



Report of Independent Auditors and  
Financial Statements

**CuriOdyssey**

September 30, 2022  
(with comparative totals for September 30, 2021)

# Table of Contents

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	<b>Page</b>
<b>Report of Independent Auditors</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	8
Notes to Financial Statements	9

## **Report of Independent Auditors**

To the Board of Directors  
CuriOdyssey

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of CuriOdyssey, which comprise the statement of financial position as of September 30, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CuriOdyssey as of September 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CuriOdyssey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CuriOdyssey's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CuriOdyssey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CuriOdyssey's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Matter***

#### *Prior Period Summarized Comparative Information*

The summarized comparative information presented herein was derived from the prior year financial statements of CuriOdyssey, as of and for the year ended September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California  
March 2, 2023

## **Financial Statements**

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**CuriOdyssey**  
**Statement of Financial Position**  
**September 30, 2022**  
**(with comparative totals for September 30, 2021)**

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,042,643	\$ 197,243
Accounts receivable	27,336	51,714
Gift shop inventory	50,270	49,783
Prepaid expenses	60,957	81,776
Grants and contributions receivable, net	1,795,896	1,511,097
Contributed use of facilities, net	-	346,276
Cash restricted for capital campaign	1,407,060	1,480,877
Investments	4,739,539	6,963,048
Property and equipment, net	<u>7,413,104</u>	<u>3,979,705</u>
Total assets	<u>\$ 16,536,805</u>	<u>\$ 14,661,519</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 756,701	\$ 421,075
Deferred revenue	<u>5,523</u>	<u>84,950</u>
Total liabilities	<u>762,224</u>	<u>506,025</u>
<b>NET ASSETS</b>		
Without donor restrictions	10,364,935	7,680,428
With donor restrictions	<u>5,409,646</u>	<u>6,475,066</u>
Total net assets	<u>15,774,581</u>	<u>14,155,494</u>
Total liabilities and net assets	<u>\$ 16,536,805</u>	<u>\$ 14,661,519</u>

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See accompanying notes.

**CuriOdyssey**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended September 30, 2022**  
**(with comparative totals for the year ended September 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
<b>OPERATING REVENUE</b>				
Grants and contributions	\$ 2,404,299	\$ 863,000	\$ 3,267,299	\$ 2,873,551
Program service fees	670,659	-	670,659	485,996
Admissions	692,154	-	692,154	550,902
Membership	474,639	-	474,639	314,959
Facilities rentals	230,633	-	230,633	84,701
Net gift shop sales	100,225	-	100,225	79,893
Net investment return (loss)	33,331	(187,288)	(153,957)	164,695
Special events, net	324,132	-	324,132	209,436
Contributed nonfinancial assets	24,703	-	24,703	7,583
Other income	21,651	-	21,651	-
Net assets released from restrictions	670,472	(670,472)	-	-
<b>Total operating revenue</b>	<b>5,646,898</b>	<b>5,240</b>	<b>5,652,138</b>	<b>4,771,716</b>
<b>OPERATING EXPENSES</b>				
Program services	3,016,778	-	3,016,778	2,858,541
Supporting services	1,467,355	-	1,467,355	976,031
<b>Total operating expenses</b>	<b>4,484,133</b>	<b>-</b>	<b>4,484,133</b>	<b>3,834,572</b>
<b>Change in net assets from operations</b>	<b>1,162,765</b>	<b>5,240</b>	<b>1,168,005</b>	<b>937,144</b>
<b>CAPITAL CAMPAIGN</b>				
Contributions	-	1,292,942	1,292,942	751,800
Net assets released from restrictions	1,884,353	(1,884,353)	-	-
Capital campaign expenses	-	(479,249)	(479,249)	(43,674)
<b>Total capital campaign</b>	<b>1,884,353</b>	<b>(1,070,660)</b>	<b>813,693</b>	<b>708,126</b>
<b>LOSS ON LEASE TERMINATION</b>	<b>(362,611)</b>	<b>-</b>	<b>(362,611)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,684,507</b>	<b>(1,065,420)</b>	<b>1,619,087</b>	<b>1,645,270</b>
<b>NET ASSETS, beginning of year</b>	<b>7,680,428</b>	<b>6,475,066</b>	<b>14,155,494</b>	<b>12,510,224</b>
<b>NET ASSETS, end of year</b>	<b>\$ 10,364,935</b>	<b>\$ 5,409,646</b>	<b>\$ 15,774,581</b>	<b>\$ 14,155,494</b>

See accompanying notes.

**CuriOdyssey**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2022**  
**(with comparative totals for the year ended September 30, 2021)**

	Program Services						Total Program Services
	Wildlife Habitats	Programs/ Changing Exhibits	School Services/ Volunteers	Building and Grounds	Gift Shop	Community Outreach	
Salaries and related expenses	\$ 616,392	\$ 405,941	\$ 366,167	\$ 247,007	\$ 84,631	\$ 455,581	\$ 2,175,719
Contract services	8,777	35,199	11,834	222,150	-	15,829	293,789
Non-personnel expenses	20,846	21,856	16,893	24,493	1,873	61,203	147,164
Depreciation	65,753	-	-	-	-	-	65,753
Other program specific expenses	61,632	40,245	4,545	11,631	325	3,825	122,203
Facility and vehicle expenses	42,182	11,884	3,891	91,913	1,326	5,356	156,552
Other expenses	6,911	21,988	790	10,682	7	1,737	42,115
Grant and direct assistance	4,000	-	-	-	-	-	4,000
Travel and conference expenses	9,087	298	46	-	25	27	9,483
Gift shop cost of goods sold	-	-	-	-	85,739	-	85,739
Cost of direct benefit to donors	-	-	-	-	-	-	-
<b>Total expenses by function</b>	<b>835,580</b>	<b>537,411</b>	<b>404,166</b>	<b>607,876</b>	<b>173,926</b>	<b>543,558</b>	<b>3,102,517</b>
Less expenses included with revenues on the statement of activities and changes in net assets							
Gift shop cost of goods sold	-	-	-	-	(85,739)	-	(85,739)
Cost of direct benefit to donors	-	-	-	-	-	-	-
<b>Total expenses included in the expense section on the statement of activities and changes in net assets</b>	<b>\$ 835,580</b>	<b>\$ 537,411</b>	<b>\$ 404,166</b>	<b>\$ 607,876</b>	<b>\$ 88,187</b>	<b>\$ 543,558</b>	<b>\$ 3,016,778</b>

See accompanying notes.



**CuriOdyssey**  
**Statement of Functional Expenses (Continued)**  
**Year Ended September 30, 2022**  
**(with comparative totals for the year ended September 30, 2021)**

	Supporting Services			Total Supporting Services	Total 2022	Total 2021
	Management and General	Fundraising	Membership			
Salaries and related expenses	\$ 422,751	\$ 268,467	\$ 47,411	\$ 738,629	\$ 2,914,348	\$ 2,601,009
Contract services	249,089	44,210	3,216	296,515	590,304	526,483
Non-personnel expenses	101,378	5,451	2,490	109,319	256,483	266,254
Depreciation	198,727	-	-	198,727	264,480	143,379
Other program specific expenses	2,526	1,099	-	3,625	125,828	113,064
Facility and vehicle expenses	181	7,637	4,940	12,758	169,310	95,857
Other expenses	97,917	6,375	-	104,292	146,407	79,972
Grant and direct assistance	2,500	-	-	2,500	6,500	6,500
Travel and conference expenses	897	93	-	990	10,473	2,054
Gift shop cost of goods sold	-	-	-	-	85,739	68,997
Cost of direct benefit to donors	-	39,215	-	39,215	39,215	34,696
	<u>1,075,966</u>	<u>372,547</u>	<u>58,057</u>	<u>1,506,570</u>	<u>4,609,087</u>	<u>3,938,265</u>
Less expenses included with revenues on the statement of activities and changes in net assets						
Gift shop cost of goods sold	-	-	-	-	(85,739)	(68,997)
Cost of direct benefit to donors	-	(39,215)	-	(39,215)	(39,215)	(34,696)
	<u>-</u>	<u>(39,215)</u>	<u>-</u>	<u>(39,215)</u>	<u>(85,739)</u>	<u>(68,997)</u>
	<u>1,075,966</u>	<u>333,332</u>	<u>58,057</u>	<u>1,467,355</u>	<u>4,484,133</u>	<u>3,834,572</u>

See accompanying notes.

**CuriOdyssey**  
**Statement of Cash Flows**  
**Year Ended September 30, 2022**  
**(with comparative totals for the year ended September 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,619,087	\$ 1,645,270
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	264,480	143,379
Amortization of discount on contributed use of facility	(16,335)	(21,588)
Donated use of facilities	-	207,206
Loss on lease termination	362,611	-
Net realized and unrealized loss (gain) on investments	187,367	(113,779)
Changes in operating assets and liabilities		
Grants and contributions receivable	(284,799)	2,370,156
Accounts receivable	24,378	(35,286)
Store inventories	(487)	3,963
Prepaid expenses	20,819	(69,219)
Accounts payable and accrued liabilities	335,626	(206,986)
Deferred revenue	(79,427)	(79,152)
Net cash provided by operating activities	<u>2,433,320</u>	<u>3,843,964</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	2,036,142	-
Purchases of investments	-	(1,187,834)
Purchases of property and equipment	<u>(3,697,879)</u>	<u>(2,280,563)</u>
Net cash used in investing activities	<u>(1,661,737)</u>	<u>(3,468,397)</u>
Net change in cash, cash equivalents, and restricted cash	771,583	375,567
Cash, cash equivalents, and restricted cash, beginning of year	<u>1,678,120</u>	<u>1,302,553</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,449,703</u>	<u>\$ 1,678,120</u>
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 1,042,643	\$ 197,243
Cash restricted for capital campaign	<u>1,407,060</u>	<u>1,480,877</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 2,449,703</u>	<u>\$ 1,678,120</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES</b>		
Accrued purchases of property, plant, and equipment	<u>\$ 499,019</u>	<u>\$ 117,978</u>

See accompanying notes.

# CuriOdyssey

## Notes to Financial Statements

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### **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 effects of the pandemic over this past year, though less, have persisted: visitation was down 38% (unaudited) from pre-pandemic levels over the period October 1, 2021 to September 30, 2022.

The Organization derives its support from generous individuals, corporations and foundations, as well as earned revenue from memberships, admissions, programs, and facility rentals.

### **Note 2 – Building for Our Future**

The Organization remains committed to expanding and revitalizing its campus and facilities as part of the overall strategic plan to provide premier science learning and experiences to the community. In April 2023, one year after breaking ground, the Organization will complete the Bay Gallery & Labs building. This is the first new building on the Organization’s campus in 50 years. When open to the public, the Bay Gallery & Labs will add 1200 sq. ft. of new science exhibit space - including 13 new exhibits specifically designed for the space - and 1500 sq. ft. of flexible classroom program space as well as new outdoor program space and landscaping. For its next project, the Organization has already initiated the conceptual design phase for a new North American River Otter exhibit.

### **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, 2021, 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.

## CuriOdyssey

### Notes to Financial Statements

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**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, 2022, 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, 2022.

**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, 2022.

**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, 2022, 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.

## **CuriOdyssey**

### **Notes to Financial Statements**

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**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, 2022.

**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 programs.

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, 2022, the Organization had \$1,200,000 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.

**Contributed nonfinancial assets 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 \$24,703 for the year ended September 30, 2022, consisting of donated goods and use of facilities. The estimated fair value of donated goods is based on current rates of similar goods. The estimated fair value of contributed use of facilities is based on estimated lease rates.

**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.

## CuriOdyssey

### Notes to Financial Statements

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**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 \$20,479 for the year ended September 30, 2022.

**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, 2022, 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.

**COVID 19** – 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.

**Recently adopted pronouncements** – During the year ended September 30, 2022, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“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. The adoption of ASU No. 2020-07 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.

# CuriOdyssey

## Notes to Financial Statements

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### 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	\$ 1,042,643
Accounts receivable	<u>27,336</u>
Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 1,069,979</u></u>

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.

During the year ended September 30, 2022, two donors comprised 39% of total grants and contribution revenue. At September 30, 2022, three donors comprised 78% of total grants and contributions receivable.

# CuriOdyssey

## Notes to Financial Statements

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### 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, 2022, 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, 2022:

	Building Fund	Capital Revolving	Endowment	Total
Cash equivalents	\$ 294,496	\$ 3,686,778	\$ 5,508	\$ 3,986,782
Equity funds	-	-	508,476	508,476
Bond funds	-	-	244,281	244,281
<b>Total</b>	<b>\$ 294,496</b>	<b>\$ 3,686,778</b>	<b>\$ 758,265</b>	<b>\$ 4,739,539</b>



**CuriOdyssey**  
**Notes to Financial Statements**

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**Note 7 – Grants and Contributions Receivable, Net**

Grants and contributions receivable, net are for the following purposes and due as follows at September 30, 2022:

	Building Fund	Capital Revolving	Annual	Total
Less than one year	\$ 711,589	\$ -	\$ 1,078,600	\$ 1,790,189
One to five years	-	-	6,206	6,206
	711,589	-	1,084,806	1,796,395
Less present value discount (3%)	-	-	(499)	(499)
Total	<u>\$ 711,589</u>	<u>\$ -</u>	<u>\$ 1,084,307</u>	<u>\$ 1,795,896</u>

**Note 8 – Contributed Use of Facilities**

The Organization had 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. When the new lease was signed, the old lease was terminated, resulting in a loss on lease termination of \$362,611.

On March 22, 2022, the Organization signed a new ground lease with the County of San Mateo, effective upon signing. The lease is for thirty years and includes two fifteen-year options. Unlike the prior lease of donated rent, the Organization will now pay a User Fee equal to 1% of earned revenue as defined in the lease. The User Fee commences upon receiving Certificate of Occupancy for the Bay Gallery Labs building currently under construction (see Note 2), and is payable annually. While the User Fee will vary based on earned revenue, the Organization's obligation is expected to be around \$30,000 each year. Also, the Organization will assume the responsibility for paying utilities once the Certificate of Occupancy is received.

**CuriOdyssey**  
**Notes to Financial Statements**

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**Note 9 – Property and Equipment**

Property and equipment at September 30, 2022, consists of the following:

Wildlife habitats	\$ 4,950,589
Building improvements	3,400,894
Office furniture and equipment	323,764
Computers and IT equipment	<u>217,469</u>
	8,892,716
Less: accumulated depreciation	<u>(6,452,969)</u>
	2,439,747
Construction in progress	<u>4,973,357</u>
	<u><u>\$ 7,413,104</u></u>

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 \$264,480 for the year ended September 30, 2022.

The Organization has various purchase commitments totaling \$200,000 as of September 30, 2022, related to construction contracts.

**CuriOdyssey**  
**Notes to Financial Statements**

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**Note 10 – Net Assets with Donor Restrictions**

As of September 30, 2022, net assets with donor restrictions are restricted for the following purposes or periods:

SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	
Capital campaign - renovation	\$ 3,051,188
Restricted for future programs	<u>515,886</u>
	<u>3,567,074</u>
SUBJECT TO THE PASSAGE OF TIME	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>1,084,307</u>
	<u>1,084,307</u>
SUBJECT TO THE ORGANIZATION'S SPENDING POLICY AND APPROPRIATION	
Endowment funds restricted in perpetuity	876,211
Accumulated depreciation of endowment funds not appropriated for expenditure	<u>(117,946)</u>
	<u>758,265</u>
Total net assets with donor restrictions	<u><u>\$ 5,409,646</u></u>

Net assets 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, 2022:

SATISFACTION OF PURPOSE RESTRICTIONS	
Public programs	<u>\$ 284,931</u>
	284,931
Expiration of time restrictions	358,355
Endowment earnings appropriated	<u>27,186</u>
	<u><u>\$ 670,472</u></u>

# CuriOdyssey

## Notes to Financial Statements

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### 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 as perpetual donor restrictions are classified as with donor restrictions 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:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

As of September 30, 2022, 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	<u>(117,946)</u>
Balance, end of year	<u><u>\$ 758,265</u></u>

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. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of September 30, 2022, funds with original gift values of \$876,211, fair value of \$758,265, and deficiencies of \$117,946 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for program support was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions.

## CuriOdyssey

### Notes to Financial Statements

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**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, 2022, are as follows:

Balance, beginning of year	\$ 972,739
Net investment loss	(187,288)
Appropriation of endowment assets pursuant to spending rate policy	<u>(27,186)</u>
Balance, end of year	<u><u>\$ 758,265</u></u>

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, 2022.

#### **Note 13 – Subsequent Events**

Management has evaluated subsequent events through March 2, 2023, the date on which the financial statements were available to be issued, and determined the following subsequent event to be disclosed:

- In January 2023, the Board of Directors authorized an additional \$475,000 to complete the construction of the Bay Gallery and Labs, paid for out of the remaining large risk contingency balance. Total construction cost is estimated to be \$5.8 million, with an expected completion in April 2023.

