



*como friends*  
THRIVE ON

# Como Friends

Financial Statements and  
Independent Auditor's Report

*December 31, 2019 and 2018*

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*December 31, 2019 and 2018*

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**Financial Statements**

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## **Independent Auditor's Report**

To the Board of Directors of  
Como Friends  
Saint Paul, Minnesota 55103

We have audited the accompanying financial statements of Como Friends, a Minnesota non-profit corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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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 Como Friends as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Wilkinson, Guthrie & Johnson, P.C.*

Saint Paul, Minnesota

April 20, 2020

# Como Friends

## Statements of Financial Position

<i>As of December 31,</i>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and Cash Equivalents	\$ 1,298,596	\$ 1,548,785
Board Reserve and Project Funds	1,648,618	1,645,796
Contributions Receivable	745,834	661,963
Inventory	272,305	265,435
Prepaid Expenses and Other	87,236	46,123
Total Current Assets	<u>4,052,589</u>	<u>4,168,102</u>
<b>Other</b>		
Contributions Receivable, Net of Current Portion	900,073	1,800,350
Property and Equipment, Net	131,249	125,188
Beneficial Interests in Assets Held by Others	8,743,311	7,676,634
Total Other Assets	<u>9,774,633</u>	<u>9,602,172</u>
<b>Total Assets</b>	<b>\$ 13,827,222</b>	<b>\$ 13,770,274</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts Payable	\$ 28,016	\$ 16,988
Accrued Expenses and Other Liabilities	105,384	111,046
Total Current Liabilities	<u>133,400</u>	<u>128,034</u>
<b>Net Assets</b>		
Net Assets Without Donor Restrictions		
Board Reserve and Project Funds	1,648,618	1,645,796
Board Designated Endowment	138,101	125,967
Undesignated	869,385	704,302
Total Net Assets Without Donor Restrictions	<u>2,656,104</u>	<u>2,476,065</u>
Net Assets With Donor Restrictions		
Perpetual in Nature	6,754,325	6,480,846
Purpose Restrictions	3,933,789	4,471,611
Time-Restricted for Future Periods	349,604	213,718
Total Net Assets With Donor Restrictions	<u>11,037,718</u>	<u>11,166,175</u>
Total Net Assets	13,693,822	13,642,240
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,827,222</b>	<b>\$ 13,770,274</b>

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

# Como Friends

## Statements of Activities and Changes in Net Assets

Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue</b>						
Contributions	\$ 1,283,206	\$ 172,903	\$ 1,456,109	\$ 1,063,788	2,602,367	\$ 3,666,155
Gift Shop Sales	1,531,552	-	1,531,552	1,496,084	-	1,496,084
Cost of Goods Sold	624,779	-	624,779	632,675	-	632,675
Gift Shop Sales, Net	906,773	-	906,773	863,409	-	863,409
Special Events	426,680	-	426,680	426,727	-	426,727
Less Cost of Direct Benefit to Donors	(55,224)	-	(55,224)	(61,849)	-	(61,849)
Special Events, Net	371,456	-	371,456	364,878	-	364,878
Membership	294,078	-	294,078	278,796	-	278,796
Increase (Decrease) in Beneficial Interest in Assets						
Held by Others	18,079	1,072,962	1,091,041	(6,737)	(409,762)	(416,499)
Other Income	109,654	-	109,654	93,351	-	93,351
Net Assets Released from Restrictions and Transfers	1,374,322	(1,374,322)	-	1,437,697	(1,437,697)	-
Total Revenue	4,357,568	(128,457)	4,229,111	4,095,182	754,908	4,850,090
<b>Expenses</b>						
Programs:						
Zoo and Conservatory Programs	1,272,353	-	1,272,353	1,380,925	-	1,380,925
Capital Project Grants	800,000	-	800,000	700,000	-	700,000
Gift Shops	552,959	-	552,959	512,987	-	512,987
	2,625,312	-	2,625,312	2,593,912	-	2,593,912
Support Services:						
Management and General	717,616	-	717,616	674,825	-	674,825
Fund Development	828,155	-	828,155	768,452	-	768,452
Capital Campaign	6,446	-	6,446	51,676	-	51,676
	1,552,217	-	1,552,217	1,494,953	-	1,494,953
Total Expenses	4,177,529	-	4,177,529	4,088,865	-	4,088,865
Increase (Decrease) in Net Assets	180,039	(128,457)	51,582	6,317	754,908	761,225
Net Assets, Beginning of Year	2,476,065	11,166,175	13,642,240	2,469,748	10,411,267	12,881,015
<b>Net Assets, End of Year</b>	<b>\$ 2,656,104</b>	<b>\$ 11,037,718</b>	<b>\$ 13,693,822</b>	<b>\$ 2,476,065</b>	<b>\$ 11,166,175</b>	<b>\$ 13,642,240</b>

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

# Como Friends

## Statements of Cash Flows

<i>Years Ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Contributions, Net of Amounts Restricted		
For Long-Term Purposes	\$ 2,016,127	\$ 2,964,487
Receipts from Special Events	426,680	426,727
Membership Receipts	294,078	278,796
Gift Shop Sales Receipts	1,531,552	1,496,084
Other Cash Receipts	112,090	97,366
Grants Paid	(1,923,265)	(1,824,427)
Payments for Salaries, Staff, and Payroll Taxes	(1,406,567)	(1,388,634)
Payments to Vendors	(1,298,875)	(1,389,980)
Cash Paid For Income Taxes	-	(6,187)
Cash, Cash Equivalents, and Restricted Cash Provided By (Used In)		
Operating Activities	(248,180)	654,232
<b>Cash Flows from Investing Activities</b>		
Purchase of Certificates of Deposit	-	(1,505,249)
Maturity of Certificates of Deposit	-	2,966,920
Purchase of Property and Equipment	(23,551)	(15,048)
Cash, Cash Equivalents, and Restricted Cash Provided By (Used In)		
Investing Activities	(23,551)	1,446,623
<b>Cash Flows from Financing Activities</b>		
Contributions Restricted for Endowment	(73,479)	-
Transfer to Beneficial Interests in Assets Held by Others	(253,220)	(86,084)
Distributions from Beneficial Interest in Assets Held by Others	351,063	339,774
Cash, Cash Equivalents, and Restricted Cash Provided by		
Financing Activities	24,364	253,690
Net Change in Cash, Cash Equivalents, and Restricted Cash	(247,367)	2,354,545
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	3,194,581	840,036
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<b>\$ 2,947,214</b>	<b>\$ 3,194,581</b>

*The accompanying notes are an integral part of the financial statements.*

# Como Friends

## Statement of Functional Expenses

*For the Year Ended December 31, 2019 (with comparative totals for 2018)*

	2019							2018	
	Program Services			Supporting Services				Totals	Totals
	Zoo and Conservatory Programs	Gift Shops	Total Program Services	Management & General	Fund Development		Total Supporting Services		
				Special Events and Other	Capital Campaign				
Salaries	\$ 41,060	\$ 398,076	\$ 439,136	\$ 362,675	\$ 367,948	\$ 3,312	\$ 733,935	\$ 1,173,071	\$ 1,133,837
Payroll Taxes and Benefits	6,804	68,878	75,682	95,971	61,373	430	157,774	233,456	226,971
Total Personnel Costs	47,864	466,954	514,818	458,646	429,321	3,742	891,709	1,406,527	1,360,808
Cost of Goods Sold	-	624,779	624,779	-	-	-	-	624,779	632,675
Event and Program Costs	-	614	614	6,932	283,040	-	289,972	290,586	284,719
Professional Fees and Consultants	76,250	4,000	80,250	81,578	-	-	81,578	161,828	126,458
Printing, Design and Postage	15,313	2,126	17,439	26,039	80,400	2,290	108,729	126,168	117,592
Rent and Utilities	-	30,000	30,000	24,403	41,459	-	65,862	95,862	94,895
Outside Services and Contract Labor	-	1,215	1,215	54,872	28,611	-	83,483	84,698	96,800
Supplies	1,704	5,774	7,478	5,904	2,249	-	8,153	15,631	78,606
Repair, Maintenance and Technology	-	5,093	5,093	28,654	-	-	28,654	33,747	77,218
Other Expenses	7,957	22,169	30,126	28,112	18,299	414	46,825	76,951	75,394
Depreciation	-	15,014	15,014	2,476	-	-	2,476	17,490	13,797
Zoo and Conservatory Programs and and Improvements Grants	1,123,265	-	1,123,265	-	-	-	-	1,123,265	1,124,427
Capital Project and Support Grants	800,000	-	800,000	-	-	-	-	800,000	700,000
<b>Total Expenses</b>	<b>\$ 2,072,353</b>	<b>\$ 1,177,738</b>	<b>\$ 3,250,091</b>	<b>\$ 717,616</b>	<b>\$ 883,379</b>	<b>\$ 6,446</b>	<b>\$ 1,607,441</b>	<b>\$ 4,857,532</b>	<b>\$ 4,783,389</b>
Cost of Goods Sold	-	(624,779)	(624,779)	-	-	-	-	(624,779)	(632,675)
Event Costs of Direct Benefit to Donors	-	-	-	-	(55,224)	-	(55,224)	(55,224)	(61,849)
<b>Total Expenses Per Statement of Activities</b>	<b>\$ 2,072,353</b>	<b>\$ 552,959</b>	<b>\$ 2,625,312</b>	<b>\$ 717,616</b>	<b>\$ 828,155</b>	<b>\$ 6,446</b>	<b>\$ 1,552,217</b>	<b>\$ 4,177,529</b>	<b>\$ 4,088,865</b>

*The accompanying notes are an integral part of the financial statements.*



# Como Friends

## Statement of Functional Expenses

For the Year Ended December 31, 2018

	Program Services			Management & General	Supporting Services		Total Supporting Services	Totals
	Zoo and Conservatory Programs	Gift Shops	Total Program Services		Special Events and Other	Fund Development Capital Campaign		
Salaries	\$ 42,459	\$ 362,823	\$ 405,282	\$ 360,468	\$ 333,169	\$ 34,918	\$ 728,555	\$ 1,133,837
Payroll Taxes and Benefits	7,042	67,553	74,595	92,198	55,830	4,348	152,376	226,971
Total Personnel Costs	49,501	430,376	479,877	452,666	388,999	39,266	880,931	1,360,808
Cost of Goods Sold	-	632,675	632,675	-	-	-	-	632,675
Event and Program Costs	-	200	200	6,276	278,092	151	284,519	284,719
Professional Fees and Consultants	81,500	4,000	85,500	32,544	-	8,414	40,958	126,458
Printing, Design and Postage	16,607	2,416	19,023	18,992	75,890	3,687	98,569	117,592
Rent and Utilities	-	30,000	30,000	30,620	34,275	-	64,895	94,895
Outside Services and Contract Labor	1,000	-	1,000	55,675	40,125	-	95,800	96,800
Supplies	61,112	7,157	68,269	5,939	4,398	-	10,337	78,606
Repair, Maintenance and Technology	39,588	4,667	44,255	32,963	-	-	32,963	77,218
Other Expenses	7,190	22,008	29,198	37,516	8,522	158	46,196	75,394
Depreciation	-	12,163	12,163	1,634	-	-	1,634	13,797
Zoo and Conservatory Programs and and Improvements Grants	1,124,427	-	1,124,427	-	-	-	-	1,124,427
Capital Project and Support Grants	700,000	-	700,000	-	-	-	-	700,000
<b>Total Expenses</b>	<b>\$ 2,080,925</b>	<b>\$ 1,145,662</b>	<b>\$ 3,226,587</b>	<b>\$ 674,825</b>	<b>\$ 830,301</b>	<b>\$ 51,676</b>	<b>\$ 1,556,802</b>	<b>\$ 4,783,389</b>
Cost of Goods Sold	-	(632,675)	(632,675)	-	-	-	-	(632,675)
Event Costs of Direct Benefit to Donors	-	-	-	-	(61,849)	-	(61,849)	(61,849)
<b>Total Expenses Per Statement of Activities</b>	<b>\$ 2,080,925</b>	<b>\$ 512,987</b>	<b>\$ 2,593,912</b>	<b>\$ 674,825</b>	<b>\$ 768,452</b>	<b>\$ 51,676</b>	<b>\$ 1,494,953</b>	<b>\$ 4,088,865</b>

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

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*December 31, 2019 and 2018*

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## **1. Organization**

Como Friends (“the Organization”) is a Minnesota non-profit corporation. We inspire community generosity in support of Como Park Zoo & Conservatory so it thrives for generations to come. The Organization’s proceeds come primarily from contributions, gift shop sales, and fundraising events. As Como Park Zoo and Conservatory are owned and operated by the City of St. Paul (City), the Organization works collaboratively with the City under a Memorandum of Understanding.

## **2. Summary of Significant Accounting Policies**

### *Classes of Net Assets*

The Organization’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions:** This class of net assets is not subject to donor-imposed restrictions and may be expended in performing the objectives of the Organization at the discretion of management and the Board of Directors. Board Designated amounts within this class represent those net assets that the Board has set aside for a particular purpose until the Board of Directors designates how the funds will be utilized.

**Net Assets With Donor Restrictions:** This class of net assets is subject to stipulations imposed by donors (and grantors). Some donor-imposed restrictions are temporary in nature; those restrictions will be met by the passage of time or by actions of the Organization specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

### *Cash and Cash Equivalents*

The Organization considers money market mutual funds to be cash equivalents.

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*December 31, 2019 and 2018*

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## **2. Summary of Significant Accounting Policies (Continued)**

### ***Board Funds***

Board Funds includes cash, certificates of deposit with a maturity of three to six months reported at cost which approximates fair value, and bequests receivable. The Board Funds have been established to provide a resource for operating expenses in case of unexpected downturns or crisis situations and to fund programs and capital projects as directed by the Board of Directors. Bequests, absent restrictions, are classified within board funds per the policy of the organization.

### ***Contributions Receivable***

Unconditional promises to give to the Organization that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows using a discount rate which approximates the yield on the 10-year U.S. Treasury Note. In years subsequent to the initial present value calculations, amortization of the discounts is recorded as contribution revenue. No allowance for uncollectible amounts is provided since all amounts are deemed collectible.

### ***Gift Shop Inventory***

Inventory consists of items held for sale in the Organization's gift shop and is valued at lower of cost or net realizable value, using the first-in, first-out ("FIFO") method.

### ***Property and Equipment***

Leasehold improvements, furniture, fixtures, and equipment additions with a cost or value over \$500 are reported at cost if purchased or at estimated fair value if acquired by donation. Depreciation is computed using the straight-line method over estimated useful lives of three to seventeen years.

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December 31, 2019 and 2018

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## 2. Summary of Significant Accounting Policies (Continued)

### *Beneficial Interests in Assets Held by Others*

The Organization established as endowments four separate charitable funds which are held by the Saint Paul and Minnesota Foundation (“the Foundation”) under terms of separate fund agreements (Note 9). The charitable funds were funded by certain contributions to the Organization. The estimated fair values of the funds have been recognized by the Organization as Beneficial Interests in Assets Held by Others. The amount of the principal originally contributed to a fund is classified based on the existence and nature of any donor restrictions.

Annual adjustments to the fair values of the amounts reported as assets are recognized as increases or decreases in the Beneficial Interests in Assets Held by Others and are classified based on the existence and nature of any donor restrictions.

### *Revenue Recognition*

Contributions, including unconditional promises to give, are recognized as revenue without donor restrictions or with donor restrictions, based on the existence and nature of any donor restrictions.

Donor-restricted contributions are reported as net assets with donor restrictions. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Contribution revenue and investment income that is donor-restricted as to purpose or timing of use is recognized as unrestricted revenue if the specified restriction is met in the same period as the revenue is reported.

### *In-Kind Contributions*

Contributed services, materials, and facilities are recorded as in-kind contributions at their estimated fair values. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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*December 31, 2019 and 2018*

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## **2. Summary of Significant Accounting Policies (Continued)**

### ***Income Taxes***

Como Friends is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a publicly-supported organization and contributions to it qualify as a charitable tax deduction for the contributors as permitted by law. The Organization generates unrelated business income from a portion of its gift shop sales. Income taxes resulting from unrelated business income were \$782 in 2019 and \$211 in 2018.

### ***Functional Expenses***

Expenses are classified on a direct allocation basis, except for certain expenses allocated among the program services and supporting services categories based upon the estimated time expended by staff in those categories.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Subsequent Events***

Management has evaluated the effects of subsequent events through April 20, 2020, the date that the financial statements were available to be released (See Note 14).

### ***Reclassifications***

Certain reclassifications have been made to the 2018 presentation to provide comparability to the 2019 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

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December 31, 2019 and 2018

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## 2. Summary of Significant Accounting Policies (Continued)

### *New Accounting Pronouncements*

In 2016, FASB issued Accounting Standards Update 2016-18, Statement of Cash flows (Topic 230)—Restricted Cash (the “ASU”). The update addresses the classification and presentation of changes in restricted cash on the statement of cash flows and requires that amounts generally described as restricted cash be included with cash when reconciling the beginning and ending cash amounts on the statement of cash flows. The Organization has adjusted the basis of presentation of these financial statements to conform to the new standards on a retrospective basis.

## 3. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,298,596	\$ 1,548,785
Less amounts restricted by donors	(784,821)	(816,283)
Less net assets with donor restrictions held in endowment	(6,781)	(60,000)
Board Reserve and Project Funds	1,648,618	1,645,796
Less amounts committed to Zoo and Conservatory Projects within one year	(466,500)	(458,184)
Less amounts committed to Como Friends projects within one year	(102,627)	(54,501)
Contributions Receivable	25,000	-
Accounts Receivable	1,400	3,837
Expected Distributions From Beneficial Interests In Assets Held By Others	78,060	77,000
	<u>\$ 1,690,945</u>	<u>\$ 1,886,450</u>

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expense (approximately \$500,000). As part of its liquidity plan, available cash is invested in short-term investments, including marketable certificates of deposit, money market funds, and savings accounts. Board Project Funds (Note 7) totaling \$569,127 included in the Board Funds have been designated by the Board for use in 2020, primarily for projects at Como Park Zoo and Conservatory.

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#### 4. Contributions Receivable

Contributions receivable consisted of unconditional promises to give for the following purposes:

	<u>2019</u>	<u>2018</u>
Marjorie McNeely Conservatory Support	\$ 800,000	\$ 1,000,000
Como Harbor Project	826,669	1,265,934
New Guest Engagement Project	-	198,288
General Operating	25,000	25,000
Less: Unamortized Discount	<u>(5,762)</u>	<u>(26,909)</u>
Totals	<u>\$ 1,645,907</u>	<u>\$ 2,462,313</u>

At December 31, 2019, promises to give were scheduled to be received as follows:

In Less than One Year	\$ 745,834
In One to Five Years	<u>900,073</u>
Total	<u>\$ 1,645,907</u>

No discount is computed on the multi-year promise to give \$200,000 per year for conservatory support as the donor has agreed to increase each year's gift by an amount equal to the gift multiplied by the cumulative change in the Consumer Price Index (CPI) (see Note 8).

#### 5. Property and Equipment

Property and equipment is stated at cost and consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 56,270	\$ 67,590
Furniture and Fixtures	21,960	21,960
Leasehold Improvements	<u>124,177</u>	<u>124,177</u>
Totals	202,407	213,727
Accumulated Depreciation	<u>(71,158)</u>	<u>(88,539)</u>
Property and Equipment, Net	<u>\$ 131,249</u>	<u>\$ 125,188</u>

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December 31, 2019 and 2018

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## 6. Fair Value of Financial Instruments

Certain financial instruments are required to be measured annually at fair value. Accounting standards provide for a three-tier fair value hierarchy determined by the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets
- Level 2: Observable inputs such as quoted prices in active markets for similar assets or other significant observable inputs
- Level 3: Significant unobservable inputs

The fair values of beneficial interests in assets held by others have been measured in accordance with Level 3 inputs and are based upon the estimates provided by the Foundation in the absence of readily determinable values. Such values may differ from the values that would have been used had a ready market existed for these interests, and the differences could be significant. The fair values of beneficial interests in assets held by the Foundation for the benefit of the Organization consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
The Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ 5,946,371	\$ 5,174,265
E.M. Pearson Foundation Fund of Como Friends	1,660,331	1,514,445
Helen and Ruth Peterson Fund of Como Friends	138,101	125,967
Charlotte Partridge Ordway Japanese Garden Endowment Fund	998,508	861,957
Total Beneficial Interests in Assets Held by Others	<u>\$ 8,743,311</u>	<u>\$ 7,676,634</u>

Changes in the fair values of the Organization's Level 3 assets consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Balance, Beginning of Year	\$ 7,676,634	\$ 8,346,823
Investment Gain (Loss)	1,091,041	(416,499)
Contributions and Transfers	326,699	86,084
Distributions	<u>(351,063)</u>	<u>(339,774)</u>
Balance, End of Year	<u>\$ 8,743,311</u>	<u>\$ 7,676,634</u>



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*December 31, 2019 and 2018*

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## 7. Board Designated Net Assets

Board designated net assets consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Board Project Fund	\$ 1,050,560	\$ 1,083,939
Board Reserve Fund	598,058	561,857
Board Endowment Fund	138,101	125,967
Totals	<u>\$ 1,786,719</u>	<u>\$ 1,771,763</u>

The purpose of the Board Project Fund is to hold operating surplus funds and gifts/bequests without donor restriction until the Board of Directors designates how the funds will be utilized. The Board Project Fund is included in financial assets available for general expenditure within one year. (See Note 3.) Board Project Funds totaling \$569,127 included in the Board Funds (Note 3) have been designated by the Board for use in 2020, primarily for projects at Como Park Zoo and Conservatory.

The Board of Directors has established the Board Reserve Fund as funds held in reserve to provide a resource for operating expenses in case of unexpected downturns or crisis situations. This fund exists to stabilize Como Friends' operations in case of unexpected events, losses of income or large unbudgeted expenses. This fund is included in financial assets available for general expenditure within one year. (See Note 3.)

The Board Endowment Fund was established by the Board of Directors to accept a donations to the Helen and Ruth Peterson Fund of Como Friends for the purpose of making grants to Como Park Zoo and Conservatory.

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*December 31, 2019 and 2018*


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**8. Net Assets With Donor Restrictions**

The following schedule reflects net assets with donor restrictions for specified purposes or future periods as of December 31:

	<u>2019</u>	<u>2018</u>
Restricted By Purpose:		
Capital Campaign for Como Harbor	\$ 1,103,736	\$ 1,887,929
Marjorie McNeely Conservatory Support	800,000	1,000,000
Education	221,391	384,374
Como Staff Development	31,433	28,564
Other	249,168	224,641
	<u>2,405,728</u>	<u>3,525,508</u>
Restricted By Time:		
General Operating Support	20,000	30,000
Endowments:		
Amounts subject to donor restrictions of purpose and time:		
The Marjorie McNeely Conservatory at Como Park		
Endowment Fund	1,162,791	664,164
E.M. Pearson Foundation Fund of Como Friends—		
General Operations	329,604	183,718
Charlotte Partridge Ordway Japanese Garden		
Endowment Fund	365,270	281,939
	<u>1,857,665</u>	<u>1,129,821</u>
Amounts required to be maintained in perpetuity		
The Marjorie McNeely Conservatory at Como Park		
Endowment Fund	4,783,579	4,510,100
E.M. Pearson Foundation Fund of Como Friends—		
General Operations	1,330,727	1,330,727
Charlotte Partridge Ordway Japanese Garden		
Endowment Fund	640,019	640,019
Total Endowments	<u>6,754,325</u>	<u>6,480,846</u>
Total Net Assets With Donor Restrictions	<u>\$11,037,718</u>	<u>\$11,166,175</u>

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*December 31, 2019 and 2018*

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**8. Net Assets With Donor Restrictions (Continued)**

The Organization has a long-term pledge agreement that provides for annual payments of \$200,000 adjusted annually for the change in CPI. The agreement requires the Organization and the City to make an annual allocation of the payment received among current operating costs, specific project designations, endowment support, or a combination of those uses. For the year ended December 31, 2019 the payment received of \$273,497 was allocated for endowment support. For the year ended December 31, 2018, the payment received of \$268,360 was allocated for conservatory maintenance.

**9. Endowment Composition and Changes to Endowment Net Assets**

The Organization's endowment consists primarily of the four charitable funds with the Foundation established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States, 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 and nature of donor-imposed restrictions. In addition, the Organization held \$6,780 and \$60,000 of net assets with donor restrictions outside The Saint Paul Foundation in the Charlotte Partridge Ordway Japanese Garden Endowment Fund at December 31, 2019 and 2018, respectively.

*Interpretation of Relevant Law*—Endowment funds are regulated by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as enacted by the State of Minnesota. Our Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of Minnesota, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization is to retain in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give at fair value donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

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December 31, 2019 and 2018

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## 9. Endowment Composition and Changes to Endowment Net Assets (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

*Return Objectives and Risk Parameters*—The Organization is subject to the investment policy of the Foundation, as defined in the respective fund agreements for the charitable funds held by the Foundation for the Organization's benefit. The Foundation's investment objective is to earn a high risk-adjusted return that preserves the purchasing power of assets and seeks to maximize the amount available to meet the charitable needs of communities. The assets are to be managed in a manner that will attempt to produce a relatively predictable and stable stream of funds for charitable purposes.

*Strategies Employed for Achieving Objectives*—To satisfy its long-term rate-of-return objectives, the Organization relies on the Foundation's 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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy and the Relationship of the Investment Objectives to the Spending Policy*—The Organization's spending policy mirrors the distribution policy of the Foundation. The Foundation's policy appropriates for distribution each year an amount equal to 5.00% of the underlying assets, based upon a 21 quarter moving average of the market value of the assets, but not less than 4.25% of the fund's current market value and not more than 5.50% of the fund's current market value, less administrative fees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at a rate that is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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December 31, 2019 and 2018

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### 9. Endowment Composition and Changes to Endowment Net Assets (Continued)

Historically, funds have been distributed from the Foundation in accordance with the Foundation's spending policy. However, three of the four endowments with the Foundation allow for exceptions to that spending policy: The Helen and Ruth Peterson Fund of the Como Friends, the E.M. Pearson Foundation Fund of Como Friends, and the Charlotte Partridge Ordway Japanese Garden Endowment Fund. The Foundation has agreed that upon the request of the Como Friends Board of Directors all principal and accumulated earnings of these funds would be released to the Organization. Although any principal restricted in perpetuity in accordance with the donor's wishes would have to remain in the endowment, the use of the accumulated earnings and board designated amounts would be at the Board's discretion.

Endowment net assets consisted of the following:

<u>December 31, 2019</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ -	\$ 5,946,370	\$ 5,946,370
E.M. Pearson Foundation Fund of Como Friend	-	1,660,331	1,660,331
Charlotte Partridge Ordway Japanese Garden Endowment Fund	-	1,005,289	1,005,289
Helen and Ruth Peterson Fund of Como Friends	138,101	-	138,101
Totals	<u>\$ 138,101</u>	<u>\$ 8,611,990</u>	<u>\$ 8,750,091</u>

<u>December 31, 2018</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ -	\$ 5,174,264	\$ 5,174,264
E.M. Pearson Foundation Fund of Como Friend	-	1,514,445	1,514,445
Charlotte Partridge Ordway Japanese Garden Endowment Fund	-	921,958	921,958
Helen and Ruth Peterson Fund of Como Friends	125,967	-	125,967
Totals	<u>\$ 125,967</u>	<u>\$ 7,610,667</u>	<u>\$ 7,736,634</u>

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*December 31, 2019 and 2018*


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**9. Endowment Composition and Changes to Endowment Net Assets (Continued)**

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 Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2019 and 2018, there were no donor-restricted endowment funds under water.

At December 31, 2018, the Board Designated Endowment with original values of \$131,499 and fair values of \$125,967, and deficiencies of \$5,532 were reported in net assets without donor restrictions.

Changes in endowment net assets consisted of the following:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
January 1, 2018	\$ 138,516	\$ 8,354,392	\$ 8,492,908
Investment Return:			
Investment Loss	(7,975)	(472,896)	(480,871)
Interest and Dividends, Net	1,238	63,134	64,372
Appropriation of Endowment			
Assets for Expenditure	<u>(5,812)</u>	<u>(333,963)</u>	<u>(339,775)</u>
December 31, 2018	\$ 125,967	\$ 7,610,667	\$ 7,736,634
Investment Return:			
Investment Gain	16,481	988,055	1,004,536
Interest and Dividends, Net	1,598	84,907	86,505
Contributions and Transfers	-	273,479	273,479
Appropriation of Endowment			
Assets for Expenditure	<u>(5,945)</u>	<u>(345,118)</u>	<u>(351,063)</u>
December 31, 2019	<u>\$ 138,101</u>	<u>\$ 8,611,990</u>	<u>\$ 8,750,091</u>

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*December 31, 2019 and 2018*

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## 10. In-Kind Contributions

Contributed services, materials, and facilities consisted of the following:

	<u>2019</u>	<u>2018</u>
Program:		
Gift Shop Facilities	\$ 30,000	\$ 30,000
Management and General:		
Office Facilities	15,000	15,000
Fund Development:		
Materials	94,642	94,505
Promotion and Event Expenses	80,813	62,256
Special Events—Direct Benefit to Donors	-	10,557
Totals	<u>\$ 220,455</u>	<u>\$ 212,318</u>

The Organization's office space, located on the Como Park Zoo and Conservatory Campus, is rented from the City for \$1 per year. This lease is effective through December 31, 2021. The office space had an estimated lease value of \$1,250 per month (\$15,000 for 2019 and 2018).

In addition, under the Memorandum of Understanding with the City, the City provides space at no charge for the Organization to operate its gift shop. This lease is effective through December 31, 2022. The gift shop space had an estimated lease value of \$30,000 per year for 2019 and 2018.

## 11. Retirement Plan

The Organization has a 403(b) retirement plan for employees meeting certain eligibility requirements. Eligible employees can elect to make salary reduction contributions to the plan. The Organization matches employee contributions up to 5% of employee compensation. Organization contributions totaled \$43,572 and \$42,049 for the years ended December 31, 2019 and 2018, respectively.

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*December 31, 2019 and 2018*

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## 12. Allocation of Joint Costs

During the years ended December 31, 2019 and 2018, the Organization published a quarterly newsletter, *Como Friends Insider*, and incurred costs of \$24,717 and \$23,794, respectively. These costs were shared jointly by both program services and supporting services. Joint costs are allocated within the Statement of Functional Expenses as follows:

	2019	2018
Program	\$ 15,313	\$ 16,361
Management and General	206	\$ 232
Fund Development	9,198	7,201
Totals	<u>\$ 24,717</u>	<u>\$ 23,794</u>

## 13. Concentration

### *Contributions Receivable*

Approximately 69% of the balance of contributions receivable was due from two donors as of December 31, 2019. Approximately 64% of the balance of contributions receivable was due from three donors as of December 31, 2018.

### *Credit Risk*

The Organization places its cash deposits with high-quality financial institutions and seeks to limit the amount of credit exposure to any one financial institution. At various times during the year amounts on deposit may exceed federally insured limits.

## 14. Subsequent Event

Subsequent to the end of the year the national and global economies suffered significant setbacks during the COVID 19 outbreak, and the value of the investments of the Organization declined along with the investment markets. Accordingly, the reported values of investments and net assets have declined since year end.

In response to the COVID 19 outbreak, the Organization has complied with the state of Minnesota's directives and has acted to shift all of its functions to operate remotely. Likewise Como Park Zoo and Conservatory has closed to the public, and the Organization will have no revenue from gift shop sales as long as Como Park Zoo and Conservatory remain closed. The Board of Directors has taken action to authorize the Organization to access the Board Reserve Fund to fund the operations of the Organization during the current closure, in compliance with the Organization's policy as explained in Note 7.