

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Central Florida Zoological Society, Inc.

We have audited the accompanying statement of financial position of the Central Florida Zoological Society, Inc. (the "Society"), a nonprofit organization, as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Greene Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
March 30, 2012

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

Assets:

Cash & cash equivalents - unrestricted	\$ 102,737
Cash & cash equivalents - designated	243,912
Accounts receivable	47,263
Inventory	34,172
Prepaid expense and other assets	24,291
Cash restricted to capital improvement	65,000
Botanical collection	35,707
Property, equipment and animals, net	<u>8,226,601</u>
 Total Assets	 <u><u>\$ 8,779,683</u></u>

Liabilities and Net Assets:

Liabilities:

Accounts payable	\$ 115,591
Accrued salaries	36,088
Other liabilities	75,154
Accrued compensated absences	44,787
Deferred revenue	<u>170,881</u>
 Total Liabilities	 <u>442,501</u>

Net Assets:

Unrestricted	8,272,182
Temporarily restricted	<u>65,000</u>
 Total Net Assets	 <u>8,337,182</u>
 Total Liabilities and Net Assets	 <u><u>\$ 8,779,683</u></u>

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:			
Gate receipts	\$ 1,538,981	\$ -	\$ 1,538,981
Guest services, net of cost of \$223,924	288,751	-	288,751
Educational programs	173,708	-	173,708
Seminole County Tourist Development Council	225,000	-	225,000
State and Local Government Grants	16,909	-	16,909
Contributions:		-	
Cash contributions	295,398	-	295,398
In kind	20,307	-	20,307
Membership dues	399,264	-	399,264
Promotional events, net of costs of \$89,192	110,049	-	110,049
Facilities rental fees, net of costs \$17,905	25,134	-	25,134
Net assets released from restrictions:	76,773	(76,773)	-
Restrictions satisfied by payments			
Investment earnings	2,607	-	2,607
Train income	176,594	-	176,594
Other contractual income	113,369	-	113,369
Other	53,137	-	53,137
	<u>3,515,981</u>	<u>(76,773)</u>	<u>3,439,208</u>
Total Revenues, Gains and Other Support			
Expenses			
Program Services:			
Zoological park	1,723,989	-	1,723,989
Guest services	975,394	-	975,394
Education	376,092	-	376,092
	<u>3,075,475</u>	<u>-</u>	<u>3,075,475</u>
Total Program Services			
Support Services:			
Management and general	235,411	-	235,411
Fund raising	84,960	-	84,960
	<u>320,371</u>	<u>-</u>	<u>320,371</u>
Total Support Services			
	<u>3,395,846</u>	<u>-</u>	<u>3,395,846</u>
Total Expenses			
Change in net assets	120,135	(76,773)	43,362
Net Assets - Beginning of Year	<u>8,152,047</u>	<u>141,773</u>	<u>8,293,820</u>
Net Assets - End of Year	<u>\$ 8,272,182</u>	<u>\$ 65,000</u>	<u>\$ 8,337,182</u>

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Zoological Park</u>	<u>Guest Services</u>	<u>Education</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation	\$ 921,695	\$ 567,360	\$ 288,512	\$ 151,809	\$ 69,027	\$ 1,998,403
Animal care	138,850	-	66	-	-	138,916
Advertising	23,851	41,931	11,596	-	6,850	84,228
Depreciation	311,457	53,082	-	3,970	-	368,509
Insurance	122,577	63,355	30,069	14,304	2,726	233,031
Supplies	15,428	94,815	16,907	13,526	2,800	143,476
Promotions	366	610	122	-	172	1,270
Repair	99,237	19,030	1,284	461	-	120,012
Utilities	46,342	47,712	4,498	7,926	358	106,836
Professional fees	2,298	-	-	11,022	-	13,320
Other	41,888	87,499	23,038	32,393	3,027	187,845
TOTALS	<u><u>\$ 1,723,989</u></u>	<u><u>\$ 975,394</u></u>	<u><u>\$ 376,092</u></u>	<u><u>\$ 235,411</u></u>	<u><u>\$ 84,960</u></u>	<u><u>\$ 3,395,846</u></u>

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash Flows Used in Operating Activities:

Change in net assets	\$ 43,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	368,509
Donations of capital assets and animals	(20,309)
Changes in operating assets and liabilities:	
Accounts receivable	13,317
Inventory	(6,476)
Prepaid expenses and other assets	1,110
Accounts payable	(47,073)
Accrued salaries and payroll taxes	3,448
Accrued liabilities	12,156
Accrued compensated absences	5,467
Deferred income	<u>(54,732)</u>
Net cash provided by operating activities	<u>318,779</u>

Cash Flows from Investing Activities:

Purchase of capital assets and animals	<u>(217,891)</u>
Net cash used by investing activities	<u>(217,891)</u>
Net increase in cash	100,888

Cash at Beginning of Year	<u>310,761</u>
Cash at End of Year	<u><u>\$ 411,649</u></u>

Reconciliation to statement of financial position:

Cash & cash equivalents - unrestricted	\$ 102,737
Cash & cash equivalents - designated	243,912
Cash restricted to capital improvement	<u>65,000</u>
Cash at End of Year	<u><u>\$ 411,649</u></u>

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Central Florida Zoological Society, Inc. (the “Society”) is a nonprofit organization that operates a zoological park and botanical gardens in Sanford, Florida. In addition to exhibiting living animals and plants, the park has programs in wildlife education and conservation. The Society is primarily funded by park admissions, concession and gift shop sales, and membership support. Additional funding is provided by Seminole County agencies and various grantors.

Financial Statement Presentation

The Society prepares its financial statements on the accrual basis of accounting. The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires the Society to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, when present.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Deferred Revenue

Deferred revenue consists of unamortized membership dues.

Property, Equipment and Animals

Land, buildings and equipment with a cost in excess of \$500 and purchased animals are capitalized at the time of purchase. Contributed assets in excess of \$500 are recorded at fair value when received. Reproduced animals are recorded at fair value when it is determined the animal will live.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets of three to ten (3-11) years for equipment, ten to forty (10-40) years for buildings, and two to twenty (2-20) years for animals.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases in liabilities, or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one (1) year, and at present value if expected to be collected in more than one (1) year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories

Inventories consist of items for resale, food, and food service supplies, and are stated at the lower of cost (first-in/first-out basis) or market.

Botanical Collection

The Society maintains botanical exhibits throughout the zoological park to enhance the visitors overall zoo experience. The botanical collection is reflected at cost, if purchased, and at fair market value if donated. Although management does not intend to sell any portions of the botanical collection, in the event they are sold the proceeds would be used to acquire similar botanical items.

Donated Services and Materials

The Society trains individuals to serve as volunteer zoological park tour guides. These individuals would not be compensated as employees if this program were to be discontinued. The value of these services has not been recorded in the financial statements. In 2011 approximately 150 volunteers donated approximately 21,000 hours of service.

Other contributed services, materials, equipment and animals are recorded at their estimated fair value at time of receipt. The estimated fair value of these contributions for 2011 was approximately \$20,000.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Society is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Society's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Society qualifies as a public charity under Sections 509(a) (1) and 170(b) (1) (A) (vi) of the Internal Revenue Code.

The Society adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FASB ASC 740 – 10). Under this Interpretation, The Society is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a 501 (c) (3), and the decision not to file a tax return. The Society has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary.

The Society files a federal income tax return and is no longer subject to U.S. federal income tax examination by tax authorities for years before 2008.

The Society has unrelated business activity generated from the rental of one of its facilities. Form 990T has been filed, however direct costs and allowable allocated indirect costs exceed the revenue generated, as such no tax provisions has been recorded.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, savings accounts, and all highly liquid debt instruments with original maturities of three (3) months or less. The Society is required to hold certain cash balances in separate bank accounts.

Advertising Costs

Advertising costs are expensed as incurred. During the year ended December 31, 2011 advertising charged to operations amounted to approximately \$90,000.

Subsequent Events

The Organization has evaluated subsequent events through March 30, 2012, the date which the financial statements were available to be issued.

Accounts Receivable

Based upon an analysis of both past history and past due receivables, it is management's opinion that no allowance for uncollectible accounts is necessary. Charge-offs, when necessary, are performed after management has exhausted their efforts with respect to collecting the outstanding balance.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Impairment

The Society periodically reviews its long-lived assets to be held and used in operations for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets.

Concentrations of Credit and Market risk

Financial instruments that potentially expose the organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at financial institutions and credit exposure is limited at any one institution. The organization has not experienced any losses on its cash equivalents. The organization's investments do not represent significant concentrations of market risk in as much as the organization's investment portfolio is adequately diversified among issuers, industries, and geographic regions.

NOTE 2 – PROPERTY, EQUIPMENT AND ANIMALS

Property, equipment and animals as of December 31, 2011 consist of:

Land	\$	137,692
Zoo & park buildings		8,710,537
Features and exhibits		1,217,723
Equipment		402,178
Animals		179,066
Vehicles		144,385
Construction in progress		1,163,336
		<u>11,954,917</u>
Accumulated depreciation		<u>(3,728,316)</u>
	\$	<u><u>8,226,601</u></u>

Depreciation expense for the year was \$368,509.

NOTE 3 – TEMPORARILY RESTRICTED SUPPORT

Temporarily restricted net assets of \$65,000 are restricted for capital improvements exclusively.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4 – 403(B) RETIREMENT PLAN

The employees of the Society may elect to contribute up to \$16,500, in general, to a tax sheltered annuity plan, IRS Code Section 403(b). Under the plan's salary deferral feature eligible employees can defer a portion of their compensation. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. Employees over twenty-one (21) years of age and who have completed one (1) year of service are eligible to participate in the deferral, and are also eligible for a matching contribution of up to 3% of their annual salary. Retirement plan cost for the year ended December 31, 2011 was approximately \$33,000.

NOTE 5 – ANNUAL LEAVE

The Society provides its full time employees with annual leave time based on the number of years of employment. At December 31, 2011, the value of accrued accumulated vacation leave is estimated to be approximately \$45,000.

NOTE 6 – DONATED LAND

The Society leases land from Seminole County, Florida for the operation of a zoological park for \$1 per year. The lease stipulates that the land must be used for the operation of a zoological park. The lease expires on April 30, 2033, with an option to renew. The fair market lease value of the use of this land has not been determined, nor has any value been reflected in the financial statements.

NOTE 7 – CONCENTRATIONS OF RISK

Revenues provided by guests to the zoological park provide a major portion of the Society's support. In the event of a material down-turn in the area's economy, these revenues may be significantly reduced. The Seminole County Tourist Development Council provides approximately 6% of the Society's revenue. Should this funding cease, the level of services provided by the Society may be affected.

At December 31, 2011, cash on deposit with one commercial bank in Florida was approximately \$350,000. Cash and cash equivalents also include an approximately \$250,000 in a money market account. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of the Society's activities have been summarized on a functional basis in the Statement of Functional Expenses. Program service expense consists primarily of costs associated with the zoological park and education programs. Certain costs have been allocated to program services, fund raising, management, and general expenses.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Society has a \$100,000 line of credit from a local financial institution that is collateralized by the Society's assets. The line of credit is due on demand, and expires in 2013. Terms of repayment call for minimum monthly payments of interest at prime. At December 31, 2011 no amounts were drawn on the line of credit.

In the ordinary course of business, the Society may have various outstanding commitments and contingencies. One such contingency is that the Society may be subject to a potential legal claim. While the ultimate effect of such claim cannot be ascertained at this time, management believes, that there will be no material effect on the Organizations financial position to cover any potential claim.

NOTE 10 – OTHER

"The Central Florida Zoological Society Fund", an endowment fund, was established with and is managed by the Community Foundation of Central Florida, Inc. At December 31, 2011 the value of the endowment approximates its initial investment. The assets and related liabilities are not reflected in these financial statements, as they are reflected on the financial statements of the Community Foundation of Central Florida, Inc.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Society from time to time has transactions with affiliated parties. During 2011 the Society received services from a current board member for landscaping services which amounted to \$2,950 a month or \$35,400 for the year.