



OMAHA ZOOLOGICAL SOCIETY

Financial Statements

December 31, 2020

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 300
1212 N. 96th Street
Omaha, NE 68114-2274

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1248 O Street
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Independent Auditors' Report

The Board of Directors
Omaha Zoological Society:

We have audited the accompanying financial statements of the Omaha Zoological Society (the Society), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As more fully disclosed in Note 1 to the financial statements, the Society has not consolidated the Omaha Zoo Foundation (the Foundation) in the accompanying financial statements, but rather the Society has recorded the beneficial interest in certain net assets of the Foundation. If the Foundation's financial statements were consolidated, assets and net assets, of the Society would be increased by \$114.2 million and \$112.6 million, respectively. U.S. generally accepted accounting principles require consolidation.



Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Omaha Zoological Society as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Omaha Zoological Society's 2019 financial statements, and we have expressed a modified audit opinion on those audited financial statements for the effect of not consolidating the Omaha Zoo Foundation in our report dated April 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Omaha, Nebraska
April 15, 2021

OMAHA ZOOLOGICAL SOCIETY

Statement of Financial Position

December 31, 2020

(with summarized financial information as of December 31, 2019)

Assets	2020	2019
Cash and cash equivalents	\$ 9,371,305	4,484,740
Beneficial interest in net assets of related organization	40,797,041	47,877,328
Gift shop and food/beverage inventory	574,066	512,012
Receivables	247,989	23,292
Grant receivables	575,518	—
Prepaid expense	572,068	544,985
Structures and equipment, net	288,947,402	265,676,737
Due from Omaha Zoo Foundation	—	—
Total assets	\$ 341,085,389	319,119,094
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,807,605	4,366,982
Accrued payroll	105,913	782,297
Payroll taxes withheld	768,932	186,963
Deferred membership revenue	3,420,436	3,616,242
Scholarships payable	11,750	19,250
Loan payable	—	3,242
Due to Omaha Zoo Foundation	98,580	55,746
Bonds payable (net of issuance costs)	14,948,714	14,936,764
Accrued interest payable	54,392	54,392
Total liabilities	21,216,322	24,021,878
Net assets:		
Without donor restrictions	277,412,648	246,665,130
With donor restrictions	42,456,419	48,432,086
Total net assets	319,869,067	295,097,216
Total liabilities and net assets	\$ 341,085,389	319,119,094

See accompanying notes to financial statements.

OMAHA ZOOLOGICAL SOCIETY

Statement of Activities

Year ended December 31, 2020

(with summarized financial information for the year ended December 31, 2019)

	2020			2019 Total
	Without donor restrictions	With donor restrictions	Total	
Changes in net assets:				
Revenues and gains:				
City of Omaha subsidy	\$ 2,250,000	—	2,250,000	2,137,200
CARES	10,000,000	—	10,000,000	—
Douglas County grant	288,807	—	288,807	222,403
Admissions	6,364,881	—	6,364,881	13,174,704
Food/beverage	3,010,269	—	3,010,269	8,318,005
Giant screen theater	53,306	—	53,306	150,881
Gift shop	2,327,214	—	2,327,214	4,599,189
Skyfari	565,829	—	565,829	1,112,284
Train	—	—	—	1,148,182
Tram	25,496	—	25,496	288,420
Carousel	80,279	—	80,279	278,943
Special exhibit	113,822	—	113,822	668,982
Membership fees	8,410,713	—	8,410,713	10,834,187
Education programs	516,462	—	516,462	1,336,336
Investment income	5,444	—	5,444	68,157
Donations	208,372	—	208,372	596,834
Animal disposition	10,000	—	10,000	—
Grants	81,154	2,167,810	2,248,964	990,923
Miscellaneous	334,095	—	334,095	891,850
Gain on sale of assets	7,350	—	7,350	4,127
Net assets released from restrictions	1,063,190	(1,063,190)	—	—
Total revenues and gains	35,716,683	1,104,620	36,821,303	46,821,607
Expenses and losses:				
Salaries and wages	15,996,447	—	15,996,447	20,152,648
Employee benefits	4,444,115	—	4,444,115	5,017,070
Animal acquisition and transport	32,177	—	32,177	195,071
Animal supplies and forage	1,207,662	—	1,207,662	1,388,721
Repairs and maintenance	2,821,546	—	2,821,546	5,297,492
Telephone and utilities	2,712,716	—	2,712,716	2,847,561
Insurance	1,118,545	—	1,118,545	1,212,400
Office supplies and postage	93,122	—	93,122	137,426
Advertising	389,353	—	389,353	1,359,105
Use and unrelated business income tax	100,948	—	100,948	37,934
Other	1,729,772	—	1,729,772	2,154,611
Grants	1,385,232	—	1,385,232	1,257,362
Depreciation	14,120,338	—	14,120,338	13,225,967
Amortization	11,950	—	11,950	11,950
Cost of goods sold	1,582,262	—	1,582,262	3,928,723
Management fee	—	—	—	215,700
Interest	321,000	—	321,000	321,000
Scholarships	—	—	—	10,500
Total expenses and losses	48,067,185	—	48,067,185	58,771,241
Increase (decrease) in net assets prior to transfers	(12,350,502)	1,104,620	(11,245,882)	(11,949,634)
Transfers from (to) Omaha Zoo Foundation:				
Change in beneficial interest in related organization	—	(7,080,287)	(7,080,287)	(397,132)
Distribution – investment income	1,735,000	—	1,735,000	1,735,000
Distribution – construction/debt service costs	39,435,964	—	39,435,964	27,623,498
Contribution from (to) – other	1,927,056	—	1,927,056	211,412
Total transfers from (to) Omaha Zoo Foundation, net	43,098,020	(7,080,287)	36,017,733	29,172,778
Increase (decrease) in net assets	30,747,518	(5,975,667)	24,771,851	17,223,144
Net assets at beginning of year	246,665,130	48,432,086	295,097,216	277,874,072
Net assets at end of year	\$ 277,412,648	42,456,419	319,869,067	295,097,216

See accompanying notes to financial statements.

OMAHA ZOOLOGICAL SOCIETY

Statement of Cash Flows

Year ended December 31, 2020

(with summarized financial information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 24,771,851	17,223,144
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,120,338	13,225,967
Amortization	11,950	11,950
Gain on sale of assets	(7,350)	(4,127)
Change in beneficial interest in related organization	7,080,287	397,132
Distribution from Omaha Zoo Foundation – investment income	(1,735,000)	(1,735,000)
Distribution from Omaha Zoo Foundation – construction and debt service costs	(39,435,964)	(27,623,498)
Distribution (from) to Omaha Zoo Foundation – contributions	(1,927,056)	(211,412)
Decrease (increase) in:		
Gift shop and food/beverage inventory	(62,054)	(45,200)
Receivables	(224,697)	59,657
Pledge receivables	(575,518)	77,500
Prepaid expense	(27,083)	30,999
Increase (decrease) in:		
Accounts payable	(2,559,377)	2,200,778
Accrued liabilities	(94,415)	103,789
Scholarships payable	(7,500)	(5,000)
Due to (from) Omaha Zoo Foundation	42,834	83,724
Deferred membership revenue	(195,806)	333,931
Net cash provided by (used in) operating activities	<u>(824,560)</u>	<u>4,124,334</u>
Cash flows from investing activities:		
Purchase of structures and equipment	(37,391,003)	(39,525,918)
Proceeds from sale of assets	7,350	4,127
Issuance of advance to Foundation	—	(3,000,000)
Proceeds from advance to Foundation	—	3,000,000
Net cash used in investing activities	<u>(37,383,653)</u>	<u>(39,521,791)</u>
Cash flows from financing activities:		
Repayments of term note	(3,242)	(3,891)
Distribution from Omaha Zoo Foundation – investment income	1,735,000	1,735,000
Transfers from Omaha Zoo Foundation – construction and debt service costs	39,435,964	27,623,498
Transfers from (to) Omaha Zoo Foundation – contributions	1,927,056	211,412
Net cash provided by financing activities	<u>43,094,778</u>	<u>29,566,019</u>
Net increase (decrease) in cash and cash equivalents	4,886,565	(5,831,438)
Cash and cash equivalents at beginning of year	<u>4,484,740</u>	<u>10,316,178</u>
Cash and cash equivalents at end of year	\$ <u>9,371,305</u>	<u>4,484,740</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 321,000	321,000

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2020

(1) Summary of Significant Accounting Policies

The Omaha Zoological Society (the Society), a Nebraska nonprofit corporation, was organized to operate Omaha's Henry Doorly Zoo & Aquarium, as resolved by the City Council of the City of Omaha (the City) on September 8, 1964. The significant accounting policies followed by the Society are described below:

(a) Basis of Presentation

The Society maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. The financial statements of the Society, which have been prepared on the accrual basis of accounting, have been prepared to focus on the Society as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

The accompanying financial statements do not include the assets, liabilities, revenues, and expenses of the Society's related support organization, the Omaha Zoo Foundation and Subsidiary (the Foundation), that should be consolidated in order for them to conform to U.S. generally accepted accounting principles (GAAP). The Society has recorded its beneficial interest in certain net assets of the Foundation. The summarized condensed financial statements of the Foundation are presented in note 2.

The Society reports amounts for its total assets, liabilities, and net assets in a statement of financial position, the changes in its net assets in the statement of activities, and the changes in its cash and cash equivalents in a statement of cash flows.

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

- *Net assets without donor restrictions* – Net assets and contributions not subject to donor-imposed stipulations. The Society further tracks the delineation of net assets without donor restrictions between undesignated and board designated.
- *Net assets with donor restrictions* – Net assets and contributions subject to donor-imposed stipulations outlining a specific use or time restriction. After the donor-imposed time or purpose restriction is satisfied or after the board appropriates their expenditures in the case of gains and income realized on permanent endowment funds, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported within the statement of activities as net assets released from restrictions.

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Notes to Financial Statements

December 31, 2020

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

(b) Cash and Cash Equivalents

Cash and cash equivalents represent cash and investments with original maturities of three months or less when purchased.

(c) Gift Shop and Food/Beverage Inventory

Gift shop and food/beverage inventory are stated at the average historical cost.

(d) Receivables

Receivables are recorded at the invoiced amount and do not bear interest. Amounts collected on receivables are included in net cash provided by operating activities in the statement of cash flows. Receivables are net of an allowance for doubtful accounts based on historical write-off experience. As of December 31, 2020, no allowance was recorded.

(e) Structures and Equipment

Structures and equipment assets are recorded at cost or at appraised value at date of contribution. Depreciation of structures and equipment is provided over the estimated useful lives of the respective assets, which range from 3 to 39 years using the straight-line method.

(f) Animal Collection

The Society does not capitalize the animal collection due to the difficulty in establishing the value of animal accessions and deaccessions. Accordingly, sales and purchases of animals are recorded as increases or decreases in net assets as paid or received.

(g) Membership Income

Memberships sold are valid for one year from the date of purchase. Revenue is recognized and deferred on a straight-line basis over the period for which the membership is valid.

(h) Contributed Services

A substantial number of unpaid volunteers have donated a significant amount of time for the Society's program services. The estimated fair value of this contributed time is not reflected in the statement of activities as it is not practicable to estimate, and these services do not require specialized skills.

(i) Contributions

Contributions, including unconditional promises to give due in future periods, are recognized as revenues in the period received. Contributions of cash, property, and equipment received without donor-imposed restrictions are reported as revenues of the net assets without restrictions class. Contributions of cash or other assets to be used to acquire or construct property and equipment are reported as revenues of the net assets with restrictions class; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of assets other than cash are recorded at their estimated fair value at the date received.

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Notes to Financial Statements

December 31, 2020

(j) Long-Lived Assets

Long-lived assets, such as property, plant, equipment, and structures, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If carrying value is not recoverable, an impairment is recognized. During 2020, no assets were impaired.

(k) Use of Estimates

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires management of the Society to make estimates and assumptions that affect the amounts reported in the statement of financial position and accompanying notes. Actual results could differ from those estimates.

(l) Tax-Exempt Status

The Society has been recognized as a not-for-profit corporation by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The Society applies the provisions of Financial Accounting Standards Board Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, included in Accounting Standards Codification (ASC) Subtopic 740-10, *Income Taxes – Overall*. FIN 48 provides specific guidance on how to address uncertainty in accounting for income tax assets and liabilities, prescribing recognition thresholds and measurement attributes. At December 31, 2020, the Society had no uncertain tax positions.

(m) Revenue

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied. Generally, this occurs at the point in time a sale is made for admissions, gift, food and beverage, etc. Membership revenue is recognized on a pro-rata basis over the term of the one-year membership agreement during which services are provided.

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. Sales, value add, and other taxes the Society collects concurrent with revenue-producing activities are excluded from revenue.

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Notes to Financial Statements

December 31, 2020

The following table disaggregates revenue by major source for the year ended December 31, 2020:

Revenues:

Revenues from contracts with customers under ASC 606:

Admission	\$ 6,364,881
Memberships	8,410,713
Food and beverage	3,010,269
Gift retail	2,327,214
Other revenue	<u>1,706,639</u>
Total revenues from contracts with customers	21,819,716
Grants, donations and investment income (1)	<u>15,001,587</u>
Total revenues	<u>\$ 36,821,303</u>

- (1) Grants, donations and investment income do not represent revenues recognized from contracts with customers under ASC 606, and continue to be accounted for under ASC 958 *Not-for-profit entities*.

Payment for memberships and other revenue are due upon issuance of the membership or sale of the good to be provided. In instances where the timing of revenue recognition differs from the timing of invoicing, the Society has determined that contracts generally do not include a significant financing component.

The Society records unearned revenue when consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of service agreements. Unearned revenue from service agreements, which represents a contract liability, is recorded for fees that have been charged to the customer prior to the completion of performance obligations. Unearned revenue is recognized in the subsequent fiscal year. Unearned revenue earned in the current year totaled \$3,616,242. The Society expects to recognize all of the deferred membership revenue associated with service agreements as of December 31, 2020, in the subsequent fiscal year over the term of the membership agreement.

Under the revenue standard, companies may elect various practical expedients upon adoption. As a result, the Society elected the short term contract exemption associated with its membership revenue. The Society also elected to exclude sales taxes from transaction prices.

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Notes to Financial Statements

December 31, 2020

(2) Omaha Zoo Foundation

In 1984, the Foundation, a nonprofit corporation, was organized to solicit and receive contributions, gifts, grants, devises, and bequests, and to distribute and apply such assets and/or the income therefrom to or for the benefit of the Society. A majority of the board of directors of the Foundation are members of the board of directors of the Society. In connection with the organization of the Foundation, the Society transferred all endowment funds, including those designated by the board for that purpose, to the Foundation. The Society has elected not to consolidate the Foundation, which is required by GAAP. The Society has recorded an investment in certain restricted net assets with donor restrictions of \$40,797,041 at December 31, 2020, held by the Foundation for the benefit of the Society. For the year ended December 31, 2020, the Society has recorded its change in beneficial interest of \$(7,080,287). If the Society were to consolidate the Foundation, assets and net assets would be increased by \$114,163,483 and \$112,622,321, respectively.

For the year ended December 31, 2020, \$39,435,964 was transferred from the Foundation to the Society for construction and debt service costs, \$1,735,000 of investment income was distributed to the Society, and a \$1,927,056 contribution was made by the Foundation to the Society.

In 2020, the Foundation forwent the management fees for staff salaries and park operating costs related to the housing and care of Society owned animals in response to the negative impact of COVID-19 on the Society's operations. The Society received \$100,375 from the Foundation for human resource, accounting, and administrative services, which is recorded within miscellaneous revenue on the Society statement of activities.

A summary of the Foundation's statement of financial position and statement of activities as of and for the year ended December 31, 2020 is as follows:

Total assets	\$	154,960,524
Total liabilities	\$	1,541,162
Total net assets		<u>153,419,362</u>
Total liabilities and net assets	\$	<u>154,960,524</u>
Total revenues and gains	\$	28,209,627
Total expenses and losses		(4,402,941)
Transfers to Society – investment income		(1,735,000)
Transfers to Society – construction/debt service costs		(39,435,964)
Transfer from Society – contribution		<u>(1,927,056)</u>
Increase in net assets		(19,291,334)
Net assets at beginning of year		<u>172,710,696</u>
Net assets at end of year	\$	<u>153,419,362</u>

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Notes to Financial Statements

December 31, 2020

(3) Structures and Equipment

Structures and equipment consist of the following at December 31, 2020:

Structures, exhibits, and improvements	\$	404,277,101
Furniture, fixtures, and equipment		9,102,190
Aerial tram		1,498,371
Train		2,522,717
Tram		195,346
Construction in progress		<u>18,933,417</u>
		436,529,142
Less accumulated depreciation		<u>(147,581,740)</u>
Net structures and equipment	\$	<u><u>288,947,402</u></u>

(4) City Subsidy

The Society extended its agreement to 2064 with the City to construct, operate, and maintain a zoo for the benefit of the general public. The agreement, as amended, provides that operating subsidies are to be provided by the City, dependent upon the Society and Foundation raising additional funds for endowment. Revenue of the Society from admissions and concessions must be used for the operation and maintenance of the zoo. At the expiration of the agreement, or if mutually terminated prior thereto, the Society agrees to convey right, title, and interest to all zoo property, both real and personal, to the City for the use and benefit of the City, and the general public.

(5) Debt Obligations

On April 13, 2015, the Society issued the County of Douglas, Nebraska Zoo Facility Revenue Refunding Bonds (Omaha's Henry Doorly Zoo and Aquarium Project), Series 2015 in the aggregate amount of \$15,000,000. Proceeds of the bonds were used by the Society to refund and redeem the County of Douglas, Nebraska's \$10,700,000 outstanding principal amount less the bond reserve funds on the Zoo Facility Revenue Refunding Bonds Series 2005, as well as other capital improvements. The bonds mature on May 1, 2025, and contain interest payments paid semiannually on May 1 and November 1 at a rate of 2.14%. The bonds issued in 2015 do not require a bond reserve fund. As of December 31, 2020, the Society was in compliance with the financial covenants associated with the outstanding bonds.

Bonds payable is presented on the statement of financial position net of issuance costs totaling \$14,948,714 as of December 31, 2020.

The Foundation has entered into a guaranty agreement, which unconditionally guarantees the full payment of principal and interest on the Society's bonds.

At December 31, 2020, the Society had a line of credit available. The \$10,000,000 line of credit carried a variable interest rate based on 30-day LIBOR plus a spread of 150 basis points, adjusted monthly, with a maturity date of December 15, 2021. At December 31, 2020, the Society did not have a balance drawn on the line of credit.

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Notes to Financial Statements

December 31, 2020

(6) Fair Value Measurements

ASC Topic 820 (Statement 157), *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Society holds cash and cash equivalents valued using Level 1 inputs.

(7) Net Assets with Donor Restrictions

Net assets are available for the following purposes as of December 31, 2020:

Subject to expenditure for a specified purpose:	
Operating purposes	\$ 18,334,889
Deferred grants	1,659,378
New capital construction	20,521,331
Education and other	609,941
	<u>\$ 41,125,539</u>
Not subject to appropriation or expenditure:	
Zoo operations	\$ 1,130,880
Owen sea lion pavilion	200,000
	<u>\$ 1,330,880</u>

(8) Release from Restrictions

Net assets were released for the following purposes for the year ended December 31, 2020:

Purpose restrictions accomplished:	
Deferred grants	\$ 1,063,190

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Notes to Financial Statements

December 31, 2020

(9) Benefit Plan

The Society sponsors a 401(k) retirement plan. The Society contributes to the plan monthly, based on each eligible participant's years of service. Eligible participants can contribute up to the maximum yearly deferral allowed by Internal Revenue Service regulations. Society contributions for the year ended December 31, 2020 were \$593,521, which are recorded within employee benefits on the Society statement of activities.

(10) Functional Expenses

The Society operates Omaha's Henry Doorly Zoo & Aquarium. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Society. Functional expenses by natural classification for the year ended December 31, 2020 are as follows:

	<u>Animal Care and Zoo Operations</u>	<u>Research and conservation</u>	<u>Education</u>	<u>Visitor services and marketing</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Expenses and losses:							
Salaries and wages	\$ 9,448,875	860,053	439,655	3,208,191	1,666,365	373,308	15,996,447
Employee benefits	2,608,835	236,344	185,060	886,686	452,599	74,591	4,444,115
Animal acquisition and transport	32,177	—	—	—	—	—	32,177
Animal supplies and forage	1,207,662	—	—	—	—	—	1,207,662
Repairs and maintenance	1,738,249	211,342	7,173	603,714	220,923	40,145	2,821,546
Telephone and utilities	2,712,716	—	—	—	—	—	2,712,716
Insurance	996,803	15,349	12,737	57,255	32,753	3,648	1,118,545
Office supplies and postage	10,396	1,143	—	14,308	47,960	19,315	93,122
Advertising	—	—	—	389,353	—	—	389,353
Use and unrelated business income tax	—	—	—	100,948	—	—	100,948
Other	324,207	226,186	1,595	557,789	616,739	3,256	1,729,772
Grants	91,393	674,891	374,430	—	244,518	—	1,385,232
Depreciation	14,120,338	—	—	—	—	—	14,120,338
Amortization	11,950	—	—	—	—	—	11,950
Cost of goods sold	—	8,785	16,872	1,556,605	—	—	1,582,262
Management fee	—	—	—	—	—	—	—
Interest	321,000	—	—	—	—	—	321,000
Scholarships	—	—	—	—	—	—	—
Total expenses and losses	<u>\$ 33,624,601</u>	<u>2,234,093</u>	<u>1,037,522</u>	<u>7,374,849</u>	<u>3,281,857</u>	<u>514,263</u>	<u>48,067,185</u>

Departmental segmentation is used to allocate the natural expenses to the various functions, with the exception of CEO fundraising, employee benefits, insurance (workers compensation, property, general liability), and credit card processing fees. Twenty-five percent of CEO compensation and benefits was reallocated from Management and General to Fundraising. Employee benefits and workers compensation insurance were reallocated from Management and General to all functions based on each function's salaries as a percentage of total salaries. Finally, from Management and General, property and general liability insurance was reallocated to Animal Care & Zoo Operations and credit card processing fees was reallocated to Visitor Services & Marketing.

(11) Financial Assets and Liquidity Resources

As of December 31, 2020, the Society has a working capital balance of \$45,447,833 and average day's cash on hand of 101 days, based on normal expenditures.

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Notes to Financial Statements

December 31, 2020

The following table reflects the Society's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual, board or donor-imposed restrictions within one year of the balance sheet date:

Financial assets:	
Cash and cash equivalents	\$ 9,371,305
In-transit reimbursement to Foundation included in beneficial interest	<u>(41,670)</u>
Financial assets, at year-end	9,329,635
Less those unavailable for general expenditure within one year due to:	
Funds designated as board designated contingency fund	(2,452,693)
Funds designated to facility renewal and maintenance projects	<u>(1,509,237)</u>
	<u>(3,961,930)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,367,705</u>

The Society structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Working capital and cash flows have seasonal variations related to zoo visitation and business levels. The designations related to the contingency funds and the facility renewal and maintenance project funds could be removed if the board approved that action.

(12) Endowment

The Foundation holds endowment funds for support of the programs and operations of the Society. These assets are reflected in the beneficial interest in net assets of related organization on the Society's statement of financial position. As required by GAAP, net assets and the changes therein associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund
- (2) The purpose of the Foundation and the donor-restricted endowment fund

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- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policy of the Foundation

Endowment Net Asset Composition by Type of Fund

December 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	2,974,049	2,974,049

Changes in Endowment Net Assets

Year ended December 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ —	2,703,749	2,703,749
Investment return:			
Investment income	—	46,112	46,112
Net appreciation (realized and unrealized)	—	286,527	286,527
Total investment return	—	332,639	332,639
Appropriation of endowment assets for expenditure	—	(62,339)	(62,339)
Endowment net assets, end of year	\$ —	2,974,049	2,974,049

(a) Return Objectives and Risk Parameters

The Foundation's endowment funds are managed to produce a total return that meets its internal objectives over time in terms of generating cash flow to supplement Society operations and achieving some capital growth over the long run in order to protect the endowment capital against inflation. The Foundation's investment policy, investment objectives, target asset allocation, and investment returns as compared to index benchmarks are reviewed periodically by the board of directors. Based on these reviews, the investment policy, investment objectives, and target assets allocation are adjusted from time to time as the Foundation's objectives change and as capital market conditions warrant.

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(b) *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's endowment funds are managed against long-term asset allocation targets that are designed to meet the Foundation's long-term total return objective. In recent years, the Foundation has increased its allocation to equities in order to generate a higher return over time in order to replace investment income lost due to a declining interest rate environment. The Foundation's investment policy contains a number of risk control parameters, including allowable ranges for various asset classes, quality standards for individual securities, and diversification requirements.

(c) *Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy*

The Foundation appropriates distributions in its annual budget while considering the operations of the Foundation and the Society as well as expected investment returns and new endowment contributions. Annual appropriations generally range between 3% and 6% of the endowment fund's average fair value over the prior 12 quarters. Thus, the Foundation expects to achieve real growth of its endowment assets from the total return on investments as well as from the receipt of new gifts.

(13) COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 as a "public health emergency of international concern," and on March 13, 2020, the President of the United States declared a state of national emergency. As a result of the outbreak, there has been instability in the capital markets and many States implemented restrictions on travel and social interactions which continue today. The ultimate impact of the COVID-19 outbreak is highly uncertain. The Society's business may continue to be impacted by COVID-19. No additional subsequent events requiring disclosure were identified.

In March 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law, providing temporary and limited relief to organizations during the COVID-19 outbreak. Appropriations were made to cover expenses and lost revenue as a result of the pandemic. During 2020, the Society received \$10,000,000 of funding through the CARES Act to assist the organization due to the dramatic loss of revenue caused by the pandemic and related State mandated restrictions. The Society believes that it has met the requirements as outlined in the grant agreements and has recognized them as revenue in the accompanying statement of activities.

(14) Subsequent Events

The Society has evaluated subsequent events from the statement of financial position date through April 15, 2021, the date at which the financial statements were issued.