

**CURIODYSSEY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2017**

**CURIODYSSEY**  
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**September 30, 2017**

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A Division of SingerLewak

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
CuriOdyssey

### Report on the Financial Statements

We have audited the accompanying financial statements of CuriOdyssey (the "Organization"), which comprise the statement of financial position as of September 30, 2017, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements").

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 Organization'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 Organization'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 the Organization as of September 30, 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 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 January 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the restated audited financial statements from which it has been derived.

*Singer Lewak LLP*

January 26, 2018

**CURIODYSSEY**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2017**  
**(Comparative Information at September 30, 2016)**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 297,027	\$ 948,364
Unconditional promises to give, current portion		
Capital campaign	2,522,601	2,759,165
Restricted to facilities use	129,887	119,717
Grants/accounts receivable	2,000	44,295
Annuity receivable, net of noncurrent portion	432	466
Store inventories	50,709	44,593
Prepaid expenses	74,384	26,359
Total current assets	<b>3,077,040</b>	<b>3,942,959</b>
<b>Noncurrent assets</b>		
Restricted cash		
Temporarily restricted fund	15,918	65,311
Permanently restricted	876,211	876,221
Capital revolving fund	3,447,321	3,345,192
Building project - Campaign for CuriOdyssey	2,931,400	2,906,832
Property and equipment, net	1,180,726	1,317,855
Annuity receivable, net of current portion	8,641	9,416
Unconditional promises to give, noncurrent portion		
Capital campaign, net of current portion and discount	2,257,301	2,632,597
Restricted to facilities use, net of current portion	856,741	986,628
Total noncurrent assets	<b>11,574,259</b>	<b>12,140,052</b>
 Total assets	<b>\$ 14,651,299</b>	<b>\$ 16,083,011</b>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CURIODYSSEY**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2017**  
**(Comparative Information at September 30, 2016)**

	<b>2017</b>	<b>2016</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 110,935	\$ 114,929
Accrued payroll and vacation	198,640	220,618
Deferred revenue	231,125	41,187
Total current liabilities	540,700	376,734
<b>Net assets</b>		
Unrestricted		
Capital campaign	9,754,450	10,555,450
Other unrestricted	2,412,091	2,967,684
Total unrestricted	12,166,541	13,523,134
Temporarily restricted	1,067,847	1,306,932
Permanently restricted	876,211	876,211
Total net assets	14,110,599	15,706,277
Total liabilities and net assets	<b>\$ 14,651,299</b>	<b>\$ 16,083,011</b>

(Concluded)

The accompanying notes are an integral part of these financial statements.

**CURIODYSSEY**  
**STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2017  
(Summarized Comparative Information for the Year Ended September 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
<b>Operating revenue</b>					
Contributions					
Annual giving	\$ 499,154	\$ 267,150	\$ -	\$ 766,304	\$ 433,724
Allocation per campaign plan	490,958	-	-	490,958	1,397,767
In-kind contributions	<u>7,662</u>	<u>87,489</u>	-	<u>95,151</u>	<u>115,589</u>
Total contributions	997,774	354,639	-	1,352,413	1,947,080
Program fees	494,431	-	-	494,431	439,198
Admissions	491,093	-	-	491,093	436,270
Membership	393,678	-	-	393,678	344,472
Facility rental income	225,300	-	-	225,300	190,127
Store sales					
(net of cost of sales Of \$96,655)	97,493	-	-	97,493	100,812
Net investment income	4,927	-	-	4,927	12,503
Special event income	1,015	-	-	1,015	338,630
Special event expenses	<u>(2,612)</u>	<u>-</u>	<u>-</u>	<u>(2,612)</u>	<u>(125,228)</u>
Subtotal	2,703,099	354,639	-	3,057,738	3,683,864
Net assets released from restrictions	<u>593,724</u>	<u>(593,724)</u>	-	-	-
Total revenue	<u>3,296,823</u>	<u>(239,085)</u>	-	<u>3,057,738</u>	<u>3,683,864</u>
<b>Operating expenses</b>					
Program services	3,044,660	-	-	3,044,660	2,861,921
Supporting services	<u>807,756</u>	<u>-</u>	<u>-</u>	<u>807,756</u>	<u>821,943</u>
Total expenses	<u>3,852,416</u>	<u>-</u>	<u>-</u>	<u>3,852,416</u>	<u>3,683,864</u>
<b>Change in net assets from operations and before capital campaign</b>					
	<u>(555,593)</u>	<u>(239,085)</u>	-	<u>(794,678)</u>	-
<b>Capital campaign</b>					
Contributions	31,846	406,592	-	438,438	4,799,938
In-kind contributions	-	2,678	-	2,678	4,960
Net investment income	12,306	-	-	12,306	15,362
Allocated via campaign plan					
to annual operations	(490,958)	-	-	(490,958)	(1,397,767)
Capital campaign expenses	(663,464)	-	-	(663,464)	(790,550)
Uncollectible pledge expense	(100,000)	-	-	(100,000)	(237)
Net assets released from restrictions	<u>409,270</u>	<u>(409,270)</u>	-	-	-
Addition to (reduction of) net assets	<u>(801,000)</u>	<u>-</u>	<u>-</u>	<u>(801,000)</u>	<u>2,631,706</u>
<b>Change in net assets</b>	(1,356,593)	(239,085)	-	(1,595,678)	2,631,706
<b>Net assets, beginning of year</b>	<u>13,523,134</u>	<u>1,306,932</u>	<u>876,211</u>	<u>15,706,277</u>	<u>13,074,571</u>
<b>Net assets, end of year</b>	<u>\$ 12,166,541</u>	<u>\$ 1,067,847</u>	<u>\$ 876,211</u>	<u>\$ 14,110,599</u>	<u>\$ 15,706,277</u>

The accompanying notes are an integral part of these financial statements.

**CURIODYSSEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2017**  
**(Summarized Comparative Information for the Year Ended September 30, 2016)**

	<b>Program Services</b>						<b>Total Program Services</b>
	<b>Wildlife Habitats</b>	<b>Programs/ Changing Exhibits</b>	<b>School Services/ Volunteers</b>	<b>Building and Grounds</b>	<b>Store</b>	<b>Community Outreach</b>	
Salaries	\$ 418,913	\$ 471,893	\$ 181,946	\$ 113,849	\$ 65,691	\$ 380,689	\$ 1,632,981
Employee benefits and payroll taxes	80,718	62,559	46,165	22,265	11,475	68,054	291,236
Total personnel costs	<u>499,631</u>	<u>534,452</u>	<u>228,111</u>	<u>136,114</u>	<u>77,166</u>	<u>448,743</u>	<u>1,924,217</u>
Outside services	59,300	26,683	192	147,983	-	43,172	277,330
Facilities use/rent	68,028	74,451	27,444	15,660	4,830	4,710	195,123
Supplies, equipment and exhibit rental	86,543	53,301	11,203	20,104	3,622	16,414	191,187
Office expense and mileage	1,282	24,573	4,430	11,136	6,717	22,080	70,218
Printing and postage	1,129	2,084	882	(505)	474	21,382	25,446
Repairs and maintenance	16,922	6,384	1,772	15,613	886	4,429	46,006
Dues and subscriptions	22,533	129	240	1	108	2,060	25,071
Insurance	7,055	4,775	2,091	1,162	665	3,852	19,600
Promotion/advertising	-	1,050	-	-	-	69,246	70,296
Conferences/staff training	4,388	2,788	569	419	111	2,465	10,740
Telephone	3,523	3,929	1,568	970	552	3,195	13,737
Total nonpersonnel costs	<u>270,703</u>	<u>200,147</u>	<u>50,391</u>	<u>212,543</u>	<u>17,965</u>	<u>193,005</u>	<u>944,754</u>
Total expenses before depreciation	770,334	734,599	278,502	348,657	95,131	641,748	2,868,971
Depreciation	60,456	71,529	26,365	15,046	542	1,751	175,689
<b>Total expenses</b>	<b><u>\$ 830,790</u></b>	<b><u>\$ 806,128</u></b>	<b><u>\$ 304,867</u></b>	<b><u>\$ 363,703</u></b>	<b><u>\$ 95,673</u></b>	<b><u>\$ 643,499</u></b>	<b><u>\$ 3,044,660</u></b>
2016 totals	<u>\$ 845,395</u>	<u>\$ 808,160</u>	<u>\$ 280,523</u>	<u>\$ 331,097</u>	<u>\$ 85,646</u>	<u>\$ 511,100</u>	<u>\$ 2,861,921</u>

(Continued)

The accompanying notes are an integral part of these financial statements.



**CURIODYSSEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2017**

**(Summarized Comparative Information for the Year Ended September 30, 2016)**

	Supporting Services			Total Supporting Services	Total Operating 2017	Capital Campaign	Total 2017	Total 2016
	Management and General	Fundraising	Membership					
Salaries	\$ 244,576	\$ 194,979	\$ 70,681	\$ 510,236	\$ 2,143,217	\$ 314,054	\$ 2,457,271	\$ 2,444,321
Employee benefits and payroll taxes	38,696	20,817	9,220	68,733	359,969	41,956	401,925	411,388
Total personnel costs	<u>283,272</u>	<u>215,796</u>	<u>79,901</u>	<u>578,969</u>	<u>2,503,186</u>	<u>356,010</u>	<u>2,859,196</u>	<u>2,855,709</u>
Outside services	28,850	70,976	3,898	103,724	381,054	184,352	565,406	520,481
Facilities use/rent	3,861	2,932	930	7,723	202,846	82,360	285,206	284,875
Supplies, equipment and exhibit rental	2,762	3,618	2,375	8,755	199,942	522	200,464	183,344
Office expense and mileage	9,636	7,605	12,226	29,467	99,685	8,071	107,756	125,550
Printing and postage	1,312	25,651	5,792	32,755	58,201	16,873	75,074	104,598
Repairs and maintenance	4,750	5,056	4,206	14,012	60,018	6,056	66,074	66,786
Dues and subscriptions	7,550	200	56	7,806	32,877	-	32,877	37,338
Insurance	8,170	1,973	715	10,858	30,458	3,707	34,165	38,016
Promotion/advertising	-	272	300	572	70,868	-	70,868	30,286
Conferences/staff training	5,437	406	-	5,843	16,583	50	16,633	29,563
Telephone	2,074	1,732	593	4,399	18,136	3,842	21,978	20,297
Total nonpersonnel costs	<u>74,402</u>	<u>120,421</u>	<u>31,091</u>	<u>225,914</u>	<u>1,170,668</u>	<u>305,833</u>	<u>1,476,501</u>	<u>1,441,134</u>
Total expenses before depreciation	357,674	336,217	110,992	804,883	3,673,854	661,843	4,335,697	4,296,843
Depreciation	1,436	1,091	346	2,873	178,562	1,621	180,183	177,574
<b>Total expenses</b>	<b>\$ 359,110</b>	<b>\$ 337,308</b>	<b>\$ 111,338</b>	<b>\$ 807,756</b>	<b>\$ 3,852,416</b>	<b>\$ 663,464</b>	<b>\$ 4,515,880</b>	<b>\$ 4,474,417</b>
2016 totals	<u>\$ 392,803</u>	<u>\$ 270,002</u>	<u>\$ 159,138</u>	<u>\$ 821,943</u>	<u>\$ 3,683,864</u>	<u>\$ 790,550</u>	<u>\$ 4,474,414</u>	

(Concluded)

The accompanying notes are an integral part of these financial statements.

**CURIODYSSEY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2017**  
**(Comparative Information for the Year Ended September 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,595,678)	\$ 2,631,706
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	180,183	177,574
Amortization of discount	119,717	(96,862)
Dividends reinvested	-	(11,588)
Net realized and unrealized (gain) on investments	-	(16,277)
Changes in operating assets and liabilities		
Unconditional promises to give	611,860	275,691
Grants/accounts receivable	42,295	243,712
Annuity receivable	809	775
Store inventories	(6,116)	(11,684)
Prepaid expenses	(48,025)	5,595
Accounts payable and accrued liabilities	(3,994)	(158,867)
Accrued payroll and vacation	(21,978)	24,515
Deferred revenue	189,938	(24,578)
Net cash provided by (used in) operating activities	<u>(530,989)</u>	<u>3,039,712</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	3,108,615
Changes in restricted cash	(52,726)	(4,286,724)
Purchases of property and equipment	<u>(67,622)</u>	<u>(1,151,981)</u>
Net cash used in investing activities	<u>(120,348)</u>	<u>(2,330,090)</u>
<b>Net change in cash and cash equivalents</b>	(651,337)	709,622
<b>Cash and cash equivalents, beginning of year</b>	<u>948,364</u>	<u>238,742</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 297,027</b></u>	<u><b>\$ 948,364</b></u>

The accompanying notes are an integral part of these financial statements.

**NOTE 1 – THE CAMPAIGN FOR CURIODYSSEY: BUILDING THE MINDS OF TOMORROW TODAY**

In 2012, CuriOdyssey launched a comprehensive campaign to raise capital for an exciting major renovation and to support new and ongoing programs. We raised \$23,000,000 during the first five years of the campaign and established a strong financial position.

In September 2016, CuriOdyssey's Board of Trustees voted to separate the comprehensive campaign into two separate campaigns: annual and capital campaigns. The new allocation insures the capital campaign will fund the renovation, temporary relocation during construction, and campaign related costs. The annual campaign will support yearly program, administration, and operation fees. This change in fund allocation maintained our original capital campaign goal and allowed us to adjust the capital campaign timing for funds raised.

Nationally, during 2017, many local nonprofits struggled financially – and we experienced similar difficulties, in fiscal year 2017. The CuriOdyssey board and executive leadership responded to this fundraising challenge. We adjusted the make-up of the board, redoubled our development efforts and expanded the development team. These changes will result in increased revenue for the two campaigns.

The capital campaign is crucial to the long-term sustainability of the organization. It is serving the organization as intended by raising awareness, expanding our donor base and number of donations.

**NOTE 2 – ORGANIZATION**

CuriOdyssey (the “Organization”) is a serious science playground where more than 100,000 kids a year observe wild animals and experiment with real scientific phenomena. The majority of support and revenue is derived from contributions and grants from individuals and foundations located in the San Francisco Bay Area. The Organization was founded in 1953 as a California non-profit corporation.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which reflects revenues when earned and expenses as incurred.

Basis of Presentation

The Organization 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.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual events and results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less at the purchase date to be cash equivalents.

Restricted Cash

Balances include money market funds related to permanently restricted endowment funds and board-designated capital revolving funds which are restricted in use by the Organization. These balances are not considered part of cash and cash equivalents and are included in noncurrent assets on the Statement of Financial Position.

Grants and Accounts Receivable

Grants and accounts receivable represent program grants and event receivables. Grants and accounts receivable have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful accounts as of September 30, 2017.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A discount to pledges for the capital campaign has been recognized on the books. Promises to Give have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful accounts as of September 30, 2017.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Store Inventories

Store inventories are presented at the lower of cost or market determined by the first-in, first-out method.

Property and Equipment

All acquisitions of equipment and improvements in excess of \$1,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Facilities and Services

The financial statements reflect \$87,489 of donated occupancy rights for the year ended September 30, 2017 (see Note 6). Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

A substantial number of volunteers make significant contributions of their time to ensure the success of the Organization. Reported volunteer hours were approximately 12,000 for the fiscal year. The Organization's volunteers assist significantly in providing educational programs for citizens and schools in the San Francisco Bay Area as well as volunteering in the wildlife habitats and administration. The value of the contributed time is not reflected in the accompanying financial statements since they do not meet with criteria for recognition.

In-kind donations are recognized as contributions that would otherwise have been purchased by the Organization. During the year ended September 30, 2017, the Organization received \$10,340 of donated goods or services for the following: biofacts and supplies for education, invitations for a fundraising event, and project management services for the capital campaign.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based on square footage, facility usage, number of employees, and specific identification.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Presentation of Sales Taxes

The State of California imposes a sales tax on all sales to customers. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from sales and expenses.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Recent Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Organization beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on its financial statements.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recent Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Organization for fiscal years beginning after December 15, 2018. The Organization elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein.

**NOTE 4 – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and money market fund accounts at two commercial banks. Accounts are insured up to \$250,000. At September 30, 2017, the Organization had uninsured cash and money market fund balances of \$4,321,879 in accounts at Boston Private Bank. The Organization does not believe that it is exposed to any significant risk in connection with these cash balances.

At September 30, 2017, three donors comprised 92% of total unconditional promises to give.

**CURIODYSSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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**NOTE 5 – PROMISES TO GIVE – CAPITAL CAMPAIGN**

Receivable in less than one year	\$ 2,522,601
Receivable in one to five years	<u>2,420,667</u>
Total unconditional promises to give	4,943,268
Less: discounts to net present value	<u>(163,366)</u>
<b>Net present value</b>	<b>\$ <u>4,779,902</u></b>

Promises to give to be received after September 30, 2018 are discounted at 3%.

**NOTE 6 – PROMISES TO GIVE – DONATED FACILITIES**

Restricted to facilities use (see Note 6)	
Receivable in less than one year	\$ 207,206
Receivable in one to five years	<u>984,229</u>
	1,191,435
Less: discounts to present value	<u>(204,807)</u>
Net present value	986,628
Less: current portion	<u>(129,887)</u>
<b>Long-term portion</b>	<b>\$ <u>856,741</u></b>

The discount rate used on the long-term unconditional promise to give was 8% through June 2019 and 4% from July 2019 through June 2023.

**NOTE 7 – PROPERTY AND EQUIPMENT**

Wildlife Habitats	\$ 4,702,823
Building Improvements	1,213,521
Office Furniture and Equipment	487,435
Redwood Hall and Related Equipment	<u>243,448</u>
	6,647,227
Less: Accumulated Depreciation	<u>(5,466,501)</u>
<b>Property and Equipment – Net</b>	<b>\$ <u>1,180,726</u></b>

The CuriOdyssey building was constructed on land owned by the County of San Mateo. The Organization paid a portion of the cost of construction. The CuriOdyssey building contains the offices, classrooms, Redwood Hall, and exhibits. The Wildlife Habitats were built adjacent to the building on land also owned by the County of San Mateo. The construction of the Wildlife Habitats was financed entirely by contributions to the Organization.



**NOTE 7 – PROPERTY AND EQUIPMENT (Continued)**

CuriOdyssey has an agreement with the Board of Supervisors of the County of San Mateo to operate for 30 years as of August 15, 1989. During the year ended June 30, 2002, this agreement was amended to extend the use for four additional years to 2023. Title to the land, building, and exterior improvements are held by the County. The title to the Wildlife Habitats, Redwood Hall, exhibits, and personal property remains with CuriOdyssey until the termination of the aforementioned agreement. The Organization is not required to pay electricity, water, or rent to the County for use of the facilities, but is responsible for interior maintenance of the building and operation of the programs.

The fair market value of the rent at the date of the promise to give use of the facilities was \$207,206 per year and is recorded in facilities use/rent in the accompanying Statement of Functional Expenses. For the year ended September 30, 2017, \$87,489 of the unamortized discount was realized as contributed facilities. The remaining present value of this unconditional promise to give at September 30, 2017, is \$986,628, net of the unamortized discount of \$204,807 (see Note 5).

The Organization signed a new ground lease with County of San Mateo in May 2016. The updated lease will commence from the date of the issuance of a building permit and will expire on the thirtieth (30<sup>th</sup>) anniversary of the Certificate of Occupancy, with the option to extend the lease for two (2) additional fifteen (15) year terms. As of the audit report date, this lease has not gone into effect.

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

	<b>Beginning</b>	<b>Additions</b>	<b>Releases</b>	<b>Ending</b>
Restricted as to purpose:				
Relocation	\$ 132,794	\$ -	\$ (82,987)	\$ 49,807
Public programs	2,500	10,000	(12,500)	-
School services	2,500	170,000	(172,500)	-
Wildlife	-	68,150	(68,150)	-
Capital campaign – renovation	-	409,270	(409,270)	-
Restricted as to timing:				
Donated facilities	1,106,345	87,489	(207,206)	986,628
Grant and annuity	<u>62,793</u>	<u>19,000</u>	<u>(50,381)</u>	<u>31,412</u>
<b>Total</b>	<b>\$ <u>1,306,932</u></b>	<b>\$ <u>763,909</u></b>	<b>\$ <u>(1,002,994)</u></b>	<b>\$ <u>1,067,847</u></b>

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS**

The Board of Trustees has determined that the permanently restricted net assets meet the definition of endowment funds. The Organization has reviewed these funds and considers that they are currently being appropriately reflected in the financial statements.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted an investment policy, approved by the Board of Trustees, which attempts to provide a predictable stream of funding available for the purposes of the endowment while also maintaining the purchasing power of the endowment assets over the long term. The endowment is invested entirely in money market funds as of September 30, 2017, which is included in Restricted Cash in the Statement of Financial Position.

Endowment Spending Policy

The Organization has a policy of transferring any gain or loss on investment to unrestricted net assets. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects its endowment to be consistent over the next years with any changes being appropriately reflected as unrestricted. All investment return has been transferred to unrestricted net assets for the year ended September 30, 2017.

**NOTE 10 – RETIREMENT PLAN**

The Organization has a Non-ERISA tax-deferred retirement plan under Section 403(b) of the Internal Revenue Code which covers all employees at least 21 years of age. Eligible employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization did not make any employer contributions during the year ended September 30, 2017.

**NOTE 11 – OPERATING LEASES**

The Organization leases a copier and a postage meter under leases through November 2021, and is leasing warehouse space under a lease that expires in May 2018 with the first right option to renegotiate an extension at the end of the lease term. Rent expense under these and other leases/contracts was \$84,543 for the year ended September 30, 2017. Future minimum lease payments are as follows:

<u>Years Ending September 30.</u>	
2018	\$ 57,826
2019	5,826
2020	5,826
2021	5,826
2022	<u>2,855</u>
<b>Total</b>	<b>\$ <u>78,161</u></b>

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 26, 2018, the date on which the financial statements were available to be issued, and determined there were no subsequent events to be reported.