

**FRIENDS OF TRACY AVIARY**

**FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

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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, 2020 and 2019, 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 audits 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, 2020 and 2019, 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 January \_\_, 2020, 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  
February 1, 2021

**FRIENDS OF TRACY AVIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,216,474	\$ 942,050
Restricted cash	591,895	422,008
Marketable securities	392,723	369,231
Accounts and grants receivable	100,933	156,576
Inventory	27,754	32,784
Prepaid expenses	1,072	-
TOTAL CURRENT ASSETS	2,330,851	1,922,649
CONSTRUCTION IN PROGRESS	693,028	342,473
PROPERTY AND EQUIPMENT, NET	4,682,869	5,058,107
TOTAL ASSETS	\$ 7,706,748	\$ 7,323,229
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 24,886	\$ 288,877
Accrued liabilities	92,307	98,505
Deferred revenue	27,763	16,766
TOTAL CURRENT LIABILITIES	144,956	404,148
<b>NET ASSETS</b>		
Without donor restrictions	6,969,897	6,497,073
With donor restrictions	591,895	422,008
TOTAL NET ASSETS	7,561,792	6,919,081
TOTAL LIABILITIES AND NET ASSETS	\$ 7,706,748	\$ 7,323,229

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

**FRIENDS OF TRACY AVIARY  
STATEMENTS OF ACTIVITIES  
Years ended September 30, 2020 and 2019**

	2020		2019		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
<b>SUPPORT AND REVENUES</b>					
<b>Support</b>					
Lease donation	\$ 2,559,348	\$ -	\$ 2,483,984	\$ -	\$ 2,483,984
Private contributions and fundraising events	835,900	609,112	469,704	1,269,578	1,739,282
Governmental support	1,638,227	22,057	1,075,112	145,200	1,220,312
In-kind support	54,110	-	99,933	-	99,933
Net assets released from restrictions	461,282	(461,282)	1,351,724	(1,351,724)	-
<b>TOTAL SUPPORT</b>	<b>5,548,867</b>	<b>169,887</b>	<b>5,718,754</b>	<b>63,054</b>	<b>5,543,511</b>
<b>Revenues</b>					
Admission fees	521,043	-	692,576	-	692,576
Nature store and snack shop	157,677	-	339,623	-	339,623
Other grounds revenue	104,422	-	185,714	-	185,714
Education programs	108,514	-	72,702	-	72,702
Investment income	24,143	-	25,111	-	25,111
<b>TOTAL REVENUES</b>	<b>915,799</b>	<b>-</b>	<b>1,315,726</b>	<b>-</b>	<b>1,315,726</b>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>6,464,666</b>	<b>169,887</b>	<b>6,634,553</b>	<b>63,054</b>	<b>6,859,237</b>
<b>EXPENSES</b>					
Program services	5,528,832	-	5,479,079	-	5,479,079
Management and general	291,549	-	261,975	-	261,975
Fundraising	171,461	-	90,937	-	90,937
<b>TOTAL EXPENSES</b>	<b>5,991,842</b>	<b>-</b>	<b>5,831,991</b>	<b>-</b>	<b>5,831,991</b>
<b>CHANGE IN NET ASSETS</b>	<b>472,824</b>	<b>169,887</b>	<b>642,711</b>	<b>63,054</b>	<b>1,027,246</b>
Net assets, beginning of year	6,497,073	422,008	6,919,081	358,954	5,891,835
<b>Net assets, end of year</b>	<b>\$ 6,969,897</b>	<b>\$ 591,895</b>	<b>\$ 7,561,792</b>	<b>\$ 422,008</b>	<b>\$ 6,919,081</b>

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

**FRIENDS OF TRACY AVIARY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2020

	Program Services					Total	
	Conservation	Education	Aviculture	Program Services	Management and General		Fundraising
Salaries and wages	\$ 240,058	\$ 611,645	\$ 616,732	\$ 1,468,435	\$ 123,306	\$ 105,667	\$ 1,697,408
Payroll taxes	18,438	46,979	47,370	112,787	9,471	8,116	130,374
Other employee benefits	22,937	58,436	58,921	140,294	11,780	10,095	162,169
<b>TOTAL PAYROLL EXPENSES</b>	<b>281,433</b>	<b>717,060</b>	<b>723,023</b>	<b>1,721,516</b>	<b>144,557</b>	<b>123,878</b>	<b>1,989,951</b>
Advertising	-	27,499	24,778	52,277	-	-	52,277
Auto expense	2,281	2,282	1,195	5,758	107	-	5,865
Bank charges	2,472	20,707	-	23,179	7,727	-	30,906
Bird expenses	-	-	265,042	265,042	-	-	265,042
Bird feeder cafe	-	39,098	-	39,098	-	-	39,098
Building/grounds	1,258	37,647	54,394	93,299	4,726	-	98,025
Contract services	-	-	1,900	1,900	-	6,740	8,640
Donations to county assets	-	6,048	-	6,048	-	-	6,048
Dues and subscriptions	3,306	4,408	11,020	18,734	2,204	1,102	22,040
Equipment	-	8,831	8,831	17,662	-	-	17,662
Event expenses	-	11,401	-	11,401	-	2,011	13,412
Field conservation	82,976	-	-	82,976	-	-	82,976
Insurance	3,390	9,323	4,238	16,951	-	-	16,951
Janitorial and cleaning	5,221	5,221	13,054	23,496	2,611	-	26,107
Lease expense	179,154	1,074,926	1,254,081	2,508,161	51,187	-	2,559,348
Miscellaneous	2,735	5,799	2,507	11,041	3,063	1,190	15,294
Nature store and Bird Feeder	-	38,674	-	38,674	-	-	38,674
Office supplies	587	1,465	587	2,639	2,933	293	5,865
Postage and printing	2,276	4,554	2,276	9,106	1,138	1,138	11,382
Professional development	908	3,328	908	5,144	1,659	-	6,803
Professional services	-	-	-	-	22,030	27,500	49,530
Program supplies	-	29,168	-	29,168	-	-	29,168
Security	-	13,016	13,017	26,033	-	-	26,033
Technology expense	6,979	13,958	6,979	27,916	34,897	6,979	69,792
Telephone	1,431	3,646	3,677	8,754	735	630	10,119
Utilities	-	47,898	59,874	107,772	11,975	-	119,747
<b>TOTAL EXPENSES</b>	<b>576,407</b>	<b>2,125,957</b>	<b>2,451,381</b>	<b>5,153,745</b>	<b>291,549</b>	<b>171,461</b>	<b>5,616,755</b>
BEFORE DEPRECIATION	-	281,315	93,772	375,087	-	-	375,087
Depreciation	-	-	-	-	-	-	-
<b>TOTAL EXPENSES \$</b>	<b>576,407</b>	<b>\$ 2,407,272</b>	<b>\$ 2,545,153</b>	<b>\$ 5,528,832</b>	<b>\$ 291,549</b>	<b>\$ 171,461</b>	<b>\$ 5,991,842</b>

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

**FRIENDS OF TRACY AVIARY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2019

	Program Services				Total		
	Conservation	Education	Aviculture	Program Services		Management and General	Fundraising
Salaries and wages	\$ 214,485	\$ 653,680	\$ 475,440	\$ 1,343,605	\$ 87,525	\$ 53,785	\$ 1,484,915
Payroll taxes	17,856	54,419	39,580	111,855	7,286	4,478	123,619
Other employee benefits	19,655	59,908	43,571	123,134	8,020	4,929	136,083
<b>TOTAL PAYROLL EXPENSE</b>	<b>251,996</b>	<b>768,007</b>	<b>558,591</b>	<b>1,578,594</b>	<b>102,831</b>	<b>63,192</b>	<b>1,744,617</b>
Advertising	-	49,970	34,917	84,887	-	-	84,887
Auto expense	1,316	1,317	821	3,454	324	-	3,778
Bank charges	3,552	29,752	-	33,304	11,101	-	44,405
Bird expenses	-	-	262,090	262,090	-	-	262,090
Bird feeder cafe	-	52,961	-	52,961	-	-	52,961
Building/grounds	208	44,740	70,378	115,326	5,369	-	120,695
Contract services	-	-	7,671	7,671	-	2,288	9,959
Donations to county assets	-	22,291	-	22,291	-	-	22,291
Dues and subscriptions	3,586	3,587	13,149	20,322	2,391	1,195	23,908
Equipment	-	6,137	6,138	12,275	-	-	12,275
Event expenses	-	49,275	-	49,275	-	8,697	57,972
Field conservation	118,526	-	-	118,526	-	-	118,526
Insurance	3,008	7,521	4,513	15,042	-	-	15,042
Janitorial and cleaning	4,623	4,623	11,558	20,804	2,313	-	23,117
Lease expense	173,879	1,043,273	1,217,152	2,434,304	49,680	-	2,483,984
Miscellaneous	3,368	7,026	3,081	13,475	2,395	5,049	20,919
Nature store and Bird Feeder	-	71,573	-	71,573	-	-	71,573
Office supplies	886	1,552	886	3,324	3,692	369	7,385
Postage and printing	3,162	6,325	3,162	12,649	1,581	1,581	15,811
Professional development	3,149	11,549	3,149	17,847	4,740	-	22,587
Professional services	-	-	-	-	25,230	-	25,230
Program supplies	-	30,291	-	30,291	-	-	30,291
Security	-	2,640	2,640	5,280	-	-	5,280
Technology expense	8,215	16,429	8,215	32,859	41,075	8,215	82,149
Telephone	1,399	4,263	3,101	8,763	572	351	9,686
Travel and entertainment	6,000	-	-	6,000	572	-	6,572
Utilities	-	32,437	40,546	72,983	8,109	-	81,092
<b>TOTAL EXPENSES</b>	<b>586,873</b>	<b>2,267,539</b>	<b>2,251,758</b>	<b>5,106,170</b>	<b>261,975</b>	<b>90,937</b>	<b>5,459,082</b>
BEFORE DEPRECIATION	-	279,682	93,227	372,909	-	-	372,909
Depreciation	-	-	-	-	-	-	-
<b>TOTAL EXPENSES \$</b>	<b>\$ 586,873</b>	<b>\$ 2,547,221</b>	<b>\$ 2,344,985</b>	<b>\$ 5,479,079</b>	<b>\$ 261,975</b>	<b>\$ 90,937</b>	<b>\$ 5,831,991</b>

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



**FRIENDS OF TRACY AVIARY**  
**STATEMENTS OF CASH FLOWS**  
**Years ended September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 642,711	\$ 1,027,246
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	375,087	372,909
Unrealized gain on marketable securities	(8,493)	(5,668)
Loss on disposal of assets	151	-
Changes in operating assets and liabilities:		
Accounts and grants receivable	55,643	(119,943)
Inventory	5,030	(12,721)
Prepaid expenses	(1,072)	1,586
Accounts payable	(263,991)	173,901
Accrued liabilities	(6,198)	14,631
Deferred revenue	10,997	10,136
Net cash flows from operating activities	809,865	1,462,077
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchases of property and equipment	-	(741,534)
Cash paid on construction in progress	(350,555)	(312,910)
Cash paid for purchase of marketable securities	(104,999)	(481,359)
Cash from sale of marketable securities	90,000	474,131
Net cash used by investing activities	(365,554)	(1,061,672)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	444,311	400,405
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	1,364,058	963,653
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 1,808,369	\$ 1,364,058

Cash and cash equivalents consist of the following:

Unrestricted Cash - Fund 1	\$ 1,216,474	\$ 942,050
Restricted cash	591,895	422,008
Cash and cash equivalents	\$ 1,808,369	\$ 1,364,058

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

**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Nature of Activities*

Tracy Aviary's (the Aviary) mission is to inspire curiosity and care for birds and nature through education and conservation. The Aviary is the largest and oldest free standing public aviary in the nation, and one of only three facilities accredited by the Association of Zoos and Aquariums in Utah. The Aviary's strategic priorities are to be excellent in all it does, have the capacity to thrive, and be an outstanding community partner. Now in its 82<sup>nd</sup> year, the Aviary is a cultural landmark, public garden, leader in environmental education and strong voice for birds and conservation. The Aviary manages 9 acres in Salt Lake City's Liberty Park and has recently invested more than \$35,000,000 transforming this community treasure. Today the Aviary features beautiful, naturalistic exhibits, landscapes filled with native and drought tolerant plant species creating a habitat for birds and insects, and a range of programs to educate children of all ages from cradle to well past retirement. Its 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 its 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.

In 2020 the Aviary opened a small, half-acre Jordan River Nature Center (JRNC) in South Salt Lake City adjacent to the Jordan River. This is the first step in a proposed \$30,000,000 project to build a second 10 - 12 acre campus in JRNC and a 4 acre campus in Riverton. These campuses will allow the Aviary to further its mission and reach more people in its community.

*Accounting Principles*

The Aviary's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP).

The Aviary follows Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under those standards, net assets, contributions, service fees, gains, losses, and expenses are classified as net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and net assets are classified into two categories based on donor-imposed restrictions as follows:

**Net Assets Without Donor Restrictions** - Net assets without donor restrictions are able to be spent by the Aviary at its discretion and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Principles (continued)

Net Assets With Donor Restrictions - Net assets with donor restrictions include contributions of cash and other assets received with donor stipulations that limit the use of the donated assets, or have been restricted by the donor to be held and invested in perpetuity. When a donor restriction expires or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

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 certificates of deposit, and certain highly liquid investments with original maturities when purchased of three months or less.

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, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Accounts and Grants Receivable

Accounts and grants receivable consist of amounts due from education workshops and also amounts billed to government agencies that were not received prior to September 30, 2020 and 2019. 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, 2020 and 2019, 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 2019, the Aviary signed a new lease agreement with Salt Lake City Corporation. Under this agreement, Salt Lake City leases to the Aviary all the buildings and other real property located within the perimeter in which the Aviary is located on the Liberty Park campus. 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 renewable agreement expires June 30, 2024.

**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

In September of 2019, the Aviary signed a new lease agreement with Salt Lake County. Under this agreement, Salt Lake County leases to the Aviary all the buildings and other real property located within the perimeter in which the Aviary is located on the JRNC campus. In return, the Aviary maintains and repairs the leased property.

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

Property and equipment on the statements of financial position 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, 2020 and 2019 was \$375,087 and \$372,909, 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, 2020 and 2019, the Aviary capitalized \$0 and \$131,000, 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, 2020 and 2019.

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 net assets with donor restrictions that increases that net asset class. When a donor-imposed 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 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 net assets without donor restrictions. Capital campaign contributions are considered net assets with donor restrictions until the asset is placed into service.

**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Funding

Funding from all government sources for operations is considered to be without donor restrictions as long as it is expended under contract guidelines and is expended in the year for which it is contracted.

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 produce (program service expense) that meet the accounting standards to be recorded in the financial statements. The amount of donated veterinary care support and produce for the years ended September 30, 2020 and 2019 was \$54,110 and \$99,933, 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 functional expenses. 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 \$52,277 and \$84,887 for the years ended September 30, 2020 and 2019, 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.

Subsequent Events

Management of the Aviary has evaluated subsequent events through February 1, 2021, which is also the date the financial statements were available to be issued. Except as disclosed in Note 12, 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, 2020 and 2019**

NOTE 2 - MARKETABLE SECURITIES

The fair value of marketable securities as of September 30, 2020 and 2019 is as follows:

<u>2020</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Equity securities	\$ 183,582	\$ 19,325	\$ -	\$ 202,907
Certificates of Deposit	<u>179,000</u>	<u>10,816</u>	<u>-</u>	<u>189,816</u>
<b>TOTAL</b>	<b><u>\$ 362,582</u></b>	<b><u>\$ 30,141</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 392,723</u></b>

<u>2019</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Equity securities	\$ 118,584	\$ 15,924	\$ -	\$ 134,508
Certificates of deposit	<u>229,000</u>	<u>5,723</u>	<u>-</u>	<u>234,723</u>
<b>TOTAL</b>	<b><u>\$ 347,584</u></b>	<b><u>\$ 21,647</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 369,231</u></b>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	<u>2020</u>	<u>2019</u>
Cost:		
Equipment	\$ 65,457	\$ 65,457
Auto and trucks	60,593	60,593
Furniture and fixtures	7,552	7,552
Leasehold improvements	<u>7,875,917</u>	<u>8,158,863</u>
	8,009,519	8,292,465
Less accumulated depreciation	<u>(3,326,650)</u>	<u>(3,234,358)</u>
 Net book value	 <u>\$ 4,682,869</u>	 <u>\$ 5,058,107</u>

Depreciation expense for the years ended September 30, 2020 and 2019 was \$375,087 and \$372,909, respectively.

**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

**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, 2020 and 2019, there was \$1,276,748 and \$831,870 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.

**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, 2020 and 2019, total expenditures were \$57,734 and \$62,749, respectively, and were included in construction in progress and donations to bond assets.

**NOTE 6 - GOVERNMENTAL SUPPORT**

Governmental support is as follows:

	<b>2020</b>	<b>2019</b>
Salt Lake City operating grant	\$ 674,922	\$ 674,922
Salt Lake County ZAP funds	331,440	342,890
Salt Lake City Environmental Education	22,057	145,200
Salt Lake City JRNC funding	150,275	-
Payroll protection program grant	368,840	-
State supplied COVID-19 stimulus funding	55,750	-
Other government revenue	57,000	57,300
	<b>\$ 1,660,284</b>	<b>\$ 1,220,312</b>

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Aviary obtained a PPP loan for \$368,840. The note matures in June 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. The PPP loan was subsequently forgiven and is reflected as governmental support for the year ended September 30, 2020. See Note 12 for more information on COVID-19.



**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

**NOTE 7 - INVESTMENT INCOME**

The Aviary's investment income consists of the following:

	<b>2020</b>	<b>2019</b>
Interest and dividend income	\$ 15,650	\$ 16,889
Unrealized gain on marketable securities	8,493	5,668
Realized gain (loss) on marketable securities	-	2,554
	<b>\$ 24,143</b>	<b>\$ 25,111</b>

**NOTE 8 - NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions included on the statement of activities consist of the following as of September 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Restricted funds for Bird Show Exhibit	\$ 60,152	\$ -
Restricted funds for master plan	31,661	37,709
Restricted for conservation	159,331	176,957
Restricted funds for JRNC	340,751	157,342
Restricted funds for education	-	50,000
	<b>\$ 591,895</b>	<b>\$ 422,008</b>

**NOTE 9 - OPERATING LEASES**

In June of 2019, the Aviary signed a new a lease agreement with Salt Lake City Corporation. Under this agreement, 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 renewable agreements will remain in effect for a period of five years, expiring on June 30, 2024. The Aviary has recorded lease donations and lease expense of \$2,559,348 and \$2,483,984 related to the lease agreement for the years ended September 30, 2020 and 2019, respectively.

The JRNC campus is still in the development stage and no lease donation calculation has been made at this time.

**FRIENDS OF TRACY AVIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**

**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 years ended September 30, 2020 and 2019, the Aviary received approximately 41% and 28%, respectively, of its total support and revenues from the United States Government, Salt Lake County, Salt Lake City, and the State of Utah. See Note 6 for detail of governmental support received.

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Aviary's financial assets available for general expenditures within one year are made up of cash and cash equivalents. These amounts were \$1,216,474 and \$942,050 as of September 30, 2020 and 2019, respectively. The Aviary's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 12 - ONGOING COVID-19 PANDEMIC**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

For the year ended September 30, 2020, our revenues related to admissions and other operational sources were adversely affected by COVID-19.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. The amount of losses that will be recognized in subsequent periods, if any, and the related impact on the Aviary's liquidity cannot be determined at this time.



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, 2020, 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 February 2, 2021.

**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  
February 2, 2021