



El Paso Zoological Society Agreement Audit No. A2024-01

Issued by the
Internal Audit Department
January 10, 2024

City of El Paso
Internal Audit Department
El Paso Zoological Society Agreement Audit A2024-01

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the El Paso Zoological Society Agreement Audit. Based on the results of the audit, six findings were identified. The findings are considered significant in nature due to internal control breakdowns and violations of *License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013* dated December 18, 2012 (License Agreement).

Listed below is a summary of the findings identified in this report:

1. Our review of four (4) Society-Sponsored events identified the following deficiencies:
 - Two (2) out of four (4) events (50%) were not invoiced by the El Paso Zoo within 30 days of the event as required by the City's Accounts Receivable Policy dated September 2020. One event was invoiced 39 days after the event and one event has not been invoiced, it has been 96 days from the date of the event.
 - Three (3) out of three (3) invoices (100%) issued by the El Paso Zoo were not paid by the Society within 30 days of the invoice as required by the License Agreement. The check payments are dated 82, 82, and 105 days from the date of the invoice.
2. Our review identified that the Zoological Society did not present changes to the Society membership categories and members admission price increases to the Zoo Director for approval as required by the License Agreement.
3. Our review of the El Paso Zoological Society's Quarterly Reports, Annual Financial Statements, and the Zoo Support Account detail for FY2019 to FY2022 identified the following:
 - The required reports are not consistently being provided to the Zoo in accordance with the License Agreement.
 - The Society owes the Zoo an additional \$1,282.15 to the Zoo's Support Account.
4. Our review of the Society's insurance coverage identified the following:
 - The El Paso Zoological Society is not providing proof of annual liability insurance coverage to the Zoo Director. Also, the Zoo Director is not requesting the proof of annual coverage.
 - The El Paso Zoological Society carries the required liability insurance coverages for its employees and volunteers, except the coverage to guard against "Employee Dishonesty."
5. The Zoological Society has not created a Fundraising Plan to document the goals, events, deadlines, and financial budgets. The current practice is for the Zoological Society's Events Manager to inform the Zoo Director via e-mail and coordinate Society events as they occur.
6. There are currently two Volunteer Programs being administered at the El Paso Zoo; one sponsored and managed by the El Paso Zoological Society and the other by El Paso Zoo staff.

For a detailed explanation of the findings, please refer to the body of this Audit Report.

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BACKGROUND

The City of El Paso owns and operates the El Paso Zoo (the “Zoo”) for conservation, education, recreation and scientific study. The El Paso Zoo sits on 35 acres and is home to exotic animals from around the world and features family attractions such as a splash pad, a tree house playground, and a carousel. The El Paso Zoo is an accredited member of the Association of Zoos and Aquariums (AZA). “The El Paso Zoo celebrates the value of animals and natural resources and creates opportunities for people to rediscover their connection to nature.”

The El Paso Zoological Society (the “Society”) is the support organization for the El Paso Zoo. Founded in 1963, the Zoological Society is a 501c(3) non-profit organization governed by a volunteer Board of Directors and supported by local donors. The Zoological Society is not a part of the City of El Paso, but a separate legal entity. The Zoological Society Building is located across the entry area from the Zoo’s Ticket Building. The Society Building was constructed as part of the Zoo’s 2007 Western Expansion specifically for the Zoological Society to “accommodate special entry for visitors with Zoo Society membership or those wishing to purchase a membership.”

The Society administers Zoo memberships, supports and operates the Zoo volunteer program, and organizes and manages the children’s Zoo camps. The Society supports the Zoo by helping to fund animal exhibits and acquisitions, landscaping, public education and staff development, visitor amenities, marketing, publications and public relations. Additionally, the Society provides grant writing and finances capital improvements. Projects funded by the Zoological Society include:

- Digital X-Ray Equipment in the Veterinary Clinic,
- The McKee Giraffe Shade Structure and Viewing Hut,
- The Hunt Family Splash Pad,
- The Hunt Family Endangered Species Carousel,
- The Foster Tree House Playground,
- El Paso Electric Kalahari Research Station,
- El Paso Water Utilities Discovery Education Facility.

On December 18, 2012, the City of El Paso and the El Paso Zoological Society signed the current License Agreement for free gate admission to Society members and the right for the Society to hold events at the Zoo in exchange for providing financial and training assistance to the El Paso Zoo. *During the term of this Agreement, the Society may be permitted reasonable use of the Zoo grounds and facilities during or after normal public hours (1) for the purpose of education or recreation of the public; or (2) for the benefit or support of the Zoo.* This Agreement has a five (5) year term with up to five automatic one-year term renewals. In a Second Amendment to the License Agreement, the term was extended to March 17, 2023 and in a Third Amendment, the term was extended to March 17, 2024. At the request of the Interim City Manager, the Internal Audit Department conducted an Audit of the *License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013* dated December 18, 2012 (License Agreement).

AUDIT OBJECTIVES

The objectives of the El Paso Zoological Society Agreement Audit were to perform an assessment of the Terms and Conditions of the License Agreement to:

- Determine if the Society is compliant with the following major requirements of the License Agreement:

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- Required Quarterly and Annual Financial Reports are provided to the City on a timely basis,
- Proper insurance coverage is maintained,
- Operating funds are only being used for the stated purpose,
- The use of the Zoo grounds and facilities,
- Agreed Considerations to be performed by the Society.
- Determine if the City has proper internal controls in place to monitor and ensure the Zoo and Society are compliant with the License Agreement.
- Evaluate the performance trends of the Zoo and Zoological Society.
- Document any “considerations” made between the Zoo and the Society outside of the License Agreement.

AUDIT SCOPE

Active *License Agreement between the City of El Paso and El Paso Zoological Society* #148046/12-1045-013 dated December 18, 2012 (License Agreement) and applicable Amendments.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Obtained an understanding of the Terms and Conditions contained in the License Agreement and amendments.
- Reviewed the Zoo’s and Society’s processes and applicable procedures for monitoring the performance and management of the License Agreement.
- Interviewed Zoo and Society management and staff responsible for monitoring the performance and management of the License Agreement.
- Documented any areas where:
 - Monetary obligations were not met.
 - Operating funds were not used for stated purpose.
 - Proper insurance coverage was not maintained.
 - There was a breach in the use of Zoo grounds and facilities by either the Zoo or Society.
 - Agreed Considerations were not performed by the Zoo or Zoological Society.
 - Any other legal, administrative, and managerial tasks were not executed.
- Conducted a review of membership revenue, to include the amounts reported and deposited by the Society into the Zoo Support Account.
- Selected a sample of Society-Sponsored events and tested for proper approvals and invoicing.
- Conducted a review of the two Volunteer Programs in place at the El Paso Zoo and Society.
- Conducted an assessment of the Society’s compliance with reporting requirements.
- Verified that the Society is assisting the City in financing capital improvements, collection, acquisition and equipment for the Zoo.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

Finding 1

Invoicing & Payment for Use of Zoo Grounds & Facilities

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

City of El Paso Accounts Receivable Policy dated September 2020,

- Section 7.2 *Origination of an Accounts Receivable:*
 - d. *All invoices generated must be in the mail to the customer within 30 days of the date of service.*

License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013 dated December 18, 2012 Article 2. Society Use of Zoo Grounds:

- *During the term of this Agreement, the Society may be permitted reasonable use of the Zoo grounds and facilities after normal public hours for the benefit or support of Society activities. During such Invitational Events, the Zoo will be closed to the general public, normal entry fees will be suspended, and a special entry fee for attendees will be in place.*
- *During the term of this Agreement, the Society may also be permitted reasonable use of the Zoo grounds and facilities during or after normal public hours...*
- *Approval of the Society’s use of the Zoo grounds, activities, dates and times must be obtained from the Director of the Zoo at least 30 days in advance of any event. The Society shall be responsible for all costs for any such event, including, without limitation, the cost of additional or overtime Zoo staff or resources authorized by the Director and the indirect costs attributable to such staff at the current recovery rate applicable to the Zoo. The Society shall reimburse the City within 30 days following receipt of any invoice for such costs.*
- *This Article shall not restrict the Society from any other authorized use of the Zoo grounds and facilities, as agreed upon by the Zoo Director.*

A review of four (4) Society-Sponsored events identified the following deficiencies:

- Two (2) out of four (4) events (50%) were not invoiced by the Zoo within 30 days of the event.
 - One (1) out of two (2) events was invoiced 39 days after the date of the event.
 - One (1) out of the two (2) events has not been invoiced. As of January 4, 2024, it has been 96 days since the date of the event.
- Three (3) out of three (3) invoices (100%) issued by the Zoo were not paid by the Society within 30 days of the invoice. The check payments are dated 82, 82, and 105 days from the date of the invoice. The invoices were sent to the Society via e-mail the same date the invoices were generated.

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	Event	Event Type	Date of Event	Total Costs Invoiced by Zoo for Event	Description of Costs Invoiced	Invoice #	Date of Zoo Invoice	# of Days from event date to date of invoice (as of 1/4/2024)	Date of Society Check	# of Days from date of invoice to date of check
1	Rock N Roar	After hours	June 24, 2023	\$ 3,061.11	Zoo Staff	REX0000091	8/2/2023	39	10/23/2023	82
2	Zoo Summer Camp - June	During Public hours	June 6 - June 30, 2023	\$ 142.50	June Carousel Rides	ADM0002062	7/10/2023	10	10/23/2023	105
3	Zoo Summer Camp - July		July 1 - July 29, 2023	\$ 118.50	July Carousel Rides	ADM0002063	8/2/2023	4	10/23/2023	82
4	Casino Night - Annual Gala	After hours	Sept. 30, 2023	N/A	unknown	N/A	N/A	96	N/A	N/A

Recommendation

The El Paso Zoo and Zoological Society should ensure that:

- Invoices for Society-Sponsored events are generated within 30 days.
- Invoices are paid within 30 days of receipt.

Management's Response

The Zoo will invoice for all event charges within 30 days of the event date.

Responsible Party

Zoo Director / Zoo Business Analyst

Implementation Date

Immediately as of 1/25/24

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Finding 2

Society Membership Pricing and Discounts

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013 dated December 18, 2012, Article 1. GATE ADMISSION:

...Society membership categories and members admission criteria, as established by the Society, shall be set forth in a separate document reviewed and approved by the Director of the Zoo.

The Zoological Society is not presenting changes to the Society membership categories and members admission prices to the Zoo Director for approval as required by the License Agreement. The Society made the following membership category and admission changes without Zoo Director approval:

- The Society increased the membership prices by \$10.00 and created a new Penguin package effective March 1, 2023. The price increase was approved on February 2, 2023 via e-mail by the Society's Board of Directors, but not the Zoo Director.
- The Society provides discounts for membership packages at the discretion of the Membership Manager and approval by the Society's Executive Director. A review of membership revenue for the month of May 2023 identified 65 out of 361 (18.01%) membership purchases were provided discounts totaling \$350.00. Thus affecting the Zoo's and Society's Revenue. These discounts were not approved by the Zoo Director.
- The Society entered into a partnership with Raiz Federal Credit Union for a "El Paso Zoo Society Debit Card." Debit cardholders will receive a 5% discount when purchasing an Annual Zoo Membership. This discount program was not approved by the Zoo Director.

Recommendation

The El Paso Zoo and the Zoological Society should ensure that the El Paso Zoo Director reviews and approves Society membership categories and members admission criteria as required by the *License Agreement between the City of El Paso and El Paso Zoological Society*, to include:

- Changes in membership packages,
- Membership package discounts because they have an impact on revenue.

Management's Response

Agreed and will approve, adjust or not approve as new prices and packages are presented to the Zoo Director.

Responsible Party

Zoo Director

Implementation Date

Immediately as of 1/25/24

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Finding 3

El Paso Zoological Society Financial Reporting

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013 dated December 18, 2012 (License Agreement):

- Article 3. CONSIDERATION Section o:
 - *The Society shall provide reports through the Director to the City Manager, or designee, with respect to amounts collected and expended by the Society on a quarterly basis.*
- Article 9. FINANCIAL RECORDS
 - *...The Society shall provide the City with a copy of its annual financial statements, which shall include an income statement, balance sheet and corporate federal tax return.*

The El Paso Zoological Society’s Quarterly and Annual Financial Reports are not consistently provided to the Zoo in accordance with the License Agreement. The required reports are as follows:

- Quarterly reports of amounts collected and expended by the Society.

Fiscal Year	Quarter	Date provided to “City”	Reports Provided to:
2021	1 st & 2 nd	August 14, 2023	City Comptroller
	3 rd & 4 th	Proof of distribution not provided.	
2022	1 st & 2 nd	August 14, 2023	City Comptroller
	3 rd & 4 th	Proof of distribution not provided.	
2023	1 st & 2 nd	Proof of distribution not provided.	
	3 rd	October 25, 2023	City Comptroller, CC Zoo Director & Board President
	4 th	Proof of distribution not provided.	

- Annual Financial Statements, which shall include an income statement, balance sheet and corporate federal tax return.

Annual Financial Statements for:	Date provided to City
FY 2018, FY 2019, & FY 2020	July 15, 2022 – City Comptroller
FY 2021 & FY 2022	October 28, 2023 – City Comptroller

A review and reconciliation by the Internal Audit Department of the Society’s Quarterly Reports, Annual Financial Statements, and Zoo Support Account detail for FY2019 to FY2022 identified the following variances in the allocation by the Society to the Zoo’s Support Account:

Year	(A) 25% Membership Revenue Allocation as Required per Agreement	(B) Actual Allocation from Society Memberships as per Support Account	(C) Additional \$ Amount Owed by the Society into Zoo Support Account (A-B=C)
2022	\$ 107,502.50	\$ 107,430.00	\$ 72.50
2021	\$ 122,679.50	\$ 122,334.98	\$ 344.52
2020	\$ 46,026.25	\$ 45,728.62	\$ 297.63
2019	\$ 88,372.25	\$ 87,804.75	\$ 567.50
	\$ 364,580.50	\$ 363,298.35	\$ 1,282.15

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- A difference of \$1,282.15 between the amount owed to the Zoo Support Account (\$364,580.50) and the amount that was actually deposited (\$363,298.35) from 2019 to 2023 was identified. The Society owes \$1,282.15 into the Zoo Support Account. The timing of deposits and calculation of the 25% Membership Revenue allocation is the cause of the variances.

Recommendation

The El Paso Zoo and Zoological Society should ensure that the Society is providing the following required reports to the El Paso Zoo:

- Quarterly reports on amounts collected and expended by the Society.
- Annual Financial Statements, which shall include an income statement, balance sheet and corporate federal tax return.

In addition, El Paso Zoo should establish the reporting deadline and review of the required financial reports to help identify variances on a quarterly basis. The Society should ensure that \$1,282.15 is deposited into the Zoo Support Account.

Management's Response

If not supplied by Society, the Zoo will request these documents as they are due.

Responsible Party

Zoo Director / Zoo Business Analyst

Implementation Date

Immediately as of 1/25/24

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Finding 4

Non-Compliance with Liability Insurance Requirements

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013 dated December 18, 2012, Article 3. CONSIDERATION:

- *k. The Society shall carry liability insurance, which shall cover all of its employees, Zoo volunteers and Society activities or events;*
- *l. The Society shall carry general commercial liability insurance in a minimum amount of \$500,000/\$1,000,000 and shall name the City as an additional insured for all Society activities and events which occur on Zoo grounds and for all Society activities or event which are co-sponsored by the City:*
- *m. The Society shall carry insurance to guard against employee dishonesty in the amount of \$500,000.00, and shall obtain and maintain directors' and officers' liability insurance in the amount of \$2,000,000.00. The Society shall annually provide the City, through the Zoo Director, documentation of its compliance with this Section no later than ninety (90) days after the execution of this Agreement and annually thereafter.*

The following insurance requirements contained in the *License Agreement between the City of El Paso and El Paso Zoological Society* are not being adhered to:

- The El Paso Zoological Society is not providing proof of annual liability insurance coverage to the Zoo Director. The Zoo Director is not requesting the proof of annual coverage.
- The El Paso Zoological Society carries the required liability insurance coverages for its employees and volunteers, except the coverage to guard against "Employee Dishonesty" as required by Article 3 Section "m" of the License Agreement. The insurance policies provided to the Internal Audit Department by the Society specifically exclude coverage for any insured committing any intentionally dishonest act.

Recommendation

The El Paso Zoo and Zoological Society should ensure that the required "Employee Dishonesty" insurance coverage is obtained and provided in accordance with the Agreement in place between the City of El Paso and El Paso Zoological Society.

Management's Response

The Zoo will check to make sure these are in place with required coverages, annually.

Responsible Party

Zoo Business Analyst / Zoo Director

Implementation Date

March 2024 or as soon as coverage is corrected

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Finding 5

Fundraising Plan

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013 dated December 18, 2012, Article 3. CONSIDERATION Section g:

The Society shall develop, implement and maintain a current fundraising plan in conjunction with and approved by the Zoo Director in support of the Zoo's mission.

The Zoological Society has not created a Fundraising Plan to document the goals, events, deadlines, and financial budgets. The current practice is for the Zoological Society's Events Manager to inform the Zoo Director via e-mail and coordinate Society events on an individual basis. The *License Agreement between the City of El Paso and El Paso Zoological Society* does not provide guidance as to how to prepare the Zoological Society's Fundraising Plan or how often it should be updated.

Recommendation

The *License Agreement between the City of El Paso and El Paso Zoological Society* should be amended to require the development of a formal Annual Fundraising Plan by the El Paso Zoological Society and be approved annually by the Zoo Director.

Management's Response

The Zoo will request and actively work with the Society to get this document annually.

Responsible Party

Zoo Director

Implementation Date

ASAP, 2024 – 2025 Plan should be developed

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Finding 6

Volunteer Program

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

License Agreement between the City of El Paso and El Paso Zoological Society #148046/12-1045-013 dated December 18, 2012, Article 3. CONSIDERATION Section d:

The Society shall assist the Zoo by sponsoring and managing the Zoo volunteers and employ a Zoo volunteer administrator for the benefit of the Zoo. Volunteers shall be members of the Society and provide their services in conjunction with Society and Zoo activities. Training, access, hours, supervision, age, behavior, appearance and other criteria are subject to review and approval by the Director.

The Zoo Volunteer Program is not being administered in accordance with the *License Agreement between the City of El Paso and El Paso Zoological Society*. There are currently two Volunteer Programs being administered at the El Paso Zoo; one sponsored and managed by the El Paso Zoological Society and the other by El Paso Zoo staff.

Recommendation

The El Paso Zoo and Zoological Society Management should ensure that the Zoo Volunteer Program is administered in accordance with the *License Agreement between the City of El Paso and El Paso Zoological Society*. One cohesive Volunteer Program should be established with the roles, duties, and mission of the volunteers defined.

Management's Response

The Zoo will attempt to work with the Society volunteer program under the current contract as it is outlined.

Responsible Party

Rick LoBello

Implementation Date

March 2024

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our work on the objectives of the El Paso Zoological Society Agreement Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the El Paso Zoo and Zoological Society met the objectives of this audit. Based on our audit work, we have determined that:

1. The El Paso Zoo and Zoological Society met the audit objectives in the following areas:
 - The Society holds events at the Zoo in exchange for providing financial and training assistance to the El Paso Zoo.
 - The Society is assisting the City of El Paso Zoo in financing capital improvements, collection, acquisition and equipment for the Zoo.
 - The Society sells Zoo memberships and allocates 25% of membership revenue to the Zoo “Support Account” as required.
2. The El Paso Zoo and Zoological Society did not meet the audit objectives in the areas of:
 - El Paso Zoo is not invoicing within 30 days and Zoological Society is not paying within 30 days for costs associated with Society-Sponsored events.
 - The Zoological Society is not presenting changes to the Society membership categories and members admission prices to the Zoo Director for approval as required.
 - The required Quarterly Reports and Annual Financial Statements are not consistently being provided to the Zoo in accordance with the License Agreement.
 - The El Paso Zoological Society is not providing proof of annual liability insurance coverage to the Zoo Director and the Zoo Director is not requesting the proof of annual coverage.
 - The El Paso Zoological Society is not providing liability insurance coverage to guard against “Employee Dishonesty.”
 - The Zoological Society is not creating a Fundraising Plan to document the goals, events, deadlines, and financial budgets.
 - The El Paso Zoo and the Zoological Society are administering two separate Volunteer Programs.
 - The Society owes the Zoo an additional \$1,282.15 to the Zoo’s Support Account.

We wish to thank the El Paso Zoo and Zoological Society management and staff for their assistance and courtesies extended during the completion of this audit.

Signature on File

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File

Liz De La O, CFE, CIA, CGAP, MPA
Auditor IV

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Signature on File

Miguel Montiel, CIA, CGAP
Auditor IV

Distribution:

Financial Oversight and Audit Committee
Cary Westin, Interim City Manager
Dionne Mack, Deputy City Manager
Joseph Montisano, El Paso Zoo Director
Renee R. Neuert, El Paso Zoological Society Executive Director

**El Paso Zoological Society
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Management Responses**

The Zoo Society as the Support Organization for the El Paso Zoo

Our vision for the Zoo is to reconnect our community to nature and wildlife, reflecting the modern model of current zoos to become a top tourist destination and premium wildlife attraction. Ultimately flourishing into an economic driver for our beautiful City to shine and prosper.

To achieve these goals, it is vital to build and foster a true collaborative and symbiotic relationship between zoo, city, and society. One to reflect an interconnected support system where success is dependent upon mutually beneficial initiatives, open communication, and leadership, enabling to the ultimate fulfillment of our common mission.

This symbiotic relationship relies, upon other things, upon a carefully crafted license agreement between the Society and The City. The current agreement dates back to 2012 with a 2018 addendum, which was up for renewal December 2022. We have since then been granted 2 extensions.

We look forward to this opportunity to redraft and update our current agreement to support the organization and the fulfillment of its mission for the Zoo, City and community.

Capital Projects Funded and additional support provided to Zoo 2017-2023:

25% Membership Revenue: \$558,054

Capital Projects: \$7,492,226

- Hunt Family Foundation Endangered Species Carrousel is a revenue generator for the Zoo, bringing in approximately: \$404,158 Yearly Revenue

Technology POS System Donation: \$80,000

Additional On Demand Operational and Animal Medical Center Support: \$1,163,525

Zoo Front Gate Fees from Title 1 Schools Funding through Zoo Society: \$12,383

Most recent end of 2023 - 2024:

Zoo Front Gate Fees from Title 1 Schools Funding through Zoo Society: \$22,000

Savannah's Stem Cell and Laser Therapy Treatments: \$31,386

Sponsorship secured by Society for 2024:

Dinosaur Show valued at \$1 million dollar entertainment show which will increase attendance and revenue for the City in upcoming year

Zoo Society Funds Volunteer Program (deficit program) that supports the Zoo: \$114,386 yearly operating cost.

Grand Total: \$10,263,735 MILLION

In order for the Society to support the Zoo in the capacity outlined above, it relies on 70% of its operating budget from the membership program.

El Paso Zoo Society Audit on License Agreement Responses

Finding 1

Invoicing & Payment for Use of Zoo Grounds

Use of Zoo Grounds

The need for the Zoo Society to cover costs for use of these facilities (carrousel, event pavilion) reduces our fundraising capabilities and reduces the amount of funds we can donate to the zoo.

- On average Society reimburses Zoo \$1,260 per year for the use of carrousel

Invoicing

Zoo Society has repeatedly requested pending invoices from the Zoo, as of 02/06 we have not yet received a response. Invoices are for:

- Zoo Society Gala event, held last year 09/23. Zoo Society's Annual Fundraising Gala is a signature event, for the 2023 Gala, the Zoo Society raised funds exclusively to support the Animal Medical Center for medical equipment needed.
- Members Exclusive Penguin Preview Party: 12/23 exclusive event for members only, showcasing our beautiful new penguin exhibit.

Last email request: 01/15, email attached (**exhibit A**) 4 and 2 months past due respectively.

Finding 2

Society Membership Pricing & Discounts

Establishing pricing requires thoughtful planning and analysis, between zoo and society leadership. Front gate and membership fees are mutually dependent on each other and need to be carefully balanced, tailored to the needs of our community and economy.

Attached: example of collaborative effort undertaken by past zoo and society leadership to elaborate and execute a mutually beneficial plan (**exhibit B**). The proposed plan was presented to the Zoo Society Board of Directors and City Leadership, attached.

Going forward the Society will provide the proposed fee adjustments to the Zoo Director for their approval prior to making any of the proposed adjustments.

Finding 3

Financial Reporting

In the past the Zoo Society has provided the quarterly reports solely to the Zoo Director. Moving forward, the Society will provide the quarterly and annual reports directly to the Comptroller's office and provide a copy to the Zoo Director.

Zoo Society has sent pending reports to the City Comptroller – email proof attached (**exhibit C**). Zoo Society has deposited \$1,282,15 into Zoo Support Account – proof attached (**exhibit D**).

Finding 4

Insurance

Include email from insurance confirming coverage – proof attached (**exhibit E**).

Responses

Finding 5

Fundraising Plan

The Zoo Society develops its fundraising plan based upon capital projects proposed by City/Zoo leadership as well as current and foreseen needs for our Zoo. Adequate planning, open communication and leadership are indispensable to develop as well as execute a robust fundraising plan. Under current zoo leadership, the Zoo Society/Board of Directors was last presented with the attached request for funding projects for the Zoo (**exhibit F**). Proposed projects were funded in totality, except for the South American Pavilion. Given the large, estimated amount required for funding this project, the BOD requested a formal funding proposal from the Zoo to build a sponsorship proposal to approach possible donors/sponsors. At that time, Zoo leadership declined our request. Society then offered a possible \$2.5M sponsorship opportunity with Amazon to be used towards this specific project, Zoo/City leadership declined, stating the SAP building was a City Asset. The Society was informed by the Zoo Director that the remaining projects which were to be funded by the Society under the 2012 Master Plan are no longer required. At the present time, the Society has not received a formal capital projects plan from Zoo Management and therefore the Society has been unable to construct a fundraising plan.

Society/BOD was given an initial directive to fund Flamingos as part of the original 2012 Master Plan. Following this directive, Society began research and took initiative in visiting other zoo's with ample experience in flamingo exhibits, such as San Antonio Zoo. After investing time and resources, Society was notified that flamingo's would no longer be pursued. This model of exhibits is one that offer's the zoo the opportunity to generate revenue (as with charge for giraffe feedings, carrousel rides) to further invest into the zoo and its needs.

In the absence of a formal fundraising plan, the Society has directed its fundraising efforts to support the Animal Medical Center in need of medical equipment, as well as day to day and on demand needs that arise, such as medical treatments for Savannah. Society has secured a sponsor for a \$1 million dollar value dinosaur entertainment show for the upcoming summer 2024 season, which will most surely drive attendance to zoo and offer added gate ticket value for visitors to our zoo.

Zoo Society proposes an open collaboration and communication with zoo leadership, to hold a strategic planning meeting (at the beginning of each new fiscal year) to list projects that need to be funded in the upcoming year. Ideally to eventually have a planned-out funding capability beyond the one year mark, as well as an on demand funding capacity for emergencies and any unforeseen needs.

Responses

Finding 6

Volunteer Program

Under current license agreement the Zoo Society has supported the Zoo with volunteers for a wide variety of purposes:

Zoo maintenance

Zookeeper support

Exhibit maintenance: such as excavation of prairie dog exhibit, giraffe exhibit tree log removal

Zoo Employee lounge renovations

Zoo Events: Santa at The Zoo, Boo at Zoo, Bug Fest, Extragaganzoo. It is difficult to understand why Zoo leadership would decline the support we offer through our volunteer program by creating a volunteer program of their own.

Moving forward, Zoo Society will coordinate with Zoo Management insuring that all volunteer programs are under the direction of the Society and BOD are looking forward to continue supporting the Zoo in all of their capacity. It is confusing as to why Zoo Leadership would decline the support of the organization in all of its capacity, as it has, for the past 60 years.

Renee Neuert

From: Renee Neuert
Sent: Monday, January 15, 2024 2:58 PM
To: Leonor Wilson - El Paso Zoo; Montisano, Joseph
Cc: Pam
Subject: Zoo Invoices

Good afternoon:

The Zoo Society is still waiting on invoices from the Zoo. Please let us know as soon as possible as to when we will receive the invoices. We are trying to close the Gala account and ~~Members Program~~.

Pending

1. All invoices from Gala on Saturday September 30, 2023 – OVER 3 MONTHS PAST DUE
 - a. Maintenance
 - b. Zoo Keepers
 - c. Security
 - d. Carousel

2. ~~Members Program Invoices, on Friday, December 8, 2023~~
 - a. Maintenance
 - b. Carousel
 - c. Other

Thank you

Renee R. Neuert
Executive Director
El Paso Zoological Society

Office: (915) 212-0245
Direct Line: (915) 212-2836
Cell: (915) 799-6292



FY 2014 - FEBRUARY

- Started budget process on Feb 2014
- Contract increases due to Animal nutrition, sea lion cleaning, security, pest control, uniforms, credit card fees.
- Looked at our paid attendance by category (adult/child/senior/military)
- Calculated minimum increase for paid attendance in order to receive the required revenue

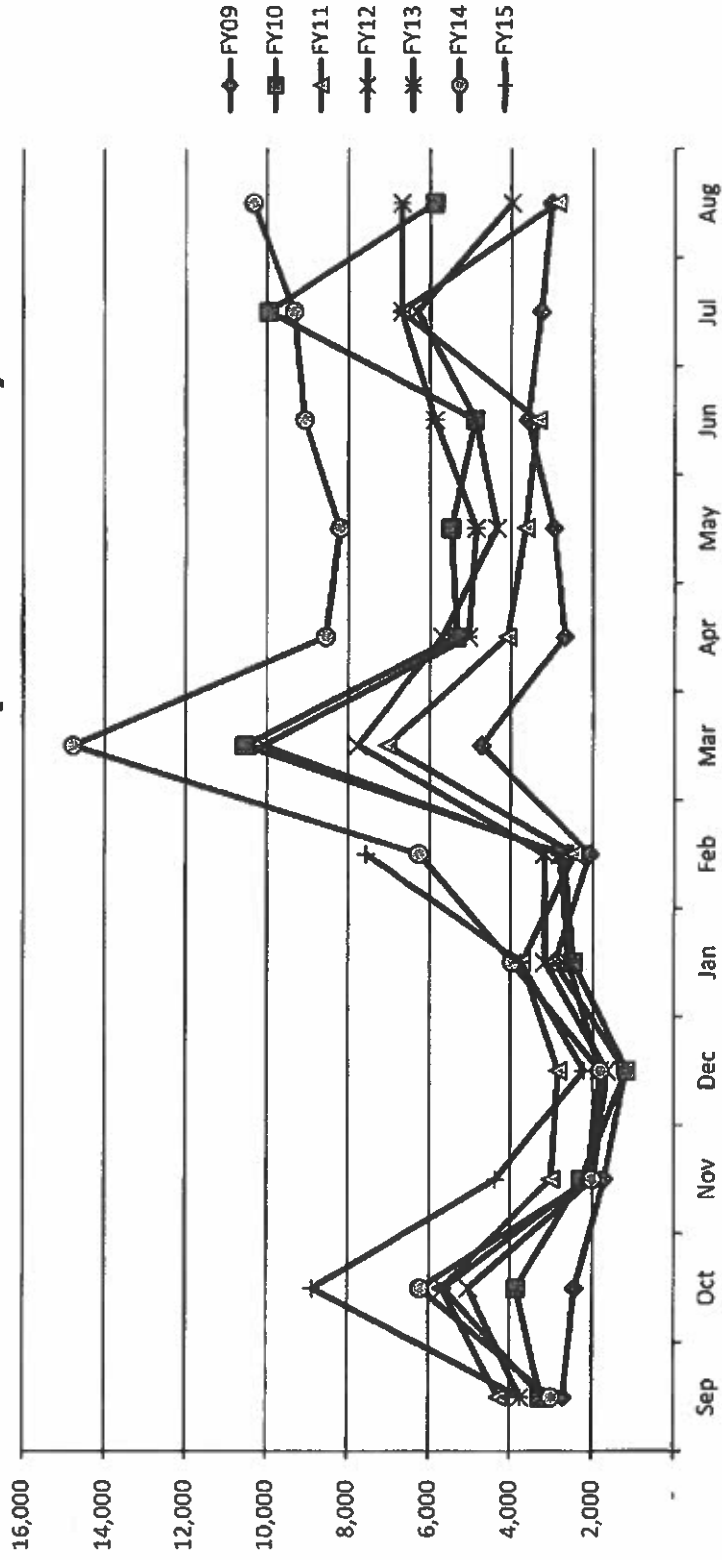
Members vs. Paid Attendance

- Calculation forecast for FY15 budget was made mid year in FY14; using FY13 (full year) penetration data as 17.3%
- FY14 closed with a 22.6% member penetration

FY15 Pre Mid Year Analysis

- Attendance has increased, however we have a decrease in revenue.
- This is caused by the spike in members attendance by 31.7%
- Loss of revenue if attendance does not continue the upward trend and members attendance continues at 31.7%

Members Attendance FY09-FY15 (Feb 24)



Members Attendance

	<u>Total Member</u> <u>Attendance</u>	<u>% change prior</u> <u>year</u>
FY09	33,232	N/A
FY10	57,787	73.89%
FY11	49,677	-14.03%
FY12	51,726	4.12%
FY13	57,393	10.96%
FY14	83,523	45.53%
FY15 (2/24)	30,490	32.77% YTD

Paid Attendance Impact

	Total	Members	Members	Members	Paid	Paid Per Cap	Revenue
FY12	354,130	14.6%	51,703	269,160	\$5.87	\$1,579,969	
FY13	332,637	17.3%	57,546	244,831	\$7.05	\$1,726,057	
FY14	378,009	22.6%	85,430	260,395	\$7.73	\$2,012,856	
FY15	357,000	31.4%	112,098	217,963	\$9.50	\$2,070,646	
	355,000	22.6%	80,230	244,545	\$9.50	\$2,323,180	
	355,000	17.0%	60,350	262,239	\$8.92	\$2,339,167	
FY16 - A	385,000	31.4%	120,890	235,058	\$9.45	\$2,221,297	
FY16 - B	385,000	25.0%	96,250	256,988	\$9.45	\$2,428,532	

Pricing

- **FY14**

Zoo - Family of 4 (2 adults/2 children) - \$36.00

Society – Wolf Pack - \$75.00

Family would have to come 2.1 times

- **FY15**

Zoo - Family of 4 (2 adults/2 children) - \$39.00

Society – Wolf Pack - \$75.00

Family comes 1.9 times AND saves \$3.00

Request

- Zoo is requesting for the El Paso Zoological Society to set their pricing to 2.3 times
- This would allow the % of penetration to 22%-25%

Zoo Society Quarterly Reports FY23

Renee Neuert <rneuert@elpasozoosociety.org>

Tue 2/6/2024 2:40 PM

To: Pam <pam@swplasticsurgery.com>; Margarita Marin (MarinMM@elpasotexas.gov) <MarinMM@elpasotexas.gov>

📎 6 attachments (849 KB)

Letter 1st Quarter Report FY2023.doc; 1st Qtr City Report FY23.xlsx; Letter 2nd Quarter Report FY2023.doc; 2nd Qtr City Report FY23.xlsx; Letter 4th Quarter Report FY2023.doc; 4th Qtr City Report FY23.xlsx;

CAUTION - this email came from someone outside the organization. Do not click or open attachments unless you recognize the sender and know the content is safe.

Hello again,

Attached for your review are the 1st, 2nd, and 4th quarter reports for FY2023
Please let me know if you have any questions.

Thanks

Renee R. Neuert

Executive Director

El Paso Zoological Society

Office: (915) 212-0245

Direct Line: (915) 212-2836

Cell: (915) 799-6292



Quarterly Reports

Renee Neuert <rneuert@elpasozoosociety.org>

Tue 2/6/2024 2:31 PM

To: Pam <pam@swplasticsurgery.com>

Cc: MarinMM@elpasotexas.gov <MarinMM@elpasotexas.gov>

📎 8 attachments (1 MB)

Letter 3rd Quarter Report FY2021.doc; 3rd Qtr City Report FY21.xlsx; Letter 4th Quarter Report FY2021.doc; 4th Qtr City Report FY21.xlsx; Letter 3rd Quarter Report FY2022.doc; 3rd Qtr City Report FY22.xlsx; Letter 4th Quarter Report FY2022.doc; 4th Qtr City Report FY22.xlsx;

CAUTION - this email came from someone outside the organization. Do not click or open attachments unless you recognize the sender and know the content is safe.

Good afternoon Pam and Ms. Marin, City Comptroller:

As requested attached are the

- 3rd Quarter Report FY 21
- 4th Quarter Report FY21
- 3rd Quarter Report FY22
- 4th Quarter Report FY 22

Following this email I will also send the 1st, 2nd and 4th quarter reports for FY23.
Thank you,

Renee R. Neuert

Executive Director

El Paso Zoological Society

Office: (915) 212-0245

Direct Line: (915) 212-2836

Cell: (915) 799-6292



Confirmation

From

BUSINESS CHECKING ...1924 (Available balance = \$144,585.48)

To

BUSINESS CHECKING ...7521 (Available balance = \$149,526.43)

Frequency

Once

Send on

02/06/24

Amount

\$1,282.15

Memo

as per City Internal Audit 2024

Confirmation code

IB0M62BGJY

Transfer cannot be canceled.

[Important Information Below](#)

[Make Another Transfer](#) | [Go to Account Summary](#) |

⊕ When will this transfer be credited to my account?

⊕ What happens if there isn't enough money in my account to cover this transaction?

EXHIBIT
D

Philadelphia Indemnity Insurance Company

POLICY NUMBER: PHPK2516546

SCHEDULE OF INSURING AGREEMENTS

STATE	INSURING AGREEMENT(S)	LIMIT OF INSURANCE Per Occurrence	NUMBER OF PREMISES	DEDUCTIBLE Per Occurrence	PREMIUM
TX	EMPLOYEE THEFT	\$ 500,000	0001	\$ 5,000	\$ 274

Total Premium

\$ 274

EXHIBIT
E
Page 1 of 3

Page 1 of 1

FW: El Paso Zoological Society Employee Theft & Dishonesty

Renee Neuert <rneuert@elpasozoosociety.org>

Tue 2/6/2024 2:02 PM

To: Pam <pam@swplasticsurgery.com>

CAUTION - this email came from someone outside the organization. Do not click or open attachments unless you recognize the sender and know the content is safe.

Renee R. Neuert
Executive Director
El Paso Zoological Society

Office: (915) 212-0245
Direct Line: (915) 212-2836
Cell: (915) 799-6292



From: Tracy Rosales <Tracy.Rosales@usi.com>
Sent: Tuesday, February 6, 2024 2:01 PM
To: Renee Neuert <rneuert@elpasozoosociety.org>
Subject: El Paso Zoological Society

Hi Renee,

Per our phone call discussion, there is no difference between Employee Theft and Employee Dishonesty. So basically stating, you have Employee Dishonesty.

Let me know if you have any questions.

Thanks 😊

TRACY ROSALES, TRS

Account Manager

USI Southwest, Inc.

303 N. Oregon, Ste 310

El Paso, Texas 79901

915-534-9468/866-494-6822

Tracy.Rosales@usi.com | www.usi.com

[USI Insurance Services, LLC \(epaypolicy.com\)](http://www.usi.com)

EXHIBIT
E
Page 2 of 3



VISIT OUR COVID-19 RESOURCE CENTER TO LEARN HOW USI IS HELPING CLIENTS AND COMMUNITIES PREPARE AND RESPOND.

THE USI ONE ADVANTAGE® Our Approach to Delivering Client Solutions [learn more](#) ↘

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El Paso Zoo and Botanical Gardens

2022 - 2023

Zoological Society Project funding requests

Elephant stall conversion;

Goal – To allow for the addition of a third elephant or any male elephant.

Reason – The first or largest and tallest part of the elephant barn was left open at the top, without climate control or adequate lighting or pest control. It was built to be used as a hay barn but we have never used it that way. By enclosing it, adding climate control, ventilation, lighting and feeders it will allow for a larger male elephant to be held or a third elephant for example if a pair becomes available. It is taller than the other stalls but currently not useful because of previously stated issues.

Costs- This was estimated two years ago at 340k. I am in the process of getting the quote updated but it should not have changed that much.

Request – The zoological society fulfill Ms. Bowman’s request and the City accept her donation of 250k to be put toward this project. The balance will be taken out of the Zoo’s Bond fund.

South American Pavilion Sponsorship;

Goal – Too renovate and possible rename SAP to look more like it is from the rainforest of South America.

Reason – We had initially wanted to repair the 2 – 2000 gallon fish tanks and again have fish in them, treat the walls and ceiling, add new natural flooring and some seating. Subsequent investigation discovered that the fish tanks cannot be repaired BUT we can cut and modify to make them semi aquatic and exhibits featuring South American turtles, amphibians and possible small birds

The South American Pavilion (SAP) has just completed a total remodel of the HVAC system. This is a highly specialized building and new state of the art system that allows us to customize the temperature and humidity of each animal enclosure to meet that animal’s needs. The City recently spent over 450k to make these improvements, but did not have enough capital funds to renovate the interior.

EXHIBIT

F

Page 1 of 5



This is a six year minimum exclusive sponsorship. While the El Paso Zoo has every intention of keeping this building as the “South American Pavilion” (renamed to fit the sponsors company) we will guarantee this sponsorship for a period of six years. In all likelihood it will remain up and function under the new name for many years after that but as none of us can predict the future the Zoo reserves the right to make changes to the building or area only after the sponsor period expires.

Request; SAP Sponsorship fees \$ 129,000

Wildlife Theatre Show Sponsorship;

Goal; To provide an entertaining and quality show for our guests and provide a great sponsorship opportunity.

Reason; The Wildlife Theatre was opened and had a Society Sponsored third party vendor show in it for the first 3 years. We had booked a great Dino – puppet act to come in but then Covid hit and everything shut down. This would be a three year request and provide a ton of marketing and promotional opportunities to the sponsor company. This would be a transitional sponsorship as by the end of it we would either charge extra for the show or build it into the gate price and the Zoo would fund the show as it is not sustainable to have it based on sponsorship long term. (We would still like to bring the Dino Puppet group in or comparable act if possible.)

Request; Three year sponsorship of 1m. 325k per year budget of the vendor act and 25k for special first year marketing to bring people to the show.

Park Wide sound system;

Goal; Too have a Zoo wide sound system for emergency and regular communications.

Reason; In the event of a security emergency we have no way to communicate with all of the zoo guests. We also have approximately one or two "code" events per month, especially on our busier days.

Request – Total \$17,357 - \$5,000 available from Zoo fund leaving \$12, 357 as the request to fund by Society. This will be self-installed wireless speaker and sound system for the Zoo.

Portable ultrasound machine;

Goal – To increase the quality of veterinary care.

Reason – Ultrasound is a very important diagnostic tool. Without it, more invasive means of diagnosis including exploratory surgery may be necessary. This machine is used for imaging modality to see internal soft tissues and organs. Especially important to assess heart, kidneys, liver, pregnancies, and tumors.

Request – Zoological Society funded 46k with initial service contract. Zoo to pick up service contract after initial purchase period expires.

Flexible digital endoscope:

Goal - Increase the quality of veterinary care.

Reason - Long flexible endoscope used to view internal GI and respiratory structures, retrieve GI foreign bodies, and obtain samples such as biopsies and cultures. Current flexible scope uses outdated fiber optic technology (analog) new equipment would be digital with better image quality and less prone to damage.

Request – Estimated cost 30k

Joe's Board Report on Zoo Funding

Renee Neuert <rneuert@elpasozoosociety.org>

Wed 2/9/2022 9:57 AM

To: Pam <pam@swplasticsurgery.com>; Frank Nugent (fnugent@sbnngcpa.com) <fnugent@sbnngcpa.com>; Liz <lizfowlkes@gmail.com>; Ojeda, Yvonne D <ydojeda@marathonpetroleum.com>; 'Elena Tejada' (ectejed@gmail.com) <ectejed@gmail.com>; Richard Behrenhausen (rbehrenhausen@elp.rr.com) <rbehrenhausen@elp.rr.com>; Shea Herman <renashea@gmail.com>; Caela Grambling <michaela1020@gmail.com>; Scarlett Mercer <scarlettrsmcercer@gmail.com>

📎 1 attachments (724 KB)

Zoological Society funding requests.docx;

Good morning,

Attached is Joe's request for zoo projects funded by the Zoo Society. He will present it tomorrow at Executive meeting. Please review and develop questions for Joe if you need clarification. After his presentation and all questions are answered Pam will excuse Joe so we can discuss further. This is important, as we will need to develop a fundraising strategy and then VOTE. I have some ideas but would like feedback from each of you and your creative ideas.

Renee

From: Montisano, Joseph <MontisanoJ@elpasotexas.gov>

Sent: Wednesday, February 9, 2022 9:07 AM

To: Renee Neuert <rneuert@elpasozoosociety.org>

Subject: RE: Board Report on Zoo Funding

Hi Renee,

Here you go I tried to make it as short as possible. There are really no surprises, I think all but the last medical item we have discussed.

Thanks,

I will bring a few hard copies with me

Joe Montisano

El Paso Zoo and Botanical Gardens Director



4001 E. Paisano Dr, El Paso, Tx 79905

Cell: 915-479-6033

montisanoj@elpasotexas.gov

From: Montisano, Joseph <MontisanoJ@elpasotexas.gov>

Sent: Wednesday, February 9, 2022 8:41 AM

To: Renee Neuert <rneuert@elpasozoosociety.org>

Subject: RE: Board Report on Zoo Funding

EXHIBIT
F
Page 4 of 5

Yes, just cleaning it up will send in a few hours if not sooner.

Joe Montisano

Director

El Paso Zoo and Botanical Gardens

4001 E. Paisano, El Paso, TX 79905

Office: (915) 212-2800

Cell: (915) 479-6033

MontisanoJ@elpasotexas.gov

Please think about the environment before printing.

From: Renee Neuert <rneuert@elpasozoosociety.org>

Sent: Wednesday, February 9, 2022 8:38 AM

To: Montisano, Joseph <MontisanoJ@elpasotexas.gov>

Subject: Board Report on Zoo Funding

CAUTION: This email originated from outside of the City of El Paso. Do not click links or open attachments unless you recognize the sender and know the content is safe. If suspicious, use **Phish Alert** or forward to

SpamReport@elpasotexas.gov.

Good morning Joe,

Would you be able to send me an electronic copy of your funding request for tomorrow's meeting?

Thank you

Renee

EXHIBIT

F

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