# TULSA ZOO MANAGEMENT, INC.

## FINANCIAL STATEMENTS

## DECEMBER 31, 2021

WITH

## INDEPENDENT AUDITOR'S REPORT

HoganTaylor LLP
CPAs + ADVISORS

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HoganTaylor LLP
CPAs + ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tulsa Zoo Management, Inc.

**Opinion**

We have audited the financial statements of Tulsa Zoo Management, Inc., which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses and cash flows for the period from July 1, 2020 to December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tulsa Zoo Management, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the period from July 1, 2020 to December 31, 2021, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tulsa Zoo Management, Inc. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulsa Zoo Management, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tulsa Zoo Management, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulsa Zoo Management, Inc.'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.

Hogan Taylor LLP

Tulsa, Oklahoma
September 16, 2022

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021**

| | |
|---|---|
| **Assets** | |
| Current assets: | |
| Cash and cash equivalents | $ 12,663,093 |
| Accounts receivable | 105,275 |
| Short-term investments | 749,726 |
| Contributions receivable, net | 2,204,111 |
| Prepaid expenses and other | 200,869 |
| Total current assets | 15,923,074 |
| Property and equipment, net | 155,720 |
| Contributions receivable, net | 4,034,954 |
| Certificates of deposit | 2,487,519 |
| Investments | 4,460,149 |
| Total assets | $ 27,061,416 |
| **Liabilities and Net Assets** | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | $ 1,138,529 |
| Deferred revenue | 1,556,151 |
| Custodial accounts | 4,152 |
| Total current liabilities | 2,698,832 |
| Net assets: | |
| Without donor restrictions: | |
| Undesignated | 8,527,771 |
| Board-designated - operating reserve | 2,510,000 |
| Board-designated - endowment | 4,606,617 |
| Total net assets without donor restrictions | 15,644,388 |
| With donor restrictions | 8,718,196 |
| Total net assets | 24,362,584 |
| Total liabilities and net assets | $ 27,061,416 |

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF ACTIVITIES**

**Period from July 1, 2020 to December 31, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenues from operations** | | | |
| Management fee revenue | $ 9,520,487 | $ - | $ 9,520,487 |
| Admissions | 3,684,831 | - | 3,684,831 |
| Memberships | 2,480,135 | - | 2,480,135 |
| Train and carousel | 749,491 | - | 749,491 |
| Private events | 499,486 | - | 499,486 |
| Food sales | 740,272 | - | 740,272 |
| Temporary exhibits and events | 395,130 | - | 395,130 |
| Gift sales | 452,162 | - | 452,162 |
| Shuttered Venue Operators Grant (Note 10) | 4,979,038 | - | 4,979,038 |
| Paycheck Protection Program (Note 6) | 1,996,293 | - | 1,996,293 |
| Other | 443,202 | - | 443,202 |
| In-kind contributions | 6,120 | 73,546 | 79,666 |
| Net investment income | 3,095 | - | 3,095 |
| Net assets released from restrictions | 1,738,084 | (1,738,084) | - |
| Total revenues from operations | 27,687,826 | (1,664,538) | 26,023,288 |
| **Expenses** | | | |
| Program services expense | 14,533,328 | - | 14,533,328 |
| Supporting services expense: | | | |
| General and administrative | 3,419,118 | - | 3,419,118 |
| Fundraising and development | 410,082 | - | 410,082 |
| Total supporting services expense | 3,829,200 | - | 3,829,200 |
| Total expenses | 18,362,528 | - | 18,362,528 |
| Total increase (decrease) from operations | 9,325,298 | (1,664,538) | 7,660,760 |
| **Income from nonoperations** | | | |
| Contributions | - | 3,860,814 | 3,860,814 |
| Gross special events revenue | - | 380,335 | 380,335 |
| Less: cost of direct benefit to donors | - | (222,996) | (222,996) |
| Net special events revenue | - | 157,339 | 157,339 |
| Expenses for capital projects (Note 9) | (1,738,085) | - | (1,738,085) |
| Net investment gain | 1,101,069 | - | 1,101,069 |
| Total increase (decrease) from operations | (637,016) | 4,018,153 | 3,381,137 |
| Change in net assets | 8,688,282 | 2,353,615 | 11,041,897 |
| Net assets, beginning of period | 6,956,106 | 6,364,581 | 13,320,687 |
| Net assets, end of period | $ 15,644,388 | $ 8,718,196 | $ 24,362,584 |

# TULSA ZOO MANAGEMENT, INC.

## STATEMENT OF FUNCTIONAL ACTIVITIES

### Period from July 1, 2020 to December 31, 2021

| | Program Services | | | | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Guest Services | Animal Care | Conservation/ Education | Events | Operations | Investment in Zoo | Public Relations and Marketing | Total | Administration | Fundraising | Total | Combined Total |
| Payroll | $ 778,212 | $ 3,728,448 | $ 517,203 | $ 235,029 | $ 1,659,393 | $ - | $ 411,936 | $ 7,330,221 | $ 914,967 | $ 251,998 | $ 1,166,965 | $ 8,497,186 |
| Payroll taxes | 61,345 | 281,055 | 41,781 | 17,767 | 128,746 | - | 30,854 | 561,548 | 71,087 | 19,984 | 91,071 | 652,619 |
| Employee benefits | 112,992 | 657,191 | 53,237 | 49,102 | 357,912 | - | 55,726 | 1,286,160 | 112,288 | 60,117 | 172,405 | 1,458,565 |
| Workers compensation insurance | 12,663 | 87,881 | 3,926 | 468 | 38,412 | - | 1,695 | 145,045 | 6,179 | 392 | 6,571 | 151,616 |
| Retirement plan | 25,327 | 73,684 | 8,644 | 4,119 | 24,790 | - | 8,302 | 144,866 | 23,772 | 5,060 | 28,832 | 173,698 |
| Total payroll expenses | 990,539 | 4,828,259 | 624,791 | 306,485 | 2,209,253 | - | 508,513 | 9,467,840 | 1,128,293 | 337,551 | 1,465,844 | 10,933,684 |
| Advertising | 59,485 | - | - | - | - | - | 381,591 | 441,076 | - | - | - | 441,076 |
| Banking fees | 170,820 | 11,291 | 35,437 | 1,783 | 131,577 | - | 5,345 | 356,253 | 11,158 | - | 11,158 | 367,411 |
| Contracted services | 2,979 | 71,861 | 91,398 | 9,759 | 891,433 | - | 125,875 | 1,193,305 | 307,377 | 6,750 | 314,127 | 1,507,432 |
| Dues and subscriptions | 6,498 | 21,643 | 6,184 | 25,073 | 2,546 | - | 7,187 | 69,131 | 91,435 | 1,818 | 93,253 | 162,384 |
| Entertainment/catering | 791 | 12,824 | 730 | 221,399 | 20,765 | - | 323 | 256,832 | 9,856 | 15,317 | 25,173 | 282,005 |
| Equipment | 44,032 | 162,567 | 12,658 | 34,521 | 128,013 | - | 30,004 | 411,795 | 53,238 | 23,221 | 76,459 | 488,254 |
| In-kind | - | - | - | 6,120 | - | - | - | 6,120 | - | - | - | 6,120 |
| Insurance | - | - | - | 5,103 | - | - | - | 5,103 | 246,616 | - | 246,616 | 251,719 |
| Information technology | 116,474 | 4,637 | - | - | 2,608 | - | 3,103 | 126,822 | 209,401 | 199 | 209,600 | 336,422 |
| License and certification fees | 1,706 | 2,599 | 917 | - | - | - | - | 5,222 | 8,983 | - | 8,983 | 14,205 |
| Mail handling | 9,583 | 1,668 | 167 | 250 | - | 15,016 | 24 | 26,708 | 3,964 | 1,403 | 5,367 | 32,075 |
| Miscellaneous | 1,103 | 27,375 | 671 | 2,535 | - | 100 | - | 31,784 | 3,588 | 3,878 | 7,466 | 39,250 |
| Printing | 6,487 | - | - | - | - | - | 7,258 | 13,745 | 1,074 | 2,071 | 3,145 | 16,890 |
| Repair and maintenance | 55,198 | 8,304 | - | - | 287,242 | - | - | 350,744 | 15,477 | - | 15,477 | 366,221 |
| Supplies | 110,707 | 883,567 | 14,734 | 117,758 | 240,840 | - | 70,314 | 1,437,920 | 81,071 | 17,874 | 98,945 | 1,536,865 |
| Support/contributions | 14,427 | - | 1,000 | - | - | 231,785 | - | 247,212 | 8,633 | - | 8,633 | 255,845 |
| Travel/training | - | 36 | - | - | - | - | - | 36 | 46,812 | - | 46,812 | 46,848 |
| Utilities | - | - | - | - | - | - | - | - | 1,182,765 | - | 1,182,765 | 1,182,765 |
| Total before depreciation | 600,290 | 1,208,372 | 163,896 | 424,301 | 1,705,024 | 246,901 | 631,024 | 4,979,808 | 2,281,448 | 72,531 | 2,353,979 | 7,333,787 |
| Depreciation | - | - | - | - | - | 85,680 | - | 85,680 | 9,377 | - | 9,377 | 95,057 |
| Total expense | $ 1,590,829 | $ 6,036,631 | $ 788,687 | $ 730,786 | $ 3,914,277 | $ 332,581 | $ 1,139,537 | $ 14,533,328 | $ 3,419,118 | $ 410,082 | $ 3,829,200 | $ 18,362,528 |

See notes to financial statements.

## TULSA ZOO MANAGEMENT, INC.

## STATEMENT OF CASH FLOWS

**Period from July 1, 2020 to December 31, 2021**

| | |
|---|---|
| **Cash Flows from Operating Activities** | |
| Changes in net assets | $ 11,041,897 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | |
| Depreciation | 95,057 |
| Contributions restricted for long-term purposes | (3,860,814) |
| Noncash transfer to City of Tulsa for capital projects (Note 9) | 1,738,085 |
| Net realized and unrealized gain investments | (1,018,546) |
| Changes in operating assets and liabilities: | |
| Accounts receivable | 27,924 |
| Contributions receivable, net | 1,756,056 |
| Prepaid expenses and other | 79,783 |
| Accounts payable and accrued liabilities | 472,702 |
| Deferred revenue | 1,513,090 |
| Custodial accounts | (2,516) |
| Paycheck Protection Program (Note 6) | (676,555) |
| Net cash provided by operating activities | 11,166,163 |
| **Cash Flows from Investing Activities** | |
| Purchase of short-term investments | (3,522,205) |
| Maturity of certificates of deposit | 1,953,554 |
| Sales of investments | 2,306,926 |
| Purchases of investments | (2,388,313) |
| Payments for capital projects (Note 9) | (1,738,085) |
| Purchases of property and equipment | (146,289) |
| Net cash used in investing activities | (3,534,412) |
| **Cash Flows from Financing Activities** | |
| Contributions restricted for long-term purposes | 994,014 |
| Net cash provided by financing activities | 994,014 |
| Net change in cash and cash equivalents | 8,625,765 |
| Cash and cash equivalents, beginning of year | 4,037,328 |
| Cash and cash equivalents, end of year | $ 12,663,093 |
| **Supplemental Disclosures of Cash Flow Information** | |
| Noncash transfers to City of Tulsa for capital projects (Note 9) | $ 1,738,085 |

See notes to financial statements.

## Note 1 – Nature of Operations

Tulsa Zoo Management, Inc. (TZMI) is a nonprofit organization formed for the purposes of promoting and supporting the improvement of the Tulsa Zoo and Living Museum (the Zoo). TZMI entered into an agreement with the City of Tulsa (the City), whereby TZMI operates the Zoo under a management agreement. Under this management agreement, TZMI retains all gate admissions, the City pays TZMI a management fee and a portion of its utilities in exchange for operating the Zoo. The City retains ownership of the Zoo grounds and buildings while the employees working at the Zoo are employees of TZMI.

## Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements reflect the activities of TZMI as a whole and are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires the presentation of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

Descriptions of the two net asset categories and the types of transactions off-setting each category are as follows:

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The governing board has designated, from net assets without donor restrictions, net assets for board designated purposes. Board designated net assets are subject to self-imposed limits by action of the Board of Directors. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of property and equipment, or other uses.

*With donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and may or will be met by expenditures or actions of TZMI, or by the passage of time. TZMI reports gifts of cash and other assets as revenue with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as released from restrictions.

Reporting period

TZMI has elected to change its fiscal year-end from June 30 to December 31, following the fiscal year ended June 30, 2020. As such, TZMI is reporting on the 18-month period from July 1, 2020 to

December 31, 2021, in these financial statements. Because of the seasonal nature of TZMI's operations, results from operations for the eighteen months ended December 31, 2021, are not indicative of the results of operations that may be expected for a one year period.

Cash and cash equivalents

Cash and cash equivalents include cash and unrestricted highly liquid investments with original maturities less than 90 days. Typically, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limit of $250,000 per financial institution.

Receivables and credit policies

Accounts receivable consist primarily of noninterest-bearing amounts due for fees from private events on Zoo premises and TZMI's share of concession revenue due from the third-party operator. An allowance for uncollectible accounts receivable, when deemed necessary, is based on historical experiences, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. No allowance for uncollectible accounts receivable was deemed necessary at December 31, 2021.

Short-term investments

Certificates of deposit and other securities having maturities of more than three months when purchased but less than a year are reported at cost plus accrued interest.

Contributions receivable

Contributions receivable represents promises to fund planned campaigns, including the acquisition of various buildings, improvements and exhibits. Contributions receivable expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions in the statements of activities. Management determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. Two donors accounted for approximately 68% of total contributions receivable at December 31, 2021. The allowance for uncollectible contributions receivables was approximately $13,700 at December 31, 2021.

Property and equipment

Property and equipment are stated at purchased cost or estimated fair value at date of donation. Additions in excess of $2,000 are generally capitalized with a threshold of $2,500 for vehicles, carts, utility and heavy equipment and $10,000 for software and major improvements, whereas the cost of repairs and maintenance are charged to expense as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

Investments

Management records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position.

Revenue and revenue recognition

TZMI recognizes revenue from exchange transactions in accordance with FASB Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. In determining the appropriate amount to recognize, TZMI applies the following five-step model: (i) identify contracts with customers; (ii) identify performance obligations in the contracts; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations per the contracts; and (v) recognize revenue when or as the TZMI satisfies a performance obligation. TZMI reports the following revenue from exchange transactions in its statement of activities:

*Management fee* – Management fees are recognized when earned.

*Admissions* – Admissions is revenue associated with tickets sold for entry to the Zoo. Admissions revenue ticket prices are based upon established levels for individuals and groups. TZMI recognizes revenue for admissions at the point of sale.

*Memberships* – TZMI offers individual and corporate memberships to TZMI at various levels. These are for a single-year period and are incorporated as part of operating support. Each membership has both a gift and exchange transaction component, the levels of which are determined by the level and nature of membership based on established rates. Payments for memberships are recognized at the point of sale.

*Gift sales* – TZMI operates a gift shop onsite, which sells mission-related items on a retail basis to customers. The performance obligation is the delivery of the items to the customer. The transaction price is established by TZMI based on retail prices suggested by suppliers. As each item is individually priced, no allocation of the transaction price is necessary. TZMI recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with the right of return. Returns are not significant and are therefore recognized in the period they occur.

*Special events revenue* – TZMI conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to TZMI. The performance obligation is holding the event and revenue is recognized at the time of the event. The event fee is set by TZMI and due at the point of purchase. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to TZMI. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than TZMI, are recorded as cost of direct benefits to donors and presented net of special events revenue in the statements of activities. Special event fees are typically only collected by TZMI in the period the event occurs. If TZMI collects any fees in advance of the event, they are held in a liability account and recognized in the period in which the event occurs. For special event fees received before year-end for an event to occur after year-end, TZMI considers the inherent contribution conditioned on the event taking place and therefore treats it as a refundable advance along with the exchange component.

*Train and carousel, Food sales, and Temporary exhibits* – TZMI recognizes revenue at the time of purchase.

*Private Events* – TZMI contracts with customers to host private events and the performance obligation occurs when the customer holds their event onsite. Fees are set by TZMI. A deposit is required when the contract is signed, and the remaining balance is due 30 days after the date of the event. The deposit amount collected prior to the event is reported as a liability. The fee is recognized at the time of the event, where any deposit is then applied to the customer's receivable balance.

Donated services and in-kind contributions

Volunteers contribute significant amounts of time to TZMI's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. Such donated professional services are recorded as donor restricted in-kind contributions revenue and in the appropriate expense category. Revenues from contributed goods amounted to approximately $80,000 during the period from July 1, 2020 to December 31, 2021.

Advertising costs

Advertising costs are expensed as incurred and approximated $359,000 during the period from July 1, 2020 to December 31, 2021.

Allocation of functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Expenses are coded directly to functional categories based on employees' time entry and functional category of the expense.

Income taxes

TZMI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not considered a private foundation under Section 509(a) of the Code. As a result, as long as TZMI maintains its tax exemption, it will not be subject to income tax.

Use of estimates

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

Subsequent events

Management has performed an evaluation of subsequent events through September 16, 2022, which is the date financial statements were made available for issuance.

Recently adopted accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, an ASU on a comprehensive new revenue recognition standard that supersedes ASC 605, *Revenue Recognition*. The new accounting guidance creates a framework under which an entity allocates the transaction price to separate performance obligations and recognizes revenue when each performance obligation is satisfied. Under the new standard, entities are required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations. The standard allows for either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period.

On July 1 2020, TZMI adopted ASU 2014-09 using the modified retrospective method of adoption to all contracts with customers that were not completed as of July 1, 2020. TZMI completed its adoption of ASU 2014-09 and determined that there is no impact to its financial statements, results of operations or liquidity. Additionally, when comparing TZMI 's historical revenue recognition to the newly applied revenue recognition under Topic 606, there was no change to the amount or timing of revenue recognized.

In conjunction with the adoption of ASU 2014-19, TZMI adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU was adopted on a modified prospective basis on July 1, 2020. The adoption of this ASU resulted in no impact to TZMI's financial statements.

**Note 3 – Financial Assets and Liquidity Resources**

TZMI's financial assets available within one year of the statement of financial position date for general expenditures as of December 31, are as follows:

| | |
|---|---|
| Assets: | |
| Cash and cash equivalents | $ 12,663,093 |
| Accounts receivable | 105,275 |
| Short-term investments | 749,726 |
| Contributions receivable | 2,204,111 |
| Total financial assets available within one year | 15,722,205 |
| Less: | |
| Amounts unavailable for general expenditures within one year due to: | |
| Board designated cash and cash equivalents | (178,000) |
| Donor restricted contributions receivable | (2,204,111) |
| Total financial assets available to management for general expenditure within one year | $ 13,340,094 |

As part of TZMI's liquidity management, it structures its financial assets to be available as its general expenditures, such as operating expenses, and other obligations come due. TZMI is dependent upon collection of current period revenues, primarily management fees, admission and memberships to fund operations. In addition, the Board has designated funds to function as an endowment, that could be used for operations upon a vote of the Board, although TZMI has no plans to do so.

**Note 4 – Fair Value Measurements and Endowment**

The fair value measurement standards establish a consistent framework for measuring fair value and establish a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities.
- Level 2 – other significant observable inputs (including quoted prices for similar securities).
- Level 3 – significant unobservable inputs (including TZMI's own assumptions in determining the value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

The following is a summary of the inputs to value investments carried at fair value:

| | Fair Value Measurement at December 31, 2021 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Mutual funds: | | | | |
| Bond funds | $ 949,211 | $ 949,211 | $ - | $ - |
| Equity funds | 3,413,449 | 3,413,449 | - | - |
| Beneficial interest in Tulsa Community Foundation | 97,489 | - | 97,489 | - |
| Total investments at fair value | $ 4,460,149 | $ 4,362,660 | $ 97,489 | $ - |

Beneficial interest in assets held by others (Beneficial Interest) at Tulsa Community Foundation (the Foundation) is measured at fair value using Level 2 inputs. Since the Foundation maintains variance power for the beneficial interest it holds, there is no potential market for the Beneficial Interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the Beneficial Interest. The underlying investments include cash equivalents, fixed income, equity funds and alternative investments securities. The fair values of the underlying investments are based on quoted prices from active markets.

TZMI has designated these investments and certain cash as an endowment (the Endowment) to be used at the discretion of TZMI's Board of Directors. The principal objective of the Endowment is to preserve the purchasing power, and to provide a growing stream of cash distributions to fund the operation and development of the Zoo. The Endowment is expected to attain an average annual real (inflation-adjusted) total return of 5% to 7% over most five-year periods. The Endowment shall be diversified so as to minimize the risk of large losses, unless under circumstances it is clearly not prudent to do so. Fund managers should make reasonable efforts to preserve capital and control risk. The Endowment funds are handled consistently with TZMI's overall investment philosophy, which, in general, is an allocation of 20% fixed income securities, 10% international equity investments, and 70% domestic equity investments. Distributions are allowed up to 4% of the trailing three-year average market value of the Endowment portfolio. At December 31, 2021, board-designated endowment assets consisted of $146,469 in cash and investments valued at $4,460,149.

Changes in investments for the year ended December 31, 2021, are as follows:

| | |
|---|---|
| Balance, beginning of year | $ 3,360,216 |
| Purchases | - |
| Disbursements | (4,133) |
| Interest and dividend income | 115,725 |
| Net unrealized gain (loss) | 817,115 |
| Net realized gain | 201,431 |
| Investment fees | (30,205) |
| Balance, end of year | $ 4,460,149 |

**Note 5 – Property and Equipment**

Property and equipment consists of the following at December 31, 2021:

| | 2021 | Years |
|---|---|---|
| Equipment | $ 1,786,718 | 3-10 |
| Train and accessories | 534,782 | 3-10 |
| | 2,321,500 | |
| Less accumulated depreciation | 2,165,780 | |
| | $ 155,720 | |

**Note 6 – Paycheck Protection Program**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. On April 9, 2020, and March 15, 2021, the TZMI received loan proceeds of $1,455,000 and $1,319,738, respectively from a bank under the Paycheck Protection Program (PPP), which was established as part of the CARES Act. Under the PPP, the Small Business Administration (SBA) will forgive the proceeds received and accrued interest if eligibility and certain other criteria are met related to use of the funds. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable in monthly principal and interest (at 1%) payments for five years. TZMI is not obligated to make any payments of principal or interest before the date the SBA notifies the TZMI that no forgiveness is allowed.

For each PPP loan, the proceeds were expended for qualifying purposes and TZMI submitted requests for loan forgiveness. TZMI elected to account for the PPP loans as conditional contributions under ASC 958-605, *Not-for-Profit Entities, Revenue Recognition.* Management recognized amounts totaling $778,445 as grant revenue as of June 30, 2020, with the remaining $676,555 being accounted for as a refundable advance. TZMI recognized the remaining $676,555 on the 2020 PPP loan and the full amount of the 2021 loan as revenue in the period from July 1, 2020 to December 31, 2021.

**Note 7 – Donor Restricted Net Assets**

Donor restricted net assets are restricted to the following projects at December 31, 2021:

| | |
|---|---|
| Memorials | $ 100,437 |
| Education | 4,723 |
| Coca-Cola donations/capital projects | 6,600 |
| STEM Alliance | 2,500 |
| Rain Garden | 438 |
| IEF Grant | 1,362 |
| Other | 653 |
| Waltz on the Wild Side | 242,405 |
| ZooRun 2019 | 51,973 |
| ZooRun 2022 | 15,000 |
| Elephant Reserve | 1,981,158 |
| Carnivores | 6,299,139 |
| Conservation on Tap | 11,808 |
| Total donor restricted net assets | $ 8,718,196 |

**Note 8 – Retirement Plan**

TZMI has adopted a retirement plan (the Plan) qualified under Section 401(k) of the Code. The Plan provides that eligible employees, as defined by the Plan, who have attained the age of 21, are not temporary employees, and completed 30 days of service may voluntarily contribute to the Plan up to the maximum amount allowed by the Internal Revenue Service. TZMI can discretionally match 50% of an employee's contribution up to a maximum of 3% of eligible employee compensation. Employer contribution expenses related to the Plan were approximately $174,000 for the period from July 1, 2020 to December 31, 2021.

In addition to matching contributions, TZMI can elect to contribute a portion of its profits to its eligible employees based on the percentage of an eligible employee's wages to the total of all eligible wages. There were no additional profit sharing contributions made by TZMI for the period from July 1, 2020 to December 31, 2021.

TZMI has a Deferred Contribution Plan under Section 457(b) of the Code. It is open for certain highly paid employees and TZMI can elect to contribute to its eligible employees. TZMI contributed approximately $26,000 to the Deferred Contribution Plan for the period from July 1, 2020 to December 31, 2021.

**Note 9 – Related Party Transactions**

In the course of carrying out its obligations under the management agreement, certain real and personal property owned by the City is made available to TZMI. Such property includes the TZMI administrative offices, admission facilities, food and gift concession buildings, and train ride equipment. In some cases, TZMI has funded all or a part of these facilities. The City charges no rental fee for making these facilities available to TZMI.

The following table summarizes TZMI's expenditures for capital projects on behalf of the Zoo during the period from July 1, 2020 to December 31, 2021:

| | |
|---|---|
| Carnivores | $ 938,049 |
| Elephant Reserve | |
| Carnivores Playground | 735,436 |
| Founders Hospital | 64,600 |
| Total expenses for capital projects | $ 1,738,085 |

**Note 10 – Shuttered Venue Operators Grant**

TZMI was awarded a Shuttered Venue Operators Grant (SVOG), totaling $4,979,038, on July 13, 2021. The SVOG program was established by the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The program includes over $16 billion in grants to shuttered venues, to be administered by SBA's Office of Disaster Assistance. TZMI was an eligible applicant and qualified for the grant equal to 45% of gross earned revenue. TZMI recognized grant revenue totaling $4,979,038 during the period from July 1, 2020 to December 31, 2021, which is equal to allowable expenses charged to the grant.

**Note 11 – Unfunded Construction Commitment**

At December 31, 2021, TZMI had outstanding commitments on construction agreements totaling approximately $472,000.