash equivalents, beginning of year	226,447	297,027
Cash and cash equivalents, end of year	**$ 308,441**	**$ 226,447**

See notes to financial statements.

NOTE 1 – NATURE OF ORGANIZATION

CuriOdyssey (the "Organization") is a science museum and zoo for young children based on powerful ideas about how children learn. As the champion for early science learning in San Mateo County, CuriOdyssey is revolutionizing science education by harnessing children's in-born curiosity about animals and nature, so they believe science is for them instead of opting out of science classes as soon as they can. Nearly 200,000 visitors a year observe wild animals and experiment with real scientific phenomena. Currently, about half of the support is derived from contributions and grants from individuals, corporations, and foundations located in the San Francisco Bay Area and the other half is derived from earned revenue. The Organization was founded in 1953 as a California non-profit corporation.

NOTE 2 – *THE CAMPAIGN FOR CURIODYSSEY:* BUILDING THE MINDS OF TOMORROW TODAY

The Campaign for CuriOdyssey continues to be a vehicle for growth for the Organization. Early investors in the campaign saw CuriOdyssey's potential to increase its impact and lay the foundation for future expansion. With investments in reimagined exhibits, programs, and animal exhibits, CuriOdyssey demonstrated a proof of concept which resulted in increased attendance, membership, and contributed support. For the fiscal year, the annual operations were allocated a portion of the campaign funds raised as planned with board approval of the fiscal year 2019 budget.

Building on the initial success, the next phase of the campaign will focus on re-creating our facility utilizing the principles of sustainable architecture. We will be able to increase our usable space, allow for more classrooms, camps, exhibits and school programs. We will be able to offer new experiences such as an inclusive play area.

In the spring of 2019, we began a series of strategic discussions around the role of CuriOdyssey in the education ecosystem for the county. CuriOdyssey is more than just a place to visit. Rather, the Organization can serve as a critical lynchpin to strengthen science education for young children. This message has resonated strongly with corporate, civic and nonprofit leaders in the county.

The support and dedication of a talented team of board members, executive leadership and staff has been essential in concluding Phase I of the campaign. During this phase, funds were raised to support the development of our programs and the creation of a permit set for the new building. Phase II focuses on raising funds for re-creating our facility and the expenses associated with the campaign.

Board members are actively engaged in a variety of initiatives to support the campaign effort, meeting weekly to discuss prospect strategies, providing direction and insight around new corporate engagement and participating in donor meetings and solicitations. In other campaign news, the Organization is delighted to announce that U.S. Congresswoman Jackie Speier, representing San Francisco and the Peninsula, now serves as honorary co-chair for the campaign.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which reflects revenues when earned and expenses as incurred.

Comparative Financial Information
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Use of Estimates
Management uses estimates and assumptions in preparing financial statements in accordance with U.S. GAAP. Those estimates affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Accordingly, actual results could differ from those estimates.

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

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for the combined campaign.
- *Net Assets with Donor Restrictions* – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents
The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes are excluded from this definition.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable represent event receivables. 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, 2019.

Gift Shop Inventory

Gift shop inventory comprises program-related merchandise held for sale in the gift shop and is stated at the lower of cost or market determined by the first-in, first-out method. Management has evaluated inventory for obsolescence and determined no allowance was required as of September 30, 2019.

Grants and Contributions Receivable

The Organization records unconditional promises to give expected to be collected within one year 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 statement of activities.

The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2019, the Organization deemed no allowance was required.

Investments

The Organization 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 return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Property and Equipment

Property and equipment are stated at cost if purchased, or if donated, at fair value on the date of donation. The cost of assets purchased under $2,500 is charged to expense. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition
Contributions represent unconditional promises to give and are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Program fees include registration fees for education and wildlife classes and summer camp. Deposits received before a class or camp are deferred revenue and are recorded as refundable deposits.

Membership dues are recognized as earned upon receipt, as the estimated future costs for providing the membership services are minimal.

Store sales are recognized as revenue at the point of sale.

Revenues for facility rentals are earned as each event is held. Deposits received before an event is held are recorded as deferred revenue.

At September 30, 2019, the Organization had $525,000 of conditional grants for breaking ground for The Campaign for CuriOdyssey which will be recognized when the conditions on which they depend have been met.

Donated Facilities and Services
Contributions of donated nonfinancial assets are recorded at their fair values in the period in which they are received. Contributions of the use of long-lived assets are recorded at their fair values, net of present value discount (See Note 9). Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation, and are recorded at their fair values in the period in which they are received. The Organization received contributed nonfinancial assets valued at $11,992 for the year ended September 30, 2019, which are included as contributions on the statement of activities.

A substantial number of volunteers make significant contributions of their time to ensure the success of the Organization. Reported volunteer hours were approximately 15,000 for the year ended September 30, 2019. The Organization's 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.

Advertising
The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses
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, and number of employees.

Advertising
The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

Income Taxes
The Organization is organized as a not-for-profit organization exempt from income tax under provisions of Internal Revenue Code §501(c)(3). Management has analyzed the tax positions taken by the Food Bank, and has concluded that, as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements
In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 should be applied on a modified prospective basis and retrospective application is permitted. ASU 2018-08 will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization is in the process of assessing the effect that the guidance will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In May 2014, the FASB issued ASU 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 U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)
In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective fiscal years beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2019, the Organization adopted the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions; capital gifts for construction are recognized as a net asset without donor restriction when the associated long-lived asset is placed in service; and underwater endowment funds are recognized as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of September 30, 2019 follows:

	ASU 2016-14 Classifications		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net assets classifications, as previously presented			
Total unrestricted	$ 11,910,417	$ -	$ 11,910,417
Temporarily restricted	-	3,310,762	3,310,762
Permanently restricted	-	876,211	76,211
	11,910,417	4,186,973	16,097,390
Reclassifications to implement ASU 2016-14:			
Time restricted contributions	(4,379,435)	4,379,435	-
Underwater endowment	32,546	(32,546)	-
Net assets, as reclassified	$ 7,563,528	$ 8,533,862	$ 16,097,390

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 308,441
Accounts receivable	53,485
Financial assets available to meet cash needs for general expenditures within one year	**$ 361,926**

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization regularly monitors liquidity to meets its operating needs and other contractual commitments.

NOTE 6 – FINANCIAL INSTRUMENTS AND CREDIT RISK

The Organization manages deposit concentration risk by placing cash, and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, donors, and foundations supportive of our mission.

Investments are diversified and are managed by an independent investment advisor whose performance is monitored by organization management and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

At September 30, 2019, four donors comprised 91% of total unconditional promises to give.

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENT

As defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market or income approach. Based on this approach, the Organization utilizes certain assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. For the years ended June 30, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The basis of fair value for equity and bond funds differs depending on the investment. The following is a description of the valuation methodologies used for such instruments measured at fair value:

- *Equity Funds* – The basis of fair value for equity funds is market value based on quoted market prices; these are classified within Level 1 of the valuation hierarchy.

- *Bond Funds* – The fair value of bond funds is the market value based on quoted market prices; they are classified within Level 1 of the fair value hierarchy.

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The breakdown of Level 1 investments as presented on the statement of financial position is as follows:

	Building Fund	Capital Revolving	Endowment	Total
Cash equivalents	$ 1,646,396	$ 42,242	$ 44,691	$ 1,733,329
Equity funds	-	-	361,479	361,479
Bond funds	-	2,577,778	439,874	3,017,652
Total	$ 1,646,396	$ 2,620,020	$ 846,044	$ 5,112,460

NOTE 8 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are for the following purposes and due as follows:

	Combined	Capital	Annual	Total
Less than one year	$ 630,500	$ 832,500	$ 1,000	$ 1,733,329
One to five years	2,528,500	1,981,250	1,000	361,479
	3,159,000	*2,813,750*	*2,000*	*3,017,652*
Less present value discount (3%)	(131,807)	(103,279)	(52)	
Total	$ 3,027,193	$ 2,710,471	$ 1,948	$ 5,739,612

NOTE 9 – CONTRIBUTED USE OF FACILITIES

CuriOdyssey has an agreement with the Board of Supervisors of the County of San Mateo to operate for 30 years as of August 15, 1989. During the year ended June 30, 2002, this agreement was amended to extend the use to 2023. 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.

NOTE 9 – CONTRIBUTED USE OF FACILITIES (Continued)

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 contributed use of facilities in the accompanying statement of functional expenses. For the year ended September 30, 2019, $59,567 of the unamortized discount was realized as contributed facilities.

The Organization signed a new ground lease with County of San Mateo in May 2016. The updated lease will commence from the date of the issuance of a building permit and will expire on the thirtieth (30th) anniversary of the Certificate of Occupancy, with the option to extend the lease for two (2) additional fifteen (15) year terms. As of the audit report date, this lease has not gone into effect.

Receivable in less than one year	$ 207,206
Receivable in one to five years	569,817
	777,023
Less present value discount (4 - 8%)	(67,920)
	$ 709,103

NOTE 10 – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2019, consists of the following:

Wildlife habitats	$ 4,813,760
Building improvements	1,273,092
Office furniture and equipment	531,248
Redwood Hall and related equipment	243,448
	6,861,548
Less: accumulated depreciation	(5,849,558)
	1,011,990
Construction in Progress	2,941,076
	$ 3,953,066

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 Organization.

NOTE 11 – NET ASSETS

As of September 30, 2019, net assets without donor restrictions consisted of the following:

Undesignated	$ 2,267,484
Board-designated combined campaign	5,560,323
Total net assets without donor restrictions	**$ 7,827,807**

Designated assets include assets with no donor-imposed restriction that have been designated by the Board for its capital campaign.

As of September 30, 2019, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Public programs	$ 66,200
School services	1,000
Capital campaign – renovation	3,203,778
	3,270,978
Subject to the passage of time	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	3,123,123
Donated use of facilities	*709,102*
	3,832,225
Subject to the Organization's spending policy and appropriation	
Endowment funds restricted in perpetuity	876,211
Accumulated investment losses	(27,328)
	848,883
Total net assets with donor restrictions	**$ 7,952,086**

NOTE 11 – NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows for the year ended September 30, 2019:

Satisfaction of purpose restrictions	
Public programs	$ 192,868
School services	280,500
Wildlife	103,375
Capital campaign – renovation	468,014
	1,044,757
Expiration of time restrictions	1,575,948
Endowment earnings appropriated	34,636
	$ 2,655,341

NOTE 12 – ENDOWMENT

The Organizations Endowment is comprised of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed and time restrictions.

The Board of Directors of the Organization has interpreted the California enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the endowment as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 12 – ENDOWMENT (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate funds for distribution:

(1) The duration and preservation of the fund

(2) The purpose of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

As of September 30, 2019, endowment net assets with donor restrictions composition by type of fund are as follows:

Donor-restricted endowment fund	
Original donor-restricted gift	$ 876,211
Accumulated investment losses	(27,328)
Balance, end of year	**$ 848,883**

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At September 30, 2019 funds with deficiencies of this nature had an original gift value of $876,211, a market value of $848,883, and a deficiency of $27,328. These deficiencies, which are included within net assets with donor restrictions, resulted from previous years market conditions. Management has deemed it prudent to spend from these funds with the expectation that future earnings will offset these deficiencies.

*Investment and spending polic*ies
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce results that exceed the spending rate policy while assuming a moderate level of investment risk. To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy, in which investment returns are achieved through both capital appreciation and current yield. The Organization targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The annual withdrawal is expected to be in the range of 2% to 6% calculated on the basis of market values determined quarterly and averaged over a period of the three years immediately preceding the year in which the withdrawal is made. For the Fiscal Year a 4% withdrawal was approved.

NOTE 12 – ENDOWMENT (Continued)

Changes in endowment net assets with donor restrictions for the year ended September 30, 2019 are as follows:

Balance, beginning of year	$ 843,665
Net investment return	39,854
Appropriation of endowment assets pursuant to spending rate policy	(34,636)
Balance, end of year	**$ 848,883**

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. Endowment assets are invested in a diversified portfolio of bond and equity mutual funds selected by an independent investment advisor, and is included in Restricted Investments in the Statement of Financial Position.

NOTE 13 – RETIREMENT PLAN

The Organization 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, 2019.

NOTE 14 – OPERATING LEASES

The Organization has entered into certain noncancelable lease agreements for office equipment expiring through July 2022. Rent expense totaled $6,586 for the year ended September 30, 2019.

Future minimum lease payments under noncancelable operating leases as of the year ended September 30, 2019 are as follows:

2020	$ 5,826
2021	5,826
2022	2,855
	$ 14,507

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2020, the date on which the financial statements were available to be issued, and determined there was one subsequent events to be reported:

- In November 2019, CuriOdyssey signed a Consultant Services and License Agreement with the Magical Bridge Foundation to design an inclusive playground to be installed on CuriOdyssey's grounds. The project management services and construction are being provided pro-bono by a local developer and construction company. The grand opening is planned for summer of 2020.