



**TULSA ZOO MANAGEMENT, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 and 2022**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**



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## 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 statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended 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, 2023 and 2022, and the results of its operations and the changes in its net assets and its cash flows for years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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.

A handwritten signature in black ink that reads "Hogan Taylor LP". The signature is written in a cursive, flowing style.

Tulsa, Oklahoma  
June 17, 2024

**TULSA ZOO MANAGEMENT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,317,797	\$ 4,243,383
Accounts receivable	788,996	279,430
Short-term investments	11,539,535	9,344,502
Contributions receivable, net	3,896,195	24,193
Prepaid expenses and other	458,223	240,635
Total current assets	23,000,746	14,132,143
Property and equipment, net	893,321	592,978
Contributions receivable, net	6,583,742	9,610,726
Certificates of deposit	50,000	1,623,566
Investments	6,879,763	5,835,277
Total assets	<u>\$ 37,407,572</u>	<u>\$ 31,794,690</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,415,507	\$ 1,330,556
Deferred revenue	1,747,652	1,709,709
Custodial accounts	4,152	4,152
Total current liabilities	5,167,311	3,044,417
Net assets:		
Without donor restrictions:		
Undesignated	4,336,881	6,429,518
Board-designated - operating reserve	2,655,859	2,510,000
Board-designated - endowment	4,514,093	3,879,578
Total net assets without donor restrictions	11,506,833	12,819,096
With donor restrictions	20,733,428	15,931,177
Total net assets	<u>32,240,261</u>	<u>28,750,273</u>
Total liabilities and net assets	<u>\$ 37,407,572</u>	<u>\$ 31,794,690</u>

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF ACTIVITIES**

**Year ended December 31, 2023  
(with comparative totals for the year ended December 31, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues from operations</b>				
Management fee revenue	\$ 6,856,646	\$ -	\$ 6,856,646	\$ 6,448,135
Admissions	2,771,351	-	2,771,351	3,123,379
Memberships	2,213,290	-	2,213,290	2,067,835
Train and carousel	387,781	-	387,781	530,305
Private events	1,718,002	-	1,718,002	1,356,424
Food sales	605,052	-	605,052	664,282
Temporary exhibits and events	323,072	-	323,072	961,818
Gift sales	340,850	-	340,850	427,372
Other	475,965	-	475,965	288,864
In-kind contributions	3,764	1,194,692	1,198,456	46,750
Net investment income	718,899	-	718,899	210,649
Net assets released from restrictions	3,979,974	(3,979,974)	-	-
<b>Total revenues from operations</b>	20,394,646	(2,785,282)	17,609,364	16,125,813
<b>Expenses</b>				
Program services expense	16,549,583	-	16,549,583	15,901,862
Supporting services expense:				
General and administrative	2,189,933	-	2,189,933	1,934,204
Fundraising and development	343,594	-	343,594	341,249
<b>Total supporting services expense</b>	2,533,527	-	2,533,527	2,275,453
<b>Total expenses</b>	19,083,110	-	19,083,110	18,177,315
<b>Total increase (decrease) from operations</b>	1,311,536	(2,785,282)	(1,473,746)	(2,051,502)
<b>Income from nonoperations</b>				
Contributions	575,801	7,404,697	7,980,498	7,211,594
Gross special events revenue	-	534,746	534,746	470,179
Less: cost of direct benefit to donors	-	(351,910)	(351,910)	(265,394)
<b>Net special events revenue</b>	-	182,836	182,836	204,785
Expenses for capital projects (Note 10)	(3,979,974)	-	(3,979,974)	(250,148)
Net investment gain	780,374	-	780,374	(727,040)
<b>Total increase (decrease) from nonoperations</b>	(2,623,799)	7,587,533	4,963,734	6,439,191
Change in net assets	(1,312,263)	4,802,251	3,489,988	4,387,689
Net assets, beginning of year	12,819,096	15,931,177	28,750,273	24,362,584
<b>Net assets, end of year</b>	\$ 11,506,833	\$ 20,733,428	\$ 32,240,261	\$ 28,750,273

See notes to financial statements.

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF ACTIVITIES**

**Year ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues from operations</b>			
Management fee revenue	\$ 6,448,135	\$ -	\$ 6,448,135
Admissions	3,123,379	-	3,123,379
Memberships	2,067,835	-	2,067,835
Train and carousel	530,305	-	530,305
Private events	1,356,424	-	1,356,424
Food sales	664,282	-	664,282
Temporary exhibits and events	961,818	-	961,818
Gift sales	427,372	-	427,372
Other	288,864	-	288,864
In-kind contributions	-	46,750	46,750
Net investment income	210,649	-	210,649
Net assets released from restrictions	250,148	(250,148)	-
<b>Total revenues from operations</b>	<b>16,329,211</b>	<b>(203,398)</b>	<b>16,125,813</b>
<b>Expenses</b>			
Program services expense	15,901,862	-	15,901,862
Supporting services expense:			
General and administrative	1,934,204	-	1,934,204
Fundraising and development	341,249	-	341,249
<b>Total supporting services expense</b>	<b>2,275,453</b>	<b>-</b>	<b>2,275,453</b>
<b>Total expenses</b>	<b>18,177,315</b>	<b>-</b>	<b>18,177,315</b>
<b>Total decrease from operations</b>	<b>(1,848,104)</b>	<b>(203,398)</b>	<b>(2,051,502)</b>
<b>Income from nonoperations</b>			
Contributions	-	7,211,594	7,211,594
Gross special events revenue	-	470,179	470,179
Less: cost of direct benefit to donors	-	(265,394)	(265,394)
<b>Net special events revenue</b>	<b>-</b>	<b>204,785</b>	<b>204,785</b>
Expenses for capital projects (Note 10)	(250,148)	-	(250,148)
Net investment loss	(727,040)	-	(727,040)
<b>Total increase (decrease) from nonoperations</b>	<b>(977,188)</b>	<b>7,416,379</b>	<b>6,439,191</b>
<b>Change in net assets</b>	<b>(2,825,292)</b>	<b>7,212,981</b>	<b>4,387,689</b>
<b>Net assets, beginning of period</b>	<b>15,644,388</b>	<b>8,718,196</b>	<b>24,362,584</b>
<b>Net assets, end of period</b>	<b>\$ 12,819,096</b>	<b>\$ 15,931,177</b>	<b>\$ 28,750,273</b>

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended December 31, 2023**

	Program Services								Supporting Services			Combined Total
	Guest Services	Animal Care	Conservation/ Education	Events	Operations	Investment in Zoo	Public Relations and Marketing	Total	General and Administration	Fundraising and Development	Total	
Payroll	\$ 684,349	\$ 2,744,241	\$ 521,538	\$ 163,265	\$ 1,410,213	\$ -	\$ 386,744	\$ 5,910,350	\$ 765,375	\$ 255,859	\$ 1,021,234	\$ 6,931,584
Payroll taxes	54,171	221,809	42,153	12,599	112,651	-	30,001	473,384	57,619	20,531	78,150	551,534
Employee benefits	99,840	442,347	57,947	23,930	235,966	-	53,007	913,037	87,327	33,245	120,572	1,033,609
Workers comp insurance	6,828	32,421	3,815	1,060	17,940	-	3,019	65,083	6,003	2,090	8,093	73,176
Retirement plan	6,276	49,371	7,297	2,718	9,325	-	3,618	78,605	6,883	625	7,508	86,113
<b>Total payroll expenses</b>	<b>851,464</b>	<b>3,490,189</b>	<b>632,750</b>	<b>203,572</b>	<b>1,786,095</b>	<b>-</b>	<b>476,389</b>	<b>7,440,459</b>	<b>923,207</b>	<b>312,350</b>	<b>1,235,557</b>	<b>8,676,016</b>
Advertising	-	-	-	-	-	-	522,940	522,940	-	354	354	523,294
Banking fees	233,029	-	-	-	-	-	-	233,029	7,170	-	7,170	240,199
Contracted services	-	36,261	190,164	19,293	358,793	-	100,306	704,817	353,000	3,375	356,375	1,061,192
Dues and subscriptions	18,862	22,566	5,880	485	42,222	-	20,997	111,012	98,538	2,344	100,882	211,894
Entertainment/catering	1,181	627	17,284	1,012,381	2,178	-	144	1,033,795	46,812	5,634	52,446	1,086,241
Equipment	15,953	73,825	8,378	76,787	177,863	-	6,367	359,173	48,763	867	49,630	408,803
Insurance	-	-	-	9,810	-	-	-	9,810	222,535	-	222,535	232,345
Information technology	86,732	-	120	-	3,472	-	264	90,588	179,190	-	179,190	269,778
License and certification fees	1,872	1,972	1,000	-	75	-	-	4,919	35,798	-	35,798	40,717
Mail handling	138	1,949	123	183	-	6,275	1	8,669	2,806	670	3,476	12,145
Miscellaneous	1,380	1,460	1,888	3,592	-	151	37	8,508	4,154	2,688	6,842	15,350
Printing	12,016	-	348	3,123	-	-	4,747	20,234	2,491	2,406	4,897	25,131
Repair and maintenance	19,040	25,495	-	-	1,335,327	-	3,402	1,383,264	36,377	-	36,377	1,419,641
Supplies	61,080	757,258	29,146	89,108	261,082	-	75,809	1,273,483	59,246	9,794	69,040	1,342,523
Support/contributions	-	-	66,619	-	-	2,288,551	-	2,355,170	1,500	-	1,500	2,356,670
Travel/training	4,115	26,997	7,066	3,218	8,324	-	9,946	59,666	72,170	3,112	75,282	134,948
Utilities	126,232	590,011	54,770	-	53,211	-	21,790	846,014	16,422	-	16,422	862,436
<b>Total before depreciation</b>	<b>581,630</b>	<b>1,538,421</b>	<b>382,786</b>	<b>1,217,980</b>	<b>2,242,547</b>	<b>2,294,977</b>	<b>766,750</b>	<b>9,025,091</b>	<b>1,186,972</b>	<b>31,244</b>	<b>1,218,216</b>	<b>10,243,307</b>
Depreciation	-	-	-	-	-	84,033	-	84,033	79,754	-	79,754	163,787
<b>Total expense</b>	<b>\$ 1,433,094</b>	<b>\$ 5,028,610</b>	<b>\$ 1,015,536</b>	<b>\$ 1,421,552</b>	<b>\$ 4,028,642</b>	<b>\$ 2,379,010</b>	<b>\$ 1,243,139</b>	<b>\$ 16,549,583</b>	<b>\$ 2,189,933</b>	<b>\$ 343,594</b>	<b>\$ 2,533,527</b>	<b>\$ 19,083,110</b>

See notes to financial statements.



**TULSA ZOO MANAGEMENT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended December 31, 2022**

	Program Services								Support Services			Combined Total
	Guest Services	Animal Care	Conservation/ Education	Events	Operations	Investment in Zoo	Public Relations and Marketing	Total	General and Administration	Fundraising and Development	Total	
Payroll	\$ 654,213	\$ 2,656,632	\$ 491,225	\$ 170,094	\$ 1,230,664	\$ -	\$ 340,973	\$ 5,543,801	\$ 651,683	\$ 233,075	\$ 884,758	\$ 6,428,559
Payroll taxes	52,658	213,173	40,428	13,451	100,649	-	26,646	447,005	50,368	18,477	68,845	515,850
Employee benefits	95,927	414,412	52,954	32,827	205,320	-	43,076	844,516	121,293	35,653	156,946	1,001,462
Workers comp insurance	8,906	51,538	2,366	181	23,825	-	1,033	87,849	2,817	1,002	3,819	91,668
Retirement plan	5,420	41,428	4,255	2,345	10,757	-	3,046	67,251	18,674	1,203	19,877	87,128
<b>Total payroll expenses</b>	<b>817,124</b>	<b>3,377,183</b>	<b>591,228</b>	<b>218,898</b>	<b>1,571,215</b>	<b>-</b>	<b>414,774</b>	<b>6,990,422</b>	<b>844,835</b>	<b>289,410</b>	<b>1,134,245</b>	<b>8,124,667</b>
Advertising	-	-	-	157,023	-	-	379,824	536,847	-	10	10	536,857
Banking fees	262,227	-	-	-	-	-	-	262,227	7,688	-	7,688	269,915
Contracted services	15,020	28,019	129,486	14,562	277,725	-	62,125	526,937	336,271	8,692	344,963	871,900
Dues and subscriptions	14,500	20,368	9,674	485	11,130	-	19,739	75,896	98,165	72	98,237	174,133
Entertainment/catering	173	774	4,234	631,848	1,009	-	411	638,449	31,893	12,447	44,340	682,789
Equipment	24,849	52,598	13,345	348,670	178,438	-	12,892	630,792	45,517	4,502	50,019	680,811
Insurance	-	-	-	5,378	-	-	-	5,378	196,092	-	196,092	201,470
IT	72,328	-	120	-	2,257	-	1,559	76,264	124,940	598	125,538	201,802
License and certification fees	3,452	2,511	1,083	-	150	-	-	7,196	10,870	-	10,870	18,066
Mail handling	7,215	1,362	278	135	-	-	-	8,990	2,243	726	2,969	11,959
Miscellaneous	684	678	381	1,458	-	-	744	3,945	6,262	6,882	13,144	17,089
Printing	13,950	-	-	1,534	-	-	6,197	21,681	1,762	4,308	6,070	27,751
Repair and maintenance	9,989	5,331	-	110,750	1,486,185	-	776	1,613,031	12,111	-	12,111	1,625,142
Supplies	72,728	678,174	19,057	-	278,647	-	30,380	1,078,986	63,426	10,053	73,479	1,152,465
Support/contributions	83,536	-	57,925	-	-	2,163,744	-	2,305,205	2,374	-	2,374	2,307,579
Travel/training	5,418	13,715	10,291	-	-	-	4,336	33,760	101,710	3,549	105,259	139,019
Utilities	151,127	709,645	65,926	-	63,868	-	26,229	1,016,795	20,016	-	20,016	1,036,811
<b>Total before depreciation</b>	<b>737,196</b>	<b>1,513,175</b>	<b>311,800</b>	<b>1,271,843</b>	<b>2,299,409</b>	<b>2,163,744</b>	<b>545,212</b>	<b>8,842,379</b>	<b>1,061,340</b>	<b>51,839</b>	<b>1,113,179</b>	<b>9,955,558</b>
Depreciation	-	-	-	-	-	69,061	-	69,061	28,029	-	28,029	97,090
<b>Total expense</b>	<b>\$ 1,554,320</b>	<b>\$ 4,890,358</b>	<b>\$ 903,028</b>	<b>\$ 1,490,741</b>	<b>\$ 3,870,624</b>	<b>\$ 2,232,805</b>	<b>\$ 959,986</b>	<b>\$ 15,901,862</b>	<b>\$ 1,934,204</b>	<b>\$ 341,249</b>	<b>\$ 2,275,453</b>	<b>\$ 18,177,315</b>

See notes to financial statements.

**TULSA ZOO MANAGEMENT, INC.**

**STATEMENTS OF CASH FLOWS**

**Years ended December 31, 2023 and 2022**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,489,988	\$ 4,387,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	163,787	97,090
Contributions restricted for long-term purposes	(7,980,498)	(7,211,594)
In-kind contributions	(1,198,456)	(46,750)
Noncash transfer to City of Tulsa for capital projects (Note 10)	3,979,974	250,148
Net realized and unrealized (gain) loss on investments	(793,987)	877,829
Changes in operating assets and liabilities:		
Accounts receivable	(509,566)	(174,155)
Contributions receivable, net	3,033,654	1,685,258
Prepaid expenses and other	(217,588)	(39,766)
Accounts payable and accrued liabilities	2,084,951	192,027
Deferred revenue	37,943	153,558
	2,090,202	171,334
<b>Cash Flows from Investing Activities</b>		
Maturities of certificates of deposit	1,623,566	3,691,809
Sales of investments	14,552,338	1,750,563
Purchases of investments	(17,047,870)	(15,426,152)
Payments for capital projects (Note 10)	(2,947,149)	(250,148)
Purchases of property and equipment	(464,130)	(534,348)
	(4,283,245)	(10,768,276)
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for long-term purposes	4,267,457	2,177,232
	2,074,414	(8,419,710)
Net change in cash and cash equivalents		
Cash and cash equivalents, beginning of year	4,243,383	12,663,093
	\$ 6,317,797	\$ 4,243,383
<b>Supplemental Disclosures of Cash Flow Information</b>		
Noncash transfers to City of Tulsa for capital projects (Note 10)	\$ 3,979,974	\$ 250,148

**TULSA ZOO MANAGEMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**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 present balances and transactions according to the existence or absence of donor-imposed restrictions.

Descriptions of the two net asset categories and the types of transactions included in 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. 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 statement of activities as released from restrictions.

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 are in excess of the Federal Deposit Insurance Corporation insurance limit.

### 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. Accounts receivable are charged off when they are past due based on contractual maturities and when management believes the likelihood of nonpayment is probable. The allowance for expected credit losses is based on historical collectability based on past due status, an assessment of economic conditions, and a review of subsequent collections. No allowance for expected credit losses was deemed necessary at December 31, 2023 or 2022.

### 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. United States Treasury Notes and Bills having maturities of 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 statement 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. Four donors accounted for approximately 77% of total contributions receivable at December 31, 2023. Three donors accounted for approximately 87% of total contributions receivable at December 31, 2022. The allowance for uncollectible contributions receivable was approximately \$5,800 and \$21,200 at December 31, 2023 and 2022, respectively.

### 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 statement of financial position. United States Treasury Notes and Bills having maturities of greater than a year are reported at cost plus accrued interest.

### 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 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 the Zoo 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. Revenue from 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.

### Advertising costs

Advertising costs are expensed as incurred and approximated \$539,000 and \$537,000 during the years ended December 31, 2023 and 2022, respectively.

### 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. Certain costs have been allocated on a consistent and reasonable basis. Utilities and depreciation have been allocated primarily based on management's estimate of square footage of the facility.

### 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 taxes.

### 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.

### Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform with the current year presentation. The reclassifications had no impact to previously reported net assets or change in net assets.

### Subsequent events

Management has performed an evaluation of subsequent events through June 17, 2024, which is the date financial statements were made available for issuance.

### 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:

	<u>2023</u>	<u>2022</u>
Assets:		
Cash and cash equivalents	\$ 6,317,797	\$ 4,243,383
Accounts receivable	788,996	279,430
Short-term investments	11,539,535	9,344,502
Contributions receivable	3,896,195	24,193
	<hr/>	<hr/>
Total financial assets available within one year	22,542,523	13,891,508
Less:		
Amounts unavailable for general expenditures within one year due to:		
Board designated cash and cash equivalents	(4,244,159)	(1,692,657)
Donor restricted contributions receivable	(3,893,195)	(24,193)
	<hr/>	<hr/>
Total financial assets available to management for general expenditure within one year	<u>\$ 14,405,169</u>	<u>\$ 12,174,658</u>

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, 2023			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Bond funds	\$ 1,772,995	\$ 1,772,995	\$ -	\$ -
Equity funds	5,018,752	4,319,718	699,034	-
United States Treasuries	11,539,343	11,539,343	-	-
Beneficial interest in Tulsa Community Foundation	88,208	-	88,208	-
<b>Total investments at fair value</b>	<b>\$ 18,419,298</b>	<b>\$ 17,632,056</b>	<b>\$ 787,242</b>	<b>\$ -</b>

  

	Fair Value Measurement at December 31, 2022			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Bond funds	\$ 911,963	\$ 911,963	\$ -	\$ -
Equity funds	2,640,973	2,238,920	402,053	-
United States Treasuries	11,545,436	11,545,436	-	-
Beneficial interest in Tulsa Community Foundation	81,407	-	81,407	-
<b>Total investments at fair value</b>	<b>\$ 15,179,779</b>	<b>\$ 14,696,319</b>	<b>\$ 483,460</b>	<b>\$ -</b>

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 certain investments and cash accounts 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 achieve a nominal target return, net of management fees, of 4% greater than the rate of inflation as measured by the broad, domestic Consumer Price Index over a five-year period. 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 15% fixed income securities, 15% international equity investments, and 65% domestic equity investments. Distributions are allowed up to 4% of the trailing five-year average market value of the Endowment portfolio. At December 31, 2023, board-designated endowment assets consisted of \$289,997 in cash and investments valued at \$6,879,763. At December 31, 2022, board-designated endowment assets consisted of \$245,235 in cash and investments valued at \$3,634,343.



Changes in endowment for the years ended December 31, are as follows:

	2023	2022
Balance, beginning of year	\$ 3,879,578	\$ 4,606,618
Allocation from operations	2,510,000	-
Distributions	(4,587)	-
Interest and dividend income	134,023	73,313
Net unrealized gain (loss)	646,484	(833,040)
Net realized gain	24,967	53,977
Investment fees	(20,513)	(21,290)
	<u>\$ 7,169,952</u>	<u>\$ 3,879,578</u>

#### Note 5 – Contributions Receivable

Contributions receivable are estimated to be collected as follows at December 31:

	2023	2022
Within one year	\$ 3,901,990	\$ 2,270,193
In one to five years	6,125,000	4,685,969
Over five years	458,742	2,700,000
Less: allowance for uncollectible amounts	(5,795)	(21,243)
	<u>\$ 10,479,937</u>	<u>\$ 9,634,919</u>

#### Note 6 – Property and Equipment

Property and equipment consists of the following at December 31:

	2023	2022	Years
Equipment	\$ 2,371,500	\$ 2,062,865	3-10
Train and accessories	534,782	534,782	3-10
Construction in process	413,694	258,200	-
	<u>3,319,976</u>	<u>2,855,847</u>	
Less accumulated depreciation	2,426,655	2,262,869	
	<u>\$ 893,321</u>	<u>\$ 592,978</u>	

Construction in process at December 31, 2023, consists of incurred costs for an electric train and cars to be completed and delivered to TZMI during 2024.

## Note 7 – Net Assets with Donor Restrictions

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

	2023	2022
African Wilds	\$ 15,338,773	\$ 10,293,528
Elephant Exhibits	4,578,863	5,293,956
Giant Anteater	500,000	-
Education	184,947	184,898
Commonwealth	75,000	75,000
Memorials	15,000	44,604
Waltz on the Wild Side	35,000	34,661
Other	5,845	4,530
	<hr/>	<hr/>
Total donor restricted net assets	\$ 20,733,428	\$ 15,931,177

## 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, 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 \$86,000 and \$87,000 for the years ended December 31, 2023 and 2022, respectively.

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 years ended December 31, 2023 or 2022.

## Note 9 – In-kind Contributions

In 2023, TZMI received an in-kind contribution of approximately \$1,033,000 consisting of pipe that was used in construction of the Elephant Reserve. The valuation was provided by the donor using quotes from a supplier for similar sized pipe. The remaining in-kind contributions for 2023 and 2022 totaled approximately \$167,000 and \$47,000, respectively, and consisted of goods utilized primarily in fundraising activities and are valued at estimated resale prices.

## Note 10 – 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 year ended December 31:

	2023	2022
Elephant Reserve	\$ 3,780,241	\$ 82,345
Carnivores	23,100	87,486
Memorials	49,604	72,526
ADA carts	50,000	-
Founders	68,315	-
Other	8,714	7,791
	<hr/>	<hr/>
Total expenses for capital projects	<u>\$ 3,979,974</u>	<u>\$ 250,148</u>

**Note 11 – Unfunded Construction Commitment**

At December 31, 2023 and 2022, TZMI had outstanding commitments on construction agreements totaling approximately \$103,000 and \$258,000, respectively, related to the electric train and cars included in construction in process.