

**CONSERVATION SOCIETY OF  
CALIFORNIA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
SEPTEMBER 30, 2023 AND 2022**

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Trustees  
Conservation Society of California  
Oakland, California**

### **Opinion**

We have audited the accompanying financial statements of Conservation Society of California (Society), which comprise the statements of financial position as of September 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation Society of California as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 Conservation Society of California and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the 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 Conservation Society of California'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 Conservation Society of California'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.



**GILBERT CPAs**  
**Sacramento, California**

**March 1, 2024**

# CONSERVATION SOCIETY OF CALIFORNIA

## STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 6,997,823	\$ 19,051,584
Accounts and other receivables	191,742	941,037
Current portion of pledges receivable	65,013	40,000
Current portion of grant receivable	100,000	
Prepaid expenses and other	523,426	372,738
Short-term investments	13,264,339	
Total current assets	<u>21,142,343</u>	<u>20,405,359</u>
<b>NON-CURRENT ASSETS:</b>		
Pledges receivable, net	44,850	13,261
Grant receivable, net	1,357,771	1,499,203
Investments	992,190	184,331
Charitable remainder trust asset	107,544	107,544
Property and equipment, net	<u>75,278,210</u>	<u>76,917,329</u>
<b>TOTAL ASSETS</b>	<u>\$ 98,922,908</u>	<u>\$ 99,127,027</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,843,740	\$ 1,209,854
Accrued liabilities	1,993,840	1,938,390
Current portion of loan payable	139,352	
Deferred revenue and unearned rental income	<u>3,567,960</u>	<u>4,578,830</u>
Total current liabilities	7,544,892	7,727,074
<b>LOAN PAYABLE, Net</b>	<u>588,808</u>	
Total liabilities	<u>8,133,700</u>	<u>7,727,074</u>
<b>NET ASSETS:</b>		
Without donor restrictions		
Operating reserve	13,264,339	
Undesignated	74,766,728	88,463,411
With donor restrictions	<u>2,758,141</u>	<u>2,936,542</u>
Total net assets	<u>90,789,208</u>	<u>91,399,953</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 98,922,908</u>	<u>\$ 99,127,027</u>

The accompanying notes are an integral part of these financial statements.

# CONSERVATION SOCIETY OF CALIFORNIA

## STATEMENTS OF ACTIVITIES (Page 1 of 2) YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES AND SUPPORT:</b>		
Program revenues:		
Operating revenue	\$ 9,407,438	\$ 9,843,471
Membership revenue	5,057,754	5,221,132
Concessions	3,203,760	3,684,294
Special events	1,357,485	1,582,598
Education	885,425	627,185
Rental revenue	3,275	4,356
Total program revenue	19,915,137	20,963,036
Other support:		
Contributions	6,277,736	4,122,785
Government funding	2,276,366	2,231,720
Employee Retention Tax Credit	1,022,307	712,507
Paycheck Protection Program loan forgiveness		4,742,100
Investment income	526,503	250
Miscellaneous income	147,720	26,057
Satisfaction of restrictions - operations	843,055	828,291
Total other support	11,093,687	12,663,710
Total revenue and support	31,008,824	33,626,746
<b>OPERATING EXPENSES:</b>		
Program services:		
Operations	11,193,524	10,817,931
Animal management	9,033,743	8,334,910
Education	2,495,127	2,274,813
Concessions	1,278,711	898,647
Special events	644,477	473,938
Total program services	24,645,582	22,800,239
Supporting services:		
Administration	4,531,764	5,084,379
Marketing and public relations	1,531,387	1,396,333
Fund development	1,089,649	1,067,364
Total supporting services	7,152,800	7,548,076
Total operating expenses	31,798,382	30,348,315
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>(789,558)</b>	<b>3,278,431</b>

The accompanying notes are an integral part of these financial statements.

# CONSERVATION SOCIETY OF CALIFORNIA

## STATEMENTS OF ACTIVITIES (Page 2 of 2) YEARS ENDED SEPTEMBER 30, 2023 AND 2022

---

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>(CONTINUED):</b>		
Satisfaction of restrictions - capital projects	<u>357,214</u>	<u>193,138</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
<b>WITHOUT DONOR RESTRICTIONS</b>	<u>(432,344)</u>	<u>3,471,569</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions and grants	1,040,587	2,768,112
Provision for doubtful pledges receivable	(18,719)	(22,045)
Satisfaction of restrictions - operations	(843,055)	(828,291)
Satisfaction of restrictions - capital projects	<u>(357,214)</u>	<u>(193,138)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH</b>		
<b>DONOR RESTRICTIONS</b>	<u>(178,401)</u>	<u>1,724,638</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(610,745)	5,196,207
<b>NET ASSETS, Beginning of Year</b>	<u>91,399,953</u>	<u>86,203,746</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 90,789,208</u>	<u>\$ 91,399,953</u>

# CONSERVATION SOCIETY OF CALIFORNIA

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2023

	<u>Program services</u>				<u>Supporting services</u>				<u>Total</u>
	<u>Operations</u>	<u>Animal management</u>	<u>Education</u>	<u>Concessions</u>	<u>Special events</u>	<u>Administration</u>	<u>Marketing and public relations</u>	<u>Fund development</u>	
Personnel costs	\$ 4,853,978	\$ 5,540,044	\$ 1,889,250	\$ 969,782	\$ 162,312	\$ 2,104,568	\$ 706,114	\$ 560,608	\$ 16,786,656
Capital asset depreciation	1,976,337	1,499,291	354,378	245,338		186,412	139,808	139,808	4,541,372
Professional services	378,184	61,498	22,240		285,231	1,630,449	90,486	183,165	2,651,253
Utilities and telephone	1,809,564	550				175,748	2,050		1,987,912
Repair and maintenance of grounds	622,330	430,488	20,915	53,368		39,847	456	12,798	1,180,202
Animal care and feed		1,005,450							1,005,450
Supplies	214,731	119,649	84,386	6,804	63,678	111,827	121,694	82,616	805,385
Advertising and cultivation	30,007				129,127		395,592	6,819	561,545
Credit card processing and bank charges	474,987					78,486			553,473
Insurance	475,456					23,991		5,370	504,817
Printing and postage	256,908	13,484	4,209	88		3,020	448	26,962	305,119
Grants to others		222,163							222,163
Dues and licenses	9,244	28,671	7,969	3,183		69,669	5,397	40,760	164,893
Special project costs		72,826	56,974			3,000			132,800
Travel	94	23,049	35,148			20,387	7,615	273	86,566
Uniforms	54,955	14,511	10,745			4,222			84,433
Meals and entertainment	1,251	228			4,129	21,295	5,333	10,200	42,436
Miscellaneous	35,498	1,841	8,913	148		58,843	56,394	20,270	181,907
<b>Total</b>	<b><u>\$ 11,193,524</u></b>	<b><u>\$ 9,033,743</u></b>	<b><u>\$ 2,495,127</u></b>	<b><u>\$ 1,278,711</u></b>	<b><u>\$ 644,477</u></b>	<b><u>\$ 4,531,764</u></b>	<b><u>\$ 1,531,387</u></b>	<b><u>\$ 1,089,649</u></b>	<b><u>\$ 31,798,382</u></b>

The accompanying notes are an integral part of these financial statements.

# CONSERVATION SOCIETY OF CALIFORNIA

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2022

	<u>Program services</u>				<u>Supporting services</u>				<u>Total</u>
	<u>Operations</u>	<u>Animal management</u>	<u>Education</u>	<u>Concessions</u>	<u>Special events</u>	<u>Administration</u>	<u>Marketing and public relations</u>	<u>Fund development</u>	
Personnel costs	\$ 4,600,049	\$ 4,822,075	\$ 1,698,462	\$ 596,681	\$ 114,066	\$ 2,222,590	\$ 645,904	\$ 525,201	\$ 15,225,028
Capital asset depreciation	1,970,440	1,494,814	353,320	244,606		186,625	139,969	139,969	4,529,743
Professional services	461,577	28,120	6,371	48	131,943	1,843,183	115,091	100,467	2,686,800
Utilities and telephone	1,665,512	600			14,217	207,233	2,700		1,890,262
Repair and maintenance of grounds	421,801	330,430	7,332	52,279	96,797	9,867	508	1,571	920,585
Animal care and feed		1,025,346							1,025,346
Supplies	328,806	119,977	83,814	4,283		151,003	17,518	220,822	926,223
Advertising and cultivation	43,410		256		116,915	500	433,255	1,560	595,896
Credit card processing and bank charges	464,761					111,923			576,684
Insurance	445,743					16,667		5,602	468,012
Printing and postage	242,589	11,854	6,625			51,166	749	23,900	336,883
Grants to others		194,538							194,538
Dues and licenses	40,829	28,925	1,923	750		56,016	4,935	45,719	179,097
Special project costs		241,224	95,477			136,771	17,722		491,194
Travel	10,440	24,022	2,289			8,029	3,841		48,621
Uniforms	57,539	10,081	17,547			479		580	86,226
Meals and entertainment	1,171					18,377	6,802	745	27,095
Miscellaneous	63,264	2,904	1,397			63,950	7,339	1,228	140,082
<b>Total</b>	<b><u>\$ 10,817,931</u></b>	<b><u>\$ 8,334,910</u></b>	<b><u>\$ 2,274,813</u></b>	<b><u>\$ 898,647</u></b>	<b><u>\$ 473,938</u></b>	<b><u>\$ 5,084,379</u></b>	<b><u>\$ 1,396,333</u></b>	<b><u>\$ 1,067,364</u></b>	<b><u>\$ 30,348,315</u></b>

The accompanying notes are an integral part of these financial statements.

# CONSERVATION SOCIETY OF CALIFORNIA

## STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (610,745)	\$ 5,196,207
Reconciliation to net cash provided by operating activities:		
Depreciation	4,541,372	4,529,743
Net gain on disposal of property and equipment		(3)
Receipt of donated investments	(1,717,974)	
Provision for doubtful pledges receivable	18,719	22,045
Forgiveness of Paycheck Protection Program loan		(4,742,100)
Net realized and unrealized loss on investments	(239,447)	
Changes in:		
Accounts and other receivables	749,295	(762,698)
Prepaid expenses and other	(150,688)	(43,146)
Pledges receivable	(75,321)	(37,800)
Grant receivable	41,432	(1,499,203)
Accounts payable	633,886	(203,892)
Accrued liabilities	55,450	841,845
Deferred revenue and unearned rental income	(1,010,870)	(45,970)
Net cash provided by operating activities	<u>2,235,109</u>	<u>3,255,028</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(38,155,581)	(92)
Proceeds from sale and maturities of investments	26,040,804	
Purchases of property and equipment	<u>(2,120,412)</u>	<u>(807,095)</u>
Net cash used by investing activities	<u>(14,235,189)</u>	<u>(807,187)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on loan payable	<u>(53,681)</u>	<u>                    </u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(12,053,761)	2,447,841
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>19,051,584</u>	<u>16,603,743</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 6,997,823</u>	<u>\$ 19,051,584</u>
<b>NON-CASH INVESTING ACTIVITIES:</b>		
Property and equipment financed through loan payable	<u>\$ 781,841</u>	<u>                    </u>

The accompanying notes are an integral part of these financial statements.

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

---

### 1. OPERATIONS AND AGREEMENT WITH THE CITY OF OAKLAND

The Conservation Society of California (Society), dba, The Oakland Zoo, is a nonprofit public benefit corporation formed to operate a zoo and related facilities in Knowland Park, within the City of Oakland.

Oakland Zoo spans 100 acres and is home to over 850 native and exotic animals, many of which are rescues from the illegal wildlife trade, private ownership, or casualties of human-wildlife conflict needing sanctuary. The Society strives to provide the best in animal care and welfare, conservation-based education programs and quality guest experience to its 900,000+ annual visitors. With over 25 conservation partners and projects worldwide, the Society is committed to conservation-based education, saving species and their habitats in the wild, and leading an informed and inspired community to Taking Action for Wildlife both locally and globally. Fifty cents from every admission ticket and two dollars from every membership goes to support wildlife conservation programs worldwide.

The Zoo offers extensive and multi-platform educational and conservation-based messaging at its numerous exhibits for animals, from African elephants, lions, and primates in the main zoo to California Trail natives including Grizzly bears, bison, California condors, and mountain lions. Additionally, the Zoo conducts animal care-focused zookeeper talks for visitors and other experiences such as the Outback Adventure train, Sky Ride, restaurants, aerial gondola, and multiple playgrounds for children.

Accredited by the Association of Zoos and Aquariums (AZA), the national organization that sets the highest standards for animal welfare for zoos and aquariums, the Zoo is dedicated to the humane treatment of animals and is and has been recognized worldwide for its excellent animal management practices; trailblazing new techniques and methods that have since been adopted at other zoos worldwide.

The Society and the City of Oakland (City) have a management agreement for the Oakland Zoo and Knowland Park (Zoo and Park). Under the agreement, the Society has the exclusive right to maintain, operate, and control the zoological and botanical gardens and park areas in Knowland Park. The City retains ownership of the Zoo grounds real property, animal collection, and certain other fixed assets. The current management agreement expires on October 31, 2039.

In consideration for operating the Zoo and Park, the City provided \$171,414 to the Society in management fees during both 2023 and 2022.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation** – The financial statements are presented in conformity with professional standards applicable to not-for-profit entities. Under professional standards, the Society reports information regarding its financial position and activities according to two classes of net assets: *net assets without donor restrictions* and *net assets with donor restrictions*.

**Revenue recognition** – Contributions and government funding are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. All contributions are considered

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

The Society's revenue from contracts with customers consists of operating revenue (admissions, parking, and service fees), membership revenue, concessions revenue, education and special events revenue, and rental revenue. Operating and concessions revenue is recognized at time of purchase. Education, special events and rental revenue are recognized when the related events occur. Membership revenue is recognized over the term of the membership, typically one year. Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability.

The balances of receivables and liabilities from contracts with customers are as follows as of September 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable, net	\$ 191,742	\$ 941,037	\$ 178,339
Contract liabilities:			
Deferred revenue and unearned rental income	\$ 3,567,960	\$ 4,578,830	\$ 4,624,800

Donated materials, equipment, and professional services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service.

Contributed services that do not meet the criteria for recognition, including approximately 76,000 volunteer hours, are not reflected in the financial statements. The fair market value of these volunteer hours is estimated to be approximately \$1,172,000 and \$1,054,000 for 2023 and 2022, respectively.

**Cash and cash equivalents** – For financial statement purposes, the Society considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term investing purposes.

The Society maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Society's deposits held with financial institutions in excess of federal deposit insurance limits were \$6,720,345 and \$18,252,865 as of September 30, 2023 and 2022, respectively. The Society has not experienced any losses in such accounts. Management believes the Society is not exposed to any significant credit risk related to cash.

**Investments** consist of short-term investments that support ongoing operations and non-current investments held for long-term investing purposes. All investments are recorded at fair value. Short-term investments consist of U.S. Treasury bills and non-current investments consist of money market funds. All investments are included in Level 1 of the fair value hierarchy as they are based on quoted prices in active markets.

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

---

**Property and equipment** are recorded at cost and depreciated using the straight-line method over estimated useful lives of 3 to 60 years. The Society's policy is to capitalize such items with a cost of \$5,000 or more. Property and equipment represent costs the Society has incurred purchasing, building, and improving exhibits on the premises of the Zoo and includes the value of the collection of animals purchased by the Society. These assets would become the property of the City of Oakland should the City and the Society terminate their agreement.

**Functional expenses** – The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, personnel costs are allocated based on estimates of employees' time incurred. All other expenses are allocated based on management's estimate of the usage of resources.

**Income taxes** – The Society is publicly supported and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code but is subject to income taxes from activities unrelated to its tax-exempt purpose. The Society has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Society is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2019.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

**Subsequent events** have been evaluated through March 1, 2024, the date the financial statements were issued. Management concluded that no material subsequent events have occurred, except as noted in Note 16, since September 30, 2023 requiring recognition or disclosure in such financial statements.

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Society's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,997,823	\$ 19,051,584
Accounts and other receivables	191,742	941,037
Pledges receivables, net	109,863	53,261
Grant receivable, net	1,457,771	1,499,203
Investments	<u>14,256,529</u>	<u>184,331</u>
Total financial assets	23,013,728	21,729,416
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Operating reserve	(13,264,339)	
Restriction by donors for time or purpose	<u>(2,658,177)</u>	<u>(2,936,542)</u>
Total financial assets available for general expenditure within one year	<u>\$ 7,091,212</u>	<u>\$ 18,792,874</u>

The Society's financial assets available for general expenditure, less accounts, pledges and grants receivables, as of September 30, 2023 and 2022 are immediately liquid and designed to allow for an average of 3-6 months of operating funds to be drawn upon in the event of financial strain caused by circumstances out of the Society's control (e.g., pandemic, weather/climate impacts) or an immediate liquidity need resulting from events outside of the typical course of business operations. In addition, the Society has a \$2,000,000 operating line of credit with Fremont Bank should it encounter an unanticipated liquidity need.

From time to time, the Board of Trustees can designate a portion of any operating surplus at the end of the fiscal year to its operating reserve to ensure the Society always maintains an adequate source of liquidity to meet its ongoing operations. Management's best practice is to maintain a minimum of 90 days of liquidity (equivalent to approximately \$5M) for normal business operating expenses.

### 4. PLEDGES RECEIVABLE

The Society recognizes pledges receivable at their estimated fair value, on a nonrecurring basis, at the time the pledge is made. Fair value is determined by calculating the net present value of the estimated future cash flows. The discount rate used in determining the net present value of pledges receivable at both September 30, 2023 and 2022 was 2.96%.

Pledges receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Gross pledges receivable	\$ 115,013	\$ 54,704
Less: Unamortized discount		(308)
Less: Reserve for uncollectible pledges	<u>(5,150)</u>	<u>(1,135)</u>
Pledges receivable, net	<u>\$ 109,863</u>	<u>\$ 53,261</u>

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

Pledges receivable are due to be collected as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 65,013	\$ 40,000
In one to five years	<u>44,850</u>	<u>13,261</u>
Pledges receivable, net	<u>\$ 109,863</u>	<u>\$ 53,261</u>

Approximately 87% and 75% of the Society's pledges receivable are from one donor at September 30, 2023 and 2022, respectively.

### 5. GRANT RECEIVABLE

Grant receivable represents funding provided through Measure FF in the form of a local agency grant administered by the East Bay Regional Park District. The grant totaling \$2,000,000 is to be paid as part of the Measure FF parcel tax in the amount of \$100,000 per year for twenty years to the Society. The Society received \$100,000 and \$200,000 in fiscal years 2023 and 2022, respectively, which is recorded in government funding in the statements of activities. Management believes that all outstanding amounts are collectible in full and therefore, an allowance for uncollectible accounts was not considered necessary. The discount rate used in determining the net present value of the grant receivable at September 30, 2023 and 2022 was 2%.

Grant receivable consists of the following:

	<u>2023</u>	<u>2022</u>
Gross grant receivable	\$ 1,700,000	\$ 1,800,000
Less: Unamortized discount	<u>(242,229)</u>	<u>(300,797)</u>
Grant receivable, net	<u>\$ 1,457,771</u>	<u>\$ 1,499,203</u>

Grant receivable payments are due to be collected as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 100,000	
In one to five years	500,000	\$ 500,000
Thereafter	<u>1,100,000</u>	<u>1,300,000</u>
Total	<u>\$ 1,700,000</u>	<u>\$ 1,800,000</u>

### 6. CHARITABLE REMAINDER TRUST ASSET

Charitable remainder trust asset reflects the estimated fair value of an irrevocable charitable trust, held by a third-party trustee, for which the Society is a remainder beneficiary. The trust agreement provides annual payments to a designated lead beneficiary equaling 4% of trust net assets. The fair value of the charitable remainder trust asset is measured on a recurring basis and was determined using an investment return consistent with the composition of the asset portfolio, life expectancy of the lead beneficiary, and a discount rate of 3.0% at September 30, 2023 and 2022. The charitable

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

remainder trust asset is classified within Level 3 of the fair value hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions. There was no change in fair value for the year ended September 30, 2023 and 2022.

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Buildings and structures	\$ 105,345,300	\$ 105,533,170
Land improvements	13,820,076	13,472,288
Equipment	6,304,344	5,306,340
Vehicles	1,488,809	1,165,056
Furniture and fixtures	389,732	358,378
Construction in progress	635,276	211,818
Zoological collection	175,457	198,167
Total	<u>128,158,994</u>	<u>126,245,217</u>
Less accumulated depreciation	<u>(52,880,784)</u>	<u>(49,327,888)</u>
Total	<u>\$ 75,278,210</u>	<u>\$ 76,917,329</u>

### 8. LOAN PAYABLE

In March 2023, the Society purchased a CT scanner financed via a loan agreement with a bank at an interest rate of 6.99%, payable in monthly principal and interest installments of \$15,478 through April 2028. Future minimum principal payments due under this loan are as follows:

#### Year Ending September 30:

2024	\$ 139,352
2025	149,411
2026	160,196
2027	171,760
2028	<u>107,441</u>
Total	<u>\$ 728,160</u>

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

### 9. NET ASSETS

Net assets with donor restrictions that are temporary in nature are restricted for the following:

	<u>2023</u>	<u>2022</u>
Measure FF tax parcel funding – time restricted	\$ 1,457,771	\$ 1,499,203
Conservation	284,388	244,444
Education	263,402	439,823
Elephant barn	200,925	199,625
Animal enrichment	146,019	285,024
Other projects	298,092	160,879
Charitable remainder trust asset – time restricted	<u>107,544</u>	<u>107,544</u>
Total	<u>\$ 2,758,141</u>	<u>\$ 2,936,542</u>

### 10. LINE OF CREDIT

The Society has a line of credit agreement with a bank to borrow up to \$2,000,000. The line of credit carries a variable interest rate equal to the prime rate as published in the Wall Street Journal plus 0.50%, with a floor of 8.5%. Interest payments on borrowings are due monthly and the principal and any unpaid interest are due and payable on July 2024. There was no outstanding balance on this line of credit as of September 30, 2023 and 2022.

### 11. ENVIRONMENTAL EASEMENT LIABILITY AND RELATED LETTERS OF CREDIT

In July 2020, the Society opened a line of credit agreement with a bank for \$1,433,492. The line of credit carries a variable interest rate equal to the prime rate as published in the Wall Street Journal plus 0.50%, with a floor of 4.00%. Interest payments on borrowings are due monthly and the principal and any unpaid interest are due and payable in September 2024. This line of credit was opened in relation to letters of credit established by the California Department of Fish and Wildlife (CDFW) in 2016 for the permits granted to the Society by the CDFW for the California Trail Project (Project). As a condition of these permits the Society must secure a conservation easement over lands to be permanently protected, complete certain land enhancement and restoration requirements for this area and manage the conservation easement lands appropriately. The Society is in the process of securing regulatory approvals for the on-site conservation easement as defined by the approvals for the California Trail exhibit expansion. As part of the final approvals, a conservation easement holder has been identified and this agency is reviewing all documents and costs to establish an endowment that would allow for the maintenance of the easement. The Society has recorded a liability in accrued expenses on the balance sheet of \$485,824. This liability was established by a third-party organization to support the Society's project approvals in 2015. Although the Project has been completed, the Society still has the ongoing conservation requirements noted above with the CDFW. The CDFW will assess the conservation efforts of the Society and if not satisfactory, they will complete these requirements themselves by potentially drawing on the letters of credit. The bank would in turn draw on the line of credit to pay out the letters of credit. The line of credit limit represents the amount the CDFW would expend to complete the conservation requirements and would be paid using the line of credit. This line of credit was opened as collateral for the letters of credit and the Society cannot draw on this line for other purposes. There were no draws on the letters of credit during the years ended September 30, 2023 and 2022.

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

---

### 12. EMPLOYEE RETENTION TAX CREDIT

During the years ended September 30, 2023 and 2022, the Society recognized revenue totaling \$1,022,307 and \$712,507, respectively, related to the Employee Retention Tax Credit and these amounts were included in accounts and other receivables on the statements of financial position. Laws and regulations concerning government programs, including the Employee Retention Credit established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Society's claim to the Employee Retention Tax Credit, and it is not possible to determine the impact (if any) this would have upon the Society.

### 13. EMPLOYEES' INCENTIVE PLAN

The Society sponsors a retirement plan under Internal Revenue Code 403(b). Employees over the age of 21 are eligible to participate once they have completed six months of service. The Society makes matching contributions to the plan up to three percent of the participant's compensation. Employer matching and discretionary contributions vest immediately upon employee participation. The Society's contributions to this plan amounted to \$193,953 and \$174,243 during 2023 and 2022, respectively.

### 14. FOOD, BEVERAGE, AND CONCESSIONS AGREEMENT

The Society entered into a concessionaire agreement (the Agreement) effective February 1, 2017 with Service Systems Associates, Inc. (Concessionaire) to provide exclusive food service, catering and retail operations at the Zoo through September 30, 2029. The agreement was extended effective July 29, 2022 and remains in effect through September 30, 2034. During the term of the Agreement, the Society will receive monthly commissions based on a percentage of gross sales. In addition, the Concessionaire will make an investment over the term of the Agreement for various start-up costs, facility alterations, and contributions to Society capital projects. In the event the Society terminates the Agreement prior to September 30, 2034, the Society will be required to repay a portion of the Concessionaire's investment depending on the circumstances of the termination as detailed in the Agreement.

### 15. RISKS AND UNCERTAINTIES

The Zoo's location exposes it to high risk of a natural disaster. The Zoo is located in a Very High Fire Hazard Severity Zone as determined by CAL FIRE. In partnership with the City of Oakland, the Society maintains the vegetation in Knowland Park to minimize this threat. The Zoo is also located on an active fault line, the Hayward Fault. A strong earthquake or wildfire in Knowland Park may lead to revenue disruptions due to extended closure or damage to facilities.

On November 8, 2022, Oakland voters approved Measure Y which authorized an annual parcel tax of \$68 per parcel for 20 years "to fund Oakland Zoo operations, staffing, maintenance and capital improvements, including but not limited to animal care and rehabilitation, educational and conservation programs, fire prevention, accessibility, and visitor services." There is litigation challenging the legality of the ballot measure. As of January 12, 2024, there had not yet been an

# CONSERVATION SOCIETY OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

---

initial hearing on the matter. Consequently, disbursement of the collected Measure Y funds to the Society is on hold. Measure Y would provide the Society with approximately \$12,000,000 per year for 20 years. The Society has not included the Measure Y funds in its operating budget and will not do so until receipt is certain.

### **16. SUBSEQUENT EVENTS**

Subsequent to year end, the Society entered into a collective bargaining agreement with Teamsters Local 853, representing the Oakland Zoo's animal keepers. The union was initially voted in on November 16, 2022. This agreement was ratified on December 22, 2023, and the agreement term began on October 1, 2023. This is the first agreement between the Society and Local 853. The agreement has a three-year term.