

Audited Financial Statements



June 30, 2019

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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Lindsay Wildlife Museum dba Lindsay Wildlife Experience for the year ended June 30, 2018, and expressed an unmodified audit opinion on those audited financial statements in our report dated April 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 "Ziegler & Miron". The signature is written in a cursive, flowing style.

Campbell, California
June 16, 2020

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Financial Position
June 30, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>As Restated 2018</u>
Assets		
Cash and cash equivalents	\$ 280,871	\$ 548,583
Pledges and grants receivable	75,015	39,580
Investments—Note 4	2,060,715	2,316,047
Accrued interest receivable	1,224	2,259
Inventory	33,402	38,659
Prepaid expenses and other assets	17,469	17,889
Property and equipment, net—Note 5	1,533,285	1,692,819
Building and land lease—Note 6	1,679,491	
Collections—Note 2		
Total Assets	<u>\$ 5,681,472</u>	<u>\$ 4,655,836</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 132,345	\$ 211,381
Deferred revenue	600	600
Total Liabilities	<u>132,945</u>	<u>211,981</u>
Net Assets		
Without donor restrictions		
Undesignated	1,643,953	1,792,462
Board-designated reserve fund—Note 9	1,213,075	1,717,075
Total Net Assets		
Without Donor Restrictions	<u>2,857,028</u>	<u>3,509,537</u>
With donor restrictions—Note 7	2,691,499	934,318
Total Net Assets	<u>5,548,527</u>	<u>4,443,855</u>
Total Liabilities and Net Assets	<u>\$ 5,681,472</u>	<u>\$ 4,655,836</u>

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Activities
Year Ended June 30, 2019
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Operating Activities				
Revenue and Public Support				
Admissions	\$ 344,175	\$	\$ 344,175	\$ 308,290
Membership	274,564		274,564	241,872
Educational programs	324,930		324,930	261,755
Interest and dividends	32,700	20,139	52,839	52,098
Museum store	218,949		218,949	192,010
Grants and contributions	733,726	95,106	828,832	875,673
In-kind building and land—Note 6	464,130	1,679,491	2,143,621	
City of Walnut Creek grant—Note 6	75,000		75,000	74,750
In-kind donations—Note 10	16,417		16,417	44,559
Vehicle donations, net	91,218		91,218	114,750
Special events, net				
Gross revenue	244,104		244,104	188,606
Less direct benefit to donors	(57,266)		(57,266)	(74,800)
Special Events, Net	186,838		186,838	113,806
Alliance	1,478		1,478	9,919
Facilities events rentals	46,881		46,881	24,866
Net assets released from restrictions	77,267	(77,267)		
Total Revenue and Public Support	2,888,273	1,717,469	4,605,742	2,314,348
Expenses				
Education	646,264		646,264	648,550
Wildlife rehabilitation	769,848		769,848	578,090
Animal encounters	411,475		411,475	259,942
Museum operations	295,624		295,624	231,165
Communications	294,156		294,156	248,133
Guest services	401,478		401,478	342,838
Management and general	477,675		477,675	412,244
Fundraising	338,440		338,440	317,078
Total Expenses	3,634,960		3,634,960	3,038,040
Change in Net Assets from Operations	(746,687)	1,717,469	970,782	(723,692)
Nonoperating Activities				
Investment return, net	86,978	39,712	126,690	171,287
Other income	7,200		7,200	11,587
Total Nonoperating Activities	94,178	39,712	133,890	182,874
Change in Net Assets	(652,509)	1,757,181	1,104,672	(540,818)
Net Assets at Beginning of Year	3,509,537	934,318	4,443,855	4,984,673
Net Assets at End of Year	\$ 2,857,028	\$ 2,691,499	\$ 5,548,527	\$ 4,443,855

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Functional Expenses
Year Ended June 30, 2019
(with comparative totals for 2018)

	Program Services						Supporting Services				2019 Total	2018 Total
	Education	Wildlife Re- habilitation	Animal Encounters	Museum Operations	Communi- cations	Guest Services	Total Program	Management and General	Fundraising	Special Events Expense		
Salaries	\$ 278,205	\$ 325,933	\$ 202,985	\$ 113,022	\$ 103,176	\$ 127,353	\$ 1,150,674	\$ 290,912	\$ 122,446	\$	\$ 1,564,032	\$ 1,540,392
Payroll taxes	21,037	24,608	15,362	8,564	7,801	9,628	87,000	21,846	9,368		118,214	113,022
Employee benefits	25,977	30,029	20,796	10,894	10,313	11,945	109,954	23,296	12,682		145,932	135,513
Total Salaries and Employee Benefits	325,219	380,570	239,143	132,480	121,290	148,926	1,347,628	336,054	144,496		1,828,178	1,788,927
Accounting	7,350	8,232	2,940	3,234	294	4,410	26,460	31,514	1,176		59,150	54,448
Advertising					61,650		61,650		925		62,575	39,431
Alliance												4,479
Animal husbandry		29,717	19,115				48,832				48,832	43,927
Contracted services and professional fees	52,963	57,186	20,428	47,906	35,841	31,382	245,706	16,392	73,510		335,608	251,966
Cost of direct benefit to donors										57,266	57,266	74,800
Cost of sales						116,669	116,669				116,669	119,322
Depreciation	55,545	59,659	30,858	14,400	8,229	22,629	191,320	8,229	6,172		205,721	206,335
Dues, subscriptions and professional development	35	145	1,908	184	35,524	3,314	41,110	2,735	99		43,944	62,413
Fees and bank charges	414					5,289	5,703	8,661	25,940		40,304	34,332
In-kind rent	125,315	134,599	69,620	32,489	18,565	51,054	431,642	18,565	13,924		464,131	
Insurance	8,386	9,392	3,354	3,690	335		25,157	7,044	1,342		33,543	28,620
Licenses and permits		512	1,241				1,753	2,386	325		4,464	1,449
Travel	9,198		328	60	980	154	10,720	147	81		10,948	17,387
Maintenance and repairs	109			34,735			34,844	1,208			36,052	10,566
Medical Supplies	695	35,589	1,095				37,379	4,194			41,573	70,817
Other				2,632			2,632	19,579			22,211	9,088
Postage and shipping	1,014	12				12	1,038	11,285	586		12,909	13,819
Printing and publications	13,432	1,308			675	1,179	16,594	19	43,336		59,949	50,491
Supplies	12,079	15,860	2,273	14,867	5,660	2,400	53,139	4,550	22,694		80,383	81,262
Utilities	34,510	37,067	19,172	8,947	5,113	14,060	118,869	5,113	3,834		127,816	148,961
Total Expenses by Function	646,264	769,848	411,475	295,624	294,156	401,478	2,818,845	477,675	338,440	57,266	3,692,226	3,112,840
Less expenses included with revenues on the statement of activities												
Cost of direct benefits to donors										(57,266)	(57,266)	(74,800)
Total Expenses	\$ 646,264	\$ 769,848	\$ 411,475	\$ 295,624	\$ 294,156	\$ 401,478	\$ 2,818,845	\$ 477,675	\$ 338,440	\$	\$ 3,634,960	\$ 3,038,040

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Cash Flows
Year Ended June 30, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Expenses		
Change in net assets	\$ 1,104,672	\$ (540,818)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	205,721	206,335
In-kind building and land lease	(1,679,491)	
Investment gains	(136,875)	(182,093)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(35,435)	2,820
Accrued interest receivable	1,035	(2,185)
Inventory	5,257	632
Prepaid expenses and other assets	420	(6,329)
Accounts payable and accrued liabilities	(79,036)	6,701
Deferred revenue		(3,548)
	<u> </u>	<u> </u>
Net Cash Used in Operating Activities	(613,732)	(518,485)
Cash Flows from Investing Activities		
Purchase of property and equipment	(46,187)	(44,775)
Purchase of investments	(89,732)	(92,697)
Sale of investments	481,939	288,227
	<u> </u>	<u> </u>
Net Cash Provided by Investing Activities	346,020	150,755
Net Decrease in Cash and Cash Equivalents	(267,712)	(367,730)
Cash and Cash Equivalents at Beginning of Year	<u>548,583</u>	<u>916,313</u>
Cash and Cash Equivalents at End of Year	<u>\$ 280,871</u>	<u>\$ 548,583</u>
Supplementary Disclosures		
Income taxes paid	\$	\$
Interest paid	\$	\$

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements
June 30, 2019
(with comparative totals for 2018)

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:

Education—Lindsay's Education Department, working with the Animal Encounters Department (in charge of the living collection) creates 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. During the fiscal year Lindsay conducted 96 programs in school classrooms for 2,488 students.

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.

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. Two senior OWLs are part of the Board of Directors and Youth Advisors and participate in all meetings.

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

Note 1—Organization—Continued

Special Programs—Special programs include 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—Based on the Next Generation Science Standards (NGSS) for pre-kindergarten through fifth grade adopted in 1978, Lindsay provides regional schools multi-sensory, encourage observation and critical thinking programs, helping equip young minds to consider future science and conservation careers. During the fiscal year Lindsay conducted 105 field trip programs for 2,415 students.

Wildlife Rehabilitation—As one of the first formally established wildlife hospitals and rehabilitation centers in the nation, Lindsay's Wildlife Hospital and Rehabilitation Center has served as a model for wildlife care centers around the world. Since 1970, we have treated more than 270,000 native California wild animals comprising over 160 species, releasing about 50% of them back into natural habitats. Since 2004, between 5,000 and 6,000 wild animals have been accessioned into the hospital every year, 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 FY18-19 exceeded is approximately 5,500 individuals.

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 and overseen by 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 our education and outreach 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.

Animal Encounters—Lindsay's live collection, of "animal ambassadors" comprises about 70 individuals, including individuals 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.

The animal ambassadors live in specially constructed artificial habitats, as well as in aviaries, terraria, and aquaria. Some of them are on permanent display in the exhibit hall, while all of them participate in educational activities delivered to the public by staff and trained volunteers. Education programs with animal ambassadors take place every day indoors and outdoors. The key messaging of these exhibit and education programs is the protection of unique and diverse ecosystems in California, which are home to a number of unique animals with interesting adaptations and key roles in the maintenance of biological diversity and ecosystem function. Lindsay's live collection includes state and federally endangered listed species.

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

Note 1—Organization—Continued

Museum Operations—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.

Communications—The communications department provides a broad scope of services to Lindsay, including the production of printed documents, reports, and newsletters, as well as manages all online communications including the Lindsay Wildlife experience website (www.lindsaywildlife.org), all online content for social media (Facebook, Twitter, Instagram, Youtube, and others), and populating several online education sites with video, graphic, and written content.

Guest Services—Guest services or “Guest Experience” manages the admissions process for visitors Lindsay’s exhibits and programs, as well as the gift shop, memberships, and visitor experiences. They coordinate with all departments for the smooth running of on-site programs, events, and activities, manage store inventories and purchases, and uniforms for staff and volunteers.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Lindsay has adopted ASU 2016-14 for the year ended June 30, 2019 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Lindsay’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Lindsay and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Lindsay. These net assets may be used at the discretion of Lindsay’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Lindsay and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Lindsay to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of Lindsay to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

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

Note 2—Summary of Significant Accounting Policies—Continued

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of programs to rescue, rehabilitate, and releases wild animals, teach and inspire children and adults through up-close-and-personal encounters with live wild animals, and strengthen the connection between people and the natural world. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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, 2019 and 2018. 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.

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, 2019 and 2018 are fully collectible, and Lindsay has therefore not recorded an allowance for doubtful accounts.

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.

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

Note 2—Summary of Significant Accounting Policies—Continued

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, investments in securities, and receivables are the primary form of concentration of credit risk to which the 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. Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. At times, in the normal course of business, such cash balances are in excess of the FDIC/SIPC insurance limits, but management deems the risk of loss due to these concentrations to be minimal. Conservative investment guidelines established by the Board of Directors govern Lindsay's investments in securities to achieve diversification of the portfolio.

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 collects, repairs, and subsequently sells donated vehicles, with 60% of the net proceeds paid to Lindsay.

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

Note 2—Summary of Significant Accounting Policies—Continued

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Depreciation, in-kind rent, and utilities are allocated on the basis of square footage. Salaries, payroll taxes, employee benefits, travel, maintenance and repairs, postage and shipping, and supplies are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to the program or function benefitted.

Reclassifications—Certain amounts in 2018 have been reclassified to conform with the 2019 financial statement presentation.

Comparative Totals for 2018—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, 2018, from which the summarized information was derived.

Note 3—Availability and Liquidity

Lindsay's goal is generally to maintain financial assets to meet operating expenses.

The following represents the availability and liquidity of Lindsay's financial assets at June 30, 2019 to cover operating expenses for the next fiscal year:

Financial assets:	
Cash and cash equivalents	\$ 280,871
Pledges and grants receivable	75,015
Investments	2,060,715
Accrued interest receivable	1,224
	<hr/>
Total Financial Assets	2,417,825
Less amounts not available to be used within one year:	
Net assets with purpose restrictions	
Education and outreach	(25,000)
Wildlife Haven/Exhibit Hall	(11,000)
Net assets restricted due to timing	
Education and outreach	(25,000)
General support	(50,015)
Board designated reserve fund available for appropriation	(1,213,075)
Endowment net assets subject to appropriation	(530,343)
Endowment net assets held in perpetuity	(370,650)
	<hr/>
Total Amounts Not Available to be Used Within One Year	(2,225,083)
Before Any Appropriations by the Board	(2,225,083)
	<hr/>
Financial Assets Available to Meet General Expenditures Over	
the Next 12 Months in Addition to any Appropriations by the Board	\$ 192,742
	<hr/>

Lindsay also has a \$300,000 line of credit, secured by investments, available to meet any unforeseen circumstances.

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

Note 4—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, 2019 and 2018.

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, 2019 and 2018.

Investments measured on a recurring basis at June 30, 2019 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 674,039	\$ 674,039	\$	\$
Fixed income securities	123,082		123,082	
Equity mutual funds	1,263,594	1,263,594		
Totals	<u>\$ 2,060,715</u>	<u>\$ 1,937,633</u>	<u>\$ 123,082</u>	<u>\$</u>

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>

Investment return for the years ended for the years ended June 30, 2019 and 2018 is as follows

	<u>2019</u>	<u>2018</u>
Investment gains	\$ 136,875	\$ 182,093
Investment management fees	(10,185)	(10,806)
Investment Return, Net	<u>126,690</u>	<u>171,287</u>
Interest and dividends	52,839	52,098
Total Investment Return	<u>\$ 179,529</u>	<u>\$ 223,385</u>

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

Note 5—Property and Equipment, Net

Net property and equipment consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</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	409,630	378,228
Landscaping	299,894	299,894
Leasehold improvements	642,842	628,058
	<u>5,165,431</u>	<u>5,119,245</u>
Less accumulated depreciation	(3,632,146)	(3,426,426)
Net	<u>\$ 1,533,285</u>	<u>\$ 1,692,819</u>

Depreciation expense amounted to \$205,721 and \$206,335 for the years ended June 30, 2019 and 2018, respectively.

Note 6—Building and Land Lease

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. On July 1, 2018, the board of directors renewed the lease for an additional 60 months, through June 30, 2023. LWM recorded the present value of the building and land rent of \$2,143,621, as *building and land lease* on the statement of financial position, as well as a corresponding contribution with donor restrictions as contributions as *in-kind building and land*, on the statement of activities for the year ended June 30, 2019. The present value of the lease as of June 30, 2019 was \$1,679,491, based upon rental expense of \$464,130 and a discount rate of 5%.

Future anticipated amortization of the building and land lease is as follows:

<u>Year Ending June 30,</u>	
2020	\$ 22,883
2021	12,879
	<u> </u>
Total	<u>\$ 35,762</u>

City of Walnut Creek Grants—During the years ended June 30, 2019 and 2018, the City of Walnut Creek also provided Lindsay with \$75,000 and \$74,750 in donations without donor restrictions, respectively.

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

Note 7—Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Computer	\$	\$ 3,281
Education and outreach	25,000	
Rehabilitation		7,811
Renovations		29,889
Wildlife Haven/Exhibit Hall	11,000	11,000
Subject to time restrictions:		
Building and land lease	1,679,491	
Education and outreach	25,000	
General support	50,015	41,195
Subject to Lindsay's spending policy and appropriation:		
Endowment earnings	530,343	470,492
Held in perpetuity:		
Endowment	370,650	370,650
Totals	<u>\$ 2,691,499</u>	<u>\$ 934,318</u>

Net assets released from donor restrictions for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions		
Computer	\$ 3,281	\$
Education and outreach		20,416
Hospital medicines and equipment		13,836
Other miscellaneous		5,938
Rehabilitation	7,811	2,635
Renovations	29,889	
Veterinary		60,000
Website		55,871
Satisfaction of passage of time		
General support	36,286	
Totals	<u>\$ 77,267</u>	<u>\$ 158,696</u>

Note 8—Prior Period Restatement

In late 2019, it was determined that appropriations of endowment fund assets had been incorrectly reported for a number of fiscal years up to and including the fiscal year ending June 30, 2018, as having come from donor-restricted endowment funds when actually appropriated from board-designated funds, or vice versa. The aggregate net effect was to understate donor-restricted endowment fund assets subject to appropriation by \$334,193 at June 30, 2017 and by \$368,000 at June 30, 2018, and to overstate board-designated fund assets by the same amounts.

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

Note 9—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 unrestricted funds designated by the Board to be held in a manner similar to, and invested together with, donor-restricted endowment funds. 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 limiting the appropriation of donor-restricted endowment funds (including earnings thereon) to amounts that are prudent under the circumstances, absent explicit donor stipulations to the contrary.

Lindsay classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the endowment with donor restrictions 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 net assets with donor restrictions perpetual in nature is classified as net assets with donor restrictions subject to appropriation 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 deciding 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 an investment policy and a spending plan for donor-restricted endowment assets that together attempt to provide a predictable stream of funding to activities and programs of the types that these donations were intended to support while seeking to maintain a significant corpus in perpetuity. 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 unrestricted funds that the Board has designated to be held in a manner similar to, and invested together with, donor-restricted endowment funds. Under the investment policy, as approved by the Board, endowment assets are invested in a manner that is intended to produce average annual nominal returns which are appropriate in light of the endowment fund's time horizon, liquidity needs, risk tolerance and performance expectation and which are equal to or better than the returns on relevant market indices.

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.

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

Note 9—Endowment Net Asset—Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy—Lindsay’s endowment spending plan authorizes the Board of Directors to determine the distribution of funds from time to time from the donor-restricted endowment. The plan contemplates an annual distribution of up to four percent of the average market value of the donor-restricted endowment portfolio for the previous 12 quarters. In establishing this spending plan, the Board of Directors considered the long-term expected returns` on the donor-restricted endowment as well as the operational needs of Lindsay. The spending plan is consistent with Lindsay’s objective to maintain a significant corpus of donor-restricted endowment assets in perpetuity while also seeking investment return and additional growth through new gifts.

Changes in endowment net assets for the years ended June 30, 2019 and 2018 consist of the following:

	<u>With Donor Restrictions</u>			<u>Total</u>
	<u>Board Designated</u>	<u>Subject to Appropriation</u>	<u>Held in Perpetuity</u>	
Endowment Net Assets at June 30, 2017 as previously reported	\$ 2,484,231	\$ 75,540	\$ 370,650	\$ 2,930,421
Prior period restatement	(334,193)	334,193		
Endowment Net Assets at June 30, 2017 as restated	\$ 2,150,038	\$ 409,733	\$ 370,650	\$ 2,930,421
Interest and dividend income	35,218	16,278		51,496
Investment gains	135,438	46,774		182,212
Investment expenses	(8,513)	(2,293)		(10,806)
Endowment Investment Return, Net	162,143	60,759		222,902
Contributions	5,101			5,101
Appropriation of expenditure, as restated	(600,207)			(600,207)
Endowment Net Assets at June 30, 2018	1,717,075	470,492	370,650	2,558,217
Interest and dividend income	32,671	20,139		52,810
Investment gains	93,788	43,087		136,875
Investment expenses	(6,810)	(3,375)		(10,185)
Endowment Investment Return, Net	119,649	59,851		179,500
Contributions	16,351			16,351
Appropriation of expenditure	(640,000)			(640,000)
Endowment Net Assets at June 30, 2019	\$ 1,213,075	\$ 530,343	\$ 370,650	\$ 2,114,068

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

Note 10—In-Kind Donations

During the years ended June 30, 2019 and 2018, Lindsay recognized in-kind donations of various medical supplies in the carrying out of its programs; these in-kind contributions, in the amounts of \$16,417 and \$44,559, respectively, are captioned as supplies in the statement of functional expenses.

Note 11—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 under various operating leases. Minimum future payments under these agreements as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 388,989
2021	408,891
2022	429,811
2023	451,800
	<hr/>
Total	\$ <u>1,679,491</u>

Note 12—Recent Accounting Pronouncements

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, 2020, 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 12—Recent Accounting Pronouncements—Continued

Contributions—In June 2018, FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made., This update clarified the definition of an exchange transaction. As a result, non-for-profit entities will account for most government grants as donor-restricted conditional contributions, rather than as exchange transaction (the prevalent practice today). An accommodation (“simultaneous release” option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangement and is immediate for unconditional arrangements. No new disclosures are required. ASU No. 2018-08 is effective for resource recipients with fiscal years beginning after December 15, 2018; early adoption is permitted. Lindsay is evaluating whether this will have a material impact on its financial statements.

Note 13—Subsequent Events

In early March 2020, the COVID-19 virus was declared a global pandemic, and, unfortunately, it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Lindsay’s museum was closed to the public and all education programs were suspended starting March 13, 2020. This has had a materially adverse effect on Lindsay’s ability to generate earned revenue, and the timing and extent of reopening and recommencement of activities and the effect of earned revenue is uncertain. On April 23, 2020, Lindsay received a \$347,225 loan from a bank through the Paycheck Protection Program. The loan is designed to provide a direct incentive to keep employees on payroll. The loan does not require any payments for six months, carries a 1% interest rate, matures in two years, requires no collateral, and is federally guaranteed. Qualified payroll and utilities paid during the eight-week period after loan origination are eligible for forgiveness. No adjustments have been made to these financial statements as a result of this uncertainty.

Subsequent to year end, Lindsay received various large bequest gifts resulting in an expected operating surplus for the fiscal year ending June 30, 2020.

Subsequent events were evaluated through June 16, 2020, which is the date the financial statements were available to be issued, and concluded that, other than noted above, no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.