

## Moore Grider & Company

Certified Public Accountants

### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

*A Partnership Including  
Accountancy Corporations*

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.,  
Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A.,  
Accountancy Corporation

Pamela J. Gallemore, C.P.A.,  
Accountancy Corporation

Karl L. Noyes, C.P.A.,  
Accountancy Corporation

Cory J. Bell, C.P.A.

Kendall K. Wheeler, C.P.A.

Tom Collins, C.P.A.

Necia Wollenman, C.P.A.

Rena R. Avedikian, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Carrie M. Wiebe, C.P.A., M.B.A.

Nora E. Crow, C.P.A.

Nicholas Medeiros, C.P.A.

Oscar Espinoza, C.P.A.

Lisa Brown, C.P.A., C.FE.

L. Jerome Moore, C.P.A.  
Retired

Robert E. Grider, C.P.A.  
Retired

Board of Directors  
Fresno's Chaffee Zoo Corporation

We have performed the procedures enumerated below, which were agreed to by Fresno's Chaffee Zoo Corporation, solely to assist you with respect to the review of third-party reimbursements and Measure Z-funded expenses of Fresno's Chaffee Zoo Corporation as of and for the year ended December 31, 2014. Fresno's Chaffee Zoo Corporation's management is responsible for the presentation of the third-party reimbursements and Measure Z-funded expenses in accordance with the guidelines set forth by the Fresno County Zoo Authority. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### PROCEDURES

1. Review all (100%) reimbursements paid to FCZC for Measure Z-funded expense line items paid by "all other entities or third-parties (other than the Zoo Authority)" for purposes of determining if any operating and/or capital project expenses that were reimbursed by the Zoo Authority (Measure Z funds) were also reimbursed by a different entity or third-party.
2. Review a sample (at least 75% population coverage) of Measure Z claims submitted by FCZC for operations and capital projects, to determine if Measure Z-funded expenses were accounted for separately by FCZC.

#### FINDINGS

1. No exceptions were found as a result of applying the procedures.
2. No exceptions were found as a result of applying the procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Measure Z accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Fresno's Chaffee Zoo Corporation and Fresno County Zoo Authority and is not intended to be and should not be used by anyone other than those specified parties.

*Moore Grider & Company*

June 15, 2015



**FRESNO'S CHAFFEE ZOO CORPORATION**

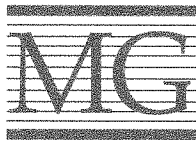
**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014,  
WITH COMPARATIVE TOTALS FOR 2013**

**FRESNO'S CHAFFEE ZOO CORPORATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014,**  
**WITH COMPARATIVE TOTALS FOR 2013**

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Retired

### 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, 2014, 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, 2014, 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 Summarized Comparative Information**

We have previously audited the organization's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moore Greider & Company*

June 15, 2015

FRESNO'S CHAFFEE ZOO CORPORATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014, WITH COMPARATIVE TOTALS FOR 2013

	UNRESTRICTED		TEMPORARILY	PERMANENTLY	TOTALS	
	FCZC	MEASURE Z	RESTRICTED	RESTRICTED	2014	2013
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ (72,660)	\$ 0	\$ 428,703	\$ 0	\$ 356,043	\$ 1,113,061
Accounts receivable (Note 2)	7,122,028	0	0	0	7,122,028	1,392,807
Pledges receivable, current portion (Note 3)	0	0	102,662	0	102,662	12,500
Prepaid expenses	123,746	0	0	0	123,746	63,572
<b>TOTAL CURRENT ASSETS</b>	<b>7,173,114</b>	<b>0</b>	<b>531,365</b>	<b>0</b>	<b>7,704,479</b>	<b>2,581,940</b>
<b>PLEDGES RECEIVABLE</b> , net of current portion reflected above (Note 3)	0	0	34,500	0	34,500	35,000
<b>CONSTRUCTION IN PROGRESS</b>	35,212,433	0	0	0	35,212,433	4,788,109
<b>EQUIPMENT AND FACILITIES</b> , net of accumulated depreciation of \$2,505,657 in 2014 and \$1,612,663 in 2013	14,124,242	0	0	0	14,124,242	12,578,167
<b>INVESTMENT IN SECURITIES</b> (Note 4)	9,322,364	0	0	50,430	9,372,794	9,039,157
<b>TOTAL ASSETS</b>	<b>65,832,153</b>	<b>0</b>	<b>565,865</b>	<b>50,430</b>	<b>66,448,448</b>	<b>29,022,373</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Margin loan (Note 5)	248,085	0	0	0	248,085	0
Accounts payable	6,082,384	0	0	0	6,082,384	1,027,531
Accrued expenses	302,417	0	0	0	302,417	257,694
Deferred revenue	1,019	0	0	0	1,019	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,633,905</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,633,905</b>	<b>1,285,225</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 8)	0	0	0	0	0	0
<b>NET ASSETS</b>						
Permanently restricted (Note 6)	0	0	0	50,430	50,430	47,952
Temporarily restricted (Note 9)	0	0	565,865	0	565,865	399,034
Unrestricted (Note 10)	59,198,248	0	0	0	59,198,248	27,290,162
<b>TOTAL NET ASSETS</b>	<b>59,198,248</b>	<b>0</b>	<b>565,865</b>	<b>50,430</b>	<b>59,814,543</b>	<b>27,737,148</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 65,832,153</b>	<b>\$ 0</b>	<b>\$ 565,865</b>	<b>\$ 50,430</b>	<b>\$ 66,448,448</b>	<b>\$ 29,022,373</b>

**FRESNO'S CHAFFEE ZOO CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014, WITH COMPARATIVE TOTALS FOR 2013**

	UNRESTRICTED		TEMPORARILY	PERMANENTLY	TOTALS	
	FCZC	MEASURE Z	RESTRICTED	RESTRICTED	2014	2013
<b>REVENUE AND SUPPORT</b>						
Measure Z operating funds (Note 11)	\$ 0	\$ 3,547,371	\$ 0	\$ 0	\$ 3,547,371	\$ 3,560,746
Measure Z capital funds (Note 12)	0	31,938,372	0	0	31,938,372	2,821,588
Admissions income	2,176,323	0	0	0	2,176,323	2,180,254
Gift shop sales	357,104	0	0	0	357,104	350,319
Donations	292,954	0	308,514	0	601,468	345,491
Concessions commission	288,513	0	0	0	288,513	274,610
Membership income	830,803	0	0	0	830,803	779,897
Donated materials and services						
(Note 14)	110,387	0	0	0	110,387	134,071
Stingray Bay Exhibit income	284,447	0	0	0	284,447	272,757
Education income	301,807	0	6,535	0	308,342	255,587
Event income	551,530	0	24,412	0	575,942	478,738
Investment income, net of expenses of \$54,775 in 2014 and \$55,105 in 2013						
(Note 4)	361,618	0	0	2,237	363,855	211,115
Unrealized gain (loss) (Note 4)						
on securities	(61,420)	0	0	241	(61,179)	876,054
Facility rental income	233,267	0	0	0	233,267	240,221
Giraffe feeding income	185,653	0	0	0	185,653	167,450
Adopt-an-Animal income	38,377	0	0	0	38,377	36,582
Interest income	360	0	0	0	360	373
Other income	59,250	0	3,409	0	62,659	55,730
Net assets released from restrictions:						
Satisfaction of program restrictions (Note 9)	176,039	0	(176,039)	0	0	0
<b>TOTAL REVENUE AND SUPPORT</b>	<b>6,187,012</b>	<b>35,485,743</b>	<b>166,831</b>	<b>2,478</b>	<b>41,842,064</b>	<b>13,041,583</b>
<b>EXPENSES</b>						
Program services	4,500,117	35,485,743	0	0	39,985,860	10,539,490
Management and general	649,287	0	0	0	649,287	607,387
Fundraising	405,585	0	0	0	405,585	379,617
<b>TOTAL EXPENSES</b>	<b>5,554,989</b>	<b>35,485,743</b>	<b>0</b>	<b>0</b>	<b>41,040,732</b>	<b>11,526,494</b>
<b>INCREASE IN NET ASSETS BEFORE GAAP ADJUSTMENTS</b>	<b>632,023</b>	<b>0</b>	<b>166,831</b>	<b>2,478</b>	<b>801,332</b>	<b>1,515,089</b>
<b>GAAP ADJUSTMENTS (NOTE 1)</b>						
Capitalized construction in progress purchased with Measure Z funds	31,856,149	0	0	0	31,856,149	1,896,604
Capitalized facilities purchased with Measure Z funds	82,063	0	0	0	82,063	924,904
Depreciation on capitalized facilities purchased with Measure Z funds	(662,149)	0	0	0	(662,149)	(593,460)
<b>INCREASE IN NET ASSETS</b>	<b>31,908,086</b>	<b>0</b>	<b>166,831</b>	<b>2,478</b>	<b>32,077,395</b>	<b>3,743,137</b>
<b>NET ASSETS, beginning of year</b>	<b>27,290,162</b>	<b>0</b>	<b>399,034</b>	<b>47,952</b>	<b>27,737,148</b>	<b>23,994,011</b>
<b>NET ASSETS, end of year</b>	<b>\$ 59,198,248</b>	<b>\$ 0</b>	<b>\$ 565,865</b>	<b>\$ 50,430</b>	<b>\$ 59,814,543</b>	<b>\$ 27,737,148</b>



**FRESNO'S CHAFFEE ZOO CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2014, WITH COMPARATIVE TOTALS FOR 2013**

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTALS	
		MANAGEMENT AND GENERAL	FUNDRAISING	2014	2013
Advertising (Note 1)	\$ 321,971	\$ 0	\$ 0	\$ 321,971	\$ 310,400
Animal services	332,912	0	0	332,912	325,589
Bank and credit card fees	60,371	5,551	3,470	69,392	62,045
Business expense	48,795	4,487	2,804	56,086	30,348
Computer/software expense	40,716	3,744	2,340	46,800	47,008
Conservation	69,646	6,404	4,003	80,053	66,650
Contracted services	393,266	33,721	21,075	448,062	442,402
Consultant fees	64,567	0	0	64,567	169,816
Depreciation	201,113	18,493	11,558	231,164	165,882
Dues	31,181	2,867	1,792	35,840	33,627
Equipment	155,399	14,290	8,931	178,620	142,466
Fleet	17,410	1,601	1,001	20,012	29,848
Food/catering expense	195,253	17,954	11,221	224,429	228,313
Insurance - liability	131,157	12,060	7,538	150,755	138,967
Interest expense	0	351	0	351	0
Miscellaneous	23,502	2,161	1,351	27,014	52,397
Office supplies	19,807	1,821	1,138	22,767	27,671
Postage	43,811	4,029	2,518	50,357	50,295
Printing	122,586	11,272	7,045	140,904	169,424
Professional services	278,983	25,654	16,034	320,670	211,654
Repairs and replacements	244,185	0	0	244,185	285,322
Salaries and benefits	778,627	397,782	248,614	1,425,022	1,086,760
Specialized services	83,500	7,678	4,799	95,977	152,456
Staff development	63,868	5,873	3,671	73,412	71,964
Supplies	321,593	29,572	18,482	369,647	320,279
Telephone	34,837	3,203	2,002	40,042	38,447
Uniforms	27,131	2,495	1,559	31,185	31,311
Utilities	393,930	36,223	22,640	452,793	452,819
	<u>4,500,117</u>	<u>649,287</u>	<u>405,585</u>	<u>5,554,989</u>	<u>5,144,160</u>
Measure Z operating funds (Note 11)	3,547,371	0	0	3,547,371	3,560,746
Measure Z capital funds (Note 12)	<u>31,938,372</u>	<u>0</u>	<u>0</u>	<u>31,938,372</u>	<u>2,821,588</u>
<b>SUBTOTAL BEFORE GAAP ADJUSTMENTS</b>	<b>39,985,860</b>	<b>649,287</b>	<b>405,585</b>	<b>41,040,732</b>	<b>11,526,494</b>
<b>GAAP ADJUSTMENTS (NOTE 1)</b>					
Capitalized construction in progress purchased with Measure Z funds	(31,856,149)	0	0	(31,856,149)	(1,896,604)
Capitalized facilities purchased with Measure Z funds	(82,063)	0	0	(82,063)	(924,904)
Depreciation on facilities purchased with Measure Z funds	<u>662,149</u>	<u>0</u>	<u>0</u>	<u>662,149</u>	<u>593,460</u>
	<u><b>\$ 8,709,797</b></u>	<u><b>\$ 649,287</b></u>	<u><b>\$ 405,585</b></u>	<u><b>\$ 9,764,669</b></u>	<u><b>\$ 9,298,446</b></u>

**FRESNO'S CHAFFEE ZOO CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 32,077,395	\$ 3,743,137
Adjustments to reconcile increase in net assets to net cash provided from operating activities:		
Depreciation	893,313	759,342
Contributions restricted for long-term purpose - endowment	(83,224)	(31,298)
Unrealized (gain) loss on securities	61,179	(876,054)
Changes in:		
Accounts receivable	(5,729,221)	758,900
Pledges receivable	(89,662)	(29,200)
Prepaid expenses	(60,174)	203,151
Accounts payable	5,054,853	(29,537)
Accrued expenses	44,723	(50,040)
Deferred revenue	1,019	(950)
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<u>32,170,201</u>	<u>4,447,451</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment and facilities	(673,731)	(1,658,991)
Proceeds from sale of equipment	3,175	0
Increase in construction in progress	(32,193,156)	(1,896,604)
Acquisition of securities	(394,816)	(247,349)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(33,258,528)</u>	<u>(3,802,944)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in margin loan	248,085	0
Contributions restricted for long-term purpose - endowment	83,224	31,298
<b>NET CASH PROVIDED FROM FINANCING ACTIVITIES</b>	<u>331,309</u>	<u>31,298</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(757,018)	675,805
<b>CASH, beginning of year</b>	<u>1,113,061</u>	<u>437,256</u>
<b>CASH, end of year</b>	<u><u>\$ 356,043</u></u>	<u><u>\$ 1,113,061</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 351</u>	<u>\$ 0</u>
Non-cash transactions:		
Donated materials and services	<u>\$ 110,387</u>	<u>\$ 134,071</u>
Transfer of construction in progress to equipment and facilities	<u>\$ 1,768,832</u>	<u>\$ 0</u>

# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

### 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 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, 2014 and 2013 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, 2014 and 2013, 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, 2014 AND 2013

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

**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 \$1,500 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 10 and 11).

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 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

**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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

**Expense allocation** (Continued)

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, 2014 and 2013, interest and penalties totaled \$0.

Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination.

**Advertising costs** – Advertising costs are expensed as incurred and totaled \$321,971 and \$310,400 in 2014 and 2013, 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, 2013, 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.

The Statement of Functional Expenses presents financial data in conformity with GAAP. The Measure Z capital funds line includes \$31,938,372 and \$2,821,508 expended for construction in progress and facilities for 2014 and 2013, respectively. For GAAP reporting purposes, these expenditures are capitalized and depreciated over the life of the asset.

# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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

**Reclassification** – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassification had no impact on previously-reported increase in net assets or cash flow information.

**NOTE 2: ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2014 and 2013, consists of the following:

	2014				2013
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
Measure Z Operating	\$ 339,531	\$ 0	\$ 0	\$ 339,531	\$ 301,161
Measure Z Capital	6,534,767	0	0	6,534,767	827,091
City of Fresno	159,568	0	0	159,568	204,905
Various	88,162	0	0	88,162	59,650
<b>Total</b>	<b>\$ 7,122,028</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,122,028</b>	<b>\$ 1,392,807</b>

**NOTE 3: PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2014 and 2013 are as follows:

	2014				2013
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
Less than one year	\$ 0	\$ 102,662	\$ 0	\$ 102,662	\$ 12,500
One to four years	0	34,500	0	34,500	35,000
<b>Total</b>	<b>\$ 0</b>	<b>\$ 137,162</b>	<b>\$ 0</b>	<b>\$ 137,162</b>	<b>\$ 47,500</b>

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**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 4: INVESTMENT IN SECURITIES**

Investment in securities as of December 31, 2014 and 2013, is summarized below:

	<b>2014</b>	
	<b>Quoted Market Value</b>	<b>Unrealized Gain</b>
Unrestricted:		
Bond mutual funds	\$ 3,675,181	\$ 620,034
Equity mutual funds	4,306,118	230,817
Corporate securities	1,229,585	236,100
Real estate investment trusts	27,377	2,222
Money market funds	84,103	0
	<u>9,322,364</u>	<u>1,089,173</u>
Permanently Restricted:		
Bond mutual funds	14,528	2,307
Equity mutual funds	35,382	2,719
Money market funds	520	0
	<u>50,430</u>	<u>5,026</u>
	<u><u>\$ 9,372,794</u></u>	<u><u>\$ 1,094,199</u></u>

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**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 4: INVESTMENT IN SECURITIES (Continued)**

	<b>2013</b>	
	<b>Quoted Market Value</b>	<b>Unrealized Gain</b>
Unrestricted:		
Bond mutual funds	\$ 3,370,801	\$ 642,144
Equity mutual funds	4,297,920	264,710
Corporate securities	1,196,248	241,399
Real estate investment trusts	15,383	2,340
Money market funds	110,853	0
	<u>8,991,205</u>	<u>1,150,593</u>
Permanently Restricted:		
Bond mutual funds	11,760	2,237
Equity mutual funds	35,988	2,548
Money market funds	204	0
	<u>47,952</u>	<u>4,785</u>
	<u><b>\$ 9,039,157</b></u>	<u><b>\$ 1,155,378</b></u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2014, with comparable totals for 2013:

	<b>2014</b>				<b>2013</b>
	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>PERMANENTLY RESTRICTED</b>	<b>TOTAL</b>	<b>TOTAL</b>
Investment return:					
Investment income,					
net of expenses	\$ 361,618	\$ 0	\$ 2,237	\$ 363,855	\$ 211,115
Unrealized gain(loss)	<u>(61,420)</u>	<u>0</u>	<u>241</u>	<u>(61,179)</u>	<u>876,054</u>
	<u><b>\$ 300,198</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 2,478</b></u>	<u><b>\$ 302,676</b></u>	<u><b>\$ 1,087,169</b></u>

**NOTE 5: MARGIN LOAN**

During 2014, the organization obtained a margin loan account with Charles Schwab. Management can withdrawal a maximum of 25% of the total account value. Interest is calculated at the daily margin interest rate; at December 31, 2014 the interest rate was 1.80%. The account is collateralized by securities owned by the organization and matures August 1, 2017. At December 31, 2014, the outstanding balance was \$248,085.



# **FRESNO'S CHAFFEE ZOO CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

### **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, 2014 AND 2013**

**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, 2014 AND 2013**

**NOTE 6: ENDOWMENTS (Continued)**

**Endowment Net Asset Composition by Type of Fund**

Endowment net assets consist of the following at December 31, 2014 and 2013:

	<b>2014</b>		
	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 0	\$ 50,430	\$ 50,430
Board-designated endowment funds	<u>4,119,118</u>	<u>0</u>	<u>4,119,118</u>
Total endowment net assets	<u><b>\$ 4,119,118</b></u>	<u><b>\$ 50,430</b></u>	<u><b>\$ 4,169,548</b></u>

	<b>2013</b>		
	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 0	\$ 47,952	\$ 47,952
Board-designated endowment funds	<u>3,887,689</u>	<u>0</u>	<u>3,887,689</u>
Total endowment net assets	<u><b>\$ 3,887,689</b></u>	<u><b>\$ 47,952</b></u>	<u><b>\$ 3,935,641</b></u>

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**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 6: ENDOWMENTS (Continued)**

**Changes in Endowment Net Assets**

The following schedule shows changes in endowment net assets for the years ended December 31, 2014 and 2013:

	<b>2014</b>		
	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, January 1, 2014	<u>\$ 3,887,689</u>	<u>\$ 47,952</u>	<u>\$ 3,935,641</u>
Investment return			
Investment income, net of expenses	187,387	2,237	189,624
Unrealized gain (loss)	<u>(39,182)</u>	<u>241</u>	<u>(38,941)</u>
Net investment return	148,205	2,478	150,683
Contributions	83,224	0	83,224
Amounts appropriated for expenditure	<u>0</u>	<u>0</u>	<u>0</u>
Endowment net assets, December 31, 2014	<u><u>\$ 4,119,118</u></u>	<u><u>\$ 50,430</u></u>	<u><u>\$ 4,169,548</u></u>

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**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 6: ENDOWMENTS (Continued)**

**Changes in Endowment Net Assets (Continued)**

	<b>2013</b>		
	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, January 1, 2013	\$ 3,287,798	\$ 40,851	\$ 3,328,649
Investment return			
Investment income, net of expenses	110,960	1,598	112,558
Unrealized gain	457,633	5,503	463,136
Net investment return	568,593	7,101	575,694
Contributions	31,298	0	31,298
Amounts appropriated for expenditure	0	0	0
Endowment net assets, December 31, 2013	<u>\$ 3,887,689</u>	<u>\$ 47,952</u>	<u>\$ 3,935,641</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, 2014 and 2013.

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# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

### 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 or 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, 2014 and 2013.

*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.

*Mutual funds:* Valued at net asset value of share held by the organization at year-end.

*Corporate securities:* Valued at closing price reported on the active market in which the individual equities are traded.

*Real estate investment trusts:* Valued at the closing price reported on the active or observable market on which the individual securities are traded.

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

# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

### NOTE 7: FAIR VALUE MEASUREMENTS (Continued)

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, 2014:

	2014			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
<b>Nonrecurring</b>				
Pledges receivable	\$ 137,162	\$ 0	\$ 0	\$ 137,162
<b>Recurring</b>				
Available for sale				
marketable securities:				
Bond mutual funds	3,689,709	3,689,709	0	0
Equity mutual funds	4,341,500	4,341,500	0	0
Corporate securities	1,229,585	1,229,585	0	0
Real estate investment trusts	27,377	27,377	0	0
Money market funds	84,623	84,623	0	0
Total available for sale marketable securities	9,372,794	9,372,794	0	0
<b>Total</b>	<b>\$ 9,509,956</b>	<b>\$ 9,372,794</b>	<b>\$ 0</b>	<b>\$ 137,162</b>

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# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

### NOTE 7: FAIR VALUE MEASUREMENTS (Continued)

The table below presents the level within the hierarchy at which assets are measured at December 31, 2013:

	2013			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
<b>Nonrecurring</b>				
Pledges receivable	\$ 47,500	\$ 0	\$ 0	\$ 47,500
<b>Recurring</b>				
Available for sale				
marketable securities:				
Bond mutual funds	3,382,561	3,382,561	0	0
Equity mutual funds	4,333,908	4,333,908	0	0
Corporate securities	1,196,248	1,196,248	0	0
Real estate investment trusts	15,383	15,383	0	0
Money market funds	111,057	111,057	0	0
Total available for sale marketable securities	9,039,157	9,039,157	0	0
<b>Total</b>	<b>\$ 9,086,657</b>	<b>\$ 9,039,157</b>	<b>\$ 0</b>	<b>\$ 47,500</b>

A summary of changes in the fair value of the organization's Level 3 assets for the year ended December 31, 2014 and 2013 is presented below:

	2014	2013
Pledges receivable		
Balance, beginning of year	\$ 47,500	\$ 18,000
Additions to pledges receivable	191,823	40,000
Payments on pledges receivable	(102,161)	(10,500)
Balance, end of year	<u>\$ 137,162</u>	<u>\$ 47,500</u>

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# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

### 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 Lanier LD525SPF	October 4, 2015
Copiers Ricoh RI MPC2551 (2)	August 9, 2017
Copier Toshiba 4555C	June 30, 2019
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
2015	\$ 1,848	\$ 6,200	\$ 1	\$ 8,049
2016	1,848	4,740	1	6,589
2017	1,848	3,844	1	5,693
2018	154	2,054	1	2,209
2019	0	1,026	1	1,027
Thereafter	0	0	17	17
	<u>\$ 5,698</u>	<u>\$ 17,864</u>	<u>\$ 22</u>	<u>\$ 23,584</u>

Lease expense for the years ended December 31, 2014 and 2013, was \$7,808 and \$8,375, respectively and is included in equipment expense.

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# FRESNO'S CHAFFEE ZOO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

### NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 and 2013, are available for the following purposes:

	2014	2013
Africa	\$ 323,170	\$ 128,511
Australian bird purchase	12,221	12,221
Australian exhibit	62,758	65,257
Bat exhibit	562	562
Benches	4,238	4,238
Change for Cheetahs	9,923	1,978
Haron Jaguar zoo fund	1,080	1,080
Keeper Lounge Restoration	50,000	50,000
Kids Zone	0	6,000
Lorikeet exhibit	1,850	1,850
Orangutan/tiger exhibit	70,912	73,412
Radin Scholarship Fund	1,000	1,000
Sea Lion	13,566	34,755
Small Wonders	0	3,586
Wells Fargo Wednesdays	14,583	14,584
	<u>\$ 565,863</u>	<u>\$ 399,034</u>

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

Australian exhibit	\$ 2,500
Conservation	1,219
Education	6,535
Hospital fund	580
Kids Zone	6,000
Orangutan/tiger exhibit	2,500
Safari Night	24,412
Sea Lion	21,667
Small Wonders	3,586
Stingray Bay	40
Valley Farms	50,000
Wells Fargo Wednesdays	25,000
Zoomobile	32,000
	<u>\$ 176,039</u>

**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NOTE 10: UNRESTRICTED NET ASSETS**

Unrestricted net assets at December 31, 2014 and 2013, consist of the following:

	<b>2014</b>	<b>2013</b>
Board-designated endowment	\$ 4,119,118	\$ 3,887,689
Undesignated net assets	<u>55,079,130</u>	<u>23,402,473</u>
	<u><b>\$ 59,198,248</b></u>	<u><b>\$ 27,290,162</b></u>

**NOTE 11: MEASURE Z OPERATING FUNDS**

For the years ended December 31, 2014 and 2013, Measure Z operating funds were used as follows:

	<b>2014</b>	<b>2013</b>
Salaries and benefits:		
Animal	\$ 1,788,612	\$ 1,559,918
Education	630,260	776,211
Maintenance	500,236	456,459
Veterinary services	0	212,661
Visitor services	628,143	555,367
Bank charges	<u>120</u>	<u>130</u>
	<u><b>\$ 3,547,371</b></u>	<u><b>\$ 3,560,746</b></u>

**NOTE 12: MEASURE Z CAPITAL FUNDS**

For the years ended December 31, 2014 and 2013, Measure Z capital funds were used as follows:

	<b>2014</b>	<b>2013</b>
Architectural services	\$ 1,252,355	\$ 893,633
Capital projects	82,063	849,712
Construction in progress	29,848,732	142,625
Utility improvements	755,062	935,538
Bank charges	<u>160</u>	<u>80</u>
	<u><b>\$ 31,938,372</b></u>	<u><b>\$ 2,821,588</b></u>

**FRESNO'S CHAFFEE ZOO CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**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, 2014 and 2013, were received for the following purposes:

	2014	2013
Breakfast with the Animals	\$ 4,636	\$ 4,500
Dream Night/Zoobilation	1,932	3,366
Frogs and Fairytales	4,633	5,040
Ice Cream Zoofari	41,221	42,108
Miscellaneous	625	4,466
Mother's Day Picnic	0	5,375
Safari Night	27,405	48,756
Zoo Boo	22,068	20,460
Zoolights	7,867	0
	<u>\$ 110,387</u>	<u>\$ 134,071</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, 2014 AND 2013**

**NOTE 15: PENSION PLAN (Continued)**

There were no discretionary contributions to the plan during the years ended December 31, 2014 and 2013.

The total contribution expense related to the plan, for the years ended December 31, 2014 and 2013, was \$71,537 and \$58,843, respectively. The expense is included in salaries and benefits.

**NOTE 16: CONCENTRATION OF CREDIT RISK**

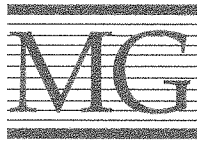
The organization maintains its cash balances in one financial institution located in Fresno, California. At times during the year, the organization maintained balances that exceeded the federally insured limit of \$250,000. The organization believes that there is no significant risk with respect to these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

**NOTE 17: LITIGATION**

The organization is a defendant in two lawsuits filed by two former employees. The organization believes the suits are without merit and intends to vigorously defend its position. The ultimate outcome of each litigation cannot presently be determined.

**NOTE 18: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 15, 2015 (date financial statements available to be issued) and determined no events have occurred subsequent to December 31, 2014 that would require adjustment to, or disclosure in the financial statements.



## Moore Grider & Company

Certified Public Accountants

*A Partnership Including  
Accountancy Corporations*

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.,  
Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A.,  
Accountancy Corporation

Pamela J. Gallemore, C.P.A.,  
Accountancy Corporation

Karl L. Noyes, C.P.A.,  
Accountancy Corporation

Cory J. Bell, C.P.A.

Kendall K. Wheeler, C.P.A.

Tom Collins, C.P.A.

Necia Wollenman, C.P.A.

---

Rena R. Avedikian, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Carrie M. Wiebe, C.P.A., M.B.A.

Nora E. Crow, C.P.A.

Nicholas Medeiros, C.P.A.

Oscar Espinoza, C.P.A.

Lisa Brown, C.P.A., C.F.E.

---

L. Jerome Moore, C.P.A.  
Retired

Robert E. Grider, C.P.A.  
Retired

### **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, 2014, 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 15, 2015.

#### **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.

*Moore Grier & Company*

June 15, 2015