

**RED RIVER ZOOLOGICAL SOCIETY  
FARGO, NORTH DAKOTA**

REVIEWED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT ACCOUNTANT'S REVIEW REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to the Financial Statements	9

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Red River Zoological Society  
Fargo, North Dakota

We have reviewed the accompanying financial statements of Red River Zoological Society (a non-profit organization), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Red River Zoological Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Basis for Qualified Conclusion**

As disclosed in Note 1 to the financial statements, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The Organization has implemented the provisions of ASU 2020-07 applicable to the presentation and disclosures and the implementation of this standard has no effect on net assets except management has informed us that they have elected not to apply the new guidance in regards to the land lease between the Red River Zoological Society and the Fargo Park District. The effects of this departure from accounting principles generally accepted in the United States of America on the statement of financial position, statement of activities, and cash flows have not been determined.

### **Qualified Conclusion**

Based on our reviews, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**FARGO, NORTH DAKOTA**

August 27, 2024

**RED RIVER ZOOLOGICAL SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2024 AND 2023**

**ASSETS**

	2024	2023
Current assets:		
Cash and cash equivalents	\$ 81,175	\$ 51,020
Inventory	33,211	78,925
Prepaid expenses	22,910	21,782
Total current assets	137,296	151,727
Investments	169,631	150,750
Property and equipment, net	3,285,236	3,459,538
Total assets	\$ 3,592,163	\$ 3,762,015

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 48,877	\$ 76,669
Accrued liabilities:		
Interest	360	360
Vacation	38,645	44,154
Salaries	18,304	15,212
Sales taxes	53	-
Checks in excess of deposits	19,173	-
Deferred revenue	207,412	137,561
Lines of credit	388,363	478,217
Total current liabilities	721,187	752,173
Net assets:		
Without donor restrictions	2,358,694	2,569,395
With donor restrictions	512,282	440,447
Total net assets	2,870,976	3,009,842
Total liabilities and net assets	\$ 3,592,163	\$ 3,762,015

See independent accountant's review report and notes to the financial statements

**RED RIVER ZOOLOGICAL SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and other support:			
Admissions	\$ 674,958	\$ -	\$ 674,958
Contributions	234,355	165,454	399,809
Education events	103,620	-	103,620
Gift shop and concession, net	149,477	-	149,477
Grants	14,618	-	14,618
In-kind donations	80,222	-	80,222
Investment income (loss), net	-	18,881	18,881
Membership fees	302,550	-	302,550
Miscellaneous	96,006	-	96,006
Rental income, net	30,684	-	30,684
Special events, net	21,941	-	21,941
Net assets released from restrictions	112,500	(112,500)	-
Total revenue and other support	<u>1,820,931</u>	<u>71,835</u>	<u>1,892,766</u>
Functional expenses:			
Program services:			
Facility operation	1,677,855	-	1,677,855
Supporting services:			
Fundraising	26,890	-	26,890
Management and general	<u>326,887</u>	<u>-</u>	<u>326,887</u>
Total functional expenses	<u>2,031,632</u>	<u>-</u>	<u>2,031,632</u>
Change in net assets	(210,701)	71,835	(138,866)
Net assets, beginning of year	<u>2,569,395</u>	<u>440,447</u>	<u>3,009,842</u>
Net assets, end of year	<u>\$ 2,358,694</u>	<u>\$ 512,282</u>	<u>\$ 2,870,976</u>

See independent accountant's review report and notes to the financial statements

**RED RIVER ZOOLOGICAL SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	Without donor restrictions	With donor restrictions	Total
Revenue and other support:			
Admissions	\$ 471,551	\$ -	\$ 471,551
Contributions	162,350	130,787	293,137
Education events	89,483	-	89,483
Gift shop and concession, net	151,526	-	151,526
Grants	105,484	-	105,484
In-kind donations	73,567	-	73,567
Investment income (loss), net	-	(8,668)	(8,668)
Membership fees	270,359	-	270,359
Miscellaneous	92,958	-	92,958
Rental income, net	24,201	-	24,201
Special events, net	4,826	-	4,826
Net assets released from restrictions	428,234	(428,234)	-
Total revenue and other support	1,874,539	(306,115)	1,568,424
Functional expenses:			
Program services:			
Facility operation	1,723,131	-	1,723,131
Supporting services:			
Fundraising	35,262	-	35,262
Management and general	348,947	-	348,947
Total functional expenses	2,107,340	-	2,107,340
Change in net assets	(232,801)	(306,115)	(538,916)
Net assets, beginning of year	2,802,196	746,562	3,548,758
Net assets, end of year	\$ 2,569,395	\$ 440,447	\$ 3,009,842

See independent accountant's review report and notes to the financial statements

**RED RIVER ZOOLOGICAL SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Program services	Supporting services		Total
	Facility operation	Management and general	Fundraising	
Advertising	\$ -	\$ 959	\$ -	\$ 959
Animal care	75,747	-	-	75,747
Animal purchase and display	58,004	-	-	58,004
Auto	5,364	-	-	5,364
Bank/credit card charges	-	48,380	-	48,380
Depreciation	216,141	-	-	216,141
Education and training	37,429	-	-	37,429
Employee benefits	43,975	12,563	1,748	58,286
Fundraising	-	-	1,338	1,338
Gifts in-kind	80,222	-	-	80,222
Insurance	49,807	-	-	49,807
Interest	16,081	-	-	16,081
License, fees, permits	240	29,940	-	30,180
Meals	-	4,309	-	4,309
Member	-	4,025	-	4,025
Office supplies	-	5,104	-	5,104
Payroll taxes	96,844	17,914	2,492	117,250
Postage and printing	-	2,311	-	2,311
Professional services	-	27,338	-	27,338
Repairs and maintenance	76,263	-	-	76,263
Salaries	828,154	153,189	21,312	1,002,655
Seminars and conventions	-	12,470	-	12,470
Telephone	-	8,385	-	8,385
Utilities	93,584	-	-	93,584
Total expenses	<u>\$ 1,677,855</u>	<u>\$ 326,887</u>	<u>\$ 26,890</u>	<u>\$ 2,031,632</u>

See independent accountant's review report and notes to the financial statements



**RED RIVER ZOOLOGICAL SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	Program services	Supporting services		Total
	Facility operation	Management and general	Fundraising	
Advertising	\$ -	\$ 1,025	\$ -	\$ 1,025
Animal care	101,415	-	-	101,415
Animal purchase and display	55,510	-	-	55,510
Auto	6,155	-	-	6,155
Bank/credit card charges	-	45,162	-	45,162
Depreciation	202,574	-	-	202,574
Education and training	15,095	-	-	15,095
Employee benefits	55,081	1,813	236	57,130
Fundraising	-	-	10,476	10,476
Gifts in-kind	73,567	-	-	73,567
Insurance	33,654	-	-	33,654
Interest	3,837	-	-	3,837
License, fees, permits	317	16,937	-	17,254
Meals	-	8,250	-	8,250
Member	-	8,048	-	8,048
Miscellaneous	-	865	-	865
Office supplies	-	10,234	-	10,234
Payroll taxes	99,778	20,480	2,669	122,927
Postage and printing	-	6,209	-	6,209
Professional services	-	18,765	-	18,765
Repairs and maintenance	161,445	-	-	161,445
Salaries	817,947	167,887	21,881	1,007,715
Seminars and conventions	-	30,391	-	30,391
Software	-	4,902	-	4,902
Telephone	-	7,979	-	7,979
Utilities	96,756	-	-	96,756
Total expenses	<u>\$ 1,723,131</u>	<u>\$ 348,947</u>	<u>\$ 35,262</u>	<u>\$ 2,107,340</u>

See independent accountant's review report and notes to the financial statements

**RED RIVER ZOOLOGICAL SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (138,866)	\$ (538,916)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	216,141	202,574
Investment (income) loss, net	(18,881)	8,668
Net effects on operating cash flows due to changes in:		
Inventory	45,714	(24,317)
Prepaid expenses	(1,128)	(16,428)
Accounts payable	(27,792)	3,626
Accrued liabilities	(2,364)	14,840
Deferred revenue	69,851	9,551
Net cash provided (used) by operating activities	142,675	(340,402)
Cash flows from investing activity:		
Purchases of property and equipment	(20,000)	(155,550)
Cash flows from financing activities:		
Advances on line of credit	235,089	193,000
Principal payments on line of credit	(346,782)	(112,117)
Change in checks in excess of deposits	19,173	-
Net cash provided (used) by financing activities	(92,520)	80,883
Change in cash and cash equivalents	30,155	(415,069)
Cash and cash equivalents, beginning of year	51,020	466,089
Cash and cash equivalents, end of year	\$ 81,175	\$ 51,020
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 16,028	\$ 3,837
Supplemental disclosure of noncash investing and financing activities:		
Advances on line of credit for construction in progress	\$ -	\$ 397,334
Advances on line of credit for property and equipment	21,839	-

See independent accountant's review report and notes to the financial statements

**RED RIVER ZOOLOGICAL SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of organization**

The Red River Zoological Society (Organization) is a not-for-profit organization located in Fargo, North Dakota, organized for establishing and operating a regional zoo and discovery center; acquiring and exhibiting animals and items of interest in the natural sciences for the education, recreation, and cultural appreciation of the public; and for scientific study, animal rehabilitation, and conservation. The Organization's support comes primarily from membership fees, admissions, donations, and gift shop and concession income.

**Basis of accounting**

The financial statements of the Organization have been prepared on the accrual basis.

**Basis of presentation**

The accounting and reporting principles followed by the Organization conform with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board (FASB). Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions**

Net assets without donor restrictions are net assets available for use in general operations and are not subject to donor (or grantor) restrictions.

**Net assets with donor restrictions**

Net assets with donor restrictions are net assets subject to donor (or grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The restrictions, however, permit the Organization to expend the income generated in accordance with the provisions of the agreement. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. If restrictions are satisfied during the same fiscal year that support is received, the entire transaction is reported as without donor restrictions. Net assets with donor restrictions are further described in Note 8.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent accountant's review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**Contributions**

Under ASU Topic 958, the Organization recognizes contributions when cash, an unconditional promise to give, or notification of a beneficial interest is received. Depending on the existence and/or nature of any restrictions, contributions received are recorded as support with donor restrictions or support without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Disaggregation of revenue and performance obligations**

The Organization recognizes admissions fees, gift shop sales, concessions income, education events and pavilion rentals at a point-in-time as the customer receives and uses the benefits of the services made available by the Organization. The Organization's primary performance obligation for such revenue is generally satisfied at the time these services are provided or when a good is transferred to the customer.

The Organization recognizes membership fees and sponsorship over time as the customer receives and uses the benefits of the services made available by the Organization. The Organization's primary performance obligation is satisfied as performance over the membership or contract period is completed. Limited instances of discounts are available with certain membership packages.

The Organization recognizes revenue on special events from tickets sales at the time of admission. The Organization records special event revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

When the Organization has a single performance obligation, the entire transaction price is attributed to the performance obligation. When the contract has more than one performance obligation, the transaction price is allocated to each performance obligation based on estimated revenue and standalone selling prices of the services at the inception of the contract, which typically is determined using observable standalone sales.

**Cash and cash equivalents**

The organization considers cash and cash equivalents to be all cash on hand, amounts on deposit and in money market accounts at financial institutions, amount on deposit (not invested) with third-party investors, and all deposits in transit.

**Inventory**

Inventory consists of items for sale in the gift shop which are valued at the lower of cost or market determined by the first-in, first-out method.

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**Investments**

The Organization accounts for investments in accordance with GAAP. Under GAAP, investments in marketable securities with readily determinable fair values and all investments in marketable securities are reported at their fair value in the statements of financial position. Net investment income (loss) restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Related investment fees are netted against net investment income (loss) as appropriate.

**Fair value measurements**

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the authoritative guidance as described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has ability to access.

Level 2 – Inputs to the valuation methodology include:

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

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

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at March 31, 2024.

Exchange-traded funds – valued based on the quoted market prices for publicly traded securities in an active market.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### **Property and equipment**

Property and equipment are carried at cost. The Organization capitalizes all expenditures for renewals and improvements with a cost greater than \$1,500 that significantly adds to the productive capacity or extends the useful life of an asset. Other expenditures for maintenance and repairs are charged to expense as incurred. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation expense is provided using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Lives</u>
Building and land improvements	7-39 Years
Carousel	39 Years
Exhibits	7-39 Years
Furniture, fixtures, and equipment	5-39 Years
Transportation equipment	5-7 Years

Donations of property and equipment are recorded as support at their estimated fair market value on the date they are received. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions at that time.

See independent accountant's review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**Accrued Vacation**

Full-time employees will accrue vacation leave on a pro-rata basis based upon years of service at the Organization. Vacation will accrue at a rate of 7 days per year for one to three years of eligible service, 14 days per year for employees with three to five years of eligible service, and 21 days per year for employees with more than five years of eligible service. The maximum an employee can accrue and carryover is up to 30 days, which is payable upon termination.

**Donated services and materials**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received. The Organization receives donated services from unpaid volunteers who assist in conducting the Organization's programs. See Notes 10 and 12 for detail of donated services and materials.

As noted in our report, the Organization has elected to partially adopt FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The Organization has implemented the provisions of ASU 2020-07 applicable to the presentation and disclosures and the implementation of this standard has no effect on net assets except management has informed us that they have elected not to apply the new guidance in regards to the land lease between the Red River Zoological Society and the Fargo Park District.

With the exception of the land lease between the Organization and the Fargo Park District, all donations of materials, facilities, equipment, and other non-monetary items, including purchases by the Organization at prices significantly less than fair value, are recorded at fair value when the value is reasonably determinable for the asset received.

**Contract assets and liabilities**

A contract asset is the Organization's right to payment for goods and services already transferred to a customer if that right to payment is conditional on something other than the passage of time. A contract liability is the Organization's obligation to transfer goods or services to a customer at the earlier of (1) when the customer prepays consideration or (2) the time that the customer's consideration is due for goods and services that the Organization will yet provide.

**Fundraising costs**

Fundraising costs consist of various amounts paid for donor receptions and other special events, recognition plaques for exhibit sponsors, significant donors, and corporate sponsors, and salaries and wages allocated to fundraising activities.

**Advertising**

Advertising costs are expensed as incurred.

See independent accountant's review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**Functional allocation of expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, and payroll taxes which are allocated on employee time as estimated by management.

**Animal collections**

In accordance with customary practice among zoological organizations, the Organization shares animals with other organizations and does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration. Expenditures related to animal acquisitions are expensed in the period of acquisition.

**Income taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 57-38-09 of the North Dakota Century Code. The Organization files its Form 990 information returns in the U.S. federal jurisdiction.

The Organization's policy is to evaluate the likelihood that its uncertain tax positions will prevail based upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

**Reclassifications**

Certain reclassifications have been made to the 2023 financial statements, with no effect on change in net assets or total net assets, to be consistent with classifications used in the 2024 financial statements.



**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**NOTE 2 REVENUE RECOGNITION**

The following is an analysis of revenue by the timing of such revenue recognized during the years ended March 31:

	2024	2023
Timing of revenue recognition:		
Goods and services transferred at a point-in-time	\$ 949,996	\$ 717,386
Goods and services transferred over time	398,556	363,317
Total revenue from contracts with customers	1,348,552	1,080,703
Non-exchange transactions	544,214	487,721
Total revenue and other support	\$ 1,892,766	\$ 1,568,424

The changes in the Organization’s deferred revenue account for the year ended March 31, 2024 is comprised of the following:

April 1, 2022	\$ 128,010	
Memberships sold	279,910	
Membership fees earned	(270,359)	
March 31, 2023	137,561	
Memberships sold	372,401	
Membership fees earned	(302,550)	
March 31, 2024	\$ 207,412	

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, current portion of pledges receivable, and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting revenue to cover general expenditures through a multitude of sources including admissions, contributions, and membership fees. Refer to the statements of cash flows which identifies the sources and uses of the Organization’s cash and shows cash generated from operations during the years ended March 31, 2024 and 2023, respectively.

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

Financial assets available for general expenditures without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 81,175	\$ 51,020
Checks in excess of deposits	(19,173)	-
Investments	<u>169,631</u>	<u>150,750</u>
Total financial assets	231,633	201,770
Less: assets limited-as-to-use		
Endowment	(175,750)	(164,697)
Panda exhibit	(50,128)	-
Leopard and tiger exhibit	<u>(10,654)</u>	<u>(10,574)</u>
Total assets limited-as-to-use	<u>(236,532)</u>	<u>(175,271)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (4,899)</u>	<u>\$ 26,499</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization reviews its liquidity monthly with the Board of Directors. The Organization also has access to a line of credit for cash flow if needed.

**NOTE 4 INVESTMENTS**

Costs and fair values of investments at March 31 are as follows:

	<u>2024</u>	<u>Cost</u>	<u>Gross unrealized gains</u>	<u>Fair value</u>
Exchange-traded funds	\$ 125,000	\$ 125,000	\$ 44,631	\$ 169,631
	<u>2023</u>			
Exchange-traded funds	\$ 123,617	\$ 123,617	\$ 27,133	\$ 150,750

Investment income (loss) for the years ended March 31, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 683	\$ 3,744
Realized and unrealized gains on investments	<u>18,198</u>	<u>(12,412)</u>
Total	<u>\$ 18,881</u>	<u>\$ (8,668)</u>

Investment fees for the years ended March 31, 2024 and 2023 were immaterial to the overall financial statements.

See independent accountant’s review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**NOTE 5 FAIR VALUE MEASUREMENTS**

The following table presents the Organization’s fair value hierarchy of assets measured at fair value on a recurring basis at March 31:

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-traded funds	\$ 169,631	\$ -	\$ -	\$ 169,631
<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-traded funds	\$ 150,750	\$ -	\$ -	\$ 150,750

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment are composed of the following at March 31:

	<u>2024</u>	<u>2023</u>
Buildings and land improvements	\$ 3,657,371	\$ 3,657,371
Exhibits	2,553,331	1,896,375
Carousel	275,750	275,750
Construction in progress	-	635,117
Furniture, fixtures, and equipment	181,441	181,441
Transportation equipment	140,541	120,541
Total property and equipment	6,808,434	6,766,595
Less: accumulated depreciation	(3,523,198)	(3,307,057)
Property and equipment, net	<u>\$ 3,285,236</u>	<u>\$ 3,459,538</u>

**NOTE 7 LINES OF CREDIT**

The Organization has two lines of credit at First International Bank & Trust, which bear interest rates of 4.00% and 3.95%, and expire in March 2025 and December 2025, respectively. The maximum amount of credit permitted to be outstanding at one time on the lines is \$820,000. The lines of credit are secured by essentially all business assets. The outstanding balance as of March 31, 2024 and 2023 was \$388,363 and \$478,217, respectively.

**NOTE 8 NET ASSET RESTRICTIONS**

Net assets with donor restrictions consisted of the following at March 31:

	<u>2024</u>	<u>2023</u>
Carousel	\$ 275,750	\$ 275,750
Endowment	175,750	154,123
Panda exhibit	50,128	-
Leopard and tiger exhibit	10,654	10,574
Total	<u>\$ 512,282</u>	<u>\$ 440,447</u>

See independent accountant’s review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

The carousel was donated to the Organization in 1997 and had a fair market value at the time of the donation of \$215,750. An additional \$60,000 was spent on renovations to the carousel in 2004. The carousel is to be held indefinitely with the stipulation that the Organization has proper housing for it, and at least ten percent of the carousel revenues be used for maintenance of the carousel and carousel building. The Organization also has the future option to establish a separate foundation for it. See Note 9 for details about the Organization's endowment. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

**NOTE 9 ENDOWMENTS**

The State of North Dakota adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 31, 2009. GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to UPMIFA.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Organization has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (NDUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Because of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions as all proceeds from the endowment are to provide financial support in furtherance of the Organization's mission.

In accordance with NDUPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

**RED RIVER ZOOLOGICAL SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**MARCH 31, 2024 AND 2023**

Endowment net asset composition by type of fund as of March 31 is as follows:

<u>2024</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 92,500	\$ 92,500
Accumulated investment gains (losses)	-	77,131	77,131
Total	<u>\$ -</u>	<u>\$ 169,631</u>	<u>\$ 169,631</u>
 <u>2023</u>			
Donor-restricted endowment gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 92,500	\$ 92,500
Accumulated investment gains (losses)	-	58,250	58,250
Total	<u>\$ -</u>	<u>\$ 150,750</u>	<u>\$ 150,750</u>

Funds with Deficiencies – From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NDUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of March 31, 2024 and 2023.

Return Objectives and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets to achieve growth in principal value while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). The Organization expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Spending Policy – The Organization has a policy of appropriating for distribution each year 4-to-6 percent of the endowment fund’s average fair value over a period of not less than three years immediately preceding the year in which appropriation for expenditure is to be made. The Organization shall not appropriate for expenditure in any year an amount greater than 7%. Distributions shall be made no later than the second fiscal year following the initial gift to the endowment fund, subject to the expenditure guidelines set forth. No amounts were distributed from the endowment funds during the years ended March 31, 2024 and 2023.

Strategies Employed for Achieving Objectives – The assets will be managed on a total return basis. While the Organization recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Organization's best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Organization is exposed. The objective is to minimize the operational risks for which the Organization is willing to accept.

See independent accountant’s review report

**RED RIVER ZOOLOGICAL SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**MARCH 31, 2024 AND 2023**

Changes in endowment net assets for the years ended March 31 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, April 1, 2022	\$ -	\$ 159,418	\$ 159,418
Investment gain (loss)	-	(8,668)	(8,668)
Endowment net assets, March 31, 2023	-	150,750	150,750
Investment gain (loss)	-	18,881	18,881
Endowment net assets, March 31, 2024	<u>\$ -</u>	<u>\$ 169,631</u>	<u>\$ 169,631</u>

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

The Organization entered into a land lease agreement with the Park District of the City of Fargo in October 1996. The lease agreement is for a period of 99 years, at a cost of \$100 per year. These lease payments are not material to the overall financial statements. The lease conditions restrict the Organization’s use of the premises to construction, maintenance, and operation of a zoo and require, among other things, that the Organization carry a comprehensive general liability insurance policy with a single limit of not less than \$5,000,000. As noted in our report, management has elected not to recognize the in-kind donation of the discounted rent under fair market value. The effects of this departure from accounting principles generally accepted in the United States of America on the statements of financial position, statements of activities, and cash flows have not been determined.

Fair value of the lease has not been reflected in the accompanying financial statements because objective valuation information is not available due to the unique characteristics and public park location of the facilities. Additionally, there are certain restrictions placed on the use of the land by the trust document. Accordingly, no contribution or rental expense has been recorded in the financial statements.

The Organization has a concessions agreement with Coca-Cola Bottling Company High Country to provide for the operation of food, beverage, gift shop, and rental concessions at the Zoo. Coca-Cola Bottling Company High Country has agreed to pay the Organization certain percentages of gross receipts based on the various types of concession sales. Commissions paid by Coca-Cola Bottling Company High Country to the Organization totaled \$3,422 and \$3,506 for the years ended March 31, 2024 and 2023, respectively.

See independent accountant’s review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**NOTE 11 CONCENTRATIONS**

The Organization utilizes various investment instruments. Investment securities, in general, are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of the investment will occur in the near term and that such changes could materially affect the amounts reported in the statements of activities.

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured limits as guaranteed by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts nor does the Organization believe it is exposed to any significant credit risk on cash and cash equivalents accounts.

**NOTE 12 GIFTS IN-KIND**

The Organization received the following in-kind donations during the years ended March 31:

	2024	2023
Animal feed	\$ 60,000	\$ 60,000
Supplies	50	669
Services	20,172	12,898
Total	<u>\$ 80,222</u>	<u>\$ 73,567</u>

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in the operating of their program operations. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Contributed animal feed, supplies, and miscellaneous items are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed animal feed, supplies, and miscellaneous items are used in program services.

All gifts-in-kind received during the years ended March 31, 2024 and 2023 were unrestricted.

**NOTE 13 ADVERTISING**

Advertising costs are expensed as incurred and totaled \$959 and \$1,025 for the years ended March 31, 2024 and 2023, respectively.

See independent accountant’s review report

**RED RIVER ZOOLOGICAL SOCIETY**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
MARCH 31, 2024 AND 2023

**NOTE 14 INCOME TAXES**

It is the opinion of management that the Organization has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Organization are subject to examination by the IRS and state tax authorities, generally for three years after they were filed.

**NOTE 15 DEFINED CONTRIBUTION PLAN**

Starting January 1, 2021 the Organization implemented a 401(k)-profit sharing plan covering all employees who are over the age of 21 and have at least 12 months of service. The Organization matches employee contributions up to 3% of the participants' compensation. Total expenses for the years ended March 31, 2024 and 2023, were \$7,935 and \$6,479, respectively.

**NOTE 16 GIFT SHOP, SPECIAL EVENTS, AND RENTAL INCOME**

<u>2024</u>	Gift shop and concession income	Special events	Rental income
Revenue and other support	\$ 314,420	\$ 37,890	\$ 40,287
Cost of revenue	(164,943)	(15,949)	(9,603)
Net revenue and other support	<u>\$ 149,477</u>	<u>\$ 21,941</u>	<u>\$ 30,684</u>
<u>2023</u>			
Revenue and other support	\$ 330,914	\$ 20,111	\$ 42,167
Cost of revenue	(179,388)	(15,285)	(17,966)
Net revenue and other support	<u>\$ 151,526</u>	<u>\$ 4,826</u>	<u>\$ 24,201</u>

**NOTE 17 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Organization's year-end. Subsequent events have been evaluated through August 27, 2024, which is the date the financial statements were available to be issued.