



**FINANCIAL REPORT
JUNE 30, 2024**

GREATER LOS ANGELES ZOO ASSOCIATION

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Independent Auditor's Report

Board of Trustees
Greater Los Angeles Zoo Association

Opinion

We have audited the financial statements of Greater Los Angeles Zoo Association (GLAZA), which comprise the statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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 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 13, 2024

GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

ASSETS

	2024	2023
Cash and cash equivalents	\$ 7,345,487	\$ 7,151,193
Accounts receivable	33,621	484,489
Promises to give and grants receivable, net	1,360,633	1,588,582
Investments	9,761,238	10,308,991
Prepaid expenses and other assets	347,229	310,990
Beneficial interest in perpetual trusts	118,300	121,172
Property and equipment, net	85,082	99,446
Endowment investments	35,859,246	31,085,235
Total assets	\$ 54,910,836	\$ 51,150,098

LIABILITIES AND NET ASSETS

Liabilities

Salaries and benefits payable	\$ 425,581	\$ 544,381
Accounts payable and accrued expenses – general	615,702	499,022
Accounts payable and accrued expenses – Los Angeles Zoo	641,196	516,235
Deferred revenue	152,016	222,264
Total liabilities	1,834,495	1,781,902

Net assets

Without donor restrictions		
Undesignated	4,333,102	4,214,681
Los Angeles Zoo designated	1,463,472	1,359,935
Board designated for endowment	30,275,538	26,122,004
Total net assets without donor restrictions	36,072,112	31,696,620
With donor restrictions		
Purpose restrictions	14,543,171	15,232,646
Perpetual in nature	2,461,058	2,438,930
Total net assets with donor restrictions	17,004,229	17,671,576
Total net assets	53,076,341	49,368,196
Total liabilities and net assets	\$ 54,910,836	\$ 51,150,098

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and returns			
Membership dues	\$ 4,906,687	\$ -	\$ 4,906,687
Contributions and grants	6,853,689	2,705,496	9,559,185
Concessions commissions and site rentals	1,338,186	-	1,338,186
Exhibitions and ticketed events	5,637,559	-	5,637,559
Net investment gain	3,183,682	989,459	4,173,141
Net change in beneficial interest in perpetual trusts	-	(2,872)	(2,872)
Other revenue	78,268	-	78,268
Net assets released from restrictions	4,359,430	(4,359,430)	-
Total revenue, support, and returns	26,357,501	(667,347)	25,690,154
Expenses			
Program services	18,285,681	-	18,285,681
General and administrative	1,981,317	-	1,981,317
Fundraising	1,715,011	-	1,715,011
Total expenses	21,982,009	-	21,982,009
Change in net assets	4,375,492	(667,347)	3,708,145
Net assets, beginning	31,696,620	17,671,576	49,368,196
Net assets, ending	\$ 36,072,112	\$ 17,004,229	\$ 53,076,341

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and returns			
Membership dues	\$ 5,415,033	\$ -	\$ 5,415,033
Contributions and grants	8,718,200	2,784,819	11,503,019
Concessions commissions and site rentals	3,700,153	-	3,700,153
Exhibitions and ticketed events	4,973,159	-	4,973,159
Net investment loss	2,473,862	552,958	3,026,820
Net change in beneficial interest in perpetual trusts	-	(10,063)	(10,063)
Other revenue	221,250	-	221,250
Net assets released from restrictions	2,012,849	(2,012,849)	-
Total revenue, support, and returns	27,514,506	1,314,865	28,829,371
Expenses			
Program services	17,336,398	-	17,336,398
General and administrative	2,132,853	-	2,132,853
Fundraising	1,881,312	-	1,881,312
Total expenses	21,350,563	-	21,350,563
Change in net assets	6,163,943	1,314,865	7,478,808
Net assets, beginning	25,532,677	16,356,711	41,889,388
Net assets, ending	\$ 31,696,620	\$ 17,671,576	\$ 49,368,196

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	Zoo Programs	GLAZA Operations	Total Programs	General and Administration	Fundraising	Total Supporting	
Grants and contractual payments – Zoo	\$ 4,672,355	\$ -	\$ 4,672,355	\$ -	\$ -	\$ -	\$ 4,672,355
Salaries, taxes, and benefits	-	3,333,044	3,333,044	867,121	1,159,746	2,026,867	5,359,911
Advertising and marketing	-	494,793	494,793	-	-	-	494,793
Conservation grants	464,819	-	464,819	-	-	-	464,819
Credit card and bank fees	10,567	292,715	303,282	7,714	19,474	27,188	330,470
Depreciation and amortization	-	24,521	24,521	21,588	-	21,588	46,109
Direct benefits to donors	-	-	-	-	274,724	274,724	274,724
Donor and member cultivation and events	-	335,325	335,325	-	176,688	176,688	512,013
Event costs	-	3,603,713	3,603,713	-	-	-	3,603,713
Exhibit construction and maintenance	2,397,191	-	2,397,191	-	-	-	2,397,191
Insurance and workers' compensation	-	69,557	69,557	215,859	3,434	219,293	288,850
Other expenses	294,977	42,404	337,381	60,602	3,254	63,856	401,237
Office, IT, and postage	137,712	683,848	821,560	269,839	44,234	314,073	1,135,633
Printing and signage	-	259,149	259,149	32,498	24,588	57,086	316,235
Professional services	133,216	205,419	338,635	503,993	60	504,053	842,688
Supplies, equipment, and repairs	596,710	-	596,710	-	-	-	596,710
Travel, entertainment, and meetings	211,777	21,869	233,646	2,103	8,809	10,912	244,558
Total expenses by function	\$ 8,919,324	\$ 9,366,357	\$ 18,285,681	\$ 1,981,317	\$ 1,715,011	\$ 3,696,328	\$ 21,982,009

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services			Supporting Services			Total
	Zoo Programs	GLAZA Operations	Total Programs	General and Administration	Fundraising	Total Supporting	
Grants and contractual payments – Zoo	\$ 5,573,757	\$ -	\$ 5,573,757	\$ -	\$ -	\$ -	\$ 5,573,757
Salaries, taxes, and benefits	-	3,626,573	3,626,573	1,056,662	1,130,139	2,186,801	5,813,374
Advertising and marketing	-	514,996	514,996	-	-	-	514,996
Conservation grants	162,033	-	162,033	-	-	-	162,033
Credit card and bank fees	10,539	306,132	316,671	7,974	30,374	38,348	355,019
Depreciation and amortization	5,313	20,434	25,747	22,886	-	22,886	48,633
Direct benefits to donors	-	-	-	-	341,424	341,424	341,424
Donor and member cultivation and events	-	321,242	321,242	-	167,078	167,078	488,320
Event costs	-	3,482,661	3,482,661	-	-	-	3,482,661
Insurance and workers' compensation	-	49,982	49,982	359,676	3,999	363,675	413,657
Other expenses	222,079	29,451	251,530	177,720	7,671	185,391	436,921
Office, IT, and postage	145,494	473,878	619,372	211,554	70,447	282,001	901,373
Printing and signage	-	314,523	314,523	8,090	27,137	35,227	349,750
Professional services	244,702	241,496	486,198	258,030	84,124	342,154	828,352
Supplies, equipment, and repairs	1,451,279	-	1,451,279	-	-	-	1,451,279
Travel, entertainment, and meetings	122,053	17,781	139,834	30,261	18,919	49,180	189,014
Total expenses by function	\$ 7,937,249	\$ 9,399,149	\$ 17,336,398	\$ 2,132,853	\$ 1,881,312	\$ 4,014,165	\$ 21,350,563

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION

STATEMENTS OF CASH FLOWS Year Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 3,708,145	\$ 7,478,808
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized and realized investment gains	(3,062,619)	(2,273,210)
Endowment fund contributions	(25,000)	(125,000)
Change in valuation of beneficial interest in perpetual trusts	2,872	10,063
Depreciation and amortization expense	46,109	48,632
Changes in operating assets and liabilities:		
Accounts receivable	450,868	(4,127)
Promises to give and grants receivable	227,949	(30,838)
Prepaid expenses and other assets	(36,239)	(88,857)
Accounts payable and accrued expenses	(2,120)	8,834
Accounts payable and accrued expenses – Los Angeles Zoo	124,961	130,746
Deferred revenue	(70,248)	(76,692)
Net cash provided by operating activities	<u>1,364,678</u>	<u>5,078,359</u>
Cash flows from investing activities		
Proceeds from sales of investments	13,380,148	22,213,523
Purchases of investments	(14,543,787)	(26,693,604)
Purchases of furniture and equipment	(31,745)	(37,411)
Net cash used in investing activities	<u>(1,195,384)</u>	<u>(4,517,492)</u>
Cash flows from financing activities		
Principal payments on capital lease obligations	-	(4,553)
Endowment contributions received	25,000	125,000
Net cash provided by financing activities	<u>25,000</u>	<u>120,447</u>
Net increase in cash and cash equivalents	194,294	681,314
Cash and cash equivalents, beginning	<u>7,151,193</u>	<u>6,469,879</u>
Cash and cash equivalents, ending	<u>\$ 7,345,487</u>	<u>\$ 7,151,193</u>

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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 III of the Operating Agreement, the Zoo and GLAZA established several Memoranda of Understanding (MOUs) to identify specific programs and financial obligations. For several years, GLAZA worked in good faith with the City and the Zoo to negotiate a new Operating Agreement.

On September 2, 2022, the City Council (Council) approved an extension of the Operating Agreement through March 30, 2023, with an option to extend for an additional six months through September 30, 2023 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 standard contracting provisions. During the year ended June 30, 2022, GLAZA and the City executed both the First and Second Amended and Restated Operating Agreements to incorporate the Council's directions and extend the contractual relationship through September 30, 2023.

On October 24, 2023, the Council approved a term sheet for an Interim Agreement between GLAZA and the Zoo, to be drafted by the City Attorney. On May 30, 2024, the City and GLAZA executed an Interim Agreement with a retroactive term of October 1, 2023 through June 30, 2025.

The following MOUs were in effect during the term of the Operating Agreement and both the First and Second Amended and Restated Operating Agreements. The Interim Agreement created new operating and financial structures. All agreements with the City have stated that GLAZA's accounting records for Zoo funds held by GLAZA shall be open for Inspection by the City upon request and with reasonable prior notice.

Membership (1997 Agreement MOUs)

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 the terms of both the First and Second Amended and Restated Operating Agreements, the City and GLAZA continued to operate under the terms of the expired MOU.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION (Continued)

Membership (1997 Agreement MOUs) (Continued)

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

Membership (Interim Agreement)

Similar to the 1997 Agreement, 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. Under the Interim Agreement, GLAZA remits 35% of membership fees received to the Zoo, plus the net surplus (if any) after department expenses and other specified programs' expenses are paid. The amount of membership fees GLAZA can retain to pay the department's expenses and other specified program's expenses are capped at fixed percentages. An additional percentage is allowed to be used to cover GLAZA's administrative expenses. GLAZA remits to the Zoo any net surplus remaining after deducting all these expenses.

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 Concessions Services Agreement with a concessionaire for a ten-year period, with a five-year option to extend.

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

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

Under the Interim Agreement, the Zoo assumed oversight of Concessions. GLAZA no longer receives an annual fee for management of the Concessions Services Agreement.

Financial Assistance, Special Events, and Community Affairs (1997 Agreement MOUs)

Under this MOU, terms were established for raising unrestricted, restricted, and endowment funds. It also established 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 continued to operate under the terms of the expired MOU.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION (Continued)

Fundraising Program (Interim Agreement)

Similar to the 1997 Agreement, terms are established for raising unrestricted, restricted, and endowment funds. Under the Interim Agreement, GLAZA is authorized to use unrestricted fundraising receipts to cover expenses “not already paid by another source”. Those expenses include for the fundraising department, administration and information services, event management, and daytime public events. If a surplus exists after expenses are paid, GLAZA remits 50% to the Zoo and retains the remaining 50%.

Marketing and Public Relations, and Site Rentals and Catered Events (1997 Agreement MOUs)

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 continued to operate under the terms of the expired MOU.

Beginning in the year ending June 30, 2020, the City and Zoo ceased to provide a rebate of admissions revenue and night-time ticketed event proceeds if fiscal year admissions targets are achieved. GLAZA pays 10% of site rental fees and all net proceeds from night-time ticketed events to the Zoo.

Marketing and Sponsorship (Interim Agreement)

GLAZA provides marketing, public relations, and strategic branding services similar to the Operating Agreement. GLAZA manages the Zoo’s sponsorship programs. GLAZA remits 25% of sponsorship revenue to the Zoo, with the remaining 75% used to fund direct costs of the sponsorship and marketing departments. GLAZA remits to the Zoo any net surplus remaining after sponsorship and marketing expenses are paid.

Site Rentals (Interim Agreement)

GLAZA facilitates and manages site rentals and catered events at the Zoo for private parties. GLAZA remits 25% of site rental fees to the Zoo, with the remaining 75% used to fund direct costs of the department. GLAZA remits to the Zoo any net surplus remaining after department expenses are paid.

Special Events Program (Interim Agreement)

GLAZA produces and promotes Zoo member events, donor events, public daytime events, and night-time ticketed events. Ticketed event revenue funds expenses incurred to produce and market night-time events. Each event is financially reconciled separately, with the any net surplus remaining after department expenses are paid transferred by GLAZA to the Zoo.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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.

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, 2024 and 2023, 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.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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, 2024 and 2023, 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 was included in concessions commissions and site rentals, was 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.

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.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023, 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, 2024 and 2023, 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

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

As of June 30, 2024, 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	\$ 9,761,238	\$ -	\$ -	\$ 9,761,238
Endowment investments				
Equity mutual funds	31,518,921	-	-	31,518,921
Equities	4,340,325	-	-	4,340,325
Total endowment	<u>35,859,246</u>	<u>-</u>	<u>-</u>	<u>35,859,246</u>
Beneficial interest in perpetual trusts	-	-	118,300	118,300
	<u>\$ 45,620,484</u>	<u>\$ -</u>	<u>\$ 118,300</u>	<u>\$ 45,738,784</u>

As of June 30, 2023, 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	\$ 10,308,991	\$ -	\$ -	\$ 10,308,991
Endowment investments				
Equity mutual funds	27,029,336	-	-	27,029,336
Equities	4,055,899	-	-	4,055,899
Total endowment	<u>31,085,235</u>	<u>-</u>	<u>-</u>	<u>31,085,235</u>
Beneficial interest in perpetual trusts	-	-	121,172	121,172
	<u>\$ 41,394,226</u>	<u>\$ -</u>	<u>\$ 121,172</u>	<u>\$ 41,515,398</u>

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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

As of June 30, 2024 and 2023, the change in value of the beneficial interest in perpetual trusts was as follows:

	2024	2023
Balance, beginning of year	\$ 121,172	\$ 131,235
Net investment return (loss)	6,618	7,297
Distributions	(9,490)	(17,360)
Total beneficial interest in perpetual trusts	\$ 118,300	\$ 121,172

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, 2024 and 2023, promises to give and grants receivable are expected to be realized in the following periods:

	2024	2023
One year or less	\$ 253,488	\$ 531,519
One to five years	1,185,000	1,144,000
	1,438,488	1,675,519
Present value discount 1.50%–5.06%	(52,855)	(61,937)
Allowance for uncollectible promises to give	(25,000)	(25,000)
	\$ 1,360,633	\$ 1,588,582

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

As of June 30, 2024 and 2023, property and equipment consisted of the following:

	2024	2023
Computer hardware and software	\$ 267,636	\$ 350,735
Furniture and fixtures	314,583	314,582
Vehicles and carts	297,465	276,912
Leasehold improvements	283,725	283,725
Equipment	132,354	141,159
Leased equipment	-	19,200
	1,295,763	1,386,313
Accumulated depreciation	(1,210,681)	(1,286,867)
	<u>\$ 85,082</u>	<u>\$ 99,446</u>

NOTE 6 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024 and 2023, 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:

	2024	2023
Cash and cash equivalents	\$ 7,345,487	\$ 7,151,193
Accounts receivable due in subsequent year	33,621	484,489
Promises to give due in subsequent year	253,488	531,519
Investments	9,761,238	10,308,991
	17,393,834	18,476,192
Less donor-restricted program funds	(11,302,221)	(12,587,173)
Total financial assets available for general expenditures within one year	<u>\$ 6,091,613</u>	<u>\$ 5,889,019</u>

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 endowment 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, 2024 and 2023, net assets with donor restrictions are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
<i>Subject to expenditure for a specific purpose</i>		
Zoo Master Plan and other capital projects	\$ 6,100,019	\$ 7,578,681
Zoo animal and plant programs	690,529	774,236
Zoo Health Center	149,268	225,372
Zoo conservation projects	2,778,458	2,201,266
Zoo education programs	835,789	890,354
GLAZA projects	726,486	831,162
Behavioral enrichment program	99,527	181,042
Discounts and allowances	<u>(77,855)</u>	<u>(94,940)</u>
	11,302,221	12,857,173
Unappropriated endowment earnings	<u>3,240,950</u>	<u>2,645,473</u>
Total purpose restrictions	<u>14,543,171</u>	<u>15,232,646</u>
<i>Endowment subject to GLAZA endowment spending policy and appropriation</i>		
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
Todd Andrew Austin Animal Care & Enrichment Fund	150,000	125,000
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>
	2,342,758	2,317,758
Beneficial interest in perpetual trusts	<u>118,300</u>	<u>121,172</u>
Total perpetual in nature	<u>2,461,058</u>	<u>2,438,930</u>
	<u>\$ 17,004,229</u>	<u>\$ 17,671,576</u>

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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:

	2024	2023
Zoo Master Plan and other capital projects	\$ 2,380,338	\$ 396,760
Zoo animal and plant programs	302,512	442,997
Zoo Health Center	76,104	385,223
Zoo conservation projects	748,741	426,970
Zoo education programs	329,733	250,547
Other	96,812	78,412
GLAZA projects	425,191	32,612
	<u>\$ 4,359,431</u>	<u>\$ 2,012,849</u>

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, 2024 and 2023, 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.

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

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – ENDOWMENTS (Continued)

As of June 30, 2024 and 2023, endowment net asset composition by fund type is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$30,275,538	\$ -	\$30,275,538
Donor-restricted endowment			
Original donor-restricted gift	-	2,342,758	2,347,758
Unappropriated endowment earnings	-	3,240,950	3,240,850
	\$30,275,538	\$ 5,583,708	\$35,859,246
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$26,122,004	\$ -	\$26,122,004
Donor-restricted endowment			
Original donor-restricted gift	-	2,317,758	2,317,758
Unappropriated endowment earnings	-	2,645,473	2,645,473
	\$ 26,122,004	\$ 4,963,231	\$ 31,085,235

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.

There were no funds with deficiencies as of June 30, 2024. As of June 30, 2023, one fund with original gift value of \$98,921, fair value of \$94,166, and deficiency of \$4,755 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.

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – ENDOWMENTS (Continued)

Investment and Spending Policies

GLAZA’s primary investment objective is to provide for distributions as outlined in its Investment 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 can distribute annually up to 3% of its endowment fund’s balance calculated on a rolling three-year basis. In establishing this policy, GLAZA has considered the long-term expected return on its endowment.

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$26,122,004	\$ 4,963,231	\$ 31,085,235
Net investment return	3,126,622	595,477	3,722,099
Contributions	1,930,224	25,000	1,955,224
Earnings appropriated per spending policy	(903,312)	-	(903,312)
Balance, end of year	<u>\$30,175,538</u>	<u>\$ 5,583,708</u>	<u>\$ 35,859,246</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$21,313,078	\$ 4,415,455	\$ 25,728,533
Net investment return	2,446,036	473,871	2,919,907
Contributions	3,028,118	125,000	3,153,118
Earnings appropriated per spending policy	(665,228)	(51,095)	(716,323)
Balance, end of year	<u>\$26,122,004</u>	<u>\$ 4,963,231</u>	<u>\$ 31,085,235</u>

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – DEFERRED-COMPENSATION PLANS

GLAZA sponsors three deferred-compensation plans, established as defined-contribution plans (the Plans), to which it contributes certain percentages of participants' compensation, (ranging from 2% to 10%), as defined in the Plan agreements, based on the Plans' participants' contributions, length of employment, 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, 2024 and 2023, were \$311,652 and \$424,060, respectively, and are included with salaries, taxes, and benefits on the statements of functional expenses.

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.

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

Revenue

In the years ended June 30, 2024 and 2023, 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, 2024 and 2023, total payments to the Zoo, including obligations per the Operating Agreement and MOUs described in Note 1, collectively totaled \$5,147,203 and \$5,644,463, respectively.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – RELATED PARTY TRANSACTIONS

GLAZA's board of trustees is actively involved in raising funds for GLAZA. During the years ended June 30, 2024 and 2023, GLAZA received a total of \$1,305,900 and \$1,066,210, respectively, of which \$121,500 and \$318,185 were recorded as promises to give. The present value of the promises to give from trustees on June 30, 2024 and 2023 is \$18,443 and \$18,884 respectively.

NOTE 14 – SUBSEQUENT EVENTS

GLAZA has evaluated subsequent events through December 13, 2024, the date the financial statements were available to be issued. On September 10, 2024, the City and Zoo issued six separate Requests for Proposals (RFPs) to solicit bids to manage Fundraising, Membership, Special Events, Sponsorship, Volunteers, and Publications. On October 17, 2024, GLAZA communicated to the City its decision not to bid on any of the six RFPs, but reiterated its intent to fulfill the terms of the Interim Agreement.