

Audited Financial Statements



June 30, 2018

Quigley & Miron

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Audited Financial Statements
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Independent Auditor's Report

Board of Directors

Lindsay Wildlife Museum dba Lindsay Wildlife Experience

Walnut Creek, California

We have audited the accompanying financial statements of the Lindsay Wildlife Museum dba Lindsay Wildlife Experience, a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lindsay Wildlife Museum dba Lindsay Wildlife Experience as of June 30, 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Board of Directors

Lindsay Wildlife Museum dba Lindsay Wildlife Experience

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Report on Summarized Comparative Information

We have previously audited Lindsay Wildlife Museum dba Lindsay Wildlife Experience for the year ended June 30, 2017, and expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Zwigley & Miron". The signature is written in a cursive, flowing style.

Campbell, California

April 22, 2019

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Financial Position
June 30, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 548,583	\$ 916,313
Pledges and grants receivable	39,580	42,400
Investments—Note 3	1,945,397	1,958,834
Accrued interest receivable	2,259	74
Inventory	38,659	39,291
Prepaid expenses and other assets	17,889	11,560
Total Current Assets	2,592,367	2,968,472
Non-Current Assets		
Investments—Note 3	370,650	370,650
Property and equipment, net—Note 4	1,692,819	1,854,379
Collections—Note 2		
Total Non-Current Assets	2,063,469	2,225,029
Total Assets	\$ 4,655,836	\$ 5,193,501
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 211,381	\$ 204,680
Deferred revenue	600	4,148
Total Liabilities	211,981	208,828
Net Assets		
Unrestricted		
Undesignated	1,792,462	1,831,160
Board-designated endowment fund—Note 8	2,085,075	2,484,231
Total Unrestricted	3,877,537	4,315,391
Temporarily restricted—Note 7	195,668	298,632
Permanently restricted—Note 8	370,650	370,650
Total Net Assets	4,443,855	4,984,673
Total Liabilities and Net Assets	\$ 4,655,836	\$ 5,193,501

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Activities
Year Ended June 30, 2018
(with comparative totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenue and Public Support					
Admissions	\$ 308,290	\$	\$	\$ 308,290	\$ 239,183
Membership	241,872			241,872	202,086
Educational programs	259,195			259,195	217,286
Realized and unrealized gains on investments, net	134,921	36,366		171,287	128,634
Interest and dividends	41,172	10,926		52,098	50,926
Museum store	192,010			192,010	135,897
Grants and contributions	603,548	272,125		875,673	1,038,043
Special events, net—Note 9	113,806			113,806	137,203
In-kind donations—Note 10	44,559			44,559	21,466
Vehicle donations, net	114,750			114,750	98,725
City of Walnut Creek —Note 5	74,750			74,750	75,000
Alliance	9,919			9,919	19,896
Facilities rental	24,866			24,866	25,641
Other	14,147			14,147	14,451
Total Revenue and Public Support	2,177,805	319,417		2,497,222	2,404,437
Reclassifications					
Satisfaction of restrictions	422,381	(422,381)			
Total Revenue, Public Support and Reclassifications	2,600,186	(102,964)		2,497,222	2,404,437
Expenses					
Education and exhibits	648,550			648,550	585,513
Wildlife rehabilitation	578,090			578,090	569,361
Animal encounters	259,942			259,942	269,002
Museum operations	231,165			231,165	134,818
Communications	248,133			248,133	202,618
Retail operations	342,838			342,838	251,655
Management and general	412,244			412,244	385,046
Fundraising	317,078			317,078	343,792
Total Expenses	3,038,040			3,038,040	2,741,805
Change in Net Assets	(437,854)	(102,964)		(540,818)	(337,368)
Net Assets at Beginning of Year	4,315,391	298,632	370,650	4,984,673	5,322,041
Net Assets at End of Year	\$ 3,877,537	\$ 195,668	\$ 370,650	\$ 4,443,855	\$ 4,984,673

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Functional Expenses
Year Ended June 30, 2018
(with comparative totals for 2017)

	Program Services						Supporting Services		2018 Total	2017 Total	
	Education and Exhibits	Wildlife Re- habilitation	Animal Encounters	Museum Operations	Communi- cations	Retail Operations	Total Program	Management and General			Fundraising
Salaries	\$ 300,011	\$ 322,243	\$ 166,569	\$ 113,742	\$ 96,942	\$ 123,465	\$ 1,122,972	\$ 219,580	\$ 197,840	\$ 1,540,392	\$ 1,396,742
Payroll taxes	21,986	23,585	12,360	8,331	7,107	9,046	82,415	16,106	14,501	113,022	102,894
Employee benefits	18,338	19,561	10,474	6,942	5,815	7,523	68,653	54,780	12,080	135,513	162,109
Total Salaries and Employee Benefits	340,335	365,389	189,403	129,015	109,864	140,034	1,274,040	290,466	224,421	1,788,927	1,661,745
Accounting	13,612	15,246	5,445	5,989	544	8,167	49,003	3,267	2,178	54,448	54,448
Advertising					39,431		39,431			39,431	32,248
Alliance									4,479	4,479	5,375
Animal Husbandry	157	24,351	19,356				43,864	63		43,927	39,569
Contracted services and professional fees	51,827	42,148	17,692	39,571	32,521	27,045	210,804	32,171	8,991	251,966	210,257
Cost of sales						119,322	119,322			119,322	72,700
Depreciation	163,358	12,571	1,790	456			178,175	28,160		206,335	214,570
Dues, subscriptions and professional development	587	1,598	2,227	154	52,892	2,411	59,869	2,324	220	62,413	9,657
Fees and bank charges						14,293	14,293	3,554	16,485	34,332	34,743
Insurance	7,122	8,107	2,849	3,134	285	4,273	25,770	1,710	1,140	28,620	25,861
Licenses and permits	37	41	1,207				1,285	164		1,449	4,217
Travel	8,776	61	92		880	328	10,137	5,092	2,158	17,387	29,837
Maintenance and repairs	25			10,541			10,566			10,566	28,280
Medical Supplies	1,423	51,677	3,004				56,104	14,713		70,817	44,557
Other	100			3,549			3,649	5,234	205	9,088	18,636
Postage and shipping		95				114	209	8,204	5,406	13,819	20,421
Printing and publications	13,452	1,074	286	41	3,393	171	18,417	182	31,892	50,491	54,121
Supplies	10,499	14,023	1,695	22,329	6,833	4,336	59,715	8,002	13,545	81,262	51,622
Utilities	37,240	41,709	14,896	16,386	1,490	22,344	134,065	8,938	5,958	148,961	128,941
Total Expenses	\$ 648,550	\$ 578,090	\$ 259,942	\$ 231,165	\$ 248,133	\$ 342,838	\$ 2,308,718	\$ 412,244	\$ 317,078	\$ 3,038,040	\$ 2,741,805

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Cash Flows
Year Ended June 30, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Expenses		
Change in net assets	\$ (540,818)	\$ (337,368)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	206,335	214,570
Realized and unrealized gains on investments	(182,093)	(138,990)
Changes in operating assets and liabilities:		
Pledges and grants receivable	2,820	(13,004)
Accrued interest receivable	(2,185)	2,116
Inventory	632	22,505
Prepaid expenses and other assets	(6,329)	6,867
Accounts payable and accrued liabilities	6,701	36,676
Deferred revenue	(3,548)	(7,200)
	<u>(518,485)</u>	<u>(213,828)</u>
Net Cash Used in Operating Activities	(518,485)	(213,828)
Cash Flows from Investing Activities		
Purchase of property and equipment	(44,775)	(110,014)
Purchase of investments	(92,697)	(779,846)
Sale of investments	288,227	42,230
	<u>150,755</u>	<u>(847,630)</u>
Net Cash Provided by (Used in) Investing Activities	150,755	(847,630)
	<u>(367,730)</u>	<u>(1,061,458)</u>
Net Decrease in Cash and Cash Equivalents	(367,730)	(1,061,458)
Cash and Cash Equivalents at Beginning of Year	<u>916,313</u>	<u>1,977,771</u>
	<u>Cash and Cash Equivalents at End of Year</u>	<u>Cash and Cash Equivalents at End of Year</u>
	<u>\$ 548,583</u>	<u>\$ 916,313</u>
Supplementary Disclosures		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements
June 30, 2018
(with comparative totals for 2017)

Note 1—Organization

Lindsay Wildlife Museum (dba Lindsay Wildlife Experience; hereafter Lindsay) was established as a nonprofit organization in 1955, and is accredited by the American Association of Museums (AAM). Lindsay rescues, rehabilitates, and releases wild animals, teaches and inspires children and adults through up-close-and-personal encounters with live wild animals, and strengthens the connection between people and the natural world. Lindsay derives its revenue and support from several principal sources, including memberships and admissions, retail sales, events, educational programs, contributions, and fundraising. Contributions are received from governmental sources, corporations, foundations and individuals. Over 500 volunteers serve Lindsay's mission, from board service to program implementation throughout six departments.

Significant program accomplishments and highlights are as follows:

Wildlife Rehabilitation—As one of the first formally established wildlife rehabilitation centers in the nation, Lindsay's Wildlife Rehabilitation Hospital has served as a model for wildlife treatment centers throughout the world. Since 1970, we have treated and released more than 116,000 native California wild animals comprising over 200 species, back into natural habitats. Since 2004, more than 5,600 wild animals have been accessioned into the hospital annually, with high rates of accession occurring between April and August, when birds and mammals are breeding and raising offspring. The number of animal patient accessions for the season spanning FY17-18 exceeded that estimate. More than 300 volunteers currently support the hospital, working on-site or providing palliative home care for injured, abandoned, and/or sick wildlife. The hospital is staffed by a full-time, state-licensed veterinarian, several on-call veterinarians, wildlife rehabilitation technicians and veterinary interns. The hospital's activities are regulated under the auspices of the U.S. Fish and Wildlife and the California Department of Fish and Wildlife. Lindsay's reputation for its staff's expertise in treating and surgically repairing delicate flight mechanisms of raptor species has elevated its status among peer organizations. What we learn from caring for and rehabilitating wildlife in the hospital informs Lindsay's exhibits and educational programs. Lindsay continues to partner with various research institutions, including UC Davis, UC Berkeley, and East Bay Regional Parks to track wildlife diseases, annual migratory patterns, and anthropogenic impacts. Data shared with government agencies and research institutions is published in peer-reviewed research papers and used to inform wildlife management policy and planning.

Living Wildlife Collection—Lindsay's live collection comprises more than 60 animal ambassadors - wildlife that have been too seriously injured to be released back into natural habitats or those that have become so habituated to humans that their ability to survive in the wild has been compromised. The medical care and husbandry of Lindsay's animal ambassadors is regulated by the U.S. Department of Agriculture, U.S. Fish and Wildlife Service, and the California Department of Fish and Wildlife. Lindsay is committed to providing medical care, housing, and behavioral enrichment for these animals for the rest of their lives. Lindsay is especially well-known for its collection of raptors, owls and ravens, and provides "up close and personal" experiences with small mammals, reptiles, and amphibians.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience

Notes to Financial Statements—Continued

Note 1—Organization—Continued

In October 2016, Lindsay unveiled a new North American Porcupine Exhibit, featuring the marquis mammal ambassador, housed in a naturalistic coast redwood habitat. The key messaging of this exhibit is the protection of unique keystone ecosystems in California, which is home to a number of unique animals with interesting adaptations, such as the North American Porcupine.

In addition, Lindsay has expanded the diversity and abundance of its live collection, with the acquisition of twelve charismatic wildlife species, including members of every taxa and two state and federally endangered listed species.

Education Programs—Lindsay’s Education Department and Animal Encounters create wildlife and environmental programs that are inquiry-based, hands-on, multi-sensory, and uniquely intimate. Opportunities exist for guests of all ages, educational levels, and abilities. By focusing on the diversity of guests’ interests, Lindsay sparks interest in the biological sciences, critical thinking, and conservation for thousands of lifelong learners. Descriptions of select educational programs and features are provided below.

Exhibit Hall and Daily Programs—The major features enjoyed by nearly 100,000 museum guests annually are twelve indoor exhibit spaces, two outdoor program areas, eleven daily educational programs, and more than 30 animal ambassadors on public display. The daily programs are dynamic, engaging, guest centered, and mission driven, while the animal ambassadors are out and connecting with guests throughout the entire day.

Lindsay in the Classroom—The Lindsay programs delivered at schools, known as *Lindsay in the Classroom*, are designed for 30 students in pre-kindergarten through fifth grade, last one hour, and always include the presence of animal ambassadors. The titles of the five classroom programs are *Meet and Greet*, *Animals of Mt. Diablo*, *Animal Homes*, *Owls*, and *Bats*. Many of the animal ambassadors are touchable, with the exception of *Owls* and *Bats*. All programs feature inquiry-based learning and age-appropriate activities. Lindsay delivered programs to 134 classes in the 2017-2018 academic year; another 143 classes will have been visited during the 2018-2019 school year.

Classes: Homeschool, Preschool, and Afterschool—Lindsay makes use of two classroom spaces on its first floor to offer three categories of science classes: homeschool, preschool, and afterschool. The preschool classes happen throughout the year, homeschool classes follow a typical academic calendar, and afterschool classes occur sporadically. A summary of these classes enrollment statistics during the year ended June 30, 2018 is provided below:

- 602 enrollments for Homeschool Classes
- 245 enrollments for Preschool Classes
- 9 enrollments for Afterschool Programs

Lindsay Wildlife Museum dba Lindsay Wildlife Experience

Notes to Financial Statements—Continued

Note 1—Organization—Continued

Outstanding Wildlife Leaders (OWLs) and Keepers in Training (KITs)—The two youth development programs in the Education Department are the OWLs and KITs. The OWLs program invites approximately 50 participants between the ages of 12 and 18 to develop skills in wildlife education, basic animal husbandry tasks, and teamwork. As individuals leave the program, mostly through graduation or “aging out,” new recruits are welcomed into the year-round schedule. Lindsay benefits from the energy and enthusiasm of the OWLs, and the youth receive knowledge and skills useful in science, education, and citizenship. The approximately 50 OWLs are a steady presence at Lindsay through 2.5 hour-long shifts six days per week. KITs is a similar program but the focus is exclusively animal husbandry. KITs complete their animal care shifts on Mondays. A limited number of scholarships are available to prospective naturalists.

Special Programs—The programs described in the previous sections are mostly designed for school-age children and youth. However, many other Lindsay programs are diverse and meant to appeal to all audiences. Here is a partial listing of those offerings: hikes of the Mt. Diablo region; Mini-Mondays; Mt. View Sanitary District classroom and wetland programs; scout programs; V.I.PEEK Encounters; *Wild@Night* evening events; and workshops in art and science.

School Field Trips—In September 2018, Lindsay launched a new lineup of elementary school field trips based on the Next Generation Science Standards (NGSS) for pre-kindergarten through fifth grade. The NGSS represent the latest research-backed principles and instructional guidelines for both formal and informal educators. The programs are multi-sensory, encourage observation and critical thinking, and help equip young minds to be future scientists and conservationists. With this important overhaul, Lindsay maintains a leading and innovative position in education. During the 2017-2018 academic year, Lindsay hosted 225 school field trips. Upon completion of the 2018-2019 school year, another 208 field trips will have occurred.

Natural History Collection—Lindsay opened a large portion of its approximately 16,000 natural history specimens to the public through a newly renovated exhibit space. Guests are now welcome to explore, examine, handle, and even sketch fascinating natural history objects during a daily program called *Curious Collections*. While some of the specimens have been featured in exhibits over the years, this level of access to Lindsay’s impressive collection is unprecedented. Staff and volunteers are encouraged to open the room when guests inquire. The rental of specimens by teachers, artists, and similar institutions continues as well. Lindsay fulfills approximately 60 specimen rental requests per year.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements of Lindsay have been prepared on the accrual basis of accounting, in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP). Lindsay's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of Lindsay and changes therein are presented and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of Lindsay.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of Lindsay and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently restricted net assets— Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity. Investment income generated from these funds is available for general support of Lindsay's programs and operations unless otherwise stipulated by the donor.

Income Taxes—Lindsay is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Lindsay is similarly exempt from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2018 and 2017. Generally, Lindsay's information returns remain open for examination for periods of three (federal) or four (state of California) years from the date of filing.

Recently Adopted Accounting Principle—In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07 (ASU 2015-07), *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The amendment removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share as a practical expedient. ASU 2015-07 has been adopted for the year ended June 30, 2018, however, the retrospective approach requires that an investment for which fair value is measured using NAV as a practical expedient be removed from the fair value hierarchy in all periods presented in the financial statements.

Cash and Cash Equivalents—Lindsay considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Pledges and grants receivable—Pledges and grants receivable consist primarily of pledges and grants from various donors and foundations well known to the organization and are due within one year. Management believes that these receivable balances as of June 30, 2018 and 2017 are fully collectible, and Lindsay has therefore not recorded an allowance for doubtful accounts.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Property and Equipment—Property and equipment purchased by Lindsay is stated at cost. Property and equipment donated to Lindsay is recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements over \$5,000 are capitalized, while maintenance and repairs are charged to expense as incurred. Landscaping, leasehold improvements and the exhibit hall are depreciated using the straight-line method over the estimated useful lives of the assets of 31 years. Furnishings, equipment and vehicles are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from five to seven years.

Inventory—Museum store inventory is carried at the lower of cost or market and consists of books, novelties and other merchandise.

Collections—Lindsay's collections include both live animals and natural history specimens. The live animal collection includes wild animal species native to California and a collection of domestic rodents, rabbits and non-native insects and spiders. The natural history collection includes approximately 16,000 objects, including animal mounts, skins, bones, wings, feathers, insects, spiders, botany, fossils, geologic specimens and Native American artifacts. Where necessary, proper documentation and permits are maintained for restricted items. The live animal and natural history collections are maintained as a vital resource to support Lindsay's mission to connect people with wildlife to inspire responsibility and respect for the world we share. The primary purpose of the collections is educational and the collections are used in exhibit hall programming, educational classes, programs, field trips and special events. The natural history collection is secondarily used for exhibit purposes as well as a reference for artists and for classroom teachers to complement their classroom curriculums.

The live animal collection is acquired through the appropriate channels with the appropriate state and federal permits. All other collection items have either been created internally by Lindsay staff or donated to Lindsay. Lindsay does not capitalize its collection items and accordingly, does not recognize these collections as assets on the statement of financial position. Purchased collection items are expensed as incurred. All collection items are subject to an organizational policy that requires the proceeds from sales of collection items to be used only to acquire other items for collections.

Concentration of Credit Risk—Cash and cash equivalents are the primary form of concentration of credit risk to which Lindsay is subject. Lindsay places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, in the normal course of business, such cash balances are in excess of the FDIC insurance limits, but management deems the risk of loss due to these concentrations to be minimal.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience

Notes to Financial Statements—Continued

Note 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 certain estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

In-Kind Contributions—Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require 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.

Admissions—Revenues from admissions are recognized at the time of purchase.

Membership Fees—Membership fees are recognized as revenue when such income is received.

Educational Programs—Revenues from educational programs are recognized at the time services are performed.

Museum Store—Revenues from museum store sales are recorded at the time of sale.

Vehicle Donations—Lindsay is a participant in a vehicle donation program operated by a third-party agency which physically collects, repairs, and subsequently sells donated vehicles, with 60% of the net proceeds paid to Lindsay.

Functional Expense Allocation—The costs of providing the various program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been directly charged to the program services and supporting services benefitted. Indirect costs are allocated between program services, management and general, and fundraising expenses, based on an analysis of personnel time utilized for the related activities.

Reclassifications—Certain amounts in 2017 have been reclassified to conform with the 2018 financial statement presentation.

Comparative Totals for 2017—The accompanying financial statements include certain prior-year summarized comparative financial 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 Lindsay's audited financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value Measurements

In determining the fair value of assets and liabilities, Lindsay utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Lindsay determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Lindsay at the measurement date. Lindsay’s Level 1 assets consist of equities and fixed income securities.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly. Lindsay’s Level 2 assets consist of fixed income securities and equity mutual funds.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment. Lindsay had no Level 3 assets or liabilities at June 30, 2018 and 2017.

Lindsay may utilize a practical expedient, Net Asset Value (NAV) per share (or its equivalent), for measuring the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. All assets and liabilities are carried at fair value at June 30, 2018 and 2017.

Investments measured on a recurring basis at June 30, 2018 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 886,924	\$ 886,924	\$	\$
Fixed income securities	256,358		256,358	
Equity mutual funds	1,172,765	1,172,765		
Totals	<u>\$ 2,316,047</u>	<u>\$ 2,059,689</u>	<u>\$ 256,358</u>	<u>\$</u>

Investments measured on a recurring basis at June 30, 2017 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 744,579	\$ 744,579	\$	\$
Fixed income securities	604,647		604,647	
Equity mutual funds	980,258	980,258		
Totals	<u>\$ 2,329,484</u>	<u>\$ 1,724,837</u>	<u>\$ 604,647</u>	<u>\$</u>

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value Measurements—Continued

Investment return for the years ended for the years ended June 30, 2018 and 2017 is as follows

	<u>2018</u>	<u>2017</u>
Realized and unrealized gains	\$ 182,093	\$ 138,990
Interest and dividends	52,098	50,926
Investment management fees	(10,806)	(10,356)
Net	<u>\$ 223,385</u>	<u>\$ 179,560</u>

Note 4—Property and Equipment, Net

Net property and equipment consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Animal equipment	\$ 421,105	\$ 421,105
Exhibit hall	2,898,278	2,898,278
Exhibits	493,682	493,682
Furnishings, equipment, vehicles and other	378,228	356,693
Landscaping	299,894	299,894
Leasehold improvements	628,058	604,818
Less accumulated depreciation	(3,426,426)	(3,220,091)
Net	<u>\$ 1,692,819</u>	<u>\$ 1,854,379</u>

Depreciation expense amounted to \$206,335 and \$214,570 for the years ended June 30, 2018 and 2017, respectively.

Note 5—City of Walnut Creek

Building Ownership—Under an agreement between Lindsay and the City of Walnut Creek (the “City”) dated March 10, 1992, Lindsay’s main building (including its fixtures and improvements) became subject to the ownership and control of the City effective June 30, 1995. Under the agreement, the City granted Lindsay the right to lease the new building for a period of twenty-five years in exchange for a fee of one dollar (\$1.00) per year. The transaction resulted in the transfer of total capitalized construction costs in the amount of \$4,770,107 from Lindsay’s books and records to the City. The transfer did not result in any gain or loss because the building was transferred at its undepreciated net book value. The agreement provided that Lindsay retain ownership of the exhibit hall, landscaping, furnishings and equipment. The board of directors is in negotiations to renew this lease during fiscal year 2019.

Operating Expense Grants—During the years ended June 30, 2018 and 2017, the City provided Lindsay with \$74,750 and \$75,000 in unrestricted donations, respectively.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 6—Line of Credit

Lindsay has a secured revolving line of credit from a bank in the amount of \$300,000. The line bears interest at the variable rate of the bank's index rate plus 2% (5.50% as of June 30, 2018). At June 30, 2018 and 2017, Lindsay had no outstanding balance on the line of credit.

Note 7—Temporarily Restricted Net Assets

Lindsay's temporarily restricted net assets as of June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Aviary	\$	\$ 3,929
Back of house renovations	1,700	1,700
Computer	3,281	1,218
Education and outreach		20,416
Future periods	144,072	104,103
Hospital medicines and equipment		13,836
Kitchen renovation	27,804	14,104
Miscellaneous		525
Naturalist program		1,099
Outdoor classroom		385
Rehabilitation	7,811	10,446
Veterinary		60,000
Website		55,871
Wildlife Haven/Exhibit Hall	11,000	11,000
Totals	<u>\$ 195,668</u>	<u>\$ 298,632</u>

Note 8—Endowment Net Assets

Lindsay's endowment consists of a diverse mixture of funds established to support its operations and programs. Its endowment includes both donor-restricted endowment funds (i.e. funds subject to a donor stipulation requiring investment of the gift in perpetuity or for a specific time) and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Lindsay has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the State of California, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 8—Endowment Net Asset—Continued

As a result of this interpretation, Lindsay classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Lindsay in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Lindsay considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of Lindsay and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of Lindsay
- 7) The investment policies of Lindsay

Return Objectives and Risk Parameters—Lindsay has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Lindsay must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Finance Committee and the Board of Directors, the endowment assets are invested in a manner that is intended to produce average annual nominal returns of 6% to 8% which are appropriate in light of the endowment fund's time horizon, liquidity needs, risk tolerance and performance expectation.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, Lindsay 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). Lindsay targets a diversified asset allocation to achieve its long-term return objectives within prudent risk restraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy—Lindsay currently seeks to promote growth of its endowment funds for the purpose of creating a fund that will generate income for support of Lindsay operations in the future. Lindsay's spending policy for the donor-restricted endowment requires that an annual distribution be made that is equal to four percent of the average market value of the portfolio's previous 12 quarters. The board-designated endowment spending policy authorizes the Board of Directors to determine the distribution of funds from time to time. In establishing these policies, Lindsay considered the long-term expected return on its endowment, as well as the operational needs of Lindsay. Accordingly, over the long term, Lindsay expects the current spending policy to allow its donor-restricted endowment to achieve annual growth above inflation. This is consistent with Lindsay's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 8—Endowment Net Asset—Continued

Endowment net assets at June 30, 2018 and 2017 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2018:				
Donor-restricted	\$	\$ 102,492	\$ 370,650	\$ 473,142
Board-designated	2,085,075			2,085,075
Totals	<u>\$ 2,085,075</u>	<u>\$ 102,492</u>	<u>\$ 370,650</u>	<u>\$ 2,558,217</u>
June 30, 2017:				
Donor-restricted	\$	\$ 75,540	\$ 370,650	\$ 446,190
Board-designated	2,484,231			2,484,231
Totals	<u>\$ 2,484,231</u>	<u>\$ 75,540</u>	<u>\$ 370,650</u>	<u>\$ 2,930,421</u>

Changes in endowment net assets for the years ended June 30, 2018 and 2017 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Year Ended June 30, 2018:				
Balance at beginning of year	\$ 2,484,231	\$ 75,540	\$ 370,650	\$ 2,930,421
Investment income	40,570	10,926		51,496
Realized and unrealized gains on investments	143,553	38,659		182,212
Investment expenses	(8,513)	(2,293)		(10,806)
Investment Return	175,610	47,292		222,902
Contributions	5,101			5,101
Expenditure appropriation	(579,867)	(20,340)		(600,207)
Balance at End of Year	<u>\$ 2,085,075</u>	<u>\$ 102,492</u>	<u>\$ 370,650</u>	<u>\$ 2,558,217</u>

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 8—Endowment Net Assets—Continued

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Year Ended June 30, 2017:				
Balance at beginning of year	\$ 2,701,613	\$ 37,887	\$ 370,650	\$ 3,110,150
Investment income	40,282	10,179		50,461
Realized and unrealized gains on investments	109,457	29,533		138,990
Investment expenses	<u>(8,297)</u>	<u>(2,059)</u>		<u>(10,356)</u>
Investment Return	141,442	37,653		179,095
Contributions				
Expenditure appropriation	<u>(358,824)</u>			<u>(358,824)</u>
Balance at End of Year	<u>\$ 2,484,231</u>	<u>\$ 75,540</u>	<u>\$ 370,650</u>	<u>\$ 2,930,421</u>

Note 9—Special Events, Net

Special events during the years ended June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Revenues	\$ 188,606	\$ 213,237
Less direct donor benefit expenses	<u>(74,800)</u>	<u>(76,034)</u>
Net	<u>\$ 113,806</u>	<u>\$ 137,203</u>

Total fundraising expenses for the years ended June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Fundraising expenses per statement of functional expenses	\$ 317,078	\$ 343,792
Special event expenses	<u>74,800</u>	<u>76,034</u>
Totals	<u>\$ 391,878</u>	<u>\$ 419,826</u>

Note 10—In-Kind Donations

During the years ended June 30, 2018 and 2017, Lindsay recognized in-kind donations of various medical supplies in the carrying out of its programs; these in-kind contributions, in the amounts of \$44,559 and \$21,466, respectively, are captioned as supplies in the statement of functional expenses.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 11—Retirement Plan

Lindsay adopted a defined contribution plan in November 2014. This plan covers all employees immediately upon employment and permits both employee and employer contributions to the plan, subject to limitations. Lindsay’s employer contribution is determined each year by the Board of Directors. During the years ended June 30, 2018 and 2017, Lindsay made contributions to the plan totaling \$9,740 and \$9,740, respectively.

Note 12—Commitments and Contingencies

In the normal course of business there are various outstanding commitments and contingent liabilities, such as commitments to enter into contract and future program activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate Lindsay to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond Lindsay’s control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, including executive officers of the organization, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements. Certain of the grants and contracts are subject to audit and final acceptance by the granting agency.

Lindsay leases equipment and space under various operating leases. Minimum future payments under these agreements as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 24,079
2020	22,883
2021	12,879
	<hr/>
Total	\$ 59,841

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 13—Recent Accounting Pronouncements

Net Assets Presentation—In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Lindsay is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for Lindsay in the year ended June 30, 2019. Early adoption is permitted. Lindsay is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Inventory—In July 2015, FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*. ASU 2015-11 simplifies the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost and net realizable value. ASU 2015-11 applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory method. ASU 2015-11 is effective on a prospective basis for public companies for annual reporting periods beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the ASU 2015-11 is effective on a prospective basis for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 31, 2017. Early adoption of ASU 2015-11 is permitted. Lindsay is currently evaluating the impact that the adoption of ASU 2015-11 will have on its financial statements.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2019, with early adoption permitted. Lindsay is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements—Continued

Note 13—Recent Accounting Pronouncements—Continued

Restricted Cash—In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities will be required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one-line item. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Lindsay is currently evaluating the impact that the adoption of ASU 2016-18 will have on its financial statements.

Note 14—Subsequent Events

Management has evaluated all activities of Lindsay through April 22, 2019, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.