

FRESNO'S CHAFFEE ZOO CORPORATION

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR 2016**

FRESNO'S CHAFFEE ZOO CORPORATION
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WITH COMPARATIVE TOTALS FOR 2016

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Moore Grider & Company

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Fresno's Chaffee Zoo Corporation
Fresno, California

We have audited the accompanying financial statements of Fresno's Chaffee Zoo Corporation, which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Fresno's Chaffee Zoo Corporation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. This supplementary information is presented as required by the Fresno County Zoo Authority. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moore Gilder & Company

Fresno, California
June 13, 2018

FRESNO'S CHAFFEE ZOO CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	UNRESTRICTED		TEMPORARILY	PERMANENTLY	TOTALS	
	FCZC	MEASURE Z	RESTRICTED	RESTRICTED	2017	2016
ASSETS						
CURRENT ASSETS						
Cash	\$ (399,888)	\$ 0	\$ 943,569	\$ 0	\$ 543,681	\$ 1,515,606
Accounts receivable (Note 2)	711,390	0	0	0	711,390	708,379
Pledges receivable, current portion (Note 3)	1,500	0	2,369	0	3,869	27,520
Prepaid expenses	62,075	0	0	0	62,075	139,187
TOTAL CURRENT ASSETS	375,077	0	945,938	0	1,321,015	2,390,692
PLEDGES RECEIVABLE , net of current portion reflected above (Note 3)	0	0	3,468	0	3,468	9,331
CONSTRUCTION IN PROGRESS	3,881,992	0	0	0	3,881,992	458,763
EQUIPMENT AND FACILITIES , net of accumulated depreciation of \$12,902,609 in 2017 and \$8,890,837 in 2016	64,527,761	0	0	0	64,527,761	67,857,904
INVESTMENT IN SECURITIES (Note 4)	11,467,675	0	0	61,498	11,529,173	10,132,981
TOTAL ASSETS	80,252,505	0	949,406	61,498	81,263,409	80,849,671
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Margin loan (Note 5)	250,456	0	0	0	250,456	350,746
Accounts payable	624,795	0	0	0	624,795	808,768
Accrued expenses	666,663	0	0	0	666,663	514,763
Deferred revenue	28,519	0	0	0	28,519	201,747
TOTAL CURRENT LIABILITIES	1,570,433	0	0	0	1,570,433	1,876,024
COMMITMENTS AND CONTINGENCIES (Note 8)	0	0	0	0	0	0
NET ASSETS						
Permanently restricted (Note 6)	0	0	0	61,498	61,498	53,555
Temporarily restricted (Note 9)	0	0	949,406	0	949,406	1,271,654
Unrestricted (Note 10)	78,682,072	0	0	0	78,682,072	77,648,438
TOTAL NET ASSETS	78,682,072	0	949,406	61,498	79,692,976	78,973,647
TOTAL LIABILITIES AND NET ASSETS	\$ 80,252,505	\$ 0	\$ 949,406	\$ 61,498	\$ 81,263,409	\$ 80,849,671

FRESNO'S CHAFFEE ZOO CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	UNRESTRICTED		TEMPORARILY	PERMANENTLY	TOTALS	
	FCZC	MEASURE Z	RESTRICTED	RESTRICTED	2017	2016
REVENUE AND SUPPORT						
Measure Z operating funds (Note 11)	\$ 0	\$ 4,500,981	\$ 0	\$ 0	\$ 4,500,981	\$ 4,190,869
Measure Z capital funds (Note 12)	0	3,262,574	0	0	3,262,574	317,212
Return of prior year funding (Note 12)	0	0	0	0	0	(335,649)
City of Fresno funds	0	0	0	0	0	1,500,000
Admissions income	3,671,049	0	0	0	3,671,049	4,099,886
Gift shop sales	438,302	0	0	0	438,302	499,947
Donations	120,305	0	168,171	0	288,476	340,028
Concessions commission	675,311	0	0	0	675,311	775,616
Membership income	1,314,128	0	0	0	1,314,128	1,323,499
Donated materials and services (Note 14)	102,123	0	0	0	102,123	131,769
Stingray Bay Exhibit income	297,244	0	0	0	297,244	298,588
Education income	442,517	0	24,351	0	466,868	411,879
Event income	719,933	0	82,000	0	801,933	704,314
Investment income, net of expenses of \$59,532 in 2017 and \$57,989 in 2016 (Note 4)	456,559	0	0	2,520	459,079	269,031
Unrealized gain on securities (Note 4)	886,381	0	0	5,423	891,804	390,063
Facility rental income	558,359	0	0	0	558,359	604,641
Giraffe feeding income	530,032	0	0	0	530,032	450,838
Adopt-an-Animal income	27,780	0	0	0	27,780	31,650
Other income	51,920	0	0	0	51,920	56,284
Net assets released from restrictions:						
Satisfaction of program restrictions (Note 9)	596,770	0	(596,770)	0	0	0
TOTAL REVENUE AND SUPPORT	10,888,713	7,763,555	(322,248)	7,943	18,337,963	16,060,465
EXPENSES						
Program services	6,991,767	7,763,555	0	0	14,755,322	11,840,339
Management and general	1,804,787	0	0	0	1,804,787	719,699
Fundraising	767,787	0	0	0	767,787	531,940
TOTAL EXPENSES	9,564,341	7,763,555	0	0	17,327,896	13,091,978
INCREASE (DECREASE) IN NET ASSETS BEFORE GAAP ADJUSTMENTS	1,324,372	0	(322,248)	7,943	1,010,067	2,968,487
GAAP ADJUSTMENTS (NOTE 1)						
Capitalized construction in progress purchased with Measure Z funds	3,262,494	0	0	0	3,262,494	317,172
Return of prior year funding	0	0	0	0	0	(335,649)
Depreciation on capitalized facilities purchased with Measure Z funds	(3,553,232)	0	0	0	(3,553,232)	(3,558,988)
INCREASE (DECREASE) IN NET ASSETS	1,033,634	0	(322,248)	7,943	719,329	(608,978)
NET ASSETS, beginning of year	77,648,438	0	1,271,654	53,555	78,973,647	79,582,625
NET ASSETS, end of year	\$ 78,682,072	\$ 0	\$ 949,406	\$ 61,498	\$ 79,692,976	\$ 78,973,647

FRESNO'S CHAFFEE ZOO CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTALS	
		MANAGEMENT AND GENERAL	FUNDRAISING	2017	2016
Advertising (Note 1)	\$ 308,863	\$ 0	\$ 0	\$ 308,863	\$ 358,205
Animal services	506,879	0	0	506,879	460,911
Bank and credit card fees	121,536	21,269	9,115	151,920	127,706
Business expense	59,124	10,347	4,434	73,905	51,833
Computer/software expense	45,321	7,931	3,399	56,651	54,454
Conservation	122,392	21,419	9,179	152,990	109,044
Contracted services	495,817	77,545	33,234	606,596	544,076
Consultant fees	56,236	0	0	56,236	156,391
Depreciation	366,833	64,196	27,512	458,541	398,667
Dues	46,454	8,129	3,484	58,067	24,911
Equipment	268,000	46,900	20,100	335,000	251,436
Fleet	15,547	2,721	1,166	19,434	21,643
Food/catering expense	331,991	58,098	24,899	414,989	416,365
Insurance - liability	158,374	27,716	11,878	197,968	179,462
Interest expense	0	13,283	0	13,283	10,448
Miscellaneous	30,708	5,374	2,303	38,385	53,214
Office supplies	14,730	2,578	1,105	18,412	33,738
Postage	49,986	8,748	3,749	62,483	61,189
Printing	162,458	28,430	12,184	203,073	192,816
Professional services	312,488	54,685	23,437	390,610	278,663
Repairs and replacements	330,776	0	0	330,776	266,287
Salaries and benefits	2,018,740	1,140,928	488,969	3,648,638	3,339,544
Specialized services	19,759	3,458	1,482	24,699	25,305
Staff development	62,527	10,942	4,690	78,159	116,053
Supplies	379,056	66,335	28,429	473,820	616,146
Telephone	42,138	7,374	3,160	52,672	51,231
Uniforms	32,215	5,638	2,416	40,269	36,706
Utilities	632,818	110,743	47,461	791,023	683,102
	<u>6,991,767</u>	<u>1,804,787</u>	<u>767,787</u>	<u>9,564,341</u>	<u>8,919,546</u>
Measure Z operating funds (Note 11)	4,500,981	0	0	4,500,981	4,190,869
Measure Z capital funds (Note 12)	3,262,574	0	0	3,262,574	317,212
Return of prior year funding (Note 12)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(335,649)</u>
SUBTOTAL BEFORE GAAP ADJUSTMENTS	14,755,322	1,804,787	767,787	17,327,896	13,091,978
GAAP ADJUSTMENTS (NOTE 1)					
Capitalized construction in progress purchased with Measure Z funds	(3,262,494)	0	0	(3,262,494)	(317,172)
Return of prior year funding	0	0	0	0	335,649
Depreciation on facilities purchased with Measure Z funds	<u>3,553,232</u>	<u>0</u>	<u>0</u>	<u>3,553,232</u>	<u>3,558,988</u>
	<u>\$ 15,046,060</u>	<u>\$ 1,804,787</u>	<u>\$ 767,787</u>	<u>\$ 17,618,634</u>	<u>\$ 16,669,443</u>

FRESNO'S CHAFFEE ZOO CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 719,329	\$ (608,978)
Adjustments to reconcile increase (decrease) in net assets to net cash provided from operating activities:		
Depreciation	4,011,773	3,957,655
Unrealized gain on securities	(891,804)	(390,063)
Changes in:		
Accounts receivable	(3,011)	1,302,160
Pledges receivable	29,514	32,796
Prepaid expenses	77,112	11,436
Accounts payable	(183,973)	(473,767)
Accrued expenses	151,900	94,223
Deferred revenue	(173,228)	154,692
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>3,737,612</u>	<u>4,080,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and facilities	(222,867)	(1,899,735)
Increase in construction in progress	(3,881,992)	(310,142)
Acquisition of securities	(504,388)	(280,114)
NET CASH USED BY INVESTING ACTIVITIES	<u>(4,609,247)</u>	<u>(2,489,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in margin loan	(100,290)	(421,612)
NET INCREASE (DECREASE) IN CASH	(971,925)	1,168,551
CASH, beginning of year	<u>1,515,606</u>	<u>347,055</u>
CASH, end of year	<u><u>\$ 543,681</u></u>	<u><u>\$ 1,515,606</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 13,283</u>	<u>\$ 10,448</u>
Non-cash transactions:		
Donated materials and services	<u>\$ 102,123</u>	<u>\$ 131,769</u>
Transfer of construction in progress to equipment and facilities	<u><u>\$ 458,763</u></u>	<u><u>\$ 0</u></u>

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1: ORGANIZATION/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fresno's Chaffee Zoo Corporation is a non-profit organization incorporated under the laws of the State of California. The organization was formed to operate, maintain and control zoological gardens, and collections and specimens of animals for the education, recreation and pleasure of the general public. The organization is supported primarily through admissions income, membership income and Measure Z operating funds.

The following are the significant accounting policies of the organization:

Method of accounting – The financial statements are prepared using the accrual basis of accounting, in which support and revenue are recognized when earned or due and expenses are recognized when incurred.

Recognition of donor restrictions – Support that is restricted by the donor is reported as an increase in temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Restrictions on assets – Restricted funds are reported as follow:

Permanently restricted net assets – consist of endowment fund investments to be held indefinitely. The investment income may be used for operations.

Temporarily restricted net assets – represent resources that have been designated by donors for specific projects and programs.

Accounts receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through provisions for bad debt expense based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2017 and 2016 the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

Pledges receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are normally recorded at the present value of the expected future cash flows. Management has determined the discount rate and present value calculation reflect a nominal amount, therefore, long-term pledges receivable are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. At December 31, 2017 and 2016, the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1: **ORGANIZATION/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Construction in progress – Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

Equipment and facilities – Equipment and facilities acquired by the organization are recorded at cost. Assets donated to the organization are recorded at their fair market value at the date of the donation. The organization's policy is to capitalize all expenditures for equipment and facilities in excess of \$2,000 and \$30,000, respectively. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

Investment in securities – Investment in securities represents investments in marketable equity securities. The securities are classified as "available for sale" and carried on the financial statements at fair value. The permanent endowment principal may not be expended; the earnings may be used for operations in accordance with the endowment policy adopted by the organization's Board of Directors.

Measure Z funds – In November 2004, the voters of Fresno County approved Measure Z, a transactions and use tax (sales tax) at the rate of 0.1%, proposed by the Fresno County Zoo Authority, to support the Fresno Chaffee Zoo. In 2014, the voters approved the extension of Measure Z for an additional ten years.

The Fresno County tax ordinance allows up to one-third of the tax revenues to be used for operations and maintenance of the Fresno Chaffee Zoo and requires a minimum of two-thirds of the funds to be used for capital improvement projects at the Fresno Chaffee Zoo (see Notes 11 and 12).

The Fresno County Zoo Authority is charged with oversight of the administration of the Measure Z funds and approves all funding requests for operations and capital improvement projects.

Donated materials and services – The organization receives various donated materials and services. The estimated fair value of the donation is recorded as support and expense in the period received.

Unpaid volunteers make significant contributions of their time to assist the organization in its programs and special events. The value of volunteer time is not reflected in these statements because it is not susceptible to objective measurement or valuation.

Accounting estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1: ORGANIZATION/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accounting estimates (Continued)

assumptions that affect the reported amounts of assets and liabilities and 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.

Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes – Fresno's Chaffee Zoo Corporation is incorporated as a nonprofit California corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701d.

Tax returns are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination. The organization classifies interest and penalties on tax assessments as an expense when incurred. For the years ended December 31, 2017 and 2016, interest and penalties totaled \$0.

Advertising costs – Advertising costs are expensed as incurred and totaled \$308,863 and \$358,205 in 2017 and 2016, respectively.

Comparative financial information – The financial statements include certain prior-year summarized comparative information in total, but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

GAAP adjustments – The Statement of Activities presents financial data in conformity with generally accepted accounting principles (GAAP). The Measure Z column on the Statement of Activities presents expenditures according to Measure Z reporting requirements for which expenditures for construction in progress and facilities are expensed when incurred. However, for GAAP, such expenditures are capitalized and depreciated over the life of the asset. To address such reporting differences, the Statement of Activities includes GAAP adjustments.

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1: ORGANIZATION/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

GAAP adjustments (Continued)

The Statement of Functional Expenses presents financial data in conformity with GAAP. The Measure Z capital funds line includes \$3,262,574 and \$317,212 expended for construction in progress and facilities for 2017 and 2016, respectively. For GAAP reporting purposes, these expenditures, excluding bank charges, are capitalized and depreciated over the life of the asset.

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2017 and 2016, consists of the following:

	2017				2016
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
Measure Z Operating	\$ 467,964	\$ 0	\$ 0	\$ 467,964	\$ 635,263
Measure Z Capital	121,830	0	0	121,830	0
Various	121,596	0	0	121,596	73,116
Total	\$ 711,390	\$ 0	\$ 0	\$ 711,390	\$ 708,379

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable at December 31, 2017 and 2016 are as follows:

	2017				2016
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
Less than one year	\$ 1,500	\$ 2,369	\$ 0	\$ 3,869	\$ 27,520
One to four years	0	3,468	0	3,468	9,331
Total	\$ 1,500	\$ 5,837	\$ 0	\$ 7,337	\$ 36,851

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 4: INVESTMENT IN SECURITIES

Investment in securities as of December 31, 2017 and 2016, is summarized below:

	2017	2016
Unrestricted:		
Bond mutual funds	\$ 3,927,300	\$ 4,500,181
Equity mutual funds	7,495,043	5,533,920
Money market funds	<u>45,332</u>	<u>45,325</u>
	<u>11,467,675</u>	<u>10,079,426</u>
Permanently Restricted:		
Bond mutual funds	17,468	14,769
Equity mutual funds	43,501	38,317
Money market funds	<u>529</u>	<u>469</u>
	<u>61,498</u>	<u>53,555</u>
	<u>\$ 11,529,173</u>	<u>\$ 10,132,981</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2017, with comparable totals for 2016:

	2017				2016
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
Investment return:					
Investment income,					
net of expenses	\$ 456,559	\$ 0	\$ 2,520	\$ 459,079	\$ 269,031
Unrealized gain	<u>886,381</u>	<u>0</u>	<u>5,423</u>	<u>891,804</u>	<u>390,063</u>
	<u>\$ 1,342,940</u>	<u>\$ 0</u>	<u>\$ 7,943</u>	<u>\$ 1,350,883</u>	<u>\$ 659,094</u>

NOTE 5: MARGIN LOAN

The organization has a margin loan account with Charles Schwab. Management can withdraw a maximum of 25% of the total account value. Interest is calculated at the daily margin interest rate; at December 31, 2017 the interest rate was 3.05%. The account is collateralized by securities owned by the organization and matures August 1, 2018. At December 31, 2017 and 2016, the outstanding balance was \$250,456 and \$350,746, respectively.

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 6: ENDOWMENTS

Effective January 1, 2009 the organization adopted the provisions established by accounting literature for Endowments of Not-for-Profit Foundations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. The accounting literature provides guidance for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The organization's endowment assets consist of individual funds established to provide financial support to the organization. The endowment assets include both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The organization has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization 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 the organization.
7. The investment policies of the organization.

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 6: ENDOWMENTS (Continued)

Return Objectives and Risk Parameters

The organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include funds restricted by donors that the organization must retain permanently as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to meet or exceed the Policy Index, as defined as 65% S&P 500, 30% Lehman Aggregate Bonds, and 5% Cash while assuming a moderate level of investment risk. The organization expects its endowment funds, over time, to provide an average nominal rate of return of approximately 8.5% annually. Additionally, the organization expects its endowment funds, over time, to provide an average real rate of return (after inflation) of approximately 5% annually. Actual returns in any given year may vary from this amount; therefore compliance with performance expectations is evaluated over a three to five-year time horizon.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the organization seeks investment returns through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The organization targets a diversified asset allocation that includes equity and debt investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The organization uses a method based upon the total return on assets to determine the amounts appropriated for expenditure for endowments under which the organization is the income beneficiary in conformity with the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA).

The Board of Directors has a spending policy on all endowments, such that distribution amounts will be determined prior to the new fiscal year based on the previous twelve (12) quarters-end average market value, whenever possible. In any given year, the distribution of an individual endowment or endowments may be less than 5% if the total return is not enough to preserve the purchasing power of the fund.

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 6: ENDOWMENTS (Continued)

Endowment Net Asset Composition by Type of Fund

Endowment net assets consist of the following at December 31, 2017 and 2016:

	2017		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 0	\$ 61,498	\$ 61,498
Board-designated endowment funds	<u>5,308,373</u>	<u>0</u>	<u>5,308,373</u>
Total endowment net assets	<u>\$ 5,308,373</u>	<u>\$ 61,498</u>	<u>\$ 5,369,871</u>
	2016		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 0	\$ 53,555	\$ 53,555
Board-designated endowment funds	<u>4,594,780</u>	<u>0</u>	<u>4,594,780</u>
Total endowment net assets	<u>\$ 4,594,780</u>	<u>\$ 53,555</u>	<u>\$ 4,648,335</u>

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 6: ENDOWMENTS (Continued)

Changes in Endowment Net Assets

The following schedules shows changes in endowment net assets for the years ended December 31, 2017 and 2016:

	2017		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, January 1, 2017	\$ 4,594,780	\$ 53,555	\$ 4,648,335
Investment return			
Investment income, net of expenses	225,599	2,520	228,119
Unrealized gain	487,994	5,423	493,417
Net investment return	713,593	7,943	721,536
Contributions	0	0	0
Amounts appropriated for expenditure	0	0	0
Endowment net assets, December 31, 2017	<u>\$ 5,308,373</u>	<u>\$ 61,498</u>	<u>\$ 5,369,871</u>

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 6: ENDOWMENTS (Continued)

Changes in Endowment Net Assets (Continued)

	2016		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, January 1, 2016	<u>\$ 4,249,614</u>	<u>\$ 49,348</u>	<u>\$ 4,298,962</u>
Investment return			
Investment income,			
net of expenses	134,329	1,580	135,909
Unrealized gain	<u>210,837</u>	<u>2,627</u>	<u>213,464</u>
Net investment return	345,166	4,207	349,373
Contributions	0	0	0
Amounts appropriated for expenditure	<u>0</u>	<u>0</u>	<u>0</u>
Endowment net assets, December 31, 2016	<u><u>\$ 4,594,780</u></u>	<u><u>\$ 53,555</u></u>	<u><u>\$ 4,648,335</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0, as of both December 31, 2017 and 2016.

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 7: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of fair value hierarchy under FASB ASC 820 are described below:

- | | |
|---------|--|
| Level 1 | Quoted prices for identical assets or liabilities traded in active markets. |
| Level 2 | Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Pledges receivable: For pledges receivable that are due within one year, carrying amount is a reasonable estimate of fair value. For pledges receivable that are due in more than one year, fair value is estimated at the present value of estimated future cash flows, using a discount rate reflective of current interest rates. Management considers the current discount rate as minimal and the resulting discount to be nominal.

Donated materials and services: Valued based upon vendor invoices and current market price.

Mutual funds: Valued at closing price reported on the active market in which the funds are traded.

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 7: FAIR VALUE MEASUREMENTS (Continued)

Money market funds: Valued at authorized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the level within the hierarchy at which assets are measured at December 31, 2017:

	<u>2017</u>			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Nonrecurring				
Pledges receivable	\$ 7,337	\$ 0	\$ 0	\$ 7,337
Donated materials and services	<u>102,123</u>	<u>0</u>	<u>102,123</u>	<u>0</u>
Total Nonrecurring	<u>109,460</u>	<u>0</u>	<u>102,123</u>	<u>7,337</u>
Recurring				
Available for sale				
marketable securities:				
Bond mutual funds	3,944,768	3,944,768	0	0
Equity mutual funds	7,538,544	7,538,544	0	0
Money market funds	<u>45,861</u>	<u>45,861</u>	<u>0</u>	<u>0</u>
Total Recurring	<u>11,529,173</u>	<u>11,529,173</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 11,638,633</u>	<u>\$ 11,529,173</u>	<u>\$ 102,123</u>	<u>\$ 7,337</u>

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 7: FAIR VALUE MEASUREMENTS (Continued)

The table below presents the level within the hierarchy at which assets are measured at December 31, 2016:

	<u>2016</u>			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Nonrecurring				
Pledges receivable	\$ 36,851	\$ 0	\$ 0	\$ 36,851
Donated materials and services	<u>131,769</u>	<u>0</u>	<u>131,769</u>	<u>0</u>
Total Nonrecurring	<u>168,620</u>	<u>0</u>	<u>131,769</u>	<u>36,851</u>
Recurring				
Available for sale				
marketable securities:				
Bond mutual funds	4,514,950	4,514,950	0	0
Equity mutual funds	5,572,237	5,572,237	0	0
Money market funds	<u>45,794</u>	<u>45,794</u>	<u>0</u>	<u>0</u>
Total Recurring	<u>10,132,981</u>	<u>10,132,981</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$ 10,301,601</u></u>	<u><u>\$ 10,132,981</u></u>	<u><u>\$ 131,769</u></u>	<u><u>\$ 36,851</u></u>

A summary of changes in the fair value of the organization's Level 3 assets for the year ended December 31, 2017 and 2016 is presented below:

	2017	2016
Pledges receivable		
Balance, beginning of year	\$ 36,851	\$ 69,647
Additions to pledges receivable	5,500	33,080
Payments on pledges receivable	<u>(35,014)</u>	<u>(65,876)</u>
 Balance, end of year	 <u><u>\$ 7,337</u></u>	 <u><u>\$ 36,851</u></u>

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 8: COMMITMENTS AND CONTINGENCIES

Operating Leases

The organization leases the following equipment under operating leases that have the following expiration dates:

Postage machine	January 31, 2018
Copier Toshiba 4555C	June 30, 2019
Color Copier Xerox 6605	July 5, 2019
Laser Printers Ricoh MP C3004ex (2)	July 31, 2022
Zoo land and facilities	December 31, 2036

Future minimum lease payments are as follow:

YEAR ENDING DECEMBER 31,	Postage Machine	Copiers	Zoo Land and Facilities	Total
2018	\$ 154	\$ 6,278	\$ 1	\$ 6,433
2019	0	4,951	1	4,952
2020	0	3,624	1	3,625
2021	0	3,624	1	3,625
2022	0	2,114	1	2,115
Thereafter	0	0	14	14
	<u>\$ 154</u>	<u>\$ 20,591</u>	<u>\$ 19</u>	<u>\$ 20,764</u>

Lease expense for the years ended December 31, 2017 and 2016, was \$7,803 and \$6,889, respectively and is included in equipment expense.

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016, are available for the following purposes:

	2017	2016
African River	\$ 47,621	\$ 5,000
Australian Bird Purchase	12,221	12,221
Bat Exhibit	562	562
Benches	1,785	1,785
Breakfast with the Animals	1,000	0
Breakfast with Santa	3,000	0
Camp Scholarships	3,515	0
Change for Cheetahs	7,945	10,557
City of Fresno	603,171	1,039,478
Distance Learning	7,000	7,000
Education Grant - CA Coastal Conservancy	4,845	0
Education - Zoo 2 U	1,334	0
Enrichment Income	7,133	5,626
Frog & Fairytales - 2018	1,500	0
Haron Jaguar Zoo Fund	1,080	1,080
Keeper Lounge Restoration	50,000	50,000
Lorikeet Exhibit	1,850	1,850
Orangutan/Tiger Exhibit	70,912	70,912
Parking	56,000	50,000
Radin Scholarship Fund	1,000	1,000
Radiograph	7,775	0
Valley Farms	43,574	0
Wells Fargo Wednesdays	14,583	14,583
	<u>\$ 949,406</u>	<u>\$ 1,271,654</u>

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes:

	2017	2016
Africa	\$ 43,695	\$ 174,534
Australian Exhibit	0	62,758
Breakfast with the Animals	8,500	0
Camp Scholarships	0	1,602
Change for Cheetahs	3,000	0
City of Fresno	436,307	0
Conservation	2,375	2,204
Dream Night	3,500	0
Education	2,766	9,861
Enrichment Income	13,484	350
Kids' Night	5,000	0
Miscellaneous	0	500
Rainforest Birds	100	0
Safari Night	18,500	0
Sea Lion	117	2,640
Simba Classroom	7,000	0
Stingray Bay	0	15
Valley Farms	6,426	15,000
Wilderness Falls (Water Play Area)	5,000	0
Zoo Boo	2,500	0
Zoo Lights	13,500	0
Wells Fargo Wednesdays	25,000	25,000
	<u>\$ 596,770</u>	<u>\$ 294,464</u>

NOTE 10: UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2017 and 2016, consist of the following:

	2017	2016
Board-designated endowment	\$ 5,308,373	\$ 4,594,780
Undesignated net assets	<u>73,373,699</u>	<u>73,053,658</u>
	<u>\$ 78,682,072</u>	<u>\$ 77,648,438</u>

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 11: MEASURE Z OPERATING FUNDS

For the years ended December 31, 2017 and 2016, Measure Z operating funds were used as follows:

	2017	2016
Salaries and benefits:		
Animal	\$ 3,329,896	\$ 2,976,765
Veterinary services	382,301	353,984
Animal feed	400,000	360,000
Utilities	388,654	500,000
Bank charges	130	120
	<u>\$ 4,500,981</u>	<u>\$ 4,190,869</u>

NOTE 12: MEASURE Z CAPITAL FUNDS

For the years ended December 31, 2017 and 2016, Measure Z capital funds were used as follows:

	2017	2016
Architectural services	\$ 8,581	\$ 7,214
Construction in progress	2,820,426	245,391
Design	227,466	0
Utility improvements	185,339	0
Animal acquisition/transport	20,682	64,567
Bank charges	80	40
	<u>\$ 3,262,574</u>	<u>\$ 317,212</u>

During 2016, the organization received \$1,500,000 from the City of Fresno to fund a portion of shared costs of capital projects. The organization identified the capital projects that were originally funded using Measure Z funds and reimbursed to the Fresno County Zoo Authority these funds totaling \$335,649.

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FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 13: MANAGEMENT TRANSITION

The City of Fresno transferred management for the Fresno Chaffee Zoo to the organization during the year ended December 31, 2006. The agreement was effective January 1, 2006 and expires December 31, 2036 with a conditional option to extend the agreement for an additional 25-year period. In the event the conditions for this extension are not met, the organization has an option to extend the initial agreement for ten years with an additional ten-year extension available. The ten-year extensions shall be granted at the sole discretion of the Fresno City Council based upon the same terms and conditions of the initial agreement.

NOTE 14: DONATED MATERIALS AND SERVICES

Donated materials and services for the years ended December 31, 2017 and 2016, were received for the following purposes:

	2017	2016
Breakfast with the Animals	\$ 10,446	\$ 7,574
Dream Night/Zoobilation	6,542	1,207
Frogs & Fairytales	13,652	6,531
Ice Cream Zoofari	44,736	42,850
Safari Night	19,753	39,280
Zoo Boo	450	13,175
Kids' Night	1,187	140
Zoo Lights	5,357	21,012
	<u>\$ 102,123</u>	<u>\$ 131,769</u>

NOTE 15: PENSION PLAN

The organization has a 401(k) defined contribution plan that covers all employees who have attained age 21 and have completed a year of service. The plan allows eligible employees to defer compensation up to the maximum annual deferral limit. The plan provides an employer match of 100% for the first 3% of the employee contribution and a 50% match for the next 2% of the employee contribution, up to a maximum employer match of 4% of pay.

The organization may make an additional discretionary contribution to the plan. The Board of Directors determines each year if such a contribution will be made and, if so, the amount to be contributed. This contribution will be allocated among eligible participants, who have completed 1,000 hours of service, based upon compensation received during the plan year.

FRESNO'S CHAFFEE ZOO CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 16: CONCENTRATION OF CREDIT RISK

The organization maintains its cash balances in one financial institution located in Fresno, California. At times during the year, the organization maintained balances that exceeded the federally insured limit of \$250,000. The organization believes that there is no significant risk with respect to these deposits.

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 13, 2018 (date financial statements available to be issued) and determined no events have occurred subsequent to December 31, 2017 that would require adjustment to, or disclosure in the financial statements.

FRESNO'S CHAFFEE ZOO CORPORATION

INVENTORY OF CAPITAL ASSETS PURCHASED WITH MEASURE Z FUNDS

DECEMBER 31, 2017

Description	Date Placed in Service	Amount
Stingray Bay	2009	\$ 69,474
Dino Dig	2010	70,000
Hospital Quarantine	2010	750
Reptile Exhibit	2010	183,804
Tiger	2010	288
Bird of Prey	2011	44,944
Concessions Improvements	2011	23,557
Existing Sea Lion	2011	10,340
Hospital Quarantine	2011	29,187
Reptile Exhibit	2011	27,173
Tiger	2011	35,443
Cobra	2012	39,840
Concessions Improvements	2012	30,679
Giraffe	2012	57,600
Hospital Quarantine	2012	19,426
Otter	2012	36,602
Reptile Exhibit	2012	27,440
Sea Lion Cove	2012	10,411,180
Tropical Treasures	2012	10,596
Cobra	2013	256,035
Otter	2013	163,398
Reptile Exhibit	2013	405,813
Sea Lion Cove	2013	75,192
Tropical Treasures	2013	24,466
Reptile Exhibit	2014	82,063
Utilities	2014	1,429,469
Africa	2015	57,097,628
Utilities	2015	256,727
Africa	2016	144,992
Utilities	2017	467,742
		<hr/>
		71,531,847
Construction in progress	2017	3,262,494
		<hr/>
Total		\$ 74,794,341



Moore Grider & Company
Certified Public Accountants

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L. Jerome Moore, C.P.A.
1923-2016

Robert E. Grider, C.P.A.
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

To the Board of Directors
Fresno's Chaffee Zoo Corporation
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Fresno's Chaffee Zoo Corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fresno's Chaffee Zoo Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno's Chaffee Zoo Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno's Chaffee Zoo Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

More Thider & Company

Fresno, California
June 13, 2018