

Audited Financial Statements



Lindsay
Wildlife
Experience

June 30, 2021

Quigley & Miron

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Audited Financial Statements
Table of Contents
June 30, 2021

	<u>Page</u> <u>Number</u>
Independent Auditor's Report	1
Audited Financial Statements	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

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 Lindsay Wildlife Museum dba Lindsay Wildlife Experience, a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, 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, 2021, 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, 2020, and expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Campbell, California
August 1, 2022

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

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Financial Position
June 30, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 457,405	\$ 1,303,293
Restricted cash held for endowment	25,702	164,255
Investments—Note 4	2,438,506	1,962,610
Pledges and grants receivable	247,976	78,712
ERC grants receivable—Note 11	640,200	
Accrued interest receivable	756	821
Other accounts receivable	21,030	
Inventory	26,793	29,754
Prepaid expenses and other assets	7,882	7,882
Property and equipment, net—Note 5	1,260,930	1,451,102
Building and land lease—Note 6	881,611	1,290,502
Collections—Note 2		
	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,008,791</u>	<u>\$ 6,288,931</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 37,208	\$ 44,963
Salaries and employee benefits payable	122,172	81,555
Deferred revenue	600	600
	<u> </u>	<u> </u>
Total Liabilities	159,980	127,118
Net Assets		
Without donor restrictions—Note 7	3,463,706	3,825,774
With donor restrictions—Note 8	2,385,105	2,336,039
	<u> </u>	<u> </u>
Total Net Assets	5,848,811	6,161,813
Total Liabilities and Net Assets	<u>\$ 6,008,791</u>	<u>\$ 6,288,931</u>

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Activities
Year Ended June 30, 2021
(with comparative totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Operating Activities				
Revenue and Public Support				
Admissions	\$ 29,474	\$	\$ 29,474	\$ 229,477
Membership	83,913		83,913	216,117
Educational programs	103,335		103,335	230,001
Facilities events rentals				32,534
Interest and dividends	31,469	21,886	53,355	54,174
Museum store sales				
Store sales	36,246		36,246	127,029
Less cost of store sales	<u>(16,772)</u>		<u>(16,772)</u>	<u>(58,780)</u>
Museum Store Sales, Net	19,474		19,474	68,249
Special events, net				
Gross revenue	117,008		117,008	197,156
Less cost of direct benefit to donors	<u>(18,939)</u>		<u>(18,939)</u>	<u>(61,594)</u>
Special Events, Net	98,069		98,069	135,562
Grants and contributions	1,136,336	265,000	1,401,336	2,529,558
City of Walnut Creek grant—Note 6	48,000	16,000	64,000	75,000
In-kind building and land lease—Note 6	55,239		55,239	75,141
PPP grant—Note 10	413,547		413,547	347,225
ERC grants—Note 11	640,200		640,200	
Vehicle donations, net	74,075	11,067	85,142	61,336
In-kind donations—Note 12	5,401		5,401	7,875
Net assets released from restrictions	<u>467,969</u>	<u>(467,969)</u>		
Total Revenue and Public Support	3,206,501	(154,016)	3,052,485	4,062,249
Expenses				
Education	586,714		586,714	686,003
Wildlife rehabilitation	850,011		850,011	755,970
Animal encounters	478,979		478,979	477,817
Museum operations	300,921		300,921	306,008
Communications	223,115		223,115	234,504
Guest services	259,289		259,289	271,060
Management and general	597,069		597,069	399,189
Fundraising	<u>393,938</u>		<u>393,938</u>	<u>419,819</u>
Total Expenses	3,690,036		3,690,036	3,550,370
Change in Net Assets from Operations	(483,535)	(154,016)	(637,551)	511,879
Nonoperating Activities				
Investment return, net—Note 4	117,867	203,082	320,949	93,054
Other income	<u>3,600</u>		<u>3,600</u>	<u>8,353</u>
Total Nonoperating Activities	121,467	203,082	324,549	101,407
Change in Net Assets	(362,068)	49,066	(313,002)	613,286
Net Assets at Beginning of Year	<u>3,825,774</u>	<u>2,336,039</u>	<u>6,161,813</u>	<u>5,548,527</u>
Net Assets at End of Year	\$ 3,463,706	\$ 2,385,105	\$ 5,848,811	\$ 6,161,813

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Functional Expenses
Year Ended June 30, 2021
(with comparative totals for 2020)

	Program Services						Supporting Services				2021 Total	2020 Total
	Education	Wildlife Rehabilitation	Animal Encounters	Museum Operations	Communi- cations	Guest Services	Total Program	Management and General	Fundraising	Cost of Direct Benefits		
Salaries	\$ 291,044	\$ 470,909	\$ 282,842	\$ 132,229	\$ 118,706	\$ 118,921	\$ 1,414,651	\$ 260,988	\$ 248,030	\$	\$ 1,923,669	\$ 1,704,586
Payroll taxes	20,806	33,741	20,283	9,499	8,512	8,514	101,355	16,233	17,838		135,426	123,854
Employee benefits	32,180	52,119	31,041	14,813	13,306	13,131	156,590	34,523	26,899		218,012	179,194
Total Salaries and Employee Benefits	344,030	556,769	334,166	156,541	140,524	140,566	1,672,596	311,744	292,767		2,277,107	2,007,634
Advertising					6,678		6,678				6,678	19,769
Animal husbandry		11,250	17,294				28,544				28,544	49,993
Contracted services and professional fees		2,947		50,549	36,899	23,883	114,278	178,381	28,843		321,502	330,658
Cost of direct benefit to donors										18,939	18,939	61,594
Cost of store sales										16,772	16,772	58,780
Depreciation	53,296	57,243	29,609	13,817	7,896	21,713	183,574	7,896	5,922		197,392	208,760
Dues, subscriptions, and professional development	499	803	1,533		1,260		4,095				4,095	47,765
Fees and bank charges	127						228	8,594	11,634		20,456	59,790
In-kind occupancy	125,315	134,599	69,620	32,489	18,565	51,054	431,642	18,565	13,924		464,131	464,131
Insurance								35,649			35,649	11,250
Licenses and permits		1,984					1,984	1,543	150		3,677	1,360
Travel												8,458
Maintenance and repairs				22,255			22,255				22,255	33,682
Medical supplies		27,941	1,080				29,021	1,970			30,991	35,394
Postage and shipping		17	37					3,399	303		6,928	12,451
Printing and publications		31					596		27,555		28,151	37,727
Supplies	22,112	12,030	2,677	14,554	5,169	1,168	57,710	23,431	8,247		89,388	85,817
Utilities	41,335	44,397	22,963	10,716	6,124	16,840	142,375	6,124	4,593		153,092	135,731
Total Expenses by Function	586,714	850,011	478,979	300,921	223,115	259,289	2,699,029	597,069	393,938	35,711	3,725,747	3,670,744
Less expenses included with revenues on the statement of activities												
Cost of store sales										(16,772)	(16,772)	(58,780)
Cost of direct benefits to donors										(18,939)	(18,939)	(61,594)
Total Expenses	\$ 586,714	\$ 850,011	\$ 478,979	\$ 300,921	\$ 223,115	\$ 259,289	\$ 2,699,029	\$ 597,069	\$ 393,938	\$	\$ 3,690,036	\$ 3,550,370

See notes to financial statements.

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Statement of Cash Flows
Year Ended June 30, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Expenses		
Change in net assets	\$ (313,002)	\$ 613,286
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	197,392	208,760
In-kind building and land lease	408,891	388,989
Investment gains	(329,400)	(102,090)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(169,264)	(3,697)
ERC grants receivable	(640,200)	
Accrued interest receivable	65	403
Other accounts receivable	(21,030)	
Inventory	2,961	3,648
Prepaid expenses and other assets		9,587
Accounts payable and accrued liabilities	(7,755)	15,237
Salaries and employee benefits payable	40,617	(21,064)
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Operating Activities	(830,725)	1,113,059
Cash Flows from Investing Activities		
Purchase of property and equipment	(7,220)	(126,577)
Purchase of investments	(793,362)	(27,474)
Sale of investments	646,866	227,669
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Investing Activities	(153,716)	73,618
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(984,441)	1,186,677
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>1,467,548</u>	<u>280,871</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u>\$ 483,107</u>	<u>\$ 1,467,548</u>
Supplementary Disclosures		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

Lindsay Wildlife Museum dba Lindsay Wildlife Experience
Notes to Financial Statements
June 30, 2021
(with comparative totals for 2020)

Note 1—Organization

Lindsay Wildlife Museum (dba Lindsay Wildlife Experience; hereafter Lindsay) was established as a nonprofit organization in 1955. 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 350 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 80,000 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—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 Pond Protectors, Wild Homes, Learning from Wildlife, Have to Have a Habitat and Ecosystem Energy Flow. Many of the animal ambassadors are touchable, with the exception of Owls and Bats. Each Lindsay in the Classroom program utilizes grade-specific Next Generation Science Standards (NGSS) that satisfy specific learning objectives.

Classes—Homeschool, Preschool, and Afterschool—Lindsay was unable to perform in person classes due to the COVID shutdown. To adjust to the stay-at-home orders, our homeschool classes went virtual during this fiscal year. These engaging virtual classes included a kit and mailings for children to follow along in instructor led activities. During the year our instructors delivered 27 virtual classes to 250 students.

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 55 participants between the ages of 13 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.

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.P. 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. To adjust to stay at home orders, our school program went virtual. Based on Next Generation Science Standards, each Virtual School Program consisted of three 30-minute sessions and included visits from at least three animal ambassadors. During the fiscal year, Lindsay conducted 77 virtual school programs for 1,831 students. During the summer we created engaging Summer Field Trips and delivered 3 summer field trips for over 48 students.

Wildlife Rehabilitation—As one of the first formally established wildlife hospitals and rehabilitation centers in the nation, Lindsay Wildlife 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, over 5,000 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 FY20-21 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 Service 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 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 to 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—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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:

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.

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 release 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.

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

Note 2—Summary of Significant Accounting Policies—Continued

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, 2021 and 2020. 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, Cash Equivalents, and Restricted Cash—Lindsay considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash consists of cash held for donor restricted endowments.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of cash flows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash Accounts Reported in Statement of Financial Position		
Cash and cash equivalents,	\$ 457,405	\$ 1,303,293
Cash held for endowment	25,702	164,255
	<u> </u>	<u> </u>
Total Cash, Cash Equivalents, and Restricted Cash		
Reported in the Statement of Cash Flows	<u>\$ 483,107</u>	<u>\$ 1,467,548</u>

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.

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, 2021 and 2020 are fully collectible, and Lindsay has therefore not recorded an allowance for doubtful accounts.

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

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.

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 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.

Pledges and grants receivable are due from a variety of governmental bodies and foundations well known to the Organization, with favorable past payment histories. Lindsay's management has assessed the credit risk associated with these pledges and grants receivable and has determined that a reserve against uncollectible amounts is not necessary.

Recently Adopted Accounting Principles

Revenue Recognition—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Lindsay has adopted ASU No. 2014-09 for the year ended June 30, 2021, and noted that there was no material effect on the financial statements.

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

Note 2—Summary of Significant Accounting Policies—Continued

Restricted Cash—In February 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 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 are 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. Lindsay has adopted ASU No. 2016-18 on a retrospective basis for the year ended June 30, 2021, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements, and noted that there was no material effect on the financial statements.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) are to account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (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 are to 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 arrangements and is immediate for unconditional arrangements. No new disclosures are required. ASU No. 2018-08 has been adopted by Lindsay for the year ended June 30, 2020, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements and noted that there was no material effect on the financial statements.

Grants and Contributions—Grants and contributions are reported as support in the period pledged or received as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the accompanying statement of activities. Contributions whose restrictions are met in the same year as the contribution is made are initially classified as net assets without donor restrictions.

In-Kind Contributions—Contributions of donated noncash assets are recorded at their fair values in the period received. Lindsay records donated services at fair value at the date of the donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

Revenue Recognition—Lindsay’s revenue recognition policies are as follows:

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

Membership—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.

Facilities events rentals—Revenues from facilities events rentals are recognized at the time services are performed.

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

Benefits Provided to Donors at Special Events—Lindsay conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Lindsay values such benefits at the actual cost.

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 occupancy, 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 2020 have been reclassified to conform with the 2021 financial statement presentation.

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.

Comparative Totals for 2020—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, 2020, from which the summarized information was derived.

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

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, 2021 to cover operating expenses for the next fiscal year:

Financial assets		
Cash, cash equivalents, and restricted cash	\$	483,107
Investments		2,438,506
Pledges and grants receivable		247,976
ERC grant receivable		640,200
Accrued interest receivable		756
Other accounts receivable		21,030
		21,030
	Total Financial Assets	3,831,575
Less amounts not allocated for use within one year		
Net assets with purpose restrictions		
Hospital initiative		(100,000)
Education and outreach		(50,000)
Exhibit Hall		(11,000)
Board-designated investment fund subject to appropriation		(1,372,134)
Endowment net assets subject to appropriation		(723,869)
Endowment net assets held in perpetuity		(370,650)
		(2,627,653)
	Total Amounts Not Allocated for Use Within One Year Before Any Appropriations by the Board	(2,627,653)
	Financial Assets Available to Meet General Expenditures Over the Next 12 Months in Addition to any Appropriations by the Board	<u>\$ 1,203,922</u>

The Board-designated investment fund totaled \$1,372,134 at June 30, 2021, and is available for appropriation for any necessary expenditures (see Note 7).

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 Lindsay at the measurement date.

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.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

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

Note 4—Investments and Fair Value Measurements—Continued

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, 2021 and 2020.

Investments measured at fair value on a recurring basis at June 30, 2021 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 864,528	\$ 864,528	\$	\$
Fixed income securities	203,534		203,534	
Equity/fixed income mutual funds	1,370,444	1,370,444		
Totals	<u>\$ 2,438,506</u>	<u>\$ 2,234,972</u>	<u>\$ 203,534</u>	<u>\$</u>

Investments measured at fair value on a recurring basis at June 30, 2020 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 661,571	\$ 661,571	\$	\$
Fixed income securities	182,957		182,957	
Equity/fixed income mutual funds	1,118,082	1,118,082		
Totals	<u>\$ 1,962,610</u>	<u>\$ 1,779,653</u>	<u>\$ 182,957</u>	<u>\$</u>

Investment return for the years ended for the years ended June 30, 2021 and 2020 is as follows

	<u>2021</u>	<u>2020</u>
Investment gains	\$ 329,400	\$ 102,090
Investment management fees	(8,451)	(9,036)
Investment Return, Net	320,949	93,054
Interest and dividends	53,355	54,174
Total Investment Return	<u>\$ 374,304</u>	<u>\$ 147,228</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Exhibit hall	\$ 3,013,088	\$ 3,013,088
Exhibits	493,682	493,682
Animal equipment	421,105	421,105
Furnishings, equipment, vehicles and other	423,452	416,232
Landscaping	299,894	299,894
Leasehold improvements	641,807	641,807
	<u>5,293,028</u>	<u>5,285,808</u>
Property and Equipment		
Less accumulated depreciation	(4,032,098)	(3,834,706)
	<u>Property and Equipment, Net</u>	<u>\$ 1,260,930</u>
		<u>\$ 1,451,102</u>

Depreciation expense amounted to \$197,392 and \$208,761 for the years ended June 30, 2021 and 2020, 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 25 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 lease*, on the statement of activities for the year ended June 30, 2019. The present value of the lease as of June 30, 2021 and 2020 was \$881,611 and \$1,290,502, 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>	
2023	\$ 429,811
2024	451,800
	<u>881,611</u>
Total	<u>\$ 881,611</u>

The City of Walnut Creek also provided Lindsay with \$64,000 and \$75,000 in donations for each of the years ended June 30, 2021 and 2020, respectively.

Subsequent to year end, Lindsay signed a new building and land lease with the City. The agreement dated March 1, 2022 granted Lindsay the right to lease the building for an additional period of 30 years in exchange for a fee of one dollar per year, with the right for Lindsay to renew for two additional periods of ten years each.

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

Note 7—Net Assets without Donor Restrictions

Net assets without donor restrictions at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 1,790,729	\$ 1,740,620
Board-designated operating reserve	300,843	877,797
Board-designated investment fund	1,372,134	1,207,357
Totals	<u>\$ 3,463,706</u>	<u>\$ 3,825,774</u>

During the year ended June 30, 2020, the Board of Directors voted to reclassify the board-designated endowment fund to a board-designated investment fund.

The board-designated investment fund is intended to hold funds that are not generally needed for use in the near future to finance Lindsay's operations. The Board also maintains a reserve account that is intended to hold funds expected for use in the near future to finance Lindsay's operations. Funds in the board-designated investment fund are invested in investment securities, while funds in the board-designated reserve accounts are invested in temporary cash investments.

Note 8—Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Hospital initiative	\$ 100,000	\$ 50,000
Education and outreach	50,000	50,000
Exhibit Hall	11,000	11,000
Subject to time restrictions:		
Building and land lease	881,611	1,290,502
General support	247,975	78,712
Subject to Lindsay's spending policy and appropriation:		
Reynolds endowment fund	671,558	496,500
Nelson endowment fund	37,136	27,456
Crysler endowment fund	15,175	11,219
Held in perpetuity:		
Reynolds endowment fund	346,321	346,321
Nelson endowment fund	17,015	17,015
Crysler endowment fund	7,314	7,314
Total Net Assets with Donor Restrictions	<u>\$ 2,385,105</u>	<u>\$ 2,336,039</u>

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

Note 8—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of time restrictions:		
Building and land lease	\$ 408,891	\$ 388,989
General support	22,804	50,015
Satisfaction of Lindsay's spending policy and appropriation:		
Reynolds endowment fund	33,752	74,489
Nelson endowment fund	1,780	3,930
Crysler endowment fund	742	1,638
Total Net Assets Released from Donor Restrictions	<u>\$ 467,969</u>	<u>\$ 519,061</u>

Note 9—Endowment Net Assets

Lindsay's endowment consisted of a diverse mixture of funds established to support its operations and programs. Its endowment previously included 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. During the year ended June 30, 2020, the Board of Directors voted to reclassify the board-designated endowment fund to a board-designated investment fund (See note 7). 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

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

Note 9—Endowment Net Assets—Continued

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.

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, but the Board can authorize distributions of up to seven percent of that average market value after consideration of all relevant facts and circumstances. 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.

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

Note 9—Endowment Net Assets—Continued

Changes in endowment net assets for the years ended June 30, 2021 and 2020 consist of the following:

	<u>Board- Designated</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Subject to Appropriation</u>	<u>Held in Perpetuity</u>	
Endowment Net Assets at June 30, 2019	\$ 1,213,075	\$ 530,343	\$ 370,650	\$ 2,114,068
Interest and dividend income	20,426	22,101		42,527
Investment gains	26,407	66,647		93,054
Investment expenses	(5,177)	(3,859)		(9,036)
Endowment Investment Return, Net	41,656	84,889		126,545
Contributions	172,626			172,626
Appropriation of expenditure	(220,000)	(80,057)		(300,057)
Reclassification to board-designated investment fund	(1,207,357)			(1,207,357)
Endowment Net Assets at June 30, 2020		535,175	370,650	905,825
Interest and dividend income		21,886		21,886
Investment gains		211,533		211,533
Investment expenses		(8,451)		(8,451)
Endowment Investment Return, Net		224,968		224,968
Appropriation of expenditure		(36,274)		(36,274)
Endowment Net Assets at June 30, 2021	\$	\$ 723,869	\$ 370,650	\$ 1,094,519

Note 10—PPP Grant

On April 23, 2020, Lindsay received \$347,225 in funding from the Small Business Administration (SBA) through the Paycheck Protection Program (PPP). Lindsay met all the qualifications for forgiveness and therefore recorded grant income of \$347,225 in the statement of activities for the year ended June 30, 2020; forgiveness in full was confirmed by the SBA during the year ended June 30, 2021.

On February 24, 2021, Lindsay received an additional \$413,547 in PPP funding from the SBA. Lindsay met all the qualifications for forgiveness and forgiveness in full was confirmed by the SBA during the year ended June 30, 2021. Lindsay recorded \$413,547 in the statement of activities for the year ended June 30, 2021.

Note 11—ERC Grants

During the year ended June 30, 2021, Lindsay was eligible and applied for employee retention credits in the amount of \$640,200. This is included in ERC grants in the statement of activities and in ERC grants receivable in the statement of financial position.

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

Note 12—In-Kind Donations

During the years ended June 30, 2021 and 2020, Lindsay recognized in-kind donations of veterinary supplies to carry out its programs; these in-kind contributions valued at \$5,401 and \$7,875, respectively, are captioned under supplies in the statement of functional expenses.

During the year ended June 30, 2021, Lindsay also recorded donated auction items in the amount of \$11,739 captioned under special events in the statement of activities.

Note 13—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 operating leases under non-cancellable lease agreements. Future minimum annual lease commitments by year for operating leases with maturities greater than one year from June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 3,611
2023	3,611
Total	<u><u>\$ 7,222</u></u>

Note 14—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 to be applied using the modified retrospective approach and is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, 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 14—Recent Accounting Pronouncements—Continued

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Lindsay is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 15—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Lindsay closed its museum to visitors and suspended its indoor education programs from March 2020 through April 2021, after which a phased reopening and commencement was implemented. The closure had a materially adverse effect on earned revenues, in particular admissions, program fees, memberships, store revenues, and facilities events rentals.

Note 16—Subsequent Events

Management evaluated all activities of Lindsay through August 1, 2022, which is the date the financial statements were available to be issued, and concluded that, other than the lease renewal described in Note 6, no other material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.