



**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

**with**

**Independent Auditors' Report**

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# THE OREGON ZOO FOUNDATION

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## **Independent Auditors' Report**

The Board of Trustees  
The Oregon Zoo Foundation

### **Opinion**

We have audited the accompanying financial statements of The Oregon Zoo Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, 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 the Foundation as of June 30, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 these 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 Foundation'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 Foundation'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.

**Other Matter**

*Report on Summarized Comparative Information*

We have previously audited the Foundation's 2021 financial statements, and our report dated October 20, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Hellman, Seaman & Schmidt, P.C.*

Lake Oswego, Oregon  
October 19, 2022

**THE OREGON ZOO FOUNDATION**

**Statement of Financial Position**

<b>June 30, 2022</b> <i>(With Comparative Amounts for 2021)</i>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,457,221	\$ 1,868,031
Investments <i>(Note 13)</i>	15,474,313	16,393,029
Due from the Oregon Zoo	462,704	442,133
Pledges receivable, net <i>(Note 4)</i>	322,884	701,324
Prepaid expenses and other assets	110,020	106,526
Equipment and furnishings - net <i>(Note 5)</i>	<u>19,500</u>	<u>19,500</u>
<b>Total assets</b>	<b><u>\$ 18,846,642</u></b>	<b><u>\$ 19,530,543</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 31,491	\$ 58,003
Grants payable to the Oregon Zoo <i>(Note 6)</i>	1,738,271	2,082,904
Deferred revenue	294,495	148,470
Gift annuities payable	<u>-</u>	<u>3,065</u>
<b>Total liabilities</b>	<b>2,064,257</b>	<b>2,292,442</b>
Commitments <i>(Note 10)</i>		
<b>Net assets:</b>		
Without donor restrictions:		
Available for operations	5,846,619	5,415,570
Board-designated - operating reserve	3,700,000	3,200,000
Board-designated - endowments <i>(Note 12)</i>	<u>6,284,543</u>	<u>7,551,163</u>
Total without donor restrictions	15,831,162	16,166,733
With donor restrictions <i>(Note 7)</i>	<u>951,223</u>	<u>1,071,368</u>
<b>Total net assets</b>	<b><u>16,782,385</u></b>	<b><u>17,238,101</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 18,846,642</u></b>	<b><u>\$ 19,530,543</u></b>

*The accompanying notes are an integral part of the financial statements.*

**THE OREGON ZOO FOUNDATION**

**Statement of Activities**

**Year Ended June 30, 2022** *(With Comparative Totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>Public support and revenue:</b>				
Membership dues:				
Basic	5,326,050	-	\$ 5,326,050	\$ 3,304,204
Donor Club	497,996	-	497,996	553,593
Contributions	2,317,043	1,409,092	3,726,135	4,003,821
Contributed nonfinancial assets <i>(Note 14)</i>	216,050	-	216,050	247,513
Special events, net	-	275	275	38,062
Forgiveness of Paycheck Protection Program loan	-	-	-	296,033
CARES Act tax credits <i>(Note 8)</i>	111,598	-	111,598	-
Net investment return <i>(Note 9)</i>	(2,225,597)	(33,791)	(2,259,388)	3,051,049
Change in value of gift annuities	2,685	-	2,685	19,246
Net assets released from restrictions <i>(Note 7)</i>	1,495,721	(1,495,721)	-	-
<b>Total public support and revenue</b>	<b>7,741,546</b>	<b>(120,145)</b>	<b>7,621,401</b>	<b>11,513,521</b>
<b>Expenses <i>(Note 2)</i> :</b>				
Program services:				
Zoo support	5,422,582	-	5,422,582	6,856,880
Membership services	599,971	-	599,971	483,886
Total program services	6,022,553	-	6,022,553	7,340,766
Supporting services:				
Membership development	225,708	-	225,708	133,815
Fundraising	1,160,744	-	1,160,744	1,160,531
Management and general	668,112	-	668,112	612,002
Total supporting services	2,054,564	-	2,054,564	1,906,348
<b>Total expenses</b>	<b>8,077,117</b>	<b>-</b>	<b>8,077,117</b>	<b>9,247,114</b>
Increase (decrease) in net assets	(335,571)	(120,145)	(455,716)	2,266,407
Net assets, beginning of year	16,166,733	1,071,368	17,238,101	14,971,694
<b>Net assets, end of year</b>	<b>\$ 15,831,162</b>	<b>\$ 951,223</b>	<b>\$ 16,782,385</b>	<b>\$ 17,238,101</b>

*The accompanying notes are an integral part of the financial statements.*

**THE OREGON ZOO FOUNDATION**

**Statement of Functional Expenses**

**Year Ended June 30, 2022** *(With Comparative Totals for 2021)*

	Program Services		Supporting Services			Total	
	Zoo Support	Membership Services	Membership Development	Fundraising	Management and General	2022	2021
<b>Personnel costs:</b>							
Salaries and wages	\$ 174,591	\$ 249,189	\$ 23,016	\$ 534,274	\$ 422,186	\$ 1,403,256	\$ 1,314,589
Payroll taxes	13,544	21,529	1,674	40,485	35,081	112,313	90,204
Employee benefits	35,162	85,101	5,677	132,140	71,112	329,192	342,701
<b>Total personnel costs</b>	<b>223,297</b>	<b>355,819</b>	<b>30,367</b>	<b>706,899</b>	<b>528,379</b>	<b>1,844,761</b>	<b>1,747,494</b>
<b>Other expenses:</b>							
Professional services	-	28,569	46,672	107,263	75,291	257,795	258,321
Printing and publications	-	19,184	58,868	37,308	683	116,043	125,040
Advertising	-	-	46,000	182,550	-	228,550	114,320
Finance charges	-	132,615	-	21,912	3,510	158,037	107,510
Computer and office expense	-	36,615	-	47,876	26,154	110,645	94,221
Postage & shipping	-	20,894	43,801	20,116	737	85,548	63,373
Other expenses	-	6,275	-	36,820	33,358	76,453	70,604
<b>Total other expenses</b>	<b>-</b>	<b>244,152</b>	<b>195,341</b>	<b>453,845</b>	<b>139,733</b>	<b>1,033,071</b>	<b>833,389</b>
<b>Grants awarded:</b>							
Zoo operations	2,892,437	-	-	-	-	2,892,437	3,845,662
Animal welfare	1,332,505	-	-	-	-	1,332,505	1,574,966
Conservation	707,833	-	-	-	-	707,833	1,129,171
Education	266,510	-	-	-	-	266,510	116,432
<b>Total grants awarded</b>	<b>5,199,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,199,285</b>	<b>6,666,231</b>
<b>Total expenses</b>	<b>\$ 5,422,582</b>	<b>\$ 599,971</b>	<b>\$ 225,708</b>	<b>\$ 1,160,744</b>	<b>\$ 668,112</b>	<b>\$ 8,077,117</b>	<b>\$ 9,247,114</b>

*The accompanying notes are an integral part of the financial statements.*



**THE OREGON ZOO FOUNDATION**

**Statement of Cash Flows**

<b>Year Ended June 30, 2022</b> <i>(With Comparative Totals for 2021)</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (455,716)	\$ 2,266,407
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Realized and unrealized loss (gain) on investments	2,459,499	(2,962,402)
Change in value of gift annuities	(2,685)	(19,246)
Contributions to permanent endowment	(51,000)	(401)
Donated investments	(260,397)	(106,210)
Payments for gift annuities	(380)	(6,310)
Changes in:		
Due from the Oregon Zoo	(20,571)	(186,662)
Pledges receivable	378,440	158,166
Prepaid expenses and other assets	(3,494)	(16,085)
Accounts payable	(26,512)	36,805
Grants payable to the Oregon Zoo	(344,633)	(2,915,744)
Deferred revenue	146,025	58,470
<b>Net cash provided (used) by operating activities</b>	<b>1,818,576</b>	<b>(3,693,212)</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,451,244)	(88,644)
Proceeds from sale of investments	170,858	3,130,397
<b>Net cash provided (used) by investing activities</b>	<b>(1,280,386)</b>	<b>3,041,753</b>
<b>Cash flows from financing activities:</b>		
Contributions to permanent endowment	51,000	401
<b>Net cash provided by financing activities</b>	<b>51,000</b>	<b>401</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>589,190</b>	<b>(651,058)</b>
Cash and cash equivalents, beginning of year	1,868,031	2,519,089
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,457,221</b>	<b>\$ 1,868,031</b>

*The accompanying notes are an integral part of the financial statements.*

# THE OREGON ZOO FOUNDATION

## Notes to Financial Statements

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### 1. Nature of Activities and Summary of Significant Accounting Policies

**Nature of Activities** - The Oregon Zoo Foundation (the Foundation) is a nonprofit Oregon corporation, organized to secure charitable giving in order to advance the Oregon Zoo's mission of inspiring our community to create a better future for wildlife. The Oregon Zoo (the Zoo) is located in Portland, Oregon. The Foundation recruits a broad-based membership throughout the Portland metropolitan area, which generates a significant portion of the Foundation's total revenues. Additional support is provided from donations, grants, sponsorships, and special events.

The Foundation promotes the Zoo as a place of giving and engages the support of donors across the community. Efforts include capital campaigns, planned giving, an annual fund and giving society, corporate partnerships, grant applications, and general philanthropic cultivation. In addition, the Foundation manages five board-designated endowment funds in support of the Zoo, and maintains unrestricted investments that are available to meet the Zoo's unforeseen needs.

**Summary of Significant Accounting Policies** - The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Presentation** - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or certain events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that certain resources be maintained in perpetuity.

Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Description of Funds** - The Foundation has segregated its net assets without donor restrictions into three funds: net assets available for operations; a board designated operating reserve; and a set of five board designated endowments in support of the Zoo's strategic priority areas. Both the net assets available for operations and the board designated operating reserve consist of net assets available for current and future operations. The board designated endowments have been designated by the Foundation's Board of Trustees as quasi-endowments.

# THE OREGON ZOO FOUNDATION

## Notes to Financial Statements - Continued

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### 1. Nature of Activities and Summary of Significant Accounting Policies - Continued Summary of Significant Accounting Policies - Continued

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the financial statements for, among other things, the determination of allowances for uncollectible pledges, and the remaining liability under charitable gift annuities.

**Cash Equivalents** - The Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**Oregon Zoo Receivables** - Receivables are recognized from the Zoo for memberships sold and contributions received at the Zoo gate on behalf of the Foundation. The Foundation does not assess finance charges on past due accounts.

The Foundation uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts is estimated by management based on various factors, including history and current economic conditions.

**Investments** - Investments are reported at fair value based on quoted market prices and consist primarily of mutual funds and exchange traded funds. Unrealized and realized gains and losses are included as a component of investment return in the accompanying statement of activities.

**Equipment and Depreciation** - The Zoo provides the facilities for the operation and administration of the Foundation's activities. Equipment and furnishings are stated at cost or, in the case of donated items, at the estimated fair value on date of receipt. The Foundation capitalizes all purchases greater than \$2,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Artwork is not depreciated.

**Membership Dues** - Membership dues are recognized in the period received and are considered to be contributions by the Foundation.

**Contribution Recognition** - The Foundation recognizes contributions when the following are received: cash, securities, or other assets; an unconditional promise to give (pledge); or a notification of a beneficial interest. 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. Amounts received in advance of the related conditions being satisfied are recorded as deferred revenue. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions.

# THE OREGON ZOO FOUNDATION

## Notes to Financial Statements - Continued

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### 1. Nature of Activities and Summary of Significant Accounting Policies - Continued Summary of Significant Accounting Policies - Continued Contribution Recognition - Continued

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential defaults.

**Contributed Nonfinancial Assets** - Contributions of property, equipment, supplies, and other assets are recorded as support at their estimated fair value at the date of donation. Such contributions are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Foundation recognizes contributed services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Income Taxes** - The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation.

GAAP prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and provides guidance on various related matters such as interest, penalties, and required disclosures. Management does not believe the Foundation has any uncertain tax positions. The Foundation files informational returns. Generally, these returns are subject to examination by income tax authorities for three years from the filing of a return. The Foundation has not paid any interest or penalties related to its income tax positions, and there are currently no audits for any tax periods in progress. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses.

**Functional Allocation of Expenses** - The costs of providing various program services and other activities have been allocated among the programs and supporting services benefitted. The statement of functional expenses presents the natural classification detail of expense by function.

The statement of functional expenses reports certain categories of expenses that are attributable to more than one program or supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, which are allocated on the basis of time and effort.

**Summarized Financial Information for 2021** - The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

# THE OREGON ZOO FOUNDATION

## Notes to Financial Statements - Continued

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### 1. Nature of Activities and Summary of Significant Accounting Policies - Continued Summary of Significant Accounting Policies - Continued

**Affiliation** - The Zoo is maintained and operated by Metro, a regional municipal corporation. The Foundation is a 501(c)(3) Corporation whose mission is to foster community pride and involvement in the Zoo and to secure financial support for the Zoo's conservation, education, and animal welfare programs. The Foundation's sole purpose is to support the Zoo and, therefore, can be considered, by extension, to be affiliated with Metro.

**Reclassifications** - Certain reclassifications have been made to the 2021 information to conform with the 2022 presentation.

**Adoption of New Accounting Standard** - Effective July 1, 2021, the Foundation has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU, among other things, requires in-kinds to be separately listed in the statement of activities and enhanced disclosures about monetization of in-kind donations, valuation techniques, and donor restrictions. The adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

**Recent Accounting Pronouncement** - In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Foundation on July 1, 2022. Management is evaluating the potential impact of this ASU on the Foundation's financial statements.

### 2. Expense Classification

#### Program Services:

**Zoo Support** - Funds granted to and on behalf of the Zoo for education, conservation, and animal welfare activities in line with the Zoo's mission of inspiring our community to create a better future for wildlife.

**Membership Services** - Expenses relating to benefit fulfillment and maintenance of programs for current members.

#### Supporting Services:

**Membership Development** - Expenses related to solicitation of new members.

**Fundraising** - Expenses incurred in soliciting contributions, grants, and gifts for the Foundation and the Zoo.

**Management and General** - General operating costs of the Foundation.

**THE OREGON ZOO FOUNDATION**

**Notes to Financial Statements - Continued**

**3. Liquidity and Availability of Financial Resources**

The Foundation's financial assets available for general expenditure within one year of the statement of financial position date consist of the following:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 2,457,221	\$ 1,868,031
Investments	15,474,313	16,393,029
Due from Oregon Zoo	462,704	442,133
Pledges receivable	<u>214,377</u>	<u>529,947</u>
 Total financial assets available within one year	 18,608,615	 19,233,140
 Less:		
Board-designated funds	(9,984,543)	(10,751,163)
Donor-restricted financial assets	<u>(831,223)</u>	<u>(886,080)</u>
	<u><u>\$ 7,792,849</u></u>	<u><u>\$ 7,595,897</u></u>

The Foundation's Board-designated funds are a component of net assets without donor restrictions. Although management intends to use the funds in accordance with provisions outlined by the Board of Trustees, amounts could be available for current operations, if approved by the Board.

As part of the Foundation's liquidity management, the Foundation has a practice to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**4. Pledges Receivable**

Pledges receivable earmarked for the Zoo consist of unconditional promises to give from various donors and are summarized as follows at June 30:

	<b>2022</b>	<b>2021</b>
Amounts due in:		
Less than one year	\$ 214,377	\$ 529,947
One year to five years	<u>120,000</u>	<u>185,288</u>
 Gross pledges receivable	 334,377	 715,235
 Less discount to present value (3.8 percent discount rate used in 2022)	 (6,493)	 (3,911)
Allowance for uncollectible pledges	<u>(5,000)</u>	<u>(10,000)</u>
	<u><u>\$ 322,884</u></u>	<u><u>\$ 701,324</u></u>

**THE OREGON ZOO FOUNDATION**

**Notes to Financial Statements - Continued**

**5. Equipment and Furnishings**

	<b>2022</b>	<b>2021</b>
Equipment	\$ 6,080	\$ 6,080
Artwork	<u>19,500</u>	<u>19,500</u>
	25,580	25,580
Less accumulated depreciation	<u>(6,080)</u>	<u>(6,080)</u>
	<u><u>\$ 19,500</u></u>	<u><u>\$ 19,500</u></u>

**6. Grants Payable to the Oregon Zoo**

	<b>2022</b>	<b>2021</b>
Grants payable on demand to the Oregon Zoo for:		
Animal welfare programs	\$ 298,738	\$ 520,195
Operations	455,328	813,227
Conservation programs	743,484	542,233
Education programs	180,133	146,663
Future for wildlife	<u>60,588</u>	<u>60,586</u>
	<u><u>\$ 1,738,271</u></u>	<u><u>\$ 2,082,904</u></u>

**7. Net Assets with Donor Restrictions**

Net assets with donor restrictions are comprised of the following components at June 30:

	<b>2022</b>	<b>2021</b>
Future periods not otherwise restricted	\$ 214,255	\$ 409,044
Heart of the Zoo campaign and other projects	517,168	459,733
Endowments subject to spending policy and appropriation ( <i>Note 13</i> )	<u>219,800</u>	<u>202,591</u>
	<u><u>\$ 951,223</u></u>	<u><u>\$ 1,071,368</u></u>

During the year ended June 30, 2022, net assets of \$1,495,721 were released from restrictions due to specific actions of the Foundation or the passage of time.

THE OREGON ZOO FOUNDATION

Notes to Financial Statements - Continued

8. CARES Act Tax Credits

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), was enacted in response to the COVID-19 pandemic. This act, among other things, provides fully refundable tax credits against the employer share of federal payroll taxes for employers who meet certain criteria. CARES Act tax credits of \$111,598 are included in the accompanying statement of activities for the year ended June 30, 2022.

The Foundation has elected to account for the CARES Act tax credits as a government grant using accounting guidance provided by Accounting Standards Codification 958-605: *Not-for-Profit Entities - Revenue Recognition*. Accordingly, the CARES Act tax credits were recognized as revenue when the qualifying payroll expenses were incurred.

9. Investment Return

	2022	2021
Interest and dividend income	\$ 319,617	\$ 204,454
Realized and unrealized gain (loss) on investments	(2,459,499)	2,962,402
Investment expenses	<u>(119,506)</u>	<u>(115,807)</u>
	<u>\$ (2,259,388)</u>	<u>\$ 3,051,049</u>

10. Retirement Plan

The Foundation makes contributions to a 401(k) plan (the Plan), based on a 100 percent match up to 2 percent of salaries, on behalf of all eligible employees. The Foundation has also made a discretionary contribution equal to 5 percent of salaries on behalf of all eligible employees for each of the years ended June 30, 2022 and 2021. Contributions to the Plan for the years ended June 30, 2022 and 2021, were \$92,485 and \$92,714, respectively.



# THE OREGON ZOO FOUNDATION

## Notes to Financial Statements - Continued

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### 11. Financial Instruments with Concentrations of Risk

Financial instruments that potentially subject the Foundation to concentrations of risk consist primarily of cash and cash equivalents, receivables, and investments. The Foundation typically maintains balances of cash and cash equivalents in excess of the Federal Deposit Insurance Corporation insured limit. Investments are managed via the Foundation's investment policies.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and the amounts reported in the financial statements. The risks associated with respect to receivables are limited through various monitoring procedures.

### 12. Endowment Net Assets

GAAP provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). GAAP also provides for enhanced disclosure about endowment funds (both donor-restricted endowment funds and quasi-endowment funds).

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Interpretation of Relevant Law*

The Board of Trustees of the Foundation has interpreted UPMIFA 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 Foundation classifies as net assets with restrictions: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, if any, at the time the accumulation is added to the fund. Amounts appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA are classified as net assets without restrictions.

**THE OREGON ZOO FOUNDATION**

**Notes to Financial Statements - Continued**

**12. Endowment Net Assets - Continued**

*Investment Strategy and Endowment Spending Policies*

The Foundation anticipates, at the recommendation of its audit and finance committee, appropriating for distribution each year 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at a rate greater than the current distribution rate, preserving and growing the principal over the long-term. This is consistent with the Foundation's objective to maintain the fair value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of June 30, is as follows:

<b>2022</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 187,128	\$ 187,128
Accumulated investment gains	-	32,672	32,672
Board-designated funds	<u>6,284,543</u>	<u>-</u>	<u>6,284,543</u>
	<u><u>\$ 6,284,543</u></u>	<u><u>\$ 219,800</u></u>	<u><u>\$ 6,504,343</u></u>
<b>2021</b>			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 136,128	\$ 136,128
Accumulated investment gains	-	66,463	66,463
Board-designated funds	<u>7,551,163</u>	<u>-</u>	<u>7,551,163</u>
	<u><u>\$ 7,551,163</u></u>	<u><u>\$ 202,591</u></u>	<u><u>\$ 7,753,754</u></u>

**THE OREGON ZOO FOUNDATION**

**Notes to Financial Statements - Continued**

**12. Endowment Net Assets - Continued**

Board designated funds are comprised of the following components at June 30:

	2022	2021
Predators of the Serengeti Conservation	\$ 1,082,628	\$ 1,300,569
Education	1,328,949	1,596,021
Animal welfare	1,274,135	1,531,851
Asian elephants	1,332,127	1,600,258
	<u>1,266,704</u>	<u>1,522,464</u>
	<u>\$ 6,284,543</u>	<u>\$ 7,551,163</u>

Changes in endowment net assets for the years ended June 30, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2022			
Endowment net assets, beginning of year	\$ 7,551,163	\$ 202,591	\$ 7,753,754
Investment return:			
Interest and dividends	148,925	4,508	153,433
Net decrease in fair value of investments	(1,099,220)	(36,656)	(1,135,876)
Investment management fees	<u>(54,965)</u>	<u>(1,643)</u>	<u>(56,608)</u>
Net investment return	(1,005,260)	(33,791)	(1,039,051)
Contributions	-	51,000	51,000
Amounts appropriated for expenditure	<u>(261,360)</u>	<u>-</u>	<u>(261,360)</u>
Endowment net assets, end of year	<u>\$ 6,284,543</u>	<u>\$ 219,800</u>	<u>\$ 6,504,343</u>

**THE OREGON ZOO FOUNDATION**

**Notes to Financial Statements - Continued**

**12. Endowment Net Assets - Continued**

2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,362,248	\$ 167,428	\$ 6,529,676
Investment return:			
Interest and dividends	98,435	2,383	100,818
Net increase in fair value of investments	1,401,920	33,711	1,435,631
Investment management fees	<u>(54,840)</u>	<u>(1,332)</u>	<u>(56,172)</u>
Net investment return	1,445,515	34,762	1,480,277
Contributions	-	401	401
Amounts appropriated for expenditure	<u>(256,600)</u>	<u>-</u>	<u>(256,600)</u>
Endowment net assets, end of year	<u><u>\$ 7,551,163</u></u>	<u><u>\$ 202,591</u></u>	<u><u>\$ 7,753,754</u></u>

THE OREGON ZOO FOUNDATION

Notes to Financial Statements - Continued

13. Fair Value Measurements

GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1:* Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments that would generally be included in Level 1 includes listed securities.
- Level 2:* Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies. Investments generally included in this category include corporate bonds and loans.
- Level 3:* Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, and hedge funds.

The Foundation's assets that are measured at fair value on a recurring basis, along with how fair value was determined, are as follows at June 30:

	Quoted Prices (Level 1 Inputs)	
	2022	2021
Money market funds	\$ 1,274,827	\$ 1,198,898
Domestic equities and mutual funds	4,223,615	4,912,314
International mutual funds	3,451,573	3,752,732
Fixed income mutual funds	4,357,066	4,413,972
Real estate funds	683,790	802,653
Marketable alternatives	1,483,442	1,312,460
Total assets at fair value	<u>\$ 15,474,313</u>	<u>\$ 16,393,029</u>

**THE OREGON ZOO FOUNDATION**

**Notes to Financial Statements - Continued**

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**14. Contributed Nonfinancial Assets**

The Foundation received the following contributions of nonfinancial assets during the years ended June 30:

	<b>2022</b>	<b>2021</b>
Advertising	\$ 150,910	\$ 152,080
Supplies	<u>65,140</u>	<u>95,433</u>
	<u>\$ 216,050</u>	<u>\$ 247,513</u>

Donated advertising is used in the Foundation's various membership development and fundraising campaigns, or utilized by the Zoo, and has been valued at estimated fair value based on rates typically charged by the providers of the advertising. Donated supplies are used primarily in the Foundation's fundraising and membership services activities and are valued at estimated fair value.

**15. Subsequent Events**

Management has evaluated subsequent events through October 19, 2022, the date the financial statements were available for issue.