<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITOR’S REPORT</td>
<td>1 – 2</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statements of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Statements of Activities</td>
<td>4 – 5</td>
</tr>
<tr>
<td>Statements of Functional Expenses</td>
<td>6 – 7</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>8</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>9 – 25</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

Board of Trustees
Greater Los Angeles Zoo Association

Report on the Financial Statements
We have audited the accompanying financial statements of Greater Los Angeles Zoo Association (the “Association”), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2019 and 2018, 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.

Emphasis of a Matter
As disclosed in Note 3 to the financial statements, in 2018, the Association adopted Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

November 14, 2019
GREATER LOS ANGELES ZOO ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2019 and 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$11,136,610</td>
<td>$7,298,527</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>438,773</td>
<td>522,669</td>
</tr>
<tr>
<td>Accounts receivable – Los Angeles Zoo</td>
<td>1,364,057</td>
<td>1,281,682</td>
</tr>
<tr>
<td>Promises to give and grants receivable, net</td>
<td>2,136,402</td>
<td>2,452,769</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trusts</td>
<td>137,574</td>
<td>137,654</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>367,909</td>
<td>353,356</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>614,055</td>
<td>357,228</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>23,775,600</td>
<td>23,204,631</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$39,970,980</strong></td>
<td><strong>$35,608,516</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits payable</td>
<td>$328,035</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses – general</td>
<td>656,358</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses – Los Angeles Zoo</td>
<td>605,225</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>296,257</td>
</tr>
<tr>
<td>Capital leases</td>
<td>14,279</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,900,154</strong></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>4,508,505</td>
</tr>
<tr>
<td>Board designated for endowment</td>
<td>19,664,713</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>24,173,218</strong></td>
</tr>
<tr>
<td>With donor restrictions</td>
<td></td>
</tr>
<tr>
<td>Purpose and time restrictions</td>
<td>11,661,201</td>
</tr>
<tr>
<td>Perpetual in nature</td>
<td>2,236,407</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>13,897,608</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$39,970,980</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## GREATER LOS ANGELES ZOO ASSOCIATION

### STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

<table>
<thead>
<tr>
<th>Without Donor</th>
<th>With Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, support, and returns</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>$6,229,909</td>
<td>$ -</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>3,616,124</td>
<td>3,514,210</td>
</tr>
<tr>
<td>Special events, net</td>
<td>917,456</td>
<td>-</td>
</tr>
<tr>
<td>Concessions commissions and site rentals</td>
<td>3,260,148</td>
<td>-</td>
</tr>
<tr>
<td>Exhibitions and ticketed events</td>
<td>4,579,239</td>
<td>-</td>
</tr>
<tr>
<td>Admissions revenue share</td>
<td>1,364,057</td>
<td>-</td>
</tr>
<tr>
<td>Net investment return</td>
<td>1,027,182</td>
<td>354,278</td>
</tr>
<tr>
<td>Net unrealized loss on beneficial interest in perpetual trusts</td>
<td>-</td>
<td>(80)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>41,093</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,042,412</td>
<td>(1,042,412)</td>
</tr>
<tr>
<td><strong>Total revenue, support, and returns</strong></td>
<td><strong>22,077,620</strong></td>
<td><strong>2,825,996</strong></td>
</tr>
</tbody>
</table>

| **Expenses** | | |
| Program services | | |
| Los Angeles Zoo and Botanical Gardens | 8,056,931 | - | 8,056,931 |
| Greater Los Angeles Zoo Association | 9,286,361 | - | 9,286,361 |
| **Total program services** | **17,343,292** | - | **17,343,292** |

| Supporting services | | |
| General and administrative | 1,929,170 | - | 1,929,170 |
| Fundraising | 1,555,293 | - | 1,555,293 |
| **Total supporting services** | **3,484,463** | - | **3,484,463** |

| **Total expenses** | **20,827,755** | - | **20,827,755** |

| **Change in net assets** | | |
| 1,249,865 | 2,825,996 | 4,075,861 |

| **Net assets, beginning of year** | | |
| 22,923,353 | 11,071,612 | 33,994,965 |

| **Net assets, end of year** | **$24,173,218** | **$13,897,608** | **$38,070,826** |

The accompanying notes are an integral part of these financial statements.
GREATER LOS ANGELES ZOO ASSOCIATION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Revenue, support, and returns</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$ 5,996,674</td>
<td>-</td>
<td>$ 5,996,674</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>2,945,271</td>
<td>1,934,823</td>
<td>4,880,094</td>
</tr>
<tr>
<td>Special events, net</td>
<td>1,248,099</td>
<td>-</td>
<td>1,248,099</td>
</tr>
<tr>
<td>Concessions commissions and site rentals</td>
<td>3,131,369</td>
<td>-</td>
<td>3,131,369</td>
</tr>
<tr>
<td>Exhibitions and ticketed events</td>
<td>4,578,099</td>
<td>-</td>
<td>4,578,099</td>
</tr>
<tr>
<td>Admissions revenue share</td>
<td>1,281,682</td>
<td>-</td>
<td>1,281,682</td>
</tr>
<tr>
<td>Net investment return</td>
<td>737,769</td>
<td>302,615</td>
<td>1,040,384</td>
</tr>
<tr>
<td>Net unrealized gain on beneficial interest in perpetual trusts</td>
<td>-</td>
<td>3,171</td>
<td>3,171</td>
</tr>
<tr>
<td>Other revenue</td>
<td>43,650</td>
<td>-</td>
<td>43,650</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,011,970</td>
<td>(1,011,970)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue, support, and returns</strong></td>
<td><strong>20,974,583</strong></td>
<td><strong>1,228,639</strong></td>
<td><strong>22,203,222</strong></td>
</tr>
</tbody>
</table>

**Expenses**

**Program services**

Los Angeles Zoo and Botanical Gardens | 7,455,870 | - | 7,455,870 |
Greater Los Angeles Zoo Association   | 8,631,855 | - | 8,631,855 |

Total program services | 16,087,725 | - | 16,087,725 |

**Supporting services**

General and administrative | 1,865,566 | - | 1,865,566 |
Fundraising                  | 1,564,155 | - | 1,564,155 |

Total supporting services | 3,429,721 | - | 3,429,721 |

Total expenses | 19,517,446 | - | 19,517,446 |

**Change in net assets**

1,457,137 | 1,228,639 | 2,685,776 |

**Net assets, beginning of year**

21,466,216 | 9,842,973 | 31,309,189 |

**Net assets, end of year**

$ 22,923,353 | $ 11,071,612 | $ 33,994,965 |

The accompanying notes are an integral part of these financial statements.
GREATER LOS ANGELES ZOO ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Los Angeles Zoo &amp; Botanical Gardens</th>
<th>Greater Los Angeles Zoo Association</th>
<th>Total Program</th>
<th>General and Administration</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to Los Angeles Zoo</td>
<td>$6,105,513</td>
<td>$ -</td>
<td>$6,105,513</td>
<td>$ -</td>
<td>$ -</td>
<td>$6,105,513</td>
</tr>
<tr>
<td>Salaries, benefits, and taxes</td>
<td>3,198,757</td>
<td>1,318,306</td>
<td>4,517,063</td>
<td>1,312,889</td>
<td>1,077,356</td>
<td>5,589,002</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>180,460</td>
<td>180,460</td>
<td>-</td>
<td>7,991</td>
<td>1,325,297</td>
<td></td>
</tr>
<tr>
<td>Conservation donations</td>
<td>180,460</td>
<td>180,460</td>
<td>-</td>
<td>7,991</td>
<td>1,325,297</td>
<td></td>
</tr>
<tr>
<td>Credit card and bank fees</td>
<td>225,805</td>
<td>225,805</td>
<td>225,805</td>
<td>24,801</td>
<td>13,096</td>
<td>263,702</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>180,460</td>
<td>180,460</td>
</tr>
<tr>
<td>Direct benefits to donors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>231,615</td>
<td>231,615</td>
<td></td>
</tr>
<tr>
<td>Donor and member cultivation and events</td>
<td>888,854</td>
<td>888,854</td>
<td>-</td>
<td>111,782</td>
<td>1,000,136</td>
<td></td>
</tr>
<tr>
<td>Event costs</td>
<td>1,834,379</td>
<td>1,834,379</td>
<td>-</td>
<td>142,849</td>
<td>1,977,228</td>
<td></td>
</tr>
<tr>
<td>Exhibit construction and maintenance</td>
<td>506,431</td>
<td>506,431</td>
<td>-</td>
<td>506,431</td>
<td>506,431</td>
<td></td>
</tr>
<tr>
<td>Insurance and workers’ compensation</td>
<td>280,550</td>
<td>280,550</td>
<td>41,000</td>
<td>14,030</td>
<td>405,030</td>
<td>405,030</td>
</tr>
<tr>
<td>Other expenses</td>
<td>336,878</td>
<td>336,878</td>
<td>-</td>
<td>41,398</td>
<td>378,276</td>
<td>378,276</td>
</tr>
<tr>
<td>Office, IT, and postage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>52,346</td>
<td>52,346</td>
<td></td>
</tr>
<tr>
<td>Printing and signage</td>
<td>333,331</td>
<td>333,331</td>
<td>-</td>
<td>111,782</td>
<td>445,113</td>
<td>445,113</td>
</tr>
<tr>
<td>Professional services</td>
<td>287,966</td>
<td>287,966</td>
<td>-</td>
<td>111,782</td>
<td>400,748</td>
<td>400,748</td>
</tr>
<tr>
<td>Supplies, equipment, and repairs</td>
<td>469,603</td>
<td>469,603</td>
<td>-</td>
<td>111,782</td>
<td>581,385</td>
<td>581,385</td>
</tr>
<tr>
<td>Travel, entertainment, and meetings</td>
<td>170,080</td>
<td>170,080</td>
<td>-</td>
<td>111,782</td>
<td>281,862</td>
<td>281,862</td>
</tr>
<tr>
<td>Total expense by function</td>
<td>8,056,931</td>
<td>9,286,361</td>
<td>17,343,292</td>
<td>1,929,170</td>
<td>1,786,908</td>
<td>20,827,755</td>
</tr>
</tbody>
</table>

Less expenses included with revenues on the statement of activities:
- Direct benefits to donors

Total expenses included in the expense section on the statement of activities $8,056,931 $9,286,361 $17,343,292 $1,929,170 $1,555,293 $20,827,755

The accompanying notes are an integral part of these financial statements.
## GREATER LOS ANGELES ZOO ASSOCIATION

### STATEMENT OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Los Angeles Zoo &amp; Botanical Gardens</th>
<th>Greater Los Angeles Zoo Association</th>
<th>Total Program</th>
<th>General and Administration</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to Los Angeles Zoo</td>
<td>$6,148,807</td>
<td>$6,148,807</td>
<td></td>
<td>$6,148,807</td>
<td></td>
<td>$6,148,807</td>
</tr>
<tr>
<td>Salaries, benefits, and taxes</td>
<td>$2,915,981</td>
<td>$2,915,981</td>
<td>$1,296,608</td>
<td>$1,115,287</td>
<td>$4,105</td>
<td>$1,058,403</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>$1,054,298</td>
<td>$1,054,298</td>
<td></td>
<td></td>
<td></td>
<td>$1,058,403</td>
</tr>
<tr>
<td>Conservation donations</td>
<td>$217,000</td>
<td>$196,536</td>
<td></td>
<td></td>
<td></td>
<td>$413,536</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$788,473</td>
<td>$788,473</td>
<td></td>
<td></td>
<td></td>
<td>$788,473</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$250,025</td>
<td>$250,025</td>
<td></td>
<td></td>
<td></td>
<td>$250,025</td>
</tr>
<tr>
<td>Office, IT, and postage</td>
<td>$265,012</td>
<td>$235,335</td>
<td></td>
<td></td>
<td></td>
<td>$500,347</td>
</tr>
<tr>
<td>Professional services</td>
<td>$586,969</td>
<td>$586,969</td>
<td></td>
<td></td>
<td></td>
<td>$586,969</td>
</tr>
<tr>
<td>Supplies, equipment, and repairs</td>
<td>$276,182</td>
<td>$276,182</td>
<td></td>
<td></td>
<td></td>
<td>$276,182</td>
</tr>
<tr>
<td>Travel, entertainment, and meetings</td>
<td>$250,025</td>
<td>$250,025</td>
<td></td>
<td></td>
<td></td>
<td>$250,025</td>
</tr>
<tr>
<td>Total expense by function</td>
<td>$7,455,870</td>
<td>$8,631,855</td>
<td>$16,087,725</td>
<td>$1,865,566</td>
<td>$1,564,155</td>
<td>$19,517,446</td>
</tr>
</tbody>
</table>

Less expenses included with revenues on the statement of activities

| Direct benefits to donors          |             |             |             | (276,258)                 |             | (276,258) |

Total expenses included in the expense section on the statement of activities

| $7,455,870                         | $8,631,855  | $16,087,725 | $1,865,566   | $1,564,155              | $19,517,446 |
GREATER LOS ANGELES ZOO ASSOCIATION
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$ 4,075,861</td>
<td>$ 2,685,776</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment contributions received</td>
<td>-</td>
<td>(109,531)</td>
</tr>
<tr>
<td>Net investment income</td>
<td>(787,282)</td>
<td>(680,601)</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>2,193</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>163,258</td>
<td>143,914</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,521</td>
<td>269,164</td>
</tr>
<tr>
<td>Promises to give and grants receivable</td>
<td>316,367</td>
<td>(569,316)</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trusts</td>
<td>80</td>
<td>(3,171)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(256,827)</td>
<td>(103,022)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(40,088)</td>
<td>(1,068,289)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses – Los Angeles Zoo</td>
<td>76,990</td>
<td>(27,534)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>260,032</td>
<td>(174,280)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>3,812,105</td>
<td>363,110</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>438,101</td>
<td>501,444</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(221,788)</td>
<td>(334,520)</td>
</tr>
<tr>
<td>Purchases of equipment and leasehold improvements</td>
<td>(180,004)</td>
<td>(103,506)</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>36,309</td>
<td>63,418</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal payments on capital lease obligations</td>
<td>(10,331)</td>
<td>(11,454)</td>
</tr>
<tr>
<td>Endowment contributions received</td>
<td>-</td>
<td>109,531</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>(10,331)</td>
<td>98,077</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>3,838,083</td>
<td>524,605</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>7,298,527</td>
<td>6,773,922</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$ 11,136,610</td>
<td>$ 7,298,527</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental disclosure of cash flow information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital lease assumed to finance addition of property and equipment</td>
<td>$ -</td>
<td>$ 19,200</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE 1 – ORGANIZATION

General
The Greater Los Angeles Zoo Association (GLAZA) is a tax-exempt charitable organization, established for the purpose of developing, beautifying, and improving the Los Angeles Zoo and Botanical Gardens (Zoo). This is accomplished by providing financial and mission support to the Zoo and its programs, raising public awareness about the Zoo, enhancing the visitor experience, and stewarding the investments of visitors, members, and donors.

GLAZA operates under various agreements with the City of Los Angeles (City) as detailed below.

Operating Agreement
The City entered into an Operating Agreement with GLAZA for the purposes of obtaining assistance in establishing, developing, beautifying, and improving the Zoo. The Operating Agreement was executed on September 29, 1997 and expires September 29, 2022. Under Section III of this agreement, the City and GLAZA establish several Memorandum of Understanding (MOUs) to identify specific programs and financial obligations.

Membership MOU
Under this MOU, GLAZA manages the Zoo’s membership program. Fees collected from members are used to fund department expenses, as well as support expenses for volunteer and docent programs, publications, and website management. The current MOU expired June 30, 2018. The City and GLAZA are currently in the process of negotiating the terms of a new MOU to be effective retroactive to July 1, 2018. The City and GLAZA will continue to operate under the terms of the expired MOU until the new MOU is executed.

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

Concession Agreement
The Concession Agreement grants GLAZA the exclusive right to operate and maintain all approved concessions on Zoo premises. The fifth amendment to the Operating Agreement extends the term of the Concession Agreement to August 16, 2019.

In May 2019, GLAZA and the City executed the 6th amendment to the Operating Agreement, effective July 1, 2019. This amendment terminates and replaces the Concession Agreement and future concession MOUs, which now become part of the Operating Agreement and expire concurrently. This new amendment grants GLAZA the right to enter into a concession services agreement with a concessionaire for a ten-year period, with a five-year option to extend.

GLAZA is working in good faith with a new concessionaire, Service Systems Associates, Inc. (SSA), to finalize an agreement to become effective August 29, 2019. GLAZA may be responsible for reimbursing the previous Concessionaire for their unamortized capital investment of $120,157.
NOTE 1 – ORGANIZATION (Continued)

Concession Agreement (Continued)
Per the Concession Agreement and Concession Services Agreement, GLAZA pays the Zoo 10% of gross commissionable revenue generated by the concessionaire. The net remainder of commissions is made available for the Zoo’s discretionary expenditure.

Financial Assistance, Special Events, and Community Affairs MOU
Under this MOU, terms are established for raising unrestricted, restricted and endowment funds. It also establishes parameters for funding a special events department and for funding conservation donations made at the Zoo’s discretion. The current MOU expired June 30, 2018. The City and GLAZA are currently in the process of negotiating the terms of a new MOU to be effective retroactive to July 1, 2018. The City and GLAZA will continue to operate under the terms of the expired MOU until the new MOU is executed.

Marketing and Public Relations, and Site Rentals and Catered Events MOU
This MOU specifies GLAZA will provide marketing, public relations, and strategic branding services for the Zoo. It also stipulates GLAZA will oversee site rentals for private events and execution of night-time ticketed events to generate additional revenue. The current MOU expired June 30, 2018. The City and GLAZA are currently in the process of negotiating the terms of a new MOU to be effective retroactive to July 1, 2018. The City and GLAZA will continue to operate under the terms of the expired MOU until the new MOU is executed. Under terms of the Marketing MOU, GLAZA may receive a rebate of admissions revenue and night-time ticketed event proceeds if fiscal year admissions targets are achieved by the Zoo. Per the Marketing MOU, all proceeds from ticketed events are paid to the Zoo. In addition, 10% of site rental fees and catering sales are paid to the Zoo, plus an additional 3.5% is made available for the Zoo’s discretionary expenditure.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accounts Receivable
Accounts receivable consist primarily of non-interest-bearing amounts due for services provided to the Zoo and concessions commissions. An allowance for uncollectible accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management assessed the accounts receivable balances at June 30, 2019 and 2018 and determined no adjustment to the allowance was necessary.

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

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

Property and equipment purchased or constructed for the Zoo are expensed as a program service. Such acquisitions are conveyed to the Zoo for their use.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Revenue Recognition
Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Concessions revenue, which is included in concessions and site rentals, is accrued based upon a percentage, between 12 – 50% depending on product or service type, of gross receipts reported by the Concessionaire.

Advertising Costs
Advertising costs are expensed as incurred and totaled $1,325,297 and for $1,058,403 during the years ended June 30, 2019 and 2018.

Volunteer Services
Volunteers donate their time on behalf of various GLAZA and Zoo activities. GLAZA does not record the value of these services, as they do not meet the recognition criteria prescribed by U.S. GAAP.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.

- Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions received and expended in the same reporting period are recorded as net assets without donor restrictions.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses detail the expenses by nature and function. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based upon reasonable estimates of the amounts used by each program. The expenses that are allocated include insurance and copier charges. Salaries, taxes, and benefits for certain executive management are allocated based on estimated time studies.

Income Taxes
GLAZA is organized as a not-for-profit organization exempt from income taxes under the Internal Revenue Code §501(c)(3), and from franchise taxes under §23710(d) of the California Revenue and Taxation Code, except with respect to any unrelated business income. Management has analyzed the tax positions taken by GLAZA, and has concluded that, as of June 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. GLAZA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Impairment of Long-lived Assets
GLAZA reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of June 30, 2019 and 2018, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

Reclassifications
Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. The statements of financial position and statements of activities were reclassified to present financial activity in the new format described in Footnote 3 – Change in Accounting Principle.

Recent Accounting Pronouncements
In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it is expected to be entitled in exchange for those goods or services. FASB also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. GLAZA has substantially completed its assessment of the new standard and it does not expect the impact of adoption to be material to the its financial statements. GLAZA continues to evaluate the disclosure requirements related to the new standard.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)
In May 2017, FASB issued ASU 2017-10, Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Service. ASU 2017-10 provides guidance on how to address diversity in practice on how an operating entity determines the customer in service concession arrangements. ASU 2017-10 is effective for annual periods beginning after December 15, 2018. GLAZA is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In June 2018, the FASB issued 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 has different effective dates for resource recipients and resource providers. As the Association is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after June 15, 2018, including interim periods. Where the Association is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The Association is currently evaluating the impact of the adoption of this guidance on its financial statements. The adoption of ASU 2018-08 is not expected to have a material impact on the Association’s consolidated financial statements.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the FASB issued ASU 2016-14, Not-for-profit Entities (Topic 958): Presentation of Financial Statements of Not-for-profit Entities, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it represents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions.

ASU 2016-14 is effective for annual periods beginning after December 15, 2017. GLAZA adopted this ASU as of and for the year ended June 30, 2019 with retrospective application for the 2018 financial statements. GLAZA has opted to not disclose liquidity and availability information for 2018, as permitted under the ASU in the year of adoption. In addition, GLAZA changed its presentation of net asset classes and expanded the footnote disclosures as required by the ASU.
NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 follows:

<table>
<thead>
<tr>
<th>ASU 2016-14 Classifications</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets classifications, as previously presented</td>
<td>$ 22,923,353</td>
<td>$ -</td>
<td>$ 22,923,353</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>-</td>
<td>8,840,120</td>
<td>8,840,120</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>-</td>
<td>2,231,492</td>
<td>2,231,492</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Net assets, as reclassified $ 22,923,353 $11,071,612 $ 33,994,965

NOTE 4 – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable inputs that are not corroborated by market data

GLAZA’s investments are reflected at fair value based on quoted market prices. GLAZA’s beneficial interest in perpetual trusts is shown at the net present value of the future benefits expected to be received.
As of June 30, 2019 and 2018, GLAZA’s financial instruments measured on a recurring basis were classified by level within the valuation hierarchy as follows:

<table>
<thead>
<tr>
<th>June 30, 2019</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ -</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>6,870,035</td>
<td>-</td>
<td>-</td>
<td>6,870,035</td>
</tr>
<tr>
<td>Money market mutual funds</td>
<td>2,322,959</td>
<td>-</td>
<td>-</td>
<td>2,322,959</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>13,239,915</td>
<td>-</td>
<td>-</td>
<td>13,239,915</td>
</tr>
<tr>
<td>Equities</td>
<td>1,128,948</td>
<td>-</td>
<td>-</td>
<td>1,128,948</td>
</tr>
<tr>
<td>Total</td>
<td>23,561,857</td>
<td>-</td>
<td>-</td>
<td>23,775,600</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trusts</td>
<td>-</td>
<td>-</td>
<td>137,574</td>
<td>137,574</td>
</tr>
<tr>
<td>Total</td>
<td>$23,561,857</td>
<td>-</td>
<td>$137,574</td>
<td>$23,913,174</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>June 30, 2018</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ -</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>6,838,140</td>
<td>-</td>
<td>-</td>
<td>6,838,140</td>
</tr>
<tr>
<td>Money market mutual funds</td>
<td>2,371,109</td>
<td>-</td>
<td>-</td>
<td>2,371,109</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>4,180,789</td>
<td>-</td>
<td>-</td>
<td>4,180,789</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>8,440,300</td>
<td>-</td>
<td>-</td>
<td>8,440,300</td>
</tr>
<tr>
<td>Equities</td>
<td>1,144,327</td>
<td>-</td>
<td>-</td>
<td>1,144,327</td>
</tr>
<tr>
<td>Total</td>
<td>22,974,665</td>
<td>-</td>
<td>-</td>
<td>23,204,631</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trusts</td>
<td>-</td>
<td>-</td>
<td>137,654</td>
<td>137,654</td>
</tr>
<tr>
<td>Total</td>
<td>$22,974,665</td>
<td>-</td>
<td>$137,654</td>
<td>$23,342,285</td>
</tr>
</tbody>
</table>
NOTE 4 – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2019 and 2018, the change in value of the beneficial interest in perpetual trusts was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$137,654</td>
<td>$134,483</td>
</tr>
<tr>
<td>Net unrealized gain/(loss)</td>
<td>(80)</td>
<td>3,171</td>
</tr>
<tr>
<td><strong>Total beneficial interest in perpetual trusts</strong></td>
<td><strong>$137,574</strong></td>
<td><strong>$137,654</strong></td>
</tr>
</tbody>
</table>

The beneficial interest in perpetual trusts is reported at the net present value of the estimated future amount to be received on such assets. The present value is based on the IAR 2012 Mortality Table, published by the Society of Actuaries.

NOTE 5 – PROMISES TO GIVE AND GRANTS RECEIVABLE, NET

As of June 30, 2019 and 2018, promises to give and grants receivable are expected to be realized in the following periods:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>In one year or less</td>
<td>$1,097,091</td>
<td>$1,322,518</td>
</tr>
<tr>
<td>In one to four years</td>
<td>1,150,000</td>
<td>1,250,328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,247,091</strong></td>
<td><strong>2,572,846</strong></td>
</tr>
</tbody>
</table>

Less present value discount 2.05%–3.58% (68,692) (78,080)

Less allowance for uncollectible promises to give (41,997) (41,997)

**Total** $2,136,402 $2,452,769
NOTE 6 – PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware and software</td>
<td>$550,365</td>
<td>$436,632</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>275,014</td>
<td>237,587</td>
</tr>
<tr>
<td>Vehicles</td>
<td>247,347</td>
<td>247,347</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>313,093</td>
<td>313,093</td>
</tr>
<tr>
<td>Equipment</td>
<td>341,659</td>
<td>315,008</td>
</tr>
<tr>
<td>Leased equipment</td>
<td>60,514</td>
<td>60,514</td>
</tr>
</tbody>
</table>

Less accumulated depreciation   

1,420,083                       

1,256,825

Total                           

$367,909                        

$353,356

NOTE 7 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2019, the following table reflects GLAZA’s financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date due to donor restrictions or internal board designations.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$11,136,610</td>
</tr>
<tr>
<td>Less donor restricted program funds</td>
<td>(7,066,098)</td>
</tr>
<tr>
<td>Accounts receivable due in 2020</td>
<td>1,802,830</td>
</tr>
<tr>
<td>Promises to give due in 2020</td>
<td>275,630</td>
</tr>
</tbody>
</table>

Financial assets available to meet general expenditures within one year  

$6,148,972

GLAZA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, preparing a balanced budget, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In the event the need arises to utilize board-designated funds for liquidity purposes, the board-designated endowment could be drawn upon through board resolution, up to 3% of ending balance over the prior three fiscal year ends through the preceding fiscal year in which the distribution is planned. Additionally, GLAZA has available a $5,000,000 line of credit from which it may use to draw funds to meet any operating shortfalls throughout the year.
## NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

<table>
<thead>
<tr>
<th>Subject to expenditure for a specific purpose</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoo Master Plan and other capital projects</td>
<td>$5,659,898</td>
<td>$3,103,410</td>
</tr>
<tr>
<td>Zoo animal and plant programs</td>
<td>898,839</td>
<td>598,972</td>
</tr>
<tr>
<td>Zoo Health Center</td>
<td>77,135</td>
<td>97,165</td>
</tr>
<tr>
<td>Zoo conservation projects</td>
<td>1,237,514</td>
<td>1,185,967</td>
</tr>
<tr>
<td>Zoo education programs</td>
<td>689,085</td>
<td>601,496</td>
</tr>
<tr>
<td>Zoo marketing projects</td>
<td>149,950</td>
<td>152,004</td>
</tr>
<tr>
<td>GLAZA projects</td>
<td>33,401</td>
<td>56,526</td>
</tr>
<tr>
<td>Behavioral enrichment program</td>
<td>852,547</td>
<td>850,922</td>
</tr>
<tr>
<td>Other</td>
<td>169,470</td>
<td>578,975</td>
</tr>
<tr>
<td>Discounts and allowances</td>
<td>(118,692)</td>
<td>(128,080)</td>
</tr>
<tr>
<td>Unappropriated endowment earnings</td>
<td>2,012,054</td>
<td>1,742,763</td>
</tr>
<tr>
<td></td>
<td>11,661,201</td>
<td>8,840,120</td>
</tr>
</tbody>
</table>

**Endowment subject to GLAZA endowment spending policy and appropriation**

<table>
<thead>
<tr>
<th>Fund</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laura Tyler Docent Endowment Fund</td>
<td>1,095,998</td>
<td>1,091,003</td>
</tr>
<tr>
<td>Hearst Endowment for education programs</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Kaye Jamison Docent Fund</td>
<td>367,807</td>
<td>367,807</td>
</tr>
<tr>
<td>L. Eugene Dudley Fund for Felines</td>
<td>80,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Ofsanko Exhibit Improvement Fund</td>
<td>68,278</td>
<td>68,278</td>
</tr>
<tr>
<td>Zoo Scholarship Endowment Fund</td>
<td>36,750</td>
<td>36,750</td>
</tr>
<tr>
<td>General endowment fund</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>2,098,833</td>
<td>2,093,838</td>
</tr>
</tbody>
</table>

Beneficial interest in perpetual trusts

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>137,574</td>
<td>137,654</td>
</tr>
<tr>
<td>2,236,407</td>
<td>2,231,492</td>
</tr>
</tbody>
</table>

Total net assets with donor restrictions

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13,897,608</td>
<td>$11,071,612</td>
</tr>
</tbody>
</table>
NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors, as follows for the years ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th>Satisfaction of purpose and time restrictions</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoo Master Plan and other capital projects</td>
<td>$376,610</td>
<td>$44,470</td>
</tr>
<tr>
<td>Zoo animal and plant programs</td>
<td>201,961</td>
<td>93,854</td>
</tr>
<tr>
<td>Zoo Health Center</td>
<td>126,682</td>
<td>36,542</td>
</tr>
<tr>
<td>Zoo conservation projects</td>
<td>62,817</td>
<td>62,894</td>
</tr>
<tr>
<td>Zoo education programs</td>
<td>221,091</td>
<td>222,925</td>
</tr>
<tr>
<td>Zoo marketing projects</td>
<td>526</td>
<td>112</td>
</tr>
<tr>
<td>GLAZA projects</td>
<td>52,725</td>
<td>551,173</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,042,412</strong></td>
<td><strong>$1,011,970</strong></td>
</tr>
</tbody>
</table>

NOTE 9 – ENDOWMENTS

The endowment consists of funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Trustees.

The Board of Trustees has interpreted the California-enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, GLAZA retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by GLAZA in a manner consistent with the standard of prudence prescribed by UPMIFA.
NOTE 9 – ENDOWMENTS (Continued)

GLAZA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of GLAZA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of GLAZA
- The investment policies of GLAZA

As of June 30, 2019 and 2018, endowment net asset composition by fund type is as follows:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment</td>
<td>$19,664,713</td>
<td>$</td>
<td>$19,664,713</td>
</tr>
<tr>
<td>Donor-restricted endowment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donator-restricted gift</td>
<td>-</td>
<td>2,098,833</td>
<td>2,098,833</td>
</tr>
<tr>
<td>Unappropriated endowment earnings</td>
<td>-</td>
<td>2,012,054</td>
<td>2,012,054</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$19,664,713</td>
<td>$4,110,887</td>
<td>$23,775,600</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment</td>
<td>$19,368,030</td>
<td>$</td>
<td>$19,368,030</td>
</tr>
<tr>
<td>Donor-restricted endowment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donator-restricted gift</td>
<td>-</td>
<td>2,093,838</td>
<td>2,093,838</td>
</tr>
<tr>
<td>Unappropriated endowment earnings</td>
<td>-</td>
<td>1,742,763</td>
<td>1,742,763</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$19,368,030</td>
<td>$3,836,601</td>
<td>$23,204,631</td>
</tr>
</tbody>
</table>
NOTE 9 – ENDOWMENTS (Continued)

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires GLAZA to retain as a fund of perpetual duration. Deficiencies of this nature are reported as a reduction of unrestricted net assets. As of June 30, 2019 and 2018, there were no such deficiencies.

Investment and Spending Policies
GLAZA’s primary investment objective is to provide for distributions as outlined in its Distribution Policy and to preserve capital, adjusted for the rate of inflation as determined by the Consumer Price Index. To satisfy its long-term rate-of-return objectives, GLAZA relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GLAZA has chosen a diversified asset allocation that targets 60% of equity-based investments and 40% of cash and treasuries-based investments. Within the equity-based portion of the portfolio, GLAZA has additionally allocated investments between large-capitalization and small/mid-capitalization investments, between growth and value objectives, and between domestic and international investments.

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

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without Donor Restrictions</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$19,368,030</td>
</tr>
<tr>
<td>Net investment return</td>
<td>859,043</td>
</tr>
<tr>
<td>Earnings appropriated per spending policy</td>
<td>(562,360)</td>
</tr>
<tr>
<td>Total endowment funds</td>
<td>$19,664,713</td>
</tr>
</tbody>
</table>
NOTE 9 – ENDOWMENTS (Continued)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without</td>
</tr>
<tr>
<td></td>
<td>Donor Restrictions</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$19,193,991</td>
</tr>
<tr>
<td>Net investment return</td>
<td>726,968</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Earnings appropriated per spending policy</td>
<td>(552,929)</td>
</tr>
<tr>
<td><strong>Total endowment funds</strong></td>
<td><strong>$19,368,030</strong></td>
</tr>
</tbody>
</table>

NOTE 10 – DEFERRED COMPENSATION PLANS

GLAZA sponsors three deferred compensation plans (Plans), to which it contributes. GLAZA’s total contribution to the Plans for the years ended June 30, 2019 and 2018, was $378,783 and $332,461, respectively, and is included with salaries, taxes, and benefits on the statements of functional expenses.

NOTE 11 – LINE OF CREDIT

GLAZA has a $5,000,000 line of credit with a bank, which expires on June 1, 2021. GLAZA has the option of choosing an interest rate based either on LIBOR, plus 1.25%, or the bank’s prime lending rate. The line of credit is secured by GLAZA’s investment in U.S. treasuries (see Note 4). The line of credit incurs a fee of .18% per annum for any quarter where usage falls below $2,500,000. As of June 30, 2019 and 2018, there were no outstanding borrowings on this line of credit.

NOTE 12 – TRANSACTIONS WITH THE ZOO AND CITY OF LOS ANGELES

Revenue
In the years ended June 30, 2019 and 2018, GLAZA received rebates related to the marketing MOU (See Note 1) of $1,364,057 and $1,281,682, respectively, from the City. This amount is included in Admission revenue share in the statements of activities, and Accounts receivable – Los Angeles Zoo in the statements of financial position.
NOTE 12 – TRANSACTIONS WITH THE ZOO AND CITY OF LOS ANGELES (Continued)

Expenses
In addition to the Zoo payments described in Foot, GLAZA pays the Zoo and City departments for vendor services such as overtime event staffing, zookeepers for animal encounters, and traffic control, which are reimbursed separately and not part of the MOUs.

For the years ended June 30, 2019 and 2018, cash payments to the Zoo and City collectively totaled $6,845,665 and $6,712,663, respectively.

NOTE 13 – RELATED PARTY TRANSACTIONS

GLAZA’s board of trustees is actively involved in raising funds for GLAZA. During the years ended June 30, 2019 and 2018, GLAZA received a total of $759,028 and $806,921, respectively, in contributions from trustees. In addition, trustees have agreed to contribute an additional amount of $28,364 and $200,187 that are recorded as promises to give. The present value of the promises to give from trustees at June 30, 2019 and 2018 was $27,826 and $194,582, respectively. During the years ended June 30, 2019 and 2018, GLAZA paid $11,998 and $18,589 to a business owned by a trustee for services provided.

NOTE 14 – CONTINGENCIES

In the ordinary course of business, GLAZA is subject to certain potential legal claims. In the opinion of management, such matters will not have a material effect on the combined financial position of GLAZA.

NOTE 15 – SUBSEQUENT EVENTS

GLAZA has evaluated subsequent events through November 14, 2019, which is the date the financial statements were available to be issued.