Report of Independent Auditors and Financial Statements

CuriOdyssey

September 30, 2021
(with comparative totals for the year ended September 30, 2020)

MOSSADAMS

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Report of Independent Auditors

To the 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, 2021, 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. 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, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Summarized Comparative Information

The summarized financial statements as of and for the year ended September 30, 2020, were audited by other auditors whose report thereon dated March 10, 2021, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements, from which it has been derived.

Moss Adams LLP

San Francisco, California
June 6, 2022

Financial Statements

CuriOdyssey
Statement of Financial Position
September 30, 2021 (with comparative totals for September 30, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	$ 197,243	$ 268,776
Accounts receivable	51,714	16,428
Gift shop inventory	49,783	53,746
Prepaid expenses	81,776	12,557
Grants and contributions receivable, net	1,511,097	3,881,253
Contributed use of facilities, net	346,276	531,894
Cash restricted for capital campaign	1,480,877	1,033,777
Investments	6,963,048	5,661,435
Property and equipment, net	3,979,705	1,842,521
Total assets	$ 14,661,519	$ 13,302,387
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 421,075	$ 628,061
Deferred revenue	84,950	164,102
Total liabilities	506,025	792,163
NET ASSETS		
Without donor restrictions	7,680,428	5,293,281
With donor restrictions	6,475,066	7,216,943
Total net assets	14,155,494	12,510,224
Total liabilities and net assets	$ 14,661,519	$ 13,302,387

See accompanying notes.

CuriOdyssey
Statement of Activities and Changes in Net Assets
Year Ended September 30, 2021
(with comparative totals for the year ended September 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
OPERATING REVENUE				
Grants and contributions	$ 1,872,573	$ 1,008,561	$ 2,881,134	$ 2,200,142
Program service fees	485,996	-	485,996	181,101
Admissions	550,902	-	550,902	484,085
Membership	314,959	-	314,959	337,586
Facilities rentals	84,701	-	84,701	96,188
Net gift shop sales	79,893	-	79,893	69,128
Net investment return	14,642	150,053	164,695	88,971
Special events, net	209,436	-	209,436	-
Net assets released from restrictions	2,652,291	(2,652,291)	-	-
Total operating revenue	6,265,393	(1,493,677)	4,771,716	3,457,201
OPERATING EXPENSES				
Program services	2,858,541	-	2,858,541	2,931,274
Supporting services	976,031	-	976,031	1,166,351
Total operating expenses	3,834,572	-	3,834,572	4,097,625
Change in net assets from operations	2,430,821	(1,493,677)	937,144	(640,424)
CAPITAL CAMPAIGN				
Contributions	-	751,800	751,800	447,436
Capital campaign expenses	(43,674)	-	(43,674)	(281,441)
Total capital campaign	(43,674)	751,800	708,126	165,995
Loss on disposal of building plan	-	-	-	(2,933,810)
Loss on uncollectible contribution	-	-	-	(24,000)
Change in net assets	2,387,147	(741,877)	1,645,270	(3,432,239)
NET ASSETS, beginning of year	5,293,281	7,216,943	12,510,224	15,942,463
NET ASSETS, end of year	$ 7,680,428	$ 6,475,066	$ 14,155,494	$ 12,510,224

CuriOdyssey
Statement of Functional Expenses
Year Ended September 30, 2021 (with comparative totals for the year ended September 30, 2020)

	Program Services						
	Wildlife Habitats	Programs/ Changing Exhibits	School Services/ Volunteers	Building and Grounds	Gift Shop	Community Outreach	Total Program Services
Salaries and related expenses	$ 628,736	$ 272,595	$ 313,074	$ 90,473	$ 77,046	$ 503,023	$ 1,884,947
Contract services	39,606	82,358	40,011	180,183	7,455	62,511	412,124
Non-personnel expenses	42,919	15,850	29,522	100,137	5,384	37,875	231,687
Depreciation	114,193	-	-	-	-	-	114,193
Other program specific expenses	67,826	21,806	1,878	266	3,730	8,514	104,020
Facility and vehicle expenses	17,401	3,659	2,021	42,755	1,116	5,552	72,504
Other expenses	(23,658)	17,913	783	15,618	6,424	15,057	32,137
Grant and direct assistance	6,500	-	-	-	-	-	6,500
Travel and conference expenses	(986)	264	302	118	323	408	429
Gift shop cost of goods sold	-	-	-	-	68,997	-	68,997
Cost of direct benefit to donors	-	-	-	-	-	-	-
Total expenses by function	892,537	414,445	387,591	429,550	170,475	632,940	2,927,538
Less expenses included with revenues on the statement of activities and changes in net assets							
Gift shop cost of goods sold	-	-	-	-	(68,997)	-	(68,997)
Cost of direct benefit to donors	-	-	-	-	-	-	-
Total expenses included in the expense section on the statement of activities and changes in net assets	$ 892,537	$ 414,445	$ 387,591	$ 429,550	$ 101,478	$ 632,940	$ 2,858,541

	Supporting Services					
	Management and General	Fundraising	Membership	Total Supporting Services	Total 2021	Total 2020
Salaries and related expenses	$ 507,820	$ 155,057	$ 53,185	$ 716,062	$ 2,601,009	$ 2,791,638
Contract services	58,285	53,658	2,416	114,359	526,483	635,776
Non-personnel expenses	22,953	6,073	5,541	34,567	266,254	137,092
Depreciation	29,186	-	-	29,186	143,379	195,553
Other program specific expenses	4,416	4,307	321	9,044	113,064	108,207
Facility and vehicle expenses	8,815	11,169	3,369	23,353	95,857	76,305
Other expenses	35,765	3,725	8,345	47,835	79,972	136,212
Grant and direct assistance	-	-	-	-	6,500	4,680
Travel and conference expenses	1,389	118	118	1,625	2,054	12,162
Gift shop cost of goods sold	-	-	-	-	68,997	63,320
Cost of direct benefit to donors	-	34,696	-	34,696	34,696	-
Total expenses by function	668,629	268,803	73,295	1,010,727	3,938,265	4,160,945
Less expenses included with revenues on the statement of activities and changes in net assets						
Gift shop cost of goods sold	-	-	-	-	(68,997)	(63,320)
Cost of direct benefit to donors	-	(34,696)	-	(34,696)	(34,696)	-
Total expenses included in the expense section on the statement of activities and changes in net assets	$ 668,629	$ 234,107	$ 73,295	$ 976,031	$ 3,834,572	$ 4,097,625

CuriOdyssey
Statement of Cash Flows
Year Ended September 30, 2021
(with comparative totals for the year ended September 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,645,270	$ (3,432,239)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	143,379	195,553
Amortization of discount on contributed use of facility	(21,588)	(29,997)
Donated use of facilities	207,206	207,206
Loss on uncollectible contribution	-	24,000
Net realized and unrealized gain on investments	(113,779)	(61,197)
Loss on disposal of construction plan	-	2,933,810
Changes in operating assets and liabilities		
Grants and contributions receivable	2,370,156	1,834,359
Accounts receivable	(35,286)	44,404
Store inventories	3,963	(13,282)
Prepaid expenses	(69,219)	42,018
Accounts payable and accrued liabilities	(206,986)	196,965
Deferred revenue	(79,152)	83,256
Net cash provided by operating activities	3,843,964	2,024,856
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,187,834)	(487,778)
Purchases of property and equipment	(2,280,563)	(1,018,818)
Net cash used in investing activities	(3,468,397)	(1,506,596)
NET CHANGE IN CASH AND CASH EQUIVALENTS	375,567	518,260
Cash, cash equivalents, and restricted cash, beginning of year	1,302,553	784,293
Cash, cash equivalents, and restricted cash, end of year	$ 1,678,120	$ 1,302,553
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 197,243	$ 268,776
Cash restricted for capital campaign	1,480,877	1,033,777
Total cash, cash equivalents, and restricted cash	$ 1,678,120	$ 1,302,553
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Accrued purchases of property, plant, and equipment	$ 117,978	$ -

See accompanying notes.

NOTE 1 – NATURE OF ORGANIZATION

CuriOdyssey (the "Organization") was founded in 1953 as a California non-profit corporation. The Organization is a science museum and zoo dedicated to providing early science, technology, engineering, and math (STEM) education. The Organization's mission is to inspire love for science and curiosity about the world to create a brighter future. With inquiry-based exhibits, animals and in-depth science programming, the Organization is revolutionizing science education by harnessing children's innate curiosity about animals and nature, allowing them to explore and begin to understand natural laws, where they think they are just having fun, but they are actually building the foundation of an early interest in science. Prior to the pandemic, nearly 200,000 (unaudited) children and families visited the Organization each year to observe the native California animals and experiment with scientific phenomena.

The Organization derives its support from generous individuals, corporations and foundations, as well as earned revenue from memberships, admissions, programs, and facility rentals. COVID-19, which necessitated 15 weeks of museum and zoo closures, impacted earned revenue opportunities considerably. However, the Organization received a number of emergency grants from private foundations, a First Draw and Second Draw Paycheck Protection Program (PPP) Loan administered by a Small Business Administration (SBA) approved partner, which were both forgiven (see Note 3), and increased donations from caring community supporters.

NOTE 2 – BUILDING FOR OUR FUTURE

The Organization continues to look for ways to leverage its impact and expand the Organization's vision for early science learning. During the prior year, the Organization re-evaluated its facility needs, and the Organization's Board of Directors concluded that the building design previously presented would not adequately meet its updated mission and strategic goals. Working with a respected real estate development firm, the Organization has begun planning for a campus concept that can be enhanced as it grows. *Whooosh!,* an inclusive playground, opened in October 2021. On April 30, 2022, the Organization broke ground on the first of the series of buildings that will comprise the premier science education campus in the Bay Area.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2020, 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. As of September 30, 2021, there were no board designated net assets.

- *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 those 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.

Accounts receivable – Accounts receivable represent event receivables. Accounts receivable have been reviewed by management and it has been determined that the entire amount is collectible, and no explicit discount is necessary as of September 30, 2021.

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, 2021.

Grants and contributions receivable, net – 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 and changes in net assets.

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, 2021, 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 changes in net assets 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 $5,000 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 30 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 and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Organization evaluates prominent events or changes in circumstances affecting property and equipment to determine whether impairment of property and equipment has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the property and equipment. There was no impairment of property and equipment at September 30, 2021.

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. Revenue is recognized when services are rendered for each of the program.

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, 2021, the Organization had $2,515,000 of conditional grants for breaking ground for The Campaign for the Organization which will be recognized when the conditions on which they depend have been met in the future.

The Organization was granted a $530,930 loan under the PPP administered by a SBA approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization recognized $530,930 as grants and contributions revenue for the year ended September 30, 2021. The loan was forgiven in February 2022.

Donated goods and contributed use of long-lived assets – 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 7). The Organization received contributed nonfinancial assets valued at $7,583 for the year ended September 30, 2021, which are included as contributions on the statement of activities and changes in net assets.

Functional allocation of expenses – The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of functional 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, number of employees, or other relevant bases.

Advertising – The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising expense was $9,402 for the year ended September 30, 2021.

Collections – While the animal collection represents the Organization's most cherished asset, the Organization does not attempt to quantify the value of the collection. Thus, the animal collection is not represented on the statement of financial position.

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 Organization, and has concluded that, as of September 30, 2021, 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.

Recently adopted pronouncements – During the year ended September 30, 2021, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective transition approach. As compared to existing guidance on revenue recognition, ASU No. 2014-09 significantly enhanced comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU No. 2014-09 provides a framework for addressing revenue recognition issues comprehensively for entities that apply U.S. GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU No. 2014-09 also improved U.S. GAAP by reducing the number of requirements an entity must consider in recognizing revenue, as well as requiring improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The adoption of ASU No. 2014-09 did not have a significant impact on the financial statements.

Recent accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees and lessors. The effective date of ASU No. 2016-02 was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842)*, to annual periods beginning after December 15, 2021. These ASUs are effective for the Organization for the year ending September 30, 2023. Management is currently evaluating the impact of the provisions of these ASU's on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 should be applied on a retrospective basis and is effective for the Organization for the year ending September 30, 2023, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU No. 2020-07 on the financial statements.

NOTE 4 – 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	$	197,243
Accounts receivable		51,714
Financial assets available to meet cash needs for general expenditures within one year	$	248,957

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 meet its operating needs and other contractual commitments.

Additionally, the Organization has other assets that are designated for future capital expenditures and operating reserves. A portion of these assets, which are described in Note 6 (Capital Revolving), can be drawn upon, following management submission of a detailed request and board approval, for operating cash flow shortages within the next fiscal year. These assets are not reflected in the amounts above.

NOTE 5 – FINANCIAL INSTRUMENTS AND CREDIT RISK

The Organization manages deposit concentration risk by placing cash, and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has 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 of Directors' members, donors, and foundations supportive of the Organization's 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, 2021, three donors comprised 73% of total grants and contributions receivable.

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENT

As defined in 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 year ended September 30, 2021, 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.

The breakdown of Level 1 investments as presented on the statement of financial position is as follows at September 30, 2021:

	Building Fund	Capital Revolving	Endowment	Total
Cash equivalents	$ 1,649,588	$ 4,340,721	$ 9,771	$ 6,000,080
Equity funds	-	-	671,557	671,557
Bond funds	-	-	291,411	291,411
Total	$ 1,649,588	$ 4,340,721	$ 972,739	$ 6,963,048

NOTE 7 – GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

Grants and contributions receivable, net are for the following purposes and due as follows at September 30, 2021:

	Building Fund	Capital Revolving	Annual	Total
Less than one year	$ 826,250	$ 415,000	$ 14,240	$ 1,255,490
One to five years	273,750	-	4,466	278,216
	1,100,000	415,000	18,706	1,533,706
Less present value discount (3%)	(21,871)	-	(738)	(22,609)
Total	$ 1,078,129	$ 415,000	$ 17,968	$ 1,511,097

NOTE 8 – CONTRIBUTED USE OF FACILITIES

The Organization 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 2024. 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 The Organization 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 contract services in the accompanying statement of functional expenses. For the year ended September 30, 2021, $21,588 of the unamortized discount was realized as contributed facilities.

Receivable in less than one year	$ 207,206
Receivable in one to five years	155,405
	362,611
Less present value discount (4 - 8%)	(16,335)
	$ 346,276

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2021, consists of the following:

Wildlife habitats	$ 4,867,166
Building improvements	1,634,518
Office furniture and equipment	323,764
Computers and IT equipment	207,484
	7,032,932
Less: accumulated depreciation	(6,188,489)
	844,443
Construction in progress	3,135,262
	$ 3,979,705

The Organization building was constructed on land owned by the County of San Mateo. The Organization paid a portion of the cost of construction. The Organization 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.

Depreciation expense was $143,379 for the year ended September 30, 2021.

The Organization has various purchase commitments totaling $590,808 as of September 30, 2021, related to construction contracts.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	
Capital campaign - renovation	$ 4,121,848
Restricted for future programs	619,687
	4,741,535
SUBJECT TO THE PASSAGE OF TIME	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	414,516
Donated use of facilities	346,276
	760,792
SUBJECT TO THE ORGANIZATION'S SPENDING POLICY AND APPROPRIATION	
Endowment funds restricted in perpetuity	876,211
Accumulated appreciation of endowment funds not appropriated for expenditure	96,528
	972,739
Total net assets with donor restrictions	$ 6,475,066

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, 2021:

SATISFACTION OF PURPOSE RESTRICTIONS	
Public programs	$ 446,321
	446,321
Expiration of time restrictions	2,145,537
Endowment earnings appropriated	60,433
	$ 2,652,291

NOTE 11 – ENDOWMENT

The Organization's 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.

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, 2021, 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 gains		96,528
Balance, end of year	$	972,739

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. There are no deficiencies of this nature reported in net assets as of the year ended September 30, 2021.

Investment and spending policies – 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 year, a 6% withdrawal was approved.

Changes in endowment net assets with donor restrictions for the year ended September 30, 2021, are as follows:

Balance, beginning of year	$	883,119
Net investment return		150,053
Appropriation of endowment assets pursuant to spending rate policy		(60,433)
Balance, end of year	$	972,739

The Organization has adopted an investment policy, approved by the Board of Directors, 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 investments in the statement of financial position.

NOTE 12 – 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, 2021.

NOTE 13 – OPERATING LEASES

The Organization has entered into certain noncancelable lease agreements for office equipment expiring through July 2022. Rent expense totaled $8,062 for the year ended September 30, 2021.

Future minimum lease payments under noncancelable operating leases as of the year ended September 30, 2021 are as follows:

Year ending September 30,	
2022	$ 2,370

NOTE 14 – SUBSEQUENT EVENTS

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may have an impact on the Organization's operations. The Organization expects uncertainties to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic. The Organization continues to closely monitor its liquidity and is actively working to minimize the impact of the pandemic on its operations.

Management has evaluated subsequent events through June 6, 2022, the date on which the financial statements were available to be issued, and determined there were subsequent events to be disclosed:

- In December 2021, the Board of Directors authorized construction of the Bay Gallery and Labs, the first building in the Organization’s campus plan. Groundbreaking took place April 30, 2022, with an expected completion in Spring 2023. Construction cost is estimated to be $6.2 million.
- In February 2022, the Organization received full forgiveness of the Second Draw PPP loan of $530,930.
- In March 2022, the Organization signed a new lease with the County of San Mateo. The new lease was effective upon signing and has a term of 30 years, with two 15-year extensions.

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