



como friends
THRIVE ON

COMO FRIENDS
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

C O N T E N T S

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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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Como Friends and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Como Friends' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Como Friends' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Como Friends' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Handwritten signature in black ink that reads "Boyum & Barescheer PLLP". The signature is written in a cursive, flowing style.

Boyum & Barescheer PLLP
Saint Paul, Minnesota
June 6, 2022

COMO FRIENDS

STATEMENTS OF FINANCIAL POSITION

December 31,	2021	2020
ASSETS		
Current		
Cash	\$ 2,345,457	\$ 1,376,918
Cash—Board Reserve and Project Funds	1,617,719	1,460,889
Bequests Receivable—Board Reserve and Project Funds	14,000	51,500
Contributions Receivable, Current	300,400	357,175
Inventory	233,000	283,333
Prepaid Expenses and Other	50,522	49,865
Total Current Assets	<u>4,561,098</u>	<u>3,579,680</u>
Other		
Contributions Receivable, Net of Current Portion	247,843	548,597
Property and Equipment, Net	101,634	108,795
Beneficial Interests in Assets Held by Others	11,020,416	9,308,305
Total Other Assets	<u>11,369,893</u>	<u>9,965,697</u>
Total Assets	<u>\$ 15,930,991</u>	<u>\$ 13,545,377</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts Payable	\$ 190,271	\$ 7,719
Accrued Expenses and Other Liabilities	74,021	86,775
Total Current Liabilities	<u>264,292</u>	<u>94,494</u>
Net Assets		
Net Assets Without Donor Restrictions		
Board Reserve and Project Funds	1,631,719	1,512,389
Board Designated Endowment	164,382	142,611
Undesignated	1,824,140	901,165
Total Net Assets Without Donor Restrictions	<u>3,620,241</u>	<u>2,556,165</u>
Net Assets With Donor Restrictions		
Perpetual in Nature	7,317,780	7,034,094
Purpose Restrictions	4,061,112	3,454,797
Time-Restricted for Future Periods	667,566	405,827
Total Net Assets With Donor Restrictions	<u>12,046,458</u>	<u>10,894,718</u>
Total Net Assets	15,666,699	13,450,883
Total Liabilities and Net Assets	<u>\$ 15,930,991</u>	<u>\$ 13,545,377</u>

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue						
Contributions	\$ 1,791,769	\$ 331,874	\$ 2,123,643	\$ 1,743,700	\$ 207,618	\$ 1,951,318
Gift Shop Sales	2,051,484	-	2,051,484	559,795	-	559,795
Cost of Goods Sold	878,625	-	878,625	238,602	-	238,602
Gift Shop Sales, Net	1,172,859	-	1,172,859	321,193	-	321,193
Special Events	327,249	-	327,249	288,250	-	288,250
Less Cost of Direct Benefit to Donors	(33,131)	-	(33,131)	(13,364)	-	(13,364)
Special Events, Net	294,118	-	294,118	274,886	-	274,886
Membership	382,678	-	382,678	298,994	-	298,994
Increase in Beneficial Interest in Assets						
Held by Others	27,782	1,775,820	1,803,602	10,504	643,653	654,157
Paycheck Protection Program Advance	-	-	-	213,000	-	213,000
Other Income	93,477	-	93,477	36,523	-	36,523
Net Assets Released from Restrictions and Transfers	955,954	(955,954)	-	994,271	(994,271)	-
Total Revenue	4,718,637	1,151,740	5,870,377	3,893,071	(143,000)	3,750,071
Expenses						
Programs						
Zoo and Conservatory Programs	1,328,524	-	1,328,524	1,647,341	-	1,647,341
Capital Project Grants	240,000	-	240,000	500,000	-	500,000
Gift Shops	558,545	-	558,545	445,383	-	445,383
	2,127,069	-	2,127,069	2,592,724	-	2,592,724
Support Services						
Management and General	716,441	-	716,441	720,397	-	720,397
Fund Development	767,975	-	767,975	676,920	-	676,920
Capital Campaign	43,076	-	43,076	2,969	-	2,969
	1,527,492	-	1,527,492	1,400,286	-	1,400,286
Total Expenses	3,654,561	-	3,654,561	3,993,010	-	3,993,010
Increase (Decrease) in Net Assets	1,064,076	1,151,740	2,215,816	(99,939)	(143,000)	(242,939)
Net Assets, Beginning of Year	2,556,165	10,894,718	13,450,883	2,656,104	11,037,718	13,693,822
Net Assets, End of Year	\$ 3,620,241	\$ 12,046,458	\$ 15,666,699	\$ 2,556,165	\$ 10,894,718	\$ 13,450,883

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF CASH FLOWS

Years Ended December 31,	2021	2020
Cash Flows from Operating Activities		
Cash Received from Contributions, Net of Amounts Restricted		
For Long-Term Purposes	\$ 2,359,472	\$ 2,523,689
Receipts from Special Events	327,249	288,250
Membership Receipts	382,678	298,994
Gift Shop Sales Receipts	2,051,484	559,795
Other Cash Receipts	93,537	32,823
Paycheck Protection Program Advance	-	213,000
Grants Paid	(1,464,893)	(2,033,192)
Payments for Salaries, Staff, and Payroll Taxes	(1,509,080)	(1,336,654)
Payments to Vendors	(1,197,274)	(744,480)
Cash and Restricted Cash Provided By (Used In) Operating Activities	1,043,173	(197,775)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(9,295)	(795)
Cash and Restricted Cash (Used In) Investing Activities	(9,295)	(795)
Cash Flows from Financing Activities		
Contributions Restricted for Endowment	(83,686)	(79,769)
Transfer to Beneficial Interests in Assets Held by Others	(206,781)	(200,000)
Distributions from Beneficial Interest in Assets Held by Others	381,958	368,932
Cash and Restricted Cash Provided by Financing Activities	91,491	89,163
Net Change in Cash and Restricted Cash	1,125,369	(109,407)
Cash and Restricted Cash, Beginning of Year	2,837,807	2,947,214
Cash and Restricted Cash, End of Year	\$ 3,963,176	\$ 2,837,807

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021 (with comparative totals for 2020)

	2021							2020	
	Program Services			Management and General	Supporting Services		Total Supporting Services	Totals	Totals
	Zoo and Conservatory Programs	Gift Shops	Total Program Services		Special Events and Other	Capital Campaign			
Salaries	\$ 30,702	\$ 402,479	\$ 433,181	\$ 405,503	\$ 378,813	\$ 20,236	\$ 804,552	\$ 1,237,733	\$ 1,120,559
Payroll Taxes and Benefits	4,489	83,631	88,120	110,628	64,044	3,566	178,238	266,358	234,584
Total Personnel Costs	35,191	486,110	521,301	516,131	442,857	23,802	982,790	1,504,091	1,355,143
Cost of Goods Sold	-	878,625	878,625	-	-	-	-	878,625	238,602
Event and Program Costs	-	338	338	2,493	179,652	-	182,145	182,483	146,049
Professional Fees and Consultants	51,000	4,000	55,000	23,666	-	-	23,666	78,666	86,947
Printing, Design and Postage	15,746	1,169	16,915	30,705	83,944	19,274	133,923	150,838	130,652
Rent and Utilities	-	30,000	30,000	23,431	50,105	-	73,536	103,536	65,199
Outside Services and Contract Labor	-	472	472	55,765	20,087	-	75,852	76,324	80,505
Supplies	1,694	6,104	7,798	7,501	3,066	-	10,567	18,365	11,450
Repair, Maintenance and Technology	-	6,461	6,461	31,948	-	-	31,948	38,409	32,280
Other Expenses	-	9,709	9,709	22,526	21,395	-	43,921	53,630	41,708
Depreciation	-	14,182	14,182	2,275	-	-	2,275	16,457	23,249
Zoo and Conservatory Programs and and Improvements Grants	1,224,893	-	1,224,893	-	-	-	-	1,224,893	1,533,192
Capital Project and Support Grants	240,000	-	240,000	-	-	-	-	240,000	500,000
Total Expenses	\$ 1,568,524	\$ 1,437,170	\$ 3,005,694	\$ 716,441	\$ 801,106	\$ 43,076	\$ 1,560,623	\$ 4,566,317	\$ 4,244,976
Cost of Goods Sold	-	(878,625)	(878,625)	-	-	-	-	(878,625)	(238,602)
Event Costs of Direct Benefit to Donors	-	-	-	-	(33,131)	-	(33,131)	(33,131)	(13,364)
Total Expenses Per Statement of Activities	\$ 1,568,524	\$ 558,545	\$ 2,127,069	\$ 716,441	\$ 767,975	\$ 43,076	\$ 1,527,492	\$ 3,654,561	\$ 3,993,010

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

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

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 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.

NOTE 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 deposits in financial institutions that may, at times, exceed federal depository insurance limits. Amounts that exceed FDIC insurance are subject to credit risk.

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.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 2. (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.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 2. (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.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 2. (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 2021 and 2020.

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.

Subsequent Events

Management has evaluated the effects of subsequent events through *June 6, 2022*, the date that the financial statements were available to be released.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 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>2021</u>	<u>2020</u>
Cash	\$ 2,345,457	\$ 1,376,918
Less: Amounts Restricted by Donors	(739,273)	(795,271)
Less: Net Assets With Donor Restrictions Held In Endowment	-	(6,781)
Board Reserve and Project Funds	1,631,719	1,512,389
Less: Amounts Committed to Zoo and Conservatory Projects Within One Year	(145,956)	(272,561)
Contributions Receivable	-	800
Prepaid Expenses and Other	50,522	49,865
Less: Prepaid Expenses	(45,482)	(40,880)
Expected Distributions from Beneficial Interests In Assets Held By Others	75,862	78,284
	<u>\$ 3,172,849</u>	<u>\$ 1,902,763</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 \$145,956 included in the Board Reserve and Project Funds have been designated by the Board for use in 2022, primarily for projects at Como Park Zoo and Conservatory. The Board can un-designate funds to be used for general expenditures as necessary.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CONTRIBUTIONS RECEIVABLE

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

	2021	2020
Marjorie McNeely Conservatory Support	\$ 400,000	\$ 600,000
Como Harbor Project	150,484	306,335
General Operating	-	800
Less: Unamortized Discount	(2,241)	(1,363)
Totals	<u>548,243</u>	<u>905,772</u>
Less: Current Portion	(300,400)	(357,175)
Contributions Receivable, Net of Current Portion	<u><u>\$ 247,843</u></u>	<u><u>\$ 548,597</u></u>

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

	2021	2020
In Less than One Year	\$ 300,400	\$ 357,175
In One to Five Years	247,843	548,597
Total	<u><u>\$ 548,243</u></u>	<u><u>\$ 905,772</u></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).

NOTE 5. PROPERTY AND EQUIPMENT

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

	2021	2020
Equipment	\$ 62,494	\$ 57,065
Furniture and Fixtures	25,824	21,960
Leasehold Improvements	124,177	124,177
Totals	<u>212,495</u>	<u>203,202</u>
Accumulated Depreciation	(110,861)	(94,407)
Property and Equipment, Net	<u><u>\$ 101,634</u></u>	<u><u>\$ 108,795</u></u>

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 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>2021</u>	<u>2020</u>
The Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ 7,682,747	\$ 6,419,753
E.M. Pearson Foundation Fund of Como Friends	1,976,293	1,714,555
Helen and Ruth Peterson Fund of Como Friends	164,382	142,611
Charlotte Partridge Ordway Japanese Garden Endowment Fund	1,196,994	1,038,166
Total Beneficial Interests in Assets Held by Others	<u>\$ 11,020,416</u>	<u>\$ 9,315,085</u>

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

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 9,315,085	\$ 8,743,311
Investment Gain	1,803,602	654,157
Contributions and Transfers	283,687	286,549
Distributions	(381,958)	(368,932)
Balance, End of Year	<u>\$ 11,020,416</u>	<u>\$ 9,315,085</u>

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 7. BOARD DESIGNATED NET ASSETS

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

	2021	2020
Cash—Board Project Fund	\$ 1,009,745	\$1,149,756
Cash—Board Reserve Fund	621,974	362,633
Subtotal	1,631,719	1,512,389
Board Endowment Fund	164,382	142,611
Totals	<u>\$ 1,796,101</u>	<u>\$ 1,655,000</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. (Note 3) Board Project Funds totaling \$145,956 included in the Board Funds (Note 3) have been designated by the Board for use in 2022, 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 the Organization’s 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 add to the Helen and Ruth Peterson Fund of Como Friends for the purpose of making grants to Como Park Zoo and Conservatory.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 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>2021</u>	<u>2020</u>
Amounts Required to be Maintained in Perpetuity:		
The Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ 5,347,034	\$ 5,063,348
E.M. Pearson Foundation Fund of Como Friends— General Operations (Endowment Fund)	1,330,727	1,330,727
Charlotte Partridge Ordway Japanese Garden Endowment Fund	640,019	640,019
Total Perpetual in Nature	<u>\$ 7,317,780</u>	<u>\$ 7,034,094</u>
Amounts Restricted by Purpose:		
Capital Campaign for Como Harbor	\$ 323,338	\$ 605,215
Marjorie McNeely Conservatory Support	567,379	767,379
Animal Care	213,838	100,000
Como Staff Development	35,787	31,433
Education	9,712	152,505
Other	18,370	43,712
Total Restricted by Purpose	<u>1,168,424</u>	<u>1,700,244</u>
Amounts Restricted by Purpose and Time:		
The Marjorie McNeely Conservatory at Como Park Endowment Fund	2,335,713	1,356,405
Charlotte Partridge Ordway Japanese Garden Endowment Fund	556,975	398,148
Total Restricted by Purpose and Time	<u>2,892,688</u>	<u>1,754,553</u>
Total Purpose Restrictions	<u>\$ 4,061,112</u>	<u>\$ 3,454,797</u>
Amounts Time-Restricted for Future Periods		
General Operating Support	\$ 22,000	\$ 22,000
E.M. Pearson Foundation Fund of Como Friends— General Operations (Endowment Fund)	645,566	383,827
Total Time-Restricted for Future Periods	<u>\$ 667,566</u>	<u>\$ 405,827</u>
Total Net Assets With Donor Restrictions	<u>\$ 12,046,458</u>	<u>\$ 10,894,718</u>

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 8. (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 \$283,686 and \$279,769 for the years ended December 31, 2021 and 2020, respectively.

NOTE 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 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 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 the year ended December 31, 2020.

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, 2021 and 2020, 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.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 9. (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.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 9. (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, 2021</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Marjorie McNeely Conservatory at Como Park Endowment Fund	\$ -	\$ 7,682,747	\$ 7,682,747
E.M. Pearson Foundation Fund of Como Friends	-	1,976,293	1,976,293
Charlotte Partridge Ordway Japanese Garden Endowment Fund	-	1,196,994	1,196,994
Helen and Ruth Peterson Fund of Como Friends	164,382	-	164,382
Totals	<u>\$ 164,382</u>	<u>\$ 10,856,034</u>	<u>\$ 11,020,416</u>

<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>

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, 2021 and 2020, there were no donor-restricted endowment funds under water.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 9. (CONTINUED)

Changes in endowment net assets consisted of the following:

	Without Donor Restriction	With Donor Restrictions	Total
January 1, 2020	\$ 138,101	\$ 8,605,210	\$ 8,743,311
Investment Return:			
Investment Gain	9,411	586,610	596,021
Interest and Dividends, Net	1,093	57,043	58,136
Contributions and Transfers	-	286,549	286,549
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>
Investment Return:			
Investment Gain	25,248	1,624,205	1,649,453
Interest and Dividends, Net	2,534	151,615	154,149
Contributions and Transfers	-	283,687	283,687
Appropriation of Endowment			
Assets for Expenditure	(6,011)	(375,947)	(381,958)
December 31, 2021	<u>\$ 164,382</u>	<u>\$ 10,856,034</u>	<u>\$ 11,020,416</u>

NOTE 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 included \$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.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 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:

	<u>2021</u>	<u>2020</u>
Program:		
Gift Shop Facilities	\$ 30,000	\$ 30,000
Management and General:		
Office Facilities	15,000	15,000
Fund Development:		
Materials	78,705	63,288
Promotion and Event Expenses	17,138	47,974
Totals	<u>\$ 140,843</u>	<u>\$ 156,262</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, 2026. The office space had an estimated lease value of \$1,250 per month (\$15,000 for 2021 and 2020).

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 2021 and 2020.

NOTE 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 \$51,167 and \$46,285 for the years ended December 31, 2021 and 2020, respectively.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS

NOTE 13. ALLOCATION OF JOINT COSTS

The Organization published a quarterly newsletter, *Como Friends Insider*, during the years ended December 31, 2021 and 2020. These costs were shared jointly by both program services and supporting services. Joint costs are allocated within the Statement of Functional Expenses as follows:

	2021	2020
Program	\$ 10,717	\$ 17,089
Fund Development	6,913	4,387
Totals	<u>\$ 17,630</u>	<u>\$ 21,476</u>

NOTE 14. CONCENTRATIONS

Contributions Receivable

Approximately 91% of the balance of contributions receivable was due from two donors as of December 31, 2021. Approximately 94% of the balance of contributions receivable was due from three donors as of December 31, 2020.

NOTE 15. UNCERTAINTY

As a result of the COVID-19 pandemic, uncertainties have arisen that may impact the Organization's financial results in the future. The potential financial impact cannot be reasonably estimated at this time.