

Frankfurt Zoological Society - U.S., Inc.

Financial Statements

December 31, 2024 and 2023



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Frankfurt Zoological Society - U.S., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2024 financial statements referred to above present fairly, in all material respects, the financial position of Frankfurt Zoological Society - U.S., Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Frankfurt Zoological Society - U.S., Inc. 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.

Prior Period Financial Statements

The financial statements of Frankfurt Zoological Society - U.S., Inc. as of December 31, 2023 were audited by other auditors whose report dated March 27, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Frankfurt Zoological Society - U.S., Inc.'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 Frankfurt Zoological Society - U.S., Inc.'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.

PKF O'Connor Davies, LLP

Stamford, Connecticut
April 17, 2025

Frankfurt Zoological Society - U.S., Inc.

Statements of Financial Position

	December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 8,150,332	8,813,573
Restricted cash	227,236	223,576
Contributions, grants and pledges receivable	32,863	13,090
Prepaid expense and security deposit	468	418
	\$ 8,410,899	\$ 9,050,657
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 38,015	\$ 392,013
Funds held on behalf of others	227,236	223,576
Total Liabilities	265,251	615,589
Net Assets		
Without donor restrictions	847,736	628,600
With donor restrictions	7,297,912	7,806,468
Total Net Assets	8,145,648	8,435,068
	\$ 8,410,899	\$ 9,050,657

See notes to financial statements

Frankfurt Zoological Society - U.S., Inc.

Statements of Activities

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Grants and contributions	\$ 4,933,215	\$ 6,816,211	\$ 11,749,426	\$ 4,705,021	\$ 6,279,565	\$ 10,984,586
Government grants	202,204	-	202,204	607,721	-	607,721
Interest income	159,162	-	159,162	56,478	-	56,478
Net assets released from restrictions	<u>7,324,767</u>	<u>(7,324,767)</u>	<u>-</u>	<u>4,949,670</u>	<u>(4,949,670)</u>	<u>-</u>
Total Support and Revenues	<u>12,619,348</u>	<u>(508,556)</u>	<u>12,110,792</u>	<u>10,318,890</u>	<u>1,329,895</u>	<u>11,648,785</u>
OPERATING EXPENSES						
Program services	12,111,069	-	12,111,069	9,756,340	-	9,756,340
Management and general	248,123	-	248,123	642,422	-	642,422
Fundraising	<u>41,020</u>	<u>-</u>	<u>41,020</u>	<u>47,179</u>	<u>-</u>	<u>47,179</u>
Total Operating Expenses	<u>12,400,212</u>	<u>-</u>	<u>12,400,212</u>	<u>10,445,941</u>	<u>-</u>	<u>10,445,941</u>
Change in Net Assets	219,136	(508,556)	(289,420)	(127,051)	1,329,895	1,202,844
NET ASSETS						
Beginning of year	<u>628,600</u>	<u>7,806,468</u>	<u>8,435,068</u>	<u>755,651</u>	<u>6,476,573</u>	<u>7,232,224</u>
End of year	<u>\$ 847,736</u>	<u>\$ 7,297,912</u>	<u>\$ 8,145,648</u>	<u>\$ 628,600</u>	<u>\$ 7,806,468</u>	<u>\$ 8,435,068</u>

See notes to financial statements

Frankfurt Zoological Society - U.S., Inc.

Statements of Functional Expenses

	Year Ended December 31, 2024				Year Ended December 31, 2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
EXPENSES								
Grants	\$ 11,702,803	\$ -	\$ -	\$ 11,702,803	\$ 9,121,606	\$ -	\$ -	\$ 9,121,606
External consultants	356,450	3,319	3,000	362,769	578,544	385,696	-	964,240
Salary, wages and payroll taxes	49,196	172,187	24,598	245,981	53,469	187,142	26,735	267,346
Office	2,620	10,479	4,366	17,465	2,721	10,883	4,534	18,138
Professional fees	-	31,920	-	31,920	-	28,262	-	28,262
Travel	-	7,903	7,903	15,806	-	13,380	13,380	26,760
PR Marketing	-	1,153	1,153	2,306	-	-	-	-
Entertainment	-	-	-	-	-	2,530	2,530	5,060
Legal	-	16,926	-	16,926	-	11,345	-	11,345
Insurance	-	4,236	-	4,236	-	3,184	-	3,184
	<u>\$ 12,111,069</u>	<u>\$ 248,123</u>	<u>\$ 41,020</u>	<u>\$ 12,400,212</u>	<u>\$ 9,756,340</u>	<u>\$ 642,422</u>	<u>\$ 47,179</u>	<u>\$ 10,445,941</u>

See notes to financial statements

Frankfurt Zoological Society - U.S., Inc.

Statements of Cash Flows

	Years Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (289,420)	\$ 1,202,844
Adjustments to reconcile change in net assets to net cash from operating activities		
Changes in operating assets and liabilities		
Contributions, grants and pledges receivable	(19,773)	(13,020)
Prepaid expense and security deposit	(50)	50
Accounts payable and accrued expenses	(353,998)	(58,126)
Funds held on behalf of others	3,660	-
Net Cash from Operating Activities	(659,581)	1,131,748
Net Change in Cash, Cash Equivalents, and Restricted Cash	(659,581)	1,131,748
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	9,037,149	7,905,401
End of year	\$ 8,377,568	\$ 9,037,149
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 8,150,332	\$ 8,813,573
Restricted Cash	227,236	223,576
Total Cash, Cash Equivalents and Restricted Cash	\$ 8,377,568	\$ 9,037,149

See notes to financial statements

Frankfurt Zoological Society - U.S., Inc.

Notes to the Financial Statements
December 31, 2024 and 2023

1. Organization and Tax Status

Frankfurt Zoological Society - U.S., Inc. (the “Organization” or “FZS-US”) 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 eight 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), one in Mozambique, and one in the Democratic Republic of the Congo (Lomami National Park), but the Organization also supports smaller projects in other countries.

Transactions With Affiliates

FZS-US is an affiliate of Frankfurt Zoological Society, a German organization (“FZS-Germany”). FZS-US makes grants to FZS-Germany’s various projects in Africa. For the years ended December 31, 2024 and 2023, FZS-US incurred expenses totaling \$1,203,636 and \$464,300, respectively, that were due directly to FZS-Germany for such projects. Related to these projects is \$2,107 and \$2,704 that is included in accounts payable and accrued expenses on the accompanying statements of financial position as of December 31, 2024 and 2023, respectively. FZS-Germany may receive advanced grant funds from FZS-US for various conservation projects. As grant payments to FZS-Germany include a right of return and require FZS-Germany to incur allowable expenditures, they are recorded as advanced funds by FZS-US until they are expended by FZS-Germany. There were no advanced funds to FZS-Germany at December 31, 2024 and 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Presentation

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:

Frankfurt Zoological Society - U.S., Inc.

Notes to the Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation (continued)

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations or donor imposed restrictions have expired, may be expended for any purpose or performing the primary objectives of the Organization. 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, 2024 and 2023.

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, 2024 and 2023, the Organization had \$7,297,912 and \$7,806,468, 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.

Cash, Cash Equivalents, and Restricted Cash

The term cash, cash equivalents, and restricted cash include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase. Restricted cash consists of cash held on behalf of another organization.

At times cash deposits may exceed the 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. As of December 31, 2024 and 2023, cash, cash equivalents, and restricted cash held in bank in excess of the federally insured limits was approximately \$7,877,000 and \$8,837,000.

Funds Held on Behalf of Others

FZS-US holds funds on behalf of another organization, which is reflected on the statements of financial position as restricted cash and funds held on behalf of others.

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/or the incurrence of allowable qualifying expenses. As of December 31, 2024 and 2023, there was approximately \$21,011,000 and \$15,029,000, respectively, of conditional grants and contributions which are expected to be recognized as support and revenue in future years when the conditions are met.

Frankfurt Zoological Society - U.S., Inc.

Notes to the Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Contributions, Grants and Pledges Receivable and Support and Revenue (continued)

Substantially all of FZS-US's conditional grants and contributions receivable are also 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, 2024 and 2023.

Government Grants

Government grants consist of funds received that are based on cost-reimbursement contracts and are considered conditional until allowable expenditures are incurred. Accordingly, revenue is recognized as the allowable costs are incurred. Funds received for government grants and contracts that are not yet expended would be reflected as a liability until expended or returned to the funding source. At December 31, 2024 and 2023, there were no conditional government grants for which funds have been received.

Advanced Grant Funds to Others

The Organization subcontracts grants to other organizations. The terms of these agreements are generally 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 grant recipients for which the barriers have not been met would be presented as advanced grant funds to others on the statements of financial position. There were no advanced grant funds to others at December 31, 2024 and 2023.

At December 31, 2024 and 2023, there is approximately \$27,427,000 and \$17,400,000, respectively, of total conditional grants payable relating to conditional grants and contributions receivable which are expected to be expensed in future years when the conditions are met. At December 31, 2024 and 2023, there is approximately \$7,298,000 and \$7,806,000, 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.

Frankfurt Zoological Society - U.S., Inc.

Notes to the Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

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 would be presented as grant funds received in advance on the statements of financial position. There were no grant funds received in advance at December 31, 2024 and 2023.

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, 2024 and 2023.

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, 2024 and 2023. The Organization is no longer subject to examinations by applicable taxing jurisdictions for periods prior year December 31, 2021.

Functional Expenses

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

Reclassifications

Certain amounts from December 31, 2023 were reclassified to conform to the December 31, 2024 presentation. Such reclassifications had no effect on net assets as of and for the year ended December 31, 2023.

Frankfurt Zoological Society - U.S., Inc.

Notes to the Financial Statements
December 31, 2024 and 2023

3. 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:

	2024	2023
Cash and cash equivalents	\$ 8,150,332	\$ 8,813,573
Contributions, grants and pledges receivable	32,863	13,090
 Financial assets	 8,183,195	 8,826,663
 Amounts unavailable for general expenditures due to:		
Subject to satisfaction of donor purpose restrictions	(7,297,912)	(7,806,468)
	\$ 885,283	\$ 1,020,195

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.

4. Net Assets With Donor Restrictions

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

	2024	2023
Zimbabwe	\$ 2,343,052	\$ 2,762,449
Zambia	2,418,985	1,473,046
United States	1,028,230	2,090,412
Tanzania	634,867	573,108
Mozambique	426,325	218,673
Africa Transnational	240,768	-
Democratic Republic of the Congo	96,685	525,780
Spain	13,000	67,000
Europe	96,000	96,000
 Total Purpose Restrictions	 \$ 7,297,912	 \$ 7,806,468

Frankfurt Zoological Society - U.S., Inc.

Notes to the Financial Statements
December 31, 2024 and 2023

4. Net Assets With Donor Restrictions (*continued*)

Net assets with donor restrictions released from restriction as of December 31 is as follows:

	<u>2024</u>	<u>2023</u>
Zimbabwe	\$ 2,721,260	\$ 2,535,519
Zambia	1,473,046	1,345,760
United States	1,694,585	50,854
Tanzania	573,108	452,688
Mozambique	218,673	-
Democratic Republic of the Congo	481,095	150,000
Spain	67,000	242,800
Europe	96,000	96,000
Indonesia	-	23,601
Romania	-	52,448
	<u>\$ 7,324,767</u>	<u>\$ 4,949,670</u>

5. Donor Concentration

For the year ended December 31, 2024, there were four donors that represented 70% of grants and contributions revenue. For the year ended December 31, 2023, there were three donors that represented 70% of grants and contributions revenue.

For the years ended December 31, 2024 and 2023, there were two donors that represented 91% and 92% of contributions, grants and pledges receivable.

6. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 17, 2025.
