

Fresno's Chaffee Zoo Corporation | Fresno, CA

Financial Statements

For the Years Ended December 31, 2024 and 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fresno's Chaffee Zoo Corporation
Fresno, California

Opinion

We have audited the accompanying financial statements of Fresno's Chaffee Zoo Corporation (the Corporation), a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresno's Chaffee Zoo Corporation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Corporation'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 the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Inventory of Capital Assets Purchased with Measure Z Funds schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Inventory of Capital Assets Purchased with Measure Z Funds schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Corporation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Price Price & Company

Clovis, California
June 12, 2025

FINANCIAL STATEMENTS

FRESNO'S CHAFFEE ZOO CORPORATION | DECEMBER 31, 2024

Statement of Financial Position

(With Summarized Financial Information as of December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 552,540	\$ 552,540	\$ 3,205,694
Accounts receivable	1,036,446	-	1,036,446	2,761,745
Investments, short term (Note 6)	8,383,807	412,862	8,796,669	9,192,426
Pledges receivable	-	194,834	194,834	670,750
Right of use assets, current (Note 5)	55,934	-	55,934	66,514
Beneficial use of land, current (Note 4)	-	87,575	87,575	87,575
Prepaid expenses	487,948	-	487,948	583,634
Total current assets	9,964,135	1,247,811	11,211,946	16,568,338
Pledges receivable	-	245,000	245,000	295,000
Investments, long term (Note 6)	10,136,149	96,310	10,232,459	9,608,897
Equipment and facilities, net (Note 7)	120,010,785	-	120,010,785	121,178,221
Right of use assets, long term (Note 5)	35,526	-	35,526	94,918
Beneficial use of land, long term (Note 4)	-	4,949,601	4,949,601	5,037,176
Other assets, net	83,502	-	83,502	92,162
Total assets	\$ 140,230,097	\$ 6,538,722	\$ 146,768,819	\$ 152,874,712
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 2,253,311	\$ -	\$ 2,253,311	\$ 4,567,172
Accrued expenses	995,387	-	995,387	830,805
Current maturities of operating lease liabilities (Note 5)	55,934	-	55,934	66,514
Current maturities of finance lease liabilities (Note 5)	3,973	-	3,973	28,856
Current maturities of long term debt (Note 9)	231,993	-	231,993	-
Deferred revenue (Note 12)	1,917,982	-	1,917,982	1,652,233
Total current liabilities	5,458,580	-	5,458,580	7,145,580
Long-term operating lease liabilities, net (Note 5)	35,526	-	35,526	94,918
Long-term finance lease liabilities, net (Note 5)	-	-	-	4,809
Long-term debt, net (Note 9)	3,245,639	-	3,245,639	-
Total liabilities	8,739,745	-	8,739,745	7,245,307
Net assets:				
Without donor restrictions:				
Undesignated	121,260,699	-	121,260,699	128,305,053
Board designated (Note 10 & 11)	10,229,654	-	10,229,654	9,971,171
Total without donor restrictions	131,490,353	-	131,490,353	138,276,224
With donor restrictions (Note 10 & 11)	-	6,538,722	6,538,722	7,353,181
Total net assets	131,490,353	6,538,722	138,029,075	145,629,405
Total liabilities and net assets	\$ 140,230,098	\$ 6,538,722	\$ 146,768,820	\$ 152,874,712

See Independent Auditor's Report and Notes to the Financial Statements.

FRESNO'S CHAFFEE ZOO CORPORATION | FOR THE YEAR ENDED DECEMBER 31, 2024

Statement of Activities

(With Summarized Financial Information for the Year Ended December 31, 2023)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
Revenue, support and other income (expense):				
Revenue:				
Admissions	\$ 7,782,100	\$ -	\$ 7,782,100	\$ 7,814,713
Membership	2,581,403	-	2,581,403	2,098,631
Merchandise, food, and beverage	1,798,004	-	1,798,004	1,954,640
Special events, net of direct expenses of \$949,791 and \$1,069,375	1,120,748	-	1,120,748	1,096,597
Education	1,224,378	-	1,224,378	1,664,910
Sponsorships	176,550	-	176,550	220,150
Total revenue	14,683,183	-	14,683,183	14,849,641
Support:				
Measure Z (for capital projects)	3,301,803	-	3,301,803	13,784,067
Measure Z (for facility operations)	7,084,990	-	7,084,990	7,599,738
Contributions:				
Cash and financial assets	400,459	495,085	895,544	3,839,301
Nonfinancial assets	2,093,289	-	2,093,289	171,961
Total support	12,880,541	495,085	13,375,626	25,395,067
Other income (expense):				
Investment income, net	517,912	2,162	520,074	702,488
Net investment gains	1,286,463	7,026	1,293,489	2,281,309
Loss on disposal of assets	(229,102)	-	(229,102)	(391,858)
Other income	54,089	-	54,089	32,291
Total other income	1,629,362	9,188	1,638,550	2,624,230
Total revenues, support and other before net assets released from restrictions	29,193,086	504,273	29,697,359	42,868,938
Net assets released from restrictions	1,318,732	(1,318,732)	-	-
Total revenue, support, and other after net assets released from restrictions	30,511,818	(814,459)	29,697,359	42,868,938
Expenses:				
Program services	32,539,082	-	32,539,082	27,879,984
Supporting services:				
Management and general	3,663,902	-	3,663,902	3,371,479
Fundraising	1,094,705	-	1,094,705	1,054,419
Total expenses	37,297,689	-	37,297,689	32,305,882
Changes in net assets	\$ (6,785,871)	\$ (814,459)	\$ (7,600,330)	\$ 10,563,056

See Independent Auditor's Report and Notes to the Financial Statements.

FRESNO'S CHAFFEE ZOO CORPORATION | FOR THE YEAR ENDED DECEMBER 31, 2024

Statement of Changes in Net Assets

(With Summarized Financial Information for the Year Ended December 31, 2023)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
Net assets, beginning of year, restated	\$ 138,276,224	\$ 7,353,181	\$ 145,629,405	\$ 135,066,349
Changes in net assets	<u>(6,785,871)</u>	<u>(814,459)</u>	<u>(7,600,330)</u>	<u>10,563,056</u>
Net assets, ending of year	<u>\$ 131,490,353</u>	<u>\$ 6,538,722</u>	<u>\$ 138,029,075</u>	<u>\$ 145,629,405</u>

See Independent Auditor's Report and Notes to the Financial Statements.

FRESNO'S CHAFFEE ZOO CORPORATION | FOR THE YEAR ENDED DECEMBER 31, 2024

Statement of Functional Expenses

(With Summarized Financial Information for the Year Ended December 31, 2023)

	Program Services					Supporting Services		Total	
	Animal	Exhibits &	Education &	Membership &	Program	Management &	Fundraising	2024	2023
	Management	Grounds	Conservation	Visitor Services	Subtotal	General			
Advertising	\$ -	\$ -	\$ -	\$ 774,598	\$ 774,598	\$ -	\$ -	\$ 774,598	\$ 936,362
Animal services	704,318	-	-	-	704,318	-	-	704,318	607,424
Bank and credit card fees	123,804	48,894	50,541	84,174	307,413	45,591	13,616	366,620	345,046
Community support	-	-	9,715	-	9,715	-	1,750	11,465	3,500
Conservation	15,500	-	127,433	-	142,933	-	-	142,933	159,203
Contracted services	94,758	140,112	10,942	111,569	357,381	336,268	101,789	795,438	915,291
Depreciation and amortization	132,689	8,117,227	7,638	30,845	8,288,399	19,600	-	8,307,999	6,653,796
Dues and subscriptions	29,167	7,379	9,581	20,780	66,907	10,277	2,116	79,300	88,189
Equipment expense	109,311	173,679	44,837	483,441	811,268	9,663	2,693	823,624	736,085
Fleet expense	152	68,579	466	42	69,239	23	7	69,269	58,047
Food and catering	3,177	829	80,180	15,598	99,784	8,666	43,453	151,903	211,832
Insurance	132,555	52,376	54,055	90,357	329,343	48,974	14,646	392,963	331,445
Interest expense	15,461	6,109	6,305	10,539	38,414	5,712	1,708	45,834	24,737
Information technology	7,795	60	4,025	22,481	34,361	356,456	11,113	401,930	521,979
Lease expense	28,900	11,385	12,261	21,018	73,564	10,508	3,503	87,575	87,575
Measure Z reimbursement	-	838,722	-	-	838,722	-	-	838,722	-
Mileage, tolls, and parking	-	-	12,972	369	13,341	940	684	14,965	3,483
Miscellaneous business expenses	1,819	1,469	814	1,240	5,342	3,337	455	9,134	34,599
Office supplies	4,860	1,664	2,974	5,898	15,396	10,051	355	25,802	24,741
Other expense	1,235	488	503	842	3,068	456	136	3,660	5,838
Personnel	7,082,159	2,349,820	3,131,805	3,500,632	16,064,416	2,409,031	764,952	19,238,399	16,645,866
Postage	17,299	-	639	15,529	33,467	2,151	6,326	41,944	34,488
Printing	1,469	-	1,124	43,064	45,657	1,132	5,677	52,466	96,877
Professional services	126,345	224,104	-	4,712	355,161	98,541	5,033	458,735	415,784
Recognition	-	-	140	-	140	5,081	-	5,221	1,682
Recruiting	-	-	-	-	-	23,899	-	23,899	60,881
Repairs and replacements	262,036	458,652	1,252	25,836	747,776	17,483	101	765,360	799,806
Signage	-	-	1,000	43,150	44,150	-	-	44,150	76,423
Specialized services	766	-	40,250	-	41,016	9,345	8,285	58,646	32,261
Staff development	73,118	5,951	36,036	27,300	142,405	22,585	8,378	173,368	160,261
Supplies	348,954	247,316	139,514	51,496	787,280	1,295	40,640	829,215	812,773
Taxes	338	134	138	231	841	125	37	1,003	1,047
Telephone	27,320	10,698	11,041	18,455	67,514	10,319	2,991	80,824	107,185
Uniforms	-	-	5,594	-	5,594	14,954	-	20,548	89,952
Utilities	491,094	194,043	200,264	334,758	1,220,159	181,439	54,261	1,455,859	1,221,424
Total expenses	\$ 9,836,399	\$ 12,959,690	\$ 4,004,039	\$ 5,738,954	\$ 32,539,082	\$ 3,663,902	\$ 1,094,705	\$ 37,297,689	\$ 32,305,882

See Independent Auditor's Report and Notes to the Financial Statements.

FRESNO'S CHAFFEE ZOO CORPORATION | FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
Statements of Cash Flows

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (7,600,330)	\$ 10,563,056
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	8,307,999	6,653,796
Net investment gains	(1,293,489)	(2,281,309)
Credit loss expense	3,660	5,838
Measure Z reimbursement	838,722	-
Loss on disposal of asset	229,102	391,858
Reduction in basis of right-of-use assets	69,972	36,430
Beneficial use of land	87,575	87,575
Donated stock	(154,014)	(57,490)
Donated assets	(1,933,000)	-
Changes in assets and liabilities:		
Accounts receivable	1,721,639	3,026,091
Pledges receivable	525,916	(858,750)
Prepaid expenses	95,686	(210,859)
Other assets	(2,877)	(34,480)
Accounts payable	(2,313,861)	(1,511,401)
Accrued expenses	164,582	87,136
Operating lease liabilities	(69,972)	(36,430)
Deferred revenue	265,749	328,033
Net cash and cash equivalents provided by (used for) operating activities	(1,056,941)	16,189,094
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and facilities	(5,622,385)	(17,190,293)
Proceeds from sale of assets	197,257	-
Purchase of investments	(2,399,701)	(1,458,028)
Proceeds from sale of investments	3,619,399	1,732,077
Net cash and cash equivalents used for investing activities	(4,205,430)	(16,916,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit	2,150,000	2,250,000
Payments on line of credit	(2,150,000)	(2,250,000)
Proceeds from borrowings under long-term debt	2,677,000	-
Principal payments on long-term debt	(38,090)	-
Principal payments on finance leases	(29,692)	(29,319)
Net cash and cash equivalents provided by (used for) financing activities	2,609,218	(29,319)
Net change in cash and cash equivalents	(2,653,153)	(756,469)
Cash and cash equivalents, beginning of year	3,205,694	3,962,163
Cash and cash equivalents, end of year	\$ 552,541	\$ 3,205,694
Supplemental cash flow information:		
Interest paid	\$ 45,834	\$ 24,737
Non-cash transactions:		
Donated assets, materials, and services	\$ 2,093,289	\$ 171,961
Donated stock	\$ 154,014	\$ 57,490
Measure Z reimbursement	\$ 838,722	\$ -
Right-of-use assets	\$ -	\$ 112,358
Transfer of construction in progress to equipment and facilities	\$ 11,149,191	\$ 46,820,799

See Independent Auditor's Report and Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Nature of Operations

Fresno's Chaffee Zoo Corporation (the Corporation) was formed as a not-for-profit public benefit corporation in 2005, under the laws of the State of California. The Fresno Chaffee Zoo (the Zoo) is an animal conservation and care facility located in Fresno, California. Pursuant to a lease agreement dated January 1, 2006, between the City of Fresno (the City) and the Corporation, the City transferred management and financial responsibility for the Zoo to the Corporation. The Corporation operates and maintains the facility and operates the programs to support wildlife conservation, education, and professional animal management in the community.

The Corporation's main revenue sources can be grouped into two categories: earned revenues (including revenue from the sale of admission tickets, entrance fees for special exhibits and animal feeding experiences, membership dues, commissions from food service and retail sales, special events income, and education program fees) and public support (including contributions made by donors, and support received from Measure Z, a transactions and use tax levied at a rate of 0.1%, collected in Fresno County).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

Basis of Presentation

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

Without donor restrictions – Net assets for use in general operations and not subject to use or time restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that those 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.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

The Statements of Financial Position, Activities, Changes in Net Assets, and Functional Expenses include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Revenue Recognition

The Corporation recognizes revenue from ticket sales at the time of admission or, in the case of a special exhibit, when the ticket is used for entry into the exhibit. Ticket sales that are purchased in advance to be redeemed at a later date are reported as deferred revenue.

Revenue from commissions on the sale of retail merchandise and food and beverage are recognized at the time of purchase by the customer. Special events revenue is recognized upon the event taking place.

Membership dues, which are nonrefundable, are comprised of several performance obligations provided to customers. The value of these performance obligations is deferred initially and recognized as the performance obligations are delivered, which is over the membership period. Membership dues received for future periods are reported as deferred revenue.

Club membership dues have an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Corporation recognizes the exchange portion of club membership dues over the membership period, and the contribution portion immediately.

Revenue from educational programs, such as ZooCamp, are deferred initially and recognized as the performance obligations are delivered, which is ratably over the period of time the program is held. Tuition and fees received for future periods are reported as deferred revenue.

Realized and unrealized gains and losses and investment income derived from investment transactions are included as income in the year earned.

Measure Z

On November 2, 2004, the voters of Fresno County approved Measure Z, a transaction and use tax (sales tax) at the rate of 0.1% administered by the Fresno County Zoo Authority (the Zoo Authority), to support the Zoo. On November 4, 2014, Measure Z was extended for an additional ten years. On June 7, 2022, Measure Z was extended for an additional fifteen years.

The Fresno County tax ordinance requires at least 98% of Measure Z tax revenue to be allocated to the Corporation for the purpose of operations, maintenance, and capital projects at the facility. The Zoo Authority, which is charged with the oversight of the administration of the Measure Z funds, is allocated up to 2% of the tax proceeds for the purpose of administration. The Corporation is subject to a budgeting process through which all proposed spending under Measure Z must be reviewed and approved by the Zoo Authority before costs are incurred. Once budgets are approved, documentation showing actual costs expended (referred to as a "claim") must be submitted for reimbursement. All claims submitted are subject to review and approval by the Zoo Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measure Z (Continued)

The Corporation recognizes support from Measure Z based on the reimbursable costs incurred during the financial reporting period. Please refer to Note 3 for additional disclosures regarding Measure Z reimbursements.

Contributions

Contributions, including unconditional promises to give, are recognized initially at net realizable value as support in the year received. Net realizable value is estimated giving consideration to anticipated future cash receipts (after an allowance is made for uncollectible contributions, if necessary). Contributions to be received after one year are recorded at the present value of their estimated future cash flows.

Conditional promises to give are not included as support until the conditions are substantially met. Amounts received in advance of satisfying the donor-imposed conditions are reported as deferred revenue.

Contributed Nonfinancial Assets

The Corporation recognizes contributed nonfinancial assets within revenue, including donated materials, assets, land, space, and professional services. A substantial number of volunteers have made significant contributions of their time to the Corporation's programs and supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill.

Donated land and assets are used in various programs within the Corporation. The Corporation estimates the value based on the fair market value of the asset at the time of donation.

Donated equipment and supplies are used in various programs within the Corporation. The Corporation estimates the value based on the fair value that would be paid for similar items in the Central Valley.

Donated food and catering services are used in various programs within the Corporation. The Corporation estimates the value based on the fair value that would be paid for similar food and services in the Central Valley.

Donated goods are used for auction for the benefit of various programs within the Corporation. The Corporation estimates the value based on the fair value that would be paid for similar goods in the Central Valley.

Contributed services comprise professional services that would otherwise be purchased. Contributed services are valued and reported at the estimated fair value based on current rates for similar services.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings, and money market accounts. The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Marketable investments in equity and debt securities are carried at fair value based upon quoted market prices. The Corporation's Finance Committee is responsible for establishing investment criteria and overseeing the Corporation's investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The Corporation maintains master investment accounts that include its donor-restricted and board-designated endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to, spreading the total risk of each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund, and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Accounts Receivable

Accounts receivable primarily consist of trade receivables and receivables due from the Zoo Authority for reimbursable costs incurred by the Corporation under Measure Z. Management provides for probable uncollectible amounts through provisions for credit loss expense based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the accounts receivable. At December 31, 2024 and 2023, the Corporation considers all amounts to be fully collectible; therefore, no allowance for credit losses is reflected.

Accounts receivable consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Accounts receivable, trade	\$ 148,700	\$ 261,857
Grants receivable	-	42,109
Measure Z receivables	815,266	1,999,724
Other receivables	<u>72,480</u>	<u>458,055</u>
Total accounts receivable	<u>\$ 1,036,446</u>	<u>\$ 2,761,745</u>

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At December 31, 2024 and 2023, the Corporation considers all amounts to be fully collectible; therefore, no allowance for credit losses is reflected.

Amounts due from pledges receivable are as follows at December 31, 2024:

Less than one year	\$ 194,834
One to five years	245,000
More than five years	-
Total pledges receivable	<u>\$ 439,834</u>

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections

While the animal collection represents the Corporation's most cherished asset, in accordance with industry practice, the Corporation's collection of animals is not capitalized and recognized as assets on the statement of financial position. The animal collection has numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the Corporation exchanges animals with other organizations, but consistent with industry practice, typically does not record any asset or liability when an animal is exchanged with another organization. Generally, expenditures related to animal acquisitions are expensed in the period of acquisition.

Equipment and Facilities

Equipment and facilities are carried at cost less accumulated depreciation. Expenditures for major renewals or betterments in excess of \$5,000 for furniture, fixtures, and equipment, and \$30,000 for facilities and improvements that extend the useful lives of property, plant, and equipment are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred. When assets are retired or disposed, the asset's original cost and related accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in the statement of activities. Amortization expense on leasehold improvements is included in depreciation expense and is recorded over the shorter of the estimated useful life of the leasehold improvement or the lease terms that are reasonably assured.

Depreciation of equipment and facilities is provided using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings, exhibits and improvements	5 to 20
Transportation and equipment	3 to 7
Furniture and fixtures	5

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the years ended December 31, 2024 and 2023, respectively.

Leases

The Corporation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Corporation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

Operating leases are included in right-of-use assets and long-term liabilities in the statements of financial position. Finance leases are included in property and equipment and long-term liabilities in the statements of financial position.

Advertising

The Corporation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. Advertising expense was \$774,598 and \$936,362 for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

The Corporation is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code (IRC) and §23701d of the California Revenue and Taxation Code, respectively. The Corporation is subject to federal income taxes for any activities that are unrelated to its exempt purpose. Unrelated business income tax, if any, is insignificant and no provision for income taxes has been made.

U.S. GAAP requires Corporation management to evaluate tax positions by the Corporation and recognize a tax liability (or asset) if the Corporation has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service.

The Corporation's evaluations for the years ended December 31, 2024 and 2023, respectively, revealed no tax positions that would have a material impact on the financial statements. The tax returns of the Corporation are subject to examination by federal and state taxing authorities. However, there are currently no examinations in progress or pending.

Financial Instruments

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Corporation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The amounts that exceed federally insured limits were approximately \$270,000 and \$4,000,000 at December 31, 2024 and 2023, respectively. The Corporation has not experienced any losses in such accounts. The Corporation attempts to limit its credit risk associated with cash equivalents and investments by utilizing outside investment managers to place the Corporation's investments with highly rated corporate and financial institutions. Management believes that the Corporation is not exposed to any significant credit risk related to concentrations.

Functional Allocation of Expenses

Expenses which apply to more than one functional category have been allocated among program services, management and general, and fundraising on a reasonable basis that is consistently applied. Most expenses of the Corporation are allocated based on overall usage estimates, with the exception of personnel and staff development, which are allocated on the basis of estimated time and effort, and depreciation and amortization, which is allocated using a direct identification methodology.

FRESNO'S CHAFFEE ZOO CORPORATION | DECEMBER 31, 2024 AND 2023

Notes to the Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications had no impact on the Corporation's total net assets at December 31, 2023.

NOTE 3 – MEASURE Z

As disclosed in Note 2, the Corporation receives funding from Measure Z, a transaction and use tax collected in Fresno County. Pursuant to the bylaws of the Zoo Authority, a minimum of two-thirds of the tax revenue allocated to the Corporation must be used for capital projects, while the remaining amount may be used for facility operations, including maintenance.

The following table presents Measure Z reimbursable costs, by project name and purpose, incurred for capital projects for the years ended December 31:

	Design	Construction	Total	
			2024	2023
Reclaimed Water	\$ -	\$ 571,641	\$ 571,641	\$ -
Conservation Action Center	-	234,681	234,681	1,075,849
Energy Efficiency	-	-	-	1,037,674
Kingdoms of Asia	-	32,445	32,445	4,946,520
Event Lawn	-	451,272	451,272	-
Kingdoms of Asia Phase II	21,955	1,961,346	1,983,301	5,284,435
SLC Biotank	-	20,853	20,853	1,066,690
Zooplex	-	7,500	7,500	372,769
	21,955	3,279,738	3,301,693	13,783,937
Bank and credit card fees	110	-	110	130
Total	\$ 22,065	\$ 3,279,738	\$ 3,301,803	\$ 13,784,067

The following table presents Measure Z reimbursable expenses, by expense line item, incurred for facility operations for the years ended December 31:

	2024	2023
Animal services and supplies	\$ 608,000	\$ 642,728
Personnel:		
Animal care	3,867,000	4,095,000
Commissary	314,000	308,000
Maintenance and horticulture	1,141,000	1,180,000
Veterinary	385,000	388,000
Water quality supplies	95,000	80,000
Utilities	674,880	905,880
	7,084,880	7,599,608
Bank and credit card fees	110	130
Total	\$ 7,084,990	\$ 7,599,738

See Independent Auditor's Report.

NOTE 4 – BENEFICIAL USE OF LAND

According to the terms of the lease agreement (the Agreement) between the City and the Corporation, dated January 1, 2006 (the Commencement Date), the City transferred management and financial responsibility for the Zoo to the Corporation. Under the Agreement, the City owns the Zoo grounds and structures existing at the Commencement Date, and the Corporation is, and will be, the owner of all the improvements constructed after the Commencement Date. As of the Commencement Date, the Corporation has assumed all obligations with respect to the animals cared for, housed, or otherwise kept at the Zoo during the term of the Agreement.

The lease rate is \$1 per year paid through the term of the Agreement. The lease expires January 1, 2036, with an option to extend for an additional 25-year period or two additional 10-year periods. Improvements and animals shall become the property of the City when the lease is terminated or expires. The annual rental value was estimated to be approximately \$87,575 per year through 2035 and \$162,954 per year through 2060. For each of the years ended December 31, 2024 and 2023, lease expense of \$87,575 was recorded in connection with this lease agreement.

The values to be recognized on the use of land for the years ending December 31 are as follows:

2025	\$	87,575
2026		87,575
2027		87,575
2028		87,575
2029		87,575
2030 and thereafter		<u>4,599,301</u>
Total	\$	<u>5,037,176</u>

NOTE 5 – LEASES

Right-of-use assets represent the Corporation's right to use underlying assets for the lease term, and the lease liabilities represent the Corporation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms.

The Corporation leases office space and equipment for administrative purposes under operating leases expiring on various dates through 2027. The Corporation leases machinery and equipment for program purposes under financing leases expiring at various dates through 2025.

The following is a schedule of minimum lease commitments for the years ending December 31:

	<u>Operating</u>	<u>Finance</u>
2025	\$ 55,934	\$ 3,973
2026	21,003	-
2027	<u>14,523</u>	<u>-</u>
Total	\$ <u>91,460</u>	\$ <u>3,973</u>

Total expense associated with these leases for the years ended December 31, 2024 and 2023, was \$69,971 and \$65,749, respectively, and has been included with equipment expense in the statement of functional expenses.

NOTE 6 – INVESTMENTS

Investments, at fair value, for the years ended December 31, 2024 and 2023, are as follows:

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
Investment type:				
Mutual funds	<u>\$ 18,519,956</u>	<u>\$ 509,172</u>	<u>\$ 19,029,128</u>	<u>\$ 18,801,323</u>

The components of investment return for the years ended December 31, 2024 and 2023, are as follows:

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
Investment income	\$ 538,371	\$ 2,356	\$ 540,727	\$ 725,220
External and direct internal fees	<u>(20,459)</u>	<u>(194)</u>	<u>(20,653)</u>	<u>(22,732)</u>
Investment income, net	517,912	2,162	520,074	702,488
Net investment gains	<u>1,286,463</u>	<u>7,026</u>	<u>1,293,489</u>	<u>2,281,309</u>
Total	<u>\$ 1,804,375</u>	<u>\$ 9,188</u>	<u>\$ 1,813,563</u>	<u>\$ 2,983,797</u>

The Corporation's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities that the entity has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data.

An asset or a liability's classification is based on the lowest level input that is significant to its measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used the years ended December 31, 2024 and 2023, respectively.

Registered investment companies (mutual funds) – Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV), and mutual funds are required to transact at that price. The funds held by the Corporation are deemed to be actively traded. Mutual funds held by the Corporation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission.

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Notes to the Financial Statements

NOTE 6 – INVESTMENTS (Continued)

The following table provides information about the Corporation's financial assets measured at fair value on a recurring basis as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment type:				
Mutual funds	\$ 19,029,128	\$ -	\$ -	\$ 19,029,128

The following table provides information about the Corporation's financial assets measured at fair value on a recurring basis as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment type:				
Mutual funds	\$ 18,801,323	\$ -	\$ -	\$ 18,801,323

There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2024 and 2023.

NOTE 7 – EQUIPMENT AND FACILITIES

Equipment and facilities consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Buildings, exhibits and improvements	\$ 161,830,689	\$ 148,615,252
Finance right to use assets	146,134	146,134
Furniture and fixtures	148,488	148,488
Transportation and equipment	3,732,453	3,290,177
Subtotal	165,857,764	152,200,051
Less accumulated depreciation and amortization	(49,724,423)	(41,427,963)
	116,133,341	110,772,088
Land	652,087	705,450
Construction in progress	3,225,357	9,700,683
	<u>\$ 120,010,785</u>	<u>\$ 121,178,221</u>

Total depreciation and amortization expense for the years ended December 31, 2024 and 2023, was \$8,307,999 and \$6,653,796, respectively.

NOTE 8 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Corporation’s financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when not convertible to cash within one year, or when subject to other considerations such as donor restrictions or board designations.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 552,540	\$ 3,205,694
Accounts receivable	1,036,446	2,761,745
Investments	8,796,669	9,192,426
Current portion of pledges receivable	<u>194,834</u>	<u>670,750</u>
 Total financial assets as of December 31	 <u>10,580,489</u>	 <u>15,830,615</u>
 Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Donor restricted - specific purpose	965,402	1,725,559
Capital project funds retained in money market account	32,841	624,195
Construction contracts payable	405,867	642,479
Board designations:		
Board designated - specific purpose	<u>223,505</u>	<u>542,896</u>
 Total amounts not available to be used within one year	 <u>1,627,615</u>	 <u>3,535,129</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 8,952,874</u>	 <u>\$ 12,295,486</u>

The Corporation’s spending policy is to structure its financial assets to be available for operations, capital projects, and opportunities to enhance the Corporation’s mission.

NOTE 9 – DEBT OBLIGATIONS

Line of Credit

In 2014, the Corporation added a margin feature to its investment agreement with Charles Schwab. The feature allows the Corporation to borrow against the value of certain marginable investments held with Charles Schwab. Interest is calculated on the borrowings at the daily margin interest rate of 8.00% at December 31, 2023. Maximum borrowings on the margin loan were not to exceed \$5,643,543 at December 31, 2023. At December 31, 2023 there was no outstanding balance on the margin loan. The line of credit was paid in full and closed in October 2024.

NOTE 9 – DEBT OBLIGATIONS (Continued)

Zoo Authority Note Payable

During the years 2016 through 2020, the Corporation received reimbursement through Measure Z funds from the Zoo Authority (the Authority) for the construction of the African River project in the total amount of \$838,722. The reimbursements received were recognized as revenue in the period the reimbursements were earned. The Corporation subsequently elected to postpone further construction related to this project and redirect funding to higher priority projects. In September 2024, the Corporation and the Authority reached an agreement in which the Corporation is to repay the funds previously reimbursed through Measure Z for the related project. As a result of this agreement, the Corporation has recognized a note payable liability of \$838,722 and recognized a Measure Z Reimbursement expense in the same amount for the year ended December 31, 2024.

The agreement requires quarterly principal and interest payments beginning January 2025 until paid in full in October 2029. The interest rate on the note is 4.00%. The Corporation made the first payment in December 2024. The principal balance of the note was \$800,632 at December 31, 2024.

Future minimum payments on the note for the years ending December 31 are as follows:

2025	\$	116,573
2026		160,945
2027		167,479
2028		174,279
2029		<u>181,356</u>
Total	\$	<u>800,632</u>

Bank of America Term Loan

On September 30, 2024, the Corporation entered into an agreement with Bank of America for a non-revolving line of credit with a maximum amount of \$5,000,000. The line of credit is available to draw until September 30, 2025. Interest only payments on the amount drawn began in October 2024. Beginning October 31, 2025, the line of credit converts to a term loan with principal and interest payments due monthly until the loan matures in September 2030. The loan is collateralized by the receivables, inventory, and assets of the Corporation. The interest rate is equal to the sum of either the greater of the Term SOFR Daily Floating Rate or the Index Floor, plus 1.62 percentage point. The interest rate was 6.09% as of December 31, 2024. Under the terms of the agreement, the Corporation is required to maintain a Debt Service Coverage Ratio of at least 1.200:1 and to maintain at least 50% Unencumbered Liquid Assets to Total Funded Debt. As of December 31, 2024, the Corporation was in compliance with the required covenants.

As of December 31, 2024, the amount drawn on the line of credit was \$2,677,000. As of the date of issuance, the full \$5,000,000 has been drawn.

Future minimum payments on the loan for the years ending December 31 are as follows:

2025	\$	115,420
2026		479,620
2027		509,666
2028		541,593
2029 and thereafter		<u>1,030,701</u>
Total	\$	<u>2,677,000</u>

FRESNO'S CHAFFEE ZOO CORPORATION | DECEMBER 31, 2024 AND 2023
Notes to the Financial Statements

NOTE 10 – NET ASSETS

Net assets consisted of the following at December 31:

	2024	Restated 2023
Without donor restrictions:		
Undesignated	\$ 121,260,699	\$ 128,305,053
Board designated - specific purposes	93,505	449,396
Board designated - endowment	<u>10,136,149</u>	<u>9,521,775</u>
Total without donor restrictions	<u>131,490,353</u>	<u>138,276,224</u>
With donor restrictions:		
Donor restricted - specific purposes	5,997,578	6,850,309
Donor restricted - endowment	101,310	87,122
Donor restricted - time	<u>439,834</u>	<u>415,750</u>
Total with donor restrictions	<u>6,538,722</u>	<u>7,353,181</u>
Total net assets	<u>\$ 138,029,075</u>	<u>\$ 145,629,405</u>

A portion of net assets are designated by the Board of Directors for specific purposes related to the mission and purpose of the Corporation. The following table presents activity in board-designated net assets for specific purposes for the year ended December 31, 2024:

	Restated December 31, 2023	Increases	Decreases	December 31, 2024
Development	\$ 395,649	\$ -	\$ (395,649)	\$ -
Endowment	28,500	95,505	(30,500)	93,505
Infrastructure - exhibits	<u>25,247</u>	<u>-</u>	<u>(25,247)</u>	<u>-</u>
Total	<u>\$ 449,396</u>	<u>\$ 95,505</u>	<u>\$ (451,396)</u>	<u>\$ 93,505</u>

A portion of net assets are restricted by donors for specific purposes related to the mission and purpose of the Corporation or restricted for use in future periods. The following table presents activity in donor-restricted net assets for specific purposes or time restrictions for the year ended December 31, 2024:

	Restated December 31, 2023	Increases	Decreases	Transfers	December 31, 2024
Purpose restricted:					
Beneficial use of land	\$ 5,124,751	\$ -	\$ (87,575)	\$ -	\$ 5,037,176
Endowment	87,122	14,188	-	-	101,310
Conservation and enrichment	954,413	285,536	(636,825)	500	603,624
Education	17,620	2,000	(2,969)	-	16,651
Infrastructure - exhibits	542,480	44,385	(422,360)	40,000	204,505
Infrastructure - public	<u>211,045</u>	<u>6,330</u>	<u>(81,753)</u>	<u>-</u>	<u>135,622</u>
Total purpose restricted	<u>6,937,431</u>	<u>352,439</u>	<u>(1,231,482)</u>	<u>40,500</u>	<u>6,098,888</u>
Time restricted	<u>415,750</u>	<u>151,834</u>	<u>(87,250)</u>	<u>(40,500)</u>	<u>439,834</u>
Total donor restricted	<u>\$ 7,353,181</u>	<u>\$ 504,273</u>	<u>\$ (1,318,732)</u>	<u>\$ -</u>	<u>\$ 6,538,722</u>

See Independent Auditor's Report.

NOTE 11 – ENDOWMENT

The Corporation's endowment assets include both donor-restricted endowment funds as well as funds without donor restrictions designated for long-term investment by the Board of Directors, which are funds functioning as endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Corporation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies net assets with donor restrictions as: (i) the original value of gifts donated to the permanent endowment, (ii) the original value of subsequent gifts to the permanent endowment, and (iii) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservations of the various funds, (ii) the purposes of the donor-restricted endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Corporation, and (vii) the Corporation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Corporation has an Investment Policy Statement (IPS), which is approved by the Corporation's Finance Committee and the Board of Directors. The IPS specifies investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Corporation expects its endowment assets, over time, to produce an average nominal rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Corporation has a policy of appropriating for distribution an amount of up to 5% of its endowment fund's average fair value for the prior 12 quarters through September 30 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Corporation considered the long-term expected return on its investment assets to approximately 8%, offset by estimated inflation of 3%, which is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have faith values less than the amount required to be maintained by donors by law (underwater endowments). The Board of Directors of the Corporation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

FRESNO'S CHAFFEE ZOO CORPORATION | DECEMBER 31, 2024 AND 2023

Notes to the Financial Statements

NOTE 11 – ENDOWMENT (Continued)

Spending Policy(Continued)

Endowment net asset composition by type of fund as of December 31, 2024, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 101,310	\$ 101,310
Board-designated endowment funds	<u>10,136,149</u>	<u>-</u>	<u>10,136,149</u>
Total	<u>\$ 10,136,149</u>	<u>\$ 101,310</u>	<u>\$ 10,237,459</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 87,122	\$ 87,122
Board-designated endowment funds	<u>9,521,775</u>	<u>-</u>	<u>9,521,775</u>
Total	<u>\$ 9,521,775</u>	<u>\$ 87,122</u>	<u>\$ 9,608,897</u>

Changes in endowment net assets for the years ended December 31, 2024 and 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of December 31, 2022	<u>\$ 8,357,817</u>	<u>\$ 74,130</u>	<u>\$ 8,431,947</u>
Investment return:			
Investment income, net	231,000	2,112	233,112
Net investment gains, realized and unrealized	<u>1,196,552</u>	<u>10,880</u>	<u>1,207,432</u>
Total investment return	<u>1,427,552</u>	<u>12,992</u>	<u>1,440,544</u>
Contributions	<u>102,906</u>	<u>-</u>	<u>102,906</u>
Appropriation for expenditure	<u>(366,500)</u>	<u>-</u>	<u>(366,500)</u>
Endowment net assets as of December 31, 2023	<u>9,521,775</u>	<u>87,122</u>	<u>9,608,897</u>
Investment return:			
Investment income, net	227,803	2,162	229,965
Net investment gains, realized and unrealized	<u>743,502</u>	<u>7,026</u>	<u>750,528</u>
Total investment return	<u>971,305</u>	<u>9,188</u>	<u>980,493</u>
Contributions	<u>64,069</u>	<u>5,000</u>	<u>69,069</u>
Appropriation for expenditure	<u>(421,000)</u>	<u>-</u>	<u>(421,000)</u>
Endowment net assets as of December 31, 2024	<u>\$ 10,136,149</u>	<u>\$ 101,310</u>	<u>\$ 10,237,459</u>

See Independent Auditor's Report.

NOTE 12 – CONTRACTS WITH CUSTOMERS

For the years ended December 31, 2024 and 2023, revenue recognized from performance obligations satisfied at a point in time consisting of admissions, merchandise, concessions, and education was \$13,051,571 and \$13,820,385, respectively. For the years ended December 31, 2024 and 2023, revenue recognized from performance obligations satisfied over a period of time consisting of memberships was \$2,581,403 and \$2,098,631, respectively. The total amount of revenue recognized for contracts with customers for the years ended December 31, 2024 and 2023, was \$15,594,654 and \$15,919,016, respectively.

Contract assets include accounts receivable arising from contracts from customers in the amounts of \$148,700, \$261,857, and \$239,677 at December 31, 2024, 2023, and 2022, respectively.

The following table provides information about significant changes in deferred revenue for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of year	\$ 1,652,233	\$ 1,324,200
Revenue recognized that was included in deferred revenue at the beginning of year	(1,652,233)	(1,324,200)
Increase in deferred revenue due to cash received during the period	<u>1,917,982</u>	<u>1,652,233</u>
Deferred revenue, end of year	<u>\$ 1,917,982</u>	<u>\$ 1,652,233</u>

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities included the following at December 31:

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 1,933,000	\$ -
Equipment and supplies	13,661	1,500
Food and catering	26,929	16,193
Goods	107,699	114,383
Professional services	<u>12,000</u>	<u>39,885</u>
Total contributed nonfinancial assets	<u>\$ 2,093,289</u>	<u>\$ 171,961</u>

NOTE 14 – EMPLOYEE BENEFIT PLAN

The Corporation maintains a 401(k) defined contribution plan (the Plan) for its employees. The Plan is available to all employees immediately upon hire, provided they are at least 21 years of age. Employees are automatically enrolled in the Plan at a 1% pre-tax contribution rate unless they opt out. The Plan provides an employer match of 100% for the first 3% of the employee contribution and a 50% match for the next 2% of the employee contribution, up to a maximum employer match of 4% of pay. Total contributions made to the Plan for the years ended December 31, 2024 and 2023, were \$328,056 and \$216,561, respectively.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

See Independent Auditor's Report.

Claims and Legal Actions

The Corporation is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, based in part upon the advice of legal counsel, these matters are of such a nature that unfavorable disposition would not have a material adverse effect on the financial position, results of operations, or cash flows of the Corporation.

Construction Commitments

As of December 31, 2024, the Corporation had an outstanding commitment for future capital expenditures of approximately \$720,000.

Food Service and Retail Commitments

Effective July 25, 2011, the Corporation entered into an agreement with Service Systems Associates (SSA) to conduct food service and retail merchandising operations, which has been amended subsequent to its effective date. Under the agreement, the Corporation receives monthly license fees from SSA based on gross receipts of food and merchandise sold that vary between 15% and 33% depending on the type and level of receipts. SSA also contributes to capital improvements in the food service and retail facilities. As of December 31, 2024, the agreement's term was through October 31, 2030, and the amount committed for capital improvements was approximately \$513,000.

NOTE 16 – CAPTIVE INSURANCE PROGRAM

The Corporation is a member in Union Re Holdings, LLC, a Tennessee domiciled holding company. Union Re Holdings, LLC was formed to participate as a re-insurer in a commercial insurance program to provide workers' compensation insurance. The Corporation incurs annual policy premium expenses, which are included in the accompanying statement of functional expense. Each year, Union Re Holdings, LLC, calculates the actuarial risk-based performance of each member and values the member's accounts. As a member of Union Re Holdings, LLC, the Corporation is subject to sharing the risk of liabilities arising from other members exceeding their insurance reserves. Any profits from the valuation are returned to the Corporation and are included in the accompanying statement of activities. For the years ended December 31, 2024 and 2023, there were no profits allocated.

The Corporation has a security collateral obligation, which is comprised of a standby letter of credit issued by the Corporation's bank and cash as follows at December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 34,480	\$ 34,480
Standby letter of credit	<u>209,631</u>	<u>139,658</u>
Total	<u>\$ 244,111</u>	<u>\$ 174,138</u>

The cash portion of the security collateral obligation is included in other assets, net, on the statement of financial position.

NOTE 17 – RELATED PARTY TRANSACTIONS

See Independent Auditor's Report.

During the year ended December 31, 2023, the Corporation received a pledge of \$300,000 and contributed nonfinancial assets of \$64,250 from a single board member. There were no related party transactions requiring disclosure for the year ended December 31, 2024.

NOTE 18 – RESTATEMENT OF NET ASSETS

During the year ended December 31, 2024, the Corporation identified certain contributions received in a prior year that were subject to donor-imposed time restriction. These contributions were originally recorded as net assets without donor restrictions. As a result, the Corporation has reclassified \$415,750 from net assets without donor restrictions to net assets with donor restrictions to properly reflect the time restriction. This adjustment has no impact on total net assets as of December 31, 2023, as previously reported.

The restatement is summarized as follows:

	As Previously Reported December 31, 2023	Reclassification	As Restated December 31, 2023
Net assets without donor restriction	\$ 138,691,974	\$ (415,750)	\$ 138,276,224
Net assets with donor restriction	<u>6,937,431</u>	<u>415,750</u>	<u>7,353,181</u>
Total	<u>\$ 145,629,405</u>	<u>\$ -</u>	<u>\$ 145,629,405</u>

NOTE 19 – SUBSEQUENT EVENTS

Loss Contingency

The Corporation is involved in various legal matters related to various events that occurred prior to December 31, 2024. Some of those legal matters are in the initial stages and the ultimate outcome is not yet reasonably determined. Subsequent to year-end, the Corporation reached a settlement agreement in one legal matter in the amount of \$285,000. While the legal proceedings were ongoing as of year-end and the settlement had not been finalized, the loss amount became known prior to the issuance of these financial statements.

Management evaluated the impact of the legal settlement on the Corporation's financial position and determined that the amount is not material to the financial statements for the year ended December 31, 2024. Accordingly, no liability has been recorded in the accompanying financial statements at December 31, 2024. The loss will be recognized in the period in which the settlement is finalized.

Other

Management has evaluated and concluded that there are no other subsequent events that have occurred from December 31, 2024, through the date the financial statements were available to be issued at June 12, 2025, that would require additional disclosure or adjustment.

SUPPLEMENTARY INFORMATION

FRESNO'S CHAFFEE ZOO CORPORATION | FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Inventory of Capital Assets Purchased with Measure Z Funds

	December 31, 2023	Increases	Decreases	Transfers	December 31, 2024
African Adventure	\$ 57,242,620	\$ -	\$ -	\$ -	\$ 57,242,620
Ambassador Building	3,374,437	-	-	-	3,374,437
Birds of Prey	44,944	-	-	-	44,944
Conservation Action Center	-	-	-	1,313,416	1,313,416
Dino Dig	70,000	-	-	-	70,000
Hospital-Radiology Unit	49,363	-	-	-	49,363
Infrastructure (SCIP)	2,951,972	-	-	-	2,951,972
Kingdoms of Asia	42,425,570	-	-	7,921,541	50,347,111
Reptile House	1,022,168	-	-	-	1,022,168
Safari Café	54,235	-	-	-	54,235
Sea Lion Cove	11,913,215	-	-	20,853	11,934,068
Stingray Bay	69,474	-	-	-	69,474
Tropical Treasures	35,062	-	-	-	35,062
Utilities	3,537,502	-	-	-	3,537,502
Warthog	2,846,645	-	-	-	2,846,645
Wilderness Falls	3,316,460	-	-	-	3,316,460
Zooplex	12,687,163	-	-	7,500	12,694,663
Subtotal	141,640,830	-	-	9,263,310	150,904,140
Construction in progress	7,823,254	3,301,693	(838,722)	(9,263,310)	1,022,915
Total	<u>\$ 149,464,084</u>	<u>\$ 3,301,693</u>	<u>\$ (838,722)</u>	<u>\$ -</u>	<u>\$ 151,927,055</u>