



Report of Independent Auditors and
Financial Statements

CuriOdyssey

September 30, 2023
(with comparative totals for September 30, 2022)

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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, 2023, 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, 2023, 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.

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, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California
February 28, 2024

Financial Statements

CuriOdyssey
Statement of Financial Position
September 30, 2023
(with comparative totals for September 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,992,504	\$ 1,042,643
Accounts receivable	148,089	27,336
Gift shop inventory	50,044	50,270
Prepaid expenses	30,028	60,957
Grants and contributions receivable, net	524,864	1,795,896
Cash restricted for capital campaign	-	1,407,060
Investments	1,970,387	4,739,539
Property and equipment, net	<u>10,605,865</u>	<u>7,413,104</u>
Total assets	<u><u>\$ 16,321,781</u></u>	<u><u>\$ 16,536,805</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,184,940	\$ 756,701
Deferred revenue	<u>22,388</u>	<u>5,523</u>
Total liabilities	<u>1,207,328</u>	<u>762,224</u>
NET ASSETS		
Without donor restrictions	13,321,165	10,364,935
With donor restrictions	<u>1,793,288</u>	<u>5,409,646</u>
Total net assets	<u>15,114,453</u>	<u>15,774,581</u>
Total liabilities and net assets	<u><u>\$ 16,321,781</u></u>	<u><u>\$ 16,536,805</u></u>

See accompanying notes.

CuriOdyssey
Statement of Activities and Changes in Net Assets
Year Ended September 30, 2023
(with comparative totals for the year ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
OPERATING REVENUE				
Grants and contributions	\$ 1,674,679	\$ 316,126	\$ 1,990,805	\$ 3,267,299
Program service fees	661,049	-	661,049	670,659
Admissions	680,714	-	680,714	692,154
Membership	439,382	-	439,382	474,639
Facilities rentals	124,927	-	124,927	230,633
Net gift shop sales	79,575	-	79,575	100,225
Net investment return (loss)	150,071	82,528	232,599	(153,957)
Special events, net	406,222	-	406,222	324,132
Contributed nonfinancial assets	6,155	-	6,155	24,703
Other income	77,572	-	77,572	21,651
Net assets released from restrictions	<u>1,463,824</u>	<u>(1,463,824)</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>5,764,170</u>	<u>(1,065,170)</u>	<u>4,699,000</u>	<u>5,652,138</u>
OPERATING EXPENSES				
Program services	4,840,308	-	4,840,308	3,016,778
Supporting services	<u>1,465,099</u>	<u>-</u>	<u>1,465,099</u>	<u>1,467,355</u>
Total operating expenses	<u>6,305,407</u>	<u>-</u>	<u>6,305,407</u>	<u>4,484,133</u>
Change in net assets from operations	<u>(541,237)</u>	<u>(1,065,170)</u>	<u>(1,606,407)</u>	<u>1,168,005</u>
CAPITAL CAMPAIGN				
Contributions	-	1,300,000	1,300,000	1,292,942
Net assets released from restrictions	3,851,188	(3,851,188)	-	-
Capital campaign expenses	<u>(353,721)</u>	<u>-</u>	<u>(353,721)</u>	<u>(479,249)</u>
Total capital campaign	3,497,467	(2,551,188)	946,279	813,693
LOSS ON LEASE TERMINATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>(362,611)</u>
CHANGE IN NET ASSETS	2,956,230	(3,616,358)	(660,128)	1,619,087
NET ASSETS, beginning of year	<u>10,364,935</u>	<u>5,409,646</u>	<u>15,774,581</u>	<u>14,155,494</u>
NET ASSETS, end of year	<u><u>\$ 13,321,165</u></u>	<u><u>\$ 1,793,288</u></u>	<u><u>\$ 15,114,453</u></u>	<u><u>\$ 15,774,581</u></u>

See accompanying notes.

CuriOdyssey
Statement of Functional Expenses
Year Ended September 30, 2023
(with comparative totals for the year ended September 30, 2022)

	Program Services						
	Wildlife Habitats	Programs/ Changing Exhibits	School Services/ Volunteers	Building and Grounds	Gift Shop	Community Outreach	Total Program Services
Salaries and related expenses	\$ 817,689	\$ 559,643	\$ 543,112	\$ 261,187	\$ 100,494	\$ 705,814	\$ 2,987,939
Contract services	121,156	126,883	43,672	112,719	9,146	193,115	606,691
Nonpersonnel expenses	52,729	41,368	20,473	7,695	3,674	43,922	169,861
Depreciation	94,379	495,645	-	4,376	-	651	595,051
Other program specific expenses	76,698	43,231	10,535	20	393	7,740	138,617
Facility and vehicle expenses	47,330	52,917	11,936	60,534	3,511	32,710	208,938
Other expenses	14,608	39,566	5,157	5,413	448	38,184	103,376
Grant and direct assistance	15,000	-	-	-	-	-	15,000
Travel and conference expenses	8,698	4,687	1,423	27	-	-	14,835
Gift shop cost of goods sold	-	-	-	-	79,038	-	79,038
Cost of direct benefit to donors	-	-	-	-	-	-	-
Total expenses by function	1,248,287	1,363,940	636,308	451,971	196,704	1,022,136	4,919,346
Less expenses included with revenues on the statement of activities and changes in net assets							
Gift shop cost of goods sold	-	-	-	-	(79,038)	-	(79,038)
Cost of direct benefit to donors	-	-	-	-	-	-	-
Total expenses included in the expense section on the statement of activities and changes in net assets	<u>\$ 1,248,287</u>	<u>\$ 1,363,940</u>	<u>\$ 636,308</u>	<u>\$ 451,971</u>	<u>\$ 117,666</u>	<u>\$ 1,022,136</u>	<u>\$ 4,840,308</u>

See accompanying notes.

CuriOdyssey
Statement of Functional Expenses (Continued)
Year Ended September 30, 2023
(with comparative totals for the year ended September 30, 2022)

	Supporting Services					
	Management and General	Fundraising	Membership	Total Supporting Services	Total 2023	Total 2022
Salaries and related expenses	\$ 279,620	\$ 368,836	\$ 60,637	\$ 709,093	\$ 3,697,032	\$ 2,914,348
Contract services	283,798	105,723	-	389,521	996,212	590,304
Nonpersonnel expenses	50,435	12,959	2,290	65,684	235,545	256,483
Depreciation	13,587	-	-	13,587	608,638	264,480
Other program specific expenses	2,029	30,595	40	32,664	171,281	125,828
Facility and vehicle expenses	10,522	11,710	4,713	26,945	235,883	169,310
Other expenses	207,673	11,535	2,861	222,069	325,445	146,407
Grant and direct assistance	-	-	-	-	15,000	6,500
Travel and conference expenses	5,230	296	10	5,536	20,371	10,473
Gift shop cost of goods sold	-	-	-	-	79,038	85,739
Cost of direct benefit to donors	-	17,988	-	17,988	17,988	39,215
Total expenses by function	852,894	559,642	70,551	1,483,087	6,402,433	4,609,087
Less expenses included with revenues on the statement of activities and changes in net assets						
Gift shop cost of goods sold	-	-	-	-	(79,038)	(85,739)
Cost of direct benefit to donors	-	(17,988)	-	(17,988)	(17,988)	(39,215)
Total expenses included in the expense section on the statement of activities and changes in net assets	<u>\$ 852,894</u>	<u>\$ 541,654</u>	<u>\$ 70,551</u>	<u>\$ 1,465,099</u>	<u>\$ 6,305,407</u>	<u>\$ 4,484,133</u>

See accompanying notes.

CuriOdyssey
Statement of Cash Flows
Year Ended September 30, 2023
(with comparative totals for the year ended September 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (660,128)	\$ 1,619,087
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	608,638	264,480
Amortization of discount on contributed use of facility	-	(16,335)
Loss on lease termination	-	362,611
Net realized and unrealized (gain) loss on investments	(164,411)	187,367
Changes in operating assets and liabilities		
Grants and contributions receivable, net	1,271,032	(284,799)
Accounts receivable	(120,753)	24,378
Gift shop inventory	226	(487)
Prepaid expenses	30,929	20,819
Accounts payable and accrued liabilities	428,239	335,626
Deferred revenue	16,865	(79,427)
Net cash provided by operating activities	<u>1,410,637</u>	<u>2,433,320</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,933,563	2,036,142
Purchases of property and equipment	<u>(3,801,399)</u>	<u>(3,697,879)</u>
Net cash used in investing activities	<u>(867,836)</u>	<u>(1,661,737)</u>
Net change in cash, cash equivalents, and restricted cash	542,801	771,583
Cash, cash equivalents, and restricted cash, beginning of year	<u>2,449,703</u>	<u>1,678,120</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,992,504</u>	<u>\$ 2,449,703</u>
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 2,992,504	\$ 1,042,643
Cash restricted for capital campaign	<u>-</u>	<u>1,407,060</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 2,992,504</u>	<u>\$ 2,449,703</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Accrued purchases of property, plant, and equipment	<u>\$ 772,424</u>	<u>\$ 499,019</u>

See accompanying notes.

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Notes to Financial Statements

Note 1 – Nature of Organization

CuriOdyssey (the Organization) was founded in 1953 as a California nonprofit corporation located in Coyote Point Recreation Area. 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, California native wildlife, and experiential science programming, the Organization strives to be a leader in early science learning by harnessing children's inborn curiosity about the world around them, letting them explore and experience natural phenomena on their own terms. 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 long-term effects of the pandemic, combined with an emergency 11-week closure during the year, led to a 45% decrease (unaudited) in visitation from pre-pandemic levels over the period October 1, 2022 to September 30, 2023.

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 March 2023, one year after breaking ground, the Organization completed construction on the new Bay Gallery & Labs building. This is the first new building on the Organization's campus in 50 years. After Coyote Point Recreation Area closed unexpectedly to the public for two and a half months due to storm damage and safety concerns, CuriOdyssey reopened on June 1, 2023, and welcomed the public to the Bay Gallery & Labs for the first time. Guests experienced 1200 sq. ft. of new science exhibit space, including 15 new exhibits in the ViewPoint Exhibition specifically designed for the gallery. The building also features 1500 sq. ft. of flexible classroom program space as well as new outdoor program space and landscaping which allowed the Organization to expand their summer camp opportunities. For its next project, the Organization has initiated the schematic 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, 2022, from which the summarized information was derived.

CuriOdyssey

Notes to Financial Statements

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, 2023, the Board of Directors has designated \$650,000 of net assets specifically for capital expenditures.

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 the 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, 2023.

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, 2023.

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, 2023, the Organization deemed no allowance was required.

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Notes to Financial Statements

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. 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, 2023.

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.

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 \$6,155 for the year ended September 30, 2023, 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

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 \$36,216 for the year ended September 30, 2023.

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, 2023, 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 – Effective October 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (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 adoption of ASU No. 2016-02 did not have a significant impact 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	\$ 2,992,504
Investments	1,970,387
Accounts receivable	<u>148,089</u>
Less investments for endowment	(813,868)
Less board designated net assets	<u>(650,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,647,112</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. These assets are not reflected in the amounts above.

CuriOdyssey

Notes to Financial Statements

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, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

During the year ended September 30, 2023, three donors comprised 58% of total grants and contribution revenue. At September 30, 2023, one donor comprised 95% 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, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent.

CuriOdyssey

Notes to Financial Statements

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, 2023:

	Capital Revolving	Endowment	Total
Cash equivalents	\$ 1,156,519	\$ 6,171	\$ 1,162,690
Equity funds	-	675,874	675,874
Bond funds	-	131,823	131,823
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,156,519</u>	<u>\$ 813,868</u>	<u>\$ 1,970,387</u>

Note 7 – Grants and Contributions Receivable, Net

Grants and contributions receivable, net are for the following purposes and due as follows at September 30, 2023:

	Building Fund	Annual	Total
Less than one year	\$ 250,000	\$ 274,864	\$ 524,864
One to five years	-	-	-
	<u> </u>	<u> </u>	<u> </u>
	250,000	274,864	524,864
Less present value discount (3%)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 250,000</u>	<u>\$ 274,864</u>	<u>\$ 524,864</u>

Note 8 – Facilities

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. The Organization will pay a User Fee equal to 1% of earned revenue as defined in the lease. The User Fee commenced upon receiving Certificate of Occupancy for the Bay Gallery Labs building in March 2023 (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 beginning during the year ended September 30, 2024.

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Notes to Financial Statements

Note 9 – Property and Equipment

Property and equipment at September 30, 2023, consists of the following:

Wildlife habitats	\$ 4,950,589
Building improvements	11,963,954
Office furniture and equipment	359,184
Computers and IT equipment	<u>228,726</u>
	17,502,453
Less accumulated depreciation	<u>(7,029,549)</u>
	10,472,904
Construction in progress	<u>132,961</u>
	<u><u>\$ 10,605,865</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 \$608,638 for the year ended September 30, 2023.

The Organization has various purchase commitments totaling \$772,424 as of September 30, 2023, related to construction contracts.

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Notes to Financial Statements

Note 10 – Net Assets with Donor Restrictions

As of September 30, 2023, net assets with donor restrictions are restricted for the following purposes or periods:

SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	
Capital campaign - renovation	\$ 500,000
Restricted for future programs	<u>213,619</u>
	<u>713,619</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>265,800</u>
	<u>265,800</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>(62,342)</u>
	<u>813,869</u>
Total net assets with donor restrictions	<u><u>\$ 1,793,288</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, 2023:

SATISFACTION OF PURPOSE RESTRICTIONS	
Public programs	\$ 332,436
Capital campaign	<u>3,851,188</u>
	4,183,624
Expiration of time restrictions	1,104,464
Endowment earnings appropriated	<u>26,924</u>
	<u><u>\$ 5,315,012</u></u>

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Notes to Financial Statements

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, 2023, 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>(62,342)</u>
Balance, end of year	<u>\$ 813,869</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, 2023, funds with original gift values of \$876,211, fair value of \$813,869, and deficiencies of \$62,342 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.

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Notes to Financial Statements

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 3% withdrawal was approved.

Changes in endowment net assets with donor restrictions for the year ended September 30, 2023, are as follows:

Balance, beginning of year	\$ 758,265
Net investment gain	82,528
Appropriation of endowment assets pursuant to spending rate policy	<u>(26,924)</u>
Balance, end of year	<u><u>\$ 813,869</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, 2023.

Note 13 – Subsequent Events

Management has evaluated subsequent events through February 28, 2024, the date on which the financial statements were available to be issued, and identified no material subsequent events for disclosure.

