

**CENTRAL FLORIDA
ZOOLOGICAL SOCIETY, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2012



Greene, Dycus & Co, PA

Certified Public Accountants

407-322-0561

www.gdccpa.net

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Central Florida Zoological Society, Inc. (the "Society"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

William T. Royster, CPA
Robert Kimelman, CPA
Thomas J. Frank, CPA

Jack I. Greene, CPA (Deceased)
James R. Dycus, CPA (Deceased)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Greene Dupuis & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
June 4, 2013

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

Assets:

Cash & cash equivalents - unrestricted	\$ 86,207
Cash & cash equivalents - designated for capital improvements	223,770
Accounts receivable	41,966
Inventory	37,331
Prepaid expense and other assets	27,340
Cash & cash equivalents - restricted for capital improvement	138,346
Botanical collection	35,707
Property, equipment and animals, net	<u>8,224,012</u>
 Total Assets	 <u><u>\$ 8,814,679</u></u>

Liabilities and Net Assets:

Liabilities:

Accounts payable	\$ 123,094
Accrued salaries	36,367
Other liabilities	54,629
Accrued compensated absences	41,627
Deferred revenue	<u>160,957</u>
 Total Liabilities	 <u>416,674</u>

Net Assets:

Unrestricted	8,259,659
Temporarily restricted	<u>138,346</u>
 Total Net Assets	 <u>8,398,005</u>
 Total Liabilities and Net Assets	 <u><u>\$ 8,814,679</u></u>

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support:			
Gate receipts	\$ 1,682,914	\$ -	\$ 1,682,914
Guest services, net of cost of \$274,398	282,417	-	282,417
Educational programs	198,578	-	198,578
Seminole County Tourist Development Council	225,000	-	225,000
State and Local Government Grants	30,387	-	30,387
Contributions:			
Cash contributions	93,516	138,346	231,862
In kind	27,488	-	27,488
Membership dues	383,177	-	383,177
Promotional events, net of costs of \$83,091	120,983	-	120,983
Facilities rental fees, net of costs \$26,755	33,392	-	33,392
Net assets released from restrictions:			
Restrictions satisfied by payments	65,000	(65,000)	-
Investment earnings	1,000	-	1,000
Train income	162,568	-	162,568
Other contractual income	93,021	-	93,021
Other	39,615	-	39,615
	<u>3,439,056</u>	<u>73,346</u>	<u>3,512,402</u>
Expenses			
Program Services:			
Zoological park	1,752,027	-	1,752,027
Guest services	963,691	-	963,691
Education	398,902	-	398,902
	<u>3,114,620</u>	<u>-</u>	<u>3,114,620</u>
Support Services:			
Management and general	244,913	-	244,913
Fund raising	92,046	-	92,046
	<u>336,959</u>	<u>-</u>	<u>336,959</u>
	<u>3,451,579</u>	<u>-</u>	<u>3,451,579</u>
Change in net assets	(12,523)	73,346	60,823
Net Assets - Beginning of Year	<u>8,272,182</u>	<u>65,000</u>	<u>8,337,182</u>
Net Assets - End of Year	<u>\$ 8,259,659</u>	<u>\$ 138,346</u>	<u>\$ 8,398,005</u>

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Zoological Park</u>	<u>Guest Services</u>	<u>Education</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation	\$ 865,836	\$ 550,250	\$ 305,406	\$ 162,385	\$ 74,849	\$ 1,958,726
Animal care	147,661	-	272	-	-	147,933
Advertising	25,648	42,746	11,340	-	4,912	84,646
Depreciation	337,112	55,764	-	-	-	392,876
Insurance	124,610	61,060	36,700	15,895	3,157	241,422
Supplies	31,830	91,054	11,792	16,405	3,782	154,863
Promotions-Web	6,002	10,002	2,001	-	1,000	19,005
Repair	109,420	15,664	282	675	16	126,057
Utilities	47,230	41,938	5,382	6,822	356	101,728
Professional fees	-	-	-	10,535	-	10,535
Other	56,678	95,213	25,727	32,196	3,974	213,788
TOTALS	<u>\$ 1,752,027</u>	<u>\$ 963,691</u>	<u>\$ 398,902</u>	<u>\$ 244,913</u>	<u>\$ 92,046</u>	<u>\$ 3,451,579</u>

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash Flows Used in Operating Activities:

Change in net assets	\$ 60,823
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	392,876
Donations of capital assets and animals	(27,488)
Changes in operating assets and liabilities:	
Accounts receivable	5,297
Inventory	(3,159)
Prepaid expenses and other assets	(3,049)
Accounts payable	7,503
Accrued salaries and payroll taxes	279
Other liabilities	(20,525)
Accrued compensated absences	(3,160)
Deferred income	(9,924)
Net cash provided by operating activities	<u>399,473</u>

Cash Flows from Investing Activities:

Purchase of capital assets and animals	<u>(362,799)</u>
Net cash used by investing activities	<u>(362,799)</u>
Net increase in cash	36,674

Cash at Beginning of Year	<u>411,649</u>
Cash at End of Year	<u>\$ 448,323</u>

Reconciliation to statement of financial position:

Cash & cash equivalents - unrestricted	\$ 86,207
Cash & cash equivalents - designated for capital improvement	223,770
Cash & cash equivalents - restricted for capital improvement	<u>138,346</u>

Cash at End of Year	<u>\$ 448,323</u>
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The accompanying notes are an integral part of these financial statements.

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 primarily funded by park admissions, concession and gift shop sales, and membership support. Additional funding is provided by Seminole County agencies and various grantors.

Financial Statement Presentation

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

Contributions

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

Deferred Revenue

Deferred revenue consists of unamortized membership dues.

Property, Equipment and Animals

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

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Promises to Give

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

Inventories

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

Botanical Collection

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

Donated Services and Materials

The Society trains individuals to serve as volunteer zoological park tour guides. These individuals would not be compensated as employees if this program were to be discontinued. The value of these services has not been recorded in the financial statements. In 2012 approximately 220 volunteers donated approximately 22,400 hours of service.

Other contributed services, materials, equipment and animals are recorded at their estimated fair value at time of receipt. The estimated fair value of these contributions for 2012 was approximately \$27,000.

Estimates

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

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

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

The Society files a federal income tax return and is no longer subject to U.S. federal income tax examination by tax authorities for years before 2009.

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

Cash and Cash Equivalents

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

Advertising Costs

Advertising costs are expensed as incurred. During the year ended December 31, 2012 advertising charged to operations amounted to approximately \$89,000.

Subsequent Events

The Organization has evaluated subsequent events through June 4, 2013, the date which the financial statements were available to be issued.

Accounts Receivable

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

**CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Impairment

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

Concentrations of Credit and Market risk

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

NOTE 2 – PROPERTY, EQUIPMENT AND ANIMALS

Property, equipment and animals as of December 31, 2012 consist of:

Land	\$	137,692
Zoo & park buildings		9,406,422
Features and exhibits		1,217,719
Equipment		448,172
Animals		181,624
Vehicles		93,594
Construction in progress		809,190
		<u>12,294,413</u>
Accumulated depreciation		<u>(4,070,401)</u>
	<u>\$</u>	<u>8,224,012</u>

Depreciation expense for the year was \$392,876.

NOTE 3 – TEMPORARILY RESTRICTED SUPPORT

Temporarily restricted net assets of \$138,346 are restricted for capital improvements exclusively.

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 – 403(B) RETIREMENT PLAN

The employees of the Society may elect to contribute up to \$17,000, in general, to a tax sheltered annuity plan, IRS Code Section 403(b). Under the plan's salary deferral feature eligible employees can defer a portion of their compensation. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. Employees over twenty-one (21) years of age and who have completed one (1) year of service are eligible to participate in the deferral, and are also eligible for a matching contribution of up to 3% of their annual salary. Retirement plan cost for the year ended December 31, 2012 was approximately \$34,000.

NOTE 5 – ANNUAL LEAVE

The Society provides its full time employees with annual leave time based on the number of years of employment. At December 31, 2012, the value of accrued accumulated vacation leave is estimated to be approximately \$42,000.

NOTE 6 – DONATED LAND

The Society entered into a new land lease with Seminole County. The lease covers the existing property as well as an additional 15.74 acres to accommodate the growth of the Society. The term of the lease is 50 years and provides for rental payments of \$1 per year. The fair market lease value of the use of this land has not been determined, nor has any value been reflected in the financial statements

NOTE 7 – CONCENTRATIONS OF RISK

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

At December 31, 2012, cash on deposit with one commercial bank in Florida was approximately \$400,000. Cash and cash equivalents also include an approximately \$300,000 in a money market account. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

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

CENTRAL FLORIDA ZOOLOGICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Society has a \$100,000 line of credit from a local financial institution that is collateralized by the Society's assets. The line of credit is due on demand, and expires in 2013. Terms of repayment call for minimum monthly payments of interest at prime. At December 31, 2012 no amounts were drawn on the line of credit.

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

Subsequent to year end, the Society has entered into a "Letter of Agreement" with a consultant to provide planning assistance with respect to a capital campaign related to the "Proposed African Safari Park". The Society has committed to pay a fee of approximately \$40,000 (plus out of pocket expenses) for these consulting services.

NOTE 10 – ENDOWMENT

In previous years "The Central Florida Zoological Society Fund", an endowment fund, had been established by the Society in conjunction with the Community Foundation of Central Florida, Inc. At December 31, 2012 the value of the Society's portion of the endowment is approximately \$32,000 which has appreciated from its initial investment of \$10,000 funded in 1999. 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 11 – RELATED PARTY TRANSACTIONS

The Society from time to time has transactions with affiliated parties. During 2012 the Society received services from a board member (for a portion of the year) for landscaping services, which amounted to \$2,950 a month or \$35,400 for the year.

During the current year, the Society's CEO was appointed to a 4 year term on the Seminole County Tourism Development Council (TDC). The Board of the TDC is appointed by the Seminole County, Board of County Commissioners. The Seminole County, Board of County Commissioners approved TDC funding for the Society in the amount of \$225,000 for 2012.