

**CENTRAL FLORIDA
ZOOLOGICAL SOCIETY, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 AND 2018



Greene, Dycus & Co, PA

Certified Public Accountants

407-322-0561

www.gdccpa.net

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.

TABLE OF CONTENTS

Independent Auditors' Report.....	3
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets.....	6
Statements of Functional Expenses.....	8
Statements of Cash Flows.....	10
Notes to Financial Statements.....	11
SUPPLEMENTAL INFORMATION	
Schedules of Earnings Before Interest, Depreciation and Amortization (EBIDA)	27



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 for the years ended June 30, 2019 and 2018, and the related statements of activities, and cash flows for the years 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

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 the years then ended June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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
October 21, 2019

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

Assets:

	<u>2019</u>	<u>2018</u>
Cash & cash equivalents		
Unrestricted	\$ 669,054	\$ 144,133
Board/Management designated reserves	318,826	175,000
Restricted for capital improvement	134,491	50,000
Restricted for endowment	-	110,000
	<u>1,122,371</u>	<u>479,133</u>
Cash & cash equivalents - total		
Accounts receivable	14,384	116,620
Contribution receivable, net of unamortized discount of \$8,558,722 and \$8,822,341	3,281,978	3,290,559
Inventory	27,624	24,059
Prepaid expense and other assets	57,592	51,342
Botanical collection	43,338	43,338
Property, equipment and animals, net of accumulated depreciation	<u>8,678,647</u>	<u>8,561,651</u>
Total Assets	<u><u>\$ 13,225,934</u></u>	<u><u>\$ 12,566,702</u></u>

Liabilities and Net Assets:

Liabilities:

Accounts payable	\$ 157,386	\$ 188,543
Accrued salaries	35,271	26,934
Other liabilities	88,651	158,103
Unearned annual pass-holder fees	298,828	291,189
Equipment notes payable	431,270	70,615
Line of credit	50,958	-
Mortgage payable	<u>572,040</u>	<u>642,093</u>
Total Liabilities	<u>1,634,404</u>	<u>1,377,477</u>

Net Assets:

Without donor restrictions	8,175,061	7,738,666
With donor restrictions	<u>3,416,469</u>	<u>3,450,559</u>
Total Net Assets	<u>11,591,530</u>	<u>11,189,225</u>
Total Liabilities and Net Assets	<u><u>\$ 13,225,934</u></u>	<u><u>\$ 12,566,702</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 JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Gate receipts	\$ 2,682,109	\$ -	\$ 2,682,109
Guest services, net of cost of \$105,689	304,645	-	304,645
Educational programs	308,126	-	308,126
Seminole County Tourist Development Council	341,250	-	341,250
State and Local Government Grants	258,759	-	258,759
Contributions:			
Cash contributions	466,902	127,309	594,211
In kind	13,596	-	13,596
Pass-holder subscriptions	601,143	-	601,143
Promotional events, net of costs of \$134,256	161,818	-	161,818
Facilities rental fees, net of costs \$33,827	136,507	-	136,507
Net assets released from restrictions:			
Restrictions satisfied by payments	8,581	(8,581)	-
Investment earnings	2,636	-	2,636
Seminole Aerial Adventures	231,368	-	231,368
Train and carousel income	197,086	-	197,086
Other operating income	192,959	-	192,959
Amortization-discount on contribution receivable	278,360	-	278,360
Insurance proceeds	64,791	-	64,791
Total Revenues, Gains and Other Support	6,250,636	118,728	6,369,364
Expenses			
Program Services:			
Zoological park	2,788,662	-	2,788,662
Guest services	1,142,127	-	1,142,127
Education	715,576	-	715,576
OCIC	265,053	-	265,053
Total Program Services	4,911,418	-	4,911,418
Support Services:			
Management and general	639,626	-	639,626
Fund raising	263,197	-	263,197
Total Support Services	902,823	-	902,823
Total Expenses	5,814,241	-	5,814,241
Funding of Endowment at CFF	-	(152,818)	(152,818)
Change in net assets	436,395	(34,090)	402,305
Net Assets - Beginning of Year	7,738,666	3,450,559	11,189,225
Net Assets - End of Year	<u>\$ 8,175,061</u>	<u>\$ 3,416,469</u>	<u>\$ 11,591,530</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 JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Gate receipts	\$ 2,363,073		\$ 2,363,073
Guest services, net of cost of \$77,790	208,584		208,584
Educational programs	275,352		275,352
Seminole County Tourist Development Council	325,000		325,000
State and Local Government Grants	147,811		147,811
Contributions:			
Cash contributions	326,044	160,000	486,044
In kind	5,000		5,000
Pass-holder subscriptions	593,391		593,391
Promotional events, net of costs of \$74,375	124,534		124,534
Facilities rental fees, net of costs \$56,820	46,913		46,913
Net assets released from restrictions:			
Restrictions satisfied by payments	291,935	(291,935)	-
Investment earnings	240		240
Train and carousel income	163,348		163,348
Other contractual income	60,928		60,928
Amortization-discount on contribution receivable	264,268		264,268
Other	120,925		120,925
Total Revenues, Gains and Other Support	5,317,346	(131,935)	5,185,411
Expenses			
Program Services:			
Zoological park	2,521,256	-	2,521,256
Guest services	870,460	-	870,460
Education	673,200	-	673,200
OCIC	236,070	-	236,070
Total Program Services	4,300,986	-	4,300,986
Support Services:			
Management and general	552,920	-	552,920
Fund raising	373,560	-	373,560
Total Support Services	926,480	-	926,480
Total Expenses	5,227,466	-	5,227,466
Change in net assets	89,880	(131,935)	(42,055)
Net Assets - Beginning of Year	7,648,786	3,582,494	11,231,280
Net Assets - End of Year	<u>\$ 7,738,666</u>	<u>\$ 3,450,559</u>	<u>\$ 11,189,225</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 JUNE 30, 2019

	Program Service				Support Service				Total
	Zoological Park	Guest Services	Education	OCIC	Program Service Total	Manage- ment	Fund Raising	Support Service Total	
Compensation and benefits	\$ 1,257,100	\$ 550,164	\$ 507,443	\$ 162,352	\$ 2,477,059	\$ 291,399	\$ 169,021	\$ 460,420	\$ 2,937,479
Animal care	159,236	-	24,170	35,791	219,197	-	-	-	219,197
Advertising	588	20,781	18,744	3,239	43,352	-	15,136	15,136	58,488
Depreciation	425,806	141,246	20,377	4,218	591,647	5,100	-	5,100	596,747
Insurance	173,320	57,787	49,846	26,349	307,302	158,890	10,365	169,255	476,557
Supplies	49,464	24,022	16,566	9,173	99,225	17,867	7,179	25,046	124,271
Printing	19	9,740	14,421	29	24,209	545	3,192	3,737	27,946
Promotions-Web	-	11,901	8,532	-	20,433	-	8,532	8,532	28,965
Credit card fees	-	107,886	2,409	54	110,349	127	1,525	1,652	112,001
Rental	217,760	13,610	13,610	-	244,980	13,610	13,610	27,220	272,200
Repair	157,220	50,263	11,454	11,337	230,274	1,436	306	1,742	232,016
Utilities	94,781	45,472	4,965	9,063	154,281	13,877	1,958	15,835	170,116
Professional fees	-	2,028	-	-	2,028	25,148	-	25,148	27,176
Lobbying costs	-	-	-	-	-	-	27,180	27,180	27,180
Employee relations	15,204	7,422	6,817	1,241	30,684	8,995	2,157	11,152	41,836
Interest expense	-	5,447	925	-	6,372	37,625	-	37,625	43,997
Subcontractor fees	1,875	38,375	-	-	40,250	33,439	-	33,439	73,689
Loss on disposal of property, equipment and animals	192,464	-	-	-	192,464	-	-	-	192,464
Other	43,825	55,983	15,297	2,207	117,312	31,568	3,036	34,604	151,916
TOTALS	\$ 2,788,662	\$ 1,142,127	\$ 715,576	\$ 265,053	\$ 4,911,418	\$ 639,626	\$ 263,197	\$ 902,823	\$ 5,814,241

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Service				Support Service				Total
	Zoological Park	Guest Services	Education	OCIC	Program Service Total	Manage- ment	Fund Raising	Support Service Total	
Compensation and benefits	\$ 1,239,700	\$ 321,480	\$ 479,550	\$ 147,750	\$ 2,188,480	\$ 254,050	\$ 246,420	\$ 500,470	\$ 2,688,950
Animal care	147,580	-	15,180	34,410	197,170	-	-	-	197,170
Advertising	-	38,030	30,990	-	69,020	-	32,660	32,660	101,680
Depreciation	405,800	134,610	19,420	4,020	563,850	4,860	-	4,860	568,710
Insurance	179,150	21,800	29,960	20,030	250,940	140,860	11,860	152,720	403,660
Supplies	37,730	17,290	15,990	9,500	80,510	14,260	2,210	16,470	96,980
Printing	30	13,530	12,540	70	26,170	340	1,240	1,580	27,750
Promotions-Web	-	9,910	7,640	-	17,550	-	7,770	7,770	25,320
Credit card fees	-	70,970	6,400	-	77,370	4,300	280	4,580	81,950
Rental	217,760	13,610	13,610	-	244,980	13,610	13,610	27,220	272,200
Repair	134,330	30,410	13,190	6,710	184,640	1,730	810	2,540	187,180
Utilities	86,090	46,920	4,790	8,890	146,690	12,660	1,510	14,170	160,860
Professional fees	-	-	-	-	-	31,850	-	31,850	31,850
Lobbying costs	-	-	-	-	-	-	50,000	50,000	50,000
Employee relations	12,810	1,670	4,710	1,530	20,720	12,460	1,590	14,050	34,770
Interest expense	-	-	-	-	-	30,703	-	30,703	30,703
Subcontractor fees	9,420	101,630	-	-	111,050	-	-	-	111,050
Other	50,856	48,600	19,230	3,160	121,846	31,237	3,600	34,837	156,683
TOTALS	\$ 2,521,256	\$ 870,460	\$ 673,200	\$ 236,070	\$ 4,300,986	\$ 552,920	\$ 373,560	\$ 926,480	\$ 5,227,466

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

Cash Flows from Operating Activities:	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 402,305	\$ (42,055)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	596,747	568,711
Change in non cash contribution receivable	8,581	7,932
Loss on disposal of property and equipment	192,464	-
Changes in operating assets and liabilities:		
Accounts receivable	102,236	(114,495)
Inventory	(3,565)	(13,707)
Prepaid expenses and other assets	(6,250)	(15,964)
Accounts payable	(31,157)	(67,546)
Accrued salaries and payroll taxes	8,337	5,250
Other liabilities	(69,452)	(20,286)
Unearned annual pass-holder subscriptions	7,639	(12,841)
Net cash provided by operating activities	<u>1,207,885</u>	<u>294,999</u>
Cash Flows from Investing Activities:		
Net purchases of property equipment and animals	<u>(482,587)</u>	<u>(128,440)</u>
Net cash used by investing activities	(482,587)	(128,440)
Cash Flows from Financing Activities:		
Payment on equipment note payable	(62,965)	(39,712)
Payment on mortgage payable	(70,053)	(68,668)
Advance of line of credit, net	50,958	-
Net cash used by financing activities	<u>(82,060)</u>	<u>(108,380)</u>
Net change in cash	643,238	58,179
Cash and cash equivalents at Beginning of Year	<u>479,133</u>	<u>420,954</u>
Cash and cash equivalents at End of Year	<u>\$ 1,122,371</u>	<u>\$ 479,133</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 43,996</u>	<u>\$ 30,703</u>
NON CASH TRANSACTIONS:		
Fair market value of donated rent	<u>\$ 272,200</u>	<u>\$ 272,200</u>
Acquisition of equipment with debt	<u>\$ 423,620</u>	<u>\$ 74,436</u>

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

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 vision is to empower guests to respect, value and care for our natural resources, as the Society commits to contributing, globally to the conservation and preservation of wildlife and regionally as a resource in the Central Florida area and beyond. The Society provides innovative and creative solutions through collaboration, practices and partnerships and the continued growth and development of the zoological park will further enhance its attraction to visitors outside the local community enabling us to bring national and international attention to the importance and ongoing efforts of wildlife sustainability.

Our core values are Protect, Innovate, Engage and Empower. Protect – we passionately commit our expertise and resources to saving animals and to ensuring their long-term survival. Innovate – we strive to discover solutions through progressive practices and partnerships in education, conservation and preservation. Engage – we connect people with wildlife and wild places and create opportunities to inspire our guests to respect, value and care for the natural world. Empower – we give our guests, staff, volunteers and the communities we serve the knowledge and tools to take positive action for all species

The Society is a conservation resource providing experiences that excite and inspire children and adults to learn and act on behalf of wildlife and is committed to sharing our knowledge, engaging visitors, and celebrating our natural world. Conservation of animals is paramount; many endangered species entrusted to the zoo’s care may soon be extinct in the wild. Captive breeding programs may be their only hope for survival. Species Survival Plans (SSP), coordinated through the Association of Zoos & Aquariums, are attempting to maintain genetic diversity to ensure healthy, vigorous animals to reproduce now and in the future. Beyond this, SSPs participate in a variety of other cooperative conservation activities such as research, public education, re-introduction and field projects. The Society currently participates in 33 SSP programs.

The Society trains individuals to serve as volunteers in the education department as tour guides and zoo interpreters. In addition, many other individuals volunteer their time and effort on a variety of administrative, zoo events, and special projects related tasks. For the year ending June 30, 2019 approximately 250 volunteers donated approximately 27,500 hours of service.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 Orianne 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 buildings 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 whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

The financial statements are presented in accordance with Financial Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

The Society reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions result from revenues generated by receiving contributions that have no donor restrictions, providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Property, Equipment and Animals

Land, buildings and equipment with a cost in excess of \$5,000 and purchased animals are capitalized at the time of purchase. Contributed assets in excess of \$5,000 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 Annual Pass-Holder Subscriptions

Unearned pass-holder subscriptions are revenue from annual zoo pass sales and are amortized over the year term of the pass.

Inventories

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

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 docents. 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 the years ended June 30, 2019 and 2018 approximately 250 volunteers donated approximately 27,500 hours of service and approximately 240 volunteers donated approximately 26,000 hours of service, respectively.

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 2019 and 2018 was approximately \$13,500 and \$5,000. In addition, Wayne Densch, Inc. donated goods worth approximately \$30,000 for special events.

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.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

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.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program services and support services benefited. Such allocations are determined by management on an equitable basis.

Advertising Costs

Advertising costs are expensed as incurred. During the years ended June 30, 2019 and June 30, 2018 advertising charged to operations amounted to approximately \$58,000 and \$102,000, respectively.

Subsequent Events

The Society has evaluated subsequent events through October 21, 2019 the date which the financial statements were available to be issued.

Accounts Receivable

Accounts receivables consist of balances due for revenues generated for day to day operations but not collected as of the end of the accounting period. 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
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

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 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.

New accounting pronouncements

In August 2016, the Financial Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. The Agency has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Society's financial statements:

- The temporarily restricted and permanently restricted new asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The notes include a new disclosure about liquidity and availability of resources.
- Qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.
- Quantitative information and additional qualitative information as necessary, to communicate the availability of financial resources to meet cash needs for general expenditures within one year of the statement of financial position date.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

New accounting pronouncements - Continued

The changes have the following effect on net assets at June 30, 2019 and 2018.

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
<u>June 30, 2019:</u>		
Unrestricted net assets	\$ 8,175,061	\$ -
Restricted net assets	3,416,469	-
Net assets without donor restrictions:		
Board/management designated	-	318,826
Invested in property, equipment and animals, net of related debt	-	7,675,337
Undesignated	-	180,898
	-	8,175,061
Net assets with donor restrictions:		
Restricted related to contribution receivable	-	3,281,978
Restricted for Capital Improvements	-	134,491
	-	3,416,469
	<u>\$ 11,591,530</u>	<u>\$ 11,591,530</u>
<u>June 30, 2018:</u>		
Unrestricted net assets	\$ 7,738,666	\$ -
Restricted net assets	3,450,559	-
Net assets without donor restrictions:		
Board/management designated	-	175,000
Invested in property, equipment and animals net of related debt	-	7,848,943
Undesignated	-	(285,277)
	-	7,738,666
Net assets with donor restrictions:		
Restricted related to contribution receivable	-	3,290,559
Restricted for Capital Improvements	-	50,000
Restricted for endowments	-	110,000
	-	3,450,559
	<u>\$ 11,189,225</u>	<u>\$ 11,189,225</u>

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

NOTE 2 – CONTRIBUTION RECEIVABLE

In previous years, the Society entered into a land lease with Seminole County. The lease provides for the use of 96 acres of land for \$1 per year expiring in December 2062. The term of the lease is 50 years and provides for rental payments of \$1 per year. The fair value of the contribution of the leased property was estimated to be \$272,200 per year. As of June 30, 2019 the net present value of this balance is calculated to be \$3,281,978 (\$11,840,700 contribution receivable less \$8,558,722 unamortized discount on contribution receivable) and as of June 30, 2018 the net present value of this balance is calculated to be \$3,290,559 (\$12,112,900 contribution receivable less \$8,822,341 unamortized discount on contribution receivable) using an 8% interest rate, respectively. The amortization of the discount on contributions receivable is recognized as revenue annually as the discount is amortized.

NOTE 3 – PROPERTY, EQUIPMENT AND ANIMALS

Property, equipment and animals consist of:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land and improvements	\$ 1,019,908	\$ 879,959
Zoo buildings and grounds	5,913,689	5,472,605
Features and exhibits	5,869,202	5,818,384
Furniture, fixtures and equipment	815,801	1,093,621
Animals	469,772	469,772
Vehicles	188,503	114,883
Construction in progress	37,382	157,270
	<u>14,314,257</u>	<u>14,006,494</u>
Accumulated depreciation	<u>(5,635,610)</u>	<u>(5,444,843)</u>
	<u>\$ 8,678,647</u>	<u>\$ 8,561,651</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$596,747 and \$568,710, respectively.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019, and 2018 net assets with donor restrictions of \$134,491 and \$50,000 are restricted for capital improvements and \$3,281,978 and \$3,290,559 are restricted relative to the present fair value of the donated facilities from Seminole County, respectively.

As of June 30, 2018, net assets with donor restrictions of \$110,000 are in an endowment fund.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

NOTE 5 – DEBT

Line of Credit

The Society has a \$200,000 line of credit from a local financial institution that is collateralized by substantially all the Society’s assets. The line of credit is due on demand and matures November 2019. Terms of repayment call for minimum monthly payments of interest at prime. At June 30, 2019 and 2018 \$50,958 and \$0 were drawn on the line of credit, respectively.

Credit Cards

The Society has various business credit cards issued by various national financial institutions with a combined line of credit of approximately \$60,000 and interest rates ranging from 18% to 23%. The aggregate balances of these credit cards are \$28,000 as of June 30, 2019 and \$22,000 as of June 30, 2018, respectively and are unsecured.

Mortgage Payable

The Society obtained a \$770,745 mortgage from a financial institution to upgrade and improve the infrastructure of the facility. As of June 30, 2019, and June 30, 2018 the outstanding balance was \$572,040 and \$642,093, respectively. The debt is secured by the real property, tangible property, and substantially all other available assets. The new loan agreement requires monthly principal and interest payments of \$8,043 and a final balloon payment of approximately \$270,000 in March 2023. The principal is expected to be repaid as follows for the years ended June 30:

2020	\$ 81,152
2021	80,432
2022	83,865
2023	326,591
	\$ 572,040

The loan agreement requires that the Society maintain certain financial and non-financial covenants. The Society is in compliance with all applicable covenants at year end.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

NOTE 5 – DEBT – Continued

Equipment Note Payable

The society has several notes payable as follows:

Vehicle loan, payable in monthly installments of \$675, this loan has interest at 3.9%, is collateralized by the related vehicle final payment due June 2023.	\$ 30,355
Vehicle loan, payable in monthly installments of \$675, this loan has interest at 3.9%, is collateralized by the related vehicle final payment due June 2023.	30,346
Equipment loan, payable in monthly interest and principal installments of \$542 and is collateralized by the related equipment, final payment due August 2023.	54,487
Equipment loan, payable in monthly installments of \$5,637, this loan has interest at 5.0%, is collateralized by the related equipment, final payment due October 2024.	<u>316,082</u>
	431,270
Less current portion	<u>(84,603)</u>
Total long-term debt	<u><u>\$ 346,667</u></u>

The following are maturities of long-term debt for the year ended June 30:

2020	\$	84,603
2021		87,971
2022		91,505
2023		80,118
2024		64,758
2025		<u>22,315</u>
	\$	<u><u>431,270</u></u>

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 6 – DONOR-DESIGNATED ENDOWMENTS

The Society has net assets with donor restrictions held for endowment. The donor stipulated that the funds be held in perpetuity and the resulting income be utilized to cover operating expenses. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence of donor-imposed restrictions. The value of the endowment is \$0 as of June 30, 2019 and \$110,000 as of June 30, 2018. As further discussed in Note 13, the funds were distributed during April 2019 to a permanent endowment at the Community Foundation of Central Florida.

NOTE 7 – 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 years ended June 30, 2019 and 2018 was approximately \$31,000 and \$34,000, respectively.

NOTE 8 – ANNUAL LEAVE

The Society provides its regular full-time employees with annual leave time based on the number of years of employment. Employees may bank a maximum of 32 hours of unused paid time off toward the following anniversary year. The annual leave plan does not allow any amounts to be paid out in cash. Any such accrual is not material.

NOTE 9 – 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 6% of the Society's revenue. Should this funding cease, the level of services provided by the Society may be affected.

At June 30, 2019, cash deposits were held at three financial institutions in Florida. The collective account balances at one institution was approximately \$1,000,000. 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.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 10 – 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 11 – COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

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 in negotiations to terminate the contract.

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 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 \$250,000 for the next fiscal year. 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.

As of June 30, 2019, the Society committed to spend \$200,000 on the Program Animal Complex, \$55,000 on outdoor lighting project, \$20,000 a building exterior project, \$14,000 on a Tortoise project and \$100,000 on the Asian Lantern Festival.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Society from time to time has transactions with affiliated parties, which includes business owners and corporate employees. The Society purchased products and services from the affiliated parties at a cost of approximately \$423,000. These products and services include insurance premiums, electric utility services, credit card account usage and other minor items.

In addition, the mortgage referred to in Note 5 was made by a credit union whose officer is on the board of the Society. The Society also purchased insurance through agents or brokers that were Society board members.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018**

NOTE 13 – COMMUNITY FOUNDATION OF FLORIDA ENDOWMENT

The Society established “The Central Florida Zoological Society Fund”, an endowment fund in conjunction with the Community Foundation of Central Florida, Inc. At June 30, 2019 and June 30, 2018, the value of the Society’s portion of the endowment is approximately \$275,000 and \$110,000, which has appreciated from its initial investment of \$233,000, (\$153,000 in the current year and \$80,000 in prior years.) 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 14 – LOBBYING COSTS

The Society engaged a professional lobbyist to request \$2,000,000 of funding from the State of Florida to fund infrastructure enhancements, specifically to provide utilities, water and sewer services to the Zoo areas that do not have these services. The cost of this lobbying was approximately \$27,000 and \$50,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 15 – Liquidity and Availability of Financial Assets

The Society manages its liquid resources by focusing on maximizing its revenues where possible so that it has adequate revenue to cover the programs being conducted. The Society prepares detailed budgets and is very active in managing its expenses and cash flows to maximize liquidity. As discussed in note 5, the Society maintains a line of credit to assist in meeting cash needs if they experience a lag between the receipt of contributions and grants and the payments.

The Society’s goal is to maintain financial assets to meet 90 days of operating expenses which is approximately \$1,400,000.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 15 – Liquidity and Availability of Financial Assets – Continued

The following reflects the Society's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	June 30	
	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,122,371	\$ 479,133
Accounts receivable	14,384	116,620
Total Financial Assets at year end	1,136,755	595,753
Less those unavailable for general expenditures within one year, due to:		
Donor restricted for:		
PAC building	100,491	50,000
W/D exterior project	20,000	-
Tortoise project	14,000	-
	134,491	50,000
Endowment	-	110,000
Board/Management Designated for:		
DCA Funds	64,036	-
Lighting project	54,790	-
Asian Lantern	100,000	-
	218,826	-
Financial liabilities:		
Accounts payable and other current liabilities	157,386	188,543
Accrued salaries	25,713	26,934
Other liabilities	88,651	158,103
Line of credit	50,958	-
Current portion of debt	165,755	133,018
Total Financial Assets unavailable for use	488,463	506,598
Financial assets available to meet cash needs for general expenditure within one year	\$ 294,975	\$ (70,845)

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 16 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The updated standard will become effective for annual reporting periods beginning after December 15, 2018. The updated standard will become effective for the Society during fiscal year ending June 30, 2020.

In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (a) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into, after the beginning of the earliest comparative period presented in the financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2019. The updated standard will become effective for the Society during fiscal year ending June 30, 2021.

SUPPLEMENTAL INFORMATION

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
SCHEDULE OF EARNINGS BEFORE INTEREST,
DEPRECIATION AND AMORTIZATION (EBIDA)
FOR THE YEARS ENDED JUNE 30,**

SCHEDULE I

	2019	2018
CHANGE IN NET ASSETS	\$ 402,305	\$ (42,055)
Interest expense	43,997	30,703
Depreciation	596,747	568,710
EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION (EBIDA)	\$ 1,043,049	\$ 557,358

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