



**FINANCIAL REPORT  
JUNE 30, 2020**

# GREATER LOS ANGELES ZOO ASSOCIATION

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Greater Los Angeles Zoo Association

### Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Los Angeles Zoo Association (the "Association"), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees  
Greater Los Angeles Zoo Association  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Singer Lewak LLP*

February 22, 2021

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 12,678,184	\$ 11,136,610
Accounts receivable	4,309	438,773
Accounts receivable – Los Angeles Zoo	-	1,364,057
Promises to give and grants receivable, net	1,994,546	2,136,402
Beneficial interest in perpetual trusts	130,933	137,574
Property and equipment, net	335,665	367,909
Prepaid expenses and other assets	426,109	614,055
Endowment investments	23,668,434	23,775,600
<b>Total assets</b>	<b>\$ 39,238,180</b>	<b>\$ 39,970,980</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Salaries and benefits payable	\$ 501,125	\$ 328,035
Accounts payable and accrued expenses – general	229,833	656,358
Accounts payable and accrued expenses – Los Angeles Zoo	469,537	605,225
Deferred revenue	488,354	296,257
Note payable	1,012,500	-
Capital lease	11,228	14,279
Total liabilities	2,712,577	1,900,154
<b>Net assets</b>		
Without donor restrictions		
Undesignated	2,173,498	4,508,505
Board designated for endowment	19,541,181	19,664,713
	21,714,679	24,173,218
With donor restrictions		
Purpose and time restrictions	12,581,158	11,661,201
Perpetual in nature	2,229,766	2,236,407
	14,810,924	13,897,608
Total net assets	36,525,603	38,070,826
<b>Total liabilities and net assets</b>	<b>\$ 39,238,180</b>	<b>\$ 39,970,980</b>

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and returns</b>			
Membership dues	\$ 4,171,448	\$ -	\$ 4,171,448
Contributions and grants	3,111,371	1,506,310	4,617,681
Special events, net	938,437	-	938,437
Concessions commissions and site rentals	2,478,755	-	2,478,755
Exhibitions and ticketed events	4,552,551	-	4,552,551
Net investment return	586,782	158,382	745,164
Net unrealized loss on beneficial interest in perpetual trusts	-	(6,641)	(6,641)
Other revenue	47,365	-	47,365
Net assets released from restrictions	744,735	(744,735)	-
Total revenue, support, and returns	16,631,444	913,316	17,544,760
<b>Expenses</b>			
Program services	15,754,923	-	15,754,923
Supporting services			
General and administrative	1,912,022	-	1,912,022
Fundraising	1,423,038	-	1,423,038
Total supporting services	3,335,060	-	3,335,060
Total expenses	19,089,983	-	19,089,983
<b>Change in net assets</b>	(2,458,539)	913,316	(1,545,223)
<b>Net assets, beginning of year</b>	24,173,218	13,897,608	38,070,826
<b>Net assets, end of year</b>	<b>\$ 21,714,679</b>	<b>\$ 14,810,924</b>	<b>\$ 36,525,603</b>

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and returns</b>			
Membership dues	\$ 6,229,909	\$ -	\$ 6,229,909
Contributions and grants	3,616,124	3,514,210	7,130,334
Special events, net	917,456	-	917,456
Concessions commissions and site rentals	3,260,148	-	3,260,148
Exhibitions and ticketed events	4,579,239	-	4,579,239
Admissions revenue share	1,364,057	-	1,364,057
Net investment return	1,027,182	354,278	1,381,460
Net unrealized gain on beneficial interest in perpetual trusts	-	(80)	(80)
Other revenue	41,093	-	41,093
Net assets released from restrictions	1,042,412	(1,042,412)	-
Total revenue, support, and returns	22,077,620	2,825,996	24,903,616
<b>Expenses</b>			
Program services	17,343,292	-	17,343,292
Supporting services			
General and administrative	1,929,170	-	1,929,170
Fundraising	1,555,293	-	1,555,293
Total supporting services	3,484,463	-	3,484,463
Total expenses	20,827,755	-	20,827,755
<b>Change in net assets</b>	1,249,865	2,825,996	4,075,861
<b>Net assets, beginning of year</b>	22,923,353	11,071,612	33,994,965
<b>Net assets, end of year</b>	\$ 24,173,218	\$ 13,897,608	\$ 38,070,826

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	Program Services	General and Administration	Fundraising	Total
Grants and contractual payments – Zoo	\$ 4,814,954	\$ -	\$ -	\$ 4,814,954
Salaries, benefits, and taxes	3,377,348	1,226,689	1,129,340	5,733,377
Advertising and marketing	1,136,274	-	5,494	1,141,768
Conservation grants	202,794	-	-	202,794
Credit card and bank fees	192,512	33,014	12,296	237,822
Depreciation and amortization	29,394	172,718	-	202,112
Direct benefits to donors	-	-	8,000	8,000
Donor and member cultivation and events	771,343	-	94,127	865,470
Event costs	2,189,300	5,008	54,941	2,249,249
Exhibit construction and maintenance	351,887	-	-	351,887
Insurance and workers' compensation	351,447	73,771	16,305	441,523
Other expenses	363,003	39,963	6,443	409,409
Office, IT, and postage	599,512	164,286	66,233	830,031
Printing and signage	347,143	144	15,421	362,708
Professional services	519,301	138,669	12,354	670,324
Supplies, equipment, and repairs	352,746	-	-	352,746
Travel, entertainment, and meetings	155,965	57,760	10,084	223,809
<b>Total expense by function</b>	<b>15,754,923</b>	<b>1,912,022</b>	<b>1,431,038</b>	<b>19,097,983</b>
Less expenses included with revenues on the statement of activities				
Direct benefits to donors	-	-	(8,000)	(8,000)
<b>Total expenses included in the expense section on the statement of activities</b>	<b><u>\$ 15,754,923</u></b>	<b><u>\$ 1,912,022</u></b>	<b><u>\$ 1,423,038</u></b>	<b><u>\$ 19,089,983</u></b>

See notes to financial statements.

**GREATER LOS ANGELES ZOO ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2019**

	Program Services	General and Administration	Fundraising	Total
Grants and contractual payments - Zoo	\$ 6,105,513	\$ -	\$ -	\$ 6,105,513
Salaries, benefits, and taxes	3,198,757	1,312,889	1,077,356	5,589,002
Advertising and marketing	1,318,306	-	6,991	1,325,297
Conservation grants	180,460	-	-	180,460
Credit card and bank fees	225,805	24,801	13,096	263,702
Depreciation and amortization	37,716	125,542	-	163,258
Direct benefits to donors	-	-	231,615	231,615
Donor and member cultivation and events	888,354	-	111,782	1,000,136
Event costs	1,834,379	-	142,849	1,977,228
Exhibit construction and maintenance	506,431	-	-	506,431
Insurance and workers' compensation	280,550	41,000	14,030	335,580
Other expenses	405,126	88,394	31,670	525,190
Office, IT, and postage	627,153	126,253	52,346	805,752
Printing and signage	333,331	163	41,398	374,892
Professional services	725,610	198,347	58,362	982,319
Supplies, equipment, and repairs	469,603	-	-	469,603
Travel, entertainment, and meetings	206,198	11,781	5,413	223,392
<b>Total expense by function</b>	<b>17,343,292</b>	<b>1,929,170</b>	<b>1,786,908</b>	<b>21,059,370</b>
Less expenses included with revenues on the statement of activities				
Direct benefits to donors	-	-	(231,615)	(231,615)
<b>Total expenses included in the expense section on the statement of activities</b>	<b><u>\$ 17,343,292</u></b>	<b><u>\$ 1,929,170</u></b>	<b><u>\$ 1,555,293</u></b>	<b><u>\$ 20,827,755</u></b>

See notes to financial statements.

# GREATER LOS ANGELES ZOO ASSOCIATION

## STATEMENTS OF CASH FLOWS Year Ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,545,223)	\$ 4,075,861
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized and realized investment gains	(151,440)	(787,282)
Change in valuation of beneficial interest in perpetual trusts	6,641	80
Loss on disposal of fixed assets	3,737	2,193
Depreciation and amortization expense	202,112	163,258
Changes in operating assets and liabilities:		
Accounts receivable	434,464	83,896
Accounts receivable – Los Angeles Zoo	1,364,057	(82,375)
Promises to give and grants receivable	141,856	316,367
Prepaid expenses and other assets	187,946	(256,827)
Accounts payable and accrued expenses	(253,435)	(40,088)
Accounts payable and accrued expenses – Los Angeles Zoo	(135,688)	76,990
Deferred revenue	192,097	260,032
	447,124	3,812,105
Net cash provided by operating activities		
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	17,765,939	438,101
Purchases of investments	(17,507,333)	(221,788)
Purchases of equipment and leasehold improvements	(158,036)	(180,004)
	100,570	36,309
Net cash provided by investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from note payable	1,012,500	-
Principal payments on capital lease obligations	(18,620)	(10,331)
	993,880	(10,331)
Net cash provided by (used in) financing activities		
<b>Net increase in cash and cash equivalents</b>	1,541,574	3,838,083
<b>Cash and cash equivalents, beginning of year</b>	11,136,610	7,298,527
<b>Cash and cash equivalents, end of year</b>	\$ 12,678,184	\$ 11,136,610

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 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 expires September 29, 2022. 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 renegotiate the Operating Agreement. Negotiations began in fall 2019 but were temporarily suspended in spring 2020 due to the COVID-19 pandemic. The City has informed GLAZA that it expects to resume negotiations in early 2021.

#### 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 the renegotiation period, the City and GLAZA continue to operate under the terms of the expired MOU, subject to the annual budget.

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 6<sup>th</sup> amendment to the Operating Agreement (the “6<sup>th</sup> Amendment”), effective July 1, 2019. The 6<sup>th</sup> 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 6<sup>th</sup> Amendment into the renegotiated Operating Agreement. The 6<sup>th</sup> 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.

The Concession Services Agreement between GLAZA and the new concessionaire, SSA Group, LLC (SSA), was approved by the Los Angeles City Council in December 2019.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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

#### Concession Agreement (Continued)

Per the 6<sup>th</sup> 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 funds. It also establishes funding a special events department and conservation donations made at the Zoo's discretion. The City and GLAZA have continued to operate under the terms of the expired MOU which expired on June 30, 2017, subject to the annual budget, while the Operating Agreement is being renegotiated.

#### 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.

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 2020 and 2021.

On March 13, 2020, the Los Angeles Zoo closed to the public in accordance with directives issued by the State of California due to the COVID-19 global pandemic. The Zoo reopened to visitors on August 26, 2020, with limited capacity and offerings and significant safety and cleaning protocols. The Zoo closed again on December 7, 2020, and reopened on February 16, 2021, with limited capacity and offerings and significant safety and cleaning protocols. When the Zoo closed, GLAZA transitioned to remote work and COVID-19 safety guidelines were followed when employees were onsite. During the closure, GLAZA focused primarily on virtual fundraising events and campaigns, engaging members, donors and volunteers with innovative online content and mission-related programs, and ensuring the organization's long-term financial health.

### **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).

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 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 services provided to the Zoo 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, 2020 and 2019, 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

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### 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. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.
- 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 Recognition

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. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Concessions revenue, which is included in concessions and site rentals, is accrued based upon a percentage, between 10 – 50% depending on product or service type, of gross receipts reported by the Concessionaire.

#### Advertising Costs

Advertising costs are expensed as incurred and totaled \$1,141,768 and for \$1,325,297 during the years ended June 30, 2020 and 2019, respectively.

#### 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.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses detail the expenses by nature and function. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based upon reasonable estimates of the amounts used by each program. The expenses that are allocated include insurance and copier charges. Salaries, taxes, and benefits for certain executive management are allocated based on estimated time studies.

#### 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, 2020 and 2019, 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.

# GREATER LOS ANGELES ZOO ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

#### 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, 2020 and 2019, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

#### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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

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**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.

As of June 30, 2020, 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	\$ -	\$ -	\$ -	\$ 5,548,650
Equity mutual funds	15,841,688	-	-	15,841,688
Equities	<u>2,278,096</u>	-	-	<u>2,278,096</u>
	18,119,784	-	-	23,668,434
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>130,933</u>	<u>130,933</u>
	<b><u>\$ 18,119,784</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 130,933</u></b>	<b><u>\$ 23,799,367</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, 2019, 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	\$ -	\$ -	\$ -	\$ 213,743
U.S. Treasuries	6,870,035	-	-	6,870,035
Money market mutual funds	2,322,959	-	-	2,322,959
Equity mutual funds	13,239,915	-	-	13,239,915
Equities	<u>1,128,948</u>	<u>-</u>	<u>-</u>	<u>1,128,948</u>
	23,561,857	-	-	23,775,600
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>137,574</u>	<u>137,574</u>
	<b><u>\$ 23,561,857</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 137,574</u></b>	<b><u>\$ 23,913,174</u></b>

As of June 30, 2020 and 2019, the change in value of the beneficial interest in perpetual trusts was as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 137,574	\$ 137,654
Net unrealized loss	<u>(6,641)</u>	<u>(80)</u>
<b>Total beneficial interest in perpetual trusts</b>	<b><u>\$ 130,933</u></b>	<b><u>\$ 137,574</u></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 IAR 2012 Mortality Table, published by the Society of Actuaries.

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

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

As of June 30, 2020 and 2019, promises to give and grants receivable are expected to be realized in the following periods:

	<u>2020</u>	<u>2019</u>
One year or less	\$ 672,026	\$ 1,097,091
One to five years	<u>1,449,000</u>	<u>1,150,000</u>
	<u>2,121,026</u>	<u>2,247,091</u>
Present value discount 2.05%–4.51%	(84,483)	(68,692)
Allowance for uncollectible promises to give	<u>(41,997)</u>	<u>(41,997)</u>
	<b><u>\$ 1,994,546</u></b>	<b><u>\$ 2,136,402</u></b>

**NOTE 5 – PROPERTY AND EQUIPMENT**

As of June 30, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Computer hardware and software	\$ 638,663	\$ 550,365
Furniture and fixtures	241,020	275,014
Vehicles	247,346	247,347
Leasehold improvements	305,174	313,093
Equipment	183,829	341,659
Leased equipment	<u>19,200</u>	<u>60,514</u>
	1,635,232	1,787,992
Accumulated depreciation	<u>(1,299,567)</u>	<u>(1,420,083)</u>
	<b><u>\$ 335,665</u></b>	<b><u>\$ 367,909</u></b>

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

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

As of June 30, 2020 and 2019, 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 due to donor restrictions or internal board designations.

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 12,678,184	\$ 11,136,610
Less donor-restricted program funds	(7,616,372)	(7,066,098)
Accounts receivable due in subsequent year	4,309	1,802,830
Promises to give due in subsequent year	672,026	275,630
<b>Total net assets with donor restrictions</b>	<b>\$ 5,738,147</b>	<b>\$ 6,148,972</b>

GLAZA manages its liquidity and reserves following three 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 ending balance over the prior three fiscal year ends through the preceding fiscal year in which the distribution is planned.

Additionally, GLAZA has available a \$5,000,000 line of credit from which it may use to draw funds to meet any operating shortfalls throughout the year.

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

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

As of June 30, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
<b><i>Subject to expenditure for a specific purpose</i></b>		
Zoo Master Plan and other capital projects	\$ 6,724,808	\$ 5,659,898
Zoo animal and plant programs	788,658	898,839
Zoo Health Center	128,826	77,135
Zoo conservation projects	1,290,322	1,237,514
Zoo education programs	687,245	689,085
Zoo marketing projects	150,398	149,950
GLAZA projects	103,731	33,401
Behavioral enrichment program	813,233	852,547
Other	-	169,470
Discounts and allowances	<u>(134,483)</u>	<u>(118,692)</u>
	10,552,738	9,649,147
Unappropriated endowment earnings	<u>2,028,420</u>	<u>2,012,054</u>
	<u>12,581,158</u>	<u>11,661,201</u>
<b><i>Endowment subject to GLAZA endowment spending policy and appropriation</i></b>		
Laura Tyler Docent Endowment Fund	1,095,998	1,095,998
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
General endowment fund	<u>150,000</u>	<u>150,000</u>
	2,098,833	2,098,833
Beneficial interest in perpetual trusts	<u>130,933</u>	<u>137,574</u>
	<u>2,229,776</u>	<u>2,236,407</u>
	<b><u>\$ 14,810,924</u></b>	<b><u>\$ 13,897,608</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, or by occurrence of the passage of time or other events specified by the donors, as follows for the years ended June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
<b><i>Satisfaction of purpose and time restrictions</i></b>		
Zoo Master Plan and other capital projects	\$ 150,372	\$ 376,610
Zoo animal and plant programs	215,215	201,961
Zoo Health Center	42,099	126,682
Zoo conservation projects	145,424	62,817
Zoo education programs	182,775	221,091
Zoo marketing projects	-	526
GLAZA projects	8,850	52,725
	<b>\$ 744,735</b>	<b>\$ 1,042,412</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 has interpreted the California-enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the 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, 2020 and 2019, there were no such donor 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 the accumulation is 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**

**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, 2020 and 2019, endowment net asset composition by fund type is as follows:

	<b>2020</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$19,541,181	\$ -	\$19,541,181
Donor-restricted endowment			
Original donor-restricted gift	-	2,098,833	2,098,833
Unappropriated endowment earnings	-	2,028,420	2,028,420
	<b><u>\$19,541,181</u></b>	<b><u>\$ 4,127,253</u></b>	<b><u>\$23,668,434</u></b>
	<b>2019</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$19,664,713	\$ -	\$19,664,713
Donor-restricted endowment			
Original donor-restricted gift	-	2,098,833	2,098,833
Unappropriated endowment earnings	-	2,012,054	2,012,054
	<b><u>\$19,664,713</u></b>	<b><u>\$ 4,110,887</u></b>	<b><u>\$23,775,600</u></b>

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 unrestricted net assets. As of June 30, 2020 and 2019, there were no such deficiencies.

**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 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 60% of equity-based investments and 40% 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.

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are:

	<b>2020</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$19,664,713	\$ 4,110,887	\$23,775,600
Net investment return	458,698	130,762	589,460
Earnings appropriated per spending policy	<u>(582,230)</u>	<u>(114,396)</u>	<u>(696,625)</u>
<b>Balance, end of year</b>	<b><u>\$19,541,181</u></b>	<b><u>\$ 4,127,253</u></b>	<b><u>\$23,668,434</u></b>

	<b>2019</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$19,368,030	\$ 3,836,601	\$23,204,631
Net investment return	859,043	289,966	1,149,009
Earnings appropriated per spending policy	<u>(562,360)</u>	<u>(15,680)</u>	<u>(578,040)</u>
<b>Balance, end of year</b>	<b><u>\$19,664,713</u></b>	<b><u>\$ 4,110,887</u></b>	<b><u>\$23,775,600</u></b>

# **GREATER LOS ANGELES ZOO ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **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, 2020 and 2019, was \$356,713 and \$378,783, respectively, and is included with salaries, taxes, and benefits on the statements of functional expenses.

### **NOTE 10 – LINE OF CREDIT**

GLAZA has a \$5,000,000 line of credit with a bank, which expires on June 1, 2021. GLAZA has the option of choosing an interest rate based either on LIBOR plus 1.25% or the prime rate. The line of credit is secured by investments. As of June 30, 2020 and 2019, there were no outstanding borrowings on this line of credit.

### **NOTE 11 – NOTE PAYABLE**

On May 1, 2020, GLAZA received loan proceeds totaling \$1,012,500 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides loans to qualifying organizations in amounts up to 2.5 times the organization’s average monthly payroll expense. PPP loans are forgivable after a “covered period” (eight to 24 weeks) as long as the borrower uses the funds for eligible costs. The forgiveness amount is reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of the PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. GLAZA used the PPP loan proceeds for purposes consistent with the PPP and will apply for forgiveness within 10 months of the end of the covered period.

GLAZA has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended June 30, 2020. GLAZA is required to repay the balance of the loan, which is not forgiven, plus accrued interest at 1% per annum. Repayment will begin between 30 and 60 days after the forgiveness date.

### **NOTE 12 – CAPITAL LEASE**

As of June 30, 2020 GLAZA had one capital lease, expiring in December 2022. Future minimum lease payments under the capital lease through 2022 totaled \$11,228.

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

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**NOTE 13 – TRANSACTIONS WITH THE ZOO AND CITY OF LOS ANGELES**

Revenue

In the years ended June 30, 2020 and 2019, GLAZA received rebates of \$0 and \$1,364,057, respectively, from the City. This amount is included in contributions and grants without donor restrictions in the statements of activities, and accounts receivable – Los Angeles Zoo in the statements of financial position.

Per the Marketing MOU, a percentage of site rental fees, and all net proceeds from ticketed events, are paid to the Zoo.

Expenses

In addition to the Zoo payments noted above 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, 2020 and 2019, payments to the Zoo and City collectively totaled \$5,636,146 and \$6,845,665, respectively.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

GLAZA's board of trustees is actively involved in raising funds for GLAZA. During the years ended June 30, 2020 and 2019, GLAZA received a total of \$724,746 and \$759,028, respectively, in contributions from trustees. In addition, trustees have agreed to contribute an additional amount of \$44,899 and \$28,364 that are recorded as promises to give. The present value of the promises to give from trustees at June 30, 2020 and 2019 was \$43,089 and \$27,826, respectively.

**NOTE 15 – SUBSEQUENT EVENTS**

GLAZA has evaluated subsequent events through February 22, 2021, which is the date the financial statements were available to be issued.

On February 11, 2021, GLAZA received a Second Draw PPP loan totaling \$1,012,500. The loan terms are similar to those of the First Draw PPP loan (see Note 11).