



**Atlanta-Fulton County Zoo, Inc.
and Subsidiaries**

Consolidated Financial Statements
December 31, 2023 and 2022

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Atlanta-Fulton County Zoo, Inc. and Subsidiaries (Zoo Atlanta), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Atlanta-Fulton County Zoo, Inc. and Subsidiaries as of December 31, 2023, and the results of their activities and their 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 Zoo Atlanta 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoo Atlanta's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Zoo Atlanta'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoo Atlanta'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.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of the Atlanta-Fulton County Zoo, Inc. and Subsidiaries as of and for the year ended December 31, 2022, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Windham Brannon, LLC

May 28, 2024

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Consolidated Statements of Financial Position December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 23,358,962	\$ 11,675,420
Accounts receivable	2,177,387	1,567,294
Prepaid expenses and other assets	694,957	645,048
Pledges receivable, net of discounts	3,370,415	3,250,957
Investments	11,601,987	12,932,496
Property, equipment and leasehold interest, net of accumulated depreciation	77,247,168	71,071,509
Animal collections	1	1
Total assets	\$ 118,450,877	\$ 101,142,725
Liabilities and net assets		
Accounts payable	\$ 2,645,012	\$ 1,413,930
Accrued expenses	3,653,111	2,986,308
Deferred revenue	914,455	743,741
Total liabilities	7,212,578	5,143,979
Net assets		
Without donor restrictions	78,621,456	78,823,386
With donor restrictions	32,616,843	17,175,360
Total net assets	111,238,299	95,998,746
Total liabilities and net assets	\$ 118,450,877	\$ 101,142,725

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Consolidated Statements of Activities For the Year Ended December 31, 2023 (with summarized totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Support				
Contributions	\$ 2,569,524	\$ 14,595,350	\$ 17,164,874	\$ 9,426,778
Government support	-	75,135	75,135	79,995
Contributed goods and services	372,046	-	372,046	403,986
Total support	2,941,570	14,670,485	17,612,055	9,910,759
Revenues				
Admissions	14,979,995	-	14,979,995	13,512,251
Concession and rental sales	5,672,414	-	5,672,414	4,872,199
Membership fees	4,501,755	-	4,501,755	4,439,736
Special events	1,024,103	-	1,024,103	955,909
Conservation and education	1,518,174	-	1,518,174	1,312,470
Sponsorships	514,199	-	514,199	428,078
Other income	745,734	-	745,734	586,044
Investment income (losses)	859,325	1,779,885	2,639,210	(1,375,560)
Total revenue	29,815,699	1,779,885	31,595,584	24,731,127
Net assets released from restrictions:				
Satisfaction of program restrictions	1,008,887	(1,008,887)	-	-
Total support and revenue	33,766,156	15,441,483	49,207,639	34,641,886
Expenses				
Program services				
Operations	9,285,483	-	9,285,483	8,363,997
Animal management	8,928,209	-	8,928,209	8,430,112
Concessions and rental events	6,182,224	-	6,182,224	5,931,988
Conservation and education	3,577,733	-	3,577,733	3,219,273
Marketing	1,438,637	-	1,438,637	1,512,085
Membership	807,266	-	807,266	724,593
Contributed goods and services	231,051	-	231,051	242,469
Total program services	30,450,603	-	30,450,603	28,424,517
Support services				
General administration	1,911,579	-	1,911,579	1,788,930
Development	1,189,166	-	1,189,166	1,181,089
Marketing	275,743	-	275,743	241,271
Contributed goods and services	140,995	-	140,995	161,517
Total support services	3,517,483	-	3,517,483	3,372,807
Total expenses	33,968,086	-	33,968,086	31,797,324
Change in net assets before taxes	(201,930)	15,441,483	15,239,553	2,844,562
Income tax benefit	-	-	-	95,940
Change in net assets	(201,930)	15,441,483	15,239,553	2,940,502
Net assets, beginning of year	78,823,386	17,175,360	95,998,746	93,058,244
Net assets, end of year	\$ 78,621,456	\$ 32,616,843	\$ 111,238,299	\$ 95,998,746

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

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses For the Year Ended December 31, 2023 (with summarized totals for the year ended December 31, 2022)

	Program Services							Support Services					Totals		
	Operations	Animal Management	Concessions and Rental Events	Conservation and Education	Marketing	Membership	Contributed Goods and Services	Total Program Services	General Administration	Development	Marketing	Contributed Goods and Services	Total Support Services	2023	2022
Salaries and benefits	\$ 3,845,585	\$ 5,717,672	\$ 1,839,928	\$ 1,887,562	\$ 439,992	\$ 459,798	\$ -	\$ 14,190,537	\$ 1,334,486	\$ 544,506	\$ 188,568	\$ -	\$ 2,067,560	\$ 16,258,097	\$ 14,691,198
Cost of goods sold	-	-	283,946	-	-	-	-	283,946	-	-	-	-	-	283,946	247,904
Professional fees	151,650	7,492	217,516	93,524	183,965	-	-	654,147	184,667	194,737	78,842	-	458,246	1,112,393	798,525
Advertising	-	-	396,514	-	795,127	151,239	-	1,342,880	778	200	137	-	1,115	1,343,995	1,547,510
Office supplies, printing, and postage	338,302	132,336	32,380	250,458	15,169	130,727	-	899,372	9,714	27,877	6,501	-	44,092	943,464	950,404
Travel	51,337	27,938	7,488	35,236	-	4,155	-	126,154	3,882	975	-	-	4,857	131,011	107,889
Depreciation	540,087	2,194,102	1,773,765	168,777	-	-	-	4,676,731	135,022	-	-	-	135,022	4,811,753	4,722,247
Insurance	813,989	-	28,992	-	-	-	-	842,981	-	-	-	-	-	842,981	725,974
Utilities	1,160,307	-	112,093	-	-	-	-	1,272,400	-	-	-	-	-	1,272,400	1,062,958
Animal food and husbandry	-	767,845	-	-	-	-	-	767,845	-	-	-	-	-	767,845	710,464
Outside contracts	1,583,218	17,449	913,179	31,829	-	1,992	-	2,547,667	148,713	83,228	-	-	231,941	2,779,608	2,621,120
Program costs and panda conservation	-	-	-	998,612	-	-	-	998,612	-	-	-	-	-	998,612	865,652
Event costs	40,777	-	494,483	250	33	7,739	-	543,282	37,302	176,479	14	-	213,795	757,077	950,137
General repairs and maintenance	601,305	6,544	62,871	20,523	-	-	-	691,243	1,583	72,157	-	-	73,740	764,983	898,117
Other	158,926	56,831	19,069	90,962	4,351	51,616	-	381,755	55,432	89,007	1,681	-	146,120	527,875	493,239
Contributed goods and services	-	-	-	-	-	-	231,051	231,051	-	-	-	140,995	140,995	372,046	403,986
Total	\$ 9,285,483	\$ 8,928,209	\$ 6,182,224	\$ 3,577,733	\$ 1,438,637	\$ 807,266	\$ 231,051	\$ 30,450,603	\$ 1,911,579	\$ 1,189,166	\$ 275,743	\$ 140,995	\$ 3,517,483	\$ 33,968,086	\$ 31,797,324

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

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Consolidated Statements of Cash Flows December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 15,239,553	\$ 2,940,502
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gain on investments	(114,878)	(92,286)
Unrealized (gain) loss on investments	(1,433,139)	1,725,045
Depreciation expense	4,811,753	4,722,247
Loss on disposal of property and equipment	(12,457)	-
Deferred income tax benefit	-	(95,940)
(Increase) decrease in assets:		
Accounts receivable	(610,093)	(547,702)
Prepaid expenses and other assets	(49,909)	(187,347)
Pledges receivable	(119,458)	(2,457,410)
Increase (decrease) in liabilities:		
Accounts payable	(85,008)	242,243
Accrued expenses	73,099	89,281
Deferred revenue	170,714	105,621
Net cash provided by operating activities	17,870,177	6,444,254
Cash flows from investing activities		
Purchase of investments	(1,479,456)	(4,553,265)
Proceeds from sale of investments	4,357,982	433,020
Purchase of property and equipment	(9,065,161)	(2,259,801)
Net cash used in investing activities	(6,186,635)	(6,380,046)
Cash flows from financing activities		
Repayment of note payable	-	(4,731)
Net cash used in financing activities	-	(4,731)
Net change in cash and cash equivalents	11,683,542	59,477
Cash and cash equivalents, beginning of year	11,675,420	11,615,943
Cash and cash equivalents, end of year	\$ 23,358,962	\$ 11,675,420
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ 113
Barter exchange of admission tickets for advertising services	\$ 19,363	\$ 26,094
Property and equipment in accounts payable and accrued expenses	\$ 1,909,794	\$ 204,230

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies

The Atlanta-Fulton County Zoo, Inc. and Subsidiaries (Zoo Atlanta or the Zoo) is a non-profit organization. Zoo Atlanta is an accredited member of the Association of Zoos and Aquariums (AZA). Zoo Atlanta's mission is to save wildlife and their habitats through conservation, research, education and engaging experiences. Its efforts connect people to animals and inspire conservation action.

Since 1985, the City of Atlanta (the City) and the Fulton County Recreation Authority (the Authority) have maintained a governmental and operating agreement which empowered the Authority with, among other things, the right to equip, maintain and operate Zoo Atlanta and the right to make additions, deletions, modifications and changes to the leasehold. The agreement also authorized the Authority to issue revenue bonds to provide for Zoo Atlanta's improvements, enhancements and renovations. This agreement was renewed in June 2007, then amended in December 2017 for a term not to exceed 50 years. In the event of termination of the agreement, the leasehold assets of Zoo Atlanta revert back to the City.

Principles of Consolidation

The consolidated financial statements include the accounts of Zoo Atlanta, the Zoological Foundation of Georgia, Inc. (Zoo Georgia), Savanna Hall, ZA LL, LLC (SH Landlord), Savanna Hall, ZA Mgr, LLC (SH Manager), and Savanna Hall, ZA MT, LLC (SH Master Tenant). Zoo Georgia is controlled by Zoo Atlanta, and is a separately incorporated Georgia non-profit organization formed to enlarge and expand the vision of conservation. All inter-organizational transactions and balances have been eliminated in consolidation.

Zoo Georgia and SH Manager are wholly owned subsidiaries of Zoo Atlanta.

SH Master Tenant is an entity in which SH Manager holds a 1% interest and the remaining 99% interest is owned by an outside investor. SH Manager is the managing member and has significant influence, including the ability to control all the activities of SH Master Tenant. Therefore, SH Master Tenant's financial statements have been consolidated into the Zoo Atlanta's consolidated financial statements. The outside investor's 99% interest is considered to be noncontrolling interest (Note 13).

SH Landlord is an entity in which SH Manager holds a 90% interest and SH Master Tenant holds the remaining 10% interest. SH Manager has the ability to control the activities of SH Landlord and is the primary beneficiary; therefore, SH Landlord's financial statements have been consolidated in the Zoo Atlanta's consolidated financial statements.

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Basis of Accounting and Financial Reporting

The accompanying consolidated financial statements are presented on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

These consolidated financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board (FASB). Zoo Atlanta is required to classify information regarding its consolidated statements of financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

A description of the two net asset categories is as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations, including board designated endowments.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Zoo Atlanta pursuant to those stipulations, that expire by the passage of time, or that require the donated assets be maintained permanently by Zoo Atlanta.

Expenses in the consolidated statements of activities have been reported by the functional classifications, major classes of program services and supporting activities. Program services are the activities that result in goods and services distributions to beneficiaries, members or visitors, and which fulfill the purposes or mission for which Zoo Atlanta exists. Supporting programs are all the other activities of Zoo Atlanta other than program services. Costs have been allocated among the programs and supporting services based typically on headcount, space, or usage.

Prior Year Summarized Information

The consolidated statement of activities and the consolidated statement of functional expenses for 2022 include summarized information in total. Accordingly, such information should be read in conjunction with Zoo Atlanta's audited consolidated financial statements as of and for the year ended December 31, 2022, from which the summarized information was derived.

Adoption of ASC 326, Financial Instruments – Credit Losses

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This update, as subsequently amended, replaces the incurred loss methodology in previous accounting principles generally accepted in the United States (GAAP) with a new methodology that requires consideration of a broader range of reasonable and supportable inputs to determine the Zoo's expected credit losses on its financial instruments. The objective of the update is to

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

provide financial statement users with more decision-useful information about current expected credit losses existing at the reporting date. The Zoo adopted the new standard as of January 1, 2023, using the modified retrospective transition method. There was no cumulative effect of initially applying the standard as of January 1, 2023. The Zoo has determined that the adoption of this standard did not result in significant adjustments to its financial instruments, which included accounts receivable within the Zoo's consolidated statements of financial position.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions which affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Zoo Atlanta maintains balances in cash at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, balances may exceed FDIC insured limits. Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less. Zoo Atlanta monitors the cash balances in its operating accounts and adjusts the cash balances as appropriate; however, the cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, Zoo Atlanta has experienced no loss or lack of access to the cash in its operating accounts. At December 31, 2023 and 2022, the cash balances related to net assets with donor restrictions were \$12,658,713 and \$4,536,431, respectively.

Animal Collections

Zoo Atlanta's animal collection consists of animals purchased by Zoo Atlanta and animals that have been loaned to Zoo Atlanta. These assets are recorded at the nominal value of one dollar in the accompanying consolidated financial statements. Animal acquisition costs are expensed when incurred. Zoo Atlanta has the right to, among other things, acquire, borrow, sell, loan and otherwise transfer and convey animals as considered reasonable and proper for the operation and maintenance of Zoo Atlanta.

Allowance for Doubtful Accounts for Pledges Receivable

Zoo Atlanta maintains an allowance for doubtful accounts for pledges based upon the expected collectability of the pledges using such factors as prior collection history, nature of receivable, and current economic trends. When amounts are believed to be uncollectible, an allowance is provided against the pledge receivable and an amount is charged to bad debt expense.

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Allowance for Credit Losses for Accounts Receivable

The allowance for credit losses is determined by management if applicable at the end of each reporting period. The Zoo performs an assessment of accounts receivable and identifies pools of similar assets within the accounts receivable portfolio, based on the Zoo's historical loss information. The risk characteristics of the receivables in each pool include similar payment terms, historical and expected credit loss patterns, and forecast period. When a receivable no longer shares risk characteristics to other assets in the pool, the receivable is evaluated individually. Receivables are charged off when, in management's judgment, the likelihood of collection is remote. During 2023, there was no activity in the allowance for credit losses as the allowance for credit losses was determined to be trivial.

Investments

Investments are carried at fair value, except for the cash surrender value of life insurance, which is carried at its surrender value. Generally accepted accounting principles defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. Investments consist primarily of equity and bond mutual funds and United States Treasury bills. Mutual funds are valued at quoted market prices for the identical security in an active market that Zoo Atlanta has the ability to access (Level 1). United States Treasury bills are carried at cost plus accrued interest, which approximates fair value (Level 1).

In determining fair value, Zoo Atlanta uses various valuation approaches. Generally accepted accounting principles establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of Zoo Atlanta. Unobservable inputs are inputs that reflect Zoo Atlanta's estimates of the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs, with Level 3 having the highest level of unobservable inputs. At December 31, 2023 and 2022, Zoo Atlanta's investments are all considered to be Level 1.

Donated investment securities are liquidated upon receipt and therefore not included in purchases and sales of investments on the consolidated statements of cash flows.

Property, Equipment, and Leasehold Interest

The land used by Zoo Atlanta is owned by the City of Atlanta, and is therefore not recorded in the accompanying consolidated financial statements. The City has provided to the Authority and the

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Authority in turn has provided to Zoo Atlanta free from rent, a leasehold interest (the Leasehold) in all real and personal properties comprising the Leasehold for the purpose of operating, maintaining, and improving Zoo Atlanta for a term not to exceed 50 years, expiring in 2067 (as amended). Consistent with prior years, the fair value of the lease has not been reflected in the accompanying consolidated financial statements because objective valuation information is not available due to the unique characteristics of the land.

Expenditures for additions and improvements that extend the useful lives of assets are capitalized at cost, and expenditures for maintenance and repairs are charged to operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Construction in progress is stated at cost, which includes the costs of construction and other direct costs attributable to the construction, and is not depreciated until it is placed into service.

Leases

Zoo Atlanta leases certain office equipment under non-cancellable operating lease agreements with lease terms of one to two years. Management determines whether an arrangement is, or contains, a lease at inception.

Short-Term Leases—ASC 842 defines a short-term lease as a lease that, at the commencement date, has a lease term of twelve months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For such short-term leases, the lease payments will be recognized in expense as incurred.

Immaterial Leases—Zoo Atlanta has adopted an accounting policy to forgo applying the requirements for recognition of right-of-use (ROU) assets and lease liabilities for immaterial leases. Immaterial leases are those whose ROU assets and related lease liabilities are determined to be immaterial to the consolidated financial statements overall, individually and in the aggregate. For such immaterial leases, the lease payments will be recognized in expense as incurred.

As of December 31, 2023 and 2022, all of Zoo Atlanta's leases are considered to be short-term or immaterial leases; therefore, there is no ROU asset or lease liability recorded. Operating lease expense for the years ending December 31, 2023 and 2022 was \$53,254 and \$47,882, respectively, and is included in operations expense on the consolidated statements of activities.

Income Taxes

Atlanta-Fulton County Zoo, Inc. and Zoo Georgia are non-profit organizations and are exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from federal, state and local income taxes, whereby only unrelated business income, if any, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. These entities did not have any material unrelated business income tax for the years ending December 31, 2023 and 2022.

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SH Manager has elected a 168(h) election for tax purposes, and is therefore subject to income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and income tax basis of assets and liabilities of SH Manager that will result in taxable or deductible amounts in the future. Deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized. Income tax expense is the income tax payable or refundable for the period plus or minus the change during the period in deferred income tax assets and liabilities.

SH Landlord and SH Master Tenant are limited liability companies. In lieu of income taxes, the members are taxed on their proportionate share of income of SH Landlord and SH Master Tenant. Zoo Atlanta's proportional share of income or loss is passed through to SH Manager and subsequently taxed.

Management of the Zoo considers the likelihood of changes by taxing authorities in its income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Zoo's status as a non-profit entity. Management believes the Zoo met the requirements to maintain its tax-exempt status and has appropriately reported and filed income subject to unrelated business income tax. The provision for unrelated business income taxes is reported as an expense in these consolidated financial statements. The Zoo's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Revenue Recognition

Under ASC 606, *Revenue from Contracts with Customers* (ASC 606), the amount of revenue recognized for any goods or services reflects the consideration that Zoo Atlanta expects to be entitled to receive in exchange for these goods or services. To achieve this core principle, Zoo Atlanta applies the following five-step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as a performance obligation is satisfied. Zoo Atlanta determines the accounting treatment for each contract at inception in accordance with ASC 606 and has no deferred incremental costs of obtaining a contract.

Performance Obligations—A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account in ASC 606. This good or service must be distinct within the context of the contract. The transaction price of a contract is allocated to each distinct performance obligation and is recognized as revenue when, or as, the performance obligation is satisfied. To the extent a contract is deemed to have multiple performance obligations, management allocates the transaction price of the contract to each performance

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obligation using their best estimate of the standalone selling price of each distinct good or service in the contract.

Performance Obligations Satisfied Over Time—Zoo Atlanta has determined that the performance obligations associated with certain sponsorships are satisfied over time. Zoo Atlanta uses the output method to estimate the revenue of these services over time as the performance obligation is met, which is typically monthly over the term of the contract.

Performance Obligations Satisfied at a Point in Time—Performance obligations that do not meet the criteria to be recognized over time are required to be recognized at a point in time, whereby revenues are recognized only when a performance obligation is complete. In determining when a performance obligation is complete for revenues recognized at a point in time, management measures transfer of control considering physical possession of the good or service, and Zoo Atlanta's rights to payment.

Contributions—Unconditional contributions are recognized as support to Zoo Atlanta in the period received or pledged in accordance with ASC 955-605. Contributions with donor-imposed restrictions are classified as with donor restrictions according to the donor stipulations. Contributions received with donor-imposed restrictions, and those restrictions are met within the same year, are recorded as without donor restrictions.

Government Support—Government support consists of amounts received from government agencies and is recognized in accordance with ASC 958. For the years ended December 31, 2023 and 2022, government support consisted of \$75,135 and \$79,995, respectively. During 2023, government support revenue was received from the Institute of Library and Museum Services for veterinary equipment. During 2022, government support revenue consisted of amounts received from the Employee Retention Credit (Note 8). Amounts received from the 2007 Zoo Series Revenue Bonds for reimbursement of costs for depreciable assets, which are required to be maintained for their estimated lives, were previously recognized as support with donor restrictions, and are released from restrictions evenly over the estimated useful lives of those depreciable assets.

Contributed Goods and Services—Zoo Atlanta receives contributed goods and services from individuals and other organizations, which is recognized in accordance with ASC 955-605. The fair value of which is recorded in the consolidated financial statements as revenue and expense in the period received.

Admissions, Concessions and Rental Sales, and Special Events—Revenue from admissions and concessions is recognized at a point in time when the sale occurs and the performance obligation is met in accordance with ASC 606. A portion of revenues from concessions and rental sales are commission-based and calculated on a percentage of the vendor's sales. These commission-based sales are typically billed and recognized monthly. Revenue from rentals, events and educational

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

events are recognized at a point in time, in the period the event or program occurs once the performance obligation is met in accordance with ASC 606.

Membership Fees—Membership fees are considered a contribution to the Zoo and are recorded in accordance with ASC 955-605. Revenue from memberships are recorded at the time of sale.

Conservation and Education—Revenues related to conservation and education programs are recognized in accordance with ASC 606. These programs include camps, Nightcrawler events, school fieldtrips and programs, and the Zoo's Wild Encounters programs. Conservation and education revenues are recognized at a point in time when the performance obligation is considered met in accordance with ASC 606.

Sponsorships—Revenue from sponsorships is recognized at a point in time or over the term of the sponsorship agreement as the performance obligation is met, depending on the agreement, in accordance with ASC 606. Amounts earned but not yet received are included in accounts receivable in the consolidated statements of financial position. Amounts received but not recognized are deferred and included in deferred revenue in the consolidated statements of financial position. The balance of accounts receivable and deferred revenues at January 1, 2022 was \$1,019,592 and \$638,120, respectively.

The Zoo provides admission tickets in exchange for advertising services. The Zoo's barter transactions are recorded at the estimated fair value of the assets exchanged. The Zoo determined that using the online full price admission ticket for determining the value of the barter transaction was the most reliable and reasonable determination of the fair value of the transaction. Barter revenue and advertising expense were recognized when the advertising impressions or other services were delivered to the Zoo. For the years ended December 31, 2023 and 2022, the Zoo recognized approximately \$19,363 and \$26,094, respectively, of in-kind advertising revenues and in-kind advertising expenses from barter transactions.

Advertising

Advertising costs are expensed as incurred. Advertising expense, excluding the barter transactions, was \$1,343,995 and \$1,547,510 for the years ended December 31, 2023 and 2022, respectively.

Sales Tax

Zoo Atlanta presents sales taxes on a net basis in the accompanying consolidated financial statements. Amounts collected and remitted totaled \$1,380,063 and \$1,263,283 for the years ended December 31, 2023 and 2022, respectively.

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through May 28, 2024, which is the date the consolidated financial statements were available to be issued.

2. Liquidity and Availability of Financial Assets

The following reflects the Zoo's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	2023	2022
Cash	\$ 23,358,962	\$ 11,675,420
Accounts receivable and pledges receivable, net	5,547,802	4,818,251
Investments	11,601,987	12,932,496
Total financial assets	40,508,751	29,426,167
Less contractual or donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(15,989,920)	(7,559,788)
Endowment	(8,513,327)	(7,289,224)
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,005,504	\$ 14,577,155

The Zoo has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Zoo may, at times, invest cash in excess of daily requirements in various short-term investments.

3. Revenues

ASC 606 requires disaggregated revenue disclosures. The Zoo has concluded that the following disaggregated disclosures provide sufficient decision-useful information about the nature, amounts, timing, and uncertainty of the Zoo's revenues.

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Timing of Transfer

The Zoo's revenue recognized by revenue recognition methodology is as follows:

	2023	2022
Over time	\$ 231,000	\$ 188,500
Point in time	23,477,885	20,892,407
	\$ 23,708,885	\$ 21,080,907

4. Pledges Receivable

Pledges receivable at December 31, 2023 and 2022, were as follows:

	2023	2022
Without donor restrictions	\$ 117,700	\$ 192,600
With donor restrictions	3,278,004	3,142,800
Total pledges receivable	\$ 3,395,704	\$ 3,335,400
Due in less than one year	\$ 3,048,737	\$ 1,905,800
Due in one to five years	346,967	1,429,600
	3,395,704	3,335,400
Less discount to net present value	(25,289)	(84,443)
Net pledges receivable	\$ 3,370,415	\$ 3,250,957

Pledges to be received after one year are discounted to present value using LIBOR plus 2.75%, which was approximately 8.23% and 7.07% at December 31, 2023 and 2022, respectively. Amortization of the discount is recorded as additional revenue and recorded in accordance with donor-imposed restrictions, if any.

The allowance for doubtful accounts includes the following activity:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Beginning balance	\$ -	\$ 56,346
Write-off of uncollectible accounts	-	(56,346)
Ending balance	\$ -	\$ -

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In 2022, the Zoo received a conditional pledge of \$8,000,000 to be used to fund the construction of the new animal healthcare center (Note 10). As of December 31, 2023, the conditions of this contribution were met and the revenue was recorded accordingly.

5. Investments

Investments consisted of the following at December 31, 2023 and 2022:

	2023	2022
Cash surrender value of life insurance, at surrender value	\$ 196,352	\$ 190,710
Money market fund	39,491	98,510
Equities, at fair value:		
International markets fund	32,491	25,605
Small-cap blend funds	824,209	936,998
Mid-cap blend fund	1,629,821	969,607
Large blend funds	8,107,037	6,073,012
Bonds, at fair value:		
Short-term bond fund	772,586	660,266
United States Treasury bills, at fair value	-	3,977,788
	\$ 11,601,987	\$ 12,932,496

Fair value is based on quoted prices available in active markets that Zoo Atlanta has the ability to access, for identical securities. This is a Level 1 category as established by generally accepted accounting principles. Mutual funds are exposed to various risks, such as interest rate, market, and credit risks.

Investment income for the year ended December 31, 2023, included a realized gain on investments of \$114,878 and an unrealized gain on investments of \$1,433,139. Investment income for the year ended December 31, 2022 included a realized gain on investments of \$92,286 and an unrealized loss on investments of \$1,725,045. For the years ended December 31, 2023 and 2022, investment income also included \$1,091,193 and \$257,199, respectively, in interest and dividend income. The increase in cash surrender value of life insurance is included in investment income.

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2023 and 2022

6. Property, Equipment, and Leasehold Interest

Property and equipment consisted of the following at December 31, 2023 and 2022:

	Estimated Useful Life (Years)	2023	2022
Buildings, improvements, and exhibits	10-30	\$ 134,515,305	\$ 133,082,057
Machinery and equipment	3-7	12,491,892	11,866,241
Furniture and fixtures	7	3,946,237	3,738,970
Computer equipment	3-7	2,078,692	2,032,318
Vehicles	7	866,194	842,512
		153,898,320	151,562,098
Less accumulated depreciation		(87,417,442)	(82,991,289)
Construction-in-progress		10,766,290	2,500,700
		\$ 77,247,168	\$ 71,071,509

Depreciation expense for the years ended December 31, 2023 and 2022, totaled \$4,811,753 and \$4,722,247, respectively.

The Authority has the right to make additions, deletions, modifications, and changes to the Leasehold as required for the proper operation and maintenance of Zoo Atlanta by pledging the Leasehold as security for financing, if required. The Leasehold interest does not require payments of rent to the City or the Authority.

7. 2007 Zoo Series Revenue Bonds and Related Funds

In June 2007, the Authority issued \$14,315,000 of tax free revenue bonds and \$7,515,000 of taxable revenue bonds to support Zoo Atlanta in paying for the cost of various animal exhibits, certain infrastructure, facilities and equipment, improvements to the giant panda exhibit and required payments to the Chinese Association of Zoological Gardens in connection with Zoo Atlanta's giant panda loan agreement. Zoo Atlanta is not obligated to make any principal and interest payments for the 2007 bonds. Accordingly, there is no liability reported in the accompanying consolidated financial statements. Zoo Atlanta recognizes government support to the extent that reimbursement for costs, as defined, is received from the trustee of the bond funds. During December 2022, the bonds were paid in full.

The 2007 Zoo Series Bond Resolution provides for the establishment of the following funds:

Sinking Fund—used for the payment of principal, interest, and premium, if any, on the 2007 Zoo Series bonds.

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Renewal and Extension Fund—used for the purpose of making additions, extensions, renewals, replacements or emergency repairs to Zoo Atlanta.

Concurrent with the issuance of the 2007 Zoo Series Revenue Bonds, the City of Atlanta, Fulton County Recreation Authority and Zoo Atlanta entered into a Governmental Agreement Regarding Zoo Atlanta (the Governmental Agreement) and an Operating Agreement for Zoo Atlanta (the Operating Agreement), each for a period not to exceed 50 years. The Government Agreement and the Operating Agreement provide Zoo Atlanta the exclusive right to the use and possession of the Leasehold. In the event of termination of the Government Agreement and the Operating Agreement, all personal and real properties comprising the Leasehold will revert to the Authority.

Pursuant to the Governmental Agreement, if Zoo Atlanta exceeds certain levels of annual attendance, Zoo Atlanta must deposit payments into a Sinking Fund and Renewal and Extension Fund. The amount of the payment to each fund is equal to a percentage of revenues, as defined, for admissions in excess of annual attendance levels, as defined. If attendance is in excess of 900,000 but less than 1,000,000, 25% of the incremental admission revenues must be paid; 50% of the incremental admission revenues must be paid for attendance levels greater than 1,000,000 but less than 1,100,000; and 75% of the incremental admission revenues must be paid for attendance levels exceeding 1,100,000. One half of the percentage of incremental revenues calculated for each attendance tier must be deposited into the Sinking Fund and the remainder must be deposited into the Renewal and Extension Fund. Attendance levels for the years ended 2023 and 2022, were 932,732 and 869,153, respectively. As of December 31, 2023 and 2022, Zoo Atlanta owed \$62,000 and \$0, respectively.

8. Employee Retention Credit

The Employee Retention Credit (ERC) was enacted in the original Coronavirus Aid, Relief, and Economic Security Act (CARES Act) but was not initially available to Paycheck Protection Program (PPP) borrowers. Due to law changes in December 2020 and March 2021, Congress retroactively made the ERC available to eligible employers who received a PPP loan in 2020 or 2021 and extended ERC benefits to December 31, 2021. The ERC, which provides an incentive to eligible employers who retain their employees, is a refundable credit claimed on the employment tax Form 941. The Zoo applied for ERCs and received \$79,995 in 2022, relating to payroll expenses for the period from April 2020 to September 2020, under the ERC program.

9. Note Payable

The Zoo's note payable consisted of a 60-month note entered into for the purposes of financing a vehicle purchase. The note had monthly payments of \$809 and accrued interest at 5.29%. The note was collateralized by the purchased vehicle and matured in June 2022, at which time it was paid in full.

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10. Commitments and Contingencies

Commitments

Zoo Atlanta maintains agreements with independent contractors to perform waste management, pest control, security and janitorial services. These contracts are typically for either a year or project period and are based on a negotiated fixed fee or hourly rate. Monthly payments under these service contracts total approximately \$91,200.

The Zoo is obligated to make certain payments to the Chinese Association of Zoological Gardens (the Chinese Party) related to the Giant Pandas (Note 15).

The Zoo is constructing an Animal Health Center which will be completed in 2024. Costs incurred to date include construction, architect and engineering design fees, and equipment and are included in construction in progress in the accompanying consolidated financial statements. The Zoo has entered into an agreement for approximately \$16,600,000 with one construction contractor for the construction and completion of the Animal Health Center. As of December 31, 2023 the Zoo has paid approximately \$5,500,000 in costs related to this project. The remaining costs estimated to complete the project total \$11,100,000, including accounts payable and retainage payable amounts of \$1,900,000, that are recorded in accounts payable and accrued expenses in the accompanying 2023 consolidated statement of financial position.

Contingencies

In 2018, Zoo Atlanta entered into a joint ten-year agreement with two vendors – one to provide in-park food concessions services and one to provide facilities rental and catering services. The agreement called for the remittance of a percentage of food service, facilities rental and catering services revenue from the vendors to Zoo Atlanta. As part of the agreement, the vendors will make investments in property, leasehold improvements and equipment. The vendors will amortize these investments over a period of ten years from date placed in service. The property and equipment is owned and maintained by the vendors until the termination of the agreement. In the event of material breach or early termination of the agreement, Zoo Atlanta would be required to purchase the property and equipment from the vendor at the predetermined net book value.

In 2021, Zoo Atlanta entered into an agreement through January 2028 with a vendor to operate on-site and e-commerce retail merchandise stores. As part of the agreement, the vendor will make investments in property, leasehold improvements, and equipment. The vendor will amortize these investments over a period of ten years from date placed in service. The property and equipment is owned and maintained by the vendors until the termination of the agreement. In the event of material breach or early termination of the agreement, Zoo Atlanta would be required to purchase the property and equipment from the vendor at the unamortized portion of the capital investment. Zoo Atlanta currently has no plans of terminating the agreement early and would expect to renew

Atlanta-Fulton County Zoo, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2023 and 2022

the agreement when it ends; therefore, no accrual is recorded at December 31, 2023 or 2022 for a buyout of the property and equipment.

Zoo Atlanta has identified asset retirement obligations associated with regulatory requirements that are anticipated at retirement of such assets. These costs are based on best estimates available and are reflected on the consolidated statements of financial position in accrued expenses totaling \$337,850 at December 31, 2023 and 2022.

From time to time, Zoo Atlanta is subject to certain claims and litigation arising in the normal course of business. Zoo Atlanta is not aware of any necessary accruals or disclosures related to any such claims or litigation.

11. Net Assets with Donor Restrictions

Activity for net assets with donor restrictions for the years ended December 31, 2023 and 2022, was as follows:

	Balance at December 31, 2022	Investment Return, net	Additions	Released From Restrictions	Balance at December 31, 2023
Endowments					
Subject to endowment spending policy and appropriation:					
Conservation	\$ 3,051,704	\$ 548,040	\$ -	\$ (138,132)	\$ 3,461,612
Research	2,781,160	526,467	100,000	-	3,407,627
Animal management	988,819	177,637	-	(42,393)	1,124,063
Facility maintenance	90,584	16,285	-	(3,781)	103,088
Education	376,957	39,980	-	-	416,937
Total endowments	7,289,224	1,308,409	100,000	(184,306)	8,513,327
Other with donor restricted net assets:					
Purpose Restricted					
Operating programs	1,294,342	40,069	240,747	(223,571)	1,351,587
Animal Health Center	8,591,794	431,407	14,329,738	(601,010)	22,751,929
Total	\$ 17,175,360	\$ 1,779,885	\$ 14,670,485	\$ (1,008,887)	\$ 32,616,843

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	Balance at December 31, 2021	Investment Return, net	Additions	Released From Restrictions	Balance at December 31, 2022
Endowments					
Subject to endowment spending policy and appropriation:					
Conservation	\$ 3,708,820	\$ (538,039)	\$ -	\$ (119,077)	\$ 3,051,704
Research	3,241,404	(460,244)	-	-	2,781,160
Animal management	1,199,527	(173,708)	-	(37,000)	988,819
Facility maintenance	105,574	(14,990)	-	-	90,584
Education	402,047	(25,090)	-	-	376,957
Total endowments	8,657,372	(1,212,071)	-	(156,077)	7,289,224
Other with donor restricted net assets:					
Purpose Restricted					
Operating programs	1,446,975	8,559	260,886	(422,078)	1,294,342
Animal habitat project	2,382,263	10,251	6,324,968	(125,688)	8,591,794
Total	\$ 12,486,610	\$ (1,193,261)	\$ 6,585,854	\$ (703,843)	\$ 17,175,360

The Board of Directors of the Zoo has interpreted the Uniform Prudent Management of Institutional Funds Act (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 Zoo classifies as with donor restrictions in permanent endowment (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 at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not classified in permanent endowment is classified as other with donor restricted net assets until those amounts are appropriated for expenditure by the Zoo in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Zoo considers the required factors in making a determination whether to appropriate or accumulate donor-restricted endowment funds.

The Zoo's investment policy is designed to combine the goal of total return and preservation of capital with prudent risk tolerance in order to allow investment managers the opportunity to achieve investment results consistent with the financial objectives and in a manner consistent with the values of the Zoo. The funds are diversified among cash and cash equivalents, various equity classes, and bond classes.

For the year ended December 31, 2023, the Zoo established an annual spending target to be no greater than 4.5% of the conservation endowment and no greater than 4.0% of the remaining endowment funds to provide support for research and conservation activities in addition to other operating expenses as determined by the Board of Directors. The percentages are applied to the

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previous 12 quarter trailing average of endowment market value. Investment income can be accumulated if not used for current purposes.

12. Income Taxes

Components of the provision for income taxes are as follows for SH Manager, a wholly-owned subsidiary taxed as a c-corporation, for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred income taxes	\$ -	\$ (95,940)
Total income tax benefit	\$ -	\$ (95,940)

SH Manager's net deferred income tax as of December 31, 2023 and 2022, is summarized as follows:

	2023	2022
Deferred tax assets		
Net operating loss carryforwards	\$ 677,913	\$ 561,147
Federal tax credit from pass-through	62,748	62,748
Other assets	39,674	43,313
Total deferred tax assets	780,335	667,208
Deferred tax liabilities		
Property and equipment - depreciation	(472,669)	(563,859)
Total deferred tax liabilities	(472,669)	(563,859)
Net deferred tax assets before valuation allowance	307,666	103,349
Valuation allowance	(307,666)	(103,349)
Net deferred tax liabilities	\$ -	\$ -

At December 31, 2023 and 2022, SH Manager has approximately \$1,852,000 of federal net operating loss (NOL) carryforwards and approximately \$1,329,000 of state NOL carryforwards with no expiration date. In 2023 and 2022, SH Manager did not utilize any federal or state NOLs.

During the years ended December 31, 2023 and 2022, management estimated that a valuation allowance of \$307,666 and \$103,349, respectively, related primarily to the NOL carryforwards was appropriate to reduce the net deferred tax assets to their estimated realizable value.

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At December 31, 2023 and 2022, SH Manager has unused federal tax credits of \$62,748 that can be applied against future federal taxable income. These credits will expire in 2039. The difference between federal statutory tax rate and effective tax rate relates primarily to the federal tax credits and the valuation allowance.

13. Non-Controlling Interests

Zoo Atlanta recognizes noncontrolling interests for partially owned entities that are included in the consolidated financial statements. The noncontrolling investor's share of current operations and net assets is summarized as follows:

	Total	Controlling Interests	Noncontrolling Interests
Balance December 31, 2021	\$ 93,058,244	\$ 87,567,081	\$ 5,491,163
Change in net assets	2,940,502	3,129,827	(189,325)
Balance December 31, 2022	95,998,746	90,696,908	5,301,838
Change in net assets	15,239,553	15,422,817	(183,264)
Balance December 31, 2023	\$ 111,238,299	\$ 106,119,725	\$ 5,118,574

14. Employee Benefit Plan

Zoo Atlanta sponsors a 403(b) tax deferred annuity plan (the Plan) that covers substantially all of its employees. The Plan provides for discretionary matching contributions. Zoo Atlanta's contributions associated with the Plan totaled \$208,119 and \$184,333 for the years ended December 31, 2023 and 2022, respectively.

15. Giant Panda Joint Research Agreement

In 1999, the AZA/Panda Foundation, Zoo Atlanta and the Chinese Party entered into a ten-year agreement regarding joint research on the breeding of giant pandas to help save the endangered species. Under the original 1999 agreement, the Chinese Party provided the Zoo a pair of captive born and healthy giant pandas with reproductive capability. Both parties conduct and share the results of the breeding research. The ownership of the pair of giant pandas and any cubs born to them during the ten-year period belong to the Chinese Party, and all will be returned to China at the agreement's expiration. A new five-year agreement was signed in 2009 and ended October 29, 2014.

In 2014, Zoo Atlanta and the Chinese Party entered into a new ten-year agreement ending October 29, 2024, regarding joint research on the breeding of giant pandas to help save the endangered species. Under the 2014 agreement, Zoo Atlanta is obligated to make annual

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donations, which total \$5,000,000, to the Chinese Party for projects involving conservation, breeding, research, and protection of giant pandas. The payments are due on an annual basis of \$500,000 per year over the ten-year period. Both parties have the option to review the agreement at the end of the first five-year period. Zoo Atlanta records a liability for the donation of this amount each year. Remitting the payments under this agreement is contingent upon written approval by the U.S. Department of the Interior, Fish and Wildlife Service. Zoo Atlanta remitted all required payments under the 2014 agreement and amounts expended for each of the years ended December 31, 2023 and 2022, were \$500,000. For the above-mentioned purposes these amounts are included in conservation and education expenses on the consolidated statements of activities.

Under the 2014 agreement, Zoo Atlanta also agreed to an additional donation of \$100,000 annually for five years, consisting of \$70,000 to support the Chengdu Research Foundation for Giant Panda Breeding, and \$30,000 for Zoo Atlanta to support the giant panda conservation program.

In 2006, Zoo Atlanta's first panda cub was born. Pursuant to the 1999 agreement with the Chinese Party, revenues that Zoo Atlanta derived from the birth of a cub must be shared with the Chinese Party. During 2007, Zoo Atlanta engaged in discussions with the Chinese Party and reached an agreement as to the portion of revenues to be shared with the Chinese Party. Zoo Atlanta has recorded a total obligation of \$350,000, a portion of which is payable directly to a local Atlanta university in support of a graduate student research assistantship for a Chinese student colleague or for a visiting scientist as agreed upon by both parties. For the years ended December 31, 2023 and 2022, the Zoo paid \$38,732 and \$0, respectively, for a visiting scientist. The balance of this estimated obligation totaled \$58,768 and \$97,500 as of December 31, 2023 and 2022, respectively, and is included in accrued expenses on the consolidated statements of financial position.

Pursuant to the 2014 agreement with the Chinese Party, revenues generated, if any, from the birth of a cub are not required to be shared with the Chinese Party. During 2012, Zoo Atlanta agreed to provide one-time support to the Chinese Party for conservation initiatives in China. The support will be in the form of cash payments and support for University level degree programs for Chinese student colleagues. This was to be fulfilled over a period of not more than eight years. This initial agreement was scheduled to expire on December 31, 2020, but due to the COVID-19 pandemic has been extended to October 29, 2024. For the years ended December 31, 2023 and 2022, Zoo Atlanta paid \$23,661 and \$70,651, respectively, for the above-referenced student. The balance of this obligation as of December 31, 2023 and 2022, was \$0 and \$23,661, respectively. This amount is included in accrued expenses on the consolidated statements of financial position.

16. Historic Tax Credits

In July 2014, the City of Atlanta announced the relocation and restoration of the historic Atlanta Cyclorama painting and other certain items to the Atlanta History Center. In 2015, the City of Atlanta provided that the Cyclorama building (the Facility) and an adjacent parcel of land were to be included under Zoo Atlanta's current Leasehold. Zoo Atlanta created a state-of-the-art event

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and community space overlooking a newly expanded African Savanna elephant habitat and also renovated Zoo Atlanta's entryway plaza.

The projects were paid for by private and philanthropic dollars as part of the Zoo's capital campaign *A Grand New View: Elephants, Events, and Expansion*. The Zoo also used federal and state historic tax credits to offset some of the related costs. The Cyclorama project was completed and placed into service in December 2019.

The Zoo created three entities in order to be eligible for the federal and state historic tax credits (HTC). SH Manager, SH Master Tenant, and SH Landlord were established in order to facilitate the historic tax transaction. The project created approximately \$11 million in federal and state HTCs that would then be sold for \$0.90 for each \$1 worth of credits, prior to transaction expenses. In order to qualify for the federal and state HTCs, collectively the Zoo had to comply with various federal and state requirements. The requirements included the project being listed as a certified historic structure in the National Register, located in a registered historic district and certified by the Secretary of the Interior as being of historic significance to the district, the rehabilitation being performed in a manner consistent with standards established by the Secretary of the Interior, and receive the final certification from the Georgia Department of Natural Resources. During 2020, the Zoo met all requirements and received all necessary certifications and approvals. As of November 16, 2020, the Zoo was awarded and sold all available HTC amounts. Additionally, there is a requirement that the project must be held for a five-year period. The operating agreement for SH Master Tenant allows for the investor member to exercise a put option and exit the investment, for a price defined in the agreement. The investor member is expected to exercise this option after the five-year period is met. As part of the exercised put option, the investor member will be paid any unpaid asset management fees, priority return dividends, or special tax distributions, as defined in the operating agreement. As of December 31, 2023 and 2022, total asset management fees owed to the investor member of \$41,677 and \$31,677, respectively, are included in accrued expenses on the consolidated statements of financial position. There have been no dividends or distributions declared or paid as of December 31, 2023. Zoo Atlanta provides a guarantee of certain operating amounts owed to the investor member as defined in the operating agreement, if SH Master Tenant cannot meet its obligations. As of December 31, 2023, no amounts have been accrued by Zoo Atlanta related to the guarantee agreement. During 2023 and 2022, the Zoo complied with all provisions of the agreements related to the HTCs.