



como friends
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Como Friends

Financial Statements and
Independent Auditor's Report

December 31, 2020 and 2019

December 31, 2020 and 2019

Independent Auditor’s Report	1–2
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Financial Statements

Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6–7
Notes to Financial Statements	8–24



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 statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Como Friends 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.

Prior Period Financial Statements

The financial statements as of December 31, 2019, were audited by Wilkerson Guthmann & Johnson, who merged with Boyum Barescheer as of January 1, 2021, and whose report dated April 20, 2020, expressed an unmodified opinion on those statements.

Boyum & Barescheer PLLP

Boyum & Barescheer PLLP
Saint Paul, Minnesota
April 12, 2021

Como Friends

Statements of Financial Position

<i>As of December 31,</i>	2020	2019
ASSETS		
Current		
Cash	\$ 1,325,418	\$ 1,338,596
Cash—Board Reserve and Project Funds	1,512,389	1,608,618
Bequests Receivable—Board Reserve and Project Funds	51,500	40,000
Contributions Receivable, Current	357,175	745,834
Inventory	283,333	272,305
Prepaid Expenses and Other	49,865	47,236
Total Current Assets	<u>3,579,680</u>	<u>4,052,589</u>
Other		
Contributions Receivable, Net of Current Portion	548,597	900,073
Property and Equipment, Net	108,795	131,249
Beneficial Interests in Assets Held by Others	9,308,305	8,743,311
Total Other Assets	<u>9,965,697</u>	<u>9,774,633</u>
Total Assets	\$ 13,545,377	\$ 13,827,222
LIABILITIES AND NET ASSETS		
Current		
Accounts Payable	\$ 7,719	\$ 28,016
Accrued Expenses and Other Liabilities	86,775	105,384
Total Current Liabilities	<u>94,494</u>	<u>133,400</u>
Net Assets		
Net Assets Without Donor Restrictions		
Board Reserve and Project Funds	1,563,889	1,648,618
Board Designated Endowment	142,611	138,101
Undesignated	849,665	869,385
Total Net Assets Without Donor Restrictions	<u>2,556,165</u>	<u>2,656,104</u>
Net Assets With Donor Restrictions		
Perpetual in Nature	7,034,094	6,754,325
Purpose Restrictions	3,454,797	3,933,789
Time-Restricted for Future Periods	405,827	349,604
Total Net Assets With Donor Restrictions	<u>10,894,718</u>	<u>11,037,718</u>
Total Net Assets	13,450,883	13,693,822
Total Liabilities and Net Assets	\$ 13,545,377	\$ 13,827,222

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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue						
Contributions	\$ 1,743,700	\$ 207,618	\$ 1,951,318	\$ 1,284,098	172,011	\$ 1,456,109
Gift Shop Sales	559,795	-	559,795	1,531,552	-	1,531,552
Cost of Goods Sold	238,602	-	238,602	624,779	-	624,779
Gift Shop Sales, Net	321,193	-	321,193	906,773	-	906,773
Special Events	288,250	-	288,250	426,680	-	426,680
Less Cost of Direct Benefit to Donors	(13,364)	-	(13,364)	(55,224)	-	(55,224)
Special Events, Net	274,886	-	274,886	371,456	-	371,456
Membership	298,994	-	298,994	294,078	-	294,078
Increase in Beneficial Interest in Assets						
Held by Others	10,504	643,653	654,157	18,079	1,072,962	1,091,041
Paycheck Protection Program Advance	213,000	-	213,000	-	-	-
Other Income	36,523	-	36,523	109,654	-	109,654
Net Assets Released from Restrictions and Transfers	994,271	(994,271)	-	1,373,430	(1,373,430)	-
Total Revenue	3,893,071	(143,000)	3,750,071	4,357,568	(128,457)	4,229,111
Expenses						
Programs						
Zoo and Conservatory Programs	1,647,341	-	1,647,341	1,271,793	-	1,271,793
Capital Project Grants	500,000	-	500,000	800,000	-	800,000
Gift Shops	445,383	-	445,383	553,433	-	553,433
	2,592,724	-	2,592,724	2,625,226	-	2,625,226
Support Services						
Management and General	720,397	-	720,397	717,142	-	717,142
Fund Development	676,920	-	676,920	828,715	-	828,715
Capital Campaign	2,969	-	2,969	6,446	-	6,446
	1,400,286	-	1,400,286	1,552,303	-	1,552,303
Total Expenses	3,993,010	-	3,993,010	4,177,529	-	4,177,529
Increase (Decrease) in Net Assets	(99,939)	(143,000)	(242,939)	180,039	(128,457)	51,582
Net Assets, Beginning of Year	2,656,104	11,037,718	13,693,822	2,476,065	11,166,175	13,642,240
Net Assets, End of Year	\$ 2,556,165	\$ 10,894,718	\$ 13,450,883	\$ 2,656,104	\$ 11,037,718	\$ 13,693,822

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

Como Friends

Statements of Cash Flows

<i>Years Ended December 31,</i>	2020	2019
Cash Flows from Operating Activities		
Cash Received from Contributions, Net of Amounts Restricted		
For Long-Term Purposes	\$ 2,523,689	\$ 2,016,127
Receipts from Special Events	288,250	426,680
Membership Receipts	298,994	294,078
Gift Shop Sales Receipts	559,795	1,531,552
Other Cash Receipts	32,823	112,090
Paycheck Protection Program Advance	213,000	-
Grants Paid	(2,033,192)	(1,923,265)
Payments for Salaries, Staff, and Payroll Taxes	(1,336,654)	(1,406,567)
Payments to Vendors	(744,480)	(1,298,875)
Cash and Restricted Cash (Used In) Operating Activities	(197,775)	(248,180)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(795)	(23,551)
Cash and Restricted Cash (Used In) Investing Activities	(795)	(23,551)
Cash Flows from Financing Activities		
Contributions Restricted for Endowment	(79,769)	(73,479)
Transfer to Beneficial Interests in Assets Held by Others	(200,000)	(253,220)
Distributions from Beneficial Interest in Assets Held by Others	368,932	351,063
Cash and Restricted Cash Provided by Financing Activities	89,163	24,364
Net Change in Cash and Restricted Cash	(109,407)	(247,367)
Cash and Restricted Cash, Beginning of Year	2,947,214	3,194,581
Cash and Restricted Cash, End of Year	\$ 2,837,807	\$ 2,947,214

Como Friends

Statement of Functional Expenses

For the Year Ended December 31, 2020 (with comparative totals for 2019)

	2020							2019	
	Program Services			Supporting Services				Totals	Totals
	Zoo and Conservatory Programs	Gift Shops	Total Program Services	Management and General	Fund Development		Total Supporting Services		
				Special Events and Other	Capital Campaign				
Salaries	\$ 30,088	\$ 304,842	\$ 334,930	\$ 421,636	\$ 363,042	\$ 951	\$ 785,629	\$ 1,120,559	\$ 1,173,071
Payroll Taxes and Benefits	4,704	69,206	73,910	102,009	58,534	131	160,674	234,584	233,456
Total Personnel Costs	34,792	374,048	408,840	523,645	421,576	1,082	946,303	1,355,143	1,406,527
Cost of Goods Sold	-	238,602	238,602	-	-	-	-	238,602	624,779
Event and Program Costs	-	150	150	1,599	144,228	72	145,899	146,049	290,586
Professional Fees and Consultants	61,100	4,000	65,100	21,847	-	-	21,847	86,947	161,828
Printing, Design and Postage	17,089	3,085	20,174	34,783	73,880	1,815	110,478	130,652	126,168
Rent and Utilities	-	30,000	30,000	24,099	11,100	-	35,199	65,199	95,862
Outside Services and Contract Labor	-	250	250	52,290	27,965	-	80,255	80,505	84,698
Supplies	44	3,591	3,635	6,496	1,319	-	7,815	11,450	15,631
Repair, Maintenance and Technology	-	4,760	4,760	27,520	-	-	27,520	32,280	33,747
Other Expenses	1,124	6,684	7,808	23,684	10,216	-	33,900	41,708	76,951
Depreciation	-	18,815	18,815	4,434	-	-	4,434	23,249	17,490
Zoo and Conservatory Programs and and Improvements Grants	1,533,192	-	1,533,192	-	-	-	-	1,533,192	1,123,265
Capital Project and Support Grants	500,000	-	500,000	-	-	-	-	500,000	800,000
Total Expenses	\$ 2,147,341	\$ 683,985	\$ 2,831,326	\$ 720,397	\$ 690,284	\$ 2,969	\$ 1,413,650	\$ 4,244,976	\$ 4,857,532
Cost of Goods Sold	-	(238,602)	(238,602)	-	-	-	-	(238,602)	(624,779)
Event Costs of Direct Benefit to Donors	-	-	-	-	(13,364)	-	(13,364)	(13,364)	(55,224)
Total Expenses Per Statement of Activities	\$ 2,147,341	\$ 445,383	\$ 2,592,724	\$ 720,397	\$ 676,920	\$ 2,969	\$ 1,400,286	\$ 3,993,010	\$ 4,177,529

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

Como Friends

Statement of Functional Expenses

For the Year Ended December 31, 2019

	Program Services			Management and 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	\$ 41,060	\$ 398,076	\$ 439,136	\$ 362,675	\$ 367,948	\$ 3,312	\$ 733,935	\$ 1,173,071
Payroll Taxes and Benefits	6,804	68,878	75,682	95,971	61,373	430	157,774	233,456
Total Personnel Costs	47,864	466,954	514,818	458,646	429,321	3,742	891,709	1,406,527
Cost of Goods Sold	-	624,779	624,779	-	-	-	-	624,779
Event and Program Costs	-	614	614	6,932	283,040	-	289,972	290,586
Professional Fees and Consultants	76,250	4,000	80,250	81,578	-	-	81,578	161,828
Printing, Design and Postage	15,313	2,126	17,439	26,039	80,400	2,290	108,729	126,168
Rent and Utilities	-	30,000	30,000	24,403	41,459	-	65,862	95,862
Outside Services and Contract Labor	-	1,215	1,215	54,872	28,611	-	83,483	84,698
Supplies	1,744	5,774	7,518	5,904	2,209	-	8,113	15,631
Repair, Maintenance and Technology	-	5,093	5,093	28,654	-	-	28,654	33,747
Other Expenses	7,357	22,643	30,000	27,638	18,899	414	46,951	76,951
Depreciation	-	15,014	15,014	2,476	-	-	2,476	17,490
Zoo and Conservatory Programs and Improvements Grants	1,123,265	-	1,123,265	-	-	-	-	1,123,265
Capital Project and Support Grants	800,000	-	800,000	-	-	-	-	800,000
Total Expenses	\$ 2,071,793	\$ 1,178,212	\$ 3,250,005	\$ 717,142	\$ 883,939	\$ 6,446	\$ 1,607,527	\$ 4,857,532
Cost of Goods Sold	-	(624,779)	(624,779)	-	-	-	-	(624,779)
Event Costs of Direct Benefit to Donors	-	-	-	-	(55,224)	-	(55,224)	(55,224)
Total Expenses Per Statement of Activities	\$ 2,071,793	\$ 553,433	\$ 2,625,226	\$ 717,142	\$ 828,715	\$ 6,446	\$ 1,552,303	\$ 4,177,529

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

December 31, 2020 and 2019

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 (U.S. GAAP). 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.

Cash

The Organization maintains its accounts in several commercial banks. At times, the amounts on deposit in these banks might exceed the insurance limit of the Federal Deposit Insurance Corporation.

Board Reserve and Project Funds

Board Funds includes cash 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.

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

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.

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.

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 from Contracts With Customers

Gift shop sales are recognized at the point of sale.

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition for Contributions Received

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.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Como Friends recorded its initial Paycheck Protection Program (“PPP”) funds as a refundable advance on the Statements of Financial Position. The refundable advance was subsequently recognized as a contribution once management had determined the conditions of release and the terms of forgiveness had been substantially met for the year ended December 31, 2020. (Note 10)

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.

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.

Membership revenue is recognized at the time received as there are no refunds and no tangible performance obligation the Organization has to perform throughout the year.

The Organization holds events during the year in order to raise funds. Revenue from sponsorships and ticket sales related to a fundraising event is recognized when the event takes place. Contributions received and promises to give as a result of the event follow the revenue recognition for contribution revenue noted above.

December 31, 2020 and 2019

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 \$-0- in 2020 and \$782 in 2019.

The Organization's Return of Organization Exempt from Income Tax has not been recently audited; and accordingly, the information tax returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

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. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of time spent and postage which is allocated on the basis of usage.

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.

Adoption of New Accounting Pronouncements

Revenue From Contracts With Customers—In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contract for the transfer of nonfinancial assets. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. ASU 2014-09 was effective for the year ended December 31, 2019. The new standard requires a modified retrospective adoption. There was no adjustment due to the cumulative impact of adopting ASC 606.

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements (Continued)

Contributions Received and Contributions Made—Effective January 1, 2019, the Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958) as the standard improves the usefulness and understandability of the Organization’s financial reporting. The new ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this guidance is the determination on whether two parties receive and sacrifice commensurate value to distinguish which guidance should be applied. FASB 958-605, Not-for-Profit Entities – Revenue Recognition should be followed for contributions while FASB 606, Revenue from Contracts with Customers should be followed for exchange transactions. The adoption of this new guidance was done using the modified prospective method for contributions received. Guidance for contributions made are applicable for periods beginning after December 15, 2019. The new standard requires a modified retrospective adoption. There was no adjustment due to the cumulative impact of adopting ASC 958.

Subsequent Events

Management has evaluated the effects of subsequent events through April 12, 2021, the date that the financial statements were available to be released.

December 31, 2020 and 2019

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 as of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,325,418	\$ 1,338,596
Less Amounts Restricted by Donors	(795,271)	(784,821)
Less Net Assets With Donor Restrictions Held In		
Endowment	(6,781)	(6,781)
Board Reserve and Project Funds	1,563,889	1,648,618
Less Amounts Committed to Zoo and		
Conservatory Projects Within One Year	(272,561)	(466,500)
Less Amounts Committed to Como Friends		
Projects Within One Year	-	(102,627)
Contributions Receivable	800	25,000
Other	8,985	1,400
Expected Distributions From Beneficial Interests In		
Assets Held By Others	78,284	78,060
	<u>\$ 1,902,763</u>	<u>\$ 1,730,945</u>

The Organization's goal is generally to maintain financial assets to meet 120 days of operating expense (approximately \$600,000). As part of its liquidity plan, available cash is placed in interest bearing savings accounts. Board Reserve and Project Funds (Note 7) totaling \$272,561 included in the Board Reserve and Project Funds have been designated by the Board for use in 2021, primarily for projects at Como Park Zoo and Conservatory. The Board can un-designate funds to be used for general expenditures as necessary.

December 31, 2020 and 2019

4. Contributions Receivable

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

	<u>2020</u>	<u>2019</u>
Marjorie McNeely Conservatory Support	\$ 600,000	\$ 800,000
Como Harbor Project	306,335	826,669
General Operating	800	25,000
Less: Unamortized Discount	<u>(1,363)</u>	<u>(5,762)</u>
Totals	<u>\$ 905,772</u>	<u>\$ 1,645,907</u>

Promises to give were scheduled to be received as follows at December 31, 2020:

In Less than One Year	\$ 357,175
In One to Five Years	<u>548,597</u>
Total	<u>\$ 905,772</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>2020</u>	<u>2019</u>
Equipment	\$ 57,065	\$ 56,270
Furniture and Fixtures	21,960	21,960
Leasehold Improvements	<u>124,177</u>	<u>124,177</u>
Totals	203,202	202,407
Accumulated Depreciation	<u>(94,407)</u>	<u>(71,158)</u>
Property and Equipment, Net	<u>\$ 108,795</u>	<u>\$ 131,249</u>

December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
The Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ 6,419,753	\$ 5,946,371
E.M. Pearson Foundation Fund of Como Friends	1,714,555	1,660,331
Helen and Ruth Peterson Fund of Como Friends	142,611	138,101
Charlotte Partridge Ordway Japanese Garden Endowment Fund	1,031,386	998,508
Total Beneficial Interests in Assets Held by Others	<u>\$ 9,308,305</u>	<u>\$ 8,743,311</u>

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

	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	\$ 8,743,311	\$ 7,676,634
Investment Gain (Loss)	654,157	1,091,041
Contributions and Transfers	279,769	326,699
Distributions	(368,932)	(351,063)
Balance, End of Year	<u>\$ 9,308,305</u>	<u>\$ 8,743,311</u>

December 31, 2020 and 2019

7. Board Designated Net Assets

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

	<u>2020</u>	<u>2019</u>
Board Project Fund	\$ 1,201,256	\$ 1,050,560
Board Reserve Fund	362,633	598,058
Board Endowment Fund	142,611	138,101
Totals	<u>\$ 1,706,500</u>	<u>\$ 1,786,719</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 \$272,561 included in the Board Funds (Note 3) have been designated by the Board for use in 2021, primarily for projects at Como Park Zoo and Conservatory (Note 3).

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 donations to the Helen and Ruth Peterson Fund of Como Friends for the purpose of making grants to Como Park Zoo and Conservatory.

December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
Restricted By Purpose:		
Capital Campaign for Como Harbor	\$ 605,215	\$ 1,103,736
Marjorie McNeely Conservatory Support	600,000	800,000
Education	152,505	221,391
Como Staff Development	31,433	31,433
Other	311,091	249,168
	<u>1,700,244</u>	<u>2,405,728</u>
Restricted By Time:		
General Operating Support	22,000	20,000
Endowments:		
Amounts subject to donor restrictions of time:		
E.M. Pearson Foundation Fund of Como Friends—		
General Operations	383,827	329,604
Amounts subject to donor restrictions of purpose and time:		
The Marjorie McNeely Conservatory at Como Park		
Endowment Fund	1,356,405	1,162,791
Charlotte Partridge Ordway Japanese Garden		
Endowment Fund	398,148	365,270
	<u>1,754,553</u>	<u>1,528,061</u>
Amounts required to be maintained in perpetuity		
The Marjorie McNeely Conservatory at Como Park		
Endowment Fund	5,063,348	4,783,579
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
	<u>7,034,094</u>	<u>6,754,325</u>
Total Endowments		
	<u>7,034,094</u>	<u>6,754,325</u>
Total Net Assets With Donor Restrictions	<u>\$10,894,718</u>	<u>\$11,037,718</u>

December 31, 2020 and 2019

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. The payments received were allocated for endowment support in the amounts of \$279,769 and \$273,479 for the years ended December 31, 2020 and 2019, respectively.

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 \$6,781 of net assets with donor restrictions outside The Saint Paul Foundation in the Charlotte Partridge Ordway Japanese Garden Endowment Fund for both of the years ended December 31, 2020 and 2019.

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. The Organization's 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, 2020 and 2019, 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 the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

December 31, 2020 and 2019

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.

December 31, 2020 and 2019

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, 2020</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ -	\$ 6,419,753	\$ 6,419,753
E.M. Pearson Foundation Fund of Como Friends	-	1,714,554	1,714,554
Charlotte Partridge Ordway Japanese Garden Endowment Fund	-	1,038,167	1,038,167
Helen and Ruth Peterson Fund of Como Friends	142,611	-	142,611
Totals	<u>\$ 142,611</u>	<u>\$ 9,172,474</u>	<u>\$ 9,315,085</u>

<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 Friends	-	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>

December 31, 2020 and 2019

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, 2020 and 2019, there were no donor-restricted endowment funds under water.

Changes in endowment net assets consisted of the following:

	Without Donor Restriction	With Donor Restrictions	Total
January 1, 2019	\$ 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	(5,945)	(345,118)	(351,063)
December 31, 2019	<u>\$ 138,101</u>	<u>\$ 8,611,990</u>	<u>\$ 8,750,091</u>
Investment Return:			
Investment Gain	9,411	586,610	596,021
Interest and Dividends, Net	1,093	57,043	58,136
Contributions and Transfers	-	279,769	279,769
Appropriation of Endowment Assets for Expenditure	(5,994)	(362,938)	(368,932)
December 31, 2020	<u>\$ 142,611</u>	<u>\$ 9,172,474</u>	<u>\$ 9,315,085</u>

December 31, 2020 and 2019

10. Paycheck Protection Program Advance

The Organization obtained a \$213,000 loan from a lender under the Paycheck Protection Program (PPP) in April 2020. Under the terms of the PPP, up to 100% of the loan and related interest may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Organization applied for forgiveness with the lender in June 2020 and received forgiveness of \$214,616 from the Small Business Administration (SBA) in January 2021 which includes \$1,616 of interest.

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, eligibility for the program, as well as whether the Organization received the proper loan amount. The timing and outcome of any SBA review is not known.

11. In-Kind Contributions

In-kind contributions are included in contributions on the Statements of Activities and Changes in Net Assets. Contributed services, materials, and facilities consisted of the following:

	2020	2019
Program:		
Gift Shop Facilities	\$ 30,000	\$ 30,000
Management and General:		
Office Facilities	15,000	15,000
Fund Development:		
Materials	63,288	94,642
Promotion and Event Expenses	47,974	80,813
Totals	\$ 156,262	\$ 220,455

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 2020 and 2019).

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 2020 and 2019.

December 31, 2020 and 2019

12. 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 \$46,285 and \$43,572 for the years ended December 31, 2020 and 2019, respectively.

13. Allocation of Joint Costs

The Organization published a quarterly newsletter, *Como Friends Insider*, and incurred costs of \$21,476 and \$24,717 during the years ended December 31, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Program	\$ 17,089	\$ 15,313
Management and General	-	206
Fund Development	4,387	9,198
Totals	<u>\$ 21,476</u>	<u>\$ 24,717</u>

14. Concentration

Contributions Receivable

Approximately 94% of the balance of contributions receivable was due from three donors as of December 31, 2020. Approximately 69% of the balance of contributions receivable was due from three donors as of December 31, 2019.

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.

December 31, 2020 and 2019

15. Uncertainty

In March 2020, the United States of America declared a national emergency related to the coronavirus (COVID-19) pandemic and it is anticipated that the impact will continue for some time. Impacts of COVID-19 during 2020 included disruption and restriction on the Organization's employees' ability to work, the Organization's ability to put on fundraising events, and temporary closures of the gift shop and zoo. The potential economic impact brought by, and for the duration of, COVID-19 is difficult to assess and will depend on future developments that are highly uncertain and cannot be predicted at this time.