

SEDGWICK COUNTY ZOO
INDEPENDENT AUDITOR'S REPORT
AND
COMBINED FINANCIAL STATEMENTS
December 31, 2016 and 2015

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Independent Auditor's Report

Board of Trustees
Sedgwick County Zoological Foundation, Inc.

Board of Trustees
Sedgwick County Zoological Society, Inc.

Board of County Commissioners
Sedgwick County, Kansas

We have audited the accompanying combined financial statements of Sedgwick County Zoo (a nonprofit organization), which comprise the combined statements of financial position as of December 31, 2016 and 2015, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Sedgwick County Zoo as of December 31, 2016 and 2015, and its activities, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Regier Can E Mowat, CPA

Wichita, Kansas
June 23, 2017

SEDGWICK COUNTY ZOO
Combined Statements of Financial Position
December 31, 2016 and 2015

	2016				2015			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 3,146,246	\$ -	\$ 3,146,246	\$ -	\$ 1,965,855	\$ -	\$ 1,965,855	\$ -
Investments	4,773,834	-	-	4,773,834	4,478,185	-	-	4,478,185
Accounts receivable	209,209	108,248	100,961	-	302,338	80,821	221,517	-
Pledges receivable, current	396,247	-	396,247	-	903,587	-	903,587	-
Inventories	138,459	-	138,459	-	121,062	-	121,062	-
Prepaid expenses	170,873	-	170,873	-	68,659	-	68,659	-
Total current assets	8,834,868	108,248	3,952,786	4,773,834	7,839,686	80,821	3,280,680	4,478,185
OTHER ASSETS								
Long-term pledges receivable	320,865	-	320,865	-	579,988	-	579,988	-
Beneficial interest-perpetual trust	276,560	-	-	276,560	275,835	-	-	275,835
Beneficial interest-remainder trust and estates	77,527	-	77,527	-	85,031	-	85,031	-
Total other assets	674,952	-	398,392	276,560	940,854	-	665,019	275,835
PROPERTY AND EQUIPMENT								
Land and site development	2,800,674	2,800,674	-	-	2,800,674	2,800,674	-	-
Buildings and improvements	55,928,528	55,928,528	-	-	43,217,728	43,217,728	-	-
Machinery and equipment	2,029,649	-	2,029,649	-	1,865,477	-	1,865,477	-
Other assets	14,937	14,937	-	-	14,937	14,937	-	-
Accumulated depreciation	(31,401,378)	(29,731,753)	(1,669,625)	-	(28,963,600)	(27,419,927)	(1,543,673)	-
Construction in progress	3,273,832	3,273,832	-	-	14,008,899	14,008,899	-	-
Net property and equipment	32,646,242	32,286,218	360,024	-	32,944,115	32,622,311	321,804	-
Total assets	\$ 42,156,062	\$ 32,394,466	\$ 4,711,202	\$ 5,050,394	\$ 41,724,655	\$ 32,703,132	\$ 4,267,503	\$ 4,754,020

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Financial Position (Continued)
December 31, 2016 and 2015

	2016				2015			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable	\$ 568,471	\$ -	\$ 568,471	\$ -	\$ 546,046	\$ -	\$ 546,046	\$ -
Salaries and wages payable	136,037	108,248	27,789	-	101,988	80,821	21,167	-
Accrued compensated absences	223,182	179,641	43,541	-	244,136	194,620	49,516	-
Unearned income	25,846	-	25,846	-	22,474	-	22,474	-
Notes payable-Sedgwick County - current	-	-	-	-	-	-	-	-
Other liabilities	64,459	-	64,459	-	58,869	-	58,869	-
Capital lease payable - current	14,115	-	14,115	-	-	-	-	-
Total current liabilities	1,032,110	287,889	744,221	-	973,513	275,441	698,072	-
LONG TERM LIABILITIES								
Capital lease payable	47,773	-	47,773	-	-	-	-	-
Note payable-Sedgwick County	936,044	-	936,044	-	936,044	-	936,044	-
Total long term liabilities	983,817	-	983,817	-	936,044	-	936,044	-
Total liabilities	2,015,927	287,889	1,728,038	-	1,909,557	275,441	1,634,116	-
NET ASSETS								
Unrestricted	38,230,284	32,106,577	1,660,814	4,462,893	37,063,730	32,427,691	468,140	4,167,899
Unrestricted-board designated	823,979	-	823,979	-	593,358	-	593,358	-
Total unrestricted	39,054,263	32,106,577	2,484,793	4,462,893	37,657,088	32,427,691	1,061,498	4,167,899
Temporarily restricted	498,371	-	498,371	-	1,571,889	-	1,571,889	-
Permanently restricted	587,501	-	-	587,501	586,121	-	-	586,121
Total net assets	40,140,135	32,106,577	2,983,164	5,050,394	39,815,098	32,427,691	2,633,387	4,754,020
Total liabilities and net assets	\$ 42,156,062	\$ 32,394,466	\$ 4,711,202	\$ 5,050,394	\$ 41,724,655	\$ 32,703,132	\$ 4,267,503	\$ 4,754,020

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Activities
For the Years Ending December 31, 2016 and 2015

	2016				2015			
	Combined Total	Sedgwick County	County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
CHANGES IN UNRESTRICTED NET ASSETS								
Support								
Sedgwick County	\$ 5,905,539	\$ 5,905,539	\$ -	\$ -	\$ 5,617,889	\$ 5,417,439	\$ 200,450	\$ -
Donations and grants	94,125	-	93,818	307	101,084	-	98,130	2,954
Zoobilee donations	382,557	-	382,557	-	341,336	-	341,336	-
Promotional contributions	149,519	-	149,519	-	120,495	-	120,495	-
Animal adoptions	11,393	-	11,393	-	15,931	-	15,931	-
Total unrestricted support	<u>6,543,133</u>	<u>5,905,539</u>	<u>637,287</u>	<u>307</u>	<u>6,196,735</u>	<u>5,417,439</u>	<u>776,342</u>	<u>2,954</u>
Revenues, gains and losses								
Concessions	2,209,786	-	2,209,786	-	1,739,272	-	1,739,272	-
Less cost of goods sold	762,252	-	762,252	-	616,911	-	616,911	-
Gross profit-concession sales	1,447,534	-	1,447,534	-	1,122,361	-	1,122,361	-
Admissions	2,565,282	-	2,565,282	-	2,059,759	-	2,059,759	-
Memberships	2,210,709	-	2,210,709	-	1,727,140	-	1,727,140	-
Zoobilee	728,844	-	728,844	-	680,112	-	680,112	-
Net investment income/(loss)	306,238	-	-	306,238	(155,077)	-	-	(155,077)
Other income	443,605	-	443,605	-	440,764	-	440,764	-
Gain/(Loss) on disposition of property assets	-	-	-	-	(229,278)	(229,046)	(232)	-
Total unrestricted revenue	<u>7,702,212</u>	<u>-</u>	<u>7,395,974</u>	<u>306,238</u>	<u>5,645,781</u>	<u>(229,046)</u>	<u>6,029,904</u>	<u>(155,077)</u>
Total unrestricted support and revenue	<u>14,245,345</u>	<u>5,905,539</u>	<u>8,033,261</u>	<u>306,545</u>	<u>11,842,516</u>	<u>5,188,393</u>	<u>6,806,246</u>	<u>(152,123)</u>
Distributions to Society	-	-	11,551	(11,551)	-	-	31,361	(31,361)
Assets transferred to County	-	1,975,733	(1,975,733)	-	-	9,456,741	(9,456,741)	-
Total assets transferred	<u>\$ -</u>	<u>\$ 1,975,733</u>	<u>\$ (1,964,182)</u>	<u>\$ (11,551)</u>	<u>\$ -</u>	<u>\$ 9,456,741</u>	<u>\$ (9,425,380)</u>	<u>\$ (31,361)</u>

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Activities (Continued)
For the Years Ending December 31, 2016 and 2015

	2016				2015			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
CHANGES IN UNRESTRICTED NET ASSETS (Continued)								
Net assets released from restrictions	\$ 1,569,268	\$ -	\$ 1,569,268	\$ -	\$ 8,860,623	\$ -	\$ 8,860,623	\$ -
Expenses								
Operations	11,722,644	7,983,138	3,739,506	-	10,693,283	7,242,421	3,450,862	-
Guest services	1,316,577	-	1,316,577	-	1,063,989	-	1,063,989	-
Administrative	525,761	146,164	379,597	-	698,108	134,125	563,983	-
Fundraising	852,456	73,084	779,372	-	710,393	59,529	650,864	-
Total expenses	<u>14,417,438</u>	<u>8,202,386</u>	<u>6,215,052</u>	<u>-</u>	<u>13,165,773</u>	<u>7,436,075</u>	<u>5,729,698</u>	<u>-</u>
Increase (Decrease) in unrestricted net assets	<u>1,397,175</u>	<u>(321,114)</u>	<u>1,423,295</u>	<u>294,994</u>	<u>7,537,366</u>	<u>7,209,059</u>	<u>511,791</u>	<u>(183,484)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS								
Sedgwick County	-	-	-	-	5,300,000	-	5,300,000	-
Donations and grants	495,750	-	495,750	-	2,952,013	-	2,952,013	-
Net assets released from restrictions	<u>(1,569,268)</u>	<u>-</u>	<u>(1,569,268)</u>	<u>-</u>	<u>(8,860,623)</u>	<u>-</u>	<u>(8,860,623)</u>	<u>-</u>
Increase (decrease) in temporarily restricted net assets	<u>(1,073,518)</u>	<u>-</u>	<u>(1,073,518)</u>	<u>-</u>	<u>(608,610)</u>	<u>-</u>	<u>(608,610)</u>	<u>-</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS								
Net investment income/(loss)	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>(529)</u>	<u>-</u>	<u>-</u>	<u>(529)</u>
Increase (decrease) in permanently restricted net assets	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>(529)</u>	<u>-</u>	<u>-</u>	<u>(529)</u>
Increase (Decrease) in net assets	325,037	(321,114)	349,777	296,374	6,928,227	7,209,059	(96,819)	(184,013)
Net assets - beginning of year	39,815,098	32,427,691	2,633,387	4,754,020	32,886,871	25,218,632	2,730,206	4,938,033
Net assets - end of year	<u>\$ 40,140,135</u>	<u>\$ 32,106,577</u>	<u>\$ 2,983,164</u>	<u>\$ 5,050,394</u>	<u>\$ 39,815,098</u>	<u>\$ 32,427,691</u>	<u>\$ 2,633,387</u>	<u>\$ 4,754,020</u>

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Functional Expenses
For the Year Ended December 31, 2016

	Sedgwick County					Sedgwick County Zoological Society, Inc.					Sedgwick County Zoological Foundation
	Combined Total	Program				Total	Program			Fund- Raising	
		Total	Operations	Admin- istrative	Fund- Raising		Operations	Guest Services	Admin- istrative		
Salaries	\$ 5,793,164	\$ 4,148,037	\$ 3,970,096	\$ 117,217	\$ 60,724	\$ 1,645,127	\$ 251,655	\$ 984,576	196,168	\$ 212,728	\$ -
Employee benefits	1,308,187	1,067,826	1,053,411	10,915	3,500	240,361	36,768	143,851	28,661	31,081	-
Payroll taxes	430,243	304,438	294,229	7,037	3,172	125,805	19,244	75,292	15,001	16,268	-
Retirement expense	395,936	370,259	353,576	10,995	5,688	25,677	3,928	15,367	3,062	3,320	-
Total payroll expenses	7,927,530	5,890,560	5,671,312	146,164	73,084	2,036,970	311,595	1,219,086	242,892	263,396	-
Utilities	541,543	-	-	-	-	541,543	480,433	35,824	12,643	12,643	-
Telephone	27,337	-	-	-	-	27,337	19,683	-	3,827	3,827	-
Repairs and maintenance	508,902	-	-	-	-	508,902	475,764	8,098	12,520	12,520	-
Animal food	621,313	-	-	-	-	621,313	621,313	-	-	-	-
Promotions	478,555	-	-	-	-	478,555	478,555	-	-	-	-
Insurance	121,742	-	-	-	-	121,742	95,007	8,244	14,264	4,226	-
Animal and grounds supplies	404,135	-	-	-	-	404,135	404,135	-	-	-	-
Education and research supplies	19,634	-	-	-	-	19,634	19,634	-	-	-	-
Other supplies	223,701	-	-	-	-	223,701	159,153	11,496	26,526	26,526	-
Animal purchases	5,271	-	-	-	-	5,271	5,271	-	-	-	-
Professional fees	15,400	-	-	-	-	15,400	-	-	15,400	-	-
Contractual expenditures	413,764	-	-	-	-	413,764	370,633	-	43,131	-	-
Travel and training	67,512	-	-	-	-	67,512	65,467	888	7	1,150	-
Postage	40,741	-	-	-	-	40,741	30,555	-	5,093	5,093	-
Uniforms	36,065	-	-	-	-	36,065	36,065	-	-	-	-
Other	74,009	-	-	-	-	74,009	74,009	-	-	-	-
Direct costs of Zoobilee	446,696	-	-	-	-	446,696	-	-	-	446,696	-
Total expenses before depreciation	11,973,849	5,890,560	5,671,312	146,164	73,084	6,083,289	3,647,272	1,283,636	376,303	776,078	-
Depreciation	2,443,589	2,311,826	2,311,826	-	-	131,763	92,234	32,941	3,294	3,294	-
Total expenses	<u>\$ 14,417,438</u>	<u>\$ 8,202,386</u>	<u>\$ 7,983,138</u>	<u>\$ 146,164</u>	<u>\$ 73,084</u>	<u>\$ 6,215,052</u>	<u>\$ 3,739,506</u>	<u>\$ 1,316,577</u>	<u>\$ 379,597</u>	<u>\$ 779,372</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Functional Expenses
For the Year Ended December 31, 2015

	Sedgwick County					Sedgwick County Zoological Society, Inc.					Sedgwick County
	Combined Total	Program			Fund- Raising	Total	Program			Fund- Raising	Zoological Foundation
		Total	Operations	Admin- istrative			Guest Services	Admin- istrative			
Salaries	\$ 5,304,922	\$ 3,776,551	\$ 3,624,524	\$ 104,485	\$ 47,542	\$ 1,528,371	\$ 250,209	\$ 893,097	\$ 178,684	\$ 206,381	\$ -
Employee benefits	1,236,058	1,000,591	984,699	11,751	4,141	235,467	-	-	235,467	-	-
Payroll taxes	403,610	285,882	275,907	7,078	2,897	117,728	19,273	68,794	13,764	15,897	-
Retirement expense	404,226	378,211	362,451	10,811	4,949	26,015	4,259	15,202	3,041	3,513	-
Total payroll expenses	7,348,816	5,441,235	5,247,581	134,125	59,529	1,907,581	273,741	977,093	430,956	225,791	-
Utilities	542,437	-	-	-	-	542,437	483,034	33,981	12,711	12,711	-
Telephone	27,296	-	-	-	-	27,296	19,296	-	4,000	4,000	-
Repairs and maintenance	349,376	-	-	-	-	349,376	326,497	5,695	8,592	8,592	-
Animal food	581,628	-	-	-	-	581,628	581,628	-	-	-	-
Promotions	404,900	-	-	-	-	404,900	404,900	-	-	-	-
Insurance	139,355	-	-	-	-	139,355	97,895	-	38,884	2,576	-
Animal and grounds supplies	457,428	-	-	-	-	457,428	457,428	-	-	-	-
Education and research supplies	28,626	-	-	-	-	28,626	28,626	-	-	-	-
Other supplies	185,195	-	-	-	-	185,195	128,419	13,970	21,403	21,403	-
Animal purchases	9,993	-	-	-	-	9,993	9,993	-	-	-	-
Professional fees	15,400	-	-	-	-	15,400	-	-	15,400	-	-
Contractual expenditures	364,399	-	-	-	-	364,399	341,290	-	23,109	-	-
Travel and training	62,773	-	-	-	-	62,773	60,600	1,084	-	1,089	-
Postage	45,687	-	-	-	-	45,687	34,265	-	5,711	5,711	-
Uniforms	28,661	-	-	-	-	28,661	28,661	-	-	-	-
Other	84,525	-	-	-	-	84,525	84,525	-	-	-	-
Direct costs of Zoobilee	365,774	-	-	-	-	365,774	-	-	-	365,774	-
Total expenses											
before depreciation	11,042,269	5,441,235	5,247,581	134,125	59,529	5,601,034	3,360,798	1,031,823	560,766	647,647	-
Depreciation	2,123,504	1,994,840	1,994,840	-	-	128,664	90,064	32,166	3,217	3,217	-
Total expenses	<u>\$ 13,165,773</u>	<u>\$ 7,436,075</u>	<u>\$ 7,242,421</u>	<u>\$ 134,125</u>	<u>\$ 59,529</u>	<u>\$ 5,729,698</u>	<u>\$ 3,450,862</u>	<u>\$ 1,063,989</u>	<u>\$ 563,983</u>	<u>\$ 650,864</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Cash Flows
For the Years Ending December 31, 2016 and 2015

	2016				2015			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
Cash flows from operating activities								
Change in net assets	\$ 325,037	\$ (321,114)	\$ 349,777	\$ 296,374	\$ 6,928,227	\$ 7,209,059	\$ (96,819)	\$ (184,013)
Adjustments to reconcile change in net assets to net cash provided by operating activities								
Assets transferred to County	-	(1,975,733)	1,975,733	-	-	(9,456,741)	9,456,741	-
Depreciation	2,443,589	2,311,826	131,763	-	2,123,504	1,994,840	128,664	-
(Gain)/loss on sale of property assets	-	-	-	-	229,278	229,046	232	-
Realized and unrealized (gain)/loss on investments	(165,249)	-	-	(165,249)	300,536	-	-	300,536
Net change in beneficial interest in remainder trust and estates	7,504	-	7,504	-	12,850	-	12,850	-
Contributions restricted for property	(495,750)	-	(495,750)	-	(8,252,014)	-	(8,252,014)	-
(Increase) decrease in operating assets								
Accounts receivable	93,129	(27,427)	120,556	-	(215,077)	(24,828)	(190,249)	-
Intercompany payable receivable	-	-	-	-	-	-	(19,123)	19,123
Inventories	(17,397)	-	(17,397)	-	6,781	-	6,781	-
Prepaid expenses	(102,214)	-	(102,214)	-	25,374	-	25,374	-
Increase (decrease) in operating liabilities								
Accounts payable	22,425	-	22,425	-	73,705	-	73,705	-
Salaries and wages payable	34,049	27,427	6,622	-	26,934	24,828	2,106	-
Accrued compensated absences payable	(20,954)	(14,979)	(5,975)	-	36,288	23,796	12,492	-
Unearned income	3,372	-	3,372	-	(184)	-	(184)	-
Other liabilities	5,590	-	5,590	-	41,294	-	41,294	-
Net cash provided from operating activities	\$ 2,133,131	\$ -	\$ 2,002,006	\$ 131,125	\$ 1,337,496	\$ -	\$ 1,201,850	\$ 135,646

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Combined Statements of Cash Flows (Continued)
For the Years Ending December 31, 2016 and 2015

	2016				2015			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
Cash flows from investing activities								
Purchase of property and equipment	\$ (2,145,716)	\$ -	\$ (2,145,716)	\$ -	\$ (9,579,205)	\$ -	\$ (9,579,205)	\$ -
Purchase of investments	(1,769,907)	-	-	(1,769,907)	(1,708,628)	-	-	(1,708,628)
Proceeds from sales & maturities of investments	1,639,507	-	-	1,639,507	1,547,107	-	-	1,547,107
Net change in beneficial interest in perpetual trust	(725)	-	-	(725)	25,875	-	-	25,875
Net cash used from investing activities	(2,276,841)	-	(2,145,716)	(131,125)	(9,714,851)	-	(9,579,205)	(135,646)
Cash flows from financing activities								
Proceeds from contributions restricted for property and equipment	1,262,213	-	1,262,213	-	8,928,832	-	8,928,832	-
Proceeds from capital lease	73,507	-	73,507	-	-	-	-	-
Payments on capital lease obligations	(11,619)	-	(11,619)	-	-	-	-	-
Net cash provided from financing activities	1,324,101	-	1,324,101	-	8,928,832	-	8,928,832	-
Net increase in cash and cash equivalents	1,180,391	-	1,180,391	-	551,477	-	551,477	-
Cash and cash equivalents-beginning of year	1,965,855	-	1,965,855	-	1,414,378	-	1,414,378	-
Cash and cash equivalents-end of year	\$ 3,146,246	\$ -	\$ 3,146,246	\$ -	\$ 1,965,855	\$ -	\$ 1,965,855	\$ -
Cash paid for interest expense	\$ 1,648	\$ -	\$ 1,648	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

1. History and Business Activity

The Sedgwick County Zoo (Zoo) is a public educational and recreational facility that is supported by three distinct entities.

The Sedgwick County Zoological Society, Inc. (Society) was incorporated on February 20, 1963 as a tax-exempt not-for-profit corporation under Internal Revenue Code 501 (c)(3). The Society entered into an agreement with the Board of County Commissioners of Sedgwick County, Kansas, on August 18, 1967, which employs the Society as an agent of the County to plan, establish, manage, operate, and develop zoological gardens and exhibits. Monies secured by the Society from gifts, bequests, endowments, and the net income from the operation of the facility is to be expended by the Society in accordance with the objectives and purposes of the Society in the construction, operation, maintenance, and development of the Zoo. The Society updated its operating agreement with the County in October of 2005.

The Sedgwick County Zoological Foundation, Inc. (Foundation) is a not-for-profit organization that is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. The Foundation was primarily formed to establish an endowment to support the operations of the Society.

Sedgwick County, Kansas (County), provided monies for the acquisition and construction of the initial physical facilities. Monies for the acquisition and construction were provided by the issuance of general obligation bonds of the County and contributions from the federal and state of Kansas governments. Further, the County provides monies annually for the maintenance and operation of the facility. Such expenditures are financed within the general fund, the capital reserve fund, and the park and recreation fund of Sedgwick County, Kansas.

2. Summary of Significant Accounting Policies

Principles of combined statements

The combined financial statements include the accounts of the Sedgwick County Zoological Society, Inc., the Sedgwick County Zoological Foundation, Inc., and applicable funds from Sedgwick County, Kansas.

Cash and cash equivalents

For purposes of the statement of cash flows, the Zoo considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair market value and realized and unrealized gains and losses are recorded in the Statement of Activities.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for potentially uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. A valuation allowance for uncollectible amounts was not considered necessary at December 31, 2016 and 2015.

Pledges Receivable

When a donor has unconditionally promised to contribute funds to the Zoo in future periods, the Zoo recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. A provision for doubtful pledges receivable has not been established as management considers all accounts to be collectible based on favorable history over a period of time.

Inventories

Retail inventories of the gift shop and restaurant are stated at the lower of cost or market, cost being determined by the first-in, first-out method. Food for Zoo animals is expensed during the year purchased.

Beneficial interest in remainder trusts and estates

The Zoo records the interest in remainder trusts and estates at fair value based upon fair value of the underlying assets and the estimated future cash receipts. Initial recognition and subsequent adjustments to the assets' carrying values are reported as contributions in the accompanying financial statements.

Property and equipment

Property and equipment are carried at cost at date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals or betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. Donated property assets are valued at fair market value at date of donation with a corresponding recognition of donated revenue.

Ownership of building and attached improvements financed by the Society reverts to the County. Consequently, such purchases by the Society are recorded as transfers to the County and the assets are capitalized by the County.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

Income recognition

Contributions, including sponsorships, are recognized when the donor makes a promise to give to the Zoo that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Membership dues are recognized as income in the period in which they are received.

The Zoo reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributed goods and services

The Zoo receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied. Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Animals and other collections

The cost of animal acquisitions and income from sale of animals are included in operations. The other Zoo collections consist of statues and are acquired through purchases and contributions. The collection items are not recognized as assets on the statement of position. Purchases of collection items are recorded as expenses decreasing unrestricted net assets in the year in which the items are acquired. Contribution of collection items are recognized in the financial statements.

Advertising costs

Advertising costs are expensed as they are incurred and are included in promotions expense. Advertising expense for the years ended December 31, 2016 and 2015 was \$272,408 and \$245,495, respectively.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Society and the Foundation are organized as Kansas nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The Society and the Foundation are qualified to receive deductible charitable contributions under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1) and (3). The Society and the Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS annually. In addition, the Society and the Foundation are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Society has filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Each entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Zoo adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Zoo may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. At December 31, 2016 and 2015, there were no unrecognized tax benefits identified or recorded as liabilities.

Functional allocation of expenses

The costs of providing the various programs are summarized on a functional basis in the statement of support and revenues. Accordingly, certain costs have been allocated between the program costs, administrative and fundraising expenses.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

3. Investments

Investments are stated at fair market value at December 31, 2016 and 2015, and consist of investments with a national brokerage firm. The fair values of individual investment securities were provided from the brokerage firm or financial institution which holds the security and is based upon quoted market prices in active markets and are publicly traded on national exchanges.

The amortized cost and estimated fair market value of investments at December 31, 2016 and 2015 are as follows:

	2016		
	Fair Value	Cost	Appreciation (Loss)
Investments with brokerage firm:			
Money market accounts	\$ 99,140	\$ 99,140	\$ -
Equity investments	2,569,740	2,201,753	367,987
Fixed income investments	1,646,294	1,615,787	30,507
Alternative investments	458,660	484,869	(26,209)
Total	<u>\$ 4,773,834</u>	<u>\$ 4,401,549</u>	<u>\$ 372,285</u>
	2015		
	Fair Value	Cost	Appreciation (Loss)
Investments with brokerage firm:			
Money market accounts	\$ 129,388	\$ 129,388	\$ -
Equity investments	2,339,294	2,106,353	232,941
Fixed income investments	1,418,558	1,411,552	7,006
Alternative investments	590,945	656,905	(65,960)
Total	<u>\$ 4,478,185</u>	<u>\$ 4,304,198</u>	<u>\$ 173,987</u>

Investment securities in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and those changes could materially affect the amounts reported in the statement of financial position.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

3. Investments (Continued)

The following schedule summarizes the investment return on investments and its classification in the statement of activities for the year ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Total interest and dividend income from all sources	\$ 111,644	\$ 103,149
Realized and unrealized gain/(loss) on investments	165,249	(300,536)
Capital gain distributions	51,742	92,758
Net change in beneficial interest in perpetual trust	725	(25,875)
Management fees	<u>(21,742)</u>	<u>(25,102)</u>
Net investment income per Statements of Activities	307,618	(155,606)
Less earnings from sources not classified with investments in the Statements of Financial Position	<u>12,277</u>	<u>(13,636)</u>
Net investment income attributable to sources classified as investments	<u>\$ 295,341</u>	<u>\$ (141,970)</u>
Net investment income per Statements of Activities		
Unrestricted	\$ 306,238	\$ (155,077)
Permanently restricted	<u>1,380</u>	<u>(529)</u>
	<u>\$ 307,618</u>	<u>\$ (155,606)</u>

4. Fair Value Investments

Generally accepted accounting principles (GAAP) defines fair value as 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. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

4. Fair Value Investments (Continued)

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016 and 2015:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
December 31, 2016				
Investments				
Investments with brokerage firm:				
Money market accounts	\$ 99,140	\$ 99,140	\$ -	\$ -
Equity investments	2,569,740	2,569,740	-	-
Fixed income investments	1,646,294	1,646,294	-	-
Alternative investments	458,660	458,660	-	-
	<u>4,773,834</u>	<u>\$ 4,773,834</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset asset value (NAV):				
Beneficial interest-perpetual trust	276,560			
Beneficial interest-remainder trust and estates	77,527			
	<u>\$ 5,127,921</u>			
December 31, 2015				
Investments				
Investments with brokerage firm:				
Money market accounts	\$ 129,388	\$ 129,388	\$ -	\$ -
Equity investments	2,339,294	2,339,294	-	-
Fixed income investments	1,418,558	1,418,558	-	-
Alternative investments	590,945	590,945	-	-
	<u>4,478,185</u>	<u>\$ 4,478,185</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset asset value (NAV):				
Beneficial interest-perpetual trust	275,835			
Beneficial interest-remainder trust and estates	85,031			
	<u>\$ 4,839,051</u>			

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

4. Fair Value Investments (Continued)

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2016 and 2015, respectively:

<u>December 31, 2016</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Beneficial interest-perpetual trust	\$ 276,560	\$ -	See Note 7	See Note 7
Beneficial interest-remainder trust and estates	77,527	-	See Note 8	See Note 8
	<u>\$ 354,087</u>	<u>\$ -</u>		
<u>December 31, 2015</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Beneficial interest-perpetual trust	\$ 275,835	\$ -	See Note 7	See Note 7
Beneficial interest-remainder trust and estates	85,031	-	See Note 8	See Note 8
	<u>\$ 360,866</u>	<u>\$ -</u>		

5. Pledges Receivable

Pledges receivable consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 396,247	\$ 903,587
Receivable in one to five years	333,900	613,818
Total pledges receivable	730,147	1,517,405
Less:		
Discount to net present value	(13,035)	(33,830)
Net pledges receivable	<u>\$ 717,112</u>	<u>\$ 1,483,575</u>

Pledges have been discounted at a 4% annual rate of interest. An allowance for uncollectible pledges was not considered necessary at December 31, 2016 and 2015.

Pledges are reflected on the accompanying statement of financial position in the following categories at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Current assets	\$ 396,247	\$ 903,587
Other assets	320,865	579,988
Net pledges receivable	<u>\$ 717,112</u>	<u>\$ 1,483,575</u>

Pledges were restricted in use for costs associated with the elephant exhibit at December 31, 2016 and 2015.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

6. Inventories

Inventories at December 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Gift shop	\$ 101,051	\$ 95,203
Restaurant	37,408	25,859
Total inventories	<u>\$ 138,459</u>	<u>\$ 121,062</u>

7. Beneficial interest in perpetual trust

Beneficial interest in perpetual trust consists of the present value of the estimated future cash receipts from investments held by the Wichita Community Foundation. Under the terms of the trust, the Zoo has the right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The fair value of the trust is measured by the fair value of the assets in the trusts.

The following is a summary of the account at the Wichita Community Foundation:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 275,835	\$ 301,709
Investment income	7,014	7,604
Realized and unrealized gains/(losses)	6,825	(19,644)
Management fees	(1,563)	(1,596)
Distributions	(11,551)	(12,238)
Balance, end of year	<u>\$ 276,560</u>	<u>\$ 275,835</u>

8. Beneficial interest in remainder trusts and estates

Under the terms of various remainder trusts and estates, the Zoo has been designated as a beneficiary. Certain trusts provide for annual distributions to the Zoo based upon the annual income within the trust while others provide for a percentage of the trust to be remitted to the Zoo upon the donor's death. The Zoo has also been periodically identified as a beneficiary in a donor's estate.

The balance of beneficial interest in remainder trusts and estates at December 31, 2016 and 2015 was \$77,527 and \$85,031, respectively.

9. Capital lease payable

In March 2016, the Society leased a cash recycler under a capital lease for a term of 60 months. Interest has been imputed on the lease at a rate of 3.18%.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

9. Capital lease payable (Continued)

Future payments related to the capital lease due during the years ended December 31 are as follows:

Year ending December 31			
2017	\$	15,879	
2018		15,879	
2019		15,879	
2020		15,879	
2021		<u>2,645</u>	
Total		66,161	
Less: Imputed interest		<u>(4,273)</u>	
Total capital leases		61,888	
Less: Current portion		<u>(14,115)</u>	
Long term capital leases payable	\$	<u><u>47,773</u></u>	

At December 31, 2016 and 2015, the carrying value of the equipment being leased, net of accumulated depreciation was \$55,006 and \$0, respectively. Depreciation expense reported in the statement of activities related to the equipment was \$11,001 and \$0 for the years ended December 31, 2016 and 2015, respectively.

10. Note payable-Sedgwick County

In 2007, the Society entered into a loan agreement with Sedgwick County whereby the Society could borrow up to \$2,400,000 to finance the construction of a restaurant. Construction of the restaurant was completed in 2008.

The original loan agreement had an initial interest rate of 5.23% and was adjusted annually to the 1-year U.S. Treasury bill rate, plus 25 basis points. The Society was required to repay 10% of the original loan amount, plus interest on an annual basis in April of each year.

In 2013, the Society renegotiated the repayment terms of the loan with Sedgwick County. The payments have been deferred and will resume April 1, 2019. There will be no interest accrual on the outstanding principal amount of the loan between April 1, 2013 and April 1, 2018. The note payable is reflected on the accompanying statements of financial position in the following categories at December 31, 2016 and 2015:

	2016	2015
Current liabilities	\$ -	\$ -
Long term liabilities	<u>936,044</u>	<u>936,044</u>
Note payable-Sedgwick County	<u><u>\$ 936,044</u></u>	<u><u>\$ 936,044</u></u>

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

10. Note payable-Sedgwick County (Continued)

Payments will resume to Sedgwick County on the note payable in April 2019 and are due as follows:

Year ending December 31			
2019	\$	234,011	
2020		234,011	
2021		234,011	
2022		234,011	
		\$ 936,044	

11. Line of Credit

The Society signed a bank note with a maximum amount of \$1.5 million and a maturity date of June 30, 2017. The note may be accessed as needed to facilitate the construction of the elephant exhibit or be used for operating purposes. The Society will repay the note in one lump sum on the maturity date, but will be required to make quarterly interest payments beginning September 30, 2016. The note has a variable interest rate that is based upon 1.5 percentage points over an index. The collateral on the note includes the Society's pledges receivable and the Foundation's investment account. As of December 31, 2016, the Society had not drawn any of the funds from the available line of credit. The Society intends to extend the note for another year upon maturity.

12. Board designated unrestricted net assets

During the year ended December 31, 2016 and 2015, the Board designated unrestricted net assets for the following purposes:

	2016	2015
Infrastructure & capital	\$ 815,101	\$ 566,395
Admissions for disadvantaged persons	8,878	26,963
	\$ 823,979	\$ 593,358

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

13. Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2016 and 2015 are designated for the following purposes:

	<u>2016</u>	<u>2015</u>
	Society	Society
Bequests - timing restrictions	\$ 30,403	\$ 38,866
Disney grant	1,597	2,742
Elephant exhibit	367,294	1,456,707
Orangutan workshop	-	8,514
Conservation	8,514	-
Solar array	-	7,856
Winter fund	86,380	51,096
Zookeeper training	4,183	6,108
Total temporarily restricted net assets	<u>\$ 498,371</u>	<u>\$ 1,571,889</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Releases during the years ended December 31, 2016 and 2015 included:

Purpose restrictions accomplished:	<u>2016</u>	<u>2015</u>
Bequests - timing restrictions	\$ 8,461	\$ 951
Disney grant	1,146	2,258
Elephant exhibit	1,518,770	8,659,777
Orangutan workshop	8,514	20,012
Solar array	7,862	161,983
Winter fund	10,089	2,012
Zookeeper training	14,426	13,630
	<u>\$ 1,569,268</u>	<u>\$ 8,860,623</u>

14. Permanently restricted net assets

Permanently restricted net assets consist of various contributions whereby the donors have designated that the original contribution be invested in perpetuity. Aggregate permanently restricted net assets of \$587,501 and \$586,121 at December 31, 2016 and 2015, respectively, are restricted for endowment as designated by the donors.

Based upon various original donor designations, earnings from the invested principal of \$385,196 are unrestricted.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

14. Permanently restricted net assets (Continued)

Based upon the donor designation of one particular contribution with an original amount of \$200,000, 90% of the earnings on the invested principal are temporarily restricted for the use of zoo animal exhibits that do not bear the name of an organization or an individual. The remaining 10% of earnings associated with this gift are accumulated as part of the permanent endowment fund. Accumulated permanently restricted net assets associated with this contribution are \$202,305 and \$200,925 at December 31, 2016 and 2015, respectively.

15. Endowment

The Zoo established the Foundation to assist in the management of permanently restricted net assets, and to provide an opportunity to internally designate funds to provide for long term benefit of the Zoo. The Zoo follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. As noted in Note 13, the Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that provide for periodic funding of operating activities supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The Foundation targets a diversified asset allocation that places an emphasis on equity and fixed income funds to achieve its long-term return objectives within prudent risk parameters. Withdrawals from the endowment fund to support operating activities are based upon the discretion of the Board of Trustees. The Foundation is separately stated on the Statements of Financial Position and Statements of Activities.

SEDGWICK COUNTY ZOO
Notes to Combined Financial Statements
December 31, 2016 and 2015

15. Endowment (Continued)

The changes in the endowment net assets, which comprise the Foundation, for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2014	\$ 4,351,383	\$ -	\$ 586,650	\$ 4,938,033
Donations and grants	2,954	-	-	2,954
Distributions to Society	(31,361)	-	-	(31,361)
Investment return:				
Interest and dividends	103,149	-	-	103,149
Realized and unrealized gain/(loss) on investments	(300,007)	-	(529)	(300,536)
Capital gain distributions	92,758	-	-	92,758
Net change in beneficial interest in perpetual trust	(25,875)	-	-	(25,875)
Management fees	(25,102)	-	-	(25,102)
Total investment return	<u>(155,077)</u>	<u>-</u>	<u>(529)</u>	<u>(155,606)</u>
Endowment net assets, December 31, 2015	<u>\$ 4,167,899</u>	<u>\$ -</u>	<u>\$ 586,121</u>	<u>\$ 4,754,020</u>

The changes in the endowment net assets, which comprise the Foundation, for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2015	\$ 4,167,899	\$ -	\$ 586,121	\$ 4,754,020
Donations and grants	307	-	-	307
Distributions to Society	(11,551)	-	-	(11,551)
Investment return:				
Interest and dividends	111,644	-	-	111,644
Realized and unrealized gain/(loss) on investments	163,869	-	1,380	165,249
Capital gain distributions	51,742	-	-	51,742
Net change in beneficial interest in perpetual trust	725	-	-	725
Management fees	(21,742)	-	-	(21,742)
Total investment return	<u>306,238</u>	<u>-</u>	<u>1,380</u>	<u>307,618</u>
Endowment net assets, December 31, 2016	<u>\$ 4,462,893</u>	<u>\$ -</u>	<u>\$ 587,501</u>	<u>\$ 5,050,394</u>

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16. Donated services

A substantial number of volunteers have made significant contributions of their time to various functions of the Zoo. During 2016 and 2015, respectively, these volunteers contributed 32,790 and 33,385 hours of time valued at \$438,729 and \$446,696, which is equivalent to 16 full time employees each year. The Zoo used an internally generated value of \$13.38 per hour for both the years ended December 31, 2016 and 2015. The value of these services has not been recorded in the financial statements.

Board members also contribute a significant amount of time in fundraising activities. The value of these services has not been determined and has not been recorded in the financial statements.

17. Retirement plans

Society

The Society offers a SIMPLE (savings incentive match plans for employees) plan under Section 408(p) of the Internal Revenue Code. The plan covers all employees who are currently receiving compensation and have received at least \$5,000 in compensation during any two preceding calendar years. The Society is required to match the employees' elective contribution in an amount not to exceed 3% of the employees' compensation. However, the Society may elect to limit the match, for all eligible employees, to a smaller percentage of compensation, but not less than 1%. The Society's contribution for the years ended December 31, 2016 and 2015 was \$25,677 and \$26,015, respectively.

County

Plan Description

The County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financials statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee

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17. Retirement plans (Continued)

contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.18% and 9.48% for the years ended December 31, 2016 and 2015, respectively. Contributions to the pension plan from County were \$370,259 and \$378,211 for the years ended December 31, 2016 and 2015, respectively.

18. Concentration of credit risk

The Zoo maintains cash accounts at local banks, some of which retains a balance of more than the maximum federally insured amount of \$250,000. The Zoo has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash accounts.

19. Subsequent events

Subsequent events were evaluated through June 23, 2017, which is the date the financial statements were available to be issued.