

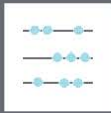
**ZOO MIAMI FOUNDATION, INC.**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2015 AND 2014

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Zoo Miami Foundation, Inc.  
Miami, Florida

We have audited the accompanying financial statements of Zoo Miami Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of September 30, 2015 and 2014 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

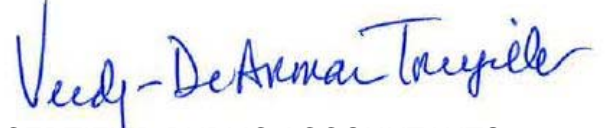
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Veedy-DeArman Touyelle". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
January 20, 2016

**ZOO MIAMI FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2015 AND 2014**

<b>ASSETS</b>		
	<u>2015</u>	<u>2014</u>
Cash	\$ 289,145	\$ 148,596
Unconditional promises to give, net	336,413	265,752
Other accounts receivable	73,621	6,512
Investments	15,465,304	17,983,172
Prepaid expenses and other assets	114,975	111,850
Property and equipment, net	<u>273,150</u>	<u>284,235</u>
TOTAL ASSETS	<u>\$ 16,552,608</u>	<u>\$ 18,800,117</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 266,212	\$ 307,522
Funds held on behalf of Zoo Miami	-	1,002,595
Deferred revenues	58,863	96,359
Capital lease obligations	<u>-</u>	<u>8,962</u>
TOTAL LIABILITIES	<u>325,075</u>	<u>1,415,438</u>
<b>NET ASSETS</b>		
Unrestricted	823,696	174,748
Unrestricted board designated	<u>4,665,574</u>	<u>5,620,745</u>
Total unrestricted	5,489,270	5,795,493
Temporarily restricted	3,850,824	5,048,593
Permanently restricted	<u>6,887,439</u>	<u>6,540,593</u>
TOTAL NET ASSETS	<u>16,227,533</u>	<u>17,384,679</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,552,608</u>	<u>\$ 18,800,117</u>

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

**ZOO MIAMI FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:								
Membership dues, net	\$ 1,565,553	\$ -	\$ -	\$ 1,565,553	\$ 1,348,020	\$ -	\$ -	\$ 1,348,020
Donations and grants	2,080,623	574,139	262,071	2,916,833	2,837,834	1,591,005	762,266	5,191,105
Contribution from Zoo Miami (See Note 13)	-	870,363	84,775	955,138	-	-	-	-
Donated facilities	75,000	-	-	75,000	75,000	-	-	75,000
Special events	182,278	-	-	182,278	247,068	-	-	247,068
Education services	224,979	-	-	224,979	179,482	-	-	179,482
Miscellaneous	14,204	-	-	14,204	28,189	-	-	28,189
Investment (loss) gain, net	(51,510)	(265,373)	-	(316,883)	736,060	390,287	-	1,126,347
Net assets released from restrictions and changes in restrictions	2,376,898	(2,376,898)	-	-	590,490	(590,490)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>6,468,025</b>	<b>(1,197,769)</b>	<b>346,846</b>	<b>5,617,102</b>	<b>6,042,143</b>	<b>1,390,802</b>	<b>762,266</b>	<b>8,195,211</b>
Expenses:								
Program services:								
Capital support - exhibits, projects and planning	39,137	-	-	39,137	82,863	-	-	82,863
Education	1,334,308	-	-	1,334,308	886,138	-	-	886,138
Children's Zoo / Zoo operations	2,267,115	-	-	2,267,115	846,895	-	-	846,895
Volunteer services and human resources	170,557	-	-	170,557	137,180	-	-	137,180
Membership	707,380	-	-	707,380	594,380	-	-	594,380
Marketing	1,432,926	-	-	1,432,926	1,433,101	-	-	1,433,101
Support Services:								
Administration	336,650	-	-	336,650	314,408	-	-	314,408
Donated facilities	75,000	-	-	75,000	75,000	-	-	75,000
Development activities	277,373	-	-	277,373	362,442	-	-	362,442
Special events	133,802	-	-	133,802	101,526	-	-	101,526
<b>TOTAL EXPENSES</b>	<b>6,774,248</b>	<b>-</b>	<b>-</b>	<b>6,774,248</b>	<b>4,833,933</b>	<b>-</b>	<b>-</b>	<b>4,833,933</b>
<b>CHANGE IN NET ASSETS</b>	<b>(306,223)</b>	<b>(1,197,769)</b>	<b>346,846</b>	<b>(1,157,146)</b>	<b>1,208,210</b>	<b>1,390,802</b>	<b>762,266</b>	<b>3,361,278</b>
NET ASSETS AT THE BEGINNING OF YEAR, AS ADJUSTED	5,795,493	5,048,593	6,540,593	17,384,679	4,843,819	3,401,255	5,778,327	14,023,401
TRANSFERS, See Note 14	-	-	-	-	(256,536)	256,536	-	-
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 5,489,270</b>	<b>\$ 3,850,824</b>	<b>\$ 6,887,439</b>	<b>\$16,227,533</b>	<b>\$ 5,795,493</b>	<b>\$ 5,048,593</b>	<b>\$ 6,540,593</b>	<b>\$17,384,679</b>

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

**ZOO MIAMI FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (1,157,146)</u>	<u>\$ 3,361,278</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	59,080	59,472
Provision for bad debt	27,875	-
Discounts to net present values	(10,284)	39,180
Net realized and unrealized loss (gain) from investments	782,278	(723,867)
Decrease (increase) in operating assets:		
Unconditional promises to give, net	(88,252)	35,242
Other accounts receivable	(67,109)	82,710
Prepaid expenses and other assets	(3,125)	(4,279)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(41,310)	19,359
Deferred revenues	<u>(37,496)</u>	<u>38,698</u>
TOTAL ADJUSTMENTS	<u>621,657</u>	<u>(453,485)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(535,489)</u>	<u>2,907,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(47,995)	(28,902)
Change in investments, net	<u>1,730,632</u>	<u>(2,776,855)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>1,682,637</u>	<u>(2,805,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Funds held on behalf of Zoo Miami, net of contribution	(997,637)	16,896
Principal payments under capital lease obligations	<u>(8,962)</u>	<u>(12,633)</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(1,006,599)</u>	<u>4,263</u>
NET INCREASE IN CASH	140,549	106,299
CASH AT BEGINNING OF YEAR	<u>148,596</u>	<u>42,297</u>
CASH AT END OF YEAR	<u>\$ 289,145</u>	<u>\$ 148,596</u>
<hr/>		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Donated facility and goods	<u>\$ 149,659</u>	<u>\$ 142,005</u>
Cash paid for interest	<u>\$ 254</u>	<u>\$ 4,119</u>

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

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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**NOTE 1 - GENERAL**

Zoo Miami Foundation, Inc. (the "Foundation") was incorporated in the State of Florida for the purpose of promoting, developing and providing support to zoological parks and gardens, specifically Miami-Dade Zoological Park and Gardens ("Zoo Miami"), formerly known as Miami Metro Zoo. Among other programs, the Foundation delivers educational and outreach programs, raises philanthropic and government grant funds, provides marketing and communications, and manages the membership and volunteer programs for the benefit of Zoo Miami. The Foundation derives its principal support and revenues through membership dues, grants and donations.

In November 1998, the Miami-Dade Board of County Commissioners (the "Board") approved an ordinance to establish an Oversight Board and companion operating agreement between Miami-Dade County and the Foundation. The Oversight Board consists of nine members from Miami-Dade County and the Foundation. It oversees the creation of a strategic plan for Zoo Miami and the preparation of a joint operating budget, ensures compliance with the terms and conditions of the operating agreement and serves in an advisory capacity to the Board. There has been no conveyance of County property to the Board or the Foundation. The Miami-Dade County Parks and Recreation Department continues to oversee the daily operations of Zoo Miami. The Foundation, in addition to its current functions, takes an active role in promoting the cultural institution.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statements are prepared using the accrual basis of accounting. Net assets, revenue, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. The three net asset categories are reflected in the accompanying financial statements as follows:

Unrestricted

The part of net assets of the Foundation resulting from contributions and other inflows of assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of the Foundation and the purpose specified in its articles of incorporation and bylaws. In addition, the Foundation has unrestricted, board designated net assets resulting from contributions whose use by the Foundation is not limited by donor-imposed stipulations. The Foundation has internally earmarked such funds not to be expended for an unspecified period of time.

Temporarily Restricted

The part of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted

The part of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions and changes in restrictions.



**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

**Concentration of Credit Risk and Market Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash deposits in excess of the Federal Deposit Insurance Corporation (the "FDIC") insured limits. At times, such balances may be in excess of the insurance limits of the FDIC. The Foundation has not experienced losses in such accounts.

The Foundation invests in marketable debt and equity securities, which, inherent in the fair market value determination, include the risk factor of credit worthiness for each individual debt and equity security. Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Foundation has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Concentrations of credit risk do exist with respect to pledges made to the Foundation during the year. Management considers credit risk associated with pledges receivable to be low due to the diversity of the donors and the recurring nature of many donations.

**Cash and Cash Equivalents**

For the purpose of reporting cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Foundation's policy is to include money market accounts not held at financial institutions, which are highly liquid, in investments.

**Contributions, Membership Dues and Receivables**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted support.

Membership dues are recognized as revenue for financial reporting purposes in the year the fees are earned.

Unconditional promises to give due in excess of one year are discounted at the present value of their estimated future cash flows. Unconditional promises to give and other receivables are recorded in the Statements of Financial Position at fair value estimated by discounted cash flow analyses, using an average discount rate of 5% for the years ended September 30, 2015 and 2014. Management provides for probable uncollectible amounts based on its assessment of recent collection history and current donor relationships. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Foundation recorded an allowance for pledges receivable of \$42,875 and \$15,000 for the years ended September 30, 2015 and 2014, respectively.

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Investments**

The Foundation reports their investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Statements of Financial Position. Investment gains (losses) (including realized and unrealized gains and losses on investments, interest and dividends) are included in the Statements of Activities under the caption "Investment gains, net."

**Income Taxes**

The Foundation is a non-profit corporation which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, generally would not incur income taxes. As a result, the financial statements do not reflect a provision for income taxes.

The Foundation recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Foundation files income tax returns. The Foundation is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2012.

**Property and Equipment, Net**

Property and equipment purchases are recorded at cost or, if contributed, at the fair value at the time of donation. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 10 years. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recorded. Maintenance and repairs are expensed as incurred. The Foundation capitalizes assets purchased which exceed \$500.

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the Foundation's climate, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets are adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows. No write-downs for impairment of long-lived assets were recorded in 2015 or 2014.

**Funds Held on Behalf of Zoo Miami**

The Foundation previously maintained funds in its investments on behalf of Zoo Miami. These funds were utilized at the discretion of Zoo Miami and the Foundation acted as a conduit. The Foundation did not record revenue or expenses in the Statement of Activities related to these funds. As of September 30, 2015, these funds were contributed to the Foundation by Zoo Miami, see Note 13.

**Deferred Revenues**

The Foundation records deferred revenue for monies received in advance for special events, multi-year memberships, and other programs that have not taken place as of September 30, 2015 and 2014.

**Allocation of Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Accrued Expenses**

The Foundation records accrued expenses primarily for employees' vacation, and professional fees.

**Donated Facility, Goods and Services**

The Foundation occupies, without charge, a building owned by Miami-Dade County. The estimated fair rental value of the premises is reported as support and expense in the period in which the building is used. Donated facilities for each of the years ended September 30, 2015 and 2014 totaled \$75,000 and is reflected under the caption "Donated facilities" on the Statements of Activities.

The Foundation receives certain contributions of services for which it would otherwise have to pay and donated goods which are used at its annual fundraising event. The Foundation records these contributions as both support and expense in the Statements of Activities. Total contributions for services and goods were \$74,659 and \$67,005 for the years ended September 30, 2015 and 2014, respectively, and are included as unrestricted revenues under the captions "Donations and Grants" on the Statements of Activities.

Donated services provided by volunteers in connection with the various programs are not recorded as contributions by the Foundation within the financial statements since they do not meet the requirements under the financial accounting standards. The Foundation estimates the value of the donated services to be approximately \$578,000 and \$1,016,000 for the years ended September 30, 2015 and 2014, respectively.

**Reclassification**

Certain 2014 financial statement amounts have been reclassified to conform to the 2015 presentation.

**Subsequent Events**

The Foundation has evaluated subsequent events through January 20, 2016 which is the date the financial statements were available to be issued.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE, NET

The following are schedules of payments due relating to unconditional promises to give. These payments have been discounted using a rate of 5% for 2015 and 2014. Unconditional promises to give are expected to be realized in the following periods:

	2015	2014
Less than one year	\$ 6,000	\$ 5,000
One to five years	309,040	246,220
Thereafter	113,712	68,712
Total	<u>428,752</u>	<u>319,932</u>
Less: Allowance on long-term pledges	(42,875)	(15,000)
Less: Discount on long-term pledges	(49,464)	(39,180)
Unconditional promises to give, net	<u>\$ 336,413</u>	<u>\$ 265,752</u>

For the years ended September 30, 2015 and 2014, there were no write-offs of uncollectible promises to give.

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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**NOTE 4 - INVESTMENTS**

Investments are presented in the financial statements at their fair market values and consist of the following at September 30:

	<u>2015</u>	<u>2014</u>
Money market funds and other	\$ 1,772,497	\$ 3,740,329
Stocks, options, and ETF's	4,868,197	5,504,245
Mutual funds	8,824,610	8,738,598
	<u>\$ 15,465,304</u>	<u>\$ 17,983,172</u>
	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 470,353	\$ 402,480
Net realized investment gain	301,179	276,934
Net unrealized investment (loss) gain	(1,088,415)	446,933
	<u>\$ (316,883)</u>	<u>\$ 1,126,347</u>

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The FASB establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

Money market funds and other invests in cash equivalents backed by government and treasury securities. These investments are valued at amortized cost, which approximates fair value.

Stocks, options, and exchange traded funds ("ETF's) are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds are managed by independent investment advisors with discretionary investment authority. The mutual funds are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized.

Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The following tables represent the Foundation's financial instruments measured at fair value on a recurring basis at September 30, 2015 and 2014 for each of the fair value hierarchy levels:

		<u>Fair Value Measurements at September 30, 2015</u>		
<u>Description</u>	<u>9/30/2015</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Money market funds and other	\$ 1,772,497	\$ 1,772,497	\$ -	\$ -
Stocks, options, and ETF's	4,868,197	4,868,197	-	-
Mutual funds	8,824,610	8,824,610	-	-
	<u>\$ 15,465,304</u>	<u>\$ 15,465,304</u>	<u>\$ -</u>	<u>\$ -</u>

		<u>Fair Value Measurements at September 30, 2014</u>		
<u>Description</u>	<u>9/30/2014</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Money market funds and other	\$ 3,740,329	\$ 3,740,329	\$ -	\$ -
Stocks, options, and ETF's	5,504,245	5,504,245	-	-
Mutual funds	8,738,598	8,738,598	-	-
	<u>\$ 17,983,172</u>	<u>\$ 17,983,172</u>	<u>\$ -</u>	<u>\$ -</u>

**ZOO MIAMI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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**NOTE 6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at September 30:

	<u>2015</u>	<u>2014</u>
Furniture, fixtures and equipment	\$ 494,736	\$ 487,691
Transportation equipment (including capital lease of \$47,644 as of September 30, 2015 and 2014)	93,932	90,789
Computer equipment	290,971	270,686
Leasehold improvements	<u>256,207</u>	<u>238,685</u>
	<u>\$ 1,135,846</u>	<u>\$ 1,087,851</u>
Less: accumulated depreciation and amortization, including accumulated amortization on capital leases of \$47,644 and \$38,711 as of September 30, 2015 and 2014, respectively.	<u>(862,696)</u>	<u>(803,616)</u>
	<u>\$ 273,150</u>	<u>\$ 284,235</u>

Total depreciation and amortization expense as of September 30, 2015 and 2014 was \$59,080 and \$59,472, respectively.

**NOTE 7 - OBLIGATION UNDER CAPITAL LEASES**

During 2011, the Foundation entered into a capital lease for transportation equipment of approximately \$48,000. The leased transportation equipment is depreciated over an estimated useful life of four years. Amortization of equipment under capital leases was approximately \$9,000 and \$12,000 for the years ended September 30, 2015 and 2014, respectively, which is included in depreciation and amortization expense in Note 6. As of September 30, 2015, the capital lease matured. Interest expense under capital leases for the years ended September 30, 2015 and 2014 was \$254 and \$1,191, respectively.

**NOTE 8 - LINE OF CREDIT**

The Foundation entered into an unsecured revolving line of credit agreement with a financial institution during July 2004, renewable annually. The agreement expired in April 2015 and was not subsequently renewed.

**ZOO MIAMI FOUNDATION, INC.**  
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**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

The Foundation's temporarily restricted net assets consist of assets which have been restricted by the donor either as to the purpose or the passage of time. The time restrictions will be met in future periods and the purpose restrictions will be met when net assets are used for the specific programs.

The temporarily restricted net assets relate primarily to specific capital projects at Zoo Miami and other program activities of the Foundation. Temporarily restricted net assets at September 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Florida exhibit and other projects, see Note 13	\$ 2,147,140	\$ 3,097,549
Net appreciation on permanently restricted net assets	1,703,684	1,951,044
	<u>\$ 3,850,824</u>	<u>\$ 5,048,593</u>

**NOTE 10 - PERMANENTLY RESTRICTED ASSETS**

The Foundation has permanently restricted net assets of \$6,887,439 and \$6,540,593 as of September 30, 2015 and 2014, respectively. For the years ended September 30, 2015 and 2014 the permanently restricted net assets were composed of investments. The donors have instructed the Foundation that the principal cannot be expended; however, the earnings generated by the original donated principal are available to be expended. Any earnings are included in temporarily restricted net assets and are expensed as appropriated.

	<u>2015</u>	<u>2014</u>
	Donated Principal	Donated Principal
Weeks Hospital endowment	\$ 1,872,286	\$ 1,872,286
Operating endowment	1,855,000	1,855,000
Katzenstein Education endowment	1,000,000	1,000,000
Ron Magill endowment	803,060	546,189
Landon and Cynthia Knight Family Amazon and Beyond endowment	350,000	350,000
Batchelor Foundation Amazon and Beyond endowment	300,000	300,000
Komodo Dragon endowment	200,000	200,000
Dr. James A. Kushian S. Florida Wading Bird endowment	188,000	188,000
Children's Zoo endowment	125,000	125,000
Conservation endowment	84,775	-
Gamble Koala endowment	50,000	50,000
Amazon and Beyond endowment	39,052	39,052
Cobb Fountain endowment	10,000	10,000
Madden Florida endowment	7,766	5,066
Osheroff endowment	2,500	-
	<u>\$ 6,887,439</u>	<u>\$ 6,540,593</u>



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**NOTE 11 - ENDOWMENTS**

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment is comprised of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

In June 2011 the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") which is effective July 1, 2012. The Foundation adopted FUPMIFA on July 1, 2012. The Foundation has interpreted FUPMIFA 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 Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The Foundation considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment fund earnings:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

For the years ended September 30, 2015 and 2014, the Foundation has elected to not add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a rate of return in excess of the original permanently restricted principal. Actual returns in any given year may vary.

**ZOO MIAMI FOUNDATION, INC.**  
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NOTE 11 - ENDOWMENTS (Continued)

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on investments in equities and mutual funds to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year 3% of the 3-year moving average of the prior month-end market values of its board designated endowment fund balance. However, from time to time at the discretion of the Board of the Directors they may adjust the policy up or down. In establishing this policy, the Foundation considered the long-term expected return on its endowment. The spending rate above is not applicable to the restricted funds of the endowment as the distributions are, instead, dictated by the specific needs of the purpose(s) or program(s) designated by the Board of Directors.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual temporarily and permanently donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Foundation to retain as a fund of perpetual duration.

**Summary of Endowment Net Assets September 30, 2015:**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,703,684	\$ 6,887,439	\$ 8,591,123
Board-designated endowment funds	4,665,574	-	-	4,665,574
Total endowment net assets	<u>\$ 4,665,574</u>	<u>\$ 1,703,684</u>	<u>\$ 6,887,439</u>	<u>\$ 13,256,697</u>

**Summary of Endowment Net Assets September 30, 2014:**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,951,044	\$ 6,540,593	\$ 8,491,637
Board-designated endowment funds	5,620,745	-	-	5,620,745
Total endowment net assets	<u>\$ 5,620,745</u>	<u>\$ 1,951,044</u>	<u>\$ 6,540,593</u>	<u>\$ 14,112,382</u>

**ZOO MIAMI FOUNDATION, INC.**  
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NOTE 11 - ENDOWMENTS (Continued)

**Changes in endowment net assets for the year ended September 30, 2015:**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 5,620,745	\$ 1,951,044	\$ 6,540,593	\$ 14,112,382
Interest and dividends	174,441	290,954	-	465,395
Investment change, net	(276,938)	(505,340)	-	(782,278)
Contributions	-	-	346,846	346,846
Amount appropriated for expenditure and released from restriction	(852,674)	(32,974)	-	(885,648)
Endowment net assets, ending	<u>\$ 4,665,574</u>	<u>\$ 1,703,684</u>	<u>\$ 6,887,439</u>	<u>\$ 13,256,697</u>

**Changes in endowment net assets for the year ended September 30, 2014:**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning, as adjusted	\$ 4,543,734	\$ 1,381,348	\$ 5,778,327	\$ 11,703,409
Interest and dividends	169,110	233,110	-	402,220
Investment change, net	280,542	390,287	-	670,829
Contributions	1,891,526	-	762,266	2,653,792
Amount appropriated for expenditure and released from restriction	(1,264,167)	(53,701)	-	(1,317,868)
Endowment net assets, ending	<u>\$ 5,620,745</u>	<u>\$ 1,951,044</u>	<u>\$ 6,540,593</u>	<u>\$ 14,112,382</u>

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA

\$ 6,887,439

There are pledges receivable that are part of permanently restricted net assets. However, as these pledges receivable have not been collected, these assets are not included within the spending calculation for the permanent fund or in the endowment net assets reported.

NOTE 12 - RETIREMENT PLAN

Effective January 1, 2000, the Foundation started a 401(K) retirement plan. The plan is for eligible employees who have reached the age of 21 and completed a 90 day employment period. The Foundation contributes a matching contribution of 50% of employee contributions up to 4% of compensation. The Foundation made contributions to the plan during the years ended September 30, 2015 and 2014 of \$15,423 and \$14,137, respectively.

**ZOO MIAMI FOUNDATION, INC.  
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**NOTE 13 - TRANSACTIONS WITH MIAMI-DADE COUNTY AND ZOO MIAMI**

**Zoo Miami Marketing**

The Foundation receives an annual grant from Miami-Dade County to create and execute a marketing plan for Zoo Miami. The grant is on a cost reimbursement basis. For the years ended September 30, 2015 and 2014, the Foundation received approximately \$1,230,000 and \$1,255,000, respectively, and these amounts are included as donations and grants in the Statement of Activities.

**Cultural Affairs Grant**

In September 2003, Zoo Miami was designated a Cultural Institution by Miami-Dade County Department of Cultural Affairs. In conjunction with this designation, the Foundation was awarded grants in the amounts of \$293,000 to use in its programs for each of the years ended September 30, 2015 and 2014. These grants are included within the caption "Donations and grants" in the Statements of Activities for the years ended September 30, 2015 and 2014. The Foundation is subject to various conditions related to these grants.

**Safe Neighborhood Parks Bond**

In 1996, the voters of Miami-Dade County approved a bond issue to provide funds for the improvement and upkeep of Miami-Dade County Parks. Zoo Miami received \$7,330,130 from the issuance of these bonds, which includes an outstanding balance due to the Foundation for the years ended September 30, 2015 and 2014 of approximately \$378,000. The Foundation has recorded an allowance for the entire balance based on the uncertainty of collection; however, the Foundation believes they will receive these funds in a future general obligation bond issuance.

**Florida Exhibit**

The Foundation has committed approximately \$3,000,000 to Miami-Dade County Parks and Recreation for the construction of the Florida Exhibit at Zoo Miami. The expected completion date of the project is July 2016. The Foundation expects to meet its commitment through unrestricted funds and fundraising.

**Funds held on behalf of Zoo Miami/Contribution from Zoo Miami**

The Foundation held funds on behalf of Zoo Miami of \$1,002,595 for the year ended September 30, 2014. Zoo Miami had complete discretion over the use of these funds and the Foundation acted only as a conduit. These funds are included in "Investments" in the Statements of Financial Position, as well as a liability under the caption "Funds held on behalf of Zoo Miami." Contributions or withdrawals of these funds are neither recognized as revenue or expense in the Statements of Activities of the Foundation.

As of September 30, 2015, Zoo Miami agreed that \$955,138, previously recorded as a due to Zoo Miami, would be contributed by Zoo Miami to the Foundation. Accordingly, the Foundation has recorded \$870,363 and \$84,775 of temporarily and permanently restricted revenues, respectively, in their general ledger as of September 30, 2015.

As of September 30, 2015, the Foundation did not have any "Funds held of behalf of Zoo Miami."

**NOTE 14 – NET ASSETS/TRANSFERS**

Based on Management's further review and interpretation of certain donations, beginning net assets as of October 1, 2013 were increased by \$61,275 and liabilities were reduced by the same amount. In addition as of September 30, 2014, transfers of \$256,536 were made from unrestricted net assets to temporarily restricted net assets.