

## **Woodland Park Zoological Society**

Consolidated Financial Statements  
and Single Audit Reports and Schedules

December 31, 2023 and 2022



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Woodland Park Zoological Society  
Seattle, Washington

### Opinion

We have audited the accompanying consolidated financial statements of Woodland Park Zoological Society (the "Zoo Society"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Woodland Park Zoological Society as of December 31, 2023 and 2022, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Woodland Park Zoological Society 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 these consolidated 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 consolidated 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 Woodland Park Zoological Society'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 consolidated 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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Woodland Park Zoological Society'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodland Park Zoological Society'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.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, on our consideration of the Zoo Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Zoo Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Zoo Society's internal control over financial reporting and compliance.



Armanino<sup>LLP</sup>  
San Ramon, California

May 28, 2024

Woodland Park Zoological Society  
Consolidated Statements of Financial Position  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,154,329	\$ 17,943,060
Short-term investments	18,341,531	15,076,665
Accounts receivable	1,311,236	846,956
Receivable from City of Seattle	3,692,573	2,508,164
Promises to give, current	4,135,408	5,060,291
Prepaid and other current assets	<u>1,882,194</u>	<u>1,105,581</u>
Total current assets	<u>50,517,271</u>	<u>42,540,717</u>
Property and equipment, net	<u>3,897,041</u>	<u>3,780,012</u>
Other assets		
Endowment investments	32,049,482	27,011,026
Operating long-term investments	3,125,349	2,642,767
Promises to give, long-term portion, net	885,710	460,551
Other assets	297,601	260,721
Artwork	<u>297,338</u>	<u>297,338</u>
Total other assets	<u>36,655,480</u>	<u>30,672,403</u>
Total assets	<u>\$ 91,069,792</u>	<u>\$ 76,993,132</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,494,661	\$ 2,138,729
Accrued liabilities	2,902,178	3,138,444
Deferred revenue	<u>8,173,229</u>	<u>5,272,836</u>
Total current liabilities	<u>13,570,068</u>	<u>10,550,009</u>
Net assets		
Without donor restrictions		
Undesignated	25,150,528	24,359,579
Property, equipment and leasehold improvements	2,331,953	2,218,300
Internally-designated funds	346,916	1,912,152
Board-designated endowment	5,576,840	4,592,147
Board-designated for capital improvements	<u>2,794,502</u>	<u>1,235,854</u>
Total without donor restrictions	<u>36,200,739</u>	<u>34,318,032</u>
With donor restrictions	<u>41,298,985</u>	<u>32,125,091</u>
Total net assets	<u>77,499,724</u>	<u>66,443,123</u>
Total liabilities and net assets	<u>\$ 91,069,792</u>	<u>\$ 76,993,132</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society  
Consolidated Statement of Activities  
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue, and other support			
Contributed support	\$ 4,081,903	\$ 1,833,404	\$ 5,915,307
Performance grant revenue	304,548	2,863,385	3,167,933
Admissions revenue	10,631,418	-	10,631,418
Parking revenue	2,661,658	-	2,661,658
Membership fees	4,954,904	-	4,954,904
Events and promotions, net of direct costs	4,075,947	-	4,075,947
Enterprise revenue	4,310,897	-	4,310,897
City of Seattle support	8,393,916	-	8,393,916
King County levy proceeds	6,767,016	-	6,767,016
Education fees	986,026	-	986,026
In-kind support	82,391	-	82,391
Interest, dividends and gains, operating	1,319,279	-	1,319,279
Other revenue	532,670	226,926	759,596
Net assets released from purpose restrictions	<u>5,783,861</u>	<u>(5,783,861)</u>	<u>-</u>
Total public support, revenue, and other support	<u>54,886,434</u>	<u>(860,146)</u>	<u>54,026,288</u>
Operating expenses			
Program services			
Animal management and health care	11,465,520	-	11,465,520
Exhibits and ground maintenance	10,549,863	-	10,549,863
Education and conservation programs	8,107,335	-	8,107,335
Membership and visitor experiences	8,187,475	-	8,187,475
Marketing and public relations	<u>4,078,852</u>	<u>-</u>	<u>4,078,852</u>
Total program services	42,389,045	-	42,389,045
Management and general	7,237,864	-	7,237,864
Fundraising	<u>3,555,621</u>	<u>-</u>	<u>3,555,621</u>
Total operating expenses	<u>53,182,530</u>	<u>-</u>	<u>53,182,530</u>
Change in net assets from operations	<u>1,703,904</u>	<u>(860,146)</u>	<u>843,758</u>
Nonoperating income (expense)			
Contributed support and other revenue	165,661	5,826,862	5,992,523
Investment income and unrealized gains, net	819,031	4,419,522	5,238,553
City of Seattle insurance reimbursements	3,001,631	-	3,001,631
City of Seattle major maintenance support	1,722,498	-	1,722,498
Net assets released from purpose restrictions	212,344	(212,344)	-
New exhibit, facility improvements and other program expenses	(4,936,476)	-	(4,936,476)
Fundraising expenses	<u>(805,886)</u>	<u>-</u>	<u>(805,886)</u>
Change in net assets from nonoperating activities	<u>178,803</u>	<u>10,034,040</u>	<u>10,212,843</u>
Total change in net assets	1,882,707	9,173,894	11,056,601
Net assets, beginning of year	<u>34,318,032</u>	<u>32,125,091</u>	<u>66,443,123</u>
Net assets, end of year	<u>\$ 36,200,739</u>	<u>\$ 41,298,985</u>	<u>\$ 77,499,724</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society  
Consolidated Statement of Activities  
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support, revenue, and other support			
Contributed support	\$ 5,578,201	\$ 1,312,972	\$ 6,891,173
Performance grant revenue	10,792	4,591,809	4,602,601
Admissions revenue	9,011,120	-	9,011,120
Parking revenue	2,453,013	-	2,453,013
Membership fees	4,841,528	-	4,841,528
Events and promotions, net of direct costs	3,657,374	-	3,657,374
Enterprise revenue	3,816,405	-	3,816,405
City of Seattle support	7,677,887	-	7,677,887
King County levy proceeds	5,930,259	-	5,930,259
Education fees	1,025,081	-	1,025,081
In-kind support	150,887	-	150,887
Interest, dividends and losses, operating	(156,719)	1,879	(154,840)
Other revenue	480,944	-	480,944
Net assets released from time restrictions	831,564	(831,564)	-
Net assets released from purpose restrictions	1,626,792	(1,626,792)	-
Total public support, revenue and other support	<u>46,935,128</u>	<u>3,448,304</u>	<u>50,383,432</u>
Operating expenses			
Program services			
Animal management and health care	10,890,471	-	10,890,471
Exhibits and ground maintenance	8,615,478	-	8,615,478
Education and conservation programs	8,238,333	-	8,238,333
Membership and visitor experiences	7,294,561	-	7,294,561
Marketing and public relations	3,358,355	-	3,358,355
Total program services	38,397,198	-	38,397,198
Management and general	6,256,016	-	6,256,016
Fundraising	2,879,135	-	2,879,135
Total operating expenses	<u>47,532,349</u>	<u>-</u>	<u>47,532,349</u>
Change in net assets from operations	<u>(597,221)</u>	<u>3,448,304</u>	<u>2,851,083</u>
Nonoperating income (expense)			
Contributed support and other revenue	360,000	6,861,273	7,221,273
Investment income and unrealized losses, net	(827,114)	(3,716,805)	(4,543,919)
City of Seattle insurance reimbursements	1,070,715	-	1,070,715
City of Seattle major maintenance support	2,187,345	-	2,187,345
Net assets released from purpose restrictions	8,643,684	(8,643,684)	-
New exhibit, facility improvements and other program expenses	(5,886,326)	-	(5,886,326)
Fundraising expenses	(702,086)	-	(702,086)
Change in net assets from nonoperating activities	<u>4,846,218</u>	<u>(5,499,216)</u>	<u>(652,998)</u>
Total change in net assets	4,248,997	(2,050,912)	2,198,085
Net assets, beginning of year	<u>30,069,035</u>	<u>34,176,003</u>	<u>64,245,038</u>
Net assets, end of year	<u>\$ 34,318,032</u>	<u>\$ 32,125,091</u>	<u>\$ 66,443,123</u>

The accompanying notes are an integral part of these consolidated financial statements.



Woodland Park Zoological Society  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2023

	Animal management and health care	Exhibits and ground maintenance	Education and conservation programs	Membership and visitor experiences	Marketing and public relations	Management and general	Fundraising	Total
Personnel expenses								
Salaries and wages	\$ 7,320,598	\$ 4,837,129	\$ 4,050,578	\$ 3,760,939	\$ 1,421,099	\$ 3,283,068	\$ 2,348,646	\$ 27,022,057
Benefits and payroll taxes	<u>1,706,558</u>	<u>1,245,914</u>	<u>1,122,149</u>	<u>946,895</u>	<u>356,144</u>	<u>733,684</u>	<u>526,395</u>	<u>6,637,739</u>
Total personnel expenses	<u>9,027,156</u>	<u>6,083,043</u>	<u>5,172,727</u>	<u>4,707,834</u>	<u>1,777,243</u>	<u>4,016,752</u>	<u>2,875,041</u>	<u>33,659,796</u>
Other expenses								
Outside services and professional fees	291,835	5,212,081	325,780	743,934	1,017,411	1,787,081	827,687	10,205,809
Utilities	7,217	2,112,676	2,172	14,842	3,021	157,760	83,619	2,381,307
Operations	1,624,127	1,749,692	534,564	968,565	583,020	1,031,990	446,076	6,938,034
Advertising	-	295	2,616	245,221	998,431	303,456	91,305	1,641,324
Information technology	327,889	273,240	196,733	196,733	98,367	161,920	94,453	1,349,335
Training, conferences and dues	166,450	33,855	147,590	35,388	79,882	166,825	43,434	673,424
Contributions and field projects	4,515	-	1,643,385	-	1,500	5,515	2,258	1,657,173
Taxes, licenses and credit card processing fees	16,331	17,282	58,997	1,274,958	103,885	199,455	69,348	1,740,256
In-kind and in-trade expenses	<u>-</u>	<u>4,175</u>	<u>22,771</u>	<u>-</u>	<u>293,350</u>	<u>179,750</u>	<u>126,870</u>	<u>626,916</u>
Total other expenses	<u>2,438,364</u>	<u>9,403,296</u>	<u>2,934,608</u>	<u>3,479,641</u>	<u>3,178,867</u>	<u>3,993,752</u>	<u>1,785,050</u>	<u>27,213,578</u>
Total expenses	11,465,520	15,486,339	8,107,335	8,187,475	4,956,110	8,010,504	4,660,091	60,873,374
Less: Special event "cost of sales" expenses	-	-	-	-	(877,258)	(772,640)	(298,584)	(1,948,482)
Less: Nonoperating expenses	<u>-</u>	<u>(4,936,476)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(805,886)</u>	<u>(5,742,362)</u>
Total operating expenses	<u>\$ 11,465,520</u>	<u>\$ 10,549,863</u>	<u>\$ 8,107,335</u>	<u>\$ 8,187,475</u>	<u>\$ 4,078,852</u>	<u>\$ 7,237,864</u>	<u>\$ 3,555,621</u>	<u>\$ 53,182,530</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Animal management and health care	Exhibits and ground maintenance	Education and conservation programs	Membership and visitor experiences	Marketing and public relations	Management and general	Fundraising	Total
Personnel expenses								
Salaries and wages	\$ 6,847,648	\$ 4,306,628	\$ 3,344,615	\$ 3,395,078	\$ 1,263,273	\$ 2,922,614	\$ 2,008,091	\$ 24,087,947
Benefits and payroll taxes	<u>1,620,807</u>	<u>1,064,215</u>	<u>731,454</u>	<u>793,617</u>	<u>282,465</u>	<u>643,867</u>	<u>449,346</u>	<u>5,585,771</u>
Total personnel expenses	<u>8,468,455</u>	<u>5,370,843</u>	<u>4,076,069</u>	<u>4,188,695</u>	<u>1,545,738</u>	<u>3,566,481</u>	<u>2,457,437</u>	<u>29,673,718</u>
Other expenses								
Outside services and professional fees	310,563	5,541,222	225,587	855,202	878,416	1,651,629	590,394	10,053,013
Utilities	8,224	1,797,914	4,060	13,287	3,143	142,304	74,768	2,043,700
Operations	1,657,327	1,500,289	324,136	806,766	222,298	634,258	380,462	5,525,536
Advertising	-	276	772	269,326	772,573	242,571	41,745	1,327,263
Information technology	281,641	234,701	168,985	168,985	84,492	139,082	81,131	1,159,017
Training, conferences and dues	140,800	27,285	113,180	22,742	112,335	143,284	52,831	612,457
Contributions and field projects	9,816	-	3,232,904	-	23	9,832	4,908	3,257,483
Taxes, licenses and credit card processing fees	3,225	22,593	68,008	1,088,496	80,407	193,510	54,363	1,510,602
In-kind and in-trade expenses	<u>10,420</u>	<u>6,681</u>	<u>24,632</u>	<u>-</u>	<u>285,283</u>	<u>178,364</u>	<u>73,293</u>	<u>578,673</u>
Total other expenses	<u>2,422,016</u>	<u>9,130,961</u>	<u>4,162,264</u>	<u>3,224,804</u>	<u>2,438,970</u>	<u>3,334,834</u>	<u>1,353,895</u>	<u>26,067,744</u>
Total expenses	10,890,471	14,501,804	8,238,333	7,413,499	3,984,708	6,901,315	3,811,332	55,741,462
Less: Special event "cost of sales" expenses	-	-	-	(118,938)	(626,353)	(645,299)	(230,111)	(1,620,701)
Less: Nonoperating expenses	<u>-</u>	<u>(5,886,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(702,086)</u>	<u>(6,588,412)</u>
Total operating expenses	<u>\$ 10,890,471</u>	<u>\$ 8,615,478</u>	<u>\$ 8,238,333</u>	<u>\$ 7,294,561</u>	<u>\$ 3,358,355</u>	<u>\$ 6,256,016</u>	<u>\$ 2,879,135</u>	<u>\$ 47,532,349</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 11,056,601	\$ 2,198,085
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	477,081	481,181
Realized and unrealized losses (gains) on investments, net	(6,136,572)	4,800,053
Contributions restricted for endowment	(132,232)	(3,425,804)
Contributions restricted for capital campaign	(5,935,685)	(1,876,821)
Changes in operating assets and liabilities		
Accounts receivable, net	(464,280)	1,614,519
Receivable from City of Seattle	(1,184,409)	(940,449)
Promises to give	2,035,690	(3,415,124)
Prepaid and other current assets	(776,613)	(400,597)
Other assets	(36,880)	(46,639)
Accounts payable	355,932	585,417
Accrued liabilities	(236,266)	94,314
Deferred revenue	2,900,393	(648,311)
Net cash provided by (used in) operating activities	<u>1,922,760</u>	<u>(980,176)</u>
Cash flows from investing activities		
Cash paid for property and equipment	(594,110)	(477,489)
Cash paid for purchase of investments	(2,802,209)	(21,331,762)
Net cash used in investing activities	<u>(3,396,319)</u>	<u>(21,809,251)</u>
Cash flows from financing activities		
Cash received from endowment contributions	226,543	4,167,750
Cash received from capital campaign contributions	4,305,408	1,453,844
Cash paid for City of Seattle debt	-	(46,200)
Cash received from endowment withdrawals to fund spending	152,877	585,560
Net cash provided by financing activities	<u>4,684,828</u>	<u>6,160,954</u>
Net increase (decrease) in cash and cash equivalents	3,211,269	(16,628,473)
Cash and cash equivalents, beginning of year	<u>17,943,060</u>	<u>34,571,533</u>
Cash and cash equivalents, end of year	<u>\$ 21,154,329</u>	<u>\$ 17,943,060</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

1. NATURE OF OPERATIONS

Woodland Park Zoo (the "Zoo") saves wildlife and inspires everyone to make conservation a priority in their lives. Woodland Park Zoological Society ("Zoo Society") was formed as a nonprofit corporation on November 10, 1965, under the laws of the State of Washington. Effective March 1, 2002, the City of Seattle (the "City") transferred management and financial responsibility for the Zoo to the Zoo Society. Under the agreement, the Zoo Society manages the Zoo and the City continues to own the Zoo grounds (unless otherwise noted), including all future improvements funded by the Zoo Society. The City continues to provide annual public funding in accordance with an annual inflation calculation. In 2022, the agreement with the City was renewed for a term of twenty years. The renewed agreement expires on December 31, 2041, with a mutual option to extend for an additional 10 years.

The Zoo Society's main revenue sources can be grouped into three categories: contributed support (including conditional grants, major gifts, and fundraisers such as an annual auction), earned revenues (including admission fees, membership sales, retail, class fees, and event ticket sales), and public support (from the City of Seattle and a King County Parks Levy). Approximately 80% of the Zoo's expenses cover "program" expenses, which include caring for the many animals, zoo grounds, conservation, and education efforts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements include the balances of both the Zoo Society and Center for Wildlife Conservation ("CWC"), a wholly controlled nonprofit corporation. The CWC is currently inactive. Inter-entity transactions, if any, and balances have been eliminated in consolidation. The consolidated entity is referred to as the Zoo Society in the notes to the consolidated financial statements.

In accordance with accounting principles generally accepted in the United States of America ("US GAAP"), the Zoo Society is required to classify information regarding its financial position based on the existence or absence of donor-imposed restrictions. The Zoo Society reports two classes of net assets as follows:

- *Net assets without donor restrictions* - All net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have expired. Net assets without donor restrictions of \$36,200,739 and \$34,318,012 were available without restriction for support of Zoo Society's operations as of December 31, 2023 and 2022, respectively. This category of net assets also includes the board-designated endowment which has been built up over the years largely with bequests without donor restrictions.
- *Net assets with donor restrictions* - Donor-restricted net assets are restricted by the donor to be used for certain purposes or future periods.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Donor-restricted net assets at December 31 were available as follows:

	<u>2023</u>	<u>2022</u>
Endowment contributions held in perpetuity (principal balances)	\$ 16,053,736	\$ 15,921,504
Net earnings and market appreciation from donor-restricted endowments	11,114,914	7,135,681
Capital campaign	9,250,241	4,133,551
Conservation programs	1,643,158	1,789,805
Zoo operations	1,736,275	1,550,871
Carousel	915,000	915,000
Education programs	218,853	319,620
Animal support funds	362,718	354,969
Other projects and restrictions	<u>4,090</u>	<u>4,090</u>
	<u>\$ 41,298,985</u>	<u>\$ 32,125,091</u>

Amounts released from donor restrictions during the year ended December 31, 2023:

	<u>Released from Restrictions</u>	<u>Balance</u>
Endowment contributions held in perpetuity	\$ -	\$ 16,053,736
Donor-restricted endowments	152,877	11,114,914
Capital campaigns	1,014,045	9,250,241
Conservation programs	1,171,164	1,643,158
Zoo operations	1,034,468	1,736,275
Carousel	-	915,000
Education programs	2,509,696	218,853
Animal support funds	113,955	362,718
Other projects and restrictions	<u>-</u>	<u>4,090</u>
	<u>\$ 5,996,205</u>	<u>\$ 41,298,985</u>

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Amounts released from donor restrictions during the year ended December 31, 2022:

	Released from Restrictions	Balance
Endowment contributions held in perpetuity	\$ -	\$ 15,921,504
Donor-restricted endowments	481,419	7,135,681
Capital campaigns	3,235,650	4,133,551
Conservation programs	997,828	1,789,805
Zoo operations	1,124,059	1,550,871
Carousel	-	915,000
Education programs	3,947,138	319,620
Animal support funds	1,313,446	354,969
Other projects and restrictions	2,500	4,090
	<u>\$ 11,102,040</u>	<u>\$ 32,125,091</u>

Cash and cash equivalents

Cash and cash equivalents consist of checking and governmental money market mutual fund accounts. The Zoo Society maintains cash deposits in bank accounts which may exceed federally insured limits. The Zoo Society has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Short-term and long-term operating investments

In accordance with its Operating Cash and Investments Policy, the Zoo Society periodically has invested a portion of cash not needed for liquidity purposes. The Zoo Society had \$18,341,531 and \$15,076,665 in short-term investments as of December 31, 2023 and 2022, respectively. The Zoo Society had \$3,125,349 and \$2,642,767 in long-term operating investments as of December 31, 2023 and 2022, respectively.

Accounts receivable

Accounts receivable and receivable from City of Seattle are stated at net realizable value. An allowance for doubtful accounts is maintained for any balances aged greater than 90 days. There was no allowance recorded as of December 31, 2023 and 2022.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to give

In accordance with US GAAP, unconditional promises to give are recognized as support in the period received. Promises to give are shown net of the allowance for uncollectible amounts which are calculated based on any balances aged greater than 90 days. The fair value of promises to give is estimated by discounting the future cash flows using the risk-free rate of return. Conditional promises to give are not recognized until they become unconditional, that is when the barriers have been overcome and the right of return or right of release has been met.

Endowment investments

The assets of the Zoo Society's endowments are held in a consolidated endowment investment pool. The Zoo Society's Board of Directors (the "Board") has an Investment Subcommittee that monitors its investments and the valuation of investment assets in accordance with the Endowment Investment and Spending Policy. The investment securities are exposed to various risks, such as interest rate, market, and credit.

Property and equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Purchases which exceed \$7,500 are capitalized as assets. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, typically from 3 to 5 years and 15 to 30 years for major improvements. Depreciation and amortization expense was \$477,081 and \$481,181, for the years ended December 31, 2023 and 2022, respectively.

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 2,790,839	\$ 4,653,894
Banyan Wilds exhibit leasehold improvements	1,418,004	1,418,004
Vehicles	1,292,620	1,369,552
Parking project leasehold improvements	1,221,903	1,221,903
Carousel	915,000	915,000
Buildings	360,436	676,184
All other leasehold improvements	295,264	304,293
Assets purchased but not placed in service	<u>29,852</u>	<u>73,917</u>
	8,323,918	10,632,747
Accumulated depreciation	<u>(4,426,877)</u>	<u>(6,852,735)</u>
	<u>\$ 3,897,041</u>	<u>\$ 3,780,012</u>

The Zoo Society may capitalize all non-donor funded major improvements and additions made to City of Seattle property.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

The Zoo Society operates an antique carousel donated by the Alleniana Foundation. The fixed asset value represents estimated fair market value at the date of donation, and this amount is to be held in perpetuity and is included in net assets with donor restrictions. Depreciation commenced when operations began in 2006, using the straight-line method over the estimated useful life of 100 years. A long useful life was selected due to the historic nature of the carousel.

Collections

While the animal collection represents the Zoo Society's most cherished asset, the Zoo Society does not attempt to quantify the value of the collection. Thus, the animal collection is not represented on the consolidated statements of financial position.

Artwork

The Zoo Society commissioned and owns certain bronze sculptures that are located on the Zoo grounds. These sculptures are valued at their original acquisition cost. Examples of these sculptures include the bronze ravens perched on a bench along the Living Northwest Trail, the hippo sculpture along the African Savanna pathway, and the crawl-in wren's nest sculpture near the Family Farm. Artwork is not being depreciated.

Unemployment insurance

The Zoo Society has elected to self-insure its employees for unemployment compensation through participation in the 501(c)(3) Agencies Trust plan. Unemployment claims are paid by the Trust from the Zoo Society's account. At December 31, 2023 and 2022, the Zoo Society had a balance in their account of \$423,694 and \$480,707, respectively, which is included in prepaid and other current assets. There has not been an excess of claims submitted which would require a liability as of December 31, 2023 and 2022.

Contributed property and equipment

Contributions of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor-restricted support. Contributed property and equipment are only capitalized if they exceed the Zoo Society's capitalization minimum amount of \$7,500, individually.



Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed property and equipment (continued)

Absent donor stipulations regarding how long those donated assets must be maintained, the Zoo Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Zoo Society reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Revenue recognition

The Zoo Society 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. The Zoo Society received and satisfied conditions on conditional grants for \$3,167,933 and \$4,602,601 for 2023 and 2022, respectively.

During the years ended December 31, 2023 and 2022, the Zoo Society received conditional grant pledges of support for certain activities. These have not been recorded because they are dependent upon future events or activities occurring before revenue is earned. The Zoo Society received advances relating to conditional grants that have not been recognized as revenue totaling \$4,783,597 and \$2,043,060 at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. These advances are recognized in the consolidated statements of financial position as deferred revenue.

The Zoo Society raises funds to cover Zoo operations with many "enterprise" or earned revenue lines of business such as retail and food commission arrangements, marketing sponsorships, tasting events, carousel rides, animal experiences, holiday lights experience, and group admission sales. The Zoo Society reviewed each of these revenue sources to ensure revenue relating to the next year was properly deferred. A total of \$66,086 and \$131,371 in ticketed event revenue for WildLanterns advance sales was deferred as of December 31, 2023 and 2022, respectively. Multi-year event sponsorships totaled \$61,100 and \$62,000 for the years ended December 31, 2023 and 2022, respectively. Sponsorships are recognized in the year in which the activity occurs, satisfying the condition.

The Zoo Society sells a variety of annual memberships which cover admission fees and other low-dollar benefits as well, such as guest discounts, virtual news, and an annual membership event. The purchase price is recognized as revenue evenly over the applicable months of the membership. The Zoo Society defers membership revenue which will be earned in the following year, which amounted to \$2,785,375 and \$2,655,856 as of December 31, 2023 and 2022, respectively.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Daily admission fees are collected both at the Zoo entrance gates on the visit date, or online in advance. Online payments may be in advance of the visit date; however, amounts paid for attendance in the early months of the next calendar year are immaterial. Thus admissions revenue is recognized when payments are received. Parking is only paid when on-site, and thus recorded when received.

In-kind donations and trade transactions

Amounts included in the consolidated statements of activities consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
In-kind goods	\$ 9,620	\$ 74,442
In-kind services		
Complimentary advertising	50,000	45,000
Fundraising event support	-	9,438
Travel for grant	22,771	-
Other services	-	22,007
	<u>72,771</u>	<u>76,445</u>
	<u>\$ 82,391</u>	<u>\$ 150,887</u>

The Zoo Society occasionally receives goods or services, such as advertising, in exchange for providing items of value, such as admission tickets or sponsorship credit. The Zoo Society will record such transactions with both in-trade revenue (based on the nature of the benefits given) and an in-trade expense for the goods or service that is received. In-kind revenue is reported in contributed support on the consolidated statements of activities.

Related-party transactions

The Zoo Society receives contributions and promises to give from members of the Board. Contributions received directly from members of the Board totaled \$941,711 and \$606,694 during years ended December 31, 2023 and 2022, respectively.

Nonoperating activities

The Zoo Society's nonoperating activities relate to contributions and funding for zoo exhibits or facilities and related construction spending, bequests without donor restrictions, plus donor-restricted endowment contributions and any endowment investment gains (losses). Any unusual, one-time expenses may be shown in this section of the consolidated statements of activities.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonoperating activities (continued)

On December 15, 2016, the Zoo experienced a fire in the former and largely unused Night House exhibit that impacted the adjacent Day House exhibit as well. Both exhibits have remained closed since that date, and the Zoo Society is in the process of creating a new exhibit in its place, a portion of which is being funded by insurance proceeds. The City of Seattle's property insurance reimbursed \$3,001,631 and \$1,070,715 of the Zoo Society's recovery expenses during the years ended December 31, 2023 and 2022, respectively. Insurance reimbursements are included as other revenue and the expenses are included as nonoperating "new exhibit, facility improvement and other program expenses" on the consolidated statements of activities. The Zoo Society has invoiced a total of \$5,021,112 for reimbursement through December 31, 2023, of which \$2,195,119 is included in the receivable from the City of Seattle as of December 31, 2023.

The new exhibit will be known as the Forest Trailhead and is set to open in 2026. The design phase was completed in 2023 and construction begins in 2024. At the Forest Trailhead, guests will explore an elevated canopy pathway to see endangered tree kangaroos and red pandas in their treetop homes. The exhibit will also create much needed indoor space at the zoo, featuring a gallery of forest biodiversity including reptiles, amphibians and fish, and a vestibule leading to an exterior kea parrot aviary. Many of the animals represent parts of the world where the Zoo and local communities are leading solutions to protect, restore and sustain forests and greenspaces. The exhibit will share these stories of hope and provide motivating and empowering ways for guests to join in taking conservation action.

Functional allocation of expenses

The costs of providing the Zoo Society's various programs and activities have been summarized on a functional basis on the consolidated schedules of functional expenses and in the consolidated statements of activities. Throughout the year, "common costs" relating to occupancy costs, insurance, shared systems, copier rentals, etc., are allocated to departments based on each department's percentage of total salaries. This functional analysis then involves assigning percentage allocations to the Program, Management & General, and Fundraising categories for each department, depending on the nature of the department's workload. While there's a wide variety of programs at the Zoo and sponsored by the Zoo around the world, the Zoo Society has limited presentation to five main groupings which were largely based upon departmental structure. As such, there are many estimates involved in this analysis.

Joint costs

The Zoo Society incurred joint costs for informational materials and activities which included fundraising appeals, specifically for the zoo.org website and the Zoo member magazine. In 2022, the Zoo Society discontinued the Zoo member magazine.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint costs (continued)

Based upon their relative percentages, those costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Program services	\$ 71,777	\$ 83,669
Management and general	50,244	58,568
Fundraising	<u>21,533</u>	<u>25,101</u>
	<u>\$ 143,554</u>	<u>\$ 167,338</u>

Advertising

The Zoo Society expenses the production costs of advertising as incurred. Advertising expense was \$1,641,324 and \$1,327,263 for the years ended December 31, 2023 and 2022, respectively. These amounts do not include the in-kind donated services noted earlier in this footnote.

Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income tax

The Internal Revenue Service has recognized both the Zoo Society and the CWC as 501(c)(3) organizations exempt from federal income taxes under Section 509(a)(1) as publicly supported charitable organizations. The Zoo Society is subject to federal income taxes for any activities which are unrelated to its exempt purpose. Management has evaluated its current tax positions and concluded that as of December 31, 2023 and 2022, the Zoo Society and CWC do not have any significant uncertain tax positions for which a reserve would be necessary.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Fair value is defined as 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. Valuation techniques utilized to determine fair value are consistently applied.

The three tiers of inputs used for fair value measurements are as follows:

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 1* - Fair values are based on quoted prices in active markets for identical assets and liabilities.
- *Level 2* - Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.
- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

Subsequent events

The Zoo Society has evaluated subsequent events through May 28, 2024, which is the date the consolidated financial statements were available to be issued. No subsequent events have occurred which would have a material impact on the presentation of the Zoo Society's financial statements.

3. LIQUIDITY, LINE OF CREDIT AND AVAILABILITY OF FINANCIAL ASSETS

The Zoo Society's Operating Cash and Investment Policy establishes guidelines for cash and investment options to be used to generate reasonable returns. Zoo Society staff assess liquidity needs and project cash flows before estimating what to place in the short-term, mid-term, and long-term investment groupings. The Zoo Society makes a reasonable effort to deploy its cash and investments with a goal of earning competitive rates of return based on prevailing market conditions.

The Zoo Society's policy is to maintain adequate liquid assets to fund near-term operating needs using bank deposits or a government money market mutual fund. In an effort to earn reasonable rates of return on working capital not estimated as required for disbursement within the near-term, staff may consider the following options: deposit or money market savings accounts, money market mutual funds, short-term certificates of deposit, commercial paper, guaranteed investment contracts, U.S. government obligations, short-term investment funds, banker's acceptances, or repurchase agreements.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

3. LIQUIDITY, LINE OF CREDIT AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Zoo Society's cash flows have seasonal variations during the year attributed to the highest attendance months being in the summer. In light of this seasonality, as a precautionary measure, the Zoo Society has a \$6 million revolving line of credit, secured by all assets, expiring May 31, 2025.

Although the Zoo Society does not currently intend to spend from the board-designated endowment, other than amounts appropriated for general expenditure on an annual basis, amounts from the board-designated endowment could be made available by Board authorization.

The following reflects the Zoo Society's availability of financial assets as of the consolidated statements of financial position date. Financial assets are reduced by the amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Internal designations can be changed based on Board approval.

The Zoo Society's financial assets available within one year of the consolidated statement of financial position date for general expenditures were as follows:

	<u>2023</u>	<u>2022</u>
Available liquid financial assets:		
Cash and cash equivalents	\$ 21,154,329	\$ 17,943,060
Short-term investments	18,341,531	15,076,665
Receivables for general purposes, due within one year	1,311,236	846,956
Receivable from City of Seattle	3,692,573	2,508,164
Promises to give, net of donor-restricted amounts	797,961	2,726,436
Spending appropriated for the next year from endowment investments with donor restrictions	<u>776,417</u>	<u>657,675</u>
	<u>46,074,047</u>	<u>39,758,956</u>
Additional liquid financial resources:		
Line of credit	6,000,000	6,000,000
Board-designated endowment investments, net of amounts appropriated for operations	<u>4,800,424</u>	<u>4,592,147</u>
	<u>10,800,424</u>	<u>10,592,147</u>
	<u>\$ 56,874,471</u>	<u>\$ 50,351,103</u>

In addition to its available liquid financial assets, the Zoo Society holds other resources which could readily be made available within one year for general expenditure. Although the Zoo Society does not intend to utilize board-designated endowment investments within the next year beyond the amount appropriated for operations, if necessary, this amount could be made available upon approval of the Board.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

4. INVESTMENTS

The Zoo Society's endowment investments are managed together in a single investment pool. Each endowment fund purchases units of the pool on a quarterly basis, and the value of the units reflects the pool's investment earnings or losses less fees.

Investments are stated at fair value based on quoted market prices and consist of the following:

	<u>2023</u>	<u>2022</u>
Short-term investments		
U.S. Treasury securities	\$ 18,341,531	\$ 15,076,665
Endowment investments		
Money market funds	507	433
Environmentally sustainable equity funds	24,646,349	20,365,333
Bond funds	5,921,166	5,291,334
Real estate investment funds	<u>1,481,460</u>	<u>1,353,926</u>
	<u>32,049,482</u>	<u>27,011,026</u>
Operating long-term investments		
Money market funds	85	17
Environmentally sustainability equity funds	2,405,616	1,977,743
Bond funds	590,097	546,609
Real estate investment funds	<u>129,551</u>	<u>118,398</u>
	<u>3,125,349</u>	<u>2,642,767</u>
	<u>\$ 53,516,362</u>	<u>\$ 44,730,458</u>

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Zoo Society's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 592	\$ -	\$ -	\$ 592
	<u>592</u>	<u>-</u>	<u>-</u>	<u>592</u>
Equity funds				
Environmentally Sustainable U.S. Core Fund	15,878,499	-	-	15,878,499
Environmentally Sustainable International Core Fund	4,912,084	-	-	4,912,084
Emerging Markets Sustainability Core Fund	2,763,656	-	-	2,763,656
U.S. Sustainability Targeted Value Portfolio	<u>3,497,726</u>	<u>-</u>	<u>-</u>	<u>3,497,726</u>
	<u>27,051,965</u>	<u>-</u>	<u>-</u>	<u>27,051,965</u>
Bond funds				
Domestic corporate	-	3,171,143	-	3,171,143
International	<u>3,340,120</u>	<u>-</u>	<u>-</u>	<u>3,340,120</u>
	<u>3,340,120</u>	<u>3,171,143</u>	<u>-</u>	<u>6,511,263</u>
Other				
Real estate investment funds	1,611,011	-	-	1,611,011
U.S. Treasury securities	<u>18,341,531</u>	<u>-</u>	<u>-</u>	<u>18,341,531</u>
	<u>19,952,542</u>	<u>-</u>	<u>-</u>	<u>19,952,542</u>
	<u>\$ 50,345,219</u>	<u>\$ 3,171,143</u>	<u>\$ -</u>	<u>\$ 53,516,362</u>



Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Zoo Society's assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	\$ 450	\$ -	\$ -	\$ 450
	<u>450</u>	<u>-</u>	<u>-</u>	<u>450</u>
Equity funds				
Environmentally Sustainable U.S. Core Fund	12,799,763	-	-	12,799,763
Environmentally Sustainable International Core Fund	4,155,055	-	-	4,155,055
Emerging Markets Sustainability Core Fund	2,443,134	-	-	2,443,134
U.S. Sustainability Targeted Value Portfolio	<u>2,945,124</u>	<u>-</u>	<u>-</u>	<u>2,945,124</u>
	<u>22,343,076</u>	<u>-</u>	<u>-</u>	<u>22,343,076</u>
Bond funds				
Domestic corporate	-	2,893,580	-	2,893,580
International	<u>2,944,363</u>	<u>-</u>	<u>-</u>	<u>2,944,363</u>
	<u>2,944,363</u>	<u>2,893,580</u>	<u>-</u>	<u>5,837,943</u>
Other				
Real estate investment funds	1,472,324	-	-	1,472,324
Treasury securities	<u>15,076,665</u>	<u>-</u>	<u>-</u>	<u>15,076,665</u>
	<u>16,548,989</u>	<u>-</u>	<u>-</u>	<u>16,548,989</u>
	<u>\$ 41,836,878</u>	<u>\$ 2,893,580</u>	<u>\$ -</u>	<u>\$ 44,730,458</u>

The above investment pool amounts are less than the total endowment net assets in the endowment footnote (Note 9) due to the following:

	2023	2022
Endowment pledges receivable at year-end	\$ 471,920	\$ 391,242
Endowment cash receipts not yet forwarded to the consolidated investment pool	174,647	209,454
Amounts underspent and retained by the endowment	<u>49,441</u>	<u>37,610</u>
	696,008	638,306
Total investments	<u>32,049,482</u>	<u>27,011,026</u>
	<u>\$ 32,745,490</u>	<u>\$ 27,649,332</u>

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

4. INVESTMENTS (continued)

The components of investment income for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 1,775,724	\$ 872,962
Investment gains (losses), net of fees	<u>4,782,108</u>	<u>(5,571,721)</u>
	<u>\$ 6,557,832</u>	<u>\$ (4,698,759)</u>
Operating interest, dividends and gains (losses), net of fees	\$ 1,319,279	\$ (154,840)
Nonoperating interest, dividends and gains (losses), net of fees	<u>5,238,553</u>	<u>(4,543,919)</u>
	<u>\$ 6,557,832</u>	<u>\$ (4,698,759)</u>

5. PROMISES TO GIVE

Promises to give are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 4,235,408	\$ 5,160,291
Receivable in one to five years	<u>1,031,784</u>	<u>516,000</u>
	5,267,192	5,676,291
Less: discount to present value at 8.5% and 3%, respectively	(146,074)	(55,449)
Less: allowance for uncollectible accounts	<u>(100,000)</u>	<u>(100,000)</u>
	<u>\$ 5,021,118</u>	<u>\$ 5,520,842</u>

6. KING COUNTY LEVY

The Zoo Society recorded revenue from the King County Parks Levy in the amounts of \$6,767,016 and \$5,930,259 during the years ended December 31, 2023 and 2022, respectively. This levy funds mainly environmental education programs including public programs on grounds, and also funds conservation programs and facility improvements. The King County Parks Levy was renewed by voters in August 2019 and will provide funding through 2025.

7. LINE OF CREDIT

The Zoo Society has a \$6 million revolving line of credit, secured by all assets, expiring May 31, 2025. Bank advances on the line of credit are payable by the date of expiration and subject to an annual 30-day "clean up" period. Interest is calculated at 2.8% per annum in excess of the Daily Simple Secured Overnight Financing Rate ("SOFR") and is payable monthly. The line of credit has one loan covenant which requires a minimum liquid endowment asset balance of not less than \$8 million.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

7. LINE OF CREDIT (continued)

There were no line of credit draws in 2023 or 2022.

8. LONG-TERM PAYABLE TO CITY OF SEATTLE

In 2013, the Zoo Society and City of Seattle reached an agreement related to many years of efforts to expand Zoo visitor parking. This agreement, which was approved by the City of Seattle and amended the original Operations and Management Agreement, provided for the City to reimburse the Zoo Society up to a maximum of \$2 million for parking improvements that will result in approximately 165 new parking spaces. As part of this arrangement, the Zoo Society assumed responsibility for repaying the City for its \$462,000 share of the earlier parking garage expenses plus a negotiated interest amount of \$10,800 per year starting in 2013. The final payment of \$46,200 was made in 2022.

9. ENDOWMENTS

As of December 31, 2023, the Zoo Society has twelve funded endowments established for a variety of mission-related purposes. One of these endowments is a board-designated general endowment established by the Board in 2001 by its Gift Acceptance Policy. This policy provides that bequests without donor restrictions (up to an annual maximum amount) are to be placed in this board-designated general endowment fund. As required by financial accounting standards, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The initial dollar value of donor-restricted contributions to any endowment is tracked as a permanently restricted net asset, while the returns on those funds are tracked for internal purposes as temporarily restricted net assets, although these are combined on the consolidated statements of financial position and presented as net assets with donor restriction. The board-designated endowment and related returns are shown as net assets without donor restrictions.

Endowments in Washington State are governed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as stated in the Revised Code of Washington ("RCW") 24.55. UPMIFA provides that, unless stated otherwise in endowment gift instruments, no portions of donor-restricted endowments will be shown as net assets without donor restrictions other than amounts appropriated for spending in the current year, or negative endowment earnings to date.

Interpretation of relevant law

The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Zoo Society classifies the following as endowment net assets with donor restrictions: (a) the original value of gifts donated to the endowment, and (b) the original value of subsequent gifts to the endowment.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

9. ENDOWMENTS (continued)

Endowment oversight and investment policy

While the Board retains the fiduciary responsibility for the Zoo Society's endowment fund assets, it delegates oversight of the investment of such assets to its Investment Subcommittee. The Investment Subcommittee (the "Subcommittee") of the Business and Finance Committee was established in 2000 to provide oversight and implementation of the broad guidelines approved by the Board for the management of the Zoo Society's endowment funds. It is comprised of Business and Finance Committee and other members of the Board, and may also include non-board members.

Returns are compared to a custom benchmark that closely mirrors the market segment allocations of the investments in the annual evaluation of the manager's performance.

In managing the endowment investments, the Subcommittee will comply with the standard of conduct set forth in UPMIFA, including:

- a. Acting in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- b. Making decisions about an individual asset in the context of the Zoo Society's portfolio as a whole and as a part of an overall investment strategy; and
- c. Considering the following factors, if relevant (and unless instructed otherwise by the terms of the applicable gift instrument):
  - General economic conditions,
  - Effects of inflation or deflation,
  - Expected tax consequences,
  - Expected total return from income and appreciation,
  - The Zoo Society's other resources,
  - Balancing the Zoo Society's needs for both spending and preserving capital, and
  - An asset's special relationship or special value, if any, to the Zoo Society's charitable purposes.

Return objectives, risk parameters, and strategies employed for achieving objectives

The endowments are managed with the broad goal of investment income growth that will be used to provide a stable, supplemental source of funding for Zoo operations and donor specified programs. The Subcommittee seeks to maximize the long-term total returns consistent with prudent levels of risk. Investment diversification and selecting a "target investment return" are keys to managing risk.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

9. ENDOWMENTS (continued)

Return objectives, risk parameters, and strategies employed for achieving objectives (continued)

A target investment return percentage is identified annually by the Subcommittee. This target is calculated as the sum of the following annual components (expressed as percentages):

- The rate of inflation per a local 3-city CPI benchmark,
- Desired endowment earnings growth,
- Annual investment management fees, and
- Plus/minus rounding to the nearest percentage.

For example, the target investment return percentage for each of the years ended December 31, 2023 and 2022 was 7%. The Subcommittee determines these percentages in light of discussions with Zoo Society management and the investment advisor. These objectives are re-evaluated on an annual basis and compared to actual results and the prevailing financial market environment.

An aggregate "total return" methodology is applied (all interest and dividends automatically reinvested), and results for the trailing 12 months are reviewed each quarter. While these periodic reviews occur and the objectives may slightly change, the time horizon basically remains "long-term" for investment purposes. The endowments' investments are rebalanced to the Subcommittee's approved asset allocation on at least an annual basis.

Spending policy

In accordance with the Zoo Society Endowment Investment and Spending Policy, the Investment Subcommittee makes recommendations regarding annual endowment spending totals and incorporates spending plans into the management of endowment investments.

As provided in UPMIFA and subject to any restrictions in the applicable gift instrument, the Zoo Society may spend from or accumulate as much of a donor-restricted endowment fund (including its principal) as the Board or a duly authorized Board committee determines is prudent given the uses, benefits, purposes, and duration for which the endowment fund was created. In making decisions about how much of each endowment fund to spend or accumulate, the Subcommittee will consider the following factors, if relevant:

- Duration and preservation of the endowment fund,
- Purposes of the Zoo Society and the endowment fund,
- General economic conditions,
- Possible effect of inflation or deflation,
- Expected total return from income and appreciation of investments,
- Zoo Society's other resources, and

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

9. ENDOWMENTS (continued)

Spending policy (continued)

- This Endowment and Investment Policy.

After considering the above-described factors, the Subcommittee will recommend a spending percentage, subject to the approval of the Business and Finance Committee, to be applied in calculating the distribution for the specific endowment funds that the committee decides to spend from (the "Spending Percentage"). The Spending Percentage will be calculated as an annual percentage of the average of the prior five (5) years' total market valuation as of June 30th.

The annual spending percentage for all funds is typically 3%. Spending amounts of \$152,877 and \$585,560 were disbursed for typical annual spending for the years ended December 31, 2023 and 2022, respectively. The spending amount for 2023 was lower than usual due to a one-year pause in spending from the general support endowments in light of high inflation. The Subcommittee recommended this temporarily spending decrease to help preserve the purchasing power of our endowment investments.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historical dollar value of the donor contributions. In accordance with US GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2023 and 2022.

Endowment composition

Endowment net asset composition by type of fund is as follows as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 27,168,650	\$ 27,168,650
Board-designated endowment funds	<u>5,576,840</u>	<u>-</u>	<u>5,576,840</u>
	<u>\$ 5,576,840</u>	<u>\$ 27,168,650</u>	<u>\$ 32,745,490</u>

Endowment net asset composition by type of fund is as follows as of December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 23,057,185	\$ 23,057,185
Board-designated endowment funds	<u>4,592,147</u>	<u>-</u>	<u>4,592,147</u>
	<u>\$ 4,592,147</u>	<u>\$ 23,057,185</u>	<u>\$ 27,649,332</u>

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

9. ENDOWMENTS (continued)

Endowment composition (continued)

Changes in endowment net assets is as follows for the fiscal year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2022	\$ 4,592,147	\$ 23,057,185	\$ 27,649,332
Investment return			
Investment income	116,134	586,354	702,488
Investment fees	(16,783)	(84,888)	(101,671)
Net appreciation (realized and unrealized)	<u>719,680</u>	<u>3,630,644</u>	<u>4,350,324</u>
Total investment return	819,031	4,132,110	4,951,141
Contributions	165,662	132,232	297,894
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(152,877)</u>	<u>(152,877)</u>
	<u>984,693</u>	<u>4,111,465</u>	<u>5,096,158</u>
Balance, December 31, 2023	<u>\$ 5,576,840</u>	<u>\$ 27,168,650</u>	<u>\$ 32,745,490</u>

Changes in endowment net assets is as follows for the fiscal year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2021	\$ 5,163,402	\$ 23,811,173	\$ 28,974,575
Investment return			
Investment income	120,616	586,524	707,140
Investment fees	(15,743)	(75,158)	(90,901)
Net depreciation (realized and unrealized)	<u>(931,987)</u>	<u>(4,209,739)</u>	<u>(5,141,726)</u>
Total investment return	(827,114)	(3,698,373)	(4,525,487)
Contributions	360,000	3,425,804	3,785,804
Appropriation of endowment assets for expenditure	<u>(104,141)</u>	<u>(481,419)</u>	<u>(585,560)</u>
	<u>(571,255)</u>	<u>(753,988)</u>	<u>(1,325,243)</u>
Balance, December 31, 2022	<u>\$ 4,592,147</u>	<u>\$ 23,057,185</u>	<u>\$ 27,649,332</u>

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

10. CONTRIBUTED SUPPORT

Operational contributions consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Major gifts	\$ 1,195,310	\$ 1,949,026
Annual fund	1,417,178	1,462,903
Corporate sponsorships	1,373,147	1,270,260
Jungle Party fund an item	1,092,617	866,558
Operating bequests	199,869	831,564
Jungle Party, excluding ticket sales/sponsorships	553,735	414,779
On-grounds contributions	52,622	71,081
ZooParent animal adoptions	<u>30,829</u>	<u>25,002</u>
	<u>\$ 5,915,307</u>	<u>\$ 6,891,173</u>

11. CONTRIBUTIONS COLLECTED ON BEHALF OF OTHER ORGANIZATIONS

The Zoo Society raised \$96,096 and \$126,010 for several non-profit conservation organizations from around the world, including conservation partners in Asia, Hornbill research and AZA groups, during the years ended December 31, 2023 and 2022, respectively. The Zoo Society does not record these contributions or the related expenses in the consolidated statements of activities as these are considered agency transactions.

12. FOUNDATION BEQUEST

The Zoo Society is named as one of five beneficiaries in the Helen Mull Foundation (the "Foundation"), which was fully funded in February 2015 when Helen Mull passed away. The Zoo Society received annual distributions of \$304,389 and \$405,556 during the years ended December 31, 2023 and 2022, respectively, from the Foundation, in accordance with the governing trust document. Annual payments equal to 1% of the net market value of the Foundation's assets as of the first business day of each year will continue for a total of 150 years. After 150 years of existence, (in the year 2165), the Foundation shall be terminated, and its remaining assets will be distributed to the five named organizations (assuming they remain qualified per the trust document). The Foundation's investments were valued at over \$34 million and \$30 million at December 31, 2023 and 2022, respectively.

During her lifetime, Helen Mull contributed annually to support the ongoing care of animals. Given the Zoo Society doesn't have variance power over the funds in the Foundation, the very long-term nature of the Foundation, and the contingency of meeting the trustee's requirements at the time of dissolution as well as other conditions that have not yet been met, the Zoo Society records only the annual value of the calculated contributions when received.



Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

13. EVENTS AND PROMOTIONS

Events and promotions consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
WildLanterns	\$ 2,440,054	\$ 2,193,294
ZooTunes, less direct cost of benefits provided to participants of \$1,519,125 and \$1,248,078	1,143,406	1,006,199
Other fundraising events and promotions, less direct cost of benefits provided to participants of \$394,396 and \$327,863	<u>492,487</u>	<u>457,881</u>
	<u>\$ 4,075,947</u>	<u>\$ 3,657,374</u>

In 2020, the Zoo Society entered into a revenue share arrangement with a vendor who provided lanterns for "WildLanterns". The revenue shown above is the Zoo Society's share of gross receipts per the revenue share arrangement. The gross receipts earned by the lanterns vendor were calculated at \$2,367,980 and \$2,052,377 during the years ended December 31, 2023 and 2022, respectively.

14. CITY PARK DISTRICT

On August 5, 2014, Proposition 1, "Parks for All," was approved by the citizens of Seattle, creating the "Seattle Park District" which is a permanent taxing authority that will support parks and recreation services throughout the city as managed by the Department of Parks and Recreation. The Zoo Society then entered into an agreement with the City of Seattle Department of Parks and Recreation to provide major maintenance and repair projects. The annual process includes providing a new listing of annual projects, referred to as a Capital Asset Management Plan Project Listing, to the Department of Parks and Recreation. The agreement renewal effective in 2022 provides the amount of City Major Maintenance will be escalated each year by the percentage increase in the specified local CPI index for the year ending June 30th.

The the Zoo Society Society received \$1,722,498 and \$2,187,345 as major maintenance support from the City of Seattle during the years ended December 31, 2023 and 2022, respectively.

15. FOOD SERVICE AND RETAIL SUBCONTRACT COMMITMENTS

The Zoo Society hired Levy Restaurants to operate all food and catering services effective January 16, 2019, with a 10-year contract expiring January 15, 2029.

Food commissions received from Levy Restaurants were \$1,358,474 and \$1,178,511 during the years ended December 31, 2023 and 2022, respectively, and are included in enterprise revenue on the consolidated statements of activities. Additionally, Levy provided funds equal to 3% of gross sales that were applied to expenses incurred by the Zoo Society for food service, utilities, marketing, and repairs. Commissions remitted by Levy for these reimbursement funds were \$186,690 and \$154,525 during the years ended December 31, 2023 and 2022, respectively, and are included in other revenue on the consolidated statements of activities.

Woodland Park Zoological Society  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

15. FOOD SERVICE AND RETAIL SUBCONTRACT COMMITMENTS (continued)

The Zoo Society transitioned to an outsourced retail arrangement in 2014 by signing a four-year, nine-month agreement with Event Network effective March 31, 2014. This agreement was renewed in 2018 with a new expiration date of December 31, 2025. Commissions received totaled \$1,031,281 and \$991,172 during the years ended December 31, 2023 and 2022, respectively. An additional percentage of sales was remitted to cover joint marketing efforts, totaling \$15,333 and \$14,844 during the years ended December 31, 2023 and 2022, respectively. Retail revenue is reported in enterprise revenue on the consolidated statements of activities.

16. OPERATIONS AND MANAGEMENT AGREEMENT

As noted previously, the City of Seattle transferred management and financial responsibility for the Zoo to the Zoo Society during the year ended December 31, 2002. The original Operations and Management Agreement was effective March 1, 2002, and expired February 28, 2022. During 2022, the Operations and Management Agreement was renewed with an expiration date of December 31, 2041, with a stated option to extend the agreement for an additional ten-year period. In accordance with this agreement, as well as related agreements, the Zoo Society received City Operations support payments totaling \$8,393,916 and \$7,677,887 during the years ended December 31, 2023 and 2022, respectively, and will continue to receive support payments for the duration of the Operations and Management Agreement.

17. COLLECTIVE BARGAINING AGREEMENT

Approximately one-half of the Zoo Society's typical year-round staffing levels are covered by a unified four-year agreement between the Zoo Society and multiple labor unions. The current contract was approved on March 25, 2022, and expired on December 31, 2023. Negotiations are ongoing between the unions and the Zoo Society on an updated agreement as of the date of the auditor's report.

18. RETIREMENT PLAN

The Zoo Society provides retirement benefits for all Zoo Society employees through a defined contribution plan. Employer contributions are based on a matching formula. The Zoo Society retirement contributions totaled \$1,104,306 and \$873,969 during the years ended December 31, 2023 and 2022, respectively. The Zoo Society also provides a non-qualified, non-matching, deferred compensation plan open to senior management. Deferred compensation plan assets of \$219,157 and \$190,957 are recorded in other assets on the consolidated statements of financial position as of December 31, 2023 and 2022, respectively.

## SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Woodland Park Zoological Society  
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Woodland Park Zoological Society (the "Zoo Society"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 28, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Zoo Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Zoo Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Zoo Society's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Zoo Society's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Zoo Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Zoo Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
San Ramon, California

May 28, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

Board of Directors  
Woodland Park Zoological Society  
Seattle, Washington

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Woodland Park Zoological Society (the "Zoo Society")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Zoo Society's major federal programs for the year ended December 31, 2023. The Zoo Society's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Zoo Society complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Zoo Society and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Zoo Society's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Zoo Society's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Zoo Society's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Zoo Society's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Zoo Society's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Zoo Society's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Zoo Society's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The script is cursive and fluid.

Armanino<sup>LLP</sup>  
San Ramon, California

May 28, 2024



Woodland Park Zoological Society  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Agency for International Aid			
USAID Foreign Assistance for Programs Overseas			
Pass-through program from:			
Cardno Emerging Markets USA, Ltd.	98.001	4752-001-AFA-001	\$ <u>432,038</u>
Total U.S. Agency for International Aid			<u>432,038</u>
Institute of Museum and Library Services			
Direct awards			
Museums for America	45.301		207,933
National Leadership Grants	45.312		<u>23,839</u>
Total Institute of Museum and Library Services			<u>231,772</u>
Fish and Wildlife Service			
Direct awards			
Cooperative Endangered Species Conservation Fund	15.657		448,977
White-Nose Syndrome National Response Implementation	15.684		<u>1,789</u>
Pass-through program from:			
Oregon Parks and Recreation Department	15.615	FY20-E28TW17WPZ	<u>47,547</u>
Total Fish and Wildlife Service			<u>498,313</u>
Total Expenditures of Federal Awards			<u>\$ 1,162,123</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

Woodland Park Zoological Society  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Woodland Park Zoological Society (the "Zoo Society") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Zoo Society, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Zoo Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to not use the 10% de minimis indirect cost rate for federal awards.

Woodland Park Zoological Society  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
Endangered Species Conservation Recovery Implementation Funds	15.657
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Woodland Park Zoological Society  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2023

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Woodland Park Zoological Society  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2023

There were no prior year findings.