



**FINANCIAL REPORT  
JUNE 30, 2022**

# GREATER LOS ANGELES ZOO ASSOCIATION

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Greater Los Angeles Zoo Association

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Greater Los Angeles Zoo Association (GLAZA), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GLAZA as of June 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GLAZA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GLAZA's ability to continue as a going concern for a reasonable period of time.

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

*Singer Lewak LLP*

December 8, 2022

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 6,469,879	\$ 14,278,548
Accounts receivable	480,362	379,436
Promises to give and grants receivable, net	1,307,744	1,694,302
Investments	9,162,401	-
Prepaid expenses and other assets	222,133	315,974
Beneficial interest in perpetual trusts	131,235	156,446
Property and equipment, net	110,668	197,038
Endowment investments	25,728,533	27,940,150
<b>Total assets</b>	<b><u>\$ 43,612,955</u></b>	<b><u>\$ 44,961,894</u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Salaries and benefits payable	\$ 538,163	\$ 405,997
Accounts payable and accrued expenses – general	496,406	275,446
Accounts payable and accrued expenses – Los Angeles Zoo	385,489	453,105
Deferred revenue	298,956	367,272
Notes payable	-	2,025,000
Capital lease	4,553	7,990
Total liabilities	1,723,567	3,534,810

**Net assets**

Without donor restrictions		
Undesignated	3,226,190	1,729,701
Los Angeles Zoo designated	993,409	649,442
Board designated for endowment	21,313,078	22,674,414
Total net assets without donor restrictions	25,532,677	25,053,557

With donor restrictions

Purpose and time restrictions	14,032,718	14,024,323
Perpetual in nature	2,323,993	2,349,204

Total net assets with donor restrictions	16,356,711	16,373,527
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Total net assets	41,889,388	41,427,084
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<b>Total liabilities and net assets</b>	<b><u>\$ 43,612,955</u></b>	<b><u>\$ 44,961,894</u></b>
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See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and returns</b>			
Membership dues	\$ 5,135,821	\$ -	\$ 5,135,821
Contributions and grants	6,380,568	2,145,948	8,526,516
Concessions commissions and site rentals	3,575,634	-	3,575,634
Net investment loss	(3,431,656)	(855,217)	(4,286,873)
Net change in beneficial interest in perpetual trusts	-	(25,211)	(25,211)
Other revenue	7,655	-	7,655
Gain on forgiveness of PPP Loan	2,025,000	-	2,025,000
Net assets released from restrictions	<u>1,282,336</u>	<u>(1,282,336)</u>	<u>-</u>
Total revenue, support, and returns	<u>14,975,358</u>	<u>(16,816)</u>	<u>14,958,542</u>
<b>Expenses</b>			
Program services	10,483,792	-	10,483,792
General and administrative	2,251,430	-	2,251,430
Fundraising	<u>1,761,016</u>	<u>-</u>	<u>1,761,016</u>
Total expenses	<u>14,496,238</u>	<u>-</u>	<u>14,496,238</u>
<b>Change in net assets</b>	479,120	(16,816)	462,304
<b>Net assets, beginning of year</b>	<u>25,053,557</u>	<u>16,373,527</u>	<u>41,427,084</u>
<b>Net assets, end of year</b>	<u><b>\$ 25,532,677</b></u>	<u><b>\$ 16,356,711</b></u>	<u><b>\$ 41,889,388</b></u>

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and returns</b>			
Membership dues	\$ 2,949,020	\$ -	\$ 2,949,020
Contributions and grants	3,720,495	1,395,163	5,115,658
Concessions commissions and site rentals	1,548,677	-	1,548,677
Exhibitions and ticketed events	239,909	-	239,909
Net investment return	3,721,997	1,388,937	5,110,934
Net change in beneficial interest in perpetual trusts	-	25,513	25,513
Other revenue	183,729	-	183,729
Net assets released from restrictions	<u>1,247,010</u>	<u>(1,247,010)</u>	<u>-</u>
Total revenue, support, and returns	<u>13,610,837</u>	<u>1,562,603</u>	<u>15,173,440</u>
<b>Expenses</b>			
Program services	7,027,212	-	7,027,212
General and administrative	1,942,388	-	1,942,388
Fundraising	<u>1,302,359</u>	<u>-</u>	<u>1,302,359</u>
Total expenses	<u>10,271,959</u>	<u>-</u>	<u>10,271,959</u>
<b>Change in net assets</b>	3,338,878	1,562,603	4,901,481
<b>Net assets, beginning of year</b>	<u>21,714,679</u>	<u>14,810,924</u>	<u>36,525,603</u>
<b>Net assets, end of year</b>	<u><b>\$ 25,053,557</b></u>	<u><b>\$ 16,373,527</b></u>	<u><b>\$ 41,427,084</b></u>

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2022**

	Program Services			General and Administration	Fundraising	Total
	Zoo Programs	GLAZA Operations	Total Programs			
Grants and contractual payments – Zoo	\$ 4,219,201	\$ -	\$ 4,219,201	\$ -	\$ -	\$ 4,219,201
Salaries, taxes, and benefits	-	3,195,930	3,195,930	1,085,614	1,107,699	5,389,243
Advertising and marketing	-	185,106	185,106	-	-	185,106
Conservation grants	165,785	-	165,785	-	-	165,785
Credit card and bank fees	10,550	156,441	166,991	13,160	43,281	223,432
Depreciation and amortization	6,376	5,353	11,729	110,792	-	122,521
Direct benefits to donors	-	-	-	-	293,876	293,876
Donor and member cultivation and events	-	278,901	278,901	-	134,532	413,433
Event costs	-	390,509	390,509	-	-	390,509
Insurance and workers' compensation	-	12,105	12,105	292,328	3,045	307,478
Other expenses	121,327	8,789	130,116	104,725	4,536	239,377
Office, IT, and postage	119,902	495,354	615,256	272,552	57,890	945,698
Printing and signage	-	251,030	251,030	7,248	31,699	289,977
Professional services	358,962	164,000	522,962	348,449	73,062	944,473
Supplies, equipment, and repairs	306,724	-	306,724	-	-	306,724
Travel, entertainment, and meetings	27,261	4,186	31,447	16,562	11,396	59,405
<b>Total expenses by function</b>	<b>\$ 5,336,088</b>	<b>\$ 5,147,704</b>	<b>\$ 10,483,792</b>	<b>\$ 2,251,430</b>	<b>\$ 1,761,016</b>	<b>\$ 14,496,238</b>

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2021**

	Program Services			General and Administration	Fundraising	Total
	Zoo Programs	GLAZA Operations	Total Programs			
Grants and contractual payments – Zoo	\$ 2,210,014	\$ -	\$ 2,210,014	\$ -	\$ -	\$ 2,210,014
Salaries, taxes, and benefits	-	2,663,001	2,663,001	981,935	1,034,150	4,679,086
Advertising and marketing	-	125,704	125,704	-	11,373	137,077
Conservation grants	94,731	-	94,731	-	-	94,731
Credit card and bank fees	-	188,604	188,604	30,164	19,130	237,898
Depreciation and amortization	6,376	16,571	22,947	145,246	-	168,193
Direct benefits to donors	-	-	-	-	45,593	45,593
Donor and member cultivation and events	-	78,252	78,252	-	23,989	102,241
Event costs	-	195,619	195,619	-	-	195,619
Exhibit construction and maintenance	216,277	-	216,277	-	-	216,277
Insurance and workers' compensation	-	53,058	53,058	353,930	3,804	410,792
Other expenses	137,096	37,436	174,532	99,974	52,324	326,830
Office, IT, and postage	-	169,157	169,157	225,423	48,377	442,957
Printing and signage	-	131,572	131,572	2,269	13,624	147,465
Professional services	295,537	86,231	381,768	97,905	49,624	529,297
Supplies, equipment, and repairs	319,806	-	319,806	-	-	319,806
Travel, entertainment, and meetings	2,047	123	2,170	5,542	371	8,083
<b>Total expenses by function</b>	<b>\$ 3,281,884</b>	<b>\$ 3,745,328</b>	<b>\$ 7,027,212</b>	<b>\$ 1,942,388</b>	<b>\$ 1,302,359</b>	<b>\$ 10,271,959</b>

See notes to financial statements.

# GREATER LOS ANGELES ZOO ASSOCIATION

## STATEMENTS OF CASH FLOWS Year Ended June 30, 2022 and 2021

	2022	2021
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 462,304	\$ 4,901,481
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized and realized investment loss (gains)	4,777,301	(4,822,025)
Gain on PPP Loan forgiveness	(2,025,000)	-
Endowment fund contributions	-	98,921
Change in valuation of beneficial interest in perpetual trusts	25,211	(25,513)
Depreciation and amortization expense	122,521	168,193
Changes in operating assets and liabilities:		
Accounts receivable	(100,926)	(375,127)
Promises to give and grants receivable	386,558	300,244
Prepaid expenses and other assets	93,841	110,135
Accounts payable and accrued expenses	353,126	(49,515)
Accounts payable and accrued expenses – Los Angeles Zoo	(67,616)	(16,432)
Deferred revenue	(68,316)	(121,082)
	3,959,004	169,280
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	16,691,219	19,308,432
Purchases of investments	(28,419,304)	(18,857,044)
Purchases of furniture and equipment	(36,151)	(29,566)
	(11,764,236)	421,822
<b>Cash flows from financing activities</b>		
Proceeds from notes payable	-	1,012,500
Principal payments on capital lease obligations	(3,437)	(3,238)
	(3,437)	1,009,262
<b>Net increase (decrease) in cash and cash equivalents</b>	(7,808,669)	1,600,364
<b>Cash and cash equivalents, beginning of year</b>	14,278,548	12,678,184
<b>Cash and cash equivalents, end of year</b>	\$ 6,469,879	\$ 14,278,548
<b>Supplemental disclosure of non-cash financing activities</b>		
Gain on PPP Loan forgiveness	\$ 2,025,000	\$ -

See notes to financial statements.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – ORGANIZATION

#### General

The Greater Los Angeles Zoo Association (GLAZA) is a tax-exempt charitable organization, established for the purpose of developing, beautifying, and improving the Los Angeles Zoo and Botanical Gardens (the Zoo). This is accomplished by providing financial and mission support to the Zoo and its programs, raising public awareness about the Zoo, enhancing the visitor experience, and stewarding the investments of visitors, members, and donors.

GLAZA and the City of Los Angeles (the City) have agreements in place as detailed below.

#### Operating Agreement

The City entered into an agreement with GLAZA (the Operating Agreement) for the purposes of obtaining assistance in establishing, developing, beautifying, and improving the Zoo. The Operating Agreement was executed on September 29, 1997 and expired on September 29, 2022. Under Section XV of the Operating Agreement, either the City or GLAZA may terminate the Operating Agreement by giving notice 180 days prior to the effective date of such termination. Under Section III of the Operating Agreement, the Zoo and GLAZA establish several Memoranda of Understanding (MOUs) to identify specific programs and financial obligations. GLAZA has been working in good faith with the City and the Zoo to negotiate a new Operating Agreement. The City Council (Council) approved an extension of the current operating agreement through March 29, 2023, with an option to extend for an additional six months while negotiations continue. The Council also directed that the extension include the terms of the expired MOUs, as well as the current version of the City's contracting provisions. GLAZA and the City have prepared the First Amended and Restated Operating Agreement to incorporate the Council's directions.

#### Membership MOU

Under this MOU, GLAZA manages the Zoo's membership program. Fees collected from members are used to fund department expenses, as well as support expenses for volunteer and docent programs, publications, and website management. The last MOU expired June 30, 2017. During Operating Agreement negotiations, the City and GLAZA continue to operate under the terms of the expired MOU.

Per Section VII of the Operating Agreement, GLAZA remits 25% of membership fees received to the Zoo, plus the net surplus (if any) after department expenses and other specified programs' expenses are paid.

#### Concession Agreement

In May 2019, GLAZA and the City executed the 6th amendment to the Operating Agreement (the 6th Amendment), effective July 1, 2019. The 6th Amendment terminates and replaces the Concession Agreement and future concession MOUs and became part of the existing Operating Agreement. The City and GLAZA intend to incorporate this 6th Amendment into the renegotiated Operating Agreement. The 6th Amendment grants GLAZA the right to enter into a Concession Services Agreement with a concessionaire for a ten-year period, with a five-year option to extend.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1 – ORGANIZATION (Continued)**

#### Concession Agreement (Continued)

The Concession Services Agreement between GLAZA and the concessionaire, SSA Group, LLC (SSA), was approved by the Los Angeles City Council in December 2019. An amendment to the Concession Services Agreement was approved by the Los Angeles City Council in August 2021, and became effective October 1, 2021.

Per the 6th Amendment, GLAZA pays the Zoo a percentage of commissions received for services and amenities provided by the concessionaire. GLAZA receives an annual fee for managing the Concessions Services Agreement with SSA.

#### Financial Assistance, Special Events, and Community Affairs MOU

Under this MOU, terms are established for raising unrestricted, restricted, and endowment funds. It also establishes funding for an Events department and conservation donations made at the Zoo's discretion. The last MOU expired June 30, 2017. During Operating Agreement negotiations, the City and GLAZA continue to operate under the terms of the expired MOU.

#### Marketing and Public Relations, and Site Rentals and Catered Events MOU

This MOU specifies GLAZA will provide marketing, public relations, and strategic branding services for the Zoo. It also stipulates GLAZA will oversee site rentals for private events and execution of night-time ticketed events to generate additional revenue. The last MOU expired June 30, 2019. During Operating Agreement negotiations, the City and GLAZA continue to operate under the terms of the expired MOU.

Under terms of the Marketing MOU, GLAZA may receive a rebate of admissions revenue and night-time ticketed event proceeds if fiscal year admissions targets are achieved by the Zoo. This rebate funds GLAZA's marketing efforts for the subsequent fiscal year. The City and the Zoo have informed GLAZA that no rebate of admissions revenue will be provided to GLAZA for fiscal years 2021 and 2022. Further, 10% of site rental fees, and all net proceeds from ticketed events, are paid to the Zoo.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Cash and Cash Equivalents

GLAZA considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes, and governing board designations, are excluded from this definition.

#### Accounts Receivable

Accounts receivable consist primarily of non-interest-bearing amounts due for sponsorship fees and concessions commissions. An allowance for uncollectible accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management assessed the accounts receivable balances at June 30, 2022 and 2021, and determined no allowance was necessary.

#### Promises to Give and Grants Receivable

GLAZA records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. GLAZA determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

#### Property and Equipment

Property and equipment purchased by, or constructed for, GLAZA are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets (3 – 7 years depending on property type), or in the case of capitalized leasehold improvements, the lesser of the useful life of the asset or the lease term. Property and equipment purchased or constructed for the Zoo are expensed as a program service. Such acquisitions are conveyed to the Zoo for their use.

#### Beneficial Interest in Perpetual Trusts

Donors have established and funded trusts and endowments, which are administered and controlled by the California Community Foundation. Under the terms of these arrangements, GLAZA has the irrevocable right to receive all, or a portion of, the income earned on the trusts and endowments in perpetuity. GLAZA recognizes its beneficial interest in these trusts and endowments as net assets with donor restrictions, based on the discounted cash flows of expected income to be received. Distributions of investment income from these trusts and endowments are recorded as contributions and grants (in the statements of activities) that increase net assets without donor restrictions. Changes in the value of the beneficial interest on these trusts and endowments are recorded as change in value of beneficial interest in perpetual trusts in the statements of activities.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments

GLAZA records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain or loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, and external investment expenses.

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. GLAZA has designated, from its net assets without donor restrictions, net assets related to the MOUs with the City the Los Angeles Zoo. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment. Management has designated, from net assets without donor restrictions, net assets for reserve.
  
- Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions received and expended in the same reporting period are recorded as net assets without donor restrictions.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Revenue and Revenue Recognition

GLAZA recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

Consequently, at June 30, 2022 and 2021, promises to give totaling \$100,000 have not been recognized in the accompanying financial statements as the condition(s) on which they depend has not yet been met. The conditions relate to construction and other measurable barriers, and management still does not have an expected date where conditions can be met.

GLAZA recognizes revenue from ticket sales at the time of admission. GLAZA records special events revenue when the event takes place.

Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. GLAZA recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures incurred, respectively.

Concessions revenue, which is included in concessions commissions and site rentals, is recognized in the month the performance obligations are performed. They are accrued based upon a percentage of gross receipts reported by SSA, between 10% – 50%, depending on product or service type. Funds in excess of distributions to the Zoo and GLAZA’s administrative fee are contractually restricted, as defined in the MOU, and are included as net assets without donor restrictions.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Advertising Costs

Advertising costs are expensed as incurred.

#### Volunteer Services

Volunteers donate their time on behalf of various GLAZA and Zoo activities. GLAZA does not record the value of these services, as they do not meet the recognition criteria prescribed by U.S. GAAP.

#### Income Taxes

GLAZA is organized as a not-for-profit organization exempt from income taxes under the Internal Revenue Code §501(c)(3), and from franchise taxes under §23710(d) of the California Revenue and Taxation Code, except with respect to any unrelated business income. Management has analyzed the tax positions taken by GLAZA, and has concluded that, as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. GLAZA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### Impairment of Long-lived Assets

GLAZA reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of June 30, 2022 and 2021, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

### NOTE 3 – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair value is the price 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. Assets carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable inputs that are not corroborated by market data

GLAZA's investments are reflected at fair value based on quoted market prices. GLAZA's beneficial interest in perpetual trusts is shown at the net present value of the future benefits expected to be received.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

As of June 30, 2022, GLAZA's financial instruments measured on a recurring basis were classified by level within the valuation hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Fixed income	\$ 9,162,401	\$ -	\$ -	\$ 9,162,401
Endowment investments				
Equity mutual funds	22,282,855	-	-	22,282,855
Equities	3,445,678	-	-	3,445,678
Total endowment	<u>25,728,533</u>	<u>-</u>	<u>-</u>	<u>25,728,533</u>
Beneficial interest in perpetual trusts	-	-	131,235	131,235
	<b><u>\$ 34,890,934</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 131,235</u></b>	<b><u>\$ 35,022,169</u></b>

As of June 30, 2021, GLAZA's financial instruments measured on a recurring basis were classified by level within the valuation hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment investments				
Highly liquid investments	\$ 2,569,428	\$ -	\$ -	\$ 2,569,428
Equity mutual funds	21,585,280	-	-	21,585,280
Equities	3,785,442	-	-	3,785,442
Total endowment	27,940,150	-	-	27,940,150
Beneficial interest in perpetual trusts	-	-	156,446	156,446
	<b><u>\$ 27,940,150</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 156,446</u></b>	<b><u>\$ 28,096,596</u></b>

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

As of June 30, 2022 and 2021, the change in value of the beneficial interest in perpetual trusts was as follows:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 156,446	\$ 130,933
Net investment return (loss)	(19,144)	31,627
Distributions	(6,067)	(6,114)
<b>Total beneficial interest in perpetual trusts</b>	<b>\$ 131,235</b>	<b>\$ 156,446</b>

The beneficial interest in perpetual trusts is reported at the net present value of the estimated future amount to be received on such assets. The present value is based on the Individual Annuity Reserving 2012 Mortality Table, published by the Society of Actuaries.

**NOTE 4 – PROMISES TO GIVE AND GRANTS RECEIVABLE**

As of June 30, 2022 and 2021, promises to give and grants receivable are expected to be realized in the following periods:

	<b>2022</b>	<b>2021</b>
One year or less	\$ 413,900	\$ 331,886
One to five years	956,000	1,457,000
	1,369,900	1,788,866
Present value discount 1.50%–4.25%	(37,156)	(52,567)
Allowance for uncollectible promises to give	(25,000)	(41,997)
	<b>\$ 1,307,744</b>	<b>\$ 1,694,302</b>

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – PROPERTY AND EQUIPMENT**

As of June 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Computer hardware and software	\$ 350,735	\$ 638,663
Furniture and fixtures	277,171	241,020
Vehicles and carts	276,912	276,912
Leasehold improvements	283,725	305,174
Equipment	141,159	183,829
Leased equipment	<u>19,200</u>	<u>19,200</u>
	1,348,902	1,664,798
Accumulated depreciation	<u>(1,238,234)</u>	<u>(1,467,760)</u>
	<b><u>\$ 110,668</u></b>	<b><u>\$ 197,038</u></b>

**NOTE 6 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2022 and 2021, the following table reflects GLAZA's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,469,879	\$ 14,278,548
Investments	9,162,401	-
Accounts receivable due in subsequent year	480,362	379,436
Promises to give due in subsequent year	<u>413,900</u>	<u>331,866</u>
	16,526,542	14,989,850
Less donor-restricted program funds	<u>(12,914,365)</u>	<u>(9,209,203)</u>
<b>Total financial assets available for general expenditures within one year</b>	<b><u>\$ 3,612,177</u></b>	<b><u>\$ 5,780,647</u></b>

GLAZA manages its liquidity and reserves following these guiding principles: operating within a prudent range of financial soundness and stability, preparing a balanced budget, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

In the event the need arises to utilize board-designated funds for liquidity purposes, the board-designated endowment could be drawn upon through board resolution, up to 3% of the ending balance over the prior three fiscal year ends through the preceding fiscal year in which the distribution is planned.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
<b><i>Subject to expenditure for a specific purpose</i></b>		
Zoo Master Plan and other capital projects	\$ 7,309,065	\$ 6,802,050
Zoo animal and plant programs	1,038,326	957,569
Zoo Health Center	259,568	183,860
Zoo conservation projects	2,162,872	1,475,666
Zoo education programs	731,570	659,301
GLAZA projects	159,274	-
Behavioral enrichment program	219,505	970,969
Other	-	4,500
Discounts and allowances	<u>(70,159)</u>	<u>(102,570)</u>
	11,810,021	10,951,345
Unappropriated endowment earnings	<u>2,222,697</u>	<u>3,072,978</u>
Total purpose restrictions	<u>14,032,718</u>	<u>14,024,323</u>
<b><i>Endowment subject to GLAZA endowment spending policy and appropriation</i></b>		
Laura Tyler Docent Endowment Fund	1,091,002	1,091,002
Hearst Endowment for education programs	300,000	300,000
Kaye Jamison Docent Fund	367,807	367,807
L. Eugene Dudley Fund for Felines	80,000	80,000
Ofsanko Exhibit Improvement Fund	68,278	68,278
Zoo Scholarship Endowment Fund	36,750	36,750
Stoneman Conservation Fund	98,921	98,921
General endowment fund	<u>150,000</u>	<u>150,000</u>
	2,192,758	2,192,758
Beneficial interest in perpetual trusts	<u>131,235</u>	<u>156,446</u>
Total perpetual in nature	<u>2,323,993</u>	<u>2,349,204</u>
	<b><u>\$ 16,365,711</u></b>	<b><u>\$ 16,373,527</u></b>

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, as follows for the years ended June 30:

	<b>2022</b>	<b>2021</b>
Zoo Master Plan and other capital projects	\$ 161,318	\$ 181,002
Zoo animal and plant programs	110,393	140,189
Zoo Health Center	23,292	162,340
Zoo conservation projects	378,060	249,764
Zoo education programs	57,912	149,697
Zoo marketing projects	-	150,398
Other	551,361	-
GLAZA projects	-	213,620
	<b>\$ 1,282,336</b>	<b>\$ 1,247,010</b>

**NOTE 8 – ENDOWMENTS**

The endowment consists of funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Trustees.

The Board of Trustees interpreted the California-enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such stipulations. As a result of this interpretation, GLAZA retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by GLAZA in a manner consistent with the standard of prudence prescribed by UPMIFA.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 – ENDOWMENTS (Continued)**

GLAZA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of GLAZA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of GLAZA
- The investment policies of GLAZA

As of June 30, 2022 and 2021, endowment net asset composition by fund type is as follows:

	<b>2022</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$21,313,078	\$ -	\$21,313,078
Donor-restricted endowment			
Original donor-restricted gift	-	2,192,758	2,192,758
Unappropriated endowment earnings	-	2,222,697	2,222,697
	<b><u>\$21,313,078</u></b>	<b><u>\$ 4,415,455</u></b>	<b><u>\$25,728,533</u></b>
	<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$22,674,414	\$ -	\$22,674,414
Donor-restricted endowment			
Original donor-restricted gift	-	2,192,758	2,192,758
Unappropriated endowment earnings	-	3,072,978	3,072,978
	<b><u>\$22,674,414</u></b>	<b><u>\$ 5,265,736</u></b>	<b><u>\$27,940,150</u></b>

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8 – ENDOWMENTS (Continued)

#### 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 requires GLAZA to retain as a fund of perpetual duration. Deficiencies of this nature are reported as a reduction of net assets without donor restrictions.

As of June 30, 2022, one fund with original gift value of \$98,357, fair value of \$85,357, and deficiency of \$13,564 was reported in net assets with donor restrictions. This deficiency resulted from unfavorable market fluctuations that occurred during the year. Management does not appropriate funds from endowments until it accumulates sufficient earnings to support ongoing distributions.

As of June 30, 2021, there were no such deficiencies.

#### Investment and Spending Policies

GLAZA's primary investment objective is to provide for distributions as outlined in its Distribution Policy and to preserve capital, adjusted for the rate of inflation as determined by the Consumer Price Index. To satisfy its long-term rate-of-return objectives, GLAZA relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GLAZA has chosen a diversified asset allocation that targets 65% of equity-based investments and 35% of cash and treasuries-based investments. Within the equity-based portion of the portfolio, GLAZA has additionally allocated investments between large-capitalization and small/mid-capitalization investments, between growth and value objectives, and between domestic and international investments.

Unless otherwise provided for in a mutual agreement between GLAZA and the endowment donor, GLAZA has a policy of appropriating for distribution, each year, 3% of its endowment fund's average at fair value over the prior three fiscal year ends through the preceding fiscal year in which the distribution is planned. In establishing this policy, GLAZA has considered the long-term expected return on its endowment.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – ENDOWMENTS (Continued)**

Changes in endowment net assets for the years ended June 30, are:

	<b>2022</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$22,674,414	\$ 5,265,736	\$27,940,150
Net investment loss	(3,279,159)	(722,072)	(4,001,231)
Contributions	2,608,162	-	2,608,162
Earnings appropriated per spending policy	(690,339)	(128,209)	(818,548)
<b>Balance, end of year</b>	<b><u>\$21,313,078</u></b>	<b><u>\$ 4,415,455</u></b>	<b><u>\$25,728,533</u></b>

	<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$19,541,181	\$ 4,127,253	\$23,668,434
Net investment return	3,718,936	1,160,310	4,879,246
Contributions	-	98,921	98,921
Earnings appropriated per spending policy	(585,703)	(120,748)	(706,451)
<b>Balance, end of year</b>	<b><u>\$22,674,414</u></b>	<b><u>\$ 5,265,736</u></b>	<b><u>\$27,940,150</u></b>

**NOTE 9 – DEFERRED-COMPENSATION PLANS**

GLAZA sponsors three deferred-compensation plans, established as defined-contribution plans (the Plans), to which it contributes certain percentages (ranging from 2% to 10%), as defined in the Plan agreements, of the qualifying Plans' participants' contributions and/or annual compensation. Vesting in employer contributions, plus actual earnings thereon, is based on years of service. In general, a participant vests 100% after five years of service. GLAZA has the right to modify or terminate the Plans in whole, or in part, at any time. GLAZA's total contribution to the Plans for the years ended June 30, 2022 and 2021, were \$394,796 and \$347,222, respectively, and are included with salaries, taxes, and benefits on the statements of functional expenses.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10 – PPP LOAN FORGIVENESS**

On August 10, 2021 and May 5, 2022, GLAZA was informed by a bank that the U.S. Small Business Administration (SBA) approved the GLAZA's request for the first and second draw of Paycheck Protection Program (PPP) loans for \$1,012,500, each. In accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), GLAZA used the PPP loan proceeds for eligible costs. GLAZA accounts for its forgiveness of the Paycheck Protection Program (PPP) loan as extinguishment of debt addressed in FASB ASC 470. Under ASC 470, debt should be derecognized when the debt is extinguished, in accordance with the guidance in ASC 405-20, Liabilities: Extinguishments of Liabilities. In accordance with guidance for extinguishment of debt, once legal release of the liability has occurred, GLAZA recognized forgiveness. During the year ended June 30, 2022, GLAZA recognized the first and second draw loan amounts in the statement of activities as a gain on forgiveness.

### **NOTE 11 – RISKS AND UNCERTAINTIES**

#### Concentrations of Credit Risk

GLAZA manages deposit concentration risk by placing its cash and cash equivalents with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, GLAZA has not experienced any losses in its cash and cash equivalents. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Trustees, governmental agencies, and foundations supportive of GLAZA's mission. Investments are made by diversified investment managers whose performance is monitored by management and the finance committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of GLAZA.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – TRANSACTIONS WITH THE ZOO AND CITY OF LOS ANGELES**

Revenue

In the years ended June 30, 2022 and 2021, GLAZA received no rebates from the City.

Expenses

In addition to the Zoo payments described in Note 1 under the MOUs, GLAZA pays the Zoo and City for vendor services such as overtime event staffing, zookeepers for animal encounters, and traffic control, which are reimbursed separately and not part of the MOUs. For the years ended June 30, 2022 and 2021, payments to the Zoo and City collectively totaled \$4,145,175 and \$2,183,575, respectively.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

GLAZA's board of trustees is actively involved in raising funds for GLAZA. During the years ended June 30, 2022 and 2021, GLAZA received a total of \$1,762,244 and \$678,217, respectively, in contributions from trustees. In addition, trustees have agreed to contribute an additional amount of \$131,000 and \$140,000 that are recorded as promises to give. The present value of the promises to give from trustees at June 30, 2022 and 2021 was \$107,038 and \$137,480, respectively.

**NOTE 14 – SUBSEQUENT EVENTS**

GLAZA has evaluated subsequent events through December 8, 2022, which is the date the financial statements were available to be issued.