



Reid Park Zoological Society and Reid Park Zoo Foundation
Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

Reid Park Zoological Society and Reid Park Zoo Foundation

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Independent Auditor's Report

The Board of Directors
Reid Park Zoological Society and Reid Park Zoo Foundation

Report on Audit of Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Reid Park Zoological Society and Reid Park Zoo Foundation (RPZS and Foundation), which comprise the consolidated statement of financial position as of June 30, 2024 and 2023, 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 Reid Park Zoological Society and Reid Park Zoo Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Reid Park Zoological Society and Reid Park Zoo Foundation and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the RPZS and Foundation's ability to continue as a going concern within one year after the date that the consolidated 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted 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 the RPZS and Foundation'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 the RPZS and Foundation'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 supplementary information as identified in the table of contents 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
November 25, 2024

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidated Statements of Financial Position
June 30, 2024 and 2023**

<u>Assets</u>	2024	2023
Cash and cash equivalents	\$ 4,275,134	\$ 5,546,194
Investments	17,967,991	14,006,168
Pledges receivable, net	599,744	947,893
Other receivables	468,689	443,820
Prepaid expenses and deposits	27,001	29,033
Inventory	3,977	4,189
Operating lease right-of-use assets	4,131	901
Beneficial interests in trusts	7,261,241	6,165,488
Property and equipment, net	436,560	410,832
Total assets	\$ 31,044,468	\$ 27,554,518
<u>Liabilities</u>		
Accounts payable	\$ 251,657	\$ 101,493
Accrued expenses	430,149	366,846
Deferred revenue	902,657	809,245
Operating lease liability	4,131	901
Property to be reconveyed to City of Tucson	301,413	330,247
Total liabilities	1,890,007	1,608,732
<u>Net assets</u>		
Without donor restrictions:		
Undesignated	3,449,938	3,801,769
Designated by the Board	13,158,400	10,138,269
Invested in property and equipment	135,147	80,585
Total net assets without donor restrictions	16,743,485	14,020,623
With donor restrictions:		
Time restricted for future periods	66,000	67,740
Purpose restricted	4,943,688	5,551,888
Perpetual in nature	7,401,288	6,305,535
Total net assets with donor restrictions	12,410,976	11,925,163
Total net assets	29,154,461	25,945,786
Total liabilities and net assets	\$ 31,044,468	\$ 27,554,518

See accompanying notes to financial statements.

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2024**

Public support and revenue:	Without Donor Restrictions	With Donor Restrictions	Total
General admission	\$ 2,242,666	\$	\$ 2,242,666
Management fee from City of Tucson		4,600,000	4,600,000
Contributions	452,162	1,078,532	1,530,694
Bequests	524,807		524,807
Grants		51,500	51,500
Special events	1,171,426		1,171,426
Membership fees	1,119,119		1,119,119
Education program fees	154,827		154,827
Visitor service amenities	348,891		348,891
Vendor commission	626,661		626,661
Zoo rental income	702,871		702,871
Investment income (loss)	1,192,882	12,462	1,205,344
Other income	143,380		143,380
Bad debt recovery and change in provision for uncollectible pledges	36,991		36,991
Change in assets to be reconveyed to City of Tucson	28,834		28,834
Change in value of beneficial interest in trusts		1,095,753	1,095,753
Net assets released from restrictions	6,352,434	(6,352,434)	
Total public support and revenue	<u>15,097,951</u>	<u>485,813</u>	<u>15,583,764</u>
 Expenses:			
Program services	10,453,357		10,453,357
General and administrative	833,600		833,600
Fundraising	1,043,676		1,043,676
Cost of direct benefits to donors	44,456		44,456
Total expenses	<u>12,375,089</u>	<u></u>	<u>12,375,089</u>
 Change in net assets	 2,722,862	 485,813	 3,208,675
 Net assets, beginning of year	 <u>14,020,623</u>	 <u>11,925,163</u>	 <u>25,945,786</u>
Net assets, end of year	<u>\$ 16,743,485</u>	<u>\$ 12,410,976</u>	<u>\$ 29,154,461</u>

See accompanying notes to financial statements.

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2023**

Public support and revenue:	Without Donor Restrictions	With Donor Restrictions	Total
General admission	\$ 2,007,254	\$	\$ 2,007,254
Management fee from City of Tucson		4,433,625	4,433,625
Contributions	454,021	1,266,151	1,720,172
Bequests	12,000		12,000
Grants		37,500	37,500
Special events	1,095,718	19,900	1,115,618
Membership fees	1,094,213		1,094,213
Education program fees	154,027		154,027
Visitor service amenities	449,129		449,129
Vendor commission	533,652		533,652
Zoo rental income	322,604		322,604
Investment income (loss)	419,401	10,624	430,025
Other income	89,387		89,387
Bad debt recovery and change in provision for uncollectible pledges	2,787		2,787
Change in assets to be reconveyed to City of Tucson	22,205		22,205
Change in value of beneficial interest in trusts		78,338	78,338
Net assets released from restrictions	4,689,574	(4,689,574)	
Total public support and revenue	<u>11,345,972</u>	<u>1,156,564</u>	<u>12,502,536</u>
 Expenses:			
Program services	8,176,750		8,176,750
General and administrative	666,098		666,098
Fundraising	432,351		432,351
Cost of direct benefits to donors	28,435		28,435
Total expenses	<u>9,303,634</u>		<u>9,303,634</u>
 Change in net assets	 2,042,338	 1,156,564	 3,198,902
 Net assets, beginning of year	 <u>11,978,285</u>	 <u>10,768,599</u>	 <u>22,746,884</u>
 Net assets, end of year	 <u>\$ 14,020,623</u>	 <u>\$ 11,925,163</u>	 <u>\$ 25,945,786</u>

See accompanying notes to financial statements.

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024**

	Supporting Services			Cost of Direct Benefits to Donors	Total
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 4,312,898	\$ 397,046	\$ 374,587	\$	\$ 5,084,531
Employee-related expenses	996,575	80,042	72,288		1,148,905
Total payroll expenses	<u>5,309,473</u>	<u>477,088</u>	<u>446,875</u>		<u>6,233,436</u>
Animal acquisitions	54,445				54,445
Depreciation	124,836				124,836
Dues	64,637	42,236	5,155		112,028
Education and conservation programs	144,150		4,815		148,965
Insurance	74,243	32,080			106,323
Marketing and communication	292,797	80	6,985		299,862
Miscellaneous	1,646	7,301	3,021		11,968
Printing and postage	162,895	17,133	9,867		189,895
Professional fees	554,896	106,053	14,496		675,445
Reid Park Zoo direct support	1,359,000				1,359,000
Repairs and maintenance	471,086	98,082			569,168
Supplies	1,620,802	23,526	50,864		1,695,192
Travel, meetings and meals	121,041	27,890	3,122	8,432	160,485
Zoocson auction expenses				27,555	27,555
Zoo rental expenses	97,410	2,131	498,476	8,469	606,486
Total expenses	<u>\$ 10,453,357</u>	<u>\$ 833,600</u>	<u>\$ 1,043,676</u>	<u>\$ 44,456</u>	<u>\$ 12,375,089</u>

See accompanying notes to financial statements.

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023**

	Supporting Services				Total
	Program Services	General and Administrative	Fundraising	Cost of Direct Benefits to Donors	
Salaries and wages	\$ 3,838,436	\$ 369,495	\$ 331,105	\$	\$ 4,539,036
Employee-related expenses	<u>899,228</u>	<u>71,409</u>	<u>62,765</u>	<u></u>	<u>1,033,402</u>
Total payroll expenses	4,737,664	440,904	393,870		5,572,438
Animal acquisitions	29,341				29,341
Depreciation	143,541	1,833			145,374
Dues	51,412	34,843	2,717		88,972
Education and conservation programs	121,250				121,250
Insurance	51,468	40,254			91,722
Marketing and communication	276,269	80			276,349
Miscellaneous	3,285	767	84		4,136
Printing and postage	116,601	13,992	2,036		132,629
Professional fees	465,226	29,500			494,726
Repairs and maintenance	160,875	65,200	11		226,086
Supplies	1,507,690	21,004	8,567		1,537,261
Travel, meetings and meals	55,140	11,718	6,229	9,883	82,970
Zoocson auction expenses				9,437	9,437
Temporary exhibits	175,000				175,000
Zoo rental expenses	<u>281,988</u>	<u>6,003</u>	<u>18,837</u>	<u>9,115</u>	<u>315,943</u>
Total expenses	<u>\$ 8,176,750</u>	<u>\$ 666,098</u>	<u>\$ 432,351</u>	<u>\$ 28,435</u>	<u>\$ 9,303,634</u>

See accompanying notes to financial statements.

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 3,208,675	\$ 3,198,902
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Unrealized (gains) losses on investments	(329,050)	(261,120)
Realized (gains) losses on investments	(121,380)	(191,919)
Donated investments	(230,550)	(49,931)
Provision for change in present value of pledges receivable	16,227	(4,886)
Provision for change in present value of beneficial interests in trusts	(1,095,753)	(78,338)
Change in allowance for uncollectible pledges	(36,991)	(2,787)
Depreciation	124,836	145,374
Change in assets and liabilities		
Other receivables	(24,869)	(18,717)
Inventory	212	433
Prepaid expenses and deposits	2,032	50,124
Operating lease right-of-use assets	(3,230)	3,292
Accounts payable	150,164	(66,572)
Accrued expenses	63,303	31,020
Deferred revenue	93,412	(21,994)
Operating lease liability	3,230	(3,292)
Property to be reconveyed to City of Tucson	(28,834)	(22,205)
Proceeds from sales of donated investments	220,415	49,931
Less contributions restricted for long-term purposes	(814,805)	(1,087,390)
Net cash provided by (used for) operating activities	1,197,044	1,669,925
Cash flows from investing activities:		
Purchases of property and equipment	(150,565)	(125,188)
Purchases of investments	(11,952,724)	(14,122,513)
Sales of investments	8,451,467	3,784,639
Net cash provided by (used for) investing activities	(3,651,822)	(10,463,062)
Cash flows from financing activities:		
Collection of long-term pledges receivable and other contributions for long-term purposes	1,183,718	1,115,258
Net increase (decrease) in cash and cash equivalents	(1,271,060)	(7,677,879)
Cash and cash equivalents, beginning of year	5,546,194	13,224,073
Cash and cash equivalents, end of year	\$ 4,275,134	\$ 5,546,194
Supplemental disclosure of cash flow information		
Cash paid for amounts in the measurement of lease liabilities	\$ 1,230	\$ 3,409
Noncash investing and financing activity		
Right-of-use assets obtained through operating leases	\$ 4,311	

See accompanying notes to financial statements.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Reid Park Zoological Society (RPZS) is a nonprofit organization, incorporated in Arizona in 1976. With the mission to create inspiring memories for all by connecting people and animals to ensure the protection of wild animals and wild places, RPZS provides quality service and support to Reid Park Zoo and the community through education, public awareness, financial support, and services. RPZS operates the City of Tucson-owned Reid Park Zoo, under a management contract with the City of Tucson.

During the year ended June 30, 2019, RPZS established the Reid Park Zoo Foundation (Foundation), which was created as a supporting organization for RPZS. The mission of the Foundation is to leave a legacy for the future enhancement of Reid Park Zoo and conservation of wild animals and wild places throughout the world. The Foundation received approval of its 501(c)3 tax exempt status in February 2020 from the IRS. RPZS began transferring assets to the Foundation during the year ended June 30, 2021, and the Foundation's financial statements are consolidated into the Organization's statements.

Consolidation

The consolidated financial statements include the accounts of RPZS and the Foundation. All significant interorganization accounts and transactions have been eliminated in consolidation. RPZS and the Foundation are collectively referred to as "the Organization".

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Governing Board has designated, from net assets without donor restrictions, net assets for various programs, an operating reserve, and board designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit and money market accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Organization's deposits was \$4,270,582 and the bank balance was \$1,458,088. At year end, \$926,713 of the Organization's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

Revenue Recognition

Contributions, bequests, and grants. The Organization recognizes contributions, bequests, and grants when cash, securities or other assets, an unconditional promise to give, or 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 Organization did not have any conditional promises to give at June 30, 2024.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Management fees. The Organization and the City of Tucson annually agree to a management fee for the upcoming year to operate the Reid Park Zoo. The Organization recognizes the management fee ratably on a monthly basis. Any outstanding fees not received at year end are recorded as receivable.

Education program fees. Fees collected in advance for educational activities and programs are deferred to the applicable period in which the related services are performed.

General admission. Admission ticket sales are recognized at the time that the tickets are sold.

Zoo rental income. Revenue generated by using the Organization's property and facilities is subject to performance obligations satisfied when the rental service is provided.

Membership fees. Management has determined that revenue from membership fees are subject to performance obligations that are satisfied ratably over the life of the contract. The contract terms are for one to three years and, as such, there are outstanding performance obligations for membership dues.

Vendor commission. Revenue generated by the vendor commission is based on a percentage of gross sales of the gift shop and restaurant located inside the zoo and operated by outside vendors and are recognized monthly.

Visitor service amenities. Consists of proceeds from giraffe feedings, train rides, carousel rides and zoo key sales and is recognized at the time of the sale.

Special events. Revenue is generated from multiple ticketed events (such as Zoo Lights) and also annual fundraising events. Payment for these services is due in advance of guest admission or fundraiser attendance. The revenue is recognized when the performance obligation of the point in time that the event occurs.

Pledges Receivable

Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on pledges receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their obligations. It is the Organizations' policy to charge off uncollectible pledges receivable when management determines the receivable will not be collected.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Other Receivables

Other receivables consist of management fees due from the City of Tucson, vendor commissions receivable, and credit card payments in transit. Other receivables are reported at amounts the Organization expects to receive or has received subsequent to year end. Management believes all other receivables are fully collectible and accordingly has recorded no valuation allowance.

Inventories

Gift shop inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$5,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense for the years ended June 30, 2024 and 2023 was \$124,836 and \$145,374.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Beneficial Interests in Trusts

The Organization is a beneficiary in two charitable remainder trusts. Upon termination of the trusts, the Organization has an irrevocable right to receive a portion of the remaining assets. The trusts' assets are held and invested by an independent trustee and are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

Leases

The Organization determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months. Lease assets and obligations are recognized based on future lease payments, discounted by the incremental borrowing rate for the Organization's operating leases and the rate implicit in the lease for finance leases.

Operating lease right-of-use assets (ROU) include adjustments related to lease payments made and lease incentives received at or before the commencement date. The assets resulting from operating leases are included in right-of-use assets and the related liabilities are included in operating leases payable on the statement of financial position. Finance lease assets are included in property and equipment, net, and the related liabilities are included in finance leases payable on the statement of financial position.

Operating lease expense is recognized on a straight-line basis over the lease term. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended June 30, 2024, the Organization received donated services from approximately 343 unpaid volunteers, totaling approximately 23,239 hours, primarily to provide docent services and assistance during fundraising activities. As the receipt of these services did not meet the requirement for recognition, their value has not been recognized in the statement of activities.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and benefits, which are allocated based on time and effort.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$296,697 and \$273,516 for the years ended June 30, 2024 and 2023.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A). RPZS has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation has been classified as a supporting organization under Section 509(a)(3). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management's Review

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 25, 2024, which is the date the consolidated financial statements were available to be issued.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 2 – Liquidity and Availability

The following represents the Organization’s financial assets at fiscal year end:

Financial assets at year end:	2024	2023
Cash and cash equivalents	\$ 4,275,134	\$ 5,546,194
Investments	17,967,991	14,006,168
Pledges receivable	599,744	947,893
Other receivables	468,689	443,820
Beneficial interest in charitable remainder trusts	7,261,241	6,165,488
Total financial assets	30,572,799	27,109,563
Less amounts not available to be used within one year:		
Net assets with donor restrictions	12,410,976	11,925,163
Board designated net assets	13,158,400	10,138,269
Less: Board designated operating reserve	(4,870,551)	(4,870,551)
Financial assets available to meet general expenditures over the next twelve months	\$ 9,873,974	\$ 9,916,682

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds. The Board has established an operating reserve fund whose assets come from the surplus of funds without donor restrictions, undesignated legacies, bequests and memorials, and other sources the Executive Committee may deem to be appropriate. The target goal of the operating reserve fund is to achieve and maintain six months of operating expenditures. In addition, the Board has established other designated funds according to Board Policy. Appropriation of these designated funds is subject to Board approval. Although the Organization does not intend to spend from the designated funds, amounts could be made available if necessary. The beneficial interest in charitable remainder trusts is not available for general expenditures at this time and is reduced from financial assets available, through net assets with donor restrictions.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
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Note 3 – Investments and Fair Value Measurements

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Organization’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1: Quoted prices in active markets for identical investments.
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

Year ended June 30, 2024	Hierarchy Level	Fair Value
Cash and cash equivalents		
Money market funds	Level 1	\$ 218,930
Investments		
Fixed income investments	Level 1	1,786,034
Certificates of deposit	Level 2	13,813,838
Equities	Level 1	2,361,318
Other	Level 2	6,801
Beneficial Interests in Trusts	Level 3	7,261,241
Total assets		<u>\$ 25,448,162</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 3 – Investments and Fair Value Measurements

Year ended June 30, 2023	Hierarchy Level	Fair Value
Cash and cash equivalents		
Money market funds	Level 1	\$ 2,529,025
Investments		
Fixed income investments	Level 1	1,411,383
Certificates of deposit	Level 2	10,542,340
Equities	Level 1	2,052,445
Beneficial Interests in Trusts	Level 3	6,165,488
Total assets		<u>\$ 22,700,681</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Investments – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Beneficial interests in trusts – Fair value for the beneficial interests in trusts is determined based on calculating the present value of the future distributions expected to be received, using a 2.6 percent discount rate. The Organization remeasures the fair value of its beneficial interest annually and adjusts the measurement inputs based on relevant data.

Assets measured on a recurring basis using Level 3 inputs comprise the Organizations’ beneficial interest in two charitable remainder trusts. The beneficial interest is reported at the present value of the expected future cash flows, which management believes approximates fair value. Activity in assets reported at fair value on a recurring basis with fair values measured using Level 3 inputs was as follows:

	2024	2023
Beginning of year	\$ 6,165,488	\$ 6,087,150
Change in provision for discount to present value	1,095,753	78,338
End of year	<u>\$ 7,261,241</u>	<u>\$ 6,165,488</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 4 – Pledges Receivable

Unconditional pledges receivable consist of the following:

	<u>2024</u>	<u>2023</u>
Pledges receivable before unamortized discount	\$ 744,380	\$1,113,293
Less: Unamortized discount	<u>(70,298)</u>	<u>(54,071)</u>
Total	674,082	1,059,222
Less: Allowance for uncollectibles	<u>(74,338)</u>	<u>(111,329)</u>
Net contributions receivable	<u>\$ 599,744</u>	<u>\$ 947,893</u>
Amounts due in:		
Less than one year	\$ 251,850	\$ 698,400
One to five years	452,530	414,893
More than five years	40,000	
Total	<u>\$ 744,380</u>	<u>\$ 1,113,293</u>

The discount rate used to determine the present value of pledges receivable is commensurate with the risks involved and was five percent. At June 30, 2024, two donors accounted for 40 percent and 34 percent of total pledges receivable, respectively. The entire balance of pledges receivable is restricted for capital improvements, including master plan phases one and two.

Note 5 – Other Receivables

Other receivables consisted of the following for the fiscal years:

	<u>2024</u>	<u>2023</u>
City of Tucson Zoo management fees	\$ 383,333	\$ 369,469
Event rentals	6,090	8,900
Credit card sales in transit	48,705	32,862
Vendor commissions	30,561	32,589
Total	<u>\$ 468,689</u>	<u>\$ 443,820</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 6 –Contract Liabilities

Contract liabilities are reported as deferred revenue in the consolidated statements of financial position. The beginning and ending balances for deferred revenue were as follows:

	Deferred Revenue
July 1, 2023	\$ 831,239
June 30, 2023	809,245
June 30, 2024	902,657

Deferred revenue consisted of the following at June 30, 2024 and 2023:

	2024	2023
Unearned membership revenue	\$ 862,189	\$ 770,203
Unredeemed gift cards	35,968	32,042
Deposits on future events	4,500	7,000
	<u>\$ 902,657</u>	<u>\$ 809,245</u>

Note 7 – Property and Equipment

Property and equipment consist of the following.

	2024	2023
Buildings and improvements	\$ 8,805	\$ 8,805
Vehicles, furniture, and equipment	1,241,023	1,090,458
Total property and equipment	1,249,828	1,099,263
Less: Accumulated depreciation and amortization	(813,268)	(688,431)
Net property and equipment	<u>\$ 436,560</u>	<u>\$ 410,832</u>

Note 8 – Beneficial Interests in Trusts

The Organization is notified from time to time that they have been named as a beneficiary in various wills and similar legal designations that are revocable or otherwise able to be modified by the potential donor. Because such planned giving agreements may be changed without notice by the donors, the Organization does not recognize these potential future cash flows until such time as the instruments become irrevocable and the amount to be received can be reasonably estimated.

During the year ended June 30, 2020, two previously revocable trusts for which the Organization was listed as a beneficiary became irrevocable. According to the trust documents, the primary beneficiary (an individual unrelated to the Organization) will receive regular distributions from the income generated by trust assets throughout the duration of their life.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 8 – Beneficial Interests in Trusts

The distributions from the first charitable remainder trust to the primary beneficiary in any one year are limited to a fixed percentage of the fair value of trust assets at the previous year end or the income generated by trust assets in the previous year, whichever is less. Any income of the trust in excess of distributions to the primary beneficiary is to be added to principal. After such obligations are fulfilled, the remaining assets held in the trust will be distributed in equal shares to the several charitable organizations named in the agreement, to be held by each organization as a permanent endowment.

Distributions from the second charitable remainder trust to the primary beneficiary consist of all income earned on trust assets. The primary beneficiary is not entitled to any of the principal of the assets held in the trust.

During the year ended June 30, 2024, the Organization was notified that the primary beneficiary of the trusts passed away; however, as of year end, the trusts were still in the process of closing and have not yet terminated.

The Organization records a beneficial interest in the trusts and recognizes contribution revenue with donor restrictions perpetual in nature. The amount recognized is the estimated fair value of its beneficial interest, which was determined based on the Organization' share of the present value of assets held in the trusts as of the date they became irrevocable, following IRS guidelines and factor tables for calculating the present value of a remainder. The interest rate used to calculate the present value was 2.6%, the IRS §7520 interest rate for the month in which the trusts became irrevocable. Activity during the years ended June 30, 2024 and June 30, 2023 consists of a change in the discount to present value on the beneficial interests in the trusts. Present value of the beneficial interests in the trusts was as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Share of value of assets in the trusts at the date when the trusts became irrevocable	\$ 7,643,734	\$ 7,643,734
Less discount to present value at 2.6%	<u>(382,493)</u>	<u>(1,478,246)</u>
Present value of beneficial interests in trusts	<u>\$ 7,261,241</u>	<u>\$ 6,165,488</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 9 – Property to be Reconveyed to City of Tucson

Effective July 1, 2018, RPZS entered into an expanded partnership with the City of Tucson (City) under a management agreement to operate and manage all day-to-day activities of Reid Park Zoo. At the inception of the agreement, various assets used by the City to operate the Reid Park Zoo were transferred to RPZS for its use in executing its responsibilities under the agreement. The agreement is for a period of 10 years, with an option to extend for an additional 10 years.

The terms of the agreement stipulate that all assets, including equipment, furniture, fixtures, supplies, inventory, zoo vehicles, zoo animals, zoo contracts, permits, intellectual property, and other tangible and intangible personal property transferred from the City to RPZS, as well as any new personal property acquired subsequent to the inception of the agreement that are paid for using City funds, are subject to the reversion and reconveyance to the City on the date of expiration or termination of this agreement.

Property to be reconveyed to the City were as follows:

	Fair value at date of transfer/cost of acquisition	Accumulated depreciation and equipment expense	Net book value
Year ended June 30, 2024			
Property transferred from City of Tucson:			
Capitalized property and equipment			
Vehicles	\$ 5,575	\$ (5,575)	\$
Furniture and equipment	514,249	(343,180)	171,069
Property under capitalization threshold	25,982	(25,982)	
Total property transferred	545,806	(374,737)	171,069
Property purchased with City of Tucson funds:			
Capitalized furniture and equipment	403,645	(273,301)	130,344
Property under capitalization threshold	34,269	(34,269)	
Total property purchased	437,914	(307,570)	130,344
Total property to be reconveyed to the City of Tucson	\$ 983,720	\$ (682,307)	\$ 301,413

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 9 – Property to be Reconveyed to City of Tucson

	Fair value at date of transfer/cost of acquisition	Accumulated depreciation and equipment expense	Net book value
Year ended June 30, 2023			
Property transferred from City of Tucson:			
Capitalized property and equipment			
Vehicles	\$ 5,575	\$ (5,018)	\$ 557
Furniture and equipment	514,249	(301,917)	212,332
Property under capitalization threshold	25,982	(25,982)	
Total property transferred	<u>545,806</u>	<u>(332,917)</u>	<u>212,889</u>
Property purchased with City of Tucson funds:			
Capitalized furniture and equipment	342,924	(225,566)	117,358
Property under capitalization threshold	34,269	(34,269)	
Total property purchased	<u>377,193</u>	<u>(259,835)</u>	<u>117,358</u>
Total property to be reconveyed to the City of Tucson	<u>\$ 922,999</u>	<u>\$ (592,752)</u>	<u>\$ 330,247</u>

Note 10 – Endowments

The Organization’s endowments consist of a donor-restricted endowment and a board-designated quasi endowment. As required by generally accepted accounting principles, net assets associated with endowment funds (including funds designated by the Board of Directors to function as endowments) are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State of Arizona’s version of the Uniform Prudent Management of Institutional Funds Act (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 Organization retains in perpetuity (a) the original value of initial and subsequent gifts 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 expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 10 – Endowments

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purpose of the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the organization
- g. The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of year end:

	Without Donor Restriction	With Donor Restriction	Total
Year Ended June 30, 2024			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$	\$ 7,401,288	\$ 7,401,288
Accumulated investment gains		36,845	36,845
Board-designated endowment funds	782,332		782,332
Total funds	<u>\$ 782,332</u>	<u>\$ 7,438,133</u>	<u>\$ 8,220,465</u>
Year Ended June 30, 2023			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$	\$ 6,305,535	\$ 6,305,535
Accumulated investment gains		24,383	24,383
Board-designated endowment funds	412,205		412,205
Total funds	<u>\$ 412,205</u>	<u>\$ 6,329,918</u>	<u>\$ 6,742,123</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 10 – Endowments

Investment Return Objectives, Risk Parameters and Strategies

Endowment assets may include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The Organization's endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. To satisfy its long-term rate-of-return objectives, the Organization relies on a strategy in which investments in equity and debt securities are diversified to protect against volatility in the market and achieve long-term growth. Of the \$7,401,288 of donor restricted endowment funds required to be maintained in perpetuity, \$7,261,241 is in irrevocable charitable remainder trusts, and therefore the investments are not currently under control of the Organization.

Spending Policy

The Organization has a donor-restricted endowment and a board-designated quasi endowment fund. Funds related to the board-designated quasi endowment fund are available for spending based on a vote of the Board of Directors. The earnings on the donor-restricted fund are restricted under the Act until appropriated by the Board of Directors, although the Board has expressed its intent not to make any withdrawals from earnings until the corpus has reached \$5.0 million.

Changes in Endowment Net Assets as of year end:

	Without Donor Restriction	With Donor Restriction		Total
	Board designated quasi- endowment	Restricted for purpose	Restricted in perpetuity	
Endowment net assets, June 30, 2022	\$ 366,681	\$ 13,759	\$ 6,227,197	\$ 6,607,637
Contributions	12,000			12,000
Investment return, net	37,135	10,624		47,759
Change in value of beneficial interest in trusts			78,338	78,338
Administrative expenses	(3,611)			(3,611)
Endowment net assets, June 30, 2023	412,205	24,383	6,305,535	6,742,123
Contributions	291,048			291,048
Investment return, net	79,079	12,462		91,541
Change in value of beneficial interest in trusts			1,095,753	1,095,753
Endowment net assets, June 30, 2024	<u>\$ 782,332</u>	<u>\$ 36,845</u>	<u>\$ 7,401,288</u>	<u>\$ 8,220,465</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 11 – Net Assets

The Board may designate net assets without donor restriction for use in future periods, for specific purposes or projects, or may invest the funds in order to provide for long-term returns to support the operations of the organization, similar to an endowment established by a donor. These designations may be amended or rescinded in the future by approval of the Board of Directors.

Net assets without donor restrictions that have been designated by the Board of Directors to function as an endowment or for a specific purpose consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Board designated quasi-endowment	\$ 782,332	\$ 412,205
Operating reserve	4,870,551	4,870,551
Construction reserve	3,569,333	1,283,044
Seed fund	500,000	500,000
Special projects fund	3,436,184	3,072,469
Total	<u>\$ 13,158,400</u>	<u>\$ 10,138,269</u>

Net assets with donor restrictions were as follows:

	<u>2024</u>	<u>2023</u>
Passage of time – future periods	\$ 66,000	\$ 67,740
Subject to purpose restrictions		
Education and conservation	120,976	125,270
Health center	355,544	355,544
Hippo capital campaign	530,073	529,981
Master plan phase one	3,266,799	3,811,582
Master plan phase two	60,192	59,958
Meerkat and otter expansion		1,728
Sloth habitat	16,465	69,000
Zoo projects and enrichment	<u>556,794</u>	<u>574,442</u>
Endowments		
Accumulated earnings subject to appropriation	36,845	24,383
Perpetual in nature	<u>7,401,288</u>	<u>6,305,535</u>
Total	<u>\$ 12,410,976</u>	<u>\$ 11,925,163</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 11 – Net Assets

Net assets with donor restrictions activity were as follows:

Year Ended June 30, 2024	<u>Contributions</u>	<u>Investment return, net</u>	<u>Change in value of pledges receivable</u>	<u>Change in value of beneficial interest in trusts</u>	<u>Releases</u>
Passage of Time:					
Restricted for future periods	\$ 66,000	\$	\$	\$	\$ (67,740)
Specific Purpose:					
City of Tucson management fees	4,600,000				(4,600,000)
Education and conservation	145,045				(149,339)
Hippo capital campaign			92		
Master plan phase one	795,755		(16,503)		(1,324,035)
Master plan phase two	50		184		
Meerkat and otter expansion					(1,728)
Sloth habitat	19,000				(71,535)
Zoo projects and enrichment	120,409				(138,057)
Total purpose restrictions	<u>5,680,259</u>		<u>(16,227)</u>		<u>(6,284,694)</u>
Endowments:					
Accumulated earnings subject to appropriation and expenditure		12,462			
Restricted in perpetuity				1,095,753	
Total Endowments		<u>12,462</u>		<u>1,095,753</u>	
Total Donor Restrictions	<u>\$ 5,746,259</u>	<u>\$ 12,462</u>	<u>\$ (16,227)</u>	<u>\$ 1,095,753</u>	<u>\$ (6,352,434)</u>

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 11 – Net Assets

Year Ended June 30, 2023	<u>Contributions</u>	<u>Investment return, net</u>	<u>Change in value of pledges receivable</u>	<u>Change in value of beneficial interest in trusts</u>	<u>Releases</u>
Passage of Time:					
Restricted for future periods	\$ 67,740	\$	\$	\$	\$ (58,000)
Specific Purpose:					
City of Tucson management fees	4,433,625				(4,433,625)
Education and conservation	111,042				(116,325)
Hippo capital campaign			4,682		
Master plan phase one	1,049,390				(17,101)
Master plan phase two			204		
Meerkat and other expansion					(1,637)
Sloth habitat	38,000				
Zoo projects and enrichment	52,493				(62,886)
Total purpose restrictions	<u>5,684,550</u>		<u>4,886</u>		<u>(4,631,574)</u>
Endowments:					
Accumulated earnings subject to appropriation and expenditure		10,624			
Restricted in perpetuity				78,338	
Total Endowments		<u>10,624</u>		<u>78,338</u>	
Total Donor Restrictions	<u>\$ 5,752,290</u>	<u>\$ 10,624</u>	<u>\$ 4,886</u>	<u>\$ 78,338</u>	<u>\$ (4,689,574)</u>

Note 12– Leases

The Organization leases a postage meter under a noncancelable operating lease which expires in March 2029. The lease payments are due on a monthly basis and do not include variable lease expense. Total operating lease expense with terms of 12 months or more – recognized straight-line over the term of the lease were \$1,230 and \$3,409 for the fiscal years ended June 30, 2024 and 2023, respectively.

The Organization has not included the possibility of early termination in the calculation of the right-of-use asset and lease liabilities since the Organization does not intend to terminate the lease before the expiration of the term. The Organization has also determined that there were no nonlease components to be allocated to the lease. In determining the value of the right-of-use asset and lease liabilities, future lease payments were discounted applying the discount rate of 5%. The Organization considers the discount rate to be an appropriate measure of the interest cost to obtain financing for the purchase of the leased property.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 12 – Leases

The following table provides a schedule of future lease payments and other supplemental information for the Organization’s operating leases as of year end:

Year End:		
2025	\$	935
2026		935
2027		935
2028		936
2029		936
Total minimum lease payments		4,677
Less: Discount to present value		(546)
Present value of lease liabilities	\$	4,131
Weighted average remaining lease term		60 months
Weighted average discount rate		5.00%

The \$901 present value of lease liabilities at June 30, 2023 consisted of future minimum lease payments of \$996 less a discount to present value of \$95.

Note 13 – Concentrations

The Organization receives approximately 35 percent of its revenue and 32 percent of receivables from the City of Tucson.

In addition, two donor pledges comprise 24 and 21 percent of total receivables.

Note 14 – Employee Benefit Plans

RPZS has a 401(k) retirement plan (Plan) for all employees who meet eligibility requirements. Employees are 100% vested in employer contributions at all times. The Plan provides for a safe harbor matching contribution equal to 100% of employees’ elective contributions that do not exceed 4% of the employees’ compensation. Retirement expenses for the years ended June 30, 2024 and 2023 was \$106,032 and \$102,438, respectively.

Reid Park Zoological Society and Reid Park Zoo Foundation
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Note 15 – Related Party Transactions

Related party transactions with the City of Tucson for the year ended June 30, 2024 consisted of contributions to the City of \$1,359,000 for the construction of a new sloth habitat, World of Play playground, and the expansion project, Pathway to Asia. There were no related party transactions during the year ended June 30, 2023.

Supplementary Information

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidating Statement of Financial Position
June 30, 2024**

Assets	Reid Park Zoological Society	Reid Park Zoo Foundation	Eliminations	Total
Cash and cash equivalents	\$ 4,032,061	\$ 243,073	\$	\$ 4,275,134
Investments	12,758,530	5,209,461		17,967,991
Due from Society		223,488	(223,488)	
Pledges receivable, net	599,744			599,744
Other receivables	468,689			468,689
Prepaid expenses and deposits	27,001			27,001
Inventory	3,977			3,977
Operating lease right-of-use assets	4,131			4,131
Beneficial interests in trusts	7,261,241			7,261,241
Property and equipment, net	436,560			436,560
Total assets	<u>\$ 25,591,934</u>	<u>\$ 5,676,022</u>	<u>\$ (223,488)</u>	<u>\$ 31,044,468</u>
 Liabilities				
Accounts payable	\$ 251,657	\$	\$	\$ 251,657
Accrued expenses	430,149			430,149
Due to Foundation	223,488		(223,488)	
Deferred revenue	902,657			902,657
Operating lease liability	4,131			4,131
Property to be reconveyed to City of Tucson	301,413			301,413
Total liabilities	<u>2,113,495</u>	<u></u>	<u>(223,488)</u>	<u>1,890,007</u>
 Net assets				
Without donor restrictions:				
Undesignated	3,128,692	321,246		3,449,938
Designated by the Board	8,439,884	4,718,516		13,158,400
Invested in property and equipment	135,147			135,147
Total net assets without donor restrictions	<u>11,703,723</u>	<u>5,039,762</u>	<u></u>	<u>16,743,485</u>
With donor restrictions:				
Time restricted for future periods	66,000			66,000
Purpose restricted	4,447,475	496,213		4,943,688
Perpetual in nature	7,261,241	140,047		7,401,288
Total net assets with donor restrictions	<u>11,774,716</u>	<u>636,260</u>	<u></u>	<u>12,410,976</u>
Total net assets	<u>23,478,439</u>	<u>5,676,022</u>	<u></u>	<u>29,154,461</u>
Total liabilities and net assets	<u>\$ 25,591,934</u>	<u>\$ 5,676,022</u>	<u>\$ (223,488)</u>	<u>\$ 31,044,468</u>

**Reid Park Zoological Society and
Reid Park Zoo Foundation
Consolidating Statement of Activities
For the Year Ended June 30, 2024**

	Reid Park Zoological Society	Reid Park Zoo Foundation	Eliminations	Total
Net Assets without donor restrictions:				
Public support and revenues				
General admission	\$ 2,242,666	\$	\$	\$ 2,242,666
Contributions	451,673	489		452,162
Bequests	301,319	223,488		524,807
In-kind revenue		8,420	(8,420)	
Special events	1,171,426			1,171,426
Membership fees	1,119,119			1,119,119
Education program fees	154,827			154,827
Visitor service amenities	348,891			348,891
Vendor commission	626,661			626,661
Zoo rental income	702,871			702,871
Investment income (loss)	719,422	473,460		1,192,882
Other income	143,380			143,380
Bad debt recovery and change in provision for uncollectible pledges	36,991			36,991
Change in assets to be reconveyed to City of Tucson	28,834			28,834
Net assets released from restrictions	6,352,434	125,719	(125,719)	6,352,434
Total public support and revenue	<u>14,400,514</u>	<u>831,576</u>	<u>(134,139)</u>	<u>15,097,951</u>
Expenses:				
Program services	10,451,081	2,276		10,453,357
General and administrative	818,023	23,997	(8,420)	833,600
Fundraising	1,043,676	125,719	(125,719)	1,043,676
Cost of direct benefits to donors	44,456			44,456
Total expenses	<u>12,357,236</u>	<u>151,992</u>	<u>(134,139)</u>	<u>12,375,089</u>
Transfer of net assets	<u>(291,234)</u>	<u>291,234</u>		
Change in net assets without donor restrictions	<u>1,752,044</u>	<u>970,818</u>		<u>2,722,862</u>
Net Assets with donor restrictions:				
Public support and revenues				
Management fee from City of Tucson	4,600,000			4,600,000
Contributions	1,078,532	125,719	(125,719)	1,078,532
Grants	51,500			51,500
Investment income (loss)		12,462		12,462
Change in value of beneficial interest in trusts	1,095,753			1,095,753
Net assets released from restrictions	(6,352,434)	(125,719)	125,719	(6,352,434)
Change in net assets with donor restrictions	<u>473,351</u>	<u>12,462</u>		<u>485,813</u>
Net assets, beginning of year				
Without donor restrictions	9,951,679	4,068,944		14,020,623
With donor restrictions	11,301,365	623,798		11,925,163
Total net assets, beginning of year	<u>21,253,044</u>	<u>4,692,742</u>		<u>25,945,786</u>
Net assets, end of year				
Without donor restrictions	11,703,723	5,039,762		16,743,485
With donor restrictions	11,774,716	636,260		12,410,976
Total net assets, end of year	<u>\$ 23,478,439</u>	<u>\$ 5,676,022</u>	<u>\$</u>	<u>\$ 29,154,461</u>