



Minnesota State Zoological Board.
Zoo-Related Organizations Files.

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MINNESOTA ZOOLOGICAL SOCIETY

Financial Statements

May 31, 1982



Peat, Marwick, Mitchell & Co.



Peat, Marwick, Mitchell & Co.

Certified Public Accountants

1600 Conwed Tower
444 Cedar Street
St. Paul, Minnesota 55101
(612) 224-7466

The Board of Directors
Minnesota Zoological Society:

We have examined the balance sheet of the Minnesota Zoological Society as of May 31, 1982 and the related statements of support and revenue, expenses and changes in unrestricted fund balance, changes in financial position and functional expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Minnesota Zoological Society at May 31, 1982 and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

July 23, 1982

MINNESOTA ZOOLOGICAL SOCIETY

Balance Sheet

May 31, 1982
with comparative figures for 1981

<u>Assets</u>	<u>1982</u>	<u>1981</u>
Cash	\$ 19,240	92,904
Temporary cash investments, at cost which approximates market	182,852	256,140
Receivables	3,687	2,817
Materials held for use or sale	9,931	10,724
Prepaid expenses	1,322	2,533
Land	6,000	6,000
Office furniture and equipment, at cost less accumulated depreciation of \$7,251 (\$5,523 in 1981)	4,604	5,658
Oil painting, at cost	<u>7,500</u>	<u>7,500</u>
	<u>\$ 235,136</u>	<u>384,276</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 3,793	3,830
Unearned membership dues	26,707	112,151
Other liabilities	<u>3,474</u>	<u>8,111</u>
Total liabilities	<u>33,974</u>	<u>124,092</u>
Fund balances:		
Unrestricted:		
Designated for direct support to Minnesota Zoological Garden	15	57,688
Undesignated	<u>195,147</u>	<u>196,496</u>
Total unrestricted	195,162	254,184
Restricted	<u>6,000</u>	<u>6,000</u>
Total fund balances	201,162	260,184
Commitments (note 3)	<u> </u>	<u> </u>
	<u>\$ 235,136</u>	<u>384,276</u>

See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Statement of Support and Revenue, Expenses and Changes
in Unrestricted Fund Balance

Year ended May 31, 1982
with comparative figures for 1981

	<u>1982</u>	<u>1981</u>
Public support and revenue:		
Contribution portion of membership dues	\$ 48,141	119,822
Other contributions	5,747	8,066
Animal sponsorships	25,261	32,708
Volunteer service hours (note 2)	68,154	94,954
Membership dues	151,970	121,591
Investment income	38,278	33,277
Miscellaneous sales	7,032	7,358
Other	<u>10,724</u>	<u>558</u>
Total public support and revenue	<u>355,307</u>	<u>418,334</u>
Expenses:		
Program services:		
Membership activities	161,142	175,727
Public education	35,560	19,474
Animal sponsorship, including \$50,185 paid to the Zoo	77,303	34,034
Volunteer activities	6,475	10,171
Direct support to the Zoo	<u>68,192</u>	<u>29,737</u>
Total program services	<u>348,672</u>	<u>269,143</u>
Supporting services:		
Auxiliary	2,286	2,350
General and administration	31,347	55,197
Marketing and promotion	<u>32,024</u>	<u>71,902</u>
Total supporting services	<u>65,657</u>	<u>129,449</u>
Total expenses	<u>414,329</u>	<u>398,592</u>
Public support and revenue over (under) expenses	(59,022)	19,742
Unrestricted fund balance, beginning of year	<u>254,184</u>	<u>234,442</u>
Unrestricted fund balance, end of year	<u>\$ 195,162</u>	<u>254,184</u>

See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Statement of Changes in Financial Position

Year ended May 31, 1982
with comparative figures for 1981

	<u>1982</u>	<u>1981</u>
Funds used:		
Operations:		
Public support and revenue under expenses	\$ 59,022	-
Charge to operations not requiring funds - depreciation	<u>(1,728)</u>	<u>-</u>
Total used for operations	57,294	-
Purchase of short-term investments	-	53,557
Increase in receivables	870	-
Purchase of material held for use and sale	-	1,720
Increase in prepaid expenses	-	1,569
Purchase of office furniture and equipment	674	2,301
Decrease in accounts payable and other liabilities	4,674	-
Decrease in unearned membership dues	<u>85,444</u>	<u>-</u>
Total funds used	<u>148,956</u>	<u>59,147</u>
Funds provided from:		
Operations:		
Public support and revenue over expenses	-	19,742
Charge to operations not requiring funds - depreciation	<u>-</u>	<u>1,276</u>
Total provided from operations	-	21,018
Sale of short-term investments	73,288	-
Decrease in receivables	-	7,667
Sale of material held for use and sale	793	-
Decrease in prepaid expenses	1,211	-
Increase in unearned membership dues	-	54,075
Increase in accounts payable and other liabilities	<u>-</u>	<u>11,108</u>
Total funds provided	<u>75,292</u>	<u>93,868</u>
Decrease (increase) in cash	<u>\$ 73,664</u>	<u>(34,721)</u>

See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Statement of Functional Expenses

Year ended May 31, 1982
with comparative figures for 1981

	Program Services				Supporting Services			Total		
	Membership Activities	Public Education	Animal Sponsorship	Volunteer Activities	Direct Support to the Zoo	Auxiliary	General and Administrative	Marketing and Promotion	1982	1981
Salaries	\$ 27,407	14,358	17,938	2,230	-	1,037	16,487	10,166	89,623	86,393
Occupancy	2,454	627	1,250	157	-	52	1,096	835	6,471	6,052
Telephone	1,298	436	641	54	-	20	379	336	3,164	2,790
Supplies	1,971	119	1,592	216	-	323	1,279	2,969	8,469	18,214
Rental and maintenance of equipment	783	274	-	44	-	15	304	421	1,841	2,424
Printing and publications	43,226	2,958	2,417	1,502	-	506	1,662	3,504	55,775	69,073
Postage and shipping	5,701	2,991	1,113	298	-	201	855	4,673	15,832	17,157
Conferences and meetings expense	722	41	210	1,058	-	-	409	54	2,494	4,496
Other travel	1,710	295	736	145	-	27	385	138	3,436	2,439
Professional fees	1,036	-	196	-	-	100	4,861	3,240	9,433	15,234
Zoological garden admission (note 2)	70,656	-	-	-	-	-	-	-	70,656	94,954
Data processing services	1,166	36	-	-	-	-	265	1,399	2,866	4,854
Publicity and public relations	206	1,162	412	30	-	-	95	1,529	3,434	3,506
Promotional consultant services	50	5,611	165	-	-	-	170	2,515	8,511	24,439
Depreciation	-	-	-	-	-	-	1,728	-	1,728	1,276
Awards and grants	-	-	-	165	-	-	-	-	165	365
Contributions to the Zoo	-	-	50,185	448	68,192	-	-	-	118,825	29,737
Loss on obsolete calendars	-	6,565	-	-	-	-	-	-	6,565	6,343
Other	2,756	87	448	128	-	5	1,372	245	5,041	8,846
Total functional expenses	\$ 161,142	35,560	77,303	6,475	68,192	2,286	31,347	32,024	414,329	398,592

See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements

May 31, 1982

(1) Summary of Significant Accounting Policies

General

The Minnesota Zoological Society is a nonprofit corporation organized under the laws of the State of Minnesota to aid in the development, care and maintenance of a Zoological Garden within the State of Minnesota and encourage public interest in the science of zoology.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Fund Accounting

To ensure observance of the limitations and restrictions placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified into funds for specific purposes.

The unrestricted fund balance represents all resources over which the Society's Board of Directors has discretionary control. In fiscal 1980 the Board of Directors designated \$106,400 for direct program support to the Minnesota Zoological Garden (the Zoo). As of May 31, 1982, \$15 remains available under this designation.

The restricted fund balance represents donated land which is stated at its estimated value at the date of receipt. The use or sale of this land is subject to approval by the donor.

Office Furniture and Equipment

Office furniture and equipment purchased by the Society are recorded at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets (generally 5 years) using the straight-line method.

(Continued)

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, ContinuedMembership Dues

The Society charges membership dues on an annual basis. The portion of the dues relating to the estimated value of the Society's services to which a member is entitled is deferred and recorded as membership dues income ratably over the membership period. The remaining portion is recognized as contribution revenue when received.

A reconciliation of the amount collected from members and the amounts reflected in the financial statements during the year ended May 31, 1982 (with comparative figures for 1981) is as follows:

	<u>1982</u>	<u>1981</u>
Unearned membership dues, beginning of the year	\$ 112,151	58,076
Total collected from members during the year	114,667	295,488
Less:		
Amount reported as contributions	(48,141)	(119,822)
Amount recognized as membership dues income	<u>(151,970)</u>	<u>(121,591)</u>
Unearned membership dues, end of year	<u>\$ 26,707</u>	<u>112,151</u>

The cost of membership procurement is charged to expense as incurred.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support and revenue, expenses, and changes in unrestricted fund balance. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(2) Reciprocity Agreement

The Society and the Zoo were under a reciprocity agreement whereby all Society members were admitted at no cost to the Zoo in exchange for performing volunteer services at the Zoo. The value of volunteer services rendered was determined on an hourly rate negotiated annually under the agreement while the cost of the Zoo gate admissions were valued according to the prevailing public rates. In the event that the value of volunteer services rendered at the Zoo was less than the total

(Continued)

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements, Continued

(2) Reciprocity Agreement, Continued

of membership gate admissions, the Society was obligated to reimburse the Zoo; however, in no event was the excess of the value of volunteer services performed over the total of membership gate admissions to be re-mitted by the Zoo back to the Society. This agreement expired on November 19, 1981 and was not renewed. As a result, the accumulated volunteer service hours are available only to those members whose membership dues were received prior to that date.

The Society recognizes volunteer contributions to the extent of benefits received by the Society's members. The value of accumulated volunteer service hours in excess of membership gate admissions can be used to offset future liabilities arising from membership gate admissions for memberships in process at November 19, 1981. For memberships commencing after November 19, 1981, the Society purchases tickets for its members at the public rates.

The following is a summary of the value of accumulated volunteer service hours in excess of membership gate admissions for 1982 (with comparable figures for 1981):

	<u>1982</u>	<u>1981</u>
Accumulated volunteer service hours in excess of membership gate admissions, beginning of year	\$ 118,669	88,663
Value of volunteer hours contributed to the Zoo	65,889	124,960
Value of benefits received by the members - recognized as income	<u>(68,154)</u>	<u>(94,954)</u>
Accumulated volunteer service hours in excess of membership gate admissions, end of year	<u>\$ 116,404</u>	<u>118,669</u>

(3) Leases

The Society leases office space under a lease which expires in November, 1982. In addition, the Society also rents various office equipment and storage space. Total rent expense was \$8,312 in 1982 (\$8,476 in 1981). Total minimum future rental commitments at May 31, 1982 is approximately \$2,700.

(Continued)

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements, Continued

(4) Disassociation With The Zoo

As a result of the termination of the reciprocity agreement (see note 2), the Zoo disassociated itself with the Society. This action has resulted in a reduction in and a reassessment of the Society's programs. If dissolution of the Society would occur, all assets would be distributed to the Zoo after payment of the Society's liabilities, as required by the Society's Articles of Incorporation.

(5) Contribution to the Zoo

In May, 1982 the Society disbursed \$35,160 to the Zoo which was designated by the Board of the Society for various capital projects at the Zoo. The Board of the Zoo did not deposit these funds, but rather requested that the Society remit these funds to the Minnesota Zoological Garden Foundation where the Board of the Zoo could exercise more flexibility in the use of these funds. The Society complied with the request of the Zoo Board.

STATE OF MINNESOTA

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

DEC 4 1981

CHARITABLE ORGANIZATIONS ANNUAL REPORT
For Twelve Months Ending

DEPARTMENT OF COMMERCE

MAY 31 1981

Minnesota Law (Minn. Stat. Ch. 309) requires that every charitable organization required to file a Registration Statement (Commerce-1) shall also file an Annual Report (Commerce-2) and Financial Statements (Commerce-3) if such organization employed a professional fund raiser, or received in excess of \$10,000 during the accounting year last ended. A CPA opinion must accompany the Annual Report of a charitable organization if its gross contributions exceed \$25,000. Reports are due within six months of the accounting year end. File with the Department of Commerce, 500 Metro Square Building, St. Paul, Minnesota 55101.

1. Legally Established Name of Organization MINNESOTA ZOOLOGICAL SOCIETY

2. Address and Telephone Number of Principal Office 555 WABASHA, ST. PAUL, MN. 55102
(612) - 222 - 1706

3. Note any pertinent changes since the last report including, but not limited to, changes of names, affiliation, address, telephone, officers, directors, and purpose of the organization.

None X See Attached _____

4. During the reporting period has: The Organization been denied the right to solicit contributions?

(a) By any governmental agency: Yes _____ No X
(b) By any court: Yes _____ No X

If yes, identify State and Agency or Court and explain: _____

The Organization's tax exempt status been questioned, denied or cancelled by any Government Agency?

Yes _____ No X If yes, attach explanation of facts.

5. Compensation of Professional Fund Raisers

<u>Name and Address of Professional Fund Raiser</u>	<u>Compensation</u>	<u>% of Gross Receipts</u>
<u>NONE</u>		

Note: A professional fund raiser is any person (including a corporation or other entity) who for financial compensation or profit, participates in public solicitation in Minnesota of contributions for or on behalf of the reporting organization. This includes a bona fide officer or employee whose compensation is computed in part or whole on the basis of funds to be raised or actually raised.

6. Compensation paid to Mail Houses or for Mailing List:

<u>Name and Address of Mail Order House or Mailing List Supplier</u>	<u>Compensation</u>	<u>% of Gross Receipts</u>
<u>NONE</u>		

7. Amount of total contributions received during the accounting period last ended: 160,596

8. Of the contributions raised by your Organization in the accounting period last ended, what percentage of the gross amount was spent for:

78.4 % the charitable cause
13.8 % management and general
7.8 % fund raising costs
% public education

9. Amount of funds or property received in Minnesota and transferred out of Minnesota, with explanations as to recipient and purpose. \$ NONE

10. Disclose any potential conflict of interest which existed during the period covered by this report. An explanatory statement pertaining to any such conflict of interest may be made. For purposes of this question, a potential conflict of interest existed if: NONE

- Any director, trustee, officer or employee directly or indirectly received money or other property from the organization other than as compensation for services rendered as a bona fide employee of the organization or as reimbursement for expenses paid on behalf of the organization.
- The organization held any securities of any corporation, partnership, or other entity in which any such person has a significant direct or indirect pecuniary interest.
- Any director, trustee, officer or employee directly or indirectly received any money or other property from a "professional fund raiser", any supplier of goods, facilities, or services to the organization or any such person had a significant direct or indirect financial interest in any such professional fund raiser or supplier.

(Attach statement)

11. Attach the financial statement of the organization for its calendar or fiscal year covered by this report.

SIGNATURES AND ACKNOWLEDGMENT

We hereby state and acknowledge, that we are duly constituted officers of the organization named in Item 1 of this Annual Report, being the PRESIDENT (title), and Treasurer (title) thereof, respectively, that this Annual Report is executed on behalf of said organization by us pursuant to resolution of the Minnesota Zoological Society (Board of Directors or Trustees, or if none, other Managing Group), duly adopted on the 24 day of October, 19 81, approving the content of this Annual Report including the financial statement attached to it.

dated: 11/30/81

(signed)

Mark C Jacobson
Title President

(signed)

Stephanie Anne Fox
Title Treasurer

MINNESOTA ZOOLOGICAL SOCIETY

Schedule attached to Commerce-2

- (1) The actual cash contributions for the year ended May 31, 1981 were \$39,908 (\$29,737 donation and \$10,171 for volunteer activities.) This represents 24.8% of all contributions. The Society has also designated \$57,688 in cash for future direct program support to The Minnesota Zoological Garden. In addition, the Society provides a substantial amount of volunteer hours to the Minnesota Zoological Garden each year. For the year ended May 31, 1980 such hours were valued at \$94,954.

- (2) The Minnesota Zoological Society does not solicit contributions from the public per se. The Society is a membership organization. Therefore, a functional allocation "cost of fund raising" is not applicable to the Society. The Society does incur costs related to obtaining new members, and these costs are shown under the functional classification "Membership Procurement" in the audit report for the year ended May 31, 1981. It should be noted that amounts received as dues from members in excess of the Society's services, which accrue to the member, are considered contribution revenue for financial reporting purposes.

Because of this, for purposes of question (8), management has estimated the portion of membership procurement which would be applicable to contribution revenue as "fund raising costs" based upon the relationship of contribution revenue and membership dues to total collections from members.

MINNESOTA ZOOLOGICAL SOCIETY

Balance Sheet

May 31, 1981

with comparative figures for 1980

<u>Assets</u>	<u>1981</u>	<u>1980</u>
Cash	\$ 92,904	58,183
Temporary cash investments, at cost which approximates market	256,140	202,583
Receivables	2,817	10,484
Materials held for use or sale	10,724	9,004
Prepaid expenses	2,533	964
Land	6,000	6,000
Office furniture and equipment, at cost less accumulated depreciation of \$5,523 in 1981 and \$4,369 in 1980	5,658	4,633
Oil painting, at cost	7,500	7,500
	<u>\$ 384,276</u>	<u>299,351</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 3,830	833
Unearned membership dues	112,151	58,076
Other liabilities	8,111	-
Total liabilities	<u>124,092</u>	<u>58,909</u>
Fund balances:		
Unrestricted:		
Designated for direct support to Minnesota Zoological Garden	57,688	79,425
Undesignated	196,496	155,017
Total unrestricted	254,184	234,442
Restricted	6,000	6,000
Total fund balances	<u>260,184</u>	<u>240,442</u>
	<u>\$ 384,276</u>	<u>299,351</u>

*See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Statement of Support and Revenue, Expenses and Changes
in Unrestricted Fund Balance

Year ended May 31, 1981
with comparative figures for 1980

	<u>1981</u>	<u>1980</u>
Public support and revenue:		
Contributions to the Society	\$ 127,888	104,638
Animal sponsorships	32,708	-
Volunteer service hours (note 2)	94,954	72,150
Membership dues	121,591	99,347
Investment income	33,277	26,727
Miscellaneous sales	7,358	7,931
Other	558	307
	<u>418,334</u>	<u>311,100</u>
Total public support and revenue		
Expenses:		
Program services:		
Membership activities	175,727	132,172
Public education	19,474	-
Animal sponsorship	34,034	-
Volunteer activities	10,171	5,363
Direct support to the Zoo	29,737	18,975
	<u>269,143</u>	<u>156,510</u>
Total program services		
Supporting services:		
Auxiliary	2,350	-
General and administration	55,197	63,075
Membership procurement	71,902	79,311
	<u>129,449</u>	<u>142,386</u>
Total supporting services		
Total expenses	<u>398,592</u>	<u>298,896</u>
Excess of public support and revenue over expenses	19,742	12,204
Unrestricted fund balance, beginning of year	<u>234,442</u>	<u>222,238</u>
Unrestricted fund balance, end of year	<u>\$ 254,184</u>	<u>234,442</u>

See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Statement of Functional Expenses

Year ended May 31, 1981
with comparative figures for 1980

	Program Services					Supporting Services			Total	
	Membership Activities	Public Education	Animal Sponsorship	Volunteer Activities	Direct Support to the Zoo	Membership Procurement	Auxiliary	General and Administrative	1981	1980
Salaries	\$ 16,536	7,566	14,559	3,876	-	12,692	1,247	29,917	86,393	53,056
Occupancy	1,651	250	1,050	200	-	1,551	50	1,300	6,052	4,545
Telephone	106	13	760	4	-	8	5	1,894	2,790	1,543
Supplies	7,017	422	3,519	472	-	4,454	142	2,188	18,214	10,228
Rental and maintenance of equipment	94	-	328	-	-	94	-	1,908	2,424	1,874
Printing and publications	41,966	4,159	6,248	1,072	-	12,603	500	2,525	69,073	46,277
Postage and shipping	6,176	428	1,173	280	-	8,096	252	752	17,157	8,095
Conferences and meetings expense	396	-	121	1,547	-	169	-	2,263	4,496	4,418
Other travel	465	58	632	256	-	362	43	623	2,439	1,211
Professional fees	3,369	-	4,962	25	-	2,574	90	4,214	15,234	10,829
Zoological garden admission (note 2)	94,954	-	-	-	-	-	-	-	94,954	72,150
Data processing services	1,077	107	21	-	-	1,322	-	2,327	4,854	1,828
Publicity and public relations	81	6	645	-	-	2,753	21	-	3,506	4,812
Promotional consultant services	-	-	-	-	-	24,439	-	-	24,439	38,076
Depreciation	-	-	-	-	-	-	-	1,276	1,276	995
Awards and grants	7	-	11	315	-	-	-	32	365	983
Contributions to the Zoo	-	-	-	-	29,737	-	-	-	29,737	18,975
Loss on obsolete calendars	-	6,343	-	-	-	-	-	-	6,343	5,133
Other	1,832	122	5	2,124	-	784	-	3,979	8,846	13,868
Total functional expenses	\$ 175,727	19,474	34,034	10,171	29,737	71,902	2,350	55,197	398,592	298,896

See accompanying notes to financial statements.



Peat, Marwick, Mitchell & Co.

Certified Public Accountants

1600 Conwed Tower
444 Cedar Street
St. Paul, Minnesota 55101
(612) 224-7466

The Board of Directors
Minnesota Zoological Society:

We have examined the balance sheet of the Minnesota Zoological Society as of May 31, 1981 and the related statements of support and revenue, expenses and changes in unrestricted fund balance, changes in financial position and functional expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the Minnesota Zoological Society for the year ended May 31, 1980, were examined by other auditors whose report dated June 26, 1980, expressed an unqualified opinion on those financial statements.

In our opinion, the aforementioned financial statements present fairly the financial position of the Minnesota Zoological Society at May 31, 1981 and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co

July 6, 1981

MINNESOTA ZOOLOGICAL SOCIETY

Statement of Changes in Financial Position

Year ended May 31, 1981
with comparative figures for 1980

	<u>1981</u>	<u>1980</u>
Funds provided from:		
Operations:		
Excess of public support and revenue over expenses	\$ 19,742	12,204
Charges to operations not requiring funds:		
Depreciation	1,276	995
Loss on disposal of equipment	-	139
Total from operations	<u>21,018</u>	<u>13,338</u>
Sale of short-term investments	-	50,450
Decrease in receivables	7,667	-
Decrease in prepaid expenses and accrued investment income	-	2,107
Increase in accounts payable	2,997	-
Increase in unearned membership dues	54,075	-
Increase in other liabilities	8,111	-
Total funds provided	<u>93,868</u>	<u>65,895</u>
Funds used:		
Purchase of short-term investments	\$ 53,557	-
Increase in receivables	-	10,484
Purchase of material held for use and sale	1,720	3,579
Increase in prepaid expenses	1,569	-
Purchase office furniture and equipment	2,301	3,096
Decrease in accounts payable	-	36,205
Decrease in unearned membership dues	-	4,305
Total funds used	<u>59,147</u>	<u>57,669</u>
Increase in cash	<u>\$ 34,721</u>	<u>8,226</u>

See accompanying notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements

May 31, 1981

(1) Summary of Significant Accounting Policies

General

3 copies of minutes attached

The Minnesota Zoological Society is organized as a nonprofit corporation under the laws of the State of Minnesota for the purpose of aiding in the development, care and maintenance of a Zoological Garden within the State of Minnesota and encouraging public interest in the science of zoology.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Fund Accounting

To ensure observance of the limitations and restrictions placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purposes.

The unrestricted fund balance represents all resources over which the Society's Board of Directors has discretionary control. In fiscal 1980 the Board of Directors designated \$106,400 for direct program support to the Minnesota Zoological Garden. As of May 31, 1981, \$57,688 remains available under this designation.

The restricted fund balance represents donated land which is stated at its estimated value at the date of receipt. The use or sale of this land is subject to approval by the donor.

Office Furniture and Equipment

Office furniture and equipment purchased by the Society are recorded at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets (generally 5 years) using the straight-line method.

(Continued)

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, ContinuedMembership Dues

The Society charges dues for its membership on an annual basis. The portion of of the dues relating to the estimated value of the Society's services to which a member is entitled is deferred and recorded as dues income over the life of the related membership. The remaining portion is recognized as contribution revenue when received.

A reconciliation of the amount collected from members and the amounts reflected in the financial statements during the years ended May 31, 1981 (with comparative figures for 1980) is as follows:

	<u>1981</u>	<u>1980</u>
Unearned membership dues, beginning of the year	\$ 58,076	62,381
Total collection from members during the year	295,488	189,881
Less:		
Amount reported as contributions	(119,822)	(94,839)
Amount recognized as dues income	<u>(121,591)</u>	<u>(99,347)</u>
Unearned membership dues, end of year	<u>\$ 112,151</u>	<u>58,076</u>

The cost of membership procurement is charged to expense as incurred.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support and revenue, expenses, and changes in unrestricted fund balance. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(2) Reciprocity Agreement

The Society and the Minnesota Zoological Garden have entered into a reciprocity agreement whereby all Society members are afforded admission at no cost into the Minnesota Zoological Garden in exchange for the performance of volunteer services by the Society at the Minnesota Zoological Garden. The value of volunteer services rendered is determined on an hourly rate negotiated annually under the agreement while gate admissions are valued according to the prevailing public rates. In the event that the value of vounteer services rendered at the Minnesota Zoological Garden is less than the total of membership gate admissions, the Society is obligated to reimburse the Minnesota Zoological Garden; however, in no event is the excess of the value of

(Continued)

MINNESOTA ZOOLOGICAL SOCIETY

Notes to Financial Statements, Continued

(2) Reciprocity Agreement, Continued

volunteer services performed over the total of membership gate admissions to be remitted by the Minnesota Zoological Garden to the Society.

The Society recognizes volunteer contributions to the extent of benefits received by the Society's members. The value of volunteer hours contributed to the Minnesota Zoological Garden was \$124,960 (\$111,621 in 1980) and was recognized as income to the extent of benefits received by the members in the amount of \$94,954 (\$72,150 in 1980). The value of accumulated volunteer services hours in excess of member gate admissions at May 31, 1981 of \$118,669 can be used to offset future liabilities arising from membership gate admissions.

(3) Leases

The Society leases office space under a lease which expires in February, 1982. In addition, the Society also rents various office equipment and storage space. Total rent expense for the year ended May 31, 1981 was \$8,476 (\$6,420 in 1980). Total minimum future rental commitments at May 31, 1981 are approximately \$3,900.

MINNESOTA ZOOLOGICAL SOCIETY

*Society Financial
Statements
May 31, 1979-80*

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McGladrey Hendrickson & Co.
CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Directors
Minnesota Zoological Society
St. Paul, Minnesota

We have examined the balance sheet of MINNESOTA ZOOLOGICAL SOCIETY (a nonprofit corporation) as of May 31, 1980 and 1979 and the related statements of support and revenue, expenses and changes in fund balance and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Minnesota Zoological Society as of May 31, 1980 and 1979 and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

St. Paul, Minnesota
June 26, 1980

McGladrey Hendrickson & Co.

McGladrey Hendrickson & Co.

CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Directors

Minnesota Zoological Society

St. Paul, Minnesota

Our examinations have been made primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole. The schedule of functional expenses included in this report, although not considered necessary for a fair presentation of the financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles, is presented for supplementary analysis purposes. It has been subjected to the audit procedures applied in the examinations of the basic financial statements and is, in our opinion, fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

St. Paul, Minnesota

June 26, 1980

McGladrey Hendrickson & Co.

MINNESOTA ZOOLOGICAL SOCIETY

BALANCE SHEET - MAY 31, 1980 AND 1979

	<u>A</u>	<u>S</u>	<u>S</u>	<u>E</u>	<u>T</u>	<u>S</u>	<u>1980</u>	<u>1979</u>
CASH:								
Checking accounts and on hand							\$ 45,903	\$ 42,897
Savings accounts							12,280	7,060
SHORT-TERM INVESTMENTS, at cost (Note 1)							202,583	253,033
ACCOUNTS RECEIVABLE							10,484	-
ACCRUED INVESTMENT INCOME							-	1,800
MATERIALS HELD FOR USE AND SALE (Note 1)							9,004	5,425
PREPAID POSTAGE							964	1,271
INVESTMENT IN REAL ESTATE (Note 1)							6,000	6,000
OFFICE FURNITURE AND EQUIPMENT, net of accumulated depreciation of \$4,369 in 1980 and \$3,460 in 1979 (Note 1)							4,633	2,671
ARTWORK, at cost							7,500	7,500
							\$ 299,351	\$ 327,657
<u>LIABILITIES AND FUND BALANCES</u>								
ACCOUNTS PAYABLE AND ACCRUED EXPENSES							\$ 833	\$ 37,038
DEFERRED MEMBERSHIP DUES (Note 1)							58,076	62,381
Total liabilities							\$ 58,909	\$ 99,419
FUND BALANCES (Note 1):								
Current unrestricted, available for general activities							\$ 161,017	\$ 228,238
Current unrestricted, designated by governing board for direct support to Minnesota Zoological Garden							79,425	-
Total fund balances							\$ 240,442	\$ 228,238
COMMITMENT AND CONTINGENCIES (Note 2)							-	-
							\$ 299,351	\$ 327,657

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF SUPPORT AND REVENUE, EXPENSES

AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED MAY 31, 1980 AND 1979

	<u>1980</u>	<u>1979</u>
SUPPORT:		
Contributions-		
Members (Note 1)	\$ 94,839	\$ 87,939
Other	9,799	15,224
Volunteer service hours (Note 2)	72,150 ✓	96,259
REVENUE:		
Membership dues (Note 1)	99,347	155,223
Investment income	26,727	16,988
Gain on sale of investments	-	3,281
Miscellaneous sales	7,931	8,791
Other	307	2,321
Total support and revenue	<u>\$ 311,100</u>	<u>\$ 386,026</u>
EXPENSES:		
Program Services-		
Membership activities-		
Zoological Garden admissions (Note 2)	\$ 72,150 ✓	\$ 96,259
Other	60,022	55,116
Volunteer activities	5,363	5,793
Minnesota Zoological Garden - Direct support	18,975	27,813
Support Services-		
Membership procurement	79,311	79,330
General and administrative	63,075	57,587
Total expenses	<u>\$ 298,896</u>	<u>\$ 321,898</u>
Excess of support and revenue over expenses	\$ 12,204	\$ 64,128
FUND BALANCE, AT BEGINNING OF YEAR	<u>228,238</u>	<u>164,110</u>
FUND BALANCE, AT END OF YEAR	<u>\$ 240,442</u>	<u>\$ 228,238</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED MAY 31, 1980 AND 1979

	<u>1980</u>	<u>1979</u>
FUNDS PROVIDED FROM:		
Operations-		
Excess of support and revenue over expenses	\$ 12,204	\$ 64,128
Add- Expenses not affecting cash-		
Depreciation	995	548
Loss on disposal of equipment	<u>139</u>	<u>-</u>
Total from operations	\$ 13,338	\$ 64,676
Sale of marketable securities	-	6,250
Sale of short-term investments	50,450	-
Decrease in receivables	-	17,099
Decrease in prepaid expenses and accrued investment income	2,107	-
Increase accounts payable and accrued expenses	<u>-</u>	<u>28,049</u>
Total funds provided	<u>\$ 65,895</u>	<u>\$ 116,074</u>
FUNDS USED TO:		
Purchase short-term investments	-	253,033
Increase accounts receivable	10,484	-
Acquire material held for use and sale	3,579	5,425
Increase prepaid expenses and accrued investment income	-	1,103
Purchase office furniture and equipment	3,096	1,741
Acquire artwork	-	5,000
Decrease accounts payable and accrued expenses	36,205	-
Decrease membership dues collected on which revenue recognition is deferred (Note 1)	<u>4,305</u>	<u>69,659</u>
Total funds used	<u>\$ 57,669</u>	<u>\$ 335,961</u>
Increase (decrease) in cash	<u>\$ 8,226</u>	<u>\$ (219,887)</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization-

The Minnesota Zoological Society is organized as a nonprofit corporation under the laws of the State of Minnesota for the purpose of aiding in the development, care and maintenance of a zoological garden within the state of Minnesota and encouraging public interest in the science of zoology.

Short-Term Investments-

Short-term investments consist of the following:

	<u>1980</u>	<u>1979</u>
Certificates of deposit	\$ 119,583	\$ 100,000
Repurchase agreements	<u>83,000</u>	<u>153,033</u>
	<u>\$ 202,583</u>	<u>\$ 253,033</u>

Repurchase agreements represent interest-bearing bank deposits secured by government securities.

Materials Held for Use and Sale-

Materials held for use and sale consisting principally of posters, are stated at the lower of average cost or market.

Investment in Real Estate-

Investment in real estate, a donated asset, is stated at its estimated value at date of receipt. The use or sale of the real estate is subject to approval by the donor.

Office Furniture and Equipment-

Expenditures for the acquisition of office furniture and equipment are recorded at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets (generally 5 years) using the straight-line method.

Membership Dues-

Membership dues are recognized as revenue on a pro rata basis over the period to which the membership relates. Amounts received as dues from members in excess of the Society's services which accrue to the member have been reported as contribution revenue when received. A reconciliation of the amount collected from members and the amounts reflected in the financial statements during the years ended May 31, 1980 and 1979 is as follows:

	<u>1980</u>	<u>1979</u>
Deferred membership dues, beginning of the year	\$ 62,381	\$ 132,040
Total collection from members during the year	189,881	173,503
Less-		
Amount reported as contributions	(94,839)	(87,939)
Amount recognized as dues income	<u>(99,347)</u>	<u>(155,223)</u>
Deferred membership dues, end of year	<u>\$ 58,076</u>	<u>\$ 62,381</u>

The cost of membership procurement is charged to expense as incurred.

Fund Balances-

In 1980 the Board of Directors designated \$100,000 for direct program support to the Minnesota Zoological Garden. As of May 31, 1980 \$79,425 of this internal designation of funds remains available for future direct support.

Functional Expenses-

The Society follows the practice of presenting the expenses of providing its various services and other activities on a functional basis in the statement of support, revenue and expenses. A schedule of these functional expenses by object classification was presented as a basic financial statement in prior years. However, since this information is not required for a fair presentation of results of operations in accordance with generally accepted accounting principles, this schedule is included as supplementary financial information in this report.

2. COMMITMENTS AND CONTINGENCIES:

Leases-

The Society leases office space under a lease which expires in February of 1981. In addition, the Society also rents various office equipment and storage space. Total rent expense for the years ended May 31, 1980 and 1979 was \$6,420 and \$4,849, respectively. Total minimum future rental commitments at May 31, 1980 are approximately \$2,800.

Reciprocity Agreement-

The Society and the Minnesota Zoological Garden have entered into a reciprocity agreement whereby all Society members are afforded admission at no cost into the Minnesota Zoological Garden in exchange for the performance of volunteer services by the Society at the Minnesota Zoological Garden. The value of volunteer services rendered is determined on an hourly rate negotiated annually under the agreement while gate admissions are valued according to the prevailing

public rates. In the event that the value of volunteer services rendered at the Minnesota Zoological Garden is less than the total of membership gate admissions, the Society is obligated to reimburse the Minnesota Zoological Garden; however, in no event is the excess of the value of volunteer services performed over the total of membership gate admissions to be remitted by the Minnesota Zoological Garden to the Society. In accordance with generally accepted accounting principles, the Society recognizes volunteer contributions to the extent of benefits received by the Society's members. The value of volunteer hours contributed to the Minnesota Zoological Garden was \$111,621 in 1980 and \$130,164 in 1979 which was recognized as income to the extent of benefits received by the members in the amount of \$72,150 and \$96,259 in 1980 and 1979, respectively. The excess of volunteer services hours in excess of member gate admissions at May 31, 1980 of \$88,663 can be used to offset future liabilities arising from membership gate admissions.

Publication and Purchase Agreements-

Under terms of an agreement with a magazine publisher, the Society is obligated for approximately \$27,365 of future publications at May 31, 1980.

MINNESOTA ZOOLOGICAL SOCIETY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 1980 WITH COMPATATIVE TOTALS FOR 1979

	Program Services			Support Services		Total	
	Membership Activities	Volunteer Activity	Minnesota Zoological Garden	Membership Procurement	General and Administrative	1980	1979
Salaries	\$ 10,543	\$ 1,590	\$ -	\$ 15,318	\$ 25,248	\$ 52,699	\$ 35,663
Payroll taxes	71	11	-	104	171	357	227
Occupancy	910	137	-	1,321	2,177	4,545	4,053
Telephone	41	-	-	57	1,445	1,543	1,388
Supplies	2,979	869	-	3,745	2,635	10,228	1,400
Rental and maintenance of equipment	102	-	-	-	1,772	1,874	796
Printing and publications	35,561	298	-	9,352	1,066	46,277	77,093
Postage and shipping	2,680	157	-	3,659	1,599	8,095	16,560
Conferences and meetings expense	146	1,255	-	416	2,601	4,418	2,058
Other travel	802	409	-	-	-	1,211	2,368
Zoological Garden admission	72,150	-	-	-	-	72,150	96,259
Professional fees	1,943	11	-	4,714	4,161	10,829	6,531
Data processing services	-	-	-	825	1,003	1,828	2,943
Publicity and public relations	1,269	-	-	1,349	2,194	4,812	2,508
Promotional consultant services	-	-	-	38,076	-	38,076	32,822
Depreciation	-	-	-	-	995	995	548
Awards and grants	499	484	-	-	-	983	2,829
Contributions	-	-	18,975	-	-	18,975	27,813
Loss on obsolete calendars	-	-	-	-	5,133	5,133	-
Other	2,476	142	-	375	10,875	13,868	8,039
Total functional expenses	\$ 132,172	\$ 5,363	\$ 18,975	\$ 79,311	\$ 63,075	\$ 298,896	\$ 321,898

McGladrey Hendrickson & Co.
CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Directors

Minnesota Zoological Society

St. Paul, Minnesota

We have examined the balance sheet of MINNESOTA ZOOLOGICAL SOCIETY (a nonprofit corporation) as of May 31, 1979 and 1978 and the related statements of support and revenue, expenses and changes in fund balance, changes in financial position and functional expenses for the year ended May 31, 1979. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Minnesota Zoological Society as of May 31, 1979 and 1978 and the results of its operations and changes in its financial position for the year ended May 31, 1979, in conformity with generally accepted accounting principles applied on a consistent basis.

St. Paul, Minnesota

June 28, 1979

McGladrey Hendrickson & Co.

MINNESOTA ZOOLOGICAL SOCIETY

BALANCE SHEET - MAY 31, 1979 AND 1978

<u>A S S E T S</u>	<u>1979</u>	<u>1978</u>
CASH:		
Checking accounts and on hand	\$ 42,897	\$ 21,932
Savings accounts	7,060	247,912
SHORT-TERM INVESTMENTS (Note 1)	253,033	6,250
ACCRUED INVESTMENT INCOME	1,800	1,968
ACCOUNTS RECEIVABLE	-	17,099
MATERIALS HELD FOR USE AND SALE (Note 1)	5,425	-
PREPAID POSTAGE	1,271	-
INVESTMENT IN REAL ESTATE (Note 1)	6,000	6,000
OFFICE FURNITURE AND EQUIPMENT, net of accumulated depreciation of \$3,460 in 1979 and \$2,912 in 1978 (Note 1)	2,671	1,478
ARTWORK, at cost	7,500	2,500
	<u>\$ 327,657</u>	<u>\$ 305,139</u>
<u>LIABILITIES AND FUND BALANCE</u>		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 37,038	\$ 8,989
DEFERRED MEMBERSHIP DUES (Note 1)	62,381	132,040
Total liabilities	\$ 99,419	\$ 141,029
FUND BALANCE	228,238	164,110
COMMITMENT AND CONTINGENCIES (Note 2)		
	<u>\$ 327,657</u>	<u>\$ 305,139</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF SUPPORT AND REVENUE, EXPENSES

AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MAY 31, 1979

SUPPORT:

Contributions-

Members (Note 1)

\$ 87,939

Others

15,224

Volunteer services (Note 2)

96,259

Special events

906

REVENUE:

Membership dues (Note 1)

155,223

Investment income

16,988

Gain on sale of investments

3,281

Miscellaneous sales

8,791

Other

1,415

Total support and revenue

\$ 386,026

EXPENSES:

Program services-

Membership procurement

\$ 79,330

Membership activities

151,375

Volunteer services

5,793

Minnesota Zoological Garden - Direct support

27,813

General and administrative

57,587

Total expenses

\$ 321,898

Excess of support and revenue over expenses

\$ 64,128

FUND BALANCE, AT BEGINNING OF YEAR

164,110

FUND BALANCE, AT END OF YEAR

\$ 228,238

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MAY 31, 1979

FUNDS PROVIDED FROM:

Operations-	
Excess of support and revenue over expenses	\$ 64,128
Add- Depreciation, an expense not affecting cash	548
	<hr/>
Total from operations	\$ 64,676
Sale of marketable securities	6,250
Decrease in cash	219,887
Decrease in receivables	17,099
Increase in accounts payable and accrued expenses	28,049
	<hr/>
Total	\$ <u>335,961</u>

FUNDS USED TO:

Purchase short-term investments	\$ 253,033
Acquire inventory	5,425
Increase prepaid expenses and accrued investment income	1,103
Purchase office furniture and equipment	1,741
Acquire artwork	5,000
Decrease membership dues collected on which revenue recognition is deferred (Note 1)	69,659
	<hr/>
Total	\$ <u>335,961</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 1979

	Program Services			Minnesota Zoological Garden	General and Administrative	Total
	Membership Procurement	Membership Activities	Volunteer Services			
Salaries	\$ 4,556	\$ 2,411	\$ 684	\$ -	\$ 28,012	\$ 35,663
Payroll taxes	29	15	4	-	179	227
Occupancy	518	274	77	-	3,184	4,053
Telephone	72	15	-	-	1,301	1,388
Supplies	425	169	26	-	780	1,400
Rental and maintenance of equipment	81	-	-	-	715	796
Printing and publications	24,684	46,411	2,698	-	3,300	77,093
Postage and shipping	11,546	3,152	91	-	1,771	16,560
Visual aids, films and media	202	88	16	-	281	587
Conferences and meetings expense	28	116	13	-	1,901	2,058
Other travel	644	550	129	-	1,045	2,368
Zoological Garden admissions (Note 2)	-	96,259	-	-	-	96,259
Professional fees	3,473	211	117	-	2,730	6,531
Data processing services	2,170	106	-	-	667	2,943
Publicity and public relations	-	-	-	-	2,508	2,508
Promotional consultant services	30,066	-	-	-	2,756	32,822
Depreciation	-	-	-	-	548	548
Awards and grants	-	509	1,654	-	666	2,829
Contributions	-	-	-	27,813	-	27,813
Other	836	1,089	284	-	5,243	7,452
Total functional expenses	<u>\$ 79,330</u>	<u>\$ 151,375</u>	<u>\$ 5,793</u>	<u>\$ 27,813</u>	<u>\$ 57,587</u>	<u>\$ 321,898</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization-

The Minnesota Zoological Society is organized as a nonprofit corporation under the laws of the State of Minnesota for the purpose of aiding in the development, care and maintenance of a zoological garden within the state of Minnesota and encouraging public interest in the science of Zoology.

Short-Term Investments-

Short-term investments consist of the following:

	<u>1979</u>	<u>1978</u>
Certificates of deposit	\$ 100,000	\$ -
Repurchase agreements	153,033	-
Marketable securities	-	6,250
	<u>\$ 253,033</u>	<u>\$ 6,250</u>

Repurchase agreements represent interest-bearing bank deposits secured by government securities. Marketable securities were recorded at their fair market value at the date of receipt as a donation.

Materials Held for Use and Sale-

Materials held for use and sale are stated at the lower of average cost or market.

Investment in Real Estate-

Investment in real estate which represents a donated asset is stated at its estimated value at date of receipt. The use or sale of the real estate is subject to approval by the donor.

Office Furniture and Equipment-

Expenditures for the acquisition of office furniture and equipment are capitalized at cost, the fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets (generally 5 years) on the straight-line method.

Membership Dues-

Membership dues are recognized as revenue on a pro rata basis over the period to which the membership relates. Amounts received as dues from members in excess of the Society's services which accrue to the member have been reported as contribution revenue when received. A reconciliation of the amounts collected from members during the years ended May 31, 1979 and 1978 are as follows:

	<u>1979</u>	<u>1978</u>
Deferred membership dues, beginning of the year	\$ 132,040	\$ -
Total collections from members during the period	173,503	310,164
Less-		
Amount reported as contributions	(87,939)	(162,042)
Amount recognized as dues income	<u>(155,223)</u>	<u>(16,082)</u>
Deferred membership dues, end of year	<u>\$ 62,381</u>	<u>\$ 132,040</u>

The cost of membership procurement and fund raising is charged to expense as incurred.

2. COMMITMENTS AND CONTINGENCIES:

Leases-

The Society leases office space under a lease which expires in February of 1980. In addition, the Society also rents various office equipment and storage space. Total rent expense for the year ended May 31, 1979 was \$4,849. Total minimum future rental commitments at May 31, 1979 are approximately \$8,800.

Reciprocity Agreement-

The Society has entered into a reciprocity agreement with the Minnesota Zoological Garden. The agreement provides various benefits to the Society's members pertaining to usage of the Minnesota Zoological Garden. In consideration for these benefits, the Society is committed to reimburse the Minnesota Zoological Garden at an agreed upon rate for such benefits. It is intended that the reimbursement due will be substantially offset through volunteer hours provided by the Society. The financial implications and benefits of the agreement are reviewed on an annual basis. The Society recognizes volunteer contributions to the extent of benefits received by the Society's members. The agreed upon value of volunteer hours contributed to the Minnesota Zoological Garden was \$130,164 in 1979 and \$18,823 in 1978, which were recognized as income to the extent of \$96,259 and \$3,537 in 1979 and 1978, respectively, representing the benefits that have been received by members. The remaining \$49,191 at May 31, 1979 can be used to offset future liabilities but in no event be remitted to the Society.

Publication and Purchase Agreements-

Under terms of an agreement with a magazine publisher, the Society is obligated for approximately \$38,329 of future publications at May 31, 1979.

Minnesota Zoological Society

*Financial Statements as of May 31, 1978
Together with Auditors' Report*

BROEKER HENDRICKSON & CO.
Certified Public Accountants
ST. PAUL, MINNESOTA

BROEKER HENDRICKSON & CO.
Certified Public Accountants

To the Board of Directors
Minnesota Zoological Society
St. Paul, Minnesota

We have examined the balance sheet of MINNESOTA ZOOLOGICAL SOCIETY as of May 31, 1978 and the related statements of support and revenues, expenses and changes in fund balance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Minnesota Zoological Society as of May 31, 1978 and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the method of accounting for revenue and expenses as described in Note 2 to the financial statements.

St. Paul, Minnesota
September 21, 1978

Broeker Hendrickson & Co.

MINNESOTA ZOOLOGICAL SOCIETY

BALANCE SHEET - MAY 31, 1978

A S S E T S

CASH, including savings deposits of \$247,912	\$269,844
ACCOUNTS RECEIVABLE	17,099
ACCRUED INVESTMENT INCOME	1,968
MARKETABLE SECURITIES (Note 1)	6,250
INVESTMENT IN REAL ESTATE (Note 1)	6,000
OFFICE FURNITURE AND EQUIPMENT, net of accumulated depreciation of \$2,912 (Note 1)	1,478
OTHER ASSET	<u>2,500</u>
	<u>\$305,139</u>

LIABILITIES AND FUND BALANCE

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 8,989
DEFERRED MEMBERSHIP DUES (Note 1)	<u>132,040</u>
Total liabilities	\$141,029
FUND BALANCE (Note 2)	164,110
COMMITMENT AND CONTINGENCIES (Note 3)	<u> </u>
	<u>\$305,139</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF SUPPORT AND REVENUE, EXPENSES

AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MAY 31, 1978

SUPPORT AND REVENUE:

Contributions and bequests-	
Members (Note 1)	\$162,042
Special events	15,000
Volunteer services (Note 3)	12,508
Other	3,537
Membership dues (Note 1)	16,082
Investment income	3,916
Other	2,411
	<hr/>
Total support and revenue	\$215,496

EXPENSES:

Membership procurement and fund raising	\$ 68,777
Membership activity - Zoological Garden admissions (Note 3)	3,537
General and administrative-	
Salaries	15,833
Other	15,675
Other	2,339
	<hr/>

 Total expenses \$106,161

 Excess of support and revenues over expenses \$109,335

FUND BALANCE AT BEGINNING OF YEAR (as Restated - Note 2) 54,775

FUND BALANCE AT END OF YEAR \$164,110

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MAY 31, 1978

CASH PROVIDED FROM (USED TO):

Operations-

Excess of support and revenue over expenses	\$109,335
Add- Depreciation, an expense not affecting cash	<u>825</u>

Total from operations	\$110,160
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Membership dues collected on which revenue recognition is deferred (Note 1)	132,040
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Increase in accounts payable and accrued expenses	3,061
---	-------

Acquire office furniture and equipment	(621)
--	-------

Increase receivables and accrued investment income	(6,851)
--	---------

Acquire other asset	<u>(2,500)</u>
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INCREASE IN CASH	<u>\$235,289</u>
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See notes to financial statements.

The cost of membership procurement and fund raising is charged to expense as incurred.

2. RESTATEMENT OF MAY 31, 1977 FUND BALANCE:

In prior years, the Society reported financial information on the cash basis of accounting, which is not in accordance with generally accepted accounting principles. Accordingly, the fund balance as of May 31, 1977, as reported in the accompanying financial statements, has been restated to reflect the accrual basis of accounting. The adjustments to fund balance were as follows:

Fund balance, as previously reported	\$ 42,560
Add-	
Adjustment to record revenue applicable to prior year, primarily accounts receivable	<u>12,215</u>
Fund balance, as restated	<u>\$ 54,775</u>

3. COMMITMENTS AND CONTINGENCIES:

Leases-

The Society leases office space under a lease which expires in February of 1979. Total minimum future rental commitments under this lease are \$2,380 at May 31, 1978. Total rental expense for the year ended May 31, 1978 was \$3,461, which includes \$461 of short-term equipment rentals.

Reciprocity Agreement-

The Society has entered into a reciprocity agreement with the Minnesota Zoological Gardens. The agreement provides various benefits to the Society's members pertaining to usage of the Minnesota New Zoo. In consideration for these benefits, the Society is committed to reimburse the Minnesota Zoological Garden at an agreed upon rate for such benefits. It is intended that the reimbursement due will be substantially offset through volunteer hours provided by the Society. The financial implications and benefits of the agreement will be reviewed on an annual basis. The Society recognizes volunteer contributions to the extent of benefits received by the Society's members. At May 31, 1978, the agreed upon value of volunteer hours contributed to the Minnesota Zoological Gardens was 18,823, which were recognized as income to the extent of \$3,537, representing the benefits that have been received by members. The remaining \$15,286 can be used to offset future liabilities but in no event be remitted to the Society.

Publication Agreement-

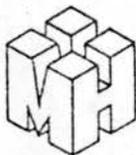
Under terms of an agreement with a magazine publisher, the Society is obligated for approximately \$21,300 of future publications at May 31, 1978.

MINNESOTA ZOOLOGICAL SOCIETY

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McGladrey Hendrickson & Co.
CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Directors

Minnesota Zoological Society

St. Paul, Minnesota

We have examined the balance sheet of MINNESOTA ZOOLOGICAL SOCIETY (a nonprofit corporation) as of May 31, 1980 and 1979 and the related statements of support and revenue, expenses and changes in fund balance and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Minnesota Zoological Society as of May 31, 1980 and 1979 and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

St. Paul, Minnesota

June 26, 1980

McGladrey Hendrickson & Co.

MINNESOTA ZOOLOGICAL SOCIETY

BALANCE SHEET - MAY 31, 1980 AND 1979

<u>A S S E T S</u>	<u>1980</u>	<u>1979</u>
CASH:		
Checking accounts and on hand	\$ 45,903	\$ 42,897
Savings accounts	12,280	7,060
SHORT-TERM INVESTMENTS, at cost (Note 1)	202,583	253,033
ACCOUNTS RECEIVABLE	10,484	-
ACCRUED INVESTMENT INCOME	-	1,800
MATERIALS HELD FOR USE AND SALE (Note 1)	9,004	5,425
PREPAID POSTAGE	964	1,271
INVESTMENT IN REAL ESTATE (Note 1)	6,000	6,000
OFFICE FURNITURE AND EQUIPMENT, net of accumulated depreciation of \$4,369 in 1980 and \$3,460 in 1979 (Note 1)	4,633	2,671
ARTWORK, at cost	<u>7,500</u>	<u>7,500</u>
	<u>\$ 299,351</u>	<u>\$ 327,657</u>
<u>LIABILITIES AND FUND BALANCES</u>		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 833	\$ 37,038
DEFERRED MEMBERSHIP DUES (Note 1)	<u>58,076</u>	<u>62,381</u>
Total liabilities	<u>\$ 58,909</u>	<u>\$ 99,419</u>
FUND BALANCES (Note 1):		
Current unrestricted, available for general activities	\$ 161,017	\$ 228,238
Current unrestricted, designated by governing board for direct support to Minnesota Zoological Garden	<u>79,425</u>	<u>-</u>
Total fund balances	\$ 240,442	\$ 228,238
COMMITMENT AND CONTINGENCIES (Note 2)		
	<u>\$ 299,351</u>	<u>\$ 327,657</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF SUPPORT AND REVENUE, EXPENSES

AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED MAY 31, 1980 AND 1979

	<u>1980</u>	<u>1979</u>
SUPPORT:		
Contributions-		
Members (Note 1)	\$ 94,839	\$ 87,939
Other	9,799	15,224
Volunteer service hours (Note 2)	72,150	96,259
 REVENUE:		
Membership dues (Note 1)	99,347	155,223
Investment income	26,727	16,988
Gain on sale of investments	-	3,281
Miscellaneous sales	7,931	8,791
Other	<u>307</u>	<u>2,321</u>
Total support and revenue	<u>\$ 311,100</u>	<u>\$ 386,026</u>
 EXPENSES:		
Program Services-		
Membership activities-		
Zoological Garden admissions (Note 2)	\$ 72,150	\$ 96,259
Other	60,022	55,116
Volunteer activities	5,363	5,793
Minnesota Zoological Garden - Direct support	18,975	27,813
Support Services-		
Membership procurement	79,311	79,330
General and administrative	<u>63,075</u>	<u>57,587</u>
Total expenses	<u>\$ 298,896</u>	<u>\$ 321,898</u>
Excess of support and revenue over expenses	\$ 12,204	\$ 64,128
 FUND BALANCE, AT BEGINNING OF YEAR	 <u>228,238</u>	 <u>164,110</u>
FUND BALANCE, AT END OF YEAR	<u>\$ 240,442</u>	<u>\$ 228,238</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED MAY 31, 1980 AND 1979

	<u>1980</u>	<u>1979</u>
FUNDS PROVIDED FROM:		
Operations-		
Excess of support and revenue over expenses	\$ 12,204	\$ 64,128
Add- Expenses not affecting cash-		
Depreciation	995	548
Loss on disposal of equipment	<u>139</u>	<u>-</u>
Total from operations	\$ 13,338	\$ 64,676
Sale of marketable securities	-	6,250
Sale of short-term investments	50,450	-
Decrease in receivables	-	17,099
Decrease in prepaid expenses and accrued investment income	2,107	-
Increase accounts payable and accrued expenses	<u>-</u>	<u>28,049</u>
Total funds provided	<u>\$ 65,895</u>	<u>\$ 116,074</u>
FUNDS USED TO:		
Purchase short-term investments	-	253,033
Increase accounts receivable	10,484	-
Acquire material held for use and sale	3,579	5,425
Increase prepaid expenses and accrued investment income	-	1,103
Purchase office furniture and equipment	3,096	1,741
Acquire artwork	-	5,000
Decrease accounts payable and accrued expenses	36,205	-
Decrease membership dues collected on which revenue recognition is deferred (Note 1)	<u>4,305</u>	<u>69,659</u>
Total funds used	<u>\$ 57,669</u>	<u>\$ 335,961</u>
Increase (decrease) in cash	<u>\$ 8,226</u>	<u>\$ (219,887)</u>

See notes to financial statements.

MINNESOTA ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization-

The Minnesota Zoological Society is organized as a nonprofit corporation under the laws of the State of Minnesota for the purpose of aiding in the development, care and maintenance of a zoological garden within the state of Minnesota and encouraging public interest in the science of zoology.

Short-Term Investments-

Short-term investments consist of the following:

	<u>1980</u>	<u>1979</u>
Certificates of deposit	\$ 119,583	\$ 100,000
Repurchase agreements	<u>83,000</u>	<u>153,033</u>
	<u>\$ 202,583</u>	<u>\$ 253,033</u>

Repurchase agreements represent interest-bearing bank deposits secured by government securities.

Materials Held for Use and Sale-

Materials held for use and sale consisting principally of posters, are stated at the lower of average cost or market.

Investment in Real Estate-

Investment in real estate, a donated asset, is stated at its estimated value at date of receipt. The use or sale of the real estate is subject to approval by the donor.

Office Furniture and Equipment-

Expenditures for the acquisition of office furniture and equipment are recorded at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets (generally 5 years) using the straight-line method.

Membership Dues-

Membership dues are recognized as revenue on a pro rata basis over the period to which the membership relates. Amounts received as dues from members in excess of the Society's services which accrue to the member have been reported as contribution revenue when received. A reconciliation of the amount collected from members and the amounts reflected in the financial statements during the years ended May 31, 1980 and 1979 is as follows:

	<u>1980</u>	<u>1979</u>
Deferred membership dues, beginning of the year	\$ 62,381	\$ 132,040
Total collection from members during the year	189,881	173,503
Less-		
Amount reported as contributions	(94,839)	(87,939)
Amount recognized as dues income	<u>(99,347)</u>	<u>(155,223)</u>
Deferred membership dues, end of year	<u>\$ 58,076</u>	<u>\$ 62,381</u>

The cost of membership procurement is charged to expense as incurred.

Fund Balances-

In 1980 the Board of Directors designated \$100,000 for direct program support to the Minnesota Zoological Garden. As of May 31, 1980 \$79,425 of this internal designation of funds remains available for future direct support.

Functional Expenses-

The Society follows the practice of presenting the expenses of providing its various services and other activities on a functional basis in the statement of support, revenue and expenses. A schedule of these functional expenses by object classification was presented as a basic financial statement in prior years. However, since this information is not required for a fair presentation of results of operations in accordance with generally accepted accounting principles, this schedule is included as supplementary financial information in this report.

2. COMMITMENTS AND CONTINGENCIES:

Leases-

The Society leases office space under a lease which expires in February of 1981. In addition, the Society also rents various office equipment and storage space. Total rent expense for the years ended May 31, 1980 and 1979 was \$6,420 and \$4,849, respectively. Total minimum future rental commitments at May 31, 1980 are approximately \$2,800.

Reciprocity Agreement-

The Society and the Minnesota Zoological Garden have entered into a reciprocity agreement whereby all Society members are afforded admission at no cost into the Minnesota Zoological Garden in exchange for the performance of volunteer services by the Society at the Minnesota Zoological Garden. The value of volunteer services rendered is determined on an hourly rate negotiated annually under the agreement while gate admissions are valued according to the prevailing

public rates. In the event that the value of volunteer services rendered at the Minnesota Zoological Garden is less than the total of membership gate admissions, the Society is obligated to reimburse the Minnesota Zoological Garden; however, in no event is the excess of the value of volunteer services performed over the total of membership gate admissions to be remitted by the Minnesota Zoological Garden to the Society. In accordance with generally accepted accounting principles, the Society recognizes volunteer contributions to the extent of benefits received by the Society's members. The value of volunteer hours contributed to the Minnesota Zoological Garden was \$111,621 in 1980 and \$130,164 in 1979 which was recognized as income to the extent of benefits received by the members in the amount of \$72,150 and \$96,259 in 1980 and 1979, respectively. The excess of volunteer services hours in excess of member gate admissions at May 31, 1980 of \$88,663 can be used to offset future liabilities arising from membership gate admissions.

Publication and Purchase Agreements-

Under terms of an agreement with a magazine publisher, the Society is obligated for approximately \$27,365 of future publications at May 31, 1980.

McGladrey Hendrickson & Co.

CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Directors

Minnesota Zoological Society

St. Paul, Minnesota

Our examinations have been made primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole. The schedule of functional expenses included in this report, although not considered necessary for a fair presentation of the financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles, is presented for supplementary analysis purposes. It has been subjected to the audit procedures applied in the examinations of the basic financial statements and is, in our opinion, fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

St. Paul, Minnesota

June 26, 1980

McGladrey Hendrickson & Co.

MINNESOTA ZOOLOGICAL SOCIETY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 1980 WITH COMPATATIVE TOTALS FOR 1979

	Program Services			Support Services		Total	
	Membership Activities	Volunteer Activity	Minnesota Zoological Garden	Membership Procurement	General and Administrative	1980	1979
Salaries	\$ 10,543	\$ 1,590	\$ -	\$ 15,318	\$ 25,248	\$ 52,699	\$ 35,663
Payroll taxes	71	11	-	104	171	357	227
Occupancy	910	137	-	1,321	2,177	4,545	4,053
Telephone	41	-	-	57	1,445	1,543	1,388
Supplies	2,979	869	-	3,745	2,635	10,228	1,400
Rental and maintenance of equipment	102	-	-	-	1,772	1,874	796
Printing and publications	35,561	298	-	9,352	1,066	46,277	77,093
Postage and shipping	2,680	157	-	3,659	1,599	8,095	16,560
Conferences and meetings expense	146	1,255	-	416	2,601	4,418	2,058
Other travel	802	409	-	-	-	1,211	2,368
Zoological Garden admission	72,150	-	-	-	-	72,150	96,259
Professional fees	1,943	11	-	4,714	4,161	10,829	6,531
Data processing services	-	-	-	825	1,003	1,828	2,943
Publicity and public relations	1,269	-	-	1,349	2,194	4,812	2,508
Promotional consultant services	-	-	-	38,076	-	38,076	32,822
Depreciation	-	-	-	-	995	995	548
Awards and grants	499	484	-	-	-	983	2,829
Contributions	-	-	18,975	-	-	18,975	27,813
Loss on obsolete calendars	-	-	-	-	5,133	5,133	-
Other	2,476	142	-	375	10,875	13,868	8,039
Total functional expenses	\$ 132,172	\$ 5,363	\$ 18,975	\$ 79,311	\$ 63,075	\$ 298,896	\$ 321,898