



*Report of Independent Auditors and
Financial Statements with Supplementary Information*

Fresno's Chaffee Zoo Corporation

*December 31, 2020 with Summarized Comparative Information
for the Year Ended December 31, 2019*

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Report of Independent Auditors

To The Board of Directors
Fresno's Chaffee Zoo Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Fresno's Chaffee Zoo Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, changes in net assets, 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 the 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 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 Corporation'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 Corporation'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 Corporation as of December 31, 2020, 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.

Other Matters

Supplementary Information

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

Summarized Comparative Information

We have previously audited the Corporation's 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Fresno, California
June 7, 2021

Financial Statements

Fresno's Chaffee Zoo Corporation
Statement of Financial Position
December 31, 2020
(with Summarized Financial Information as of December 31, 2019)

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,101,104	\$ 849,945	\$ 2,951,049	\$ 1,136,113
Accounts receivable	7,205,048	-	7,205,048	1,346,404
Investments	13,656,509	81,121	13,737,630	12,268,379
Pledges receivable	-	30,000	30,000	60,000
Prepaid expenses	122,145	-	122,145	210,225
Total current assets	23,084,806	961,066	24,045,872	15,021,121
COLLECTIONS (Note 1)				
PLEDGES RECEIVABLE	-	30,000	30,000	105,157
EQUIPMENT AND FACILITIES, NET	77,285,947	-	77,285,947	70,845,925
OTHER ASSETS, NET	92,292	-	92,292	103,829
Total assets	<u>\$ 100,463,045</u>	<u>\$ 991,066</u>	<u>\$ 101,454,111</u>	<u>\$ 86,076,032</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 5,705,591	\$ -	\$ 5,705,591	\$ 1,154,416
Accrued expenses	691,250	-	691,250	1,098,120
Line of credit	775,694	-	775,694	602,334
Current maturities of long-term debt	1,253,630	-	1,253,630	-
Deferred revenue	1,161,700	-	1,161,700	929,029
Total current liabilities	9,587,865	-	9,587,865	3,783,899
ACCRUED EXPENSES	123,547	-	123,547	-
LONG-TERM DEBT, NET	569,302	-	569,302	-
Total liabilities	<u>10,280,714</u>	<u>-</u>	<u>10,280,714</u>	<u>3,783,899</u>
COMMITMENTS AND CONTINGENCIES (Note 12)				
NET ASSETS				
Without donor restrictions				
Undesignated	81,208,543	-	81,208,543	73,864,739
Board designated	8,973,788	-	8,973,788	7,206,441
Total without donor restrictions	90,182,331	-	90,182,331	81,071,180
With donor restrictions	<u>-</u>	<u>991,066</u>	<u>991,066</u>	<u>1,220,953</u>
Total net assets	<u>90,182,331</u>	<u>991,066</u>	<u>91,173,397</u>	<u>82,292,133</u>
Total liabilities and net assets	<u>\$ 100,463,045</u>	<u>\$ 991,066</u>	<u>\$ 101,454,111</u>	<u>\$ 86,076,032</u>

Fresno's Chaffee Zoo Corporation
Statement of Activities

Year Ended December 31, 2020

(with Summarized Financial Information for the Year Ended December 31, 2019)

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
REVENUE, SUPPORT, AND GAINS				
REVENUE				
Admissions	\$ 3,794,513	\$ -	\$ 3,794,513	\$ 5,447,893
Membership	1,365,289	-	1,365,289	1,782,001
Merchandise, food, and beverage	910,489	-	910,489	1,875,885
Special events	428,045	-	428,045	717,595
Education	257,529	-	257,529	488,423
Other	126,000	-	126,000	166,500
Total revenue	<u>6,881,865</u>	<u>-</u>	<u>6,881,865</u>	<u>10,478,297</u>
SUPPORT				
Measure Z (for capital projects)	10,055,257	-	10,055,257	3,790,238
Measure Z (for facility operations)	6,763,241	-	6,763,241	5,085,421
Contributions	<u>1,732,347</u>	<u>110,382</u>	<u>1,842,729</u>	<u>648,955</u>
Total support	<u>18,550,845</u>	<u>110,382</u>	<u>18,661,227</u>	<u>9,524,614</u>
OTHER INCOME				
Investment income, net	600,963	3,630	604,593	567,767
Net investment gains	1,264,309	7,553	1,271,862	1,498,438
Other income	<u>30,077</u>	<u>-</u>	<u>30,077</u>	<u>39,776</u>
Total other income	<u>1,895,349</u>	<u>11,183</u>	<u>1,906,532</u>	<u>2,105,981</u>
TOTAL ASSETS RELEASED FROM RESTRICTIONS	<u>351,452</u>	<u>(351,452)</u>	<u>-</u>	<u>-</u>
Total revenue, support, and gains	<u>27,679,511</u>	<u>(229,887)</u>	<u>27,449,624</u>	<u>22,108,892</u>
EXPENSES				
Program services	15,867,086	-	15,867,086	16,989,675
Management and general	2,319,201	-	2,319,201	2,560,938
Fundraising	<u>382,073</u>	<u>-</u>	<u>382,073</u>	<u>438,944</u>
Total expenses	<u>18,568,360</u>	<u>-</u>	<u>18,568,360</u>	<u>19,989,557</u>
CHANGE IN NET ASSETS	<u>\$ 9,111,151</u>	<u>\$ (229,887)</u>	<u>\$ 8,881,264</u>	<u>\$ 2,119,335</u>

Fresno's Chaffee Zoo Corporation
Statement of Changes in Net Assets
Year Ended December 31, 2020
(with Summarized Financial Information for the Year Ended December 31, 2019)

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
NET ASSETS, beginning of year	\$ 81,071,180	\$ 1,220,953	\$ 82,292,133	\$ 80,172,798
CHANGE IN NET ASSETS	<u>9,111,151</u>	<u>(229,887)</u>	<u>8,881,264</u>	<u>2,119,335</u>
NET ASSETS, end of year	<u>\$ 90,182,331</u>	<u>\$ 991,066</u>	<u>\$ 91,173,397</u>	<u>\$ 82,292,133</u>

Fresno's Chaffee Zoo Corporation
Statement of Functional Expenses
Year Ended December 31, 2020

(with Summarized Financial Information for the Year Ended December 31, 2019)

	Program Services	Management and General	Fundraising	Total	
				2020	2019
Advertising	\$ 209,684	\$ 39,316	\$ 13,105	\$ 262,105	\$ 403,790
Animal services	490,898	-	-	490,898	533,569
Bad debt	1,813	16,500	1,367	19,680	-
Bank and credit card fees	122,141	22,902	7,634	152,677	148,777
Conservation	119,036	-	-	119,036	173,001
Contracted services	436,026	81,755	27,252	545,033	489,526
Depreciation and amortization	4,439,072	90,593	-	4,529,665	4,309,331
Dues and subscriptions	48,156	9,029	3,010	60,195	49,565
Equipment expense	575,635	107,931	35,977	719,543	828,818
Event expense	108,447	20,334	6,778	135,559	659,375
Fleet expense	24,283	4,553	1,518	30,354	38,344
Food and catering	3,426	642	214	4,282	29,600
Insurance	144,752	27,141	9,047	180,940	198,226
Interest	32,940	-	-	32,940	17,937
Information technology	117,105	21,957	7,319	146,381	99,319
Mileage, tolls, and parking	254	48	16	318	1,914
Miscellaneous	28,699	5,381	1,794	35,874	15,097
Office supplies	9,261	1,737	579	11,577	16,489
Personnel	7,115,287	1,600,939	177,882	8,894,108	9,573,998
Postage	36,230	6,793	2,264	45,287	44,905
Printing	83,781	15,709	5,236	104,726	111,809
Professional services	209,120	39,210	13,070	261,400	266,739
Recognition	7,651	1,434	478	9,563	9,858
Recruiting	9,955	1,866	622	12,443	14,446
Repairs and maintenance	412,065	-	-	412,065	387,250
Signage	34,543	6,477	2,159	43,179	45,583
Specialized services	6,829	1,280	427	8,536	20,574
Staff development	17,976	4,045	449	22,470	75,288
Supplies	230,433	43,206	14,402	288,041	424,146
Telephone	67,239	12,608	4,203	84,050	46,600
Uniforms	22,375	4,195	1,398	27,968	32,083
Utilities	701,974	131,620	43,873	877,467	923,600
Total expenses, year ended December 31, 2020	\$ 15,867,086	\$ 2,319,201	\$ 382,073	\$ 18,568,360	
Total expenses, year ended December 31, 2019	\$ 16,989,675	\$ 2,560,938	\$ 438,944		\$ 19,989,557

See accompanying notes.

Fresno's Chaffee Zoo Corporation
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,881,264	\$ 2,119,335
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	4,529,665	4,309,331
Net investment gains	(1,271,862)	(1,498,438)
Changes in assets and liabilities:		
Accounts receivable	(5,858,644)	20,879
Pledges receivable	105,157	(165,157)
Prepaid expenses	88,080	(56,775)
Accounts payable	4,551,175	(590,199)
Accrued expenses	(283,323)	356,776
Deferred revenue	232,671	237,779
Net cash and cash equivalents from operating activities	<u>10,974,183</u>	<u>4,733,531</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and facilities	(10,812,017)	(4,488,252)
Purchase of investments	(2,876,773)	(1,569,588)
Proceeds from sale of investments	2,679,384	970,018
Net cash and cash equivalents from investing activities	<u>(11,009,406)</u>	<u>(5,087,822)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit	795,322	2,373,344
Payments on line of credit	(621,962)	(2,383,820)
Proceeds from borrowings under long-term debt	1,702,700	-
Principal payments on long-term debt	(25,901)	-
Net cash and cash equivalents from financing activities	<u>1,850,159</u>	<u>(10,476)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,814,936	(364,767)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,136,113</u>	<u>1,500,880</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,951,049</u>	<u>\$ 1,136,113</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 21,624	\$ 17,937
NON-CASH TRANSACTIONS:		
Donated materials and services	\$ 48,705	\$ 65,359
Purchase of equipment through assumption of long-term debt	\$ 146,133	\$ -
Transfer of construction in progress to equipment and facilities	\$ 399,776	\$ 5,888,530

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Fresno's Chaffee Zoo Corporation (the "Corporation") was formed as a not-for-profit public benefit corporation in 2005, under the laws of the State of California. The Fresno Chaffee Zoo (the "Zoo") is an animal exhibition and care facility located in Fresno, California. Pursuant to a lease agreement dated January 1, 2006, between the City of Fresno (the "City") and the Corporation, the City transferred management and financial responsibility for the Zoo to the Corporation. The Corporation operates and maintains the facility and operates the programs to support wildlife conservation, education, and professional animal management in the community.

The Corporation's main revenue sources can be grouped into two categories: earned revenues (including revenue from the sale of admission tickets, entrance fees for special exhibits and animal feeding experiences, membership dues, commissions from food service and retail sales, special events income, and education program fees) and public support (including contributions made by donors, and support received from Measure Z, a transactions and use tax levied at the rate of 0.1%, collected in Fresno County).

COVID-19 Pandemic – A novel strain of coronavirus ("COVID-19") has resulted in a worldwide health Pandemic. To date, the Pandemic has surfaced in nearly all regions around the world and resulted in business slowdowns and shutdowns, as well as global travel restrictions. The full impact of the Pandemic continues to evolve as of the date the financial statements were available to be issued.

In response to the Pandemic, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020. The CARES Act provides various stimulus measures, including several income tax and payroll tax provisions. Among the payroll tax provisions is the creation of a refundable credit for employee retention and the deferral of certain payroll tax remittances through December 31, 2020, to future years (with 50% of the deferred amount due by December 31, 2021, and the remaining 50% due by December 31, 2022). The impact of the payroll tax provisions was the deferral of \$247,094 of payroll tax as of December 31, 2020. This amount is included in accrued expenses on the statement of financial position.

As a result of state and federal COVID-19 guidelines, the Corporation temporarily closed its facilities to the public at various times during 2020. As a result, individuals or families holding memberships were granted an extension to their membership term equal to the period of time the facilities were closed. For those renewing their memberships during the facility closure, the membership term for those renewals began when the facility reopened.

Please refer to Notes 8, 12 and 13 for additional disclosures regarding the Pandemic and its impact on the Corporation.

Basis of accounting – The Corporation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

Basis of presentation – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets for use in general operations and not subject to use or time restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

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 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.

Revenue recognition – The Corporation recognizes revenue from ticket sales at the time of admission or, in the case of a special exhibit, when the ticket is used for entry into the exhibit.

Revenue from commissions on the sale of retail merchandise and food and beverage are recognized at the time of purchase by the customer. Special events revenue is recognized upon the event taking place.

Membership dues, which are nonrefundable, are comprised of several performance obligations provided to customers. The value of these performance obligations is deferred initially and recognized as the performance obligations are delivered, which is over the membership period. Membership dues received for future periods are reported as deferred revenue.

Club membership dues have an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Corporation recognizes the exchange portion of club membership dues over the membership period, and the contribution portion immediately.

Revenue from educational programs, such as ZooCamp, are deferred initially and recognized as the performance obligations are delivered, which is ratably over the period of time the program is held. Tuition and fees received for future periods are reported as deferred revenue.

Realized and unrealized gains and losses and investment income derived from investment transactions are included as income in the year earned.

Measure Z – On November 2, 2004, the voters of Fresno County approved Measure Z, a transactions and use tax (sales tax) at the rate of 0.1% administered by the Fresno County Zoo Authority (the "Zoo Authority"), to support the Zoo. On November 4, 2014, Measure Z was extended for an additional ten years.

Fresno's Chaffee Zoo Corporation Notes to Financial Statements

The Fresno County tax ordinance requires at least 98% of Measure Z tax revenue to be allocated to the Corporation for the purpose of operations, maintenance, and capital projects at the facility. The Zoo Authority, which is charged with the oversight of the administration of the Measure Z funds, is allocated up to 2% of the tax proceeds for the purpose of administration. The Corporation is subject to a budgeting process through which all proposed spending under Measure Z must be reviewed and approved by the Zoo Authority before costs are incurred. Once budgets are approved, documentation showing actual costs expended (referred to as a "claim") must be submitted for reimbursement. All claims submitted are subject to review and approval by the Zoo Authority.

The Corporation recognizes support from Measure Z based on the reimbursable costs incurred during the financial reporting period. Please refer to Note 2 for additional disclosures regarding Measure Z reimbursements.

Contributions – Contributions, including unconditional promises to give, are recognized initially at net realizable value as support in the year received. Net realizable value is estimated giving consideration to anticipated future cash receipts (after an allowance is made for uncollectible contributions, if necessary). Contributions to be received after one year are recorded at the present value of their estimated future cash flows.

Conditional promises to give are not included as support until the conditions are substantially met. Amounts received in advance of satisfying the donor-imposed conditions are reported as deferred revenue.

In-kind donations – Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. The Corporation received and utilized donated goods and services primarily representing auction event items and professional services totaling \$48,705 and \$65,359 during the years ended December 31, 2020 and 2019, respectively. These amounts are included in contributions on the statement of activities.

The Corporation regularly utilizes the services of volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort has not been satisfied and no cash was collected or expenses paid related to those transactions. However, a substantial number of volunteers have donated significant amounts of their time to the Corporation's operations.

Cash and cash equivalents – Cash and cash equivalents consist of checking, savings, and money market accounts. The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments – Marketable investments in equity and debt securities are carried at fair value based upon quoted market prices. The Corporation's Finance Committee is responsible for establishing investment criteria and overseeing the Corporation's investments.

The Corporation maintains master investment accounts that include its donor-restricted and board-designated endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to, spreading the total risk of each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund, and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

Accounts receivable – Accounts receivable primarily consist of trade receivables and receivables due from the Zoo Authority for reimbursable costs incurred by the Corporation under Measure Z. 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, 2020 and 2019, the Corporation considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

As of December 31, 2020 and 2019, the amounts due to the Corporation for reimbursable costs related to outstanding Measure Z claims were \$7,100,098 and \$1,205,616, respectively.

Pledges receivable – Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At December 31, 2020 and 2019, the Corporation considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

Collections – While the animal collection represents the Corporation's most cherished asset, in accordance with industry practice, the Corporation's collection of animals are not capitalized and recognized as assets on the statement of financial position. The Corporation holds its collections for public exhibition, education, and research rather than for financial gain, and protects, cares for, preserves, and keeps its collections unencumbered. The animal collection has numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the Corporation exchanges animals with other organizations, but consistent with industry practice, typically does not record any asset or liability when an animal is exchanged with another organization. Generally, expenditures related to animal acquisitions are expensed in the period of acquisition.

Equipment and facilities – Equipment and facilities are carried at cost less accumulated depreciation. Expenditures for major renewals and betterments in excess of \$5,000 for furniture, fixtures, and equipment, and \$30,000 for facilities and improvements that extend the useful lives of property, plant, and equipment are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred. When assets are retired or disposed, the asset's original cost and related accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in the statement of activities. Amortization expense on leasehold improvements is included in depreciation expense and is recorded over the shorter of the estimated useful life of the leasehold improvement or the lease terms that are reasonably assured.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

Depreciation of equipment and facilities is provided using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings, exhibits and improvements	5 to 20
Transportation and equipment	3 to 7
Furniture and fixtures	5

Impairment of long-lived assets – Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the years ended December 31, 2020 and 2019, respectively.

Advertising – The Corporation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. Advertising expense was \$262,105 and \$403,790 for the years ended December 31, 2020 and 2019, respectively.

Income taxes – The Corporation is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code (“IRC”) and §23701d of the California Revenue and Taxation Code, respectively. The Corporation is subject to federal income taxes for any activities that are unrelated to its exempt purpose. Unrelated business income tax, if any, is insignificant and no provision for income taxes has been made.

U.S. GAAP requires Corporation management to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset), if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

The Corporation’s evaluation for the years ended December 31, 2020 and 2019, respectively, revealed no tax positions that would have a material impact on the financial statements. The tax returns of the Corporation are subject to examination by federal and state taxing authorities. However, there are currently no examinations in progress or pending.

Financial instruments – Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Corporation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation attempts to limit its credit risk associated with cash equivalents and investments by utilizing outside investment managers to place the Corporation’s investments with highly rated corporate and financial institutions. Management believes that the Corporation is not exposed to any significant credit risk related to concentrations.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

Functional allocation of expenses – Expenses which apply to more than one functional category have been allocated among program services, management and general, and fundraising on a reasonable basis that is consistently applied. Most expenses of the Corporation are allocated based on overall usage estimates, with the exception of personnel and staff development, which are allocated on the basis of estimated time and effort, and depreciation and amortization, which is allocated using a direct identification methodology.

Summarized comparative information – The amounts shown for the year ended December 31, 2019, in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 2 – MEASURE Z

As disclosed in Note 1, the Corporation receives funding from Measure Z, a transactions and use tax collected in Fresno County. Pursuant to the bylaws of the Zoo Authority, a minimum of two-thirds of the tax revenue allocated to the Corporation must be used for capital projects, while the remaining amount may be used for facility operations, including maintenance.

The following table presents Measure Z reimbursable costs, by project name and purpose, incurred for capital projects for the years ended December 31, 2020 and 2019:

	Design	Construction	Total	
			2020	2019
African River	\$ 722,424	\$ -	\$ 722,424	\$ -
Ambassador Animal Center	21,157	1,317,801	1,338,958	65,230
Infrastructure (SCIP)	-	66,907	66,907	1,515,423
Kingdoms of Asia	516,595	4,650,112	5,166,707	1,442,266
Miscellaneous	25,049	162,550	187,599	30,188
Warthog	-	-	-	371,205
Wilderness Falls	-	-	-	1,754
Zooplex Building	79,916	2,492,646	2,572,562	364,052
	1,365,141	8,690,016	10,055,157	3,790,118
Bank and credit card fees	100	-	100	120
Total	\$ 1,365,241	\$ 8,690,016	\$ 10,055,257	\$ 3,790,238

Fresno's Chaffee Zoo Corporation
Notes to Financial Statements

The following table presents Measure Z reimbursable expenses, by expense line item, incurred for facility operations for the years ended December 31, 2020 and 2019:

	2020	2019
Personnel:		
Administration	\$ 265,000	\$ -
Animal care	2,869,564	3,410,000
Behind the scenes	20,000	-
Bird show	70,000	-
Education	590,000	-
Information technology	29,000	-
Maintenance and horticulture	456,000	-
Membership and development	280,000	-
Veterinary	310,000	410,000
Guest services and security	480,000	-
Utilities	363,567	702,092
Animal services and supplies	496,000	448,877
Dinosaur exhibit	280,000	-
Repairs and maintenance	254,000	114,332
Bank and credit card fees	110	120
	\$ 6,763,241	\$ 5,085,421
Total		

NOTE 3 – LEASE AGREEMENT WITH THE CITY OF FRESNO

According to the terms of the lease agreement (the "Agreement") between the City and the Corporation, dated January 1, 2006 (the "Commencement Date"), the City transferred management and financial responsibility for the Zoo to the Corporation. Under the Agreement, the City owns the Zoo grounds and structures existing at the Commencement Date, and the Corporation is, and will be, the owner of all the improvements constructed after the Commencement Date. As of the Commencement Date, the Corporation has assumed all obligations with respect to the animals cared for, exhibited, housed, or otherwise kept at the Zoo during the term of the Agreement.

The lease rate is \$1 per year paid through the term of the Agreement. The lease expires January 1, 2036, with an option to extend for an additional 25-year period or two additional 10-year periods. Improvements and animals shall become the property of the City when the lease is terminated or expires.

NOTE 4 – INVESTMENTS

Investments, at fair value, for the years ended December 31, 2020 and 2019, are as follows:

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
Investment type:				
Mutual funds	\$ 13,656,509	\$ 81,121	\$ 13,737,630	12,268,379
	\$ 13,656,509	\$ 81,121	\$ 13,737,630	12,268,379

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

The components of investment return for the years ended December 31, 2020 and 2019, are as follows:

	Without donor restrictions	With donor restrictions	Total	
			2020	0
Investment income	\$ 659,367	\$ 3,965	\$ 663,332	\$ 622,962
External and direct internal fees	(58,404)	(335)	(58,739)	(55,195)
Investment income, net	600,963	3,630	604,593	567,767
Net investment gains	1,264,309	7,553	1,271,862	1,498,438
Total	<u>\$ 1,865,272</u>	<u>\$ 11,183</u>	<u>\$ 1,876,455</u>	<u>\$ 2,066,205</u>

The Corporation's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities that the entity has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data.

An asset or a liability's classification is based on the lowest level input that is significant to its measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2020 and 2019, respectively.

Registered investment companies (mutual funds) – Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV), and mutual funds are required to transact at that price. The funds held by the Corporation are deemed to be actively traded. Mutual funds held by the Corporation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission.

The following table provides information about the Corporation's financial assets measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Investment type:				
Mutual funds	<u>\$ 13,737,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,737,630</u>

Fresno's Chaffee Zoo Corporation
Notes to Financial Statements

The following table provides information about the Corporation's financial assets measured at fair value on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment type:				
Mutual funds	<u>\$ 12,268,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,268,379</u>

There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2020 and 2019, respectively.

NOTE 5 – EQUIPMENT AND FACILITIES

Equipment and facilities consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>0</u>
Buildings, exhibits and improvements	\$ 86,063,388	\$ 85,439,176
Transportation and equipment	2,519,946	2,277,093
Furniture and fixtures	<u>64,524</u>	<u>64,524</u>
	88,647,858	87,780,793
Less: accumulated depreciation and amortization	<u>(25,815,959)</u>	<u>(21,297,830)</u>
	62,831,899	66,482,963
Land	705,450	705,450
Construction in progress	<u>13,748,598</u>	<u>3,657,512</u>
Total	<u>\$ 77,285,947</u>	<u>\$ 70,845,925</u>

Total depreciation and amortization expense for the years ended December 31, 2020 and 2019, was \$4,518,128 and \$4,297,794, respectively.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

NOTE 6 – NET ASSETS

Net assets consisted of the following at December 31, 2020 and 2019:

	2020	-
Without donor restrictions:		
Undesignated	\$ 81,208,543	\$ 73,864,739
Board designated - specific purposes	1,991,528	1,692,030
Board designated - endowment	6,982,260	5,514,411
Total without donor restrictions	<u>90,182,331</u>	<u>81,071,180</u>
With donor restrictions:		
Donor restricted - specific purposes	909,945	1,151,015
Donor restricted - endowment	81,121	69,938
Total with donor restrictions	<u>991,066</u>	<u>1,220,953</u>
Total	<u>\$ 91,173,397</u>	<u>\$ 82,292,133</u>

A portion of net assets are designated by the Board of Directors for specific purposes related to the mission and purpose of the Corporation. The following table presents activity in board-designated net assets for specific purposes for the year ended December 31, 2020:

	December 31, 2019	Increases	Decreases	December 31, 2020
Conservation	\$ -	\$ 150,000	\$ (127,726)	\$ 22,274
Development	1,500,000	200,000	(174,803)	1,525,197
Infrastructure - exhibits	160,924	191,250	(160,204)	191,970
Sponsorship	31,106	50,000	(4,498)	76,608
Veterinary	-	255,000	(79,521)	175,479
Total	<u>\$ 1,692,030</u>	<u>\$ 846,250</u>	<u>\$ (546,752)</u>	<u>\$ 1,991,528</u>

A portion of net assets are restricted by donors for specific purposes related to the mission and purpose of the Corporation. The following table presents activity in donor-restricted net assets for specific purposes for the year ended December 31, 2020:

	December 31, 2019	Increases	Decreases	December 31, 2020
Conservation and enrichment	\$ 42,517	\$ 32,104	\$ (5,063)	\$ 69,558
Education	21,607	285	(9,087)	12,805
Infrastructure - exhibits	537,477	77,993	(65,362)	550,108
Infrastructure - public	549,414	-	(271,940)	277,474
Total	<u>\$ 1,151,015</u>	<u>\$ 110,382</u>	<u>\$ (351,452)</u>	<u>\$ 909,945</u>

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

NOTE 7 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Corporation's financial assets as of December 31, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when not convertible to cash within one year, or when subject to other considerations such as donor restrictions or board designations.

Financial assets as of December 31, 2020

Cash and cash equivalents	\$ 2,951,049
Accounts receivable	7,205,048
Investments	13,737,630
Current portion of pledges receivable	<u>30,000</u>
Financial assets as of December 31, 2020	<u>23,923,727</u>

Less those assets unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:	
Donor restricted - specific purposes	909,945
Donor restricted - endowment	81,121
Capital project funds retained in money market account	239,523
Board designations:	
Board designated - specific purposes	1,991,528
Board designated - endowment	6,982,260
Loans and construction contracts payable	<u>5,644,875</u>
	<u>15,849,252</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 8,074,475</u></u>

The Corporation's spending policy is to structure its financial assets to be available for operations, capital projects, and opportunities to enhance the Corporation's mission.

NOTE 8 – DEBT OBLIGATIONS

The Corporation had the following debt obligations at December 31, 2020 and 2019:

Line of credit

In 2014, the Corporation added a margin feature to its investment agreement with Charles Schwab. The feature allows the Corporation to borrow against the value of certain marginable investments held with Charles Schwab. Interest is calculated on the borrowings at the daily margin interest rate (1.80% and 3.30% at December 31, 2020 and 2019, respectively). At December 31, 2020 and 2019, the outstanding balance on the margin loan was \$775,694 and \$602,334, respectively. Maximum borrowings on the margin loan were not to exceed \$2,001,681 and \$1,669,484 at December 31, 2020 and 2019, respectively.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

Promissory note

In response to the COVID-19 Pandemic, the Paycheck Protection Program ("PPP") was established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans provided by local lenders, which supports payroll, rent, and utility expenses (qualified expenses). If the loan proceeds are fully utilized to pay qualified expenses over the covered period, as further defined by the PPP, the full principal amount of the PPP loan may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the organization during the covered period as compared to a baseline period.

In May 2020, the Corporation received proceeds of \$1,702,700 under the PPP provided by Suncrest Bank. Based on the terms and conditions of the loan agreement, the term of the PPP loan is two years with an annual interest rate of 1.0% and principal and interest payments will be deferred for the first six months of the loan term, which has been updated according to the Paycheck Protection Program Flexibility Act of 2020 ("Flexibility Act").

In June 2020, the Flexibility Act was signed into law, which amended the CARES Act. The Flexibility Act changed key provisions of the PPP, including, but not limited to, (i) provisions relating to the maturity of PPP loans, (ii) the deferral period covering of PPP loan payments, and (iii) the process for measurement of loan forgiveness. More specifically, the Flexibility Act extended the length of the measurement period (covered period) from eight weeks to 24 weeks from receipt of proceeds, while allowing borrowers that received PPP loans before June 5, 2020, to determine, at their sole discretion, a covered period of either eight weeks or 24 weeks.

After reviewing the applicable terms and conditions of the Flexibility Act, the Corporation elected to extend the length of the covered period from the lesser of (i) period whereby qualified expenses equal loan proceeds or (ii) 24 weeks.

In December 2020, the Corporation requested the proceeds of the PPP be forgiven in full, by submitting a PPP Loan Forgiveness Application to its lender, Suncrest Bank. In accordance with the terms and conditions under the Flexibility Act, the lender has 60 days from receipt of the completed application to issue a decision to the SBA. If the lender determines that the borrower is entitled to forgiveness of some or all of the amount applied for under the statute and applicable regulations, the lender must request payment from the SBA at the time the lender issues its decision to the SBA. The SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the lender, plus any interest accrued through the date of payment, not later than 90 days after the lender issues its decision to the SBA.

In January 2021, Suncrest Bank determined that the Corporation was entitled to forgiveness of the amount applied for in full and requested payment from the SBA. On February 2, 2021, the SBA remitted payments of \$1,702,700 and \$12,922 to Suncrest Bank, representing the amount of proceeds forgiven and accrued interest, respectively. The amount forgiven will be recorded as loan forgiveness income during the year ended December 31, 2021.

Capital lease obligations

As disclosed in Note 11, the Corporation has capital lease agreements for certain machinery and equipment in aggregate original amounts of \$146,133 at December 31, 2020. Such capital leases have effective rates of interest from 2.55% to 3.67% and varying monthly payments due through January 2025. Future minimum payments under capital lease obligations, net of interest expense as of December 31, 2020, were \$117,827.

Fresno's Chaffee Zoo Corporation
Notes to Financial Statements

Loans and contracts payable consist of the following at December 31, 2020 and 2019:

	2020	2019
Line of credit	\$ 775,694	\$ 602,334
Long-term debt:		
PPP Loan	\$ 1,702,700	\$ -
Capital lease obligations	120,232	-
Total long-term debt	1,822,932	-
Current maturities	(1,253,630)	-
Long-term debt, net of current maturities	\$ 569,302	\$ -

Maturities of loans and lease contracts at December 31, 2020, are as follows:

For the Years Ended December 31,

2021	\$ 1,253,630
2022	506,782
2023	28,856
2024	28,856
2025	4,808
	\$ 1,822,932

NOTE 9 – ENDOWMENT

The Corporation's endowment assets include both donor-restricted endowment funds as well as funds without donor restrictions designated for long-term investment by the Board of Directors, which are funds functioning as endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Corporation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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 Corporation classifies net assets with donor restrictions as: (i) the original value of gifts donated to the permanent endowment, (ii) the original value of subsequent gifts to the permanent endowment, and (iii) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

In accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the various funds, (ii) the purposes of the donor-restricted endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Corporation, and (vii) the Corporation's investment policies.

Investment return objectives, risk parameters, and strategies – The Corporation has an Investment Policy Statement (“IPS”), which is approved by the Corporation's Finance Committee and Board of Directors. The IPS specifies investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Corporation expects its endowment assets, over time, to produce an average nominal rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy – The Corporation has a policy of appropriating for distribution an amount of up to 5% of its endowment fund's average fair value for the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Corporation considered the long-term expected return on its investment assets to be approximately 8%, offset by estimated inflation of 3%, which is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Corporation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Endowment net asset composition by type of fund as of December 31, 2020 and 2019, is as follows:

	Without donor restrictions	With donor restrictions	Total	
			2020	0
Donor-restricted endowment funds	\$ -	\$ 81,121	\$ 81,121	\$ 69,938
Board-designated endowment funds	6,982,260	-	6,982,260	5,514,411
Total	<u>\$ 6,982,260</u>	<u>\$ 81,121</u>	<u>\$ 7,063,381</u>	<u>\$ 5,584,349</u>

Fresno's Chaffee Zoo Corporation
Notes to Financial Statements

Changes in endowment net assets for the years ended December 31, 2020 and 2019, respectively, were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets as of January 00, 1900	\$ 4,594,273	\$ 57,941	\$ 4,652,214
Investment return:			
Investment income, net	265,611	3,350	268,961
Net investment gains, realized and unrealized	685,612	8,647	694,259
Total investment return	951,223	11,997	963,220
Contributions	145,000	-	145,000
Appropriation of endowment assets for expenditure	(176,085)	-	(176,085)
Endowment net assets as of January 00, 1900	\$ 5,514,411	\$ 69,938	\$ 5,584,349
Investment return:			
Investment income, net	310,612	3,630	314,242
Net investment gains, realized and unrealized	622,852	7,553	630,405
Total investment return	933,464	11,183	944,647
Contributions	534,385	-	534,385
Endowment net assets as of December 31, 2020	\$ 6,982,260	\$ 81,121	\$ 7,063,381

NOTE 10 – EMPLOYEE BENEFIT PLAN

The Corporation maintains a 401(k) defined contribution plan (the "Plan") for its employees. The Plan is available to all employees on the first day of the month following their hire date, provided they are at least 21 years of age. Employees are automatically enrolled in the Plan at a 1% pre-tax contribution rate unless they opt out. The Plan provides an employer match to employees that have completed at least 1,000 hours and 12 months of service. 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. Total contributions made to the Plan for the years ended December 31, 2020 and 2019, were \$155,365 and \$140,714, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Claims and legal actions – The Corporation is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, based in part upon the advice of legal counsel, these matters are of such a nature that unfavorable disposition would not have a material adverse effect on the financial position, results of operations, or cash flows of the Corporation.

Fresno's Chaffee Zoo Corporation

Notes to Financial Statements

Capital lease obligations – The Corporation has capital lease agreements for certain machinery and equipment. Such equipment had a cost and accumulated amortization of \$146,133 and \$28,770, respectively, as of December 31, 2020. Both cost and accumulated amortization are included in equipment and facilities in the statement of financial position.

Total future minimum lease payments under capital leases are \$117,827, which includes no interest expense, at December 31, 2020. Future minimum payments under capital lease obligations, net of interest expense as of December 31, 2020, are included in long-term debt maturities (Note 8). The current portion of debt due under capital lease obligations was \$28,856 at December 31, 2020.

Operating lease obligations – As disclosed in Note 1 and Note 3, the Corporation entered into an agreement to lease the Zoo premises from the City effective January 1, 2006.

The Corporation is obligated under several noncancelable operating leases for its equipment.

The following is a schedule of minimum lease commitments for the years ending December 31:

<u>For the Years Ended December 31,</u>	<u>Amount</u>
2021	\$ 18,159
2022	2,871
2023	1
2024	1
2025	1
Thereafter	11
	<u>\$ 21,044</u>

Lease expense for the years ended December 31, 2020 and 2019, was \$25,745 and \$25,745, respectively.

Construction commitments - As of December 31, 2020, the Corporation had an outstanding commitment for future capital expenditures of \$37,439,941.

Food service and retail commitments - Effective July 25, 2011, the Corporation entered into an agreement with Service Systems Associates ("SSA") to conduct food service and retail merchandising operations, which has been amended subsequent to its effective date. Under the agreement, the Corporation receives monthly license fees from SSA based on gross receipts of food and merchandise sold that vary between 15% and 33% depending on the type and level of receipts. SSA also contributes to capital improvements in the food service and retail facilities. As of December 31, 2020, the agreement's term was through October 31, 2030, and the amount committed for capital improvements was \$711,000.

NOTE 12 – UNCERTAINTY

In March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a public health emergency. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Corporation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on customers, employees and vendors, all of which are uncertain and cannot be predicted. The Corporation will continue to monitor the situation closely, but given the uncertainty about the situation, an estimate of the impact to the Corporation's financial condition or results of operations cannot be made at this time.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Corporation recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are issued or are available to be issued. The Corporation has evaluated subsequent events through June 7, 2021, which is the date the financial statements were available to be issued and, except as noted below, concluded no subsequent events have occurred that require recognition or disclosure.

See Note 8 regarding the forgiveness of the promissory note issued under the PPP.

In February 2021, the Corporation received proceeds of \$1,853,770 under a second PPP loan provided by Suncrest Bank. Based on the terms and conditions of the loan agreement, the term of the second PPP loan is five years with an annual interest rate of 1.0%. Principal and interest payments are deferred for the first ten months of the loan term, at which time monthly payments of principal and interest of \$31,688 will be due and payable through maturity in February 2026, if required. The loan may be partially or fully forgiven if the Corporation uses all proceeds for eligible purposes, including meeting certain employment and compensation requirements as specified in the CARES Act and the PPP Flexibility Act; and in accordance with SBA rules and guidance.

Supplementary Information

Fresno's Chaffee Zoo Corporation
Inventory of Capital Assets Purchased with Measure Z Funds
December 31, 2020

	December 31, 2019	Increases	Decreases	Transfers	December 31, 2020
African Adventure	\$ 57,242,620	\$ -	\$ -	\$ -	\$ 57,242,620
Birds of Prey	44,944	-	-	-	44,944
Dino Dig	70,000	-	-	-	70,000
Giraffe	57,600	-	-	-	57,600
Hospital-Radiology Unit	49,363	-	-	-	49,363
Infrastructure (SCIP)	2,885,065	-	-	66,907	2,951,972
Malayan Tiger	35,731	-	-	-	35,731
Reptile House	1,022,168	-	-	-	1,022,168
Safari Café	54,235	-	-	-	54,235
Sea Lion Cove	10,496,712	-	-	-	10,496,712
Spot-Necked Otter/Pelican	200,000	-	-	-	200,000
Stingray Bay	69,474	-	-	-	69,474
Tropical Treasures	35,062	-	-	-	35,062
Utilities	2,153,937	-	-	-	2,153,937
Warthog	2,846,645	-	-	-	2,846,645
Wilderness Falls	3,316,460	-	-	-	3,316,460
	80,580,016	-	-	66,907	80,646,923
Construction in progress	3,073,798	10,055,157	-	(66,907)	13,062,048
Total	\$ 83,653,814	\$ 10,055,157	\$ -	\$ -	\$ 93,708,971

