

# **Frankfurt Zoological Society - U.S., Inc.**

Financial Statements

December 31, 2023 and 2022

# Frankfurt Zoological Society - U.S., Inc.

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## **Independent Auditors' Report**

To the Board of Directors of  
Frankfurt Zoological Society - U.S., Inc.

### **Opinion**

We have audited the financial statements of Frankfurt Zoological Society - U.S., Inc. (FZS-US or the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Organization'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 Organization'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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
March 27, 2024

# Frankfurt Zoological Society - U.S., Inc.

Statements of Financial Position  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 9,037,149	\$ 7,905,401
Contributions, grants and pledges receivable, net	13,090	70
Security deposit	<u>418</u>	<u>468</u>
Total assets	<u>\$ 9,050,657</u>	<u>\$ 7,905,939</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 615,589</u>	<u>\$ 673,715</u>
<b>Net Assets</b>		
Without donor restrictions	628,600	755,651
With donor restrictions	<u>7,806,468</u>	<u>6,476,573</u>
Total net assets	<u>8,435,068</u>	<u>7,232,224</u>
Total liabilities and net assets	<u>\$ 9,050,657</u>	<u>\$ 7,905,939</u>

See notes to financial statements

**Frankfurt Zoological Society - U.S., Inc.**

Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>						
Grants and contributions	\$ 5,312,742	\$ 6,279,565	\$ 11,592,307	\$ 8,264,355	\$ 5,543,475	\$ 13,807,830
Interest income	56,478	-	56,478	12,645	-	12,645
Net assets released from restrictions	4,949,670	(4,949,670)	-	3,044,141	(3,044,141)	-
Total support and revenues	10,318,890	1,329,895	11,648,785	11,321,141	2,499,334	13,820,475
<b>Operating Expenses</b>						
Program services	9,756,340	-	9,756,340	10,773,835	-	10,773,835
Management and general	642,422	-	642,422	354,729	-	354,729
Fundraising	47,179	-	47,179	36,674	-	36,674
Total operating expenses	10,445,941	-	10,445,941	11,165,238	-	11,165,238
Change in net assets	(127,051)	1,329,895	1,202,844	155,903	2,499,334	2,655,237
<b>Net Assets, Beginning</b>	755,651	6,476,573	7,232,224	599,748	3,977,239	4,576,987
<b>Net Assets, Ending</b>	\$ 628,600	\$ 7,806,468	\$ 8,435,068	\$ 755,651	\$ 6,476,573	\$ 7,232,224

See notes to the financial statements

# Frankfurt Zoological Society - U.S., Inc.

## Statements of Functional Expenses

Years Ended December 31, 2023 and 2022

	<b>2023</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants	\$ 9,121,606	\$ -	\$ -	\$ 9,121,606
External consultants	578,544	385,696	-	964,240
Salary, wages and payroll taxes	53,469	187,142	26,735	267,346
Office	2,721	10,883	4,534	18,138
Professional fees	-	28,262	-	28,262
Travel	-	13,380	13,380	26,760
Entertainment	-	2,530	2,530	5,060
Legal	-	11,345	-	11,345
Insurance	-	3,184	-	3,184
	<u>\$ 9,756,340</u>	<u>\$ 642,422</u>	<u>\$ 47,179</u>	<u>\$ 10,445,941</u>
	<b>2022</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants	\$ 10,553,654	\$ -	\$ -	\$ 10,553,654
External consultants	166,446	110,965	-	277,411
Salary, wages and payroll taxes	51,015	178,554	25,508	255,077
Office	2,720	10,880	4,533	18,133
Professional fees	-	23,260	6,553	29,813
Travel	-	16,001	-	16,001
Entertainment	-	720	80	800
Legal	-	10,075	-	10,075
Insurance	-	4,274	-	4,274
	<u>\$ 10,773,835</u>	<u>\$ 354,729</u>	<u>\$ 36,674</u>	<u>\$ 11,165,238</u>

See notes to financial statements

## Frankfurt Zoological Society - U.S., Inc.

### Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,202,844	\$ 2,655,237
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contributions, grants and pledges receivable	(13,020)	(20)
Security deposit	50	(50)
Accounts payable and accrued expenses	<u>(58,126)</u>	<u>608,275</u>
Net cash flows from operating activities	<u>1,131,748</u>	<u>3,263,442</u>
<b>Cash and Cash Equivalents, Beginning</b>	<u>7,905,401</u>	<u>4,641,959</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 9,037,149</u></u>	<u><u>\$ 7,905,401</u></u>

See notes to financial statements



# Frankfurt Zoological Society - U.S., Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## 1. Organization

Frankfurt Zoological Society - U.S., Inc. (FZS-US or the Organization) is based in the United States of America and offers its members and supporters the opportunity to support international wildlife conservation projects and to play a role in protecting nature's diversity.

The Organization supports projects around the world that fall within its mission and vision. Currently, the Organization is collaborating with partners to support seven large projects: one in Zimbabwe (Gonarezhou National Park), three in Tanzania (Serengeti National Park, Selous Game Reserve and Mahale Mountains National Park), two in Zambia (North Luangwa National Park and Nsumbu National Park), and one in the Democratic Republic of the Congo (Lomami National Park), but the Organization also supports smaller projects in other countries.

## 2. Transactions With Affiliates

FZS-US is an affiliate of Frankfurt Zoological Society, a German organization. FZS-US makes grants to Frankfurt Zoological Society's various projects in Africa. For the years ended December 31, 2023 and 2022, FZS-US incurred expenses totaling \$464,300 and \$399,222, respectively, that were due directly to Frankfurt Zoological Society for projects, of which, \$2,704 and \$98,663 have been included in accounts payable and accrued expenses on the accompanying statements of financial position as of December 31, 2023 and 2022, respectively. Frankfurt Zoological Society may receive advanced grant funds from FZS-US for various conservation projects. As these advanced funds include a right of return and require Frankfurt Zoological Society to incur allowable expenditures, they are included on the statements of financial position as advanced grant funds. There were no advanced funds as of December 31, 2023 and 2022.

## 3. Summary of Significant Accounting Policies

### Basis of Accounting

The accounts of the Organization are maintained on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). The Organization has established standards for financial reporting, including the classification of resources into two classes of net assets: without donor restrictions and with donor restrictions, based upon the absence or existence and nature of donor-imposed restrictions as follows:

#### Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. The Organization's Board of Directors has the ability to designate net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. The Organization's Board of Directors has not designated any amounts as of December 31, 2023 and 2022.

#### Net Assets With Donor Restrictions

Funds whose use is limited by donor-imposed stipulations that either expire by the passage of time or for which the restriction can be fulfilled by the Organization, primarily by expending funds for the restricted purpose or that must be held in perpetuity. As of December 31, 2023 and 2022, the Organization had \$7,806,468 and \$6,476,573, respectively, in specific donor-imposed stipulated net assets restricted for various specific projects. The Organization does not have any net assets that are required to be held in perpetuity.

# Frankfurt Zoological Society - U.S., Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## **Cash and Cash Equivalents**

The term cash and cash equivalents, as used in the accompanying financial statements, includes currency on hand, demand deposits with financial institutions and money market funds held with investments. FZS-US maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. Cash accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. FZS-US has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

## **Contributions, Grants and Pledges Receivable and Support and Revenue**

Unconditional contributions or grants are recognized when cash, securities, other assets or promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. A portion of the Organization's contributions and grants are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2023 and 2022 there was approximately \$15,029,000 and \$13,098,000, respectively, of conditional grants and contributions which are expected to be recognized as support and revenue in future years when the conditions are met. Substantially all of these grants are conditionally granted to others.

Contributions received are recorded as revenue with or without donor restrictions, depending on the existence and/or nature of any donor restrictions, and are reported as an increase in net assets with or without donor restrictions. When a restriction expires (that is, when the purpose of the restriction is accomplished or time restriction passes), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period as received are recorded as without donor restrictions.

Receivables due in less than one year are reported at their outstanding balance. Receivables due beyond one year are discounted to their net present value of future cash flows. Receivables are carried at net realizable value based on a review of all outstanding amounts. Management determines the net realizable value by regularly evaluating individual receivables and considering payment history and current economic conditions. Recoveries of receivables previously written-off are recorded when received. All receivables are current and no allowance was deemed necessary as of December 31, 2023 and 2022.

## **Advanced Grant Funds**

The Organization subcontracted certain grants. The terms of these agreements are conditional until the subrecipient incurs allowable expenses and other barriers are met under the terms of the contract. Any unused amounts are to be returned to the Organization. Cash advanced to the subrecipients that the barriers have not been met are presented as advanced grant funds on the statements of financial position and totaled \$0 as of December 31, 2023 and 2022. As of December 31, 2023 and 2022 there was approximately \$17,400,000 and \$12,636,000, respectively, of conditional grants payable relating to conditional contributions receivable which are expected to be expensed in future years when the conditions are met. As of December 31, 2023 and 2022 there was approximately \$7,806,000 and \$6,477,000, respectively, of conditional grants payable related to contributions with donor restrictions which are expected to be expensed in future years when the conditions are met.

## **Grant Funds Received in Advance**

The Organization receives grants that are conditional upon incurring allowable expenses. Cash received before meeting the conditions of the grant are presented as grant funds received in advance on the statements of financial position. There were no grant funds received in advance as of December 31, 2023 and 2022.

# Frankfurt Zoological Society - U.S., Inc.

Notes to Financial Statements  
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## Income Taxes

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code (the IRC); however, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have any unrelated business income for the years ended December 31, 2023 and 2022.

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on the tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The Organization does not believe that it has any uncertain tax positions at December 31, 2023 and 2022.

## Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent and assets and liabilities. Actual results may vary from these estimates.

## Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime *expected credit loss* measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Organization adopted the ASU prospectively. There was no adjustment to net assets upon adoption and the new standard did not have an impact on the financial statements.

## 4. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of the statements of financial position date consist of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 9,037,149	\$ 7,905,401
Contributions, grants and pledges receivable, net	13,090	70
Less amounts unavailable due to donor restrictions	<u>(7,806,468)</u>	<u>(6,476,573)</u>
Assets available for general expenditures and liabilities	<u>\$ 1,243,771</u>	<u>\$ 1,428,898</u>

## Frankfurt Zoological Society - U.S., Inc.

Notes to Financial Statements  
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As part of the Organization's liquidity management, it has a policy to structure its financial assets to first meet donor restrictions and then to be available as its general expenditures and liabilities come due. The Organization passes thru the majority of its grants and contributions to other organizations and the amount granted and paid to third parties varies depending on grants received and the timing of cash receipts outlined in each contract.

### 5. Net Assets With Restrictions

Net assets with donor restrictions are available for specific projects in the following regions as of December 31:

	<u>2023</u>	<u>2022</u>
Zimbabwe	\$ 2,762,449	\$ 3,226,074
Zambia	1,473,046	1,954,250
United States	2,090,412	521,512
Tanzania	573,108	452,688
Democratic Republic of the Congo	525,780	150,000
Mozambique	218,673	-
Spain	67,000	-
Europe	96,000	96,000
Romania	-	52,448
Indonesia	-	23,601
Total	<u>\$ 7,806,468</u>	<u>\$ 6,476,573</u>

### 6. Functional Expenses

The financial statements report certain categories of expenses that are related to more than function. The expenses that are allocated include salaries and wages, payroll taxes and travel, which are allocated based on estimated time and effort.

### 7. Donor Concentrations

For the years ended December 31, 2023 and 2022, grants and contributions from individual donors that represent 10% or more of grants and contributions were as follows:

	<u>2023</u>	<u>2022</u>
Donor A	25 %	21 %
Donor B	23	17
Donor C	22	-
Donor D	-	22

### 8. Subsequent Events

FZS-US has evaluated subsequent events through March 27, 2024, the date these financial statements were available to be issued.