



**FINANCIAL REPORT
JUNE 30, 2021**

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 (GLAZA), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 GLAZA'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 GLAZA'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 GLAZA as of June 30, 2021 and 2020, 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

December 9, 2021

GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS

	2021	2020
Assets		
Cash and cash equivalents	\$ 14,278,548	\$ 12,678,184
Accounts receivable	379,436	4,309
Promises to give and grants receivable, net	1,694,302	1,994,546
Prepaid expenses and other assets	315,974	426,109
Beneficial interest in perpetual trusts	156,446	130,933
Property and equipment, net	197,038	335,665
Endowment investments	27,940,150	23,668,434
Total assets	\$ 44,961,894	\$ 39,238,180

LIABILITIES AND NET ASSETS

Liabilities		
Salaries and benefits payable	\$ 405,997	\$ 501,125
Accounts payable and accrued expenses – general	275,446	229,833
Accounts payable and accrued expenses – Los Angeles Zoo	453,105	469,537
Deferred revenue	367,272	488,354
Notes payable	2,025,000	1,012,500
Capital lease	7,990	11,228
Total liabilities	3,534,810	2,712,577
Net assets		
Without donor restrictions		
Undesignated	1,729,701	1,299,035
Los Angeles Zoo designated	649,442	874,463
Board designated for endowment	22,674,414	19,541,181
Total net assets without donor restrictions	25,053,557	21,714,679
With donor restrictions		
Purpose and time restrictions	14,024,323	12,581,158
Perpetual in nature	2,349,204	2,229,766
Total net assets with donor restrictions	16,373,527	14,810,924
Total net assets	41,427,084	36,525,603
Total liabilities and net assets	\$ 44,961,894	\$ 39,238,180

See notes to financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and returns			
Membership dues	\$ 2,949,020	\$ -	\$ 2,949,020
Contributions and grants	2,577,485	1,395,163	3,972,648
Special events, net	1,097,417	-	1,097,417
Concessions commissions and site rentals	1,548,677	-	1,548,677
Exhibitions and ticketed events	239,909	-	239,909
Net investment return	3,721,997	1,388,937	5,110,934
Net unrealized gain on beneficial interest in perpetual trusts	-	25,513	25,513
Other revenue	183,729	-	183,729
Net assets released from restrictions	1,247,010	(1,247,010)	-
Total revenue, support, and returns	13,565,244	1,562,603	15,127,847
Expenses			
Program services	7,027,212	-	7,027,212
Supporting services			
General and administrative	1,942,388	-	1,942,388
Fundraising	1,256,766	-	1,256,766
Total supporting services	3,199,154	-	3,199,154
Total expenses	10,226,366	-	10,226,366
Change in net assets	3,338,878	1,562,603	4,901,481
Net assets, beginning of year	21,714,679	14,810,924	36,525,603
Net assets, end of year	\$ 25,053,557	\$ 16,373,527	\$ 41,427,084

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
Revenue, support, and returns			
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	2,483,263	-	2,483,263
Exhibitions and ticketed events	4,548,043	-	4,548,043
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
Expenses			
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
Change in net assets	(2,458,539)	913,316	(1,545,223)
Net assets, beginning of year	24,173,218	13,897,608	38,070,826
Net assets, end of year	\$ 21,714,679	\$ 14,810,924	\$ 36,525,603

See notes to financial statements.

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

	Program Services	General and Administration	Fundraising	Total
Grants and contractual payments – Zoo	\$ 2,210,014	\$ -	\$ -	\$ 2,210,014
Salaries, benefits, and taxes	2,663,001	981,935	1,034,150	4,679,086
Advertising and marketing	125,704	-	11,373	137,077
Conservation grants	94,731	-	-	94,731
Credit card and bank fees	188,604	30,164	19,130	237,898
Depreciation and amortization	22,947	145,246	-	168,193
Direct benefits to donors	-	-	45,593	45,593
Donor and member cultivation and events	78,252	-	23,989	102,241
Event costs	195,619	-	-	195,619
Exhibit construction and maintenance	216,277	-	-	216,277
Insurance and workers' compensation	53,058	353,930	3,804	410,792
Other expenses	174,532	99,974	52,324	326,830
Office, IT, and postage	169,157	225,423	48,377	442,957
Printing and signage	131,572	2,269	13,624	147,465
Professional services	381,768	97,905	49,624	529,297
Supplies, equipment, and repairs	319,806	-	-	319,806
Travel, entertainment, and meetings	2,170	5,542	371	8,083
Total expense by function	7,027,212	1,942,388	1,302,359	10,271,959
Less expenses included with revenues on the statement of activities				
Direct benefits to donors	-	-	(45,593)	(45,593)
Total expenses included in the expense section on the statement of activities	<u>\$ 7,027,212</u>	<u>\$ 1,942,388</u>	<u>\$ 1,256,766</u>	<u>\$ 10,226,366</u>

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
Total expense by function	15,754,923	1,912,022	1,431,038	19,097,983
Less expenses included with revenues on the statement of activities				
Direct benefits to donors	-	-	(8,000)	(8,000)
Total expenses included in the expense section on the statement of activities	<u>\$ 15,754,923</u>	<u>\$ 1,912,022</u>	<u>\$ 1,423,038</u>	<u>\$ 19,089,983</u>

See notes to financial statements.

GREATER LOS ANGELES ZOO ASSOCIATION

STATEMENTS OF CASH FLOWS Year Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 4,901,481	\$ (1,545,223)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized and realized investment gains	(4,822,025)	(151,440)
Endowment fund contributions	98,921	-
Change in valuation of beneficial interest in perpetual trusts	(25,513)	6,641
Loss on disposal of fixed assets	-	3,737
Depreciation and amortization expense	168,193	202,112
Changes in operating assets and liabilities:		
Accounts receivable	(375,127)	434,464
Accounts receivable – Los Angeles Zoo	-	1,364,057
Promises to give and grants receivable	300,244	141,856
Prepaid expenses and other assets	110,135	187,946
Accounts payable and accrued expenses	(49,515)	(253,435)
Accounts payable and accrued expenses – Los Angeles Zoo	(16,432)	(135,688)
Deferred revenue	(121,082)	192,097
	<u>169,280</u>	<u>447,124</u>
Cash flows from investing activities		
Proceeds from sales of investments	19,308,432	17,765,939
Purchases of investments	(18,857,044)	(17,507,333)
Purchases of equipment and leasehold improvements	(29,566)	(158,036)
	<u>421,822</u>	<u>100,570</u>
Cash flows from financing activities		
Proceeds from notes payable	1,012,500	1,012,500
Principal payments on capital lease obligations	(3,238)	(18,620)
	<u>1,009,262</u>	<u>993,880</u>
Net increase in cash and cash equivalents	1,600,364	1,541,574
Cash and cash equivalents, beginning of year	12,678,184	11,136,610
Cash and cash equivalents, end of year	<u>\$ 14,278,548</u>	<u>\$ 12,678,184</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 expires September 29, 2022. Under Section XV of the Operating Agreement, either the City or GLAZA may terminate the Operating Agreement by giving notice 180 days prior to the effective date of such termination. Under Section III of the Operating Agreement, the Zoo and GLAZA establish several Memoranda of Understanding (MOUs) to identify specific programs and financial obligations. GLAZA has been working in good faith with the City and the Zoo to negotiate a new Operating Agreement. Negotiations began in fall 2019 but were temporarily suspended due to the COVID-19 pandemic. Negotiations resumed in August 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 Operating Agreement negotiations, the City and GLAZA continue to operate under the terms of the expired MOU.

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

Concession Agreement

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

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION (Continued)

Concession Agreement (Continued)

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. An amendment to the Concession Services Agreement was approved by the Los Angeles City Council in August 2021, to be effective October 1, 2021.

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

Financial Assistance, Special Events, and Community Affairs MOU

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consist primarily of non-interest-bearing amounts due for sponsorship fees and concessions commissions. An allowance for uncollectible accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management assessed the accounts receivable balances at June 30, 2021 and 2020, and determined no allowance was necessary.

Promises to Give and Grants Receivable

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

Property and Equipment

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

Beneficial Interest in Perpetual Trusts

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

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

Net Assets

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

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. GLAZA has designated, from its net assets without donor restrictions, net assets related to the MOUs with the City the Los Angeles Zoo. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.
- 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.

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, 2021, promises to give approximating \$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 are expected to be met through 2023. There were no conditional contributions at June 30, 2020.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (Continued)

GLAZA has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of GLAZA's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way GLAZA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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

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

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

Concessions revenue, which is included in concessions and site rentals, is recognized in the month the performance obligations are performed. They are accrued based upon a percentage of gross receipts reported by the Concessionaire, 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 and totaled \$137,077 and \$1,141,768 during the years ended June 30, 2021 and 2020, 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.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 2021 and 2020, 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, 2021 and 2020, 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

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment investments				
Highly liquid investments	\$ -	\$ -	\$ -	\$ 2,569,428
Equity mutual funds	21,585,280	-	-	21,585,280
Equities	<u>3,785,442</u>	<u>-</u>	<u>-</u>	<u>3,785,442</u>
	25,370,722	-	-	27,940,150
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>156,446</u>	<u>156,446</u>
	<u>\$ 25,370,722</u>	<u>\$ -</u>	<u>\$ 156,446</u>	<u>\$ 28,096,596</u>

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>-</u>	<u>-</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>
	<u>\$ 18,119,784</u>	<u>\$ -</u>	<u>\$ 130,933</u>	<u>\$ 23,799,367</u>

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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

As of June 30, 2021 and 2020, the change in value of the beneficial interest in perpetual trusts was as follows:

	2021	2020
Balance, beginning of year	\$ 130,933	\$ 137,574
Net unrealized gain/(loss)	25,513	(6,641)
Total beneficial interest in perpetual trusts	\$ 156,446	\$ 130,933

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, 2021 and 2020, promises to give and grants receivable are expected to be realized in the following periods:

	2021	2020
One year or less	\$ 331,866	\$ 672,026
One to five years	1,457,000	1,449,000
	1,788,866	2,121,026
Present value discount 1.80%–4.25%	(52,567)	(84,483)
Allowance for uncollectible promises to give	(41,997)	(41,997)
	\$ 1,694,302	\$ 1,994,546

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

As of June 30, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Computer hardware and software	\$ 638,663	\$ 638,663
Furniture and fixtures	241,020	241,020
Vehicles and carts	276,912	247,346
Leasehold improvements	305,174	305,174
Equipment	183,829	183,829
Leased equipment	19,200	19,200
	1,664,798	1,635,232
Accumulated depreciation	(1,467,760)	(1,299,567)
	\$ 197,038	\$ 335,665

NOTE 6 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2021 and 2020, 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.

	2021	2020
Cash and cash equivalents	\$ 14,278,548	\$ 12,678,184
Less donor-restricted program funds	(9,209,203)	(7,616,372)
Accounts receivable due in subsequent year	379,436	4,309
Promises to give due in subsequent year	331,866	672,026
Total financial assets available to meet cash needs for general expenditures within one year	\$ 5,780,647	\$ 5,738,147

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

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

GREATER LOS ANGELES ZOO ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021 and 2020, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
<i>Subject to expenditure for a specific purpose</i>		
Zoo Master Plan and other capital projects	\$ 6,802,050	\$ 6,724,808
Zoo animal and plant programs	957,569	788,658
Zoo Health Center	183,860	128,826
Zoo conservation projects	1,475,666	1,290,322
Zoo education programs	659,301	687,245
Zoo marketing projects	-	150,398
GLAZA projects	-	103,731
Behavioral enrichment program	970,969	813,233
Other	4,500	-
Discounts and allowances	<u>(102,570)</u>	<u>(134,483)</u>
	10,951,345	10,552,738
Unappropriated endowment earnings	<u>3,072,978</u>	<u>2,028,420</u>
	<u>14,024,323</u>	<u>12,581,158</u>
<i>Endowment subject to GLAZA endowment spending policy and appropriation</i>		
Laura Tyler Docent Endowment Fund	1,091,002	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
Stoneman Conservation Fund	98,921	-
General endowment fund	<u>150,000</u>	<u>150,000</u>
	2,192,758	2,098,833
Beneficial interest in perpetual trusts	<u>156,446</u>	<u>130,933</u>
	<u>2,349,204</u>	<u>2,229,776</u>
	<u>\$ 16,373,527</u>	<u>\$ 14,810,924</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 or other events specified by the donors, as follows for the years ended June 30:

	2021	2020
Zoo Master Plan and other capital projects	\$ 181,002	\$ 150,372
Zoo animal and plant programs	140,189	215,215
Zoo Health Center	162,340	42,099
Zoo conservation projects	249,764	145,424
Zoo education programs	149,697	182,775
Zoo marketing projects	150,398	-
GLAZA projects	213,620	8,850
	<u>\$ 1,247,010</u>	<u>\$ 744,735</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 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, 2021 and 2020, 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.

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, 2021 and 2020, endowment net asset composition by fund type is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$22,674,414	\$ -	\$22,674,414
Donor-restricted endowment			
Original donor-restricted gift	-	2,192,758	2,197,754
Unappropriated endowment earnings	-	3,072,978	3,067,982
	<u>\$22,674,414</u>	<u>\$ 5,265,736</u>	<u>\$27,940,150</u>
	2020		
	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
	<u>\$19,541,181</u>	<u>\$ 4,127,253</u>	<u>\$23,668,434</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires GLAZA to retain as a fund of perpetual duration. Deficiencies of this nature are reported as a reduction of net assets without donor restrictions. As of June 30, 2021 and 2020, 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 65% of equity-based investments and 35% of cash and treasuries-based investments. Within the equity-based portion of the portfolio, GLAZA has additionally allocated investments between large-capitalization and small/mid-capitalization investments, between growth and value objectives, and between domestic and international investments.

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

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$19,541,181	\$ 4,127,253	\$23,668,434
Net investment return	3,718,936	1,160,310	4,879,246
Contributions	-	98,921	98,921
Earnings appropriated per spending policy	<u>(585,703)</u>	<u>(120,748)</u>	<u>(706,451)</u>
Balance, end of year	<u>\$22,674,414</u>	<u>\$ 5,265,736</u>	<u>\$27,940,150</u>
	2020		
	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>
Balance, end of year	<u>\$19,541,181</u>	<u>\$ 4,127,253</u>	<u>\$23,668,434</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 (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, 2021 and 2020, were \$347,222 and \$356,713, respectively, and are included with salaries, taxes, and benefits on the statements of functional expenses.

NOTE 10 – NOTES PAYABLE

On May 1, 2020 and February 11, 2021, GLAZA received first and second draw loan proceeds totaling \$1,012,500, each, 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 as long as the borrower uses the funds for eligible costs. Any unforgiven portion of the PPP loan is payable over two to five years at an interest rate of 1%.

GLAZA has recorded both loans as notes payable and will record forgiveness upon being legally released from the loan obligations. No forgiveness income has been recorded for the years ended June 30, 2021 and 2020. GLAZA used the PPP loan proceeds for purposes consistent with the PPP and in July 2021, received notification from the Small Business Administration (SBA) that the first draw was forgiven. GLAZA expects the second draw will be fully forgiven and will apply for the second draw forgiveness during the year ending 2022.

NOTE 11 – RISKS AND UNCERTAINTIES

Concentrations of Credit Risk

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

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 11 – RISKS AND UNCERTAINTIES (Continued)

COVID-19

On March 13, 2020, the 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 similar limitations on capacity and offerings. The Zoo reopened to full capacity on June 15, 2021. Since the initial closure, GLAZA transitioned to remote work and COVID-19 safety guidelines were followed when employees were on site. During this time, 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 12 – TRANSACTIONS WITH THE ZOO AND CITY OF LOS ANGELES

Revenue

In the years ended June 30, 2021 and 2020, GLAZA received no rebates from the City.

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, 2021 and 2020, payments to the Zoo and City collectively totaled \$2,183,575 and \$5,636,146, respectively.

NOTE 13 – RELATED PARTY TRANSACTIONS

GLAZA's board of trustees is actively involved in raising funds for GLAZA. During the years ended June 30, 2021 and 2020, GLAZA received a total of \$678,217 and \$724,746, respectively, in contributions from trustees. In addition, trustees have agreed to contribute an additional amount of \$140,000 and \$44,899 that are recorded as promises to give. The present value of the promises to give from trustees at June 30, 2021 and 2020 was \$137,480 and \$43,089, respectively.

GREATER LOS ANGELES ZOO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 14 – SUBSEQUENT EVENTS

In July 2021, the SBA approved GLAZA's application for forgiveness of the first PPP loan (see Note 10).

An amendment to the Concession Services Agreement was approved by the Los Angeles City Council in August 2021, to be effective October 1, 2021 (see Note 1).

GLAZA has evaluated subsequent events through December 9, 2021, which is the date the financial statements were available to be issued.