

**CENTRAL FLORIDA
ZOOLOGICAL SOCIETY, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

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

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We have audited the accompanying financial statements of the Central Florida Zoological Society, Inc. (the "Society"), a nonprofit organization, which comprise the statements of financial position for the year ended June 30, 2021 and 2020, 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. 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, 2021 and 2020, 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.

Erin Perdue CPA LLC

Orlando, Florida
November 17, 2021

The Central Florida Zoological Society, Inc.
Statements of Financial Position
June 30, 2021 and 2020

Assets	2021	2020
Cash & Cash Equivalents		
Unrestricted	\$ 2,254,586	\$ 959,849
Board designated reserves	1,108,304	106,991
Restricted for capital improvement	243,483	67,233
Cash & Cash Equivalents - total	3,606,373	1,134,073
Accounts receivable	4,558	15,606
Contribution receivable, net	3,263,466	3,273,446
Inventory	29,828	36,964
Prepaid and other assets	99,162	57,517
Botanical collection	43,338	43,338
Furniture and equipment, net	8,715,626	8,715,500
Total assets	<u>\$ 15,762,351</u>	<u>\$ 13,276,444</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 241,541	\$ 299,761
Accrued salaries	46,948	43,521
Deferred revenue	416,247	208,493
Equipment notes payable	286,465	365,529
Line of credit	-	46,924
Refundable advances - PPP	1,261,000	799,800
Mortgage payable	471,236	516,890
Total liabilities	<u>\$ 2,723,437</u>	<u>2,280,918</u>
Net assets-		
With donor restrictions	3,402,389	3,416,469
Without donor restrictions	9,636,525	7,579,057
Total net assets	<u>13,038,914</u>	<u>10,995,526</u>
Total liabilities and net assets	<u>\$ 15,762,351</u>	<u>\$ 13,276,444</u>

See accompanying notes to the financial statements

The Central Florida Zoological Society, Inc.
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Gate receipts	\$ 2,726,246	\$ -	\$ 2,726,246
Guest services, net of cost \$177,302	276,821	-	276,821
Educational programs	158,352	-	158,352
Seminole County Tourist Development Council	300,000	-	300,000
State and local grants	1,830,273	-	1,830,273
Contributions:			
Cash	553,971	-	553,971
In kind	78,781	-	78,781
Pass-holder subscriptions	539,675	-	539,675
Promotional events	137,188	-	137,188
Facilities rental fees	59,358	-	59,358
Investment earnings	5,640	-	5,640
Seminole aerial adventures	177,229	-	177,229
Train and carousel income	45,569	-	45,569
Other operating income	393,244	-	393,244
Amortization-discount on contribution receivable	262,220	-	262,220
Net assets released from restrictions	14,080	(14,080)	-
Total revenue	<u>7,558,647</u>	<u>(14,080)</u>	<u>7,544,567</u>
Expenses:			
Program services:			
Zoological park	2,440,519	-	2,440,519
Guest services	938,792	-	938,792
Education	568,701	-	568,701
OCIC	281,509	-	281,509
Total program services	<u>4,229,521</u>	<u>-</u>	<u>4,229,521</u>
Supporting services:			
Management and general	997,377	-	997,377
Fundraising	274,281	-	274,281
Total supporting services	<u>1,271,658</u>	<u>-</u>	<u>1,271,658</u>
Total expenses	<u>5,501,179</u>	<u>-</u>	<u>5,501,179</u>
Changes in net assets	2,057,468	(14,080)	2,043,388
Net assets, beginning of the year	<u>7,579,057</u>	<u>3,416,469</u>	<u>10,995,526</u>
Net assets, end of year	<u>\$ 9,636,525</u>	<u>\$ 3,402,389</u>	<u>\$ 13,038,914</u>

See accompanying notes to the financial statements

The Central Florida Zoological Society, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Gate receipts	\$ 1,868,188	\$ -	\$ 1,868,188
Guest services, net of cost \$95,400	109,312	-	109,312
Educational programs	246,717	-	246,717
Seminole County Tourist Development Council	479,250	-	479,250
Contributions:		-	-
Cash	337,264	-	337,264
In kind	12,347	-	12,347
Pass-holder subscriptions	562,288	-	562,288
Promotional events	890,483	-	890,483
Facilities rental fees	70,046	-	70,046
Investment earnings	17,726	-	17,726
Seminole Aerial Adventures	158,850	-	158,850
Train and carousel income	87,496	-	87,496
Other operating income	44,105	-	44,105
Amortization-discount on contribtuon receivable	263,668	-	263,668
Insurance proceeds	126,985	-	126,985
Total revenue	<u>5,274,725</u>	<u>-</u>	<u>5,274,725</u>
Expenses:			
Program services:			
Zoological park	2,670,484	-	2,670,484
Guest services	1,120,788	-	1,120,788
Education	664,071	-	664,071
OCIC	300,415	-	300,415
Total program services	<u>4,755,758</u>	<u>-</u>	<u>4,755,758</u>
Supporting services:			
Management and general	668,573	-	668,573
Fundraising	446,398	-	446,398
Total supporting services	<u>1,114,971</u>	<u>-</u>	<u>1,114,971</u>
Total expenses	<u>5,870,729</u>	<u>-</u>	<u>5,870,729</u>
Changes in net assets	(596,004)	-	(596,004)
Net assets, beginning of the year	<u>8,175,061</u>	<u>3,416,469</u>	<u>11,591,530</u>
Net assets, end of year	<u>\$ 7,579,057</u>	<u>\$ 3,416,469</u>	<u>\$ 10,995,526</u>

See accompanying notes to the financial statements

The Central Florida Zoological Society, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2021

	Program Services					Support Services			Grand Total
	Zoological Park	Guest Services	Education	OCIC	Total	Management and General	Fundraising	Total	
Compensation and benefits	\$ 1,314,943	\$ 452,132	\$ 391,538	\$ 166,296	\$ 2,324,909	\$ 238,381	\$ 157,146	\$ 395,527	\$ 2,720,436
Depreciation	440,954	146,271	21,102	4,368	612,695	5,281		5,281	617,976
Insurance	166,432	68,812	49,011	24,283	308,538	279,791	7,103	286,894	595,432
Rental	-	-	-	-	-	272,200		272,200	272,200
Animal care	161,580	8,635	2,267	52,421	224,903			-	224,903
Utilities	124,851	33,486	5,463	10,216	174,016	12,671	1,070	13,741	187,757
Supplies	60,425	15,131	27,001	11,828	114,385	40,201	9,628	49,829	164,214
Repair	115,681	4,938	12,931	7,443	140,993	4,153	986	5,139	146,132
Credit card fees	31	128,407	6,209	-	134,647	75	6,180	6,255	140,902
Other	38,362	27,266	6,929	3,182	75,739	54,894	7,568	62,462	138,201
Professional fees	-	10,800	8,100		18,900	80,629	8,100	88,729	107,629
Advertising	-	25,622	25,655	237	51,514	3,200	22,943	26,143	77,657
Event	-	-	-	-	-		48,229	48,229	48,229
Employee relations	17,260	9,025	6,926	1,045	34,256	5,063	833	5,896	40,152
Promotions - Web	-	4,350	3,263		7,613	391	3,263	3,654	11,267
Printing	-	3,917	2,306	190	6,413	447	1,232	1,679	8,092
Total Expenses	<u>\$ 2,440,519</u>	<u>\$ 938,792</u>	<u>\$ 568,701</u>	<u>\$ 281,509</u>	<u>\$ 4,229,521</u>	<u>\$ 997,377</u>	<u>\$ 274,281</u>	<u>\$ 1,271,658</u>	<u>\$ 5,501,179</u>

See accompanying notes to the financial statements

The Central Florida Zoological Society, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2020

	Program Services					Support Services			Grand Total
	Zoological Park	Guest Services	Education	OCIC	Total	Management and General	Fundraising	Total	
Compensation and benefits	\$ 1,267,320	\$ 564,214	\$ 498,861	\$ 175,083	\$ 2,505,478	\$ 289,067	\$ 187,776	\$ 476,843	\$ 2,982,321
Depreciation	434,876	144,255	20,811	4,308	604,250	5,208	-	5,208	609,458
Insurance	186,357	85,450	43,796	25,303	340,906	182,461	9,607	192,068	532,974
Rental	217,760	13,610	13,610	-	244,980	13,610	13,610	27,220	272,200
Other	40,762	116,354	11,313	4,466	172,895	60,346	33,368	93,714	266,609
Animal care	175,487	-	522	59,940	235,949	-	-	-	235,949
Repair	174,063	23,632	12,900	11,516	222,111	1,141	2,221	3,362	225,473
Utilities	119,545	38,336	4,577	8,845	171,303	14,692	1,811	16,503	187,806
Supplies	40,677	18,247	8,688	5,577	73,189	22,774	10,989	33,763	106,952
Credit card fees	57	78,141	10,145	-	88,343	490	16,795	17,285	105,628
Event expenses	121	-	-	-	121	-	75,926	75,926	76,047
Professional fees	-	5,000	-	-	5,000	65,155	-	65,155	70,155
Employee relations	13,459	3,569	5,994	887	23,909	13,591	1,306	14,897	38,806
Promotions - Web	-	11,144	8,472	-	19,616	-	10,080	10,080	29,696
Printing	-	4,190	9,996	-	14,186	25	2,635	2,660	16,846
Total Expenses	<u>\$ 2,670,484</u>	<u>\$ 1,120,788</u>	<u>\$ 664,071</u>	<u>\$ 300,415</u>	<u>\$ 4,755,758</u>	<u>\$ 668,573</u>	<u>\$ 446,398</u>	<u>\$ 1,114,971</u>	<u>\$ 5,870,729</u>

See accompanying notes to the financial statements

The Central Florida Zoological Society, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,043,388	\$ (596,004)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	617,976	609,458
Change in non cash contribution receivable	9,980	8,532
Changes in operating assets and liabilities:		
Accounts receivable	11,048	(1,222)
Inventory	7,136	(9,340)
Prepaid expenses and other assets	(41,645)	75
Accounts payable and other liabilities	(58,220)	53,724
Accrued salaries	3,427	8,250
Unearned annual pass-holder subscriptions	207,754	(90,335)
Refundable advance - PPP Proceeds	461,200	799,800
Net cash provided by operating activities	<u>3,262,044</u>	<u>782,938</u>
Cash flows from investing activities:		
Net purchases of property and equipment	(618,102)	(646,311)
Cash flows from financing activities:		
Payments on equipment note payable	(79,064)	(65,741)
Payment on mortgage payable	(45,654)	(55,150)
Advances on line of credit, net	(46,924)	(4,034)
Net cash used by financing activities	<u>(171,642)</u>	<u>(124,925)</u>
Increase in cash	<u>2,472,300</u>	<u>11,702</u>
CASH, beginning of year	<u>1,134,073</u>	<u>1,122,371</u>
CASH, end of year	<u>\$ 3,606,373</u>	<u>\$ 1,134,073</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 42,401</u>	<u>\$ 36,962</u>
NONCASH TRANSACTIONS		
Fair market value of donated rent	<u>\$ 272,200</u>	<u>\$ 272,200</u>

See accompanying notes to the financial statements

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

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.

Their core values are Protect, Innovate, Engage and Empower. Protect – they passionately commit their expertise and resources to saving animals and to ensuring their long-term survival. Innovate – they strive to discover solutions through progressive practices and partnerships in education, conservation and preservation. Engage – they connect people with wildlife and wild places and create opportunities to inspire their guests to respect, value and care for the natural world. Empower – they give their 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, 2021 approximately 181 volunteers donated approximately 9,903 hours of service.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020 approximately 181 volunteers donated approximately 9,903 hours of service and approximately 156 volunteers donated approximately 11,500 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 2021 and 2020 was approximately \$78,800 and \$12,300.

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, 2021 AND 2020

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, 2021 and June 30, 2020 advertising charged to operations amounted to approximately \$68,000 and \$114,000, respectively.

Subsequent Events

The Society has evaluated subsequent events through November 17, 2021, 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, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Refundable Advance – PPP Proceeds

In April 2020 the Company received proceeds in the amount of approximately \$639,900 and in March 2021 the Company received proceeds in the amount of approximately \$621,100, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Company has classified this loan as deferred revenue for accounting purposes. The Company recognized no income related to this agreement during the years ended June 30, 2021 and 2020, as no portion of the PPP Loan has met the performance barriers. As of June 30, 2021, the entire amount of the loans are presented on the balance sheet as Refundable Advance – PPP Proceeds. The SBA has not formally forgiven any portion of the Company's obligation under this PPP Loan as of June 30, 2021. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, the Company would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of 2 years with payments deferred for up to six months. Once payments commence, principal and interest payments will be required to be made through the maturity date. The first loan was forgiven on August 11, 2021. The second loan was forgiven on October 8, 2021.

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.
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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, 2021 the net present value of this balance is calculated to be \$3,263,466 (\$11,296,300 contribution receivable less \$8,032,834 unamortized discount on contribution receivable) and as of June 30, 2020 the net present value of this balance is calculated to be \$3,273,446 (\$11,568,500 contribution receivable less \$8,295,054 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:

	2021	2020
Land and Improvements	\$ 1,019,908	\$ 1,019,908
Zoo buildings and grounds	6,756,595	6,132,739
Features and exhibits	6,029,852	5,914,047
Furniture, fixtures and equipment	795,905	834,201
Animals	381,928	469,772
Vehicles	161,331	188,503
Construction in progress	197,457	403,811
	15,342,976	14,962,981
Less: accumulated depreciation	(6,627,350)	(6,247,481)
Total property and equipment	\$ 8,715,626	\$ 8,715,500

Depreciation expense for the years ended June 30, 2021 and 2020 was \$617,976 and \$609,458, respectively.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021, and 2020 net assets with donor restrictions of \$138,923 and \$143,023 are restricted for capital improvements and \$3,263,466 and \$3,273,446 are restricted relative to the present fair value of the donated facilities from Seminole County, respectively.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
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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 June 2021. Terms of repayment call for minimum monthly payments of interest at prime. At June 30, 2021 and 2020, \$0 and \$46,924 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 as of June 30, 2021 and 2020 were \$8,000 and \$33,000, 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, 2021, and June 30, 2020 the outstanding balance was \$471,236 and \$516,890, 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, 2022 is \$80,432 and June 30, 2023 is \$641,697.

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.
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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.	\$ 18,110
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.-	17,462
Equipment loan, payable in monthly interest and principal installments of \$542 and is collateralized by the related equipment, final payment due August 2023.	24,713
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>226,180</u>
Total long-term debt	<u>\$ 286,485</u>

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

2022	\$ 91,505
2023	80,198
2024	64,758
2025	<u>50,024</u>
	<u>\$ 286,485</u>

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
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NOTE 6 – 403(B) RETIREMENT PLAN

The employees of the Society may elect to contribute up to \$19,500 (\$25,000 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. The Plan discontinued the match on July 1, 2020. Retirement plan cost for the years ended June 30, 2021 and 2020 was approximately \$0 and \$39,000, respectively.

NOTE 7 – 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 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 3% of the Society's revenue. Should this funding cease, the level of services provided by the Society may be affected.

At June 30, 2021, cash deposits were held at three financial institutions in Florida. The collective account balances at one institution was approximately \$3,100,000. 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
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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 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.

NOTE 11 – 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 \$352,503. These products and services include insurance premiums and 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.

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NOTE 12 – 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, 2021 and June 30, 2020, the value of the Society’s portion of the endowment is approximately \$275,000 and \$275,000, which has appreciated from its initial investment of \$233,000, (\$0 in the current year and \$153,000 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 13- SEMINOLE COUNTY GRANT

On September 9, 2021, the Society received emergency grant money in the amount of \$1,550,000 provided by Seminole County through the CARES Act. The emergency grant funds are subject to certain restrictions on eligible expenses or uses.

NOTE 14 – LOBBYING COSTS

The Society engaged a professional lobbyist to request \$150,000 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 \$6,000 and \$37,000 for the years ended June 30, 2021 and 2020, 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 \$1,200,000.

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.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
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NOTE 15 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – Continued

	June 30	
	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$3,606,373	\$1,134,073
Accounts receivable	4,558	15,606
Total Financial Assets	3,610,931	1,149,679
Less those unavailable for general expenditures within one year, due to:		
Board/Management Designated for:		
Asian lantern	100,000	-
Miscellaneous	10,249	-
Cheetah boardwalk	200,000	
Qualdrax software	9,000	
Main entrance bridge	100,000	
Master plan	150,000	
Necropsy building	200,000	
Repairs	260,055	
PAC private encounters upgrade	4,000	-
Board general reserve	75,000	
Maintenance building	-	106,991
	1,108,304	106,991
Donor restricted:		
Train purchase and track repair	100,000	-
Aviary	75,000	-
Education programs	32,574	-
OCIC projects	28,732	-
Children's garden	7,177	-
PAC building	-	44,280
Otter filtration project	-	19,147
Tortoise project	-	3,806
	243,483	67,233
Current liabilities		
Accounts payable	241,541	299,761
Accrued salaries	46,948	43,521
Line of credit	-	46,924
Current portion of debt	171,937	169,123
	460,426	559,329
	\$ 1,798,718	\$ 416,126

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
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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. This Update requires entities to make new judgments and estimates and provide expanded disclosures about revenue. There were no significant changes relating to this standard.

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, 2021. The updated standard will become effective for the Society during fiscal year ending June 30, 2022.

SUPPLEMENTAL INFORMATION

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

SCHEDULE I

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS	\$ 2,043,388	\$ (596,004)
Interest expense	42,401	36,962
Depreciation	<u>617,976</u>	<u>609,458</u>
EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION (EBIDA)	<u><u>\$ 2,703,765</u></u>	<u><u>\$ 50,416</u></u>

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