

The Toledo Zoological Society

Years Ended  
December 31,  
2021 and 2020

Consolidated  
Financial Statements  
and  
Supplementary  
Information

**Rehmann**

# THE TOLEDO ZOOLOGICAL SOCIETY

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## INDEPENDENT AUDITORS' REPORT

May 4, 2022

Board of Directors  
The Toledo Zoological Society  
Toledo, Ohio

### ***Opinion***

We have audited the accompanying consolidated financial statements of ***The Toledo Zoological Society*** (the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ***The Toledo Zoological Society*** as of December 31, 2021 and 2020, and the consolidated changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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



In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Consolidated Statements of Financial Position

|   | ASSETS                       |                              |
|---|------------------------------|------------------------------|
|   | December 31                  |                              |
|   | 2021                         | 2020                         |
| <b>Assets</b>                                   |                              |                              |
| Cash and cash equivalents                       | \$ 9,063,958                 | \$ 6,972,921                 |
| Contributions receivable                        | -                            | 923,076                      |
| Accounts receivable                             | 493,662                      | 391,961                      |
| Levy receivable                                 | 10,000                       | 717,166                      |
| Inventory                                       | 387,584                      | 331,268                      |
| Prepaid expenses and deposits                   | 395,261                      | 435,241                      |
| Investment securities                           | 29,524,985                   | 23,534,713                   |
| Beneficial interest in perpetual trusts         | 1,028,536                    | 969,155                      |
| <br>  |                              |                              |
| Property and equipment                          |                              |                              |
| Land and improvements                           | 19,097,037                   | 17,147,713                   |
| Buildings and structures                        | 210,423,439                  | 210,181,172                  |
| Equipment                                       | 12,791,363                   | 12,176,280                   |
| Construction in progress                        | 2,699,724                    | 1,563,138                    |
|   | <u>245,011,563</u>           | <u>241,068,303</u>           |
| Less accumulated depreciation                   | <u>105,603,989</u>           | <u>98,152,496</u>            |
| <br>  |                              |                              |
| Net property and equipment                      | <u>139,407,574</u>           | <u>142,915,807</u>           |
| <br>  |                              |                              |
| <b>Total assets</b>                             | <b><u>\$ 180,311,560</u></b> | <b><u>\$ 177,191,308</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>               |                              |                              |
| <b>Liabilities</b>                              |                              |                              |
| Bank revolving note payable                     | \$ -                         | \$ 7,250,000                 |
| Accounts payable                                | 1,880,137                    | 1,395,973                    |
| Accrued payroll, vacation pay and payroll taxes | 800,095                      | 357,151                      |
| Deferred membership                             | 1,741,777                    | 1,334,871                    |
| Deferred revenue                                | 606,508                      | 820,313                      |
|   | <u>5,028,517</u>             | <u>11,158,308</u>            |
| <b>Total liabilities</b>                        | <b><u>5,028,517</u></b>      | <b><u>11,158,308</u></b>     |
| <br>  |                              |                              |
| Commitments (Note 12)                           |                              |                              |
| <br>  |                              |                              |
| <b>Net assets</b>                               |                              |                              |
| Without donor restrictions                      | 163,460,901                  | 154,553,922                  |
| With donor restrictions                         | 11,822,142                   | 11,479,078                   |
|   | <u>175,283,043</u>           | <u>166,033,000</u>           |
| <b>Total net assets</b>                         | <b><u>175,283,043</u></b>    | <b><u>166,033,000</u></b>    |
| <br>  |                              |                              |
| <b>Total liabilities and net assets</b>         | <b><u>\$ 180,311,560</u></b> | <b><u>\$ 177,191,308</u></b> |

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

**THE TOLEDO ZOOLOGICAL SOCIETY**

**Consolidated Statements of Activities**

|  | Year Ended December 31     |                         |                       |                            |                         |                       |
|--|----------------------------|-------------------------|-----------------------|----------------------------|-------------------------|-----------------------|
|  | 2021                       |                         |                       | 2020                       |                         |                       |
|  | Without Donor Restrictions | With Donor Restrictions | Total                 | Without Donor Restrictions | With Donor Restrictions | Total                 |
| <b>Revenues, gains and other support</b>       |                            |                         |                       |                            |                         |                       |
| Tax levies                                     | \$ 12,761,107              | \$ -                    | \$ 12,761,107         | \$ 12,784,446              | \$ -                    | \$ 12,784,446         |
| Park operations                                | 8,466,230                  | -                       | 8,466,230             | 3,890,107                  | -                       | 3,890,107             |
| Admissions                                     | 6,495,758                  | -                       | 6,495,758             | 3,614,435                  | -                       | 3,614,435             |
| Memberships                                    | 7,963,865                  | -                       | 7,963,865             | 4,942,955                  | -                       | 4,942,955             |
| Special events and programs                    | 942,097                    | -                       | 942,097               | 428,778                    | -                       | 428,778               |
| Zoo pals                                       | 151,362                    | -                       | 151,362               | 145,150                    | -                       | 145,150               |
| Investment return, net of fees                 | 2,076,960                  | 1,503,404               | 3,580,364             | 1,864,554                  | 1,231,015               | 3,095,569             |
| Contributions and bequests                     | 3,094,596                  | 954,715                 | 4,049,311             | 1,738,006                  | 1,419,297               | 3,157,303             |
| Grants and other revenue                       | 651,462                    | 142,200                 | 793,662               | 1,505,243                  | 199,269                 | 1,704,512             |
| Paycheck Protection Program grant (Note 1)     | -                          | -                       | -                     | 2,974,974                  | -                       | 2,974,974             |
| Net assets released from restriction           | 2,257,255                  | (2,257,255)             | -                     | 1,939,351                  | (1,939,351)             | -                     |
| <b>Total revenues, gains and other support</b> | <b>44,860,692</b>          | <b>343,064</b>          | <b>45,203,756</b>     | <b>35,827,999</b>          | <b>910,230</b>          | <b>36,738,229</b>     |
| <b>Expenses and losses</b>                     |                            |                         |                       |                            |                         |                       |
| <b>Program expenses:</b>                       |                            |                         |                       |                            |                         |                       |
| Animal care and exhibitions                    | 18,224,698                 | -                       | 18,224,698            | 17,619,267                 | -                       | 17,619,267            |
| Park operations                                | 6,854,090                  | -                       | 6,854,090             | 4,761,896                  | -                       | 4,761,896             |
| Conservation                                   | 1,427,178                  | -                       | 1,427,178             | 1,085,604                  | -                       | 1,085,604             |
| Education                                      | 973,521                    | -                       | 973,521               | 767,692                    | -                       | 767,692               |
| Membership services                            | 1,041,964                  | -                       | 1,041,964             | 997,603                    | -                       | 997,603               |
| Marketing                                      | 2,343,603                  | -                       | 2,343,603             | 2,257,548                  | -                       | 2,257,548             |
| Total program expenses                         | 30,865,054                 | -                       | 30,865,054            | 27,489,610                 | -                       | 27,489,610            |
| <b>Supporting services expenses:</b>           |                            |                         |                       |                            |                         |                       |
| General and administrative                     | 4,234,129                  | -                       | 4,234,129             | 3,560,936                  | -                       | 3,560,936             |
| Fundraising                                    | 831,652                    | -                       | 831,652               | 598,578                    | -                       | 598,578               |
| Total supporting services expenses             | 5,065,781                  | -                       | 5,065,781             | 4,159,514                  | -                       | 4,159,514             |
| <b>Losses:</b>                                 |                            |                         |                       |                            |                         |                       |
| Loss on disposal of property and equipment     | 22,878                     | -                       | 22,878                | 1,083                      | -                       | 1,083                 |
| <b>Total expenses and losses</b>               | <b>35,953,713</b>          | <b>-</b>                | <b>35,953,713</b>     | <b>31,650,207</b>          | <b>-</b>                | <b>31,650,207</b>     |
| <b>Changes in net assets</b>                   | <b>8,906,979</b>           | <b>343,064</b>          | <b>9,250,043</b>      | <b>4,177,792</b>           | <b>910,230</b>          | <b>5,088,022</b>      |
| Net assets, beginning of year                  | 154,553,922                | 11,479,078              | 166,033,000           | 150,376,130                | 10,568,848              | 160,944,978           |
| <b>Net assets, end of year</b>                 | <b>\$ 163,460,901</b>      | <b>\$ 11,822,142</b>    | <b>\$ 175,283,043</b> | <b>\$ 154,553,922</b>      | <b>\$ 11,479,078</b>    | <b>\$ 166,033,000</b> |

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

**THE TOLEDO ZOOLOGICAL SOCIETY**

**Consolidated Statement of Functional Expenses**

Year Ended December 31, 2021

|                                      | Program Expenses            |                     |                     |                   |                     |                     | Supporting Services    |                            |                   | Total               |                           |
|--------------------------------------|-----------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------------|----------------------------|-------------------|---------------------|---------------------------|
|                                      | Animal Care and Exhibitions | Park Operations     | Conservation        | Education         | Membership Services | Marketing           | Total Program Expenses | General and Administrative | Fundraising       |                     | Total Supporting Services |
| Salaries and wages                   | \$ 7,623,435                | \$ 2,070,883        | \$ 426,942          | \$ 477,231        | \$ 344,647          | \$ 351,322          | \$ 11,294,460          | \$ 1,276,433               | \$ 277,582        | \$ 1,554,015        | \$ 12,848,475             |
| Fringe benefits                      | 1,715,849                   | 466,040             | 95,984              | 107,259           | 77,481              | 78,926              | 2,541,539              | 287,083                    | 62,447            | 349,530             | 2,891,069                 |
| Cost of goods sold                   | -                           | 2,338,282           | -                   | -                 | -                   | -                   | 2,338,282              | -                          | -                 | -                   | 2,338,282                 |
| Animal nutrition                     | 599,983                     | -                   | -                   | -                 | -                   | -                   | 599,983                | -                          | -                 | -                   | 599,983                   |
| Repairs and maintenance              | 947,003                     | 17,192              | -                   | -                 | 27                  | -                   | 964,222                | 20,108                     | -                 | 20,108              | 984,330                   |
| Utilities                            | 1,030,436                   | 279,876             | 57,642              | 64,413            | 46,530              | 47,398              | 1,526,295              | 172,405                    | 37,502            | 209,907             | 1,736,202                 |
| Professional and contracted services | 607,739                     | 135,501             | -                   | 190               | 232,366             | 61,494              | 1,037,290              | 344,535                    | 33,117            | 377,652             | 1,414,942                 |
| Advertising and public relations     | -                           | 5,764               | -                   | -                 | 8,077               | 1,574,039           | 1,587,880              | 10,992                     | 233,874           | 244,866             | 1,832,746                 |
| Processing fees                      | -                           | -                   | -                   | -                 | -                   | -                   | -                      | 710,122                    | -                 | 710,122             | 710,122                   |
| Insurance, licenses and taxes        | 3,970                       | 25,613              | -                   | -                 | -                   | -                   | 29,583                 | 486,887                    | 400               | 487,287             | 516,870                   |
| Supplies                             | 958,688                     | 238,822             | 1,823               | 32,398            | 129,418             | 16,837              | 1,377,986              | 77,876                     | 13,301            | 91,177              | 1,469,163                 |
| Training and education               | 21,050                      | 3,197               | 308                 | 6,526             | -                   | 6,442               | 37,523                 | 28,959                     | 6,232             | 35,191              | 72,714                    |
| Organizational dues                  | 1,690                       | 1,533               | -                   | -                 | -                   | -                   | 3,223                  | 52,863                     | 1,758             | 54,621              | 57,844                    |
| Animal acquisitions                  | 77,008                      | -                   | -                   | -                 | -                   | -                   | 77,008                 | -                          | -                 | -                   | 77,008                    |
| Grants                               | -                           | -                   | 489,138             | 4,000             | -                   | -                   | 493,138                | -                          | -                 | -                   | 493,138                   |
| Depreciation                         | 4,503,307                   | 1,223,139           | 251,912             | 281,504           | 203,351             | 207,145             | 6,670,358              | 753,460                    | 163,895           | 917,355             | 7,587,713                 |
| Interest                             | 89,960                      | -                   | -                   | -                 | -                   | -                   | 89,960                 | -                          | -                 | -                   | 89,960                    |
| Other                                | 44,580                      | 48,248              | 103,429             | -                 | 67                  | -                   | 196,324                | 12,406                     | 1,544             | 13,950              | 210,274                   |
| <b>Total expenses</b>                | <b>\$ 18,224,698</b>        | <b>\$ 6,854,090</b> | <b>\$ 1,427,178</b> | <b>\$ 973,521</b> | <b>\$ 1,041,964</b> | <b>\$ 2,343,603</b> | <b>\$ 30,865,054</b>   | <b>\$ 4,234,129</b>        | <b>\$ 831,652</b> | <b>\$ 5,065,781</b> | <b>\$ 35,930,835</b>      |

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

**THE TOLEDO ZOOLOGICAL SOCIETY**

**Consolidated Statement of Functional Expenses**

Year Ended December 31, 2020

|                                      | Program Expenses            |                     |                     |                   |                     |                     | Supporting Services    |                            |                   | Total               |                           |
|--------------------------------------|-----------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------------|----------------------------|-------------------|---------------------|---------------------------|
|                                      | Animal Care and Exhibitions | Park Operations     | Conservation        | Education         | Membership Services | Marketing           | Total Program Expenses | General and Administrative | Fundraising       |                     | Total Supporting Services |
| Salaries and wages                   | \$ 7,371,314                | \$ 1,614,403        | \$ 335,729          | \$ 367,968        | \$ 278,091          | \$ 380,125          | \$ 10,347,630          | \$ 1,024,479               | \$ 272,912        | \$ 1,297,391        | \$ 11,645,021             |
| Fringe benefits                      | 1,858,427                   | 406,852             | 84,541              | 92,760            | 70,157              | 95,695              | 2,608,432              | 258,319                    | 68,689            | 327,008             | 2,935,440                 |
| Cost of goods sold                   | -                           | 1,092,771           | -                   | -                 | -                   | (595)               | 1,092,176              | -                          | -                 | -                   | 1,092,176                 |
| Animal nutrition                     | 546,270                     | -                   | -                   | -                 | -                   | -                   | 546,270                | -                          | -                 | -                   | 546,270                   |
| Repairs and maintenance              | 517,826                     | 14,665              | -                   | -                 | 157                 | -                   | 532,648                | 63,905                     | -                 | 63,905              | 596,553                   |
| Utilities                            | 1,051,415                   | 230,179             | 47,829              | 52,479            | 39,692              | 54,140              | 1,475,734              | 146,145                    | 38,862            | 185,007             | 1,660,741                 |
| Professional and contracted services | 323,492                     | 98,313              | -                   | -                 | 262,384             | 120                 | 684,309                | 277,838                    | 13,428            | 291,266             | 975,575                   |
| Advertising and public relations     | -                           | 13,266              | -                   | -                 | 17,053              | 1,448,175           | 1,478,494              | 3,726                      | 3,690             | 7,416               | 1,485,910                 |
| Processing fees                      | -                           | -                   | -                   | -                 | -                   | -                   | -                      | 492,389                    | -                 | 492,389             | 492,389                   |
| Insurance, licenses and taxes        | 5,192                       | 21,104              | 146                 | -                 | -                   | -                   | 26,442                 | 449,666                    | 25                | 449,691             | 476,133                   |
| Supplies                             | 795,755                     | 172,462             | 7,516               | 8,616             | 149,150             | 24,194              | 1,157,693              | 75,078                     | 8,158             | 83,236              | 1,240,929                 |
| Training and education               | 18,001                      | 9,948               | 1,407               | 2,941             | 695                 | 9,627               | 42,619                 | 36,757                     | 11,194            | 47,951              | 90,570                    |
| Organizational dues                  | 2,338                       | 1,806               | -                   | -                 | -                   | 550                 | 4,694                  | 54,629                     | 4,570             | 59,199              | 63,893                    |
| Animal acquisitions                  | 51,457                      | -                   | -                   | -                 | -                   | -                   | 51,457                 | -                          | -                 | -                   | 51,457                    |
| Grants                               | -                           | -                   | 336,800             | 5,000             | -                   | -                   | 341,800                | -                          | -                 | -                   | 341,800                   |
| Depreciation                         | 4,766,840                   | 1,043,570           | 216,846             | 237,928           | 179,952             | 245,457             | 6,690,593              | 662,584                    | 176,187           | 838,771             | 7,529,364                 |
| Interest                             | 270,018                     | -                   | -                   | -                 | -                   | -                   | 270,018                | -                          | -                 | -                   | 270,018                   |
| Other                                | 40,922                      | 42,557              | 54,790              | -                 | 272                 | 60                  | 138,601                | 15,421                     | 863               | 16,284              | 154,885                   |
| <b>Total expenses</b>                | <b>\$ 17,619,267</b>        | <b>\$ 4,761,896</b> | <b>\$ 1,085,604</b> | <b>\$ 767,692</b> | <b>\$ 997,603</b>   | <b>\$ 2,257,548</b> | <b>\$ 27,489,610</b>   | <b>\$ 3,560,936</b>        | <b>\$ 598,578</b> | <b>\$ 4,159,514</b> | <b>\$ 31,649,124</b>      |

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



# THE TOLEDO ZOOLOGICAL SOCIETY

## Consolidated Statements of Cash Flows

|   | Year Ended December 31 |                     |
|---|------------------------|---------------------|
|   | 2021                   | 2020                |
| <b>Cash flows from operating activities</b>   |                        |                     |
| Changes in net assets   | \$ 9,250,043           | \$ 5,088,022        |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities |                        |                     |
| Tax levies and contributions designated for capital improvements                            | (8,245,927)            | (8,306,262)         |
| Depreciation  | 7,587,713              | 7,529,364           |
| Net realized and unrealized gains on investment securities                                  | (3,005,623)            | (2,573,614)         |
| Change in value of beneficial interest in perpetual trusts                                  | (59,381)               | (51,234)            |
| Loss on disposal of property and equipment  | 22,878                 | 1,083               |
| Changes in operating assets and liabilities which provided (used) cash                      |                        |                     |
| Accounts receivable   | (101,701)              | (6,747)             |
| Levy receivable   | 303,071                | (308,071)           |
| Inventory   | (56,316)               | 26,760              |
| Prepaid expenses and deposits   | 39,980                 | (20,930)            |
| Accounts payable  | 21,884                 | (1,452,012)         |
| Accrued payroll, vacation pay and payroll taxes   | 442,944                | (55,564)            |
| Deferred membership   | 406,906                | 50,246              |
| Deferred revenue  | (213,805)              | 220,168             |
| <b>Net cash provided by operating activities</b>  | <b>6,392,666</b>       | <b>141,209</b>      |
| <b>Cash flows from investing activities</b>   |                        |                     |
| Purchases and construction of property and equipment  | (3,640,772)            | (1,667,048)         |
| Purchases of investment securities  | (19,265,458)           | (4,376,084)         |
| Sales of investment securities  | 16,280,809             | 3,797,191           |
| Proceeds from sale of property and equipment  | 5,300                  | 3,500               |
| <b>Net cash used in investing activities</b>  | <b>(6,620,121)</b>     | <b>(2,242,441)</b>  |
| <b>Cash flows from financing activities</b>   |                        |                     |
| Net short term repayments   | (7,250,000)            | (2,250,000)         |
| Proceeds from tax levies and contributions designated for capital improvements              | 9,573,098              | 8,661,918           |
| Repayment of note payable   | -                      | (75,000)            |
| Net payments related to charitable gift annuities   | (4,606)                | (545)               |
| <b>Net cash provided by financing activities</b>  | <b>2,318,492</b>       | <b>6,336,373</b>    |
| <b>Increase in cash and cash equivalents</b>  | <b>2,091,037</b>       | <b>4,235,141</b>    |
| Cash and cash equivalents, beginning of year  | 6,972,921              | 2,737,780           |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 9,063,958</b>    | <b>\$ 6,972,921</b> |
| <b>Supplemental disclosures of cash flows information</b>                                   |                        |                     |
| Noncash capital activity  | \$ 466,886             | \$ 427,264          |

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

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### 1. NATURE OF ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

The consolidated financial statements include the accounts of **The Toledo Zoological Society** (the “Society”) and the **Toledo Zoological Society Foundation** (the “Foundation”) (collectively, the “Organization”). All significant inter-organization balances and transactions have been eliminated in these consolidated financial statements.

The Society is a tax-exempt charitable organization. The Society’s mission and program, which is functionally reported, is Inspire, Educate, Act, Enjoy. The Society inspires guests to join in being advocates for wildlife and conserving the natural world by providing fun, awe-inspiring, and educational experiences. By joining the Society, others help build a movement that cares for animals and values wildlife’s shared place in our world. The Society’s support comes primarily from tax levies, park operations, admissions, memberships, contributions from donors and the Foundation and grants.

The Foundation is a nonprofit organization that was formed in 2001 to receive, hold, invest and administer donor-restricted contributions, gifts, and grants from the general public for the benefit of the Society. The Society is the sole member of the Foundation. As the sole member of the Foundation, it has been determined that the Society is able to exercise significant control over the Foundation.

#### *Basis of Presentation*

Net assets, revenues, gains and losses, and other support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (See Note 13). Additionally, the governing board has designated, from net assets without donor restrictions, net assets for board-designated other, which is primarily for contingencies and major maintenance.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 8.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The Organization considers all investment instruments with maturities of three months or less from date of purchase to be cash equivalents.

The Organization maintains its checking and savings accounts at various commercial banks. Balances on deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to specified limits; however, balances in excess of FDIC limits are uninsured. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

### *Fair Value Measurements*

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 3 to these consolidated financial statements.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Investment Securities*

Investment securities are carried at fair value. Fair value is determined based upon quoted market values, if available, or if not available, estimated amounts are provided by the bank trustee. Investment securities acquired by gift or bequest are recorded at fair value on the date of gift and such amount is considered the cost of the security. Any realized gain or loss on the sale of a security is determined using the cost basis of the security sold. Income from investments, including realized and unrealized gains and losses, is allocated among net assets with donor restrictions and without donor restrictions based on donor restrictions or the absence thereof. Investment return, net of fees is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, distributions from beneficial interest in perpetual trusts, less external investment expenses.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these consolidated financial statements.

### *Contributions Receivable*

Unconditional promises to give that are expected to be collected within one year are carried at the amount the Organization expects to collect from balances outstanding at year-end. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the Foundation's risk adjusted rate. Amortization of the discounts is included in contribution revenue. The Organization has concluded that an allowance for doubtful accounts related to balances outstanding at year-end is not necessary. Uncollectible amounts that are still outstanding after management has used reasonable collection efforts are written-off through a charge to bad debts and a credit to contributions receivable.

Conditional promises to give, for various capital projects and programs, are not included as support until the conditions are met. Such promises amounted to approximately \$1,026,000 and \$602,000 at December 31, 2021 and 2020, respectively.

### *Inventory*

Inventory is stated at the lower of cost or net realizable value with cost determined on the first-in, first-out ("FIFO") basis. Inventory consists of \$191,349 for gifts and souvenirs and \$196,235 for concessions as of December 31, 2021. Inventory consisted of \$213,142 for gifts and souvenirs and \$118,126 for concessions as of December 31, 2020.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### ***Property and Equipment and Depreciation***

The Organization capitalizes major additions to property and equipment at cost or fair value if acquired by gift. Depreciation of property and equipment is provided using the straight-line method based on the estimated useful lives of the individual assets which range from ten to fifty years for land improvements and buildings and structures, and five to twenty years for equipment.

Upon retirement, disposal or abandonment of property and equipment, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reported in the consolidated statements of activities.

### ***Accounting for Impairment of Long-Lived Assets***

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recognized on long-lived assets in 2021 and 2020.

### ***Beneficial Interest in Perpetual Trusts***

The Organization is the income beneficiary of perpetual trusts held and administered by outside fiscal agents. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on the trusts' assets in perpetuity, but will never receive the assets held in trust. The present value of the estimated future cash receipts from the trust is recognized as an asset and donor restricted contributed support at the date the trust is established. Distributions from the trust are recorded as investment return, and the carrying value of the assets are adjusted annually for changes in the estimates of future receipts.

### ***Revenue Recognition***

The Organization records as revenue the following types of contributions when they are received unconditionally, at their fair value: cash, promises to give, certain donated services and gifts of long-lived and other assets. Conditional contributions, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization's grants and appropriations (tax levies from Lucas County) are considered to be nonexchange transactions for purposes of applying revenue recognition policies.

Contributions and grants without donor-imposed restrictions and contributions with donor-imposed restrictions that are met in the same period as the gift and grants are received are both reported as support of the net assets without donor restrictions class. Other restricted gifts and grants are reported as net assets with donor restrictions.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

The Organization recognizes revenue from ticket sales, parking and rides at the time of admission. Sales from concessions and gift shops are recognized at the time of sale, point of sale. The sales are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods or services to the customer. Customers pay for goods sold on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale. Certain retail transactions provide customer with several direct opportunities that are considered performance obligations:

- The Organization provides member and employee discounts for purchases at the gift shops and concessions.
- The Organization allows customers to purchase gift certificates on a stand-alone selling price basis. Customers can use the gift certificate to make purchases as if the gift certificate was cash.
- The Organization provides for a right of return to the customer for purchased goods, allowing a customer to get "in-store credit" in the amount of the selling price of the goods being returned. Admissions are not refundable.

The Organization has not reported a liability for estimated returns, discounts or outstanding gift certificates, as the amounts are not considered to be material to the consolidated financial statements.

Membership dues, which are nonrefundable, are composed of an exchange element based on the value of benefits provided, and a contribution element revenue from memberships within the fiscal year in which memberships are received and consumed. The contribution element is recognized as received, as noted above. Annual memberships are offered at posted rates for individuals, families and grandparents. The member pays for and begins receiving membership benefits upfront, and the performance obligation of the exchange element is satisfied over time as the benefits are consumed. Memberships are purchased throughout the year and primarily used by the end of the fiscal year given the seasonality of the Organization's operations. A portion of membership fees are deferred at year end and will be recognized as membership benefits are consumed.

Accounts receivable, deferred membership (see Note 6), and deferred revenue from contracts with customers were as follows for the years ended December 31:

|                     | 2021         | 2020         | 2019         |
|---------------------|--------------|--------------|--------------|
| Accounts receivable | \$ 493,662   | \$ 391,961   | \$ 385,214   |
| Deferred membership | \$ 1,741,777 | \$ 1,334,871 | \$ 1,284,625 |
| Deferred revenue    | \$ 535,666   | \$ 754,610   | \$ 600,145   |

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Animal Collection*

Purchases of animals are charged to expense and no value of the animal collection is reported in the consolidated statements of financial position. Additions to these collections acquired other than by purchases are not assigned a value and are not accounted for in the accounts of the Society.

### *Advertising Costs*

The cost of advertising and public relations are expensed as incurred. The Organization incurred \$1,832,746 and \$1,485,910 in advertising and public relations expense during 2021 and 2020, respectively.

### *Income Taxes*

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except on net income derived from unrelated business activities from the operation of its gift shop, catering and rental of party space, and the Foundation is exempt under Section 501(a) of the IRC. The Society and the Foundation are also exempt from state and local taxes under the laws of the State of Ohio for nonprofit organizations. Accordingly, no provision for federal, state or local income taxes has been recorded in these consolidated financial statements for these entities.

The Society and the Foundation have evaluated uncertain income tax positions and believe there are no such positions of significance at December 31, 2021 and 2020, that are required to be recorded or disclosed in these consolidated financial statements. The Society and the Foundation's federal Exempt Organization Business Income Tax Returns (Forms 990T) for all open tax years (2018 through 2021) remain subject to examination by the Internal Revenue Service, generally for three years after they were filed.

### *Functional Allocation of Expenses*

The cost of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Natural expenses attributable to more than one functional expense category are allocated on the basis of either specific identification or salaries and salary related expenses, whichever is more appropriate. Salaries and salary related expenses are allocated on the basis of estimated time spent for each function.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Risks and Economic Uncertainties*

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The Organization closed operations from mid March 2020 until mid June 2020, at which time the zoo operated under limited capacity to adhere to COVID-19 regulations. The extent of the ultimate impact of the pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on members, funders, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to impact the Organization's financial position, changes in net assets, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

In August 2020, the Organization received proceeds from borrowings in the amount of \$2,974,974 through the Paycheck Protection Program ("PPP"), obtained through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. The loan had a two year maturity and was subject to a 1% interest rate. As of December 31, 2020, the loan had been spent on eligible expenses and was expected to be fully forgiven in accordance with the CARES Act. As such, the Organization had recognized this amount spent as grant revenue on the 2020 consolidated statement of activities. In 2021, the Organization received full forgiveness of this PPP loan from the Small Business Administration.

### *Reclassification*

Certain amounts as reported in the 2020 consolidated financial statements have been reclassified to conform with the 2021 presentation.

### *Subsequent Events*

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2021, the most recent consolidated statement of financial position presented herein, through May 4, 2022, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

### *Upcoming Accounting Pronouncements*

In February 2016, the Financial Accounting Standards Board Issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. This standard will require all leases with durations greater than twelve months to be recognized on the consolidated statement of financial position and is effective for the Organization beginning January 1, 2022. Management is currently evaluating the provisions of Topic 842 to determine the potential impact of the Organization's consolidated financial statements.



# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of December 31:

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Cash and cash equivalents                                  | \$ 9,063,958        | \$ 6,972,921        |
| Contributions receivables - due within one year            | -                   | 923,076             |
| Accounts receivable  | 493,662             | 391,961             |
| Levy receivable  | 10,000              | 717,166             |
| Investment securities                                      | 29,524,985          | 23,534,713          |
| Less: board-designated for endowment                       | (13,766,038)        | (11,518,567)        |
| Less: board-designated other                               | (10,290,122)        | (4,540,643)         |
| Distributions from beneficial interest in perpetual trusts | 46,728              | 45,238              |
| Less: donor restricted net assets - subject to:            |                     |                     |
| Expenditure for specified purpose                          | (7,832,769)         | (7,940,255)         |
| Passage of time  | (54,162)            | (48,658)            |
| Endowment spending policy and appropriation                | (2,906,675)         | (2,521,010)         |
|  | <u>\$ 4,289,567</u> | <u>\$ 6,015,942</u> |

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowment. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$13,766,038 is subject to an annual spending rate as described in Note 13. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Organization's liquidity plan, tax levies, admissions, membership and park operations revenue is available for general expenditures, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date. Additionally, to help manage unanticipated liquidity needs, the Organization has a line of credit with maximum borrowing of \$15,000,000 (of which there were no borrowings outstanding as of December 31, 2021, and \$7,250,000 was outstanding as of December 31, 2020), which it could draw upon.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### 3. INVESTMENT SECURITIES AND FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Mutual funds and beneficial interest in perpetual trusts are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

The Organization classifies its investments in mutual funds as Level 1 in the fair value hierarchy since the values are based on their quoted prices in active markets.

The Organization classifies the beneficial interest in perpetual trusts as Level 3 in the fair value hierarchy. The underlying trust assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active market are available for these assets. As a practical expedient, the carrying value of the assets is deemed equal to the fair value of the total investments held in the trusts.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis at December 31:

| 2021                              | Assets at Fair Value |             |                     |                      |
|-----------------------------------|----------------------|-------------|---------------------|----------------------|
|                                   | Level 1              | Level 2     | Level 3             | Total                |
| Investments:                      |                      |             |                     |                      |
| Mutual funds                      |                      |             |                     |                      |
| Small cap                         | \$ 1,713,572         | \$ -        | \$ -                | \$ 1,713,572         |
| Mid cap                           | 1,472,614            | -           | -                   | 1,472,614            |
| Large cap                         | 12,554,184           | -           | -                   | 12,554,184           |
| International                     | 3,400,416            | -           | -                   | 3,400,416            |
| Fixed Income                      | 8,904,451            | -           | -                   | 8,904,451            |
| Real Estate                       | 1,479,748            | -           | -                   | 1,479,748            |
| Beneficial interest               |                      |             |                     |                      |
| in perpetual trusts               | -                    | -           | 1,028,536           | 1,028,536            |
| <b>Total assets at fair value</b> | <b>\$ 29,524,985</b> | <b>\$ -</b> | <b>\$ 1,028,536</b> | <b>\$ 30,553,521</b> |

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

| 2020                                       | Assets at Fair Value |             |                   |                      |
|--|----------------------|-------------|-------------------|----------------------|
|  | Level 1              | Level 2     | Level 3           | Total                |
| Investments:                               |                      |             |                   |                      |
| Mutual funds                               |                      |             |                   |                      |
| Small cap                                  | \$ 1,364,164         | \$ -        | \$ -              | \$ 1,364,164         |
| Mid cap                                    | 1,411,646            | -           | -                 | 1,411,646            |
| Large cap                                  | 9,554,727            | -           | -                 | 9,554,727            |
| International                              | 2,883,230            | -           | -                 | 2,883,230            |
| Fixed Income                               | 7,539,505            | -           | -                 | 7,539,505            |
| Real Estate                                | 781,441              | -           | -                 | 781,441              |
| Beneficial interest<br>in perpetual trusts | -                    | -           | 969,155           | 969,155              |
| <b>Total assets at fair value</b>          | <b>\$ 23,534,713</b> | <b>\$ -</b> | <b>\$ 969,155</b> | <b>\$ 24,503,868</b> |

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets, consisting of the perpetual trust agreements, for the years ended December 31:

|  | 2021                | 2020              |
|--|---------------------|-------------------|
| Balance, January 1   | \$ 969,155          | \$ 917,921        |
| Unrealized gains relating to<br>instruments held at the reporting date | 59,381              | 51,234            |
| <b>Balance, December 31</b>  | <b>\$ 1,028,536</b> | <b>\$ 969,155</b> |

#### 4. CONTRIBUTIONS RECEIVABLE

The Organization is undergoing a capital campaign to obtain funds for the Master Plan of which there were no contributions pledged and outstanding as of December 31, 2021. There was \$923,076 pledged and outstanding as of December 31, 2020, all of which were due to be collected in 2021. Campaign contributions of \$954,715 and \$1,002,293 were reported for the years ended December 31, 2021 and 2020, respectively, and are presented as donor restricted contributions in the consolidated statements of activities. Contributions receivable greater than one year are recognized at present value using a discount rate of 6%.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers for the Organization for the years ended December 31, 2021 and 2020, is as follows:

|  | 2021                        | 2020                        |
|--|-----------------------------|-----------------------------|
| Park operations - recognized point in time | \$ 8,466,230                | \$ 3,890,107                |
| Admissions - recognized point in time      | 6,495,758                   | 3,614,435                   |
| Memberships - recognized over time         | 7,963,865                   | 4,942,955                   |
| <b>Total</b>                               | <b><u>\$ 22,925,853</u></b> | <b><u>\$ 12,447,497</u></b> |

Park operations (concessions, gift and souvenir sales, parking, rides and other) and admissions are recognized at a point in time as control does not transfer to the customer until the point of sale. As discussed in Note 1, certain variable consideration and customer rights have not been reported as a contract liability, as the amounts are not considered to be material to the consolidated financial statements. The exchange portion of memberships are recognized over time as the customer simultaneously receives and consumes the benefit of the services. See Note 6. The Organization uses both input and output methods to recognize revenue depending on the nature of the services provided.

### 6. DEFERRED MEMBERSHIP

Deferred membership of \$1,741,777 and \$1,334,871 as of December 31, 2021 and 2020, respectively, represents performance obligations associated with membership fees with payments received and for which the benefits have not been fully realized. The deferred membership will be ratably recognized as membership benefits are consumed, with consideration of the Organization's seasonal activity. The following table provides information about significant changes to the contract liabilities for the years ended December 31:

|  | 2021                       | 2020                       |
|--|----------------------------|----------------------------|
| Deferred membership, beginning of year   | \$ 1,334,871               | \$ 1,284,625               |
| Revenue recognized that was included in deferred membership at the beginning of the year | (1,334,871)                | (1,284,625)                |
| Increase in deferred revenue due to cash received during the period                      | 1,741,777                  | 1,334,871                  |
| <b>Deferred membership, end of year</b>  | <b><u>\$ 1,741,777</u></b> | <b><u>\$ 1,334,871</u></b> |

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### 7. BANK REVOLVING NOTE PAYABLE

The Society has available an unsecured \$15,000,000 bank revolving note due June 30, 2022 to be used for capital improvements and operating purposes. Interest at LIBOR plus 1.50% with a floor of 2.0% (2.0% at December 31, 2021) is payable monthly. There was no outstanding balance at December 31, 2021. The outstanding balance at December 31, 2020 was \$7,250,000.

The bank revolving note agreement contains certain customary financial covenants which require the Society to, among other stipulations, maintain a current ratio of no less than 1.5 to 1.0 and a debt service coverage ratio of 1.0 to 1.0.

### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

|   | 2021                        | 2020                        |
|---|-----------------------------|-----------------------------|
| Subject to expenditure for specified purpose: |                             |                             |
| Care of animals                               | \$ 1,836,717                | \$ 1,898,105                |
| Capital projects                              | 5,536,210                   | 5,620,511                   |
| Works progress administration                 |                             |                             |
| buildings maintenance                         | 318,350                     | 295,819                     |
| Research and collaboration                    | 141,492                     | 125,820                     |
|   | <u>7,832,769</u>            | <u>7,940,255</u>            |
| Subject to passage of time:                   |                             |                             |
| Charitable gift annuities, time restrictions  | 54,162                      | 48,658                      |
| Beneficial interests in perpetual trusts      | 1,028,536                   | 969,155                     |
| Endowments held in perpetuity:                |                             |                             |
| General endowment                             | 300,000                     | 300,000                     |
| Care of animals endowment                     | 161,184                     | 81,184                      |
| Conda Zoo Teen endowment                      | 579,351                     | 431,311                     |
| Carnivore Education center                    | 1,752,214                   | 1,628,515                   |
| Research and collaboration endowment          | 80,000                      | 80,000                      |
| Camp Scholarship                              | 33,926                      | -                           |
|   | <u>2,906,675</u>            | <u>2,521,010</u>            |
| <b>Total</b>                                  | <b><u>\$ 11,822,142</u></b> | <b><u>\$ 11,479,078</u></b> |

The net assets released from donor restrictions in 2021 and 2020 amounted to \$2,257,255 and \$1,939,351, respectively. Such amounts related primarily to the satisfaction of property and equipment acquisitions.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### 9. RETIREMENT PLANS

The Society maintains a defined contribution plan covering salaried and bargaining unit employees. The plan provides for both a basic contribution for all employees as well as matching contributions, up to limits defined in the plans. Retirement expense relating to the plan was \$530,727 in 2021 and \$573,308 in 2020 and is reported in fringe benefits.

### 10. LEVY SUPPORT AND CONCENTRATION

The Society is the recipient of two Lucas County real estate tax levies. One levy, under contractual arrangements with the Board of Lucas County Commissioners, is specifically designated for capital improvements and was passed in November 2015 and will be collected through 2026. The second levy, for current operations, was passed as a renewal levy in November 2016 for five years. In November 2021, this levy was renewed for an additional five years with the millage dropping from 0.75 mills to 0.65 mills, which will reduce the revenue generated from this levy by approximately \$300,000 per year. The capital improvements levy generated revenue of \$7,291,212 in 2021 and \$7,303,969 in 2020. The operating levy generated revenue of \$5,469,895 in 2021 and \$5,480,477 in 2020. Approximately 28% in 2021 and 35% in 2020 of the Society's consolidated revenues, gains and other support was obtained through Lucas County capital and operating real estate tax levies.

### 11. DONATED SERVICES

The recorded contributed value of donated services provided by doctors and paramedics to the Society's animals approximated \$34,000 in 2021 and \$22,000 in 2020. Additionally, approximately 48,000 hours in 2021 and 26,000 hours in 2020 were volunteered by non-specialized individuals for which no value has been assigned.

### 12. PROPERTY AND EQUIPMENT COMMITMENT

Construction in progress at December 31, 2021, relates to costs incurred with respect to various projects approved by the Board of Directors of the Society. Such projects relate to Carnivore area renovations, Conservatory area renovations, software development, property redevelopment and other major maintenance and repair projects. These projects are estimated to cost an additional \$26.5 million and will be completed over the following 1 to 4 years. Funding for these projects will be from a capital campaign, capital improvements tax levy, and general operations.

### 13. ENDOWMENTS

The Organization's endowments consist of funds established for the benefit of the Society. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors for the Society and Foundation ("Boards") to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Boards to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Interpretation of Relevant Law*

The Boards of the Organization have interpreted the State of Ohio's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity:

- The original value of initial and subsequent gifts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment.
- Any accumulations to the endowment made in accordance with direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Boards in a manner consistent with the standard of prudence prescribed by UPMIFA. The Boards consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

### *Return Objectives and Risk Parameters*

The Organization has adopted an investment policy for endowment assets that attempts to manage fund assets according to prudent standards as established in common trust law. Investment of the funds will be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The intent is for investments to be broadly diversified so as to participate in market growth. It is not the intent to dramatically allocate among asset classes in an attempt to "time" the markets.

### *Distribution Policy*

The Foundation has adopted a Statement of Distribution Policy ("Distribution Policy") to provide financial support to the Society as may be determined from time to time by the Board of Directors of the Foundation. The Distribution Policy is also designed to provide endowment protection and future growth to ensure the perpetuity of the funding of the Foundation.

It is the policy of the Foundation to make a distribution up to 5% of the previous three-year moving average market value of the Foundation, or a particular endowment, using the fund balances as of June 30 of each year.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Strategies Employed for Achieving Objectives*

In order to meet its needs, the investment strategy of the Organization is to emphasize total return; that is the aggregate return from realized and unrealized capital gains and losses and dividends and interest income.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Boards have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021 and 2020, the Organization did not have any underwater endowments.

### *Endowment Net Asset Composition by Type of Fund as of December 31, 2021*

|                                  | Without Donor<br>Restriction | With Donor<br>Restriction | Total                |
|----------------------------------|------------------------------|---------------------------|----------------------|
| Board designated endowment funds | \$ 13,766,038                | \$ -                      | \$ 13,766,038        |
| Donor restricted endowment funds | -                            | 2,906,675                 | 2,906,675            |
| <b>Total funds</b>               | <b>\$ 13,766,038</b>         | <b>\$ 2,906,675</b>       | <b>\$ 16,672,713</b> |

### *Changes in Endowment Net Assets for the Year Ended December 31, 2021*

|   | Without Donor<br>Restriction | With Donor<br>Restriction | Total                |
|---|------------------------------|---------------------------|----------------------|
| Endowment net assets, beginning of year               | \$ 11,518,567                | \$ 2,521,010              | \$ 14,039,577        |
| Donation  | 92,463                       | 142,200                   | 234,663              |
| Net investment gain                                   | 1,924,498                    | 325,385                   | 2,249,883            |
| Other changes:  |                              |                           |                      |
| Appropriations of endowment<br>assets for expenditure | (2,325,941)                  | (151,920)                 | (2,477,861)          |
| Transfer  | 2,556,451                    | 70,000                    | 2,626,451            |
| <b>Endowment net assets, end of year</b>              | <b>\$ 13,766,038</b>         | <b>\$ 2,906,675</b>       | <b>\$ 16,672,713</b> |

In 2021, the Organization transferred \$2,556,451 from board-designated for other to board-designated for endowment.



# THE TOLEDO ZOOLOGICAL SOCIETY

## Notes to Consolidated Financial Statements

### *Endowment Net Asset Composition by Type of Fund as of December 31, 2020*

|                                  | Without Donor<br>Restriction | With Donor<br>Restriction  | Total                       |
|----------------------------------|------------------------------|----------------------------|-----------------------------|
| Board designated endowment funds | \$ 11,518,567                | \$ -                       | \$ 11,518,567               |
| Donor restricted endowment funds | -                            | 2,521,010                  | 2,521,010                   |
| <b>Total funds</b>               | <b><u>\$ 11,518,567</u></b>  | <b><u>\$ 2,521,010</u></b> | <b><u>\$ 14,039,577</u></b> |

### *Changes in Endowment Net Assets for the Year Ended December 31, 2020*

|   | Without Donor<br>Restriction | With Donor<br>Restriction  | Total                       |
|---|------------------------------|----------------------------|-----------------------------|
| Endowment net assets, beginning of year               | \$ 10,705,469                | \$ 2,137,424               | \$ 12,842,893               |
| Donation  | 363,245                      | 100,000                    | 463,245                     |
| Net investment gain                                   | 1,616,658                    | 283,586                    | 1,900,244                   |
| Other changes:  |                              |                            |                             |
| Appropriations of endowment<br>assets for expenditure | (866,805)                    | -                          | (866,805)                   |
| Transfer  | (300,000)                    | -                          | (300,000)                   |
| <b>Endowment net assets, end of year</b>              | <b><u>\$ 11,518,567</u></b>  | <b><u>\$ 2,521,010</u></b> | <b><u>\$ 14,039,577</u></b> |

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

May 4, 2022

Board of Directors  
The Toledo Zoological Society  
Toledo, Ohio

We have audited the consolidated financial statements of *The Toledo Zoological Society* as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated May 4, 2022, which expressed an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Rehmann Lobson LLC*



**SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

# THE TOLEDO ZOOLOGICAL SOCIETY

## Consolidated Schedules of Park Operations

|                                      | Year Ended December 31 |                     |
|--------------------------------------|------------------------|---------------------|
|                                      | 2021                   | 2020                |
| <b>Park operations revenue</b>       |                        |                     |
| Concessions                          | \$ 3,312,216           | \$ 1,779,658        |
| Gifts and souvenirs                  | 2,392,038              | 892,396             |
| Parking                              | 650,692                | 390,795             |
| Rides                                | 471,011                | 191,756             |
| Catering and facility rentals        | 1,565,735              | 598,773             |
| Tours                                | 74,538                 | 36,729              |
|                                      | <hr/>                  | <hr/>               |
| <b>Total park operations revenue</b> | <b>8,466,230</b>       | <b>3,890,107</b>    |
| Cost of goods sold                   | 2,338,282              | 1,092,176           |
|                                      | <hr/>                  | <hr/>               |
| <b>Park operations gross profit</b>  | <b>\$ 6,127,948</b>    | <b>\$ 2,797,931</b> |

See independent auditors' report on supplementary information.

# THE TOLEDO ZOOLOGICAL SOCIETY

## Consolidating Statement of Financial Position

December 31, 2021

|   | Toledo<br>Zoological<br>Society | Toledo<br>Zoological<br>Society<br>Foundation | Eliminations | Total                 |
|---|---------------------------------|---|--------------|-----------------------|
| <b>ASSETS</b>                                   |                                 |   |              |                       |
| <b>Assets</b>                                   |                                 |   |              |                       |
| Cash and cash equivalents                       | \$ 7,887,427                    | \$ 1,176,531                                  | \$ -         | \$ 9,063,958          |
| Intercompany receivable                         | 692,605                         | (692,605)                                     | -            | -                     |
| Accounts receivable                             | 493,662                         | -   | -            | 493,662               |
| Levy receivable                                 | 10,000                          | -   | -            | 10,000                |
| Inventory                                       | 387,584                         | -   | -            | 387,584               |
| Prepaid expenses and deposits                   | 384,953                         | 10,308  | -            | 395,261               |
| Investment securities                           | 5,470,307                       | 24,054,678                                    | -            | 29,524,985            |
| Beneficial interest in perpetual trusts         | 1,028,536                       | -   | -            | 1,028,536             |
| <br>  |                                 |   |              |                       |
| Property and equipment                          |                                 |   |              |                       |
| Land and improvements                           | 19,097,037                      | -   | -            | 19,097,037            |
| Buildings and structures                        | 210,423,439                     | -   | -            | 210,423,439           |
| Equipment                                       | 12,791,363                      | -   | -            | 12,791,363            |
| Construction in progress                        | 2,699,724                       | -   | -            | 2,699,724             |
|   | 245,011,563                     | -   | -            | 245,011,563           |
| Less accumulated depreciation                   | 105,603,989                     | -   | -            | 105,603,989           |
|   | 139,407,574                     | -   | -            | 139,407,574           |
| <b>Total assets</b>                             | <b>\$ 155,762,648</b>           | <b>\$ 24,548,912</b>                          | <b>\$ -</b>  | <b>\$ 180,311,560</b> |
| <b>LIABILITIES AND NET ASSETS</b>               |                                 |   |              |                       |
| <b>Liabilities</b>                              |                                 |   |              |                       |
| Accounts payable                                | \$ 1,866,736                    | \$ 13,401                                     | \$ -         | \$ 1,880,137          |
| Accrued payroll, vacation pay and payroll taxes | 800,095                         | -   | -            | 800,095               |
| Deferred membership                             | 1,741,777                       | -   | -            | 1,741,777             |
| Deferred revenue                                | 606,508                         | -   | -            | 606,508               |
| <b>Total liabilities</b>                        | <b>5,015,116</b>                | <b>13,401</b>                                 | <b>-</b>     | <b>5,028,517</b>      |
| <b>Net assets</b>                               |                                 |   |              |                       |
| Without donor restrictions                      | 149,694,864                     | 13,766,037                                    | -            | 163,460,901           |
| With donor restrictions                         | 1,052,668                       | 10,769,474                                    | -            | 11,822,142            |
| <b>Total net assets</b>                         | <b>150,747,532</b>              | <b>24,535,511</b>                             | <b>-</b>     | <b>175,283,043</b>    |
| <b>Total liabilities and net assets</b>         | <b>\$ 155,762,648</b>           | <b>\$ 24,548,912</b>                          | <b>\$ -</b>  | <b>\$ 180,311,560</b> |

See independent auditors' report on supplementary information.

## THE TOLEDO ZOOLOGICAL SOCIETY

### Consolidating Statement of Activities

Year Ended December 31, 2021

|   | Toledo<br>Zoological<br>Society | Toledo<br>Zoological<br>Society<br>Foundation | Eliminations       | Total                 |
|---|---------------------------------|---|--------------------|-----------------------|
| <b>Net assets without donor restrictions:</b>           |                                 |   |                    |                       |
| Revenues, gains and other support                       |                                 |   |                    |                       |
| Tax levies  | \$ 12,761,107                   | \$ -  | \$ -               | \$ 12,761,107         |
| Park operations   | 8,466,230                       | -   | -                  | 8,466,230             |
| Admissions  | 6,495,758                       | -   | -                  | 6,495,758             |
| Memberships   | 7,963,865                       | -   | -                  | 7,963,865             |
| Special events and programs                             | 942,097                         | -   | -                  | 942,097               |
| Zoo pals  | 151,362                         | -   | -                  | 151,362               |
| Investment return, net of fees                          | 146,880                         | 1,930,080                                     | -                  | 2,076,960             |
| Contributions and bequests                              | 2,859,933                       | 234,663                                       | -                  | 3,094,596             |
| Grants and other revenue                                | 2,543,168                       | 2,556,451                                     | (4,448,157)        | 651,462               |
| Net assets released from restriction                    | 273,202                         | 1,984,053                                     | -                  | 2,257,255             |
| <b>Total revenues, gains and other support</b>          | <b>42,603,602</b>               | <b>6,705,247</b>                              | <b>(4,448,157)</b> | <b>44,860,692</b>     |
| <b>Expenses and losses</b>                              |                                 |   |                    |                       |
| <b>Program expenses:</b>                                |                                 |   |                    |                       |
| Animal care and exhibitions                             | 18,224,698                      | -   | -                  | 18,224,698            |
| Park operations   | 6,854,090                       | -   | -                  | 6,854,090             |
| Conservation  | 1,427,178                       | -   | -                  | 1,427,178             |
| Education   | 973,521                         | -   | -                  | 973,521               |
| Membership services                                     | 1,041,964                       | -   | -                  | 1,041,964             |
| Marketing   | 2,343,603                       | -   | -                  | 2,343,603             |
| Total program expenses                                  | 30,865,054                      | -   | -                  | 30,865,054            |
| <b>Supporting services expenses:</b>                    |                                 |   |                    |                       |
| General and administrative                              | 4,234,129                       | -   | -                  | 4,234,129             |
| Fundraising   | 822,033                         | 4,457,776                                     | (4,448,157)        | 831,652               |
| Total supporting services expenses                      | 5,056,162                       | 4,457,776                                     | (4,448,157)        | 5,065,781             |
| <b>Losses:</b>  |                                 |   |                    |                       |
| Loss on disposal of property and equipment              | 22,878                          | -   | -                  | 22,878                |
| <b>Total expenses and losses</b>                        | <b>35,944,094</b>               | <b>4,457,776</b>                              | <b>(4,448,157)</b> | <b>35,953,713</b>     |
| <b>Changes in net assets without donor restrictions</b> | <b>6,659,508</b>                | <b>2,247,471</b>                              | <b>-</b>           | <b>8,906,979</b>      |
| <b>Net assets with donor restrictions:</b>              |                                 |   |                    |                       |
| Investment return, net of fees                          | 59,381                          | 1,444,023                                     | -                  | 1,503,404             |
| Contributions and bequests                              | -                               | 954,715                                       | -                  | 954,715               |
| Grants and other revenue                                | 142,200                         | -   | -                  | 142,200               |
| Net assets released from restriction                    | (273,202)                       | (1,984,053)                                   | -                  | (2,257,255)           |
| <b>Changes in net assets with donor restrictions</b>    | <b>(71,621)</b>                 | <b>414,685</b>                                | <b>-</b>           | <b>343,064</b>        |
| <b>Changes in net assets</b>                            | <b>6,587,887</b>                | <b>2,662,156</b>                              | <b>-</b>           | <b>9,250,043</b>      |
| Net assets, beginning of year                           | 144,159,645                     | 21,873,355                                    | -                  | 166,033,000           |
| <b>Net assets, end of year</b>                          | <b>\$ 150,747,532</b>           | <b>\$ 24,535,511</b>                          | <b>\$ -</b>        | <b>\$ 175,283,043</b> |

See independent auditors' report on supplementary information.