

UTICA ZOOLOGICAL SOCIETY, INC.

UTICA, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2021

**INDEPENDENT AUDITOR'S REPORT**

May 23, 2022

To the Board of Directors  
of Utica Zoological Society, Inc.

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Utica Zoological Society, Inc. (a non-profit corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Utica Zoological Society, Inc. as of December 31, 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.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Utica Zoological Society, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Utica Zoological Society, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Utica Zoological Society, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Utica Zoological Society, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Fitzgerald, DePietro & Wojnas CPAs PC*

FITZGERALD, DEPIETRO & WOJNAS, CPAs, P.C.

STATEMENTS OF FINANCIAL POSITIONDECEMBER 31,ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 740,963	\$ 189,717
Accounts and Grants Receivable	202,383	209,018
Investments	11,825	10,433
Inventory - Gift Shop	52,935	26,412
Prepaid Expenses	33,356	39,757
Total Current Assets	<u>1,041,462</u>	<u>475,337</u>
Property and Equipment:		
Land	265,000	265,000
Buildings	1,445	155,000
Improvements - Buildings and Exhibits	4,921,221	4,483,495
Vehicles and Equipment	229,267	214,698
Furniture and Technology Equipment	212,554	168,994
	<u>5,629,487</u>	<u>5,287,187</u>
Less: Accumulated Depreciation	2,611,126	2,401,672
Net Property and Equipment	<u>3,018,361</u>	<u>2,885,515</u>
 TOTAL ASSETS	 <u>\$ 4,059,823</u>	 <u>\$ 3,360,852</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 44,687	\$ 57,322
Accrued Expenses	142,327	211,393
Capital Lease	6,833	-
Deferred Revenue	2,295	8,350
Total Current Liabilities	<u>196,142</u>	<u>277,065</u>
Net Assets:		
Without Donor Restrictions	3,225,858	2,530,381
With Donor Restrictions	637,823	553,406
Total Net Assets	<u>3,863,681</u>	<u>3,083,787</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,059,823</u>	 <u>\$ 3,360,852</u>

STATEMENTS OF ACTIVITIESFOR THE YEAR ENDED DECEMBER 31,

	Without Donor Restrictions	With Donor Restrictions	<u>2021</u>	<u>2020</u>
<u>REVENUES AND OTHER SUPPORT:</u>				
Contributions and Bequests	\$ 392,021	\$ 200,441	\$ 592,462	\$ 700,052
Donated Materials and Services	29,608	-	29,608	29,307
Grants - County	300,000	-	300,000	300,000
Grants - Other	661,600	-	661,600	313,515
Admissions Charges	466,032	-	466,032	208,134
Membership Dues	140,227	-	140,227	111,132
Gift Shop and Concession Sales	390,959	-	390,959	148,858
Lease and Rental Income	31,509	-	31,509	11,890
Fundraising	174,393	-	174,393	62,637
Investment Income (Loss)	1,457	859	2,316	1,945
Management Income	28,000	-	28,000	28,000
Miscellaneous	37,467	-	37,467	22,614
Program Income	111,113	-	111,113	66,781
Net Assets Released From Restrictions	116,883	(116,883)	-	-
Total Revenues and Other Support	<u>2,881,269</u>	<u>84,417</u>	<u>2,965,686</u>	<u>2,004,865</u>
<u>EXPENSES:</u>				
Program Services	1,601,401	-	1,601,401	1,390,774
General and Administrative	434,897	-	434,897	380,381
Fundraising	149,494	-	149,494	121,986
Total Expenses	<u>2,185,792</u>	<u>-</u>	<u>2,185,792</u>	<u>1,893,141</u>
Change in Net Assets	695,477	84,417	779,894	111,724
Net Assets, Beginning of Year	<u>2,530,381</u>	<u>553,406</u>	<u>3,083,787</u>	<u>2,972,063</u>
Net Assets, End of Year	<u>\$ 3,225,858</u>	<u>\$ 637,823</u>	<u>\$ 3,863,681</u>	<u>\$ 3,083,787</u>

STATEMENTS OF FUNCTIONAL EXPENSESFOR THE YEAR ENDED DECEMBER 31,

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total 2021</u>	<u>Total 2020</u>
Expenses:					
Salaries	\$ 743,467	\$ 188,287	\$ 41,927	\$ 973,681	\$ 974,775
Payroll Taxes	71,383	19,607	3,395	94,385	79,744
Employee Benefits	72,357	42,543	15,371	130,271	95,586
Advertising and Public Relations	2,671	12,194	18,537	33,402	17,219
Animal Feed and Freight	103,825	-	-	103,825	119,336
Animal Supplies and Equipment	17,749	-	-	17,749	5,958
Compensation and Disability	12,140	2,065	375	14,580	24,562
Computer Supplies and Service	1,055	27,981	-	29,036	25,771
Depreciation Expense	207,577	1,877	-	209,454	191,435
Education and Art	1,129	894	-	2,023	1,254
Finance Charges and Fees	602	23,427	2,612	26,641	13,985
Insurance	5,621	34,273	-	39,894	35,468
Interest Expense	-	140	-	140	5,089
Legal and Professional	290	8,385	-	8,675	9,163
Mailing and Postage	377	3,719	14	4,110	3,891
Meetings and Travel	1,502	2,757	769	5,028	1,632
Office Supplies and Expense	17,902	23,628	35,472	77,002	35,232
Outside Services	1,800	6,900	22,237	30,937	3,804
Payroll Service Charges	-	6,510	-	6,510	5,989
Prof. Dues and Subscriptions	5,168	17,434	7,014	29,616	15,157
Purchases - Gift Shop	143,106	-	-	143,106	55,587
Purchases - Ice Cream Cart	5,999	-	-	5,999	-
Repairs and Maintenance	51,911	170	-	52,081	31,730
Security Expense	2,513	-	1,316	3,829	851
Special Auxiliary Activity Expense	2,042	-	-	2,042	-
Telephone	6,821	1,088	455	8,364	8,606
Utilities	62,516	-	-	62,516	56,655
Vehicle Expense	13,742	11,018	-	24,760	35,058
Veterinary Expenses	46,136	-	-	46,136	39,604
	<u>\$ 1,601,401</u>	<u>\$ 434,897</u>	<u>\$ 149,494</u>	<u>\$ 2,185,792</u>	<u>\$ 1,893,141</u>

STATEMENTS OF CASH FLOWSFOR THE YEAR ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 779,894	\$ 111,724
Adjustments to Reconcile Change In Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	209,454	191,435
Unrealized Gain on Investment Value	(829)	(846)
(Increase) Decrease in:		
Accounts Receivable	6,635	108,203
Inventory	(26,523)	4,615
Prepaid Expenses	6,401	7,976
Increase (Decrease) in:		
Accounts Payable	(12,635)	(238,290)
Accrued Expenses	(69,066)	62,593
Capital Lease	6,833	-
Deferred Revenue	(6,055)	(9,495)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>894,109</u>	<u>237,915</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(342,300)	(216,914)
Purchase of Securities	(563)	(9,586)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(342,863)</u>	<u>(226,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments from Bank Notes	-	(199,000)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>(199,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	551,246	(187,585)
Cash and Cash Equivalents - Beginning of Year	<u>189,717</u>	<u>377,302</u>
Cash and Cash Equivalents - End of Year	<u>\$ 740,963</u>	<u>\$ 189,717</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid During the Year for Interest	<u>\$ 140</u>	<u>\$ 5,089</u>

NOTE 1 - Summary of Significant Accounting Policies:(A) Nature of Operations

The mission of the Utica Zoological Society, Inc. (Zoo) is to provide recreational, scientific and educational benefits to the general public through the use of various animal collections and exhibits. The Zoo is supported primarily by general admission fees, memberships, donor contributions and grants.

(B) Basis of Presentation

The financial statements of the Zoo have been prepared on the accrual basis of accounting in conformity with U.S. generally accepting accounting principles (GAAP). Under those principles, the Zoo is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives and mission of the Zoo. These assets may be used at the discretion of the Zoo's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Zoo or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. All restricted net assets received and released from restriction in the same year are presented together as unrestricted on the statements of activities.

The Zoo had net assets with donor restrictions of \$637,823 and \$553,406 and net assets without donor restrictions of \$3,225,858 and \$2,530,381 as of December 31, 2021 and 2020, respectively. None of the net assets had any board designations.

(C) Tax Status

The Zoo previously received notice that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Zoo continues to qualify for that exemption. In most circumstances this position would be open to Internal Revenue Service audit for 2019 and subsequent years.

(D) Cash

The Zoo considers all bank accounts and investment money market funds available for current use with an initial maturity of three months or less to be cash equivalents.



NOTE 1 - Summary of Significant Accounting Policies (Continued):(E) Bad Debts

Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable at the end of the year. At December 31, 2021 and 2020, there was no allowance for bad debts as management expects all outstanding accounts receivable to be fully collectible.

(F) Revenue Recognition

The Zoo reports revenue under Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-For-Profit Entities: Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2014-09 establishes a contract and control-based revenue recognition model, determines the basis for deciding whether revenue is recognized over time or at a point in time, and prescribes revenue-related disclosures.

ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a transaction is conditional.

The Zoo earns revenue from a variety of sources, as presented in detail on the Statement of Activities. Whether the Zoo bears performance obligations in relation to each of these revenues varies by its source.

For admission revenues, the Zoo is obligated to provide attendees with viewing access to the Zoo's animal exhibits and other displays during its ordinary opening hours. Admission fee revenue is recognized at the time attendees visit the zoo.

The Zoo also earns revenue through gift shop and concession sales and miscellaneous programs and accommodations which it provides to guests. These revenues are based on the Zoo's posted or agreed-upon prices and are recognized when the product or service is transferred to the purchaser.

The Zoo earns management income from property management contracts. Contract income is recognized ratably over the life of the contract.

Contract Balances and Unearned Revenue

Revenues and other support for which the Zoo has completed all performance obligations but not yet received funds are recorded as accounts or grants receivable.

At times, the Zoo receives payment in advance. Amounts received with conditions or performance obligations which must be met before the Zoo is entitled to them are recorded as deferred revenues until the conditions or obligations are satisfied. Amounts received which do not carry performance obligations but are restricted as to their allowable use are recorded as net assets with donor restrictions.

NOTE 1 - Summary of Significant Accounting Policies (Continued):(F) Revenue Recognition (Continued)Significant Judgments

Since contribution and grant amounts are determined in advance by the donor, and product and service prices are determined in advance by the Zoo, there are no significant judgments in the amount of revenue to be recorded. Since revenue is not recognized until all obligations are completed, there are no significant judgments in the timing of revenue recording.

(G) Inventory

Gift shop inventory is stated at the lower of cost or market determined on a first-in first-out basis.

(H) Property and Equipment

Property and equipment is recorded at cost (or fair value if donated) and is being depreciated by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Life (In Years)</u>
Improvements – Buildings and Exhibits	10 – 40
Vehicles, Equipment, Furniture and Fixtures	5 – 7

Included in Improvements – Buildings and Exhibits is approximately \$295,000 of costs associated with various exhibits and infrastructure of the Zoo. These projects have not been completed as of December 31, 2021 and therefore, no depreciation has been recorded on these costs.

Repairs and maintenance expenditures which do not increase the useful lives of the assets are charged to operations as incurred. It is the Zoo's policy to capitalize all property and equipment with cost in excess of \$1,000 and a useful life greater than one year.

(I) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and certain disclosures as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(J) Collections

Expenditures related to animal and horticulture acquisitions are expensed in the period of acquisition. Similarly, contributions of items deemed to be collections are recorded in the period received if a value can be ascertained.

At times, the Zoo shares animals with other Zoos. The Zoo does not record an asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2021NOTE 1 - Summary of Significant Accounting Policies (Continued):(K) Advertising Costs

The Zoo expenses these costs as they are incurred. Advertising costs for the year ended December 31, 2021 and 2020 were \$33,402 and \$17,219, respectively.

(L) Deferred Revenue

At December 31, 2021 and 2020, this liability is for the unearned portion of revenue received for tours of the red panda exhibit, which was not completed at that time.

(M) Functional Expenses

The Statements of Functional Expenses present costs of providing program services, management and general expenses and fund raising expenses by function and natural classification. Accordingly, certain costs have been allocated among the program and supporting services based on determinations made primarily by the Zoo's management.

(N) Reclassifications

Certain prior year amounts have been reclassified in order to provide a more meaningful presentation.

NOTE 2 - Line of Credit and Notes Payable

The Zoo has a line of credit available through a bank. The line has a borrowing limit of \$250,000, with an interest rate of prime plus 1%. This line of credit is unsecured. At December 31, 2021 there was no balance on this line.

NOTE 3 - Net Assets with Donor Restrictions:

Total Net Assets with Donor Restrictions were \$637,823 and \$553,406 at December 31, 2021 and 2020, respectively.

Net assets with temporary donor restrictions were available at December 31, for the following purposes:

	<u>2021</u>	<u>2020</u>
African Village	\$ -	\$ 10,000
Eagle and Owl Exhibit	-	25,000
Fencing	6,246	30,000
Lion	10,000	-
Otter	35,000	-
Painted Dog	6,433	6,433
Playground	-	2,186
Red Panda	129,922	35,967
Rhino	20,395	20,292
Other Purposes	<u>9,827</u>	<u>3,528</u>
	<u>217,823</u>	<u>133,406</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2021NOTE 3 – Net Assets with Donor Restrictions (Continued):

At December 31, 2021 and 2020, the Zoo did have an appropriate amount of cash and cash equivalents necessary to comply with the donor imposed restrictions noted above.

Net assets invested in real property with permanent donor restrictions were available at December 31, for the following purpose:

	<u>2021</u>	<u>2020</u>
Beaversprite Wildlife Preserve	<u>420,000</u>	<u>420,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 637,823</u>	<u>\$ 553,406</u>

NOTE 4 – Concentrations of Credit Risk:

Financial instruments which potentially subject the Zoo to concentrations of credit risk consist principally of cash. At times during the year deposits in some bank accounts exceeded federally insured limits.

Approximately 30% of the Zoo's funding comes from a county subsidy and grant funding. The loss of this funding could have a significant impact on the operations of the Zoo. The Zoo extends credit to its customers, substantially all of whom are located within its market area.

NOTE 5 – Retirement Plan:

The Zoo maintains a SIMPLE retirement plan for its employees. The plan covers all employees who meet certain eligibility requirements and desire to participate. Generally, employees can defer portions of their gross pay, not to exceed Internal Revenue Code limits. The Zoo contributes 2% of compensation for eligible employees. Plan expense was approximately \$15,000 for the years ended December 31, 2021 and 2020. This cost is included as a component of employee benefits.

NOTE 6 – Compensated Absences:

Employees of the Zoo are entitled to paid vacation and sick leave depending on length of service and other factors. Accrued leave was approximately \$100,000 and \$137,000 at December 31, 2021 and 2020, respectively.

NOTE 7 – Legal Proceedings:

In the ordinary course of business, the Zoo engages legal counsel to defend it against actions whether asserted or anticipated as management judges necessary in the circumstances. Management does not believe that there are any current actions that would be required to be disclosed in these financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2021NOTE 8 – Liquidity and Availability of Resources:

The following represents the Zoo's financial assets at December 31:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 740,963	\$ 189,717
Accounts and Grants Receivable	202,383	209,018
Investments	<u>11,825</u>	<u>10,433</u>
Total Financial Assets	<u>955,171</u>	<u>409,168</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	217,823	133,406
Less: Net Assets with Purpose Restrictions To Be Met in Less Than A Year	<u>(217,823)</u>	<u>(133,406)</u>
	<u>-</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 955,171</u>	<u>\$ 409,168</u>

The Zoo's goal is to maintain sufficient cash that is readily available for general expenditures. The Zoo's ability to meet its cash needs is further dependent on timely collection of its accounts and grants receivable. The Zoo's accounts and grants receivable are due primarily from government funders and organizations. The Zoo has procedures designed to collect from these payers as quickly as possible. However, timeliness of payment from these payers varies and is difficult to predict.

As more fully described in Note 2, the Zoo has a line-of-credit in amount of \$250,000. This line was available for use as of December 31, 2021.

Also, the Zoo has opened a \$1.25 million line of credit in January 2022 to satisfy a grant expenditure requirement.

NOTE 9 - Government Grants:

In light of the economic uncertainty related to COVID-19, the Zoo was granted two loans of \$229,830 each under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the Federal government. The Zoo initially recorded the loans as refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Zoo has recognized the full amount of the second loan as Grant Revenue for the year ended December 31, 2021, as it is estimated to be fully forgiven. The first loan was recognized as income in 2020 and received forgiveness in 2021.

NOTE 10 – Subsequent Events:

In 2020 and each of the four preceding years, the Zoo recorded approximately \$75,000 grant revenue from a five-year Zoos, Botanical Gardens and Aquariums Grant administered by the New York State Parks, Recreation and Historical Development Agency. This grant expired at the close of New York State's 2020 fiscal year, and the Zoo recorded no revenue from this grant during 2021. In February 2022, the Agency awarded the Zoo a new five-year ZBGA grant of approximately \$80,000 on an annual basis.

NOTE 10 – Subsequent Events (Continued):

In January 2022, the City of Utica awarded the Zoo a \$2 million grant to reimburse costs from the construction of a new Welcome Center.

In April 2022, the Zoo opened a \$1.25 million line of credit to ensure that funds will be available to satisfy all grant expenditure requirements.

NOTE 11 - COVID - 19

The Zoo expects that the economic uncertainties resulting from the COVID-19 pandemic will continue and will impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.