



APPLICATION FOR CONTRIBUTION

NAME OF ORGANIZATION: Tracy Aviary
ADDRESS: 589 East 1300 South
CITY: Salt Lake City STATE: UT ZIP CODE: 84105
CONTACT PERSON: Tim Brown PHONE NUMBER: 8015968500 EMAIL: timb@tracyaviary.org

ORGANIZATION OVERVIEW (which could include mission, history, and demographics served):

.....

TYPE OF REQUEST: Money ☒ In-Kind ☐

Have you previously requested money from SLCo? Yes

If yes, when and how much (previous three years)?

What is the amount of your request? \$ 149,143.18

The amount you are requesting is 4.7% of your annual agency budget.

What is the purpose of the money you are requesting?:

PLEASE ATTACH:

- ☒ Copy of 501(c)(3)
☒ Copy of independent audit. If you do not have one, please enclose a copy of current financial statements.

You will be expected to report to the Salt Lake County Mayor on how the money was used and the success of the project.

The undersigned hereby acknowledges that he or she has authority to bind the organization listed in the application. The applicant accepts the following terms and conditions as a condition of receiving and using County funds or the waiver of fees: County funds will be used solely for the purposes approved by the Mayor of Salt Lake County as applied for in this application. Any expenditure for purposes other than those approved will require a return of the entire grant amount and may disqualify the grantee from receiving any additional County funds. It is further understood that no grant fund will be made available to any County officer or employee or in violation of the requirements of the Public Employees Ethics Act (67-16-1 et seq.). No grant funds will be used for political or campaign purposes. As a further condition of the grant, all County funds may be subject to an audit as required by Salt Lake County. The applicant is required to complete the Disbursement of Funds Report Form for contributions more than \$2,500.

Dated this ____ day of _____, _____

Applicant Tim Brown
Digitally signed by Tim Brown
Date: 2019.11.19 17:26:54
-07'00'



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248226129
Feb. 20, 2008 LTR 4168C E0
87-0514210 000000 00 000
00018381
BODC: TE

FRIENDS OF TRACY AVIARY 09-20-93
% LAURA LOCKHART
589 E 1300 S
SALT LAKE CTY UT 84105-1111891

5469

Employer Identification Number: 87-0514210
Person to Contact: Ms. K. Hilson
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Feb. 08, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in July 1994, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I

FRIENDS OF TRACY AVIARY

FINANCIAL STATEMENTS

September 30, 2018 and 2017

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Friends of Tracy Aviary
Salt Lake City, Utah**

We have audited the accompanying financial statements of Friends of Tracy Aviary (a nonprofit organization) (the Aviary), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 the accounting policies used and 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 Friends of Tracy Aviary as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the Aviary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aviary's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah
December 19, 2018

FRIENDS OF TRACY AVIARY
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 604,699	\$ 1,259,716
Temporarily restricted cash	358,954	597,463
Agency fund cash	-	26,411
Marketable securities	356,335	121,566
Accounts receivable	36,633	76,690
Inventory	20,063	27,298
Prepaid expenses	1,586	1,170
TOTAL CURRENT ASSETS	<u>1,378,270</u>	<u>2,110,314</u>
CONSTRUCTION IN PROGRESS	100,503	1,059,701
PROPERTY AND EQUIPMENT, NET	<u>4,618,542</u>	<u>2,374,164</u>
TOTAL ASSETS	<u>\$ 6,097,315</u>	<u>\$ 5,544,179</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 114,976	\$ 351,150
Accrued liabilities	83,874	69,458
Deferred revenue	6,630	8,875
Agency liability	-	26,411
TOTAL CURRENT LIABILITIES	<u>205,480</u>	<u>455,894</u>
NET ASSETS		
Unrestricted	5,532,881	4,490,822
Temporarily restricted	358,954	597,463
TOTAL NET ASSETS	<u>5,891,835</u>	<u>5,088,285</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,097,315</u>	<u>\$ 5,544,179</u>

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

FRIENDS OF TRACY AVIARY
STATEMENTS OF ACTIVITIES
Years ended September 30, 2018 and 2017

		2018			2017		
		Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES							
Support							
Lease donation	\$	2,342,186	\$ -	\$ 2,342,186	\$ 2,136,472	\$ -	\$ 2,136,472
Private contributions and fundraising events		401,408	1,045,499	1,446,907	671,723	260,698	932,421
Governmental support		953,486	150,000	1,103,486	817,967	150,000	967,967
In-kind support		70,605	-	70,605	87,430	-	87,430
Net assets released from restrictions		1,434,008	(1,434,008)	-	1,025,162	(1,025,162)	-
TOTAL SUPPORT		5,201,693	(238,509)	4,963,184	4,738,754	(614,464)	4,124,290
Revenues							
Admission fees		632,427	-	632,427	588,322	-	588,322
Nature store and snack shop		211,508	-	211,508	131,802	-	131,802
Other grounds revenue		187,752	-	187,752	152,225	-	152,225
Education programs		69,454	-	69,454	74,039	-	74,039
Investment income		13,041	-	13,041	17,352	-	17,352
TOTAL REVENUES		1,114,182	-	1,114,182	963,740	-	963,740
TOTAL SUPPORT AND REVENUES		6,315,875	(238,509)	6,077,366	5,702,494	(614,464)	5,088,030
EXPENSES							
Program services		4,936,416	-	4,936,416	4,576,303	-	4,576,303
Management and general		254,103	-	254,103	250,710	-	250,710
Fundraising		83,297	-	83,297	87,616	-	87,616
TOTAL EXPENSES		5,273,816	-	5,273,816	4,914,629	-	4,914,629
CHANGE IN NET ASSETS		1,042,059	(238,509)	803,550	787,865	(614,464)	173,401
Net assets, beginning of year		4,490,822	597,463	5,088,285	3,702,957	1,211,927	4,914,884
Net assets, end of year	\$	5,532,881	\$ 358,954	\$ 5,891,835	\$ 4,490,822	\$ 597,463	\$ 5,088,285

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

FRIENDS OF TRACY AVIARY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2018

	Program Services			Total Program Services	Management and General	Fundraising	Total
	Conservation	Education	Aviculture				
Salaries and wages	\$ 136,887	\$ 633,140	\$ 431,194	\$ 1,201,221	\$ 93,389	\$ 47,798	\$ 1,342,408
Payroll taxes	11,625	53,768	36,618	102,011	7,929	4,059	113,999
Other employee benefits	11,285	52,194	35,546	99,025	7,700	3,940	110,665
TOTAL PAYROLL EXPENSES	159,797	739,102	503,358	1,402,257	109,018	55,797	1,567,072
Advertising	-	38,947	34,140	73,087	-	-	73,087
Auto expense	1,206	1,205	675	3,086	144	-	3,230
Bank charges	3,377	28,286	-	31,663	11,180	-	42,843
Bird expenses	-	-	249,129	249,129	-	-	249,129
Building/grounds	-	32,509	44,778	77,287	4,500	-	81,787
Contract services	-	-	4,174	4,174	-	4,219	8,393
Dues and subscriptions	3,788	3,788	13,888	21,464	2,523	1,263	25,250
Equipment	-	7,134	7,134	14,268	-	-	14,268
Event expenses	-	29,049	-	29,049	-	5,125	34,174
Field conservation	65,998	-	-	65,998	-	-	65,998
Insurance	3,379	8,449	5,069	16,897	-	-	16,897
Janitorial and cleaning	3,708	3,708	9,270	16,686	1,854	-	18,540
Lease expense	163,953	983,718	1,147,671	2,295,342	46,844	-	2,342,186
Miscellaneous	3,769	8,332	3,288	15,389	6,208	9,162	30,759
Nature store and snack shop	-	127,234	-	127,234	-	-	127,234
Office supplies	569	995	569	2,133	2,369	237	4,739
Postage and printing	2,606	5,212	2,606	10,424	1,303	1,303	13,030
Professional development	2,081	7,631	2,081	11,793	3,811	-	15,604
Professional services	-	-	616	616	25,294	-	25,910
Program supplies	-	19,208	-	19,208	-	-	19,208
Security	-	2,403	2,402	4,805	-	-	4,805
Technology expense	5,736	11,473	5,736	22,945	28,683	5,736	57,364
Telephone	1,302	6,023	4,102	11,427	889	455	12,771
Travel and entertainment	3,000	-	-	3,000	780	-	3,780
Utilities	-	34,812	43,516	78,328	8,703	-	87,031
TOTAL EXPENSES							
BEFORE DEPRECIATION	424,269	2,099,218	2,084,202	4,607,689	254,103	83,297	4,945,089
Depreciation	-	246,545	82,182	328,727	-	-	328,727
TOTAL EXPENSES	\$ 424,269	\$ 2,345,763	\$ 2,166,384	\$ 4,936,416	\$ 254,103	\$ 83,297	\$ 5,273,816

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

FRIENDS OF TRACY AVIARY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2017

	<u>Program Services</u>			<u>Total</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Conservation</u>	<u>Education</u>	<u>Aviculture</u>	<u>Program Services</u>			
Salaries and wages	\$ 82,396	\$ 392,914	\$ 639,335	\$ 1,114,645	\$ 95,863	\$ 55,724	\$ 1,266,232
Payroll taxes	6,021	28,712	46,719	81,452	7,006	4,072	92,530
Other employee benefits	8,038	38,332	62,372	108,742	9,352	5,437	123,531
TOTAL PAYROLL EXPENSE	96,455	459,958	748,426	1,304,839	112,221	65,233	1,482,293
Advertising	-	46,226	43,469	89,695	-	-	89,695
Auto expense	1,660	1,660	1,064	4,384	465	-	4,849
Bank charges	2,444	20,464	-	22,908	7,636	-	30,544
Bird expenses	-	-	242,120	242,120	-	-	242,120
Building/grounds	680	45,386	50,945	97,011	6,411	-	103,422
Contract services	-	-	2,790	2,790	-	5,980	8,770
Donations to bond assets	-	1,523	-	1,523	-	-	1,523
Dues and subscriptions	3,531	3,531	12,946	20,008	2,353	1,177	23,538
Equipment	-	7,046	7,046	14,092	-	-	14,092
Event expenses	-	42,584	-	42,584	-	7,515	50,099
Field conservation	92,694	-	-	92,694	-	-	92,694
Insurance	2,259	5,647	3,387	11,293	-	-	11,293
Janitorial and cleaning	2,989	2,989	7,474	13,452	1,494	-	14,946
Lease expense	149,553	897,318	1,046,871	2,093,742	42,730	-	2,136,472
Miscellaneous	3,308	6,906	3,308	13,522	3,085	2,082	18,689
Nature store and snack shop	-	75,060	-	75,060	-	-	75,060
Office supplies	671	1,173	671	2,515	2,797	279	5,591
Postage and printing	881	1,762	881	3,524	445	441	4,410
Professional development	1,833	6,722	1,833	10,388	3,563	-	13,951
Professional services	-	-	906	906	32,234	-	33,140
Program supplies	-	22,883	-	22,883	-	-	22,883
Security	-	2,260	2,259	4,519	-	-	4,519
Technology expense	4,299	8,598	4,299	17,196	21,496	4,299	42,991
Telephone	901	4,298	6,993	12,192	1,048	610	13,850
Travel and entertainment	-	-	-	-	3,884	-	3,884
Utilities	-	35,390	44,239	79,629	8,848	-	88,477
TOTAL EXPENSES							
BEFORE DEPRECIATION	364,158	1,699,384	2,231,927	4,295,469	250,710	87,616	4,633,795
Depreciation	-	210,625	70,209	280,834	-	-	280,834
TOTAL EXPENSES	\$ 364,158	\$ 1,910,009	\$ 2,302,136	\$ 4,576,303	\$ 250,710	\$ 87,616	\$ 4,914,629

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

FRIENDS OF TRACY AVIARY
STATEMENTS OF CASH FLOWS
Years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 803,550	\$ 173,401
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	328,727	280,834
Unrealized loss (gain) on marketable securities	90	(12,284)
Changes in operating assets and liabilities:		
Temporarily restricted cash	238,509	614,464
Accounts receivable	40,057	14,025
Inventory	7,235	(849)
Prepaid expenses	(416)	6,922
Accounts payable	(236,174)	264,288
Accrued liabilities	14,416	6,530
Deferred revenue	(2,245)	(3,117)
Net cash flows from operating activities	<u>1,193,749</u>	<u>1,344,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(1,578,983)	(29,266)
Cash paid on construction in progress	(34,924)	(1,023,805)
Cash paid for purchase of marketable securities	(234,859)	(3,993)
Net cash used by investing activities	<u>(1,848,766)</u>	<u>(1,057,064)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(655,017)	287,150
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,259,716</u>	<u>972,566</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 604,699</u>	<u>\$ 1,259,716</u>

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

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Tracy Aviary (the Aviary) is committed to inspiring curiosity and caring for birds and nature through education and conservation. As the largest and oldest free standing aviary in the nation, and one of only two facilities accredited by the Association of Zoos and Aquariums in Utah, the Aviary strives for excellence in all we do. Now in our 79th year, the Aviary is a cultural landmark, public garden and leader in environmental education and conservation. The Aviary manages 9 acres in Salt Lake's most popular park and has recently completed a \$30,000,000 transformation. The Aviary now features beautiful, naturalistic exhibits, a colorful, bird-friendly landscape filled with native species, and a range of programs to educate children of all ages from cradle to well past retirement. Our education programs reach over 60,000 children each year through interactive exhibits, camps and classes, and hands-on experiences in classrooms and neighborhoods across the Wasatch Front. These engaging and educational encounters with birds from as close as the Great Salt Lake and as far as the Andes Mountains often ignite the first essential sparks that propel a life-long appreciation for the natural world. The Aviary also works to better understand avian species and ecosystems through our conservation initiatives. Citizen science volunteers provide valuable insights which help influence decisions that impact open space design and species survival, preserving Utah's natural beauty and the diversity of the Rocky Mountains for future generations.

Accounting Principles

The accompanying financial statements have been prepared using the accrual basis of accounting. The Aviary follows generally accepted accounting principles for non-profit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of restricted net assets is determined by the nature of any donor imposed restrictions.

- Unrestricted contributions and net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted contributions and net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Aviary may spend the funds.
- Permanently restricted contributions and net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations. The Aviary did not receive any donations that would be classified as permanently restricted during the years ended September 30, 2018 or 2017.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are generally comprised of time deposits, certificates of deposit, and certain highly liquid investments with original maturities when purchased of three months or less. Temporarily restricted cash is excluded from this definition for purposes of presentation on the statements of cash flows.

Marketable Securities

The Aviary's marketable securities are classified as available for sale and are reported at fair value, with unrealized gains and losses, reported in investment income. Fair value is based on quoted prices for identical assets in active markets. Realized gains and losses are determined on the basis of the actual cost of the securities sold. Permanent declines in value, if any, are included in income. Dividends on equity securities are recognized in income when declared.

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

- Level 1 inputs are quoted prices for identical assets and liabilities in active markets.
- Level 2 inputs are observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.
- Level 3 inputs are unobservable inputs that reflect the Aviary's own assumptions, consistent with reasonably available assumptions made by other market participants.

The fair value of marketable securities is measured using Level 1 inputs.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Grants Receivable

Accounts receivable consist of amounts due from education workshops and also amounts billed to government agencies that were not received prior to September 30, 2018 and 2017. Accounts and grants receivable are periodically evaluated for collectibility based on past credit history with customers and government agencies and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts and grants receivable will be fully collectible.

Promises To Give

Promises to give are recorded at estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Aviary estimates an allowance, if any, based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. At September 30, 2018 and 2017, there were no outstanding promises to give or related valuation allowances.

Inventory

Inventory consisting primarily of souvenirs and gifts, is stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Property and Equipment

The Aviary has, throughout its history, acted as the vehicle to raise funds through contributions for buildings, facilities and improvements. These contributions, in combination with funds received from government agencies, have been used by the Aviary to construct and improve the facilities and buildings on the Aviary grounds. The Aviary's policy is to capitalize additions purchased solely with contributed funds or operating revenue. Facilities constructed on the Aviary grounds using money from government agencies are not recorded in the financial statements as they are not owned by the Aviary.

In June of 2009, the Aviary renewed a lease agreement and a management agreement with Salt Lake City Corporation. Under those agreements, Salt Lake City leases to the Aviary all the buildings and other real property located within the perimeter in which the Aviary is located. In return, the Aviary maintains and repairs the leased property. Should the lease with Salt Lake City expire, the renovations or property improvements made by the Aviary would become the property of the City. The agreements have been extended through June 30, 2019.

Property and equipment included in the financial statements of the Aviary include donated assets, leasehold improvements, vehicles, and furniture and equipment.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Property and equipment on the balance sheet are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Aviary capitalizes additions that exceed \$5,000. Depreciation on all assets is calculated using the straight line method over the estimated useful lives of the respective assets, which range from five to twenty-five years. Total depreciation expense for the years ended September 30, 2018 and 2017 was \$328,727 and \$280,834, respectively.

The Aviary follows the policy of capitalizing internal costs directly related to the construction of leasehold improvements when employees of the Aviary are directly involved in the management and supervision of contractors. During the years ended September 30, 2018 and 2017, the Aviary capitalized \$120,000 and \$0, respectively of internal costs. These capitalized costs will be included in the future depreciation of the associated leasehold improvements.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets might not be recoverable. Impairment losses are recognized for the amount by which an asset's carrying value exceeds its future expected undiscounted cash flows. No impairment of long-lived assets occurred during the years ended September 30, 2018 and 2017.

Agency Funds

During the year ended September 30, 2017, the Aviary began managing funds on behalf of another organization, Get Into the River. These funds were included in agency cash with a corresponding liability balance. At September 30, 2018 and 2017, the agency cash liability balance was \$0 and \$26,411, respectively. As of September 30, 2018, the agency arrangement ceased and all funds were returned to the other organization.

Government Funding

Funding from all government sources for operations is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the year for which it is contracted.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

In-kind Support

Volunteers and advisors have donated substantial time in assisting the Aviary in achieving the goals of its programs. In accordance with ASC 958-605-25-16, *Contributed Services*, the Aviary recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Aviary receives donated veterinary care and meal rodents (program service expense) that meet the accounting standards to be recorded in the financial statements. The amount of donated veterinary care support and meal rodents for the years ended September 30, 2018 and 2017 was \$70,605 and \$87,430, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocations may vary year to year.

Advertising

All costs associated with advertising and promoting the Aviary's goods and services are expensed in the year incurred. Advertising expense totaled \$73,087 and \$89,695 for the years ended September 30, 2018 and 2017, respectively.

Income Taxes

The Aviary is a nonprofit organization that is exempt from federal income taxes in accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code and under the State of Utah tax regulations. Consequently, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying financial statements.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management of the Aviary has evaluated subsequent events through December 19, 2018, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that required recognition or disclosure in these financial statements.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 2 - MARKETABLE SECURITIES

The fair value of marketable securities as of September 30, 2018 and 2017 is as follows:

<u>2018</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Equity securities	\$ 113,355	\$ 19,858	\$ -	\$ 133,213
Certificates of Deposit	<u>227,000</u>	<u>-</u>	<u>(3,878)</u>	<u>223,122</u>
TOTAL	<u>\$ 340,355</u>	<u>\$ 19,858</u>	<u>\$ (3,878)</u>	<u>\$ 356,335</u>

<u>2017</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Equity securities	<u>\$ 105,496</u>	<u>\$ 16,070</u>	<u>\$ -</u>	<u>\$ 121,566</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	<u>2018</u>	<u>2017</u>
Cost:		
Equipment	\$ 65,457	\$ 6,957
Auto and trucks	60,592	60,592
Furniture and fixtures	7,552	7,552
Leasehold improvements	<u>7,346,390</u>	<u>4,831,785</u>
	7,479,991	4,906,886
Less accumulated depreciation	<u>(2,861,449)</u>	<u>(2,532,722)</u>
Net book value	<u>\$ 4,618,542</u>	<u>\$ 2,374,164</u>

Depreciation expense for the years ended September 30, 2018 and 2017 was \$328,727 and \$280,834, respectively.

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The Aviary maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2018 and 2017, there was \$435,408 and \$1,352,763 of uninsured balances, respectively. The Aviary has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 5 - RELATED PARTY TRANSACTIONS

The Aviary pays architecture and design fees to a company owned by a relative of the executive director. For the years ended September 30, 2018 and 2017, total expenditures were \$34,029 and \$116,842, respectively, and were included in construction in progress and donations to bond assets.

NOTE 6 - GOVERNMENTAL SUPPORT

Governmental support is as follows:

	<u>2018</u>	<u>2017</u>
Salt Lake City operating grant	\$ 621,863	\$ 592,250
Salt Lake County ZAP funds	319,623	221,217
Salt Lake City Environmental Education	150,000	150,000
Other government revenue	<u>12,000</u>	<u>4,500</u>
	<u><u>\$ 1,103,486</u></u>	<u><u>\$ 967,967</u></u>

NOTE 7 - INVESTMENT INCOME

The Aviary's investment income consists of the following.

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 11,639	\$ 5,068
Unrealized gain (loss) on marketable securities	(90)	12,284
Realized gain on marketable securities	<u>1,492</u>	<u>-</u>
	<u><u>\$ 13,041</u></u>	<u><u>\$ 17,352</u></u>

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Restricted funds for master plan	\$ 50,000	\$ 435,071
Restricted for conservation	187,144	162,392
Restricted funds for Eagle Ridge	<u>121,810</u>	<u>-</u>
	<u><u>\$ 358,954</u></u>	<u><u>\$ 597,463</u></u>

FRIENDS OF TRACY AVIARY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 9 - OPERATING LEASES

In June of 2009, the Aviary renewed a lease agreement and a management agreement with Salt Lake City Corporation. Under those agreements, Salt Lake City leases to the Aviary all the buildings and other real property located within the perimeter in which the Aviary is located. In return, the Aviary maintains and repairs the leased property. Should the lease with Salt Lake City expire, the renovations or property improvements made by the Aviary would become the property of the City. The agreements had a term of five years and expired on June 30, 2014. The City has exercised the option to renew the agreements for an additional period of five years to June 30, 2019. The Aviary expects this lease to be renewed consistent with renewals in prior years. The Aviary has recorded lease donations and lease expense of \$2,342,186 and \$2,136,472 related to the lease agreement for the years ended September 30, 2018 and 2017, respectively.

NOTE 10 - CONCENTRATIONS

The Aviary receives a significant amount of its funding from government sources. Decreases in this government support would have an adverse effect upon the Aviary.

During the year ended September 30, 2018, the Aviary received approximately 29.5% of its total support and revenues from Salt Lake County, Salt Lake City, and the State of Utah. See Note 6 for detail of governmental support received.



CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

**To the Board of Trustees
Friends of Tracy Aviary**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of Tracy Aviary (a nonprofit organization) (the Aviary), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Aviary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Aviary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Aviary's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Aviary's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Aviary's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Aviary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aviary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WSRP, LLC

Salt Lake City, Utah
December 19, 2018