

NEW MEXICO BIOPARK SOCIETY, INC.

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Mexico BioPark Society, Inc.
Albuquerque, New Mexico

We have audited the accompanying financial statements of New Mexico BioPark Society, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider 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.

Correction of Error

As discussed in Note P to the financial statements, an error resulting in the understatement of amounts previously reported for accounts receivable and contribution revenue as well as an error resulting in the overstatement of contributions payable and program expenses were discovered by management during the current year. Accordingly, amounts reported for accounts receivable, contribution revenue, accrued liabilities and program expenses have been restated in the 2016 financial statements now presented. Our opinion is not modified with respect to that matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Mexico BioPark Society, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BPWC, LLC

BPWC, LLC

Albuquerque, New Mexico
June 14, 2018

New Mexico BioPark Society, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 6,798,576	\$ 5,663,686
Investments - unrestricted	1,039,354	983,971
Accounts receivable	1,080,483	1,063,386
Prepaid expenses	16,611	3,642
Pledges receivable	26,072	82,156
Property and equipment	104,161	113,169
Permanently restricted assets		
Beneficial interest in assets held by others	2,653,437	2,400,867
Endowment fund investments	75,305	75,305
Investments	100,000	100,000
	\$ 11,893,999	\$ 10,486,182
TOTAL ASSETS	\$ 11,893,999	\$ 10,486,182
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 437,179	\$ 335,953
Accrued liabilities	98,153	54,146
Contribution payable to the BioPark	1,173,737	905,476
Contribution payable to the BioPark for capital improvements	676,988	891,329
Deferred membership and sponsorship revenue	760,996	794,615
	3,147,053	2,981,519
TOTAL LIABILITIES	3,147,053	2,981,519
NET ASSETS		
Unrestricted	3,823,115	3,075,061
Temporarily restricted	2,095,092	1,853,433
Permanently restricted	2,828,739	2,576,169
	8,746,946	7,504,663
TOTAL NET ASSETS	8,746,946	7,504,663
TOTAL LIABILITIES AND NET ASSETS	\$ 11,893,999	\$ 10,486,182

See accompanying notes to financial statements.

New Mexico BioPark Society, Inc.
Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support				
Special events at the BioPark	\$ 2,548,641	\$ -	\$ -	\$ 2,548,641
Membership dues	1,849,900	-	-	1,849,900
Contributions	336,421	426,873	-	763,294
Programs	566,690	-	-	566,690
Investment income	78,843	44,550	252,570	375,963
Other income	4,989	-	-	4,989
Net assets released from restriction	229,764	(229,764)	-	-
	<u>5,615,248</u>	<u>241,659</u>	<u>252,570</u>	<u>6,109,477</u>
Expenses				
Program services				
Special events at the BioPark	1,359,237	-	-	1,359,237
Program and BioPark support	1,070,724	-	-	1,070,724
Revenue sharing with BioPark	1,171,474	-	-	1,171,474
Total program services	<u>3,601,435</u>	<u>-</u>	<u>-</u>	<u>3,601,435</u>
Support services	787,493	-	-	787,493
Fund-raising	478,266	-	-	478,266
	<u>4,867,194</u>	<u>-</u>	<u>-</u>	<u>4,867,194</u>
Change in net assets	748,054	241,659	252,570	1,242,283
Net assets, beginning of year	<u>3,075,061</u>	<u>1,853,433</u>	<u>2,576,169</u>	<u>7,504,663</u>
Net assets, end of year	<u>\$ 3,823,115</u>	<u>\$ 2,095,092</u>	<u>\$ 2,828,739</u>	<u>\$ 8,746,946</u>

See accompanying notes to financial statements.

New Mexico BioPark Society, Inc.
Statement of Activities
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support				
Special events at the BioPark	\$ 2,201,176	\$ -	\$ -	\$ 2,201,176
Membership dues	1,831,303	-	-	1,831,303
Contributions	346,876	488,356	-	835,232
Programs	570,853	-	-	570,853
Investment income	37,961	38,130	118,882	194,973
Other income	6,373	-	-	6,373
Net assets released from restriction	524,112	(524,112)	-	-
	<u>5,518,654</u>	<u>2,374</u>	<u>118,882</u>	<u>5,639,910</u>
Expenses				
Program services				
Special events at the BioPark	1,057,148	-	-	1,057,148
Program and BioPark support	1,355,079	-	-	1,355,079
Revenue sharing with BioPark	1,121,689	-	-	1,121,689
Total program services	<u>3,533,916</u>	<u>-</u>	<u>-</u>	<u>3,533,916</u>
Support services	792,482	-	-	792,482
Fund-raising	393,097	-	-	393,097
	<u>4,719,495</u>	<u>-</u>	<u>-</u>	<u>4,719,495</u>
Change in net assets	799,159	2,374	118,882	920,415
Net assets, beginning of year	<u>2,275,902</u>	<u>1,851,059</u>	<u>2,457,287</u>	<u>6,584,248</u>
Net assets, end of year	<u>\$ 3,075,061</u>	<u>\$ 1,853,433</u>	<u>\$ 2,576,169</u>	<u>\$ 7,504,663</u>

See accompanying notes to financial statements.

New Mexico BioPark Society, Inc.
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,242,283	\$ 920,415
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,436	16,035
Loss on sale of property and equipment	3,733	-
Net realized and unrealized gain on investments	(56,590)	(17,531)
Net realized and unrealized gain on permanently restricted assets	(252,570)	(118,882)
Changes in operating assets and liabilities:		
Accounts receivable	(17,097)	999,283
Prepaid expenses	(12,969)	(1,480)
Accounts payable	101,226	90,124
Accrued liabilities	44,007	2,887
Contribution payable to the BioPark	53,920	(74,212)
Deferred membership revenue	(33,619)	63,454
Contributions restricted for long-term purposes		
Cash contributions	(52,222)	(27,873)
Restricted pledges receivable	56,722	27,873
Amortization of discount on pledges receivable	(638)	(3,008)
Cash provided by operating activities	1,103,622	1,877,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(95,794)	(246,306)
Proceeds on sale of investments	97,001	238,994
Proceeds on property and equipment	1,100	-
Purchases of property and equipment	(23,261)	(16,220)
Cash used by investing activities	(20,954)	(23,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign pledges received	52,222	27,873
Cash provided by financing activities	52,222	27,873
Change in cash and cash equivalents	1,134,890	1,881,426
Cash and cash equivalents, beginning of year	5,663,686	3,782,260
Cash and cash equivalents, end of year	\$ 6,798,576	\$ 5,663,686

See accompanying notes to financial statements.

New Mexico BioPark Society, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE A – NATURE OF ORGANIZATION

New Mexico BioPark Society, Inc., (NMBPS) is a nonprofit organization founded in 1969. The NMBPS's purpose and function is to promote the development of the Albuquerque Biological Park (Rio Grande Zoo, Albuquerque Aquarium, Rio Grande Botanic Garden, Tingley Beach), to further community interest in the BioPark, and to assist in raising funds for the continued development and capital improvements of the BioPark. NMBPS raises funds from donations received from private foundations, individuals, businesses, fund-raising events, state lobbying efforts, grants and special fund-raising campaigns. NMBPS also administers the membership program for the Albuquerque BioPark. The Albuquerque BioPark is a division of the City of Albuquerque's Cultural Services Department.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review

NMBPS has evaluated subsequent events through June 14, 2018, which is the date these financial statements were available to be issued, to determine whether such events should be recorded or disclosed in these financial statements. Management believes that no material subsequent events have arisen that would require additional disclosure or accrual.

Financial Statement Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). NMBPS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenues and Other Support

In order to support the various programs, NMBPS generates revenue and support through a variety of sources. The primary sources of revenue include membership dues, special events held at the BioPark, programs held at the BioPark, contributions, and investment income.

NMBPS reports contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the absence or existence and nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 and reported in the statement of activities as net assets released from restriction.

Donated materials and other non-cash donations are recorded as revenues and other support at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. The total of donated materials and non-cash donations were \$752,877 in 2017 and \$533,693 in 2016.

NMBPS receives an in-kind donation of office space and utilities from the City of Albuquerque which operates the Albuquerque Biological Park. The value of this in-kind donation was \$75,763 in both 2017 and 2016.

New Mexico BioPark Society, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Many individuals have donated time and services to NMBPS. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under GAAP.

Cash and Cash Equivalents

NMBPS considers all highly liquid investments, except for those held for investment, with initial maturities of three months or less, including bank overnight repurchase agreements, to be cash equivalents.

Accounts Receivable

Accounts receivable are for grants, program admissions, membership dues, and contracts and are reported at their outstanding balance which approximates fair value. NMBPS considers accounts receivable to be fully collectible based on management's evaluation of the receivables, including the nature of the receivables, historical losses and economic conditions. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made. NMBPS considers all receivables outstanding for over 90 days to be past due.

Pledges Receivable

Pledges receivable are unconditional promises to give for a capital campaign that are expected to be collected in future years and are recorded at the present value of their estimated future cash flows less an allowance for uncollectible pledges. An allowance for uncollectible pledges was established by management of NMBPS based on current expectations. The discounts on those amounts are computed using risk free interest rates applicable to the year in which the pledges are received.

Investments

Investments consisting of certificates of deposit, mutual funds and equity securities are reported at their fair values based on quoted prices in active markets in the statements of financial position. Investment gains and losses are included in the statements of activities.

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets that are to be used by NMBPS are capitalized at their fair market value on the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of three to thirty-nine years. All acquisitions of property and equipment in excess of \$2,500 are capitalized. For the years ended December 31, 2017 and 2016, depreciation expense was \$27,436 and \$16,035, respectively.

Deferred Membership Revenue

NMBPS receives annual membership dues. Membership dues revenue is recognized monthly over the annual period of the membership.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized by function based on evaluation of the related benefit by management. Accordingly, certain costs have been allocated among the program and supporting services benefited.

New Mexico BioPark Society, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures. It is at least reasonably possible that a change in estimates will occur in the near term. Accordingly, actual results could differ from these estimates.

Income Taxes

NMBPS is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. However, income from certain activities not directly related to NMBPS’s tax-exempt purpose is subject to taxation as unrelated business income. Income from automatic teller machines located at the BioPark is considered unrelated business income. Income taxes for such unrelated business income totaled \$50 in 2017 and 2016, respectively.

NMBPS’s income tax filings are subject to audit by various taxing authorities. NMBPS’s open audit periods are 2014 to 2017. NMBPS believes it has appropriate support for any tax positions taken and, as such, has not recognized any changes to the financial statements for uncertain tax positions.

Advertising

NMBPS expenses advertising as incurred. For 2017, advertising expense was \$839,048, including donated advertising of \$752,877 and for 2016, advertising expense was \$652,186 including donated advertising of \$533,693.

NOTE C - ACCOUNTS RECEIVABLE

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

	<u>2017</u>	<u>2016</u>
City of Albuquerque	\$ 1,020,946	\$ 956,416
Grant receivable	8,083	28,676
Sponsorships	10,000	-
Other	41,454	78,294
	<u>\$ 1,080,483</u>	<u>\$ 1,063,386</u>

Accounts receivable more than 90 days past due was \$63,210 and \$428 at December 31, 2017 and 2016, respectively. Bad debt expense was \$0 in 2017 and 2016, respectively.

New Mexico BioPark Society, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE D – PLEDGES RECEIVABLE

At December 31, 2017 and 2016, pledges receivable consist of the following:

	2017	2016
Pledges receivable in less than one year	\$ 34,155	\$ 70,626
Pledges receivable due in one to four years	-	20,251
Total pledges receivable	34,155	90,877
Less unamortized discount	-	(638)
Less allowance for uncollectible pledges	(8,083)	(8,083)
	<u>\$ 26,072</u>	<u>\$ 82,156</u>

Pledges receivable include an allowance for uncollectible pledges of 15% of the uncollected balance at December 31, 2017 and 2016, adjusted for additional information available to management regarding the collectability of certain pledges. The discount on pledges receivable was calculated using the Federal Reserve prime rate at the time of the pledges of 3.25% and is amortized over the collection period of the pledges.

NOTE E - INVESTMENTS

The following summarizes the investment income in the statements of activities, and includes income from interest bearing cash accounts, investments, beneficial interest in assets held by others and endowment fund investments for the years ended December 31, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>December 31, 2017</u>				
Interest and dividends	\$ 15,573	\$ -	\$ -	\$ 15,573
Trust distributions	-	44,550	-	44,550
Investment gains	64,391	-	266,605	330,996
Total investment return	79,964	44,550	266,605	391,119
Less investment expenses	1,121	-	14,035	15,156
Net investment income	<u>\$ 78,843</u>	<u>\$ 44,550</u>	<u>\$ 252,570</u>	<u>\$ 375,963</u>
<u>December 31, 2016</u>				
Interest and dividends	\$ 9,517	\$ -	\$ -	\$ 9,517
Trust distributions	-	38,130	-	38,130
Investment gains	29,550	-	131,967	161,517
Total investment return	39,067	38,130	131,967	209,164
Less investment expenses	1,106	-	13,085	14,191
Net investment income	<u>\$ 37,961</u>	<u>\$ 38,130</u>	<u>\$ 118,882</u>	<u>\$ 194,973</u>

New Mexico BioPark Society, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE F – FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of investments for which no significant observable market inputs are available and have the lowest priority. NMBPS uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, NMBPS measures fair value using Level 1 inputs because it generally provides the most reliable evidence of fair value. NMBPS has no Level 3 investments at December 31, 2017 and 2016. The following table sets forth fair value measurements by level within the fair value hierarchy in the accompanying statements of financial position at December 31, 2017 and 2016:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>Other Investments</u>
<u>December 31, 2017</u>				
Beneficial interest in assets				
held by others	\$ 2,653,437	\$ -	\$ -	\$ 2,653,437
Certificate of deposit	754,330	754,330	-	-
Mutual funds	365,431	365,431	-	-
Endowment fund investments	94,898	-	57,888	37,010
Equity Securities	-	-	-	-
Total	<u>\$ 3,868,096</u>	<u>\$ 1,119,761</u>	<u>\$ 57,888</u>	<u>\$ 2,690,447</u>

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>Other Investments</u>
<u>December 31, 2016</u>				
Beneficial interest in assets				
held by others	\$ 2,400,867	\$ -	\$ -	\$ 2,400,867
Certificate of deposit	754,330	754,330	-	-
Mutual funds	308,073	308,073	-	-
Endowment fund investments	86,886	-	53,001	33,885
Equity Securities	9,987	9,987	-	-
Total	<u>\$ 3,560,143</u>	<u>\$ 1,072,390</u>	<u>\$ 53,001</u>	<u>\$ 2,434,752</u>

Level 1 Fair Value Measurements

The fair values of certificates of deposit, mutual funds and marketable securities are based on quoted prices in active markets for identical assets.

Level 2 Fair Value Measurements

The fair value of a portion of the endowment fund investments was determined by the Trustee using market prices on similar assets in active markets and inputs that are observed or corroborated primarily from observable market data through correlation or other appropriate methods.

New Mexico BioPark Society, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE F – FAIR VALUE MEASUREMENTS (continued)

Other Investments

The fair value of the beneficial interest in assets held by others and a portion of the endowment fund were determined using net asset value (NAV) as a practical expedient based on the number of shares or equivalent held by NMBPS at year end.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016 consist of the following:

	2017	2016
Office furniture and equipment	\$ 128,761	\$ 129,456
Leasehold improvements	152,945	152,945
Transportation equipment	38,740	34,655
	320,446	317,056
Less accumulated depreciation	216,285	203,887
	\$ 104,161	\$ 113,169

NOTE H – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 2002, a donor established a trust with a bank naming NMBPS as a 25% beneficiary. The original \$1,720,040 of this 25% interest, which was determined using the fair value of the assets held in the trust at the time of the transfer based on quoted prices in active markets, is recorded as a permanently restricted net asset. Any gains or losses on the trust principal are recorded as a change in the value of the trust and the investment income is distributed on a quarterly basis as temporarily restricted investment income.

At December 31, 2017, the fair market value of these assets was \$2,416,285. At December 31, 2016, the fair market value of these assets was \$2,201,124.

During 2002, the same donor established a charitable remainder annuity trust with a bank naming NMBPS as a 25% remainder income beneficiary. At the time of the beneficiary's death, NMBPS will receive 25% of the income and the assets held by the trust. Based on a 6% rate, the present value of the future permanently restricted benefits expected to be received by NMBPS was estimated to be \$237,152 and \$199,743 at December 31, 2017 and 2016, respectively.

NOTE I – ENDOWMENT FUNDS AND SPENDING POLICY

NMBPS's endowment funds are held by the Albuquerque Community Foundation as a part of its pooled investments. Variance power has been granted to the Albuquerque Community Foundation. These assets will be returned to NMBPS if the Albuquerque Community Foundation ceases to be a charitable organization. These investments are stated at fair market value. Annual distributions can be made pursuant to current Albuquerque Community Foundation policy. Current policy states that distributions will be based on 5% of the average twelve quarters' fund balance if requested by NMBPS.

New Mexico BioPark Society, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE I – ENDOWMENT FUNDS AND SPENDING POLICY (continued)

NMBPS is also the beneficiary of a donor-advised fund established at Albuquerque Community Foundation. The Society received \$18,249 in 2017 and \$18,385 in 2016 from this fund.

NMBPS follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its governing documents for endowment investments and spending policy. Endowment net assets by type of fund is as follows for years ended December 31, 2017 and 2016:

<u>December 31, 2017</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Donor-restricted endowment funds	\$ -	\$ 75,305
Unrestricted funds	19,593	-
Total funds	<u>\$ 19,593</u>	<u>\$ 75,305</u>
<u>December 31, 2016</u>		
Donor-restricted endowment funds	\$ -	\$ 75,305
Unrestricted funds	11,581	-
Total funds	<u>\$ 11,581</u>	<u>\$ 75,305</u>

Changes in endowment net assets are as follows for the years ended December 31, 2017 and 2016:

<u>December 31, 2017</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 11,581	\$ 75,305	\$ 86,886
Investment income	11,648	-	11,648
Investment fees	(946)	-	(946)
Distributions	(2,690)	-	(2,690)
Endowment net assets, end of year	<u>\$ 19,593</u>	<u>\$ 75,305</u>	<u>\$ 94,898</u>
<u>December 31, 2016</u>			
Endowment net assets, beginning of year	\$ 8,257	\$ 75,305	\$ 83,562
Investment income	6,969	-	6,969
Investment fees	(955)	-	(955)
Distributions	(2,690)	-	(2,690)
Endowment net assets, end of year	<u>\$ 11,581</u>	<u>\$ 75,305</u>	<u>\$ 86,886</u>

New Mexico BioPark Society, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Zoo exhibits/equipment	\$ 1,269,556	\$ 1,221,369
Conservation fund/animals	601,879	346,482
Botanic Garden	102,692	62,905
Education	56,397	112,199
Aquarium	38,496	28,321
Capital campaign pledges	26,072	82,157
	<u>\$ 2,095,092</u>	<u>\$ 1,853,433</u>

Net assets were released from donor restrictions by incurring expenditures satisfying the following restricted purposes for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Zoo exhibits/equipment	\$ 96,725	\$ 457,981
Education	70,652	2,765
Conservation fund/animals	55,180	7,590
Botanic Garden	6,642	35,310
Aquarium	565	346
Tingley Beach	-	20,120
	<u>\$ 229,764</u>	<u>\$ 524,112</u>

NOTE K – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of beneficial interest in assets held by others, endowment fund investments, and other permanently restricted investments to be held indefinitely, the income of which can be used to support NMBPS. Permanently restricted net assets were \$2,828,739 and \$2,576,169 at December 31, 2017 and 2016, respectively.

NOTE L – PENSION PLAN

The NMBPS has a defined contribution plan covering all eligible employees. NMBPS contributes five percent of eligible employee's salary and will match up to three percent of eligible employee deferrals. Participants vest in employer contributions after three years. Pension plan expense for the years ended December 31, 2017 and 2016 was \$51,985 and \$52,686, respectively.

New Mexico BioPark Society, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE M – JOINT COSTS

During the year ended December 31, 2017, NMBPS incurred joint costs of \$794,401 for two special events that included fund-raising appeals. NMBPS allocated \$198,600 to fund-raising and the balance was allocated to programs. During the year ended December 31, 2016, NMBPS incurred joint costs of \$674,733 for two special events that included fund-raising appeals. NMBPS allocated \$168,684 to fund-raising and the balance was allocated to programs.

NOTE N – CONTINGENCIES

NMBPS is subject to various claims that arise in the ordinary course of business. In the opinion of management, the amount of any liability from these claims is not determinable but should not materially affect the financial position, statement of activities or the liquidity of NMBPS.

NOTE O – CONCENTRATIONS OF RISK

Financial instruments that potentially subject NMBPS to concentration risk consist principally of cash and cash equivalents, accounts receivable, and investments. Concentrations of credit risk with respect to accounts receivable are limited because the City of Albuquerque represents 95% of the balance due. NMBPS places its investments with a bank and an investment brokerage firm.

NMBPS maintains cash balances including cash and cash equivalents, and investment certificates of deposit at several financial institutions in New Mexico. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. The Company's uninsured cash balance totaled \$6,111,504 and \$5,093,125 at December 31, 2017 and 2016, respectively.

NOTE P – PRIOR PERIOD ADJUSTMENT

Management determined that the accounts receivable and contribution revenue reported in 2016 was understated by \$72,500. Management also determined that the contributions payable to the BioPark and program and BioPark support expenses reported in 2016 were overstated by \$52,500. As a result of the errors, net assets as of December 31, 2016 were understated by \$125,000. The organization has restated accounts receivable, contribution revenue, accrued liabilities, program expenses and net assets as of and for the year ended December 31, 2016 to reflect the correction.

NOTE Q – CHANGE OF ACCOUNTING PRINCIPLE

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent), which exempts investments measured using the net asset value (NAV) practical expedient in ASC 820, Fair Value Measurement, from categorization within the fair value hierarchy. The guidance requires retrospective application and is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2015. For all other entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Accordingly, the amendment was retrospectively applied resulting in the year ended December 31, 2016 information being adjusted.