

**CENTRAL FLORIDA  
ZOOLOGICAL SOCIETY, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2015**



**Greene, Dycus & Co, PA**

Certified Public Accountants

407-322-0561

[www.gdccpa.net](http://www.gdccpa.net)

# CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Central Florida Zoological Society, Inc. (the "Society"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Robert Kimelman, CPA  
Thomas J. Frank, CPA

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William T. Royster, CPA (Retired)  
Jack I. Greene, CPA (Deceased)  
James R. Dycus, CPA (Deceased)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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, 2015, 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.

### **Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Earnings Before Interest, Depreciation and Amortization is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Greene Dycus & Co.*

Professional Association  
Certified Public Accountants  
Sanford, Florida  
June 24, 2016

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

**Assets:**

|  |                                |
|--|--------------------------------|
| Cash & cash equivalents - unrestricted   | \$ 312,437                     |
| Accounts receivable  | 56,807                         |
| Inventory  | 32,311                         |
| Prepaid expense and other assets   | 25,799                         |
| Cash & cash equivalents - restricted for<br>capital improvement                    | 262,779                        |
| Cash & cash equivalents - restricted for<br>capital improvement from loan proceeds | 150,847                        |
| Botanical collection   | 43,338                         |
| Property, equipment and animals, net   | <u>8,794,422</u>               |
| <br>Total Assets   | <br><u><u>\$ 9,678,740</u></u> |

**Liabilities and Net Assets:**

Liabilities:

|                              |                      |
|------------------------------|----------------------|
| Accounts payable             | \$ 247,242           |
| Accrued salaries             | 14,490               |
| Other liabilities            | 124,125              |
| Accrued compensated absences | 37,952               |
| Unearned membership fees     | 241,001              |
| Equipment payable            | 121,029              |
| Equipment note payable       | 24,610               |
| Mortgage payable             | <u>600,000</u>       |
| <br>Total Liabilities        | <br><u>1,410,449</u> |

Net Assets:

|                                      |                                |
|--------------------------------------|--------------------------------|
| Unrestricted                         | 8,005,512                      |
| Temporarily restricted               | <u>262,779</u>                 |
| <br>Total Net Assets                 | <br><u>8,268,291</u>           |
| <br>Total Liabilities and Net Assets | <br><u><u>\$ 9,678,740</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**  
**DECEMBER 31, 2015**

|   | Unrestricted        | Temporarily<br>Restricted | Total               |
|---|---------------------|---------------------------|---------------------|
| Revenues, Gains and Other Support:            |                     |                           |                     |
| Gate receipts                                 | \$ 2,310,805        | \$ -                      | \$ 2,310,805        |
| Guest services, net of cost of \$231,264      | 258,652             | -                         | 258,652             |
| Educational programs                          | 245,778             | -                         | 245,778             |
| Seminole County Tourist Development Council   | 225,000             | -                         | 225,000             |
| State and Local Government Grants             | 242,396             | -                         | 242,396             |
| Contributions:                                |                     |                           |                     |
| Cash contributions                            | 128,466             | 262,779                   | 391,245             |
| In kind                                       | 163,637             | -                         | 163,637             |
| Membership dues                               | 554,355             | -                         | 554,355             |
| Promotional events, net of costs of \$70,811  | 123,652             | -                         | 123,652             |
| Facilities rental fees, net of costs \$42,786 | 32,429              | -                         | 32,429              |
| Net assets released from restrictions:        |                     |                           |                     |
| Restrictions satisfied by payments            | 25,000              | (25,000)                  | -                   |
| Investment earnings                           | 682                 | -                         | 682                 |
| Train and carousel income                     | 176,372             | -                         | 176,372             |
| Other contractual income                      | 88,081              | -                         | 88,081              |
| Other   | 20,167              | -                         | 20,167              |
|   | <u>4,595,472</u>    | <u>237,779</u>            | <u>4,833,251</u>    |
| Total Revenues, Gains and Other Support       |                     |                           |                     |
| Expenses                                      |                     |                           |                     |
| Program Services:                             |                     |                           |                     |
| Zoological park                               | 2,461,124           | -                         | 2,461,124           |
| Guest services                                | 990,709             | -                         | 990,709             |
| Education                                     | 488,281             | -                         | 488,281             |
| OCIC  | 213,712             | -                         | 213,712             |
|   | <u>4,153,826</u>    | <u>-</u>                  | <u>4,153,826</u>    |
| Total Program Services                        |                     |                           |                     |
| Support Services:                             |                     |                           |                     |
| Management and general                        | 414,177             | -                         | 414,177             |
| Fund raising                                  | 161,809             | -                         | 161,809             |
|   | <u>575,986</u>      | <u>-</u>                  | <u>575,986</u>      |
| Total Support Services                        |                     |                           |                     |
|   | <u>4,729,812</u>    | <u>-</u>                  | <u>4,729,812</u>    |
| Total Expenses                                |                     |                           |                     |
| Change in net assets                          | (134,340)           | 237,779                   | 103,439             |
| Net Assets - Beginning of Year                | <u>8,139,852</u>    | <u>25,000</u>             | <u>8,164,852</u>    |
| Net Assets - End of Year                      | <u>\$ 8,005,512</u> | <u>\$ 262,779</u>         | <u>\$ 8,268,291</u> |

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2015**

|                    | Program Service     |                   |                   |                   | Support Service          |                   |                   |                             | Total               |
|--------------------|---------------------|-------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|-----------------------------|---------------------|
|                    | Zoological<br>Park  | Guest<br>Services | Education         | OCIC              | Program<br>Service Total | Manage-<br>ment   | Fund<br>Raising   | Support<br>Service<br>Total |                     |
| Compensation       | \$ 1,188,069        | \$ 447,558        | \$ 315,685        | \$ 152,980        | \$ 2,104,292             | \$ 221,992        | \$ 98,559         | \$ 320,551                  | \$ 2,424,843        |
| Animal care        | 197,460             | -                 | 19,136            | 9,288             | 225,884                  | -                 | -                 | -                           | 225,884             |
| Advertising        | 30,286              | 50,476            | 28,150            | -                 | 108,912                  | -                 | 28,400            | 28,400                      | 137,312             |
| Depreciation       | 516,554             | 43,565            | 31,118            | -                 | 591,237                  | 21,782            | 9,355             | 31,137                      | 622,374             |
| Insurance          | 157,235             | 132,411           | 18,657            | 15,850            | 324,153                  | 34,272            | 6,058             | 40,330                      | 364,483             |
| Supplies           | 30,837              | 31,660            | 29,169            | 13,178            | 104,844                  | 32,313            | 11,640            | 43,953                      | 148,797             |
| Printing           | -                   | 52,035            | -                 | -                 | 52,035                   | -                 | -                 | -                           | 52,035              |
| Promotions-Web     | 4,755               | 7,929             | 1,585             | -                 | 14,269                   | -                 | 1,585             | 1,585                       | 15,854              |
| Credit card fees   | -                   | 65,884            | -                 | -                 | 65,884                   | -                 | -                 | -                           | 65,884              |
| Repair             | 191,753             | 13,767            | 17,058            | 2,500             | 225,078                  | 13,568            | 1,930             | 15,498                      | 240,576             |
| Utilities          | 68,917              | 53,016            | 4,974             | 8,236             | 135,143                  | 9,225             | 791               | 10,016                      | 145,159             |
| Professional fees  | -                   | -                 | -                 | -                 | -                        | 53,422            | -                 | 53,422                      | 53,422              |
| Employee relations | 27,499              | 27,499            | -                 | -                 | 54,998                   | -                 | -                 | -                           | 54,998              |
| Other              | 47,759              | 64,909            | 22,749            | 11,680            | 147,097                  | 27,603            | 3,491             | 31,094                      | 178,191             |
| <b>TOTALS</b>      | <b>\$ 2,461,124</b> | <b>\$ 990,709</b> | <b>\$ 488,281</b> | <b>\$ 213,712</b> | <b>\$ 4,153,826</b>      | <b>\$ 414,177</b> | <b>\$ 161,809</b> | <b>\$ 575,986</b>           | <b>\$ 4,729,812</b> |

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2015**

|  |                   |
|--|-------------------|
| <b>Cash Flows from Operating Activities:</b>   |                   |
| Change in net assets   | \$ 103,439        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                   |
| Depreciation   | 622,374           |
| Donations of capital assets and animals  | (163,637)         |
| Changes in operating assets and liabilities:   |                   |
| Accounts receivable  | (17,739)          |
| Inventory  | 2,935             |
| Prepaid expenses and other assets  | 1,894             |
| Accounts payable   | (78,301)          |
| Accrued salaries and payroll taxes   | (52,576)          |
| Other liabilities  | 71,043            |
| Accrued compensated absences   | 4,096             |
| Unearned membership fees   | 20,514            |
|  | <u>514,042</u>    |
| Net cash provided by operating activities  | <u>514,042</u>    |
| <b>Cash Flows from Investing Activities:</b>   |                   |
| Purchase of capital assets and animals   | <u>(647,943)</u>  |
| <b>Cash Flows from Financing Activities:</b>   |                   |
| Payment on equipment note payable  | (86,246)          |
| Proceeds from mortgage payable   | 600,000           |
| Payoff on note payable - Board Member  | <u>(95,000)</u>   |
| Net cash provided by financing activities  | <u>418,754</u>    |
| Net increase in cash   | 284,853           |
| Cash and cash equivalents at Beginning of Year   | <u>441,210</u>    |
| Cash and cash equivalents at End of Year   | <u>\$ 726,063</u> |
| Reconciliation to Statement of Financial Position:   |                   |
| Cash & cash equivalents - unrestricted   | \$ 312,437        |
| Cash & cash equivalents - restricted for<br>capital improvement from loan proceeds             | 150,847           |
| Cash & cash equivalents - restricted for<br>capital improvement                                | <u>262,779</u>    |
| Cash and cash equivalents at End of Year   | <u>\$ 726,063</u> |

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



**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**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 Lake Monroe, Florida. In addition to exhibiting living animals and plants, the park has programs in wildlife education and conservation. The Society is an affordable family experience primarily funded by park admissions, concession and gift shop sales, and membership support. Additional funding is provided by Seminole County agencies and various grantors.

The Society is dedicated to education, and preserving the beauty and wonder of animals and their habitat, and is committed to sharing knowledge, engaging visitors and celebrating the natural world. Conservation of animals is paramount as many endangered species entrusted to the Society may soon be extinct. Captive breeding programs may be the only hope for the species survival.

The Society is a conservation resource providing experiences that educate, excite and inspire children and adults to learn and act on behalf of wildlife and is one of a handful of private non-profit zoos in the country and a great community resource that enhances the quality of life in Central Florida by offering a unique zoo experience. In efforts to educate the children of Central Florida premier educational experiences are offered that reaches over 100,000 school children a year through summer camps, programs and community outreaches.

The Society also operates the Orianna Center for Indigo Conservation (OCIC) located in east Lake County (approximately 20 miles from the zoo) and is home to a health care center, herpetarium, administrative offices and support facilities. The facility consists of 25 acres of land and three building totaling over 5,000 square feet. The main goal of the program is to facilitate a comprehensive approach to long-term captive breeding programs for eastern indigo snakes and the importance of conservation and promotion of public education and to foster tolerance of snakes in our natural communities.

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.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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 and Changes in Net Assets as net assets released from restrictions.

Property, Equipment and Animals

Land, buildings and equipment with a cost in excess of \$1,000 and purchased animals are capitalized at the time of purchase. Contributed assets in excess of \$1,000 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 (3-10) years for equipment, ten to forty (10-40) years for buildings, and two to twenty (2-20) years for animals.

Unearned Membership Fees

Unearned membership fees are revenue from membership dues and are amortized over the year of membership.

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.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Animal Exchange

The Society may share or receive animals from other zoos, the cost or benefit of this arrangement, as consistent with prevailing industry practices, are generally without any monetary considerations.

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. In addition many other individuals volunteer their time and effort on a variety of administrative and fund raising tasks. The value of these services has not been recorded in the financial statements. In 2015 approximately 211 volunteers donated approximately 27,000 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 2015 was approximately \$164,000.

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.

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.

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.

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.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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 2013.

Advertising Costs

Advertising costs are expensed as incurred. During the year ended December 31, 2015 advertising charged to operations amounted to approximately \$150,000.

Subsequent Events

The Society has evaluated subsequent events through June 24, 2016, 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, is performed after management has exhausted their efforts with respect to collecting the outstanding balance.

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 society 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 Society has not experienced any losses on its cash equivalents.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 – PROPERTY, EQUIPMENT AND ANIMALS**

Property, equipment and animals as of December 31, 2015 consist of:

|                                   |                     |
|-----------------------------------|---------------------|
| Land and improvements             | \$ 598,493          |
| Zoo buildings and grounds         | 5,585,665           |
| Features and exhibits             | 4,852,719           |
| Furniture, fixtures and equipment | 1,164,848           |
| Animals                           | 483,235             |
| Vehicles                          | 114,883             |
| Construction in progress          | 548,074             |
|                                   | <u>13,347,917</u>   |
| Accumulated depreciation          | <u>(4,553,495)</u>  |
|                                   | <u>\$ 8,794,422</u> |

Depreciation expense for the year was \$622,374.

**NOTE 3 – TEMPORARILY RESTRICTED SUPPORT**

Temporarily restricted net assets of \$262,779 are restricted for capital improvements exclusively.

**NOTE 4 – DEBT**

Mortgage Payable

The Society obtained a \$600,000 mortgage from a financial institution to upgrade and improve the infrastructure of the facility. As of December 31, 2015, \$449,153 of the mortgage proceeds have been spent. There is a remaining \$150,847 that is sitting in a restricted bank account that will be used in early 2016. The debt is secured by the real property, tangible property, and all other available assets. The loan requires interest payments until conversion (early 2016) and then it will be repaid in monthly principal and interest installments of \$6,135 and a final balloon payment of \$211,146 in March 2023. The principal is expected to be repaid as follows for the years ended December 31:

|      |                   |
|------|-------------------|
| 2016 | \$ 37,053         |
| 2017 | 51,229            |
| 2018 | 53,396            |
| 2019 | 55,654            |
| 2020 | 58,008            |
| 2021 | 60,462            |
| 2022 | 63,020            |
| 2023 | 221,178           |
|      | <u>\$ 600,000</u> |

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 – DEBT – Continued**

The loan agreement requires that the Society maintain a “Debt Service Coverage Ratio” of no less than 1.25 to 1.0 and a tangible net worth plus subordinated debt of \$8,150,000. The Debt Service Coverage Ratio is calculated by utilizing the net income after tax, plus amortization, depreciation and interest divided by the current maturities of long term debt and all related interest. The tangible net worth calculation is calculated by subtracting liabilities and intangible assets from total assets.

Credit Cards

The Society has various business credit cards issued by various national financial institutions with a combined line of credit balance of \$68,100 and an interest rates ranging from 18% to 23%. The balances of these credits are \$12,000 as of December 31, 2015 and are unsecured.

Equipment Payable

The food and beverage concessionaire purchased \$235,252 of equipment to be utilized in the operation of the concession. The current balance of the equipment payable is \$121,029 and is secured by the underlying equipment. The concession agreement indicates that these funds will be repaid with no interest monthly from the sales proceeds over a sixty month period. The principal is expected to be repaid as follow for the years ended December 31:

|      |                  |
|------|------------------|
| 2016 | \$ 46,313        |
| 2017 | 46,313           |
| 2018 | 28,403           |
|      | <u>\$121,029</u> |

Equipment Note Payable

The Society purchased a compact track loader under a four year note payable with interest at 0%. The debt is secured by the underlying equipment. The current balance of the equipment payable is \$24,610. The principal is expected to be repaid as follows for the years ended December 31:

|      |                  |
|------|------------------|
| 2016 | \$ 13,423        |
| 2017 | 11,187           |
|      | <u>\$ 24,610</u> |

**NOTE 5 – 403(B) RETIREMENT PLAN**

The employees of the Society may elect to contribute up to \$18,000 (\$24,000 if over 50) 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, 2015 was approximately \$31,000.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 – DONATED LAND**

The Society entered into a new land lease with Seminole County. The lease covers the existing property as well as an additional 15.74 acres to accommodate the growth of the Society. The term of the lease is 50 years and provides for rental payments of \$1 per year. 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 – ANNUAL LEAVE**

The Society provides its full time employees with annual leave time based on the number of years of employment. At December 31, 2015, the value of accrued accumulated vacation leave is estimated to be approximately \$38,000.

**NOTE 8 – 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 reduced. The Seminole County Tourist Development Council provides approximately 5% of the Society's revenue. Should this funding cease, the level of services provided by the Society may be affected.

At December 31, 2015, cash deposits were held at three financial institutions in Florida. An account at one institution was approximately \$600,000. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance Fund (NCUSIF) each up to \$250,000. Management believes the Society is not exposed to any significant credit risk on cash and cash equivalents. The Society has not experienced any losses of its cash and cash equivalents in the past.

**NOTE 9 – 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 that have been incurred for common objective and cannot be readily identified with a particular cost objective have been allocated to program services, fund raising, management, and general expenses.

**NOTE 10 – COMMITMENTS, CONTINGENCIES AND OTHER ITEMS**

The Society has a \$200,000 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 2016. Terms of repayment call for minimum monthly payments of interest at prime. At December 31, 2015 no amounts were drawn on the line of credit.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 10 – COMMITMENTS, CONTINGENCIES AND OTHER ITEMS – Continued**

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 discrimination suit. The Society believes the claim to have no merit, in the event that the claim is pursued by the individual the Society and its Council will vigorously defend against the potential claim. The ultimate effect of such claim cannot be ascertained at this time, no amounts have been reflected in the accompanying financial statements.

The Society entered into an employment agreement with its President/Chief Executive Officer for a three year term ending March 9, 2018. The agreement will automatically renew thereafter. The President/Chief Executive Officer or Society can terminate this agreement at any time, with appropriate written notice. If the agreement is terminated without cause by the Society, the President/Chief Executive Officer will receive six months of severance pay.

During 2013, The Society entered into a gift shop service agreement with a gift shop service company that expires at the end of the sixth year after a new gift shop is opened. Originally it was anticipated that a new gift shop would open in 2015 or 2016. At the current time the gift shop service agreement is being amended due to the delayed opening of the gift shop as the Society is contemplating a location change for the new gift shop and as such the new store will likely not be opened until 2016. The service company is currently managing the existing gift shop and is in charge of merchandising and supervising the Society's staff and volunteers in the store. The payment terms call for both fixed and variable fees that are based upon performance and are earned on a sliding scale.

The Society outsourced its food and beverage concession to a food and beverage company under an agreement that initially expires at July 31, 2018 with a five year extension option. The company will run all aspects of the concession and will pay the Society a percentage of the profits. In the event that operating expenses exceeds gross receipts the Society may be obligated to cover any potential shortfall.

The Society is leasing a facility (including property, improvements, breeding stock and equipment) in Lake County Florida which may ultimately allow for expansion of educational and other programs for the benefit of Lake County residents. The terms of the lease call for a \$1 annual rent plus responsibility for the maintenance, repairs, upkeep, staffing, and insurance of the facilities. In addition the Society is responsible for the care and the feeding of the animals. The annual cost to maintain the facilities will vary on an annual basis, but is expected to be approximately \$180,000 for 2016. At the end of the eight year term the facility (including property, improvements, breeding stock and equipment) will be sold to the Society for \$100.

Effective February 2016 the Society contracted with an outside advertising and marketing firm to provide services. The contract is open ended but requires a 90 day notice to terminate. The monthly fee is \$6,000, there could be additional fees for services rendered outside of the basic contract.



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**NOTE 11 – ENDOWMENT**

The Society established “The Central Florida Zoological Society Fund”, an endowment fund in conjunction with the Community Foundation of Central Florida, Inc. At December 31, 2015 the value of the Society’s portion of the endowment is approximately \$101,000, which has appreciated from its initial investment of \$80,000. The assets and related liabilities are not reflected in these financial statements, as they are controlled and directed by the Community Foundation of Central Florida, Inc. Distributions generated by this endowment are recorded as income when received. The Society’s purpose for this endowment was to establish a fund that would provide long-term support to further the goals and mission of the Society.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Society from time to time has transactions with affiliated parties. The Society purchased services from a business owned by a board member at a cost of approximately \$5,000. In addition, the mortgage referred to in Note 4 was made by a credit union whose officer is on the board of the Society.

## **SUPPLEMENTAL INFORMATION**

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.  
SCHEDULE OF EARNINGS BEFORE INTEREST,  
DEPRECIATION AND AMORTIZATION (EBIDA)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**SCHEDULE I**

|  |                                 |
|--|---------------------------------|
| <b>CHANGE IN NET ASSETS</b>  | <b>\$ 103,439</b>               |
| Interest expense   | 11,755                          |
| Depreciation   | <u>622,374</u>                  |
| <b>EARNINGS BEFORE INTEREST,<br/>DEPRECIATION AND AMORTIZATION (EBIDA)</b> | <b><u><u>\$ 737,568</u></u></b> |

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