FINANCIAL STATEMENTS

The Detroit Zoological Society Years Ended December 31, 2024 and 2023 With Report of Independent Auditors



Financial Statements

Years Ended December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors The Detroit Zoological Society

Opinion

We have audited the financial statements of The Detroit Zoological Society (the Society), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 Society's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 GAAS 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 GAAS, 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 Society'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 Society'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.

Ernst + Young LLP

May 23, 2025

Statements of Financial Position

			Dec	ember 31, 2024			1	Dece	mber 31, 202	3	
		Without		With			Without		With		
		Donor		Donor			Donor		Donor		
		Restrictions		Restrictions	Total	F	Restrictions	F	Restrictions		Total
Assets					_						
Cash and cash equivalents	S	8,265,495	\$	_	\$ 8,265,495	\$	14,454,910	\$	_	\$	14,454,910
Investments		42,279,233		10,435,350	52,714,583		37,816,511		9,765,877		47,582,388
Receivable from county authorities		3,260,004		_	3,260,004		3,090,011		_		3,090,011
Pledges receivable		511,500		855,029	1,366,529		655,932		990,932		1,646,864
Other receivables		543,894		437,441	981,335		851,746		330,301		1,182,047
Due (from) to other funds		(5,923,167)		5,923,167	_		(7,205,130)		7,205,130		_
Prepaid expenses		907,001		9,800	916,801		825,609		9,800		835,409
Leased asset		460,605		_	460,605		_		_		_
Building and equipment, net		2,481,625		_	2,481,625		1,959,522		_		1,959,522
Total assets	S	52,786,191	\$	17,660,786	\$ 70,446,977	S	52,449,111	\$	18,302,040	\$	70,751,151
Liabilities and net assets											
Accounts payable and other	s	4,641,864	\$	155,047	\$ 4,796,911	\$	4,493,434	\$	155,047	\$	4,648,481
Accrued payroll and related liabilities		1,776,024		_	1,776,024		1,483,154		_		1,483,154
Deferred revenue		3,237,770		91,680	3,329,451		2,993,861		1,080		2,994,941
Lease liability		317,726		_	317,726		_		_		_
Agency accounts		271,055		_	271,055		252,708		_		252,708
Total liabilities		10,244,439		246,727	10,491,167		9,223,157		156,127		9,379,284
Net assets		42,541,751		17,414,059	59,955,810		43,225,954		18,145,913		61,371,867
Total liabilities and net assets	s	52,786,191	\$	17,660,786	\$ 70,446,977	S	52,449,111	\$	18,302,040	\$	70,751,151

See accompanying notes.

Statements of Activities

		Year E	nde	December 31, 2	024		Year E	nde	d December 31	, 20	23
		Without		With			Without		With		
		Donor		Donor			Donor		Donor		
	1	Restrictions	F	Restrictions	Total	1	Restrictions	F	Restrictions		Total
Revenue, gains, and other support											
Admissions, parking, and rentals	s	11,719,907	s	- s	11,719,907	S	10,611,013	\$	_	\$	10,611,013
Membership dues		5,678,508		-	5,678,508		5,655,238		_		5,655,238
Special events		5,445,958		75,237	5,521,195		5,869,940		158,642		6,028,582
Concessions		2,531,594		_	2,531,594		2,394,125		_		2,394,125
Rides and attractions		2,007,817		-	2,007,817		1,099,608		_		1,099,608
Investment income		4,036,959		1,081,773	5,118,732		5,550,407		1,471,493		7,021,900
Other		548,532		_	548,532		350,827		_		350,827
Government and public support:											
County authority service agreements		15,992,853		_	15,992,853		15,028,726		_		15,028,726
City of Detroit		2,436,000		2,000,000	4,436,000		570,000		1,000,000		1,570,000
Other support:											
Contributions and annual gifts		5,296,147		4,136,547	9,432,694		5,125,957		2,569,217		7,695,174
Donated services and materials		3,020,255		_	3,020,255		2,502,705		_		2,502,705
Net assets released from restrictions:											
Satisfaction of program restrictions		8,025,411		(8,025,411)	_		3,608,356		(3,608,356)		_
Total revenue		66,739,941		(731,854)	66,008,087	_	58,366,902		1,590,996		59,957,898
Expenses											
Program:											
Animal care		10,987,857		-	10,987,857		10,497,952		_		10,497,952
Education		2,843,930		-	2,843,930		2,458,144		-		2,458,144
Donated services		3,020,255		-	3,020,255		2,502,705		_		2,502,705
Guest services		4,813,965		-	4,813,965		4,504,903		_		4,504,903
Membership services		524,478		-	524,478		488,692		-		488,692
Rides and attractions		1,741,547		-	1,741,547		1,867,853		_		1,867,853
Marketing and public relations		3,182,105		-	3,182,105		2,797,609		_		2,797,609
Maintenance and park operations		11,451,672		_	11,451,672		11,066,870		_		11,066,870
Other program services		11,241,968		-	11,241,968		6,218,444		_		6,218,444
Support services:											
Management and administrative		3,187,038		_	3,187,038		2,922,814		_		2,922,814
Fundraising		2,371,893		-	2,371,893		2,248,328		_		2,248,328
Total expenses		55,366,708		-	55,366,708		47,574,314		_		47,574,314
Excess of revenue over expenses											
(expenses over revenue)		11,373,233		(731,854)	10,641,379		10,792,588		1,590,996		12,383,584
Other changes in net assets											
Capital acquisitions		(12,057,436)		_	(12,057,436)		(9,109,014)		-		(9,109,014)
(Decrease) increase in net assets		(684,203)		(731,854)	(1,416,057)	_	1,683,574		1,590,996		3,274,570
Net assets, beginning of year		43,225,954		18,145,913	61,371,867		41,542,380		16,554,917		58,097,297
Net assets, end of year	s	42,541,751	s	17,414,059 \$	59,955,810	S	43,225,954	S	18,145,913	S	61,371,867

See accompanying notes.

Statements of Cash Flows

	Year Ended	December 31
	2024	2023
Operating activities		
(Decrease) increase in net assets	\$ (1,416,057)	\$ 3,274,570
Depreciation	705,425	440,107
Change in unrealized gains	(1,551,389)	(5,150,242)
Changes in operating assets and liabilities:		
Receivable from county authorities	(169,993)	(215,006)
Pledges receivable	280,335	1,651,063
Other receivables	200,712	(386,048)
Prepaid expenses	(81,392)	1,393,747
Accounts payable and other	148,430	942,644
Accrued payroll and related liabilities	292,870	11,034
Deferred revenue	334,510	(651,426)
Agency accounts	18,347	45,658
Net cash (used in) provided by operating activities	(1,238,202)	1,356,101
Investing activities		
Purchase of investments	(21,311,156)	(14,473,751)
Proceeds from sale of investments	17,730,351	12,366,165
Purchase of depreciable assets	(1,135,408)	(1,068,910)
Net cash used in investing activities	(4,716,213)	(3,176,496)
Financing activities		
Lease payments	(235,000)	_
Net cash used in financing activities	(235,000)	
rice cash asea in imahenig activities	(233,000)	
Net decrease in cash and cash equivalents	(6,189,415)	(1,820,395)
Cash and cash equivalents at beginning of year	14,454,910	16,275,305
Cash and cash equivalents at end of year	\$ 8,265,495	\$ 14,454,910

See accompanying notes.

Notes to Financial Statements

December 31, 2024

1. Organization

The Detroit Zoological Society (the Society) is a tax-exempt charitable organization. The Society's mission is "celebrating and saving wildlife" through excellence in animal management, educational programs, and community activities while providing the Society's visitors and members with an enjoyable, recreational, family-oriented experience. There were 42,148 and 42,395 active memberships of the Society at December 31, 2024 and 2023, respectively.

Agreement With the City of Detroit

The Society entered into a Memorandum of Agreement (the City Agreement) with the City of Detroit (the City), acting through the Detroit Zoological Society, whereby the Society agreed to take full responsibility for the governance, operations, and management of the assets of the Detroit Zoo and the Belle Isle Nature Center (collectively, the Zoo), including identifying and securing sustainable non-City sources of revenue. The effective date of the City Agreement was May 25, 2006, and continues through June 30, 2030. There is an option to renew for ten-year terms, unless either party provides five years' written notice of its intent not to renew.

In the event the Society determines it is not economically feasible to continue its operation of the Zoo, the Society may effect an early termination of the City Agreement with a one-year notice of its intention to exercise early termination.

As part of the City Agreement, the City retains ownership of all animals, buildings, grounds, collections, artifacts, exhibits, and selected furnishings. The Society received \$2,400,000 and \$36,000 for reimbursement of security and insurance costs, and Senior Transportation, respectively, from the City during the year ended December 31, 2024, and \$570,000 for the year ended December 31, 2023, which were recorded in net assets without donor restrictions. The Society also received \$2,000,000 and \$1,000,000 from the City during the years ended December 31, 2024 and 2023, respectively, for capital appropriation, which was recorded in net assets with donor restrictions.

2. Summary of Significant Accounting Policies

Subsequent Events

The Society evaluates subsequent events, which are events that occur after the statement of financial position date, but before the financial statements are issued or available to be issued, for recognition in the financial statements as of the statement of financial position date. For the year

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

ended December 31, 2024, the Society evaluated the impact of subsequent events through May 23, 2025, representing the date on which the accompanying financial statements were available to be issued. No recognized or non-recognized subsequent events were identified for recognition or disclosure on the statements of financial position or statements of activities, or in the accompanying notes to the financial statements.

Basis of Presentation

The accompanying financial statements of the Society have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. The Society's board may designate assets without restrictions for specific operational purposes from time to time. Refer to Note 5 for board-designated net assets.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time (temporarily restricted). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (permanently restricted). Refer to Note 4 for temporarily and permanently restricted net assets.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Society considers all highly liquid instruments with maturity of three months or less when purchased to be cash equivalents.

The Society concentrates the majority of its cash at JPMorgan Chase Bank, N.A. and First Independence Bank for cash management purposes. This typically results in cash investments exceeding Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2024, the Society had balances at JPMorgan Chase Bank, N.A.; Key Bank; and Huntington Bank of \$2,692,671, 2,866,702, and \$1,867,606, respectively, which exceeded the FDIC insurance limits of \$250,000.

Pledges Receivable

Pledges receivable, which are unconditional promises to give, are recognized as revenue in the period such promises are received. Pledges are discounted to net realizable value.

Pledges receivable are recorded at amounts estimated to be collectible. The Society estimates its allowance for doubtful accounts by specific identification. Accounts are written off when the amount is believed to be uncollectible based on age from the contractual due date or donor economic circumstances. At December 31, 2024 and 2023, no allowance for doubtful accounts was recognized.

Investments

The Society maintains investments consisting of diversified mutual funds and equity securities designed to provide long-term financial support for current budget requirements and future capital expenditures. These investments are stated at fair market value, with any realized or unrealized gains and losses on those investments being reported net on the accompanying statements of activities. Investment income (loss) is presented net of investment fees on the statements of activities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 10 for further discussion and disclosure related to fair value measurements.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Building and Equipment

The Society depreciates its membership building, machinery, and equipment, which are recorded at cost, using the straight-line method over the estimated useful lives of the assets. Useful lives vary but generally fall within the range of 5 to 20 years. According to the City Agreement, all assets remain the property of the City with the exception of the membership building, the simulator vehicles, and office equipment that belonged to the Society at transition. Expenditures for maintenance and repairs are expensed as incurred.

Accounting for Assets Held by Community Foundation

The Society established an endowment through The Van Dusen Endowment Challenge program, initiated by The Kresge Foundation in partnership with the Community Foundation of Southeast Michigan (the Community Foundation). The Community Foundation holds and invests the funds. The Society receives a portion of the interest on these investments but may not withdraw the principal. In 2009, another endowment was established with the Community Foundation from the Emory Ford Fund Foundation on the Society's behalf. The Community Foundation held total endowment investments of \$2,251,632 and \$2,125,663 at December 31, 2024 and 2023, respectively. Income received on the endowment investments for the years ended December 31, 2024 and 2023, was \$330,052 and \$289,307, respectively. Consistent with the provisions of Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, the Society does not record funds held by the Community Foundation, as the Community Foundation has variance authority.

Donated Services

The Society is the recipient of certain donated services, including the time of board members of the Society and 2,292 volunteers giving their time performing services throughout the Zoo. The amount of donated services is included in both support and expenses when the value is objectively determinable at estimated fair value. Donated services reflected on the statements of activities consist primarily of volunteer time and promotional and advertising services.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition

Contributions without donor restrictions and annual gifts are recorded as revenue when such promises are received. All revenue is available for unrestricted use unless specifically restricted by the donor. When gifts of cash and other assets are received with donor stipulations that limit the use of the donations other than on a permanent basis, the Society reports these gifts as net assets with donor restrictions (temporarily restricted) support.

When a donor restriction expires (i.e., when a stipulated time restriction ends or a gift's restricted purpose is accomplished), net assets with donor restrictions (temporarily restricted) are reclassified to net assets without donor restrictions and reported on the statements of activities as net assets released from restrictions.

When gifts of cash and other assets are received with donor restrictions that stipulate that such support be maintained permanently, yet permit the Society to expend part of or all of the income derived from the donated assets, the Society reports these gifts as permanently restricted assets.

Admissions, parking, and rental revenue (e.g., strollers, wagons, and wheelchairs) is recognized as revenue as visitors pay and enter the facility. Special events, concessions, and rides and attractions revenues are recognized as the services or events occur.

Contributions from the county authority service agreements are recognized over the fiscal year of the counties as the performance-related barrier (i.e., maintain and operate the Zoo throughout the year) is overcome and are reported at estimated realizable amounts. Amounts received from the respective authorities are subject to retroactive adjustment should taxable values be changed upon appeal. Provisions for adjustments are recognized in the period they are received.

Membership dues are recognized over the term of the contract. The term of the contract is generally 12 months.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Deferred Revenue

The Society records revenue on an accrual basis. Revenue from memberships, gift cards, event rentals, sponsorship, and other transactions where performance obligations have not been satisfied is recorded in deferred revenue and classified as revenue when the performance obligations have been satisfied. The following is a summary of deferred revenue at December 31:

	2	024	2023
Membership dues	\$ 2,8	345,441	\$ 2,527,304
Grants		91,681	1,077
Gift cards		79,070	83,359
Rentals	1	33,583	147,039
Sponsorship		45,475	112,500
Other	1	34,201	123,662
Total	\$ 3,3	329,451	\$ 2,994,941

Federal Income Taxes

The Society has been recognized by the Internal Revenue Service as an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (the Code). The Society is a public charity by reason of being described in Code Section 509(a)(2). The Society is exempt from federal income taxes except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the financial statements.

The Society completed an analysis of its tax positions, in accordance with ASC 740, *Income Taxes*, and determined that no amounts were required to be recognized in the financial statements at December 31, 2024 or 2023.

Advertising Expense

Advertising is expensed when incurred. For the years ended December 31, 2024 and 2023, advertising costs of \$2,124,916 and \$1,808,329, respectively, were expensed, of which \$981,439 and \$691,775, respectively, were donated services.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Works of Art

The Society maintains numerous works of art accumulated over the years. Consistent with financial statement presentations followed by other institutions (primarily museums), the Society excludes the value of its works of art from the statements of financial position. The works of art are held for educational and exhibition purposes.

Leases

The Society records right-of-use assets and related lease obligations on the statement of financial position in accordance with ASC 842, *Leases*, for leases with terms greater than 12 months. Each lease component of a contract and its associated non-lease components are treated as a single component. Leases with terms, at the commencement date, of 12 months or less with no option to purchase the underlying asset are treated as short-term leases in accordance with the short-term lease exemption. During 2024, the Society recognized a leased asset and liability of \$552,726. As of December 31, 2024, the Society had a leased asset of \$460,665 and a liability of \$317,726 recorded on the balance sheet.

3. County Authority Services Agreements

During 2008, the counties of Macomb, Oakland, and Wayne established Zoological Authorities (the Authorities) pursuant to Public Act 49, the Zoological Authorities Act. The Authorities entered into separate service agreements with the Society, which provided for the continued provision of zoological services to residents of the respective counties upon receipt of tax monies levied by the respective Authorities.

During 2016, the voters in the respective counties voted to approve the extension of the millage through 2028. The millage rate approved was 0.1 mill per \$1,000 of taxable value and was based on property appraisals to provide revenue annually to the Society. The Society has recognized such contributions over the fiscal year of the counties as the performance-related barrier is overcome. During the years ended December 31, 2024 and 2023, the Society has recognized \$15,992,853 and \$15,028,726, respectively, of contributions under the agreements. As of December 31, 2024 and 2023, the Society had receivables from county authorities of \$3,260,004 and \$3,090,011, respectively. Due to the uncertainty in tax collections and amounts under appeal, there is at least a

Notes to Financial Statements (continued)

3. County Authority Services Agreements (continued)

reasonable possibility that recorded estimates will change in the near term. The Society has recognized an allowance for credit losses, based on historical experience, as well as current conditions and forecasts that affect the collectability of the reported amount, of \$25,000 at December 31, 2024 and 2023, related to the receivable from the counties.

4. Net Assets With Donor Restrictions (Temporarily and Permanently Restricted Net Assets)

Temporarily restricted net assets are available for the following purposes:

		Decen	iber 31
		2024	2023
Animal care Capital projects	\$	1,440,134 760,006	\$ 1,301,282 1,767,529
Programs: Education		1,952,144	2,433,380
Other		2,348,077	2,396,997
Total	<u>\$</u>	6,500,361	\$ 7,899,188

Permanently restricted net assets are restricted for the following purposes:

	December 31		
	2024	2023	
Education program	\$ 3,968,018	\$ 3,714,610	
Maintenance and acquisition of art collection	1,681,881	1,573,454	
General operations	1,228,303	1,149,610	
Animal care	1,584,714	1,504,899	
Discretionary	522,447	488,868	
Child admission	790,762	748,616	
Animal conservation	1,137,573	1,066,669	
Total	\$ 10,913,698	\$ 10,246,726	

Notes to Financial Statements (continued)

5. Board-Designated Net Assets

At December 31, 2024 and 2023, investments of \$20,792,027 and \$22,433,768, respectively, were designated by the Board of Directors for endowment and are included in net assets without donor restrictions on the accompanying statements of financial position.

At December 31, 2024 and 2023, net assets of the Society have been designated by the Board of Directors for operating purposes in the amount of \$6,790,940 and \$6,637,256, respectively, and are included in net assets without donor restrictions on the accompanying statements of financial position.

6. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. These expenses are net of interest income transferred into a temporary restricted fund from the endowment fund. Donor-restricted net assets were released from restrictions after accomplishment of the following purposes:

	December 31			
	_	2024	2023	
Animal care	\$	55,557	\$ 55,872	
Capital projects		3,836,721	2,620,544	
Programs:				
General operations		3,076,620	190,994	
Education		1,056,513	740,946	
Art acquisition and maintenance		_	_	
	\$	8,025,411	\$ 3,608,356	
	_			

Notes to Financial Statements (continued)

7. Investments

The aggregate carrying amounts of investments at fair value by major type are as follows:

	December 31			
	2024	2023		
Cash equivalents Equity securities Publicly traded mutual funds:	\$ 5,645,439 1,538,223	,		
Fixed income Traditional equities	13,438,074 32,092,847			
-	\$ 52,714,583	\$ 47,582,388		

Investment income (loss) included in revenue is summarized as follows:

	Year Ended December 3			cember 31
	_	2024		2023
Interest, dividends, and fees	\$	2,155,942	\$	2,193,356
Net realized (loss) gains		1,411,401		(321,698)
Net unrealized income (loss)		1,551,389		5,150,242
Net investment income (loss)	\$	5,118,732	\$	7,021,900

8. Expenditures

The Board of Directors of the Society approves the nature and amount of anticipated program service expenditures for the succeeding year as part of the annual budgeting process. Those program services projects that, in either nature or amount, were unanticipated at that time are brought to the Board of Directors for approval during the year on a project-by-project basis. Expenditures are funded largely from revenue and support generated in the year of the project, and, to the extent approved expenditures exceed such available amounts, the excess essentially constitutes a designation of net assets without donor restrictions.

Notes to Financial Statements (continued)

9. Pledges Receivable

Unconditional contributions and gifts pledged but not received are included in pledges receivable on the statements of financial position.

Pledges receivable are expected to be collected as follows:

		Decen	ıbe	r 31
	_	2024		2023
Less than one year	\$	1,316,529	\$	1,646,864
One to five years		50,000		_
	\$	1,366,529	\$	1,646,864

The amounts are recorded at the estimated present value of future cash flows.

10. Fair Value Measurements

ASC 820, Fair Value Measurement, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or a liability as of the measurement date. A financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2024 and 2023, the assets listed in the fair value hierarchy tables below are cash and cash equivalents, publicly traded equity securities, and mutual funds. The fair values of the fixed-income and traditional equity securities are based on the closing price reported on the active market on which the individual securities are traded.

Notes to Financial Statements (continued)

10. Fair Value Measurements (continued)

The following tables present the financial instruments carried at fair value as of December 31 by caption on the statements of financial position:

			20	024		
	in Mar Identi	ed Prices Active kets for cal Items evel 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total
Cash and cash equivalents	\$ 8	,265,495	s –	s –	\$	8,265,495
Investments	_					
Cash equivalents		,645,439	_	_		5,645,439
Equity securities	1	,538,223	_	_		1,538,223
Publicly traded mutual funds:		420.054				42 420 074
Fixed income		,438,074	_	_		13,438,074
Equities		,092,847	_		-	32,092,847
	\$ 60	,980,078	<u>s</u> –	<u>s</u> –	<u>s</u>	60,980,078
			2	023		
	in Mar Ident	ed Prices Active kets for ical Items evel 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	•	Total
Cash and cash equivalents	in Mar Ident (L	Active kets for ical Items evel 1)	Significant Other Observable Inputs	Significant Unobservable Inputs	\$	
Cash and cash equivalents Investments	in Mar Ident (L	Active kets for ical Items evel 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments	in Mar Ident (L	Active kets for ical Items evel 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
•	in Mar Ident (L \$ 14	Active kets for ical Items evel 1) ,454,910	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		14,454,910
Investments Cash equivalents	in Mar Ident (L \$ 14	Active kets for ical Items evel 1) ,454,910	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		14,454,910 662,193
Investments Cash equivalents Equity securities	in Mar Identi (L \$ 14	Active kets for ical Items evel 1) ,454,910	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		14,454,910 662,193
Investments Cash equivalents Equity securities Publicly traded mutual funds:	in Mar Identi (L \$ 14	Active rkets for ical Items evel 1) ,454,910 662,193 ,159,083	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		14,454,910 662,193 1,159,083

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments and have carrying values that approximate fair value.

Notes to Financial Statements (continued)

11. Endowment

The Society's endowment consists of 17 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society follows Michigan's State Management of Institutional Funds Act (SMIFA) 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, the Society classifies as permanently restricted net assets (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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with standards prescribed by SMIFA. In accordance with SMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

Notes to Financial Statements (continued)

11. Endowment (continued)

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specific period, as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places emphasis on equity-based and fixed-income investments to achieve its long-term objective within prudent risk constraints.

The Society is to record the annual income as temporarily restricted and appropriated for expenditure upon meeting donor stipulations. If donor stipulations are broad, the annual income is recognized as without donor restrictions. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of 5%. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

At December 31, 2024, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds Board-designated funds Ending net assets	19,830,004	\$ 14,504,310 - \$ 14,504,310	19,830,004

Notes to Financial Statements (continued)

11. Endowment (continued)

Changes in endowment net assets for the year ended December 31, 2024, consisted of the following:

	Without Donor	With Donor	
	Restrictions	Restrictions	Total
Beginning net assets: Investment income:	\$ 22,094,112	\$ 13,844,330	\$ 35,938,442
Interest, dividends, and fees	1,009,735	480,088	1,489,823
Realized and unrealized income	1,467,559	581,685	2,049,244
Endowment income for use	(20,000)	20,000	_
Total investment income	2,457,294	1,081,773	3,539,067
Contributions	178,598	40,681	219,279
Funds released from restrictions	_	(462,474)	(462,474)
Other changes	(4,900,000)	_	(4,900,000)
Ending net assets	\$ 19,830,004	\$ 14,504,310	\$ 34,334,314

At December 31, 2023, the endowment net asset composition by type of fund consisted of the following:

Without Donor	With Donor	
Restrictions	Restrictions	Total
	\$ 13,844,330	. , ,
22,094,112	_	22,094,112
\$ 22,094,112	\$ 13,844,330	\$ 35,938,442
	Donor Restrictions \$ - 22,094,112	Donor RestrictionsDonor Restrictions\$-\$13,844,330

Notes to Financial Statements (continued)

11. Endowment (continued)

Changes in endowment net assets for the year ended December 31, 2023, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning net assets: Investment income:	\$ 18,413,759	\$ 12,490,528	\$ 30,904,287
Interest, dividends, and fees	1,133,899	485,023	1,618,922
Realized and unrealized income	2,437,278	966,472	3,403,750
Endowment income for use	(20,000)	20,000	
Total investment income	3,551,177	1,471,495	5,022,672
Contributions	229,176	88,731	317,907
Funds released from restrictions	_	(206,424)	(206,424)
Other changes	(100,000)	_	(100,000)
Ending net assets	\$ 22,094,112	\$ 13,844,330	\$ 35,938,442

12. Employee Retirement Benefits

Effective April 1, 1999, the Society converted the former Profit Sharing Plan and Trust (the Plan) (placed into service April 1, 1992) into a defined contribution retirement plan in accordance with the provisions of Section 401(k) of the Code. The Plan covers substantially all full-time employees of the Society who have at least three months of service and are age 21 or older. Participants may contribute up to the lesser of 90% of eligible compensation or \$23,000 in calendar year 2024. A profit-sharing contribution may be contributed at the discretion of the Society's Board of Directors. In addition to meeting the general eligibility requirements of the Plan, employees must have completed 501 hours of service or be an active employee on the last day of the plan year to be eligible for profit-sharing contributions. The Society's matching contributions to the Plan were \$713,748 and \$686,708 for the years ended December 31, 2024 and 2023, respectively. The Society's profit-sharing contribution to the Plan was \$0 for the years ended December 31, 2024 and 2023.

Notes to Financial Statements (continued)

13. Concession and Merchandising Contract With Service Systems Associates, Inc. (SSA)

SSA operates the food services and retail operations at the Zoo through a contract that commenced on January 1, 2011, and has been extended until December 31, 2029. The payment to the Society is on a commission basis based on sales, with a minimum guaranteed payment based on attendance. SSA will also contribute \$13,000 to the Society's annual fundraiser. SSA has agreed to fund approximately \$5,000,000 in additional capital improvements to the Zoo's facilities through the term of the agreement per the extension effective January 1, 2023.

14. Functional Expenses

The Society's expenses by their natural and functional classification for the year ended December 31, 2024, were as follows:

		Program	Activities			_			
	Animal Care, Welfare, and Conservation	and	Guest Engagement	Programs Subtotal	Administrative Support	Facilities and Operation and Maintenance	Fundraising	Supporting Subtotal	Total Expenses
Salaries and benefits Grants to other	\$ 8,760,675	\$ 3,287,844	\$ 5,255,856	\$ 17,304,375	\$ 4,388,481	\$ 5,174,137	\$ 1,650,439	\$ 11,213,057	\$ 28,517,432
organizations	413,058	452	-	413,510	-	-	-	-	413,510
Supplies and travel	1,194,852	357,921	846,405	2,399,178	1,094,006	1,060,830	258,560	2,413,396	4,812,574
Services and									
professional fees	1,130,928	975,361	3,399,616	5,505,905	8,628,397	2,915,144	456,027	11,999,568	17,505,473
Office and occupancy	9,346	2,552,762	18,166	2,580,274	813,176	75	6,868	820,119	3,400,393
Depreciation and									
interest	_	-	-	-	11,901	705,425	-	717,326	717,326
Total expenses	\$ 11,508,859	\$ 7,174,340	\$ 9,520,043	\$ 28,203,242	\$ 14,935,961	\$ 9,855,611	\$ 2,371,894	\$ 27,163,466	\$ 55,366,708

The Society's expenses by their natural and functional classification for the year ended December 31, 2023, were as follows:

	Program Activities Supporting Activities														
	Aı	nimal Care,		Education						F	acilities and				-
	W	elfare, and		and		Guest	Programs	A	dministrative	o	peration and			Supporting	Total
	C	onservation	St	ustainability	E	Ingagement	Subtotal		Support	1	Maintenance	F	undraising	Subtotal	Expenses
Salaries and benefits	S	8,150,076	s	2,791,343	\$	5,258,686	\$ 16,200,105	\$	3,571,482	\$	4,684,876	\$	1,465,099	\$ 9,721,457	\$ 25,921,562
Grants to other															
organizations		367,121		1,387		-	368,508		1,645		_			1,645	370,153
Supplies and travel		1,119,224		233,950		1,089,461	2,442,635		788,029		930,999		170,529	1,889,557	4,332,192
Services and															
professional fees		1,394,800		780,270		2,814,606	4,989,676		4,329,826		3,206,674		606,588	8,143,088	13,132,764
Office and occupancy		11,570		2,483,321		28,301	2,523,192		844,241		1,640		6,111	851,992	3,375,184
Depreciation and															
interest	_	-		_		_	_		2,352		_		440,107	442,459	442,459
Total expenses	\$	11,042,791	ŝ	6,290,271	\$	9,191,054	\$ 26,524,116	S	9,537,575	\$	8,824,189	\$	2,688,434	\$ 21,050,198	\$ 47,574,314

The Society allocates certain costs between program and supporting functions.

Notes to Financial Statements (continued)

15. Liquidity and Availability

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

	December 31			
	2024	2023		
Cash and cash equivalents	\$ 8,265,495	\$ 14,454,910		
Investments	42,279,233	37,816,511		
Less amounts due to donor restricted	(5,923,167)	(7,205,128)		
County receivable	3,260,004	3,090,011		
Pledges receivable	511,500	655,932		
Other receivables	543,894	851,746		
	\$ 48,936,959	\$ 49,663,982		

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Society invests cash in excess of daily requirements in investments.

During 2024, the Society obtained a \$10 million Line of Credit which provides financing through October 2026. At December 31, 2024, there was no balance outstanding on the line of credit.

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