



**Financial Statements
and Required Supplementary Information**

**Commonwealth Zoological Corporation
d/b/a Zoo New England
A Component Unit of the
Commonwealth of Massachusetts**

June 30, 2021 and 2020



**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND
A Component Unit of the
Commonwealth of Massachusetts**

***Financial Statements
and Required Supplementary Information***

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Independent Auditors' Report

The Board of Directors
Commonwealth Zoological Corporation
d/b/a Zoo New England
Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Commonwealth Zoological Corporation d/b/a Zoo New England (the "Zoo" or "ZNE") (a Massachusetts nonprofit corporation and a component unit of the Commonwealth of Massachusetts) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Zoo's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Zoo as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the Zoo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Zoo's internal control over financial reporting and compliance.

Mayer Hoffmann McCann P.C.

September 28, 2021
Boston, Massachusetts

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Management's Discussion and Analysis

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This Management Discussion and Analysis ("MD&A") of the **Commonwealth Zoological Corporation D/B/A Zoo New England ("ZNE")** provides an introduction of the basic financial statements for the year ended June 30, 2020 with the selected comparative information for the years ended June 30, 2021 and 2020. Management prepared this unaudited MD&A, which should be read in conjunction with the financial statements, and the notes thereto, which follow this section.

BASIC FINANCIAL STATEMENTS

ZNE was organized in June 1991 under Chapter 92B of the Acts of 1992, as amended, for the purpose of operating the Franklin Park Zoo in Dorchester and the Walter D. Stone Memorial Zoo in Stoneham. It is a tax-exempt corporation under Chapter 180 of the laws and is legally separate from the Commonwealth of Massachusetts ("Commonwealth") and is governed by a Board of Directors of up to thirty members of which two members are appointed by the Governor of the Commonwealth and one member is appointed by the Mayor of the City of Boston. The Commonwealth does not appoint a voting majority of the Zoo's governing board. Nonetheless, the Zoo is considered a component unit of the Commonwealth because of its fiscal dependence on the Commonwealth.

ZNE's basic financial statements include: *the Statements of Net Position, the Statements of Revenue, Expenses and Changes in Net Position and the Statements of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The *Statements of Net Position* depict ZNE's financial position at June 30, the end of ZNE's fiscal year. The Statements report all assets, liabilities and net position. Net position is displayed in three components: net investment in capital assets, restricted (distinguished between major categories of restrictions) and unrestricted.

The *Statements of Revenue, Expenses and Changes in Net Position* report total operating revenues, operating expenses, non-operating income and expenses, capital contributions and the changes in net position during the fiscal year ending June 30. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

The *Statements of Cash Flows* present information showing how ZNE's cash and cash equivalents position changed during the fiscal year. The Statements classify cash receipts and cash payments by Operating Activities, Investing Activities, and Capital and Related Financing Activities.

Operational Highlights

FY 2021 – A year of continued challenge, vision and achievement

ZNE's Franklin Park Zoo and Stone Zoo are vibrant, essential contributors to the region's cultural and educational landscape, providing affordable activities for schools and families while educating, inspiring and sharing the wonders of wildlife. As with so many businesses and organizations, the pandemic greatly impacted our operations.

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We are fortunate in that both Franklin Park Zoo and Stone Zoo are primarily outdoor venues with ample space for guests to safely socially distance. Throughout FY 21, we adhered to strict health and safety measures, and adjusted quickly when state and city health guidelines changed. To manage capacity and guest flow, all guests were required to purchase tickets online in advance of their visit. In FY 21, ZNE experienced an increase in daytime attendance with 641,448 visitors compared to 440,315 visitors in FY 20. It should be noted that both Zoos were closed in the spring of FY 20 due to the pandemic, and the closure occurred right as we were headed into our busy season.

ZNE took a calculated risk to move forward with Boston Lights: A Lantern Experience at Franklin Park Zoo. This outdoor, evening lantern experience proved to be extremely popular and financially beneficial, attracting 185,000 visitors and yielding approximately \$1,600,000 in net revenue. The show was extended twice, although the hours of operation for the final two weeks were reduced by the night time "curfew" established by the Governor. ZooLights, our annual holiday light experience at Stone Zoo, also proved to be popular and attracted more than 62,000 guests. In the spring, we debuted T. Rex Adventure at Stone Zoo. Featuring realistic animatronic dinosaurs, this experience is an opportunity for guests to make connections between animals from the past and present.

Total overall attendance, inclusive of ZooLights and Boston Lights in FY 21 was 889,407 an increase of 387,432 visitors compared to 501,975 in FY 20. Even with capacity restrictions in place due to the pandemic, FY 21 was a record-setting attendance year for ZNE. Membership also had a record-setting year with gross revenues of \$3,000,000 and 25,000 member households, compared to \$1,500,000 in revenue and more than 15,000 member households in FY 20.

Due to the pandemic, we were unable to hold our two major fundraising events in person – Zootopia and A Wild Affair. Zootopia, our largest fundraising gala of the year, was presented virtually in May. The virtual event, which honored Dr. Jane Goodall as the E.O. Wilson Living the Mission Award recipient, raised \$409,220 in sponsorships, ticket sales, and auction revenue, marking an increase of \$89,629 from FY 20's total of \$319,591. A Wild Affair, Stone Zoo's largest annual fundraising event held in June, raised \$38,215, an increase of \$11,516 compared to the \$26,699 raised virtually in FY 20.

Education and conservation are the cornerstones of our mission. ZNE was once again a partner for the 5th Quarter of Learning program, co-managed by the Boston Public Schools and Boston After School & Beyond. Through the collaboration, ZNE's expertise in science learning is utilized to enhance the students' academic progress in math and language arts, as well as improve specific skills such as critical thinking by providing full day integrated learning experiences. In the summer of FY 21, the program was held virtually, and we were pleased to begin planning for a return to in-person learning for the FY 22 session. Throughout the year, we offered distance learning opportunities through virtual animal encounters and tours. In the winter, we presented Cocktails for Conservation, a series of virtual talks focused on animal care, the role of zoos and field conservation. In FY 21, we continued with our popular #ZooToYou digital programming through Facebook Live, which reached an audience of 1,310,058 and garnered 368,934 video views.

In the fall of FY 21, construction began on Gorilla Grove, a new \$8,100,000 state-of-the-art outdoor gorilla habitat at Franklin Park Zoo made possible by generous donors who wish to remain anonymous. Opening in spring 2022, this new space will feature more than 360,000 cubic feet of space for the gorilla troop to explore. With a mix of real and fabricated trees, a waterfall, climbing vines, a multitude of built-in foraging

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opportunities and an immersive central observational outpost within the habitat, this space will enable guests to observe the natural behaviors and social dynamics of the gorilla family.

Through our cooperative captive breeding programs, many new animals were born or hatched throughout the year and many new animals were brought into the collection from other zoos to bolster our breeding and education programs. Significant births included Baird's tapir twins, believed to be a first for this species, a pygmy hippopotamus, and a western lowland gorilla delivered via a life-saving Cesarean section.

A critical component of achieving ZNE's mission is based in having meaningful impact in the conservation of wildlife, both locally and abroad. In FY 21, ZNE re-named the former Conservation Department to the Field Conservation Department to better define the department's mission. In New England, ZNE's Field Conservation team has continued to expand the scope and depth of its efforts to improve the on-the-ground conservation status of selected rare species populations. Current projects include efforts to help restore populations of Blanding's, wood, spotted, and eastern box turtles, marbled salamanders, eastern spadefoot toads, threespine stickleback, frosted elfin, and New England blazing star. ZNE's Field Conservation team also engages thousands of schoolchildren and volunteers in on-the-ground rare species conservation efforts. Although greatly curtailed this past school year by the COVID-19 pandemic, the staff engaged more than 1,500 students from schools in Massachusetts and New Hampshire through our HATCH (Hatching and Turtle Conservation through Headstarting) program.

Internationally, ZNE's Conservation Committee has formed multi-year, renewable partnerships to support critical conservation efforts for several critically endangered wildlife species, including Cross River gorillas in Nigeria, snow leopards in Mongolia, amphibians in Panama, Baird's tapirs in Costa Rica, and the Central American river turtle in Belize. This past year, ZNE became part of a ground-breaking effort in Madagascar, led by the Non-governmental organization, Health in Harmony, to simultaneously improve the conservation status of several species of lemurs and other rare wildlife in a national park in southern Madagascar, while also materially improving the health care and economic opportunities available to Malagasy villagers who live alongside the park.

The Zoos remain committed to ensuring that personal financial situations do not constitute a barrier to enjoying and benefiting from Zoo experiences. As an organization whose mission is to connect people to the natural world through meaningful experiences that engage, educate and inspire the next generation of conservation stewards, it is imperative that we reach everyone within the communities we serve. ZNE's dedication to this aspect of our mission is evident in our community outreach programs, which include:

- Library Pass Programs: Libraries purchase the pass which entitles their patrons to a discount to the Zoos.
- EBT Program: In recognition of the fact that Zoo visits are integral to childhood and learning, Massachusetts residents who are eligible for the Massachusetts' EBT and WIC program may purchase admission to the Zoos for up to four people for \$4.00 per person, which is more than 80% off per ticket. In FY 21, we welcomed 34,247 guests who visited with their EBT/WIC cards. This is an increase of 5,379 compared to 28,508 participants in FY 20. Additionally, EBT/WIC cardholders had the opportunity to purchase Boston Lights tickets for \$15, and we welcomed 6,147 guests through this program. In FY 21, we launched a new membership program for EBT and WIC cardholders in which cardholders can become a member and enjoy free general daytime

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admission to both Franklin Park Zoo and Stone Zoo year-round. The Family level membership is \$40 (the regular price is \$125), and 488 families joined within the first few months.

- Community Pass Program: Non-profit organizations and community groups are eligible to receive a limited amount of free admission passes. In FY 21, ZNE distributed 6,000 passes to non-profit and community groups. Many of these passes were distributed to non-profit and community groups to attend Boston Lights. Additionally, we provided passes to community health partners to offer incentives for COVID-19 vaccinations.
- Organizational Pass Program: Non-profit organizations may purchase an institutional pass enabling groups of individuals to attend the Zoos at greatly reduced cost.

Animal Exhibits

- As of June 30, 2021, Franklin Park Zoo features 60 public animal exhibits and Stone Zoo features 44. Zoo New England is home to 1,735 animals representing 195 different species.
- Significant acquisitions at Franklin Park Zoo included two male black-naped fruit doves, a pair of sunbitterns, a pair of yellow-billed stork, a bachelor flock of hadada ibis, a pair of azure-winged magpie, a pair of Hartmann's mountain zebra, a male and two female red river hogs, and a young male Poitou donkey. Notable births and hatches at Franklin Park Zoo included a western lowland gorilla, a pygmy hippopotamus, a Baird's tapir, a De Brazza's monkey, and a brown kiwi. At Stone Zoo, a prehensile-tailed porcupine and rock hyrax were born. Also notable at Stone Zoo, three fertile whooping crane eggs were laid, of which one chick hatched and survived. Prior to hatching, a member of the Stone Zoo Animal Care team transported the egg to the International Crane Foundation in Wisconsin, where the chick successfully hatched and is being reared by foster whooping crane parents. The chick is scheduled for release into the wild in the fall of 2021 to further bolster the population of this endangered species.
- In the fall of 2020, construction began on Gorilla Grove, a new state-of-the-art outdoor gorilla habitat at Franklin Park Zoo. Toward the end of 2020, the work at the new white-naped crane exhibit at Franklin Park Zoo was completed. In late spring 2021 at Franklin Park Zoo, Butterfly Hollow opened, and budgerigars' feeding opportunities resumed at Aussie Aviary. At both zoos, the petting areas reopened to guests with COVID-19 health and safety measures in place to protect both the animals and guests.

Attendance

- In FY 21, Zoo New England experienced an increase in daytime attendance with 641,448 visitors compared to 440,315 visitors in FY 20.
- Franklin Park Zoo's total daytime attendance reached 348,915, an increase of 88,499 from 260,416 in FY 20.
- Stone Zoo's daytime attendance reached 292,533 an increase of 112,634 from 179,899 in FY 20.
- Total FY 21 attendance for ZooLights (Stone Zoo's evening holiday light show, which operates primarily in the month of December) was 62,490, an increase of 830 compared to 61,660 in FY 20.
- Total FY 21 attendance for Boston Lights: A Lantern Experience (Franklin Park Zoo's evening summer/fall lantern experience) was 185,160.
- Total overall attendance, inclusive of ZooLights and Boston Lights in FY 21, was 889,098, an increase of 387,432 visitors compared to 501,975 in FY 20. Even with capacity restrictions in place due to the pandemic, FY 21 was a record-setting attendance year for ZNE.

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Membership

- In FY 21, Membership revenues from a record-setting 25,000 member households brought in over \$3,000,000, an increase of \$1,500,000 over FY 20 and the first year these revenues have exceeded \$3,000,000.

Education

- As a result of the pandemic, virtual programs became a major part of the FY 21 educational offerings this year. Virtual offerings included animal encounters with Zoo educators and ambassador animals, and virtual breakfast with the animals programs. Throughout summer 2020, the ZooTeen program and 5th Quarter of Learning program each ran virtually, which required rapid reconfiguration of the program plans. Some programs still ran in-person during parts of the year, with health and safety measures in place. Our summer camp programs were in-person in 2020, and we continued offering behind-the-scenes tours with red pandas and sloths. Some other programs, including offsite school programs and overnight programs, were cancelled and have not yet resumed.
- In FY 21, the expenses for the Education, Youth, and Volunteer programs was \$893,692, an increase of \$74,913 over FY 20 expenses of \$818,779. In FY 21, revenue for the Education, Youth and Volunteer programs was \$252,455, an increase of \$70,486 compared to FY 20 revenue of \$181,968. During FY 21, several new exciting mission-focused initiatives were launched including a co-design project with Antioch University of New England, AmeriCorps, and the communities closest to Franklin Park Zoo to better understand the needs of the community, and ultimately, to co-design programming to meet these needs. Additionally, work began on an interpretive master plan to develop cohesive and consistent educational and conservation messaging on Zoo grounds.
- In FY 21, approximately 745 programs were conducted reaching about 81,000 people. This includes 325 group programs such as virtual breakfasts, homeschool programs, and meet-and-greet programs, eight weeks of ZooTeens, 29 weeks of Teen Ambassadors, five weeks of the 5th Quarter of Learning programming, 48 volunteer meetings, 154 tours, and more. More than half of the audience we reached were zoo visitors who a staff member or a volunteer engaged in conversation about our animals, habitats and conservation during their visit.

Rentals and Private Events

- Despite the pandemic, in FY 21 we hosted 78 individual and three corporate events ranging from birthday parties to corporate functions to walkathons. A total of 81 events were held between Franklin Park Zoo and Stone Zoo. Between late March and mid-June, we hosted 52 birthday parties at Franklin Park Zoo and Stone Zoo. Of these, 39 took place at Stone Zoo, marking the first time that every weekend was booked for birthday parties at Stone Zoo.
- In response to the COVID-19 pandemic, in September 2020 we launched Wild Shout Outs, a virtual greeting program, on our website and also began offering this through the Cameo platform. Through both virtual programs, we completed 53 virtual greetings and generated \$10,307 in revenue in FY 21.

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Volunteers

- In FY 21, 105 individual volunteers donated a total of 4,594 hours of service. The hours of service are a 46% decrease compared to the 8,532 volunteer hours in FY 20. Due to COVID-19, we had a limited number of individuals who were able to volunteer. The program had to be suspended in December 2020 due to rising COVID-19 cases and was not reactivated until February 2021. In addition, we were unable to complete two of our three onboarding sessions for new volunteers. These factors resulted in the overall decrease in individual volunteers' contribution. In FY 21, we had 32% fewer individual volunteers compared to the 155 individuals in FY 20.
- In FY 21, our group volunteer program remained inactive for the duration of the fiscal year. In previous years, group volunteers from corporate groups, schools and volunteer organizations helped with a variety of projects at both Zoos including landscaping, administrative projects and assistance during onsite special events. The group volunteer program is expected to become active again in FY 22.
- In FY 21, our intern programs remained inactive for the duration of the fiscal year, and are expected to resume again in FY 22.
- In sum, 105 people contributed 4,594 hours of volunteer service to ZNE during FY 21.

Teen Programs

- In FY 21, Zoo New England's Youth Programs department hosted 56 young people in three programs – the summer ZooTeen program, the Teen Ambassador program and the Junior ZooTeen program.
- In FY 21, with the support of the City of Boston's Department of Youth Engagement and Employment, ZNE was able to support summer employment for 35 ZooTeens. ZooTeens participated in ZNE's first virtual Summer ZooTeen Program. As part of the program, we offered three unique rotations: Virtual Learning, Mentorship, and Art & Activism.
- In FY 21, we employed nine Teen Ambassadors during the school-year via a partnership with the City of Boston's Department of Youth Engagement and Employment. Teen Ambassadors attended virtual Teen Ambassador meetings and virtual professional development workshops throughout the year, where youth focused on interpretation, professionalism, workplace communication, and career readiness. Teen Ambassadors also participated in field conservation activities with ZNE's Field Conservation department to learn more about turtle conservation, as well as helped raise seven wood turtle hatchlings as part of the Zoos' head-start program. Education Teen Ambassadors also helped create lesson plans for the Junior ZooTeen Program and served as mentors for participating Junior ZooTeens.
- The Junior ZooTeen Program engages youth, ages 11 to 14. In FY 21, we hosted two 4-week sessions with 12 participants. Various topics were covered included environmental enrichment, animal behavior and training, and habitat design.

Fundraising

- Total fundraising for FY 21 consisted of the receipt of unrestricted gifts and pledges of \$1,900,370 along with the receipt of restricted/capital gifts and pledges totaling \$1,170,918. Such gifts represent an overall decrease from FY 20 of \$10,779,881 or 78%. The above gifts were received from individuals, foundations and corporations (see below for detailed breakdown).

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- This substantial decrease is due to a small number of significant capital campaign gifts received in FY 20, including the largest gift to-date from an individual donor (\$8,000,000) and the largest corporate gift received to-date (\$3,000,000).
- Unrestricted individual giving from donors was \$459,315, which was an increase of \$81,244 compared to \$378,071 in FY 20.
- Unrestricted corporate support, which includes matching gifts and unrestricted corporate sponsorships, generated \$85,782 in FY 21. This is an increase of \$2,315 compared to \$83,467 in FY 20.
- Unrestricted foundation support totaled \$139,195 in FY 21. This is a decrease of \$127,723 compared with FY 20's total of \$266,918.
- Restricted funds (non-capital) raised in FY 21 was \$767,737, an increase of \$145,468 compared to the \$622,269 raised in FY 20.
- A total of \$40,465 in restricted operating funds was raised for Zoo New England's Grassroots Wildlife Conservation and field conservation programs in FY 21 from individuals, corporations, and foundations. This is an increase of \$15,316 compared to the \$25,149 raised in FY 20.
- Zootopia, ZNE's largest fundraising gala, took place virtually again this year on May 8, 2021. We raised \$409,220 in sponsorships, ticket sales, and auction revenue. This was an increase of \$89,629 from FY 20's total of \$319,591.

Marketing and Communications

- In FY 21, Zoo New England received extensive press coverage for attractions including Boston Lights: A Lantern Experience at Franklin Park Zoo, ZooLights, our annual holiday light show at Stone Zoo, and for T. Rex Adventure at Stone Zoo. In the fall, we had several high profile births inside Franklin Park Zoo's Tropical Forest, which generated extensive press coverage. In October 2020, we had 295 total placements due to coverage of the births of a western lowland gorilla, pygmy hippopotamus, and Baird's tapir twins. The gorilla birth announcement was heavily covered in Boston, as well as received national and international coverage. All of the births were opportunities to highlight the high level of care, the preparedness and passion of our staff, and the importance of cross-disciplinary collaboration.
- Throughout FY 21, ZNE's media efforts resulted in 1,350 media placements, which generated an estimated reach of 8,300,848,753 in total circulation, listenership and viewership. In FY 21, the estimated combined editorial value was \$2,819,851. (These measurements are based on standard industry metrics for quantifying the impact and value of media coverage).
- Social media continues to be a big area of focus. In FY 21, the Facebook audience for Franklin

Park Zoo grew by 17%, from 93,522 followers to 112,512. Stone Zoo's Facebook audience grew by 15%, from 77,416 followers to 91,490. ZNE's Instagram followers grew from 35,426 to 47,276, or by 33%, while the Twitter audience increased 4%, from 11,655 to 12,106. In FY 21, we continued with our popular #ZooToYou digital programming through Facebook Live, which reached an audience of 1,310,058 and garnered 368,934 video views.

FINANCIAL POSITION SUMMARY

The Statements of Net Position depict ZNE's financial position as of one point in time— June 30 — and reflects the residual difference between all assets, and liabilities of ZNE. Net position represents the

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residual interest in ZNE's assets after deducting liabilities. ZNE's net position was \$41,300,000 at June 30, 2021, a \$4,300,000 increase from June 30, 2020.

A condensed summary of ZNE's total net position at June 30 is set forth below:

	2021	2020	2019
Assets:			
Current and other assets	\$ 20,730,751	\$ 18,195,891	\$ 6,536,693
Capital assets	23,486,423	19,470,405	19,797,189
Service concession	<u>3,463,967</u>	<u>3,635,589</u>	<u>3,807,211</u>
Total assets	47,681,141	41,301,885	30,141,093
Liabilities:			
Current liabilities	5,503,059	3,703,320	2,155,109
Non-current	<u>391,881</u>	<u>248,123</u>	<u>178,383</u>
Total liabilities	5,894,940	3,951,443	2,333,492
Deferred inflows of resources	295,536	302,204	366,072
Net Position:			
Invested in capital assets	26,950,390	23,105,994	23,604,400
Restricted	9,075,250	13,272,463	2,112,554
Unrestricted	<u>5,465,025</u>	<u>669,781</u>	<u>1,754,575</u>
Total net position	\$ <u>41,490,665</u>	\$ <u>37,048,238</u>	\$ <u>27,471,529</u>

Net position is comprised of three components as follows:

Invested in capital assets and intangibles, net of related debt represents the largest portion of ZNE's net position (65% at June 30, 2021). ZNE uses these capital assets at each Zoo location to provide and maintain attractions to patrons and provide them with a certain desired level of atmosphere when they come to visit the Zoo, as such these assets are not available for future spending. There was no debt outstanding to net against the capital at June 30, 2021 and 2020, respectively.

Restricted net position (22% at June 30, 2021) includes amounts that have been restricted for capital expenditures as well as other non-capital expenditures as dictated by donors and grantors. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets.

Unrestricted (13% at June 30, 2021) are available to meet any of ZNE's ongoing obligations. The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets and intangibles or the restricted component of net position.

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CAPITAL ACTIVITIES

A major source of ZNE's funding comes restricted for capital expenditure which is expected given the nature of ZNE's operations. Per ZNE's capitalization policy, such expenditures greater than \$2,500 are capitalized and depreciated over their estimated useful life using straight-line depreciation. The following is a summary of the amounts that make up total Capital assets as of June 30, 2021, 2020 and 2019:

Asset Classification	2021	2020	2019
Construction in process	\$ 4,852,209	\$ 157,192	\$ 318,771
Building and land improvements	34,149,471	33,222,355	32,118,661
Furnishings and equipment	<u>6,400,843</u>	<u>6,125,930</u>	<u>5,615,612</u>
Total	45,402,523	39,505,477	38,053,044
Accumulated depreciation	<u>21,916,100</u>	<u>20,035,072</u>	<u>18,255,855</u>
Capital assets, net	<u>\$ 23,486,423</u>	<u>\$ 19,470,405</u>	<u>\$ 19,797,189</u>

ZNE's gross capital assets have increased approximately \$5,700,000 due to the continuing trend of Zoo management making a substantial effort to not only maintain but improve both the Franklin Park and Stone Zoos. In the spring of 2020, ZNE began working on its \$8,000,000 outdoor gorilla exhibit which is recorded as Construction in process at June 30, 2021. Required footnote disclosures relative to capital assets can be found under "Note 5 - Capital Assets" in the Notes to Financial Statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The changes in net position over time may serve as a useful indicator of changes in ZNE's financial position. A summary of ZNE's change in net position at June 30 is set forth below:

	2021	2020	2019
Operating revenues	\$ 11,835,698	\$ 6,324,336	\$ 8,012,256
Operating expenses	19,999,866	18,297,317	18,777,321
Non-operating revenues	1,935,307	98,521	74,348
Capital contributions	<u>10,671,288</u>	<u>21,451,169</u>	<u>12,649,310</u>
Change in net position	4,442,427	9,576,709	1,958,593
Net position, beginning of year	<u>37,048,238</u>	<u>27,471,529</u>	<u>25,512,936</u>
Net position, end of year	<u>\$ 41,490,665</u>	<u>\$ 37,048,238</u>	<u>\$ 27,471,529</u>

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Management's Discussion and Analysis

June 30, 2021 and 2020

OPERATING REVENUES AND OPERATING EXPENSE HIGHLIGHTS

The increase in operating revenues is due to the increase in general admissions driven both by the fact that the Zoos were open all year in FY 21 (closed for three months in FY 20 due to the pandemic) and the fact that people were much more likely to go to open air venues such as the Zoos during FY 21 due to pandemic restrictions and concerns. Also contributing to the increase in revenues were the additional memberships sold and the additional revenue generated by the Zoo's special events specifically Boston Lights.

Overall increase in operating expenses is consistent with the return to pre pandemic activity given the Zoo was open for the entire year. The additional increases in expenses relate to increased payroll expenses due to additional employees on staff to support the increased volume of patrons and additions to the Zoo's management team over the past two years. The Zoo also saw an increase in cleaning/custodial costs due to pandemic related cleaning protocols and an increase in security due to the Boston Lights event which is held at night.

CAPITAL CONTRIBUTION HIGHLIGHTS

Overall decrease in current year capital contributions is due to the Zoo receiving a \$3,000,000 and \$8,000,000 contribution in FY 20. The Zoo did not receive such large contributions in FY 21 with the largest single contribution coming in the form of a long term pledge of \$250,000.

State Appropriations & Free MA Students' Attendance:

Chapter 92B of the Acts of 1992 of the Massachusetts General Laws provides that the Zoos will admit Massachusetts school groups at no charge. The legislation also provides that the Zoos may receive, subject to appropriation, an annual operating subsidy from the Commonwealth and may request financial assistance from the Commonwealth for capital projects. State appropriations and bond fund revenue have remained consistent year over year, with the \$796,000 balance of the amounts for FY 21 received in August 2021.

COVID-19 continued to adversely affect school group attendance. A significant portion of the Massachusetts schools were still conducting classes remotely until spring of 2021. Additionally, a majority of those that were holding in-person classes, did not conduct in-person-field trips. School group attendance for FY 21 was 12,357, which is only 21% of FY 19's attendance of 59,924. Realizing that students would be missing an opportunity to learn more about science, wildlife and conservation, Zoo New England offered virtual programs including virtual classes, animal encounters and tours.

In FY 21, operating support for ZNE was \$6,600,000 in state funds. Additionally, capital support was \$1,000,000 in FY 21 for deferred maintenance, asset preservation and capital improvements from the state bond funds. Capital improvements included constructing a black Welsh mountain sheep exhibit, red panda exhibit renovations, emergency communications/radio repeater upgrades, critical equipment purchases for the hospital, irrigation installation, security and exhibit camera installations, an aerial lift, light towers, a utility vehicle and a vehicle for the Security department.

**COMMONWEALTH ZOOLOGICAL CORPORATION
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June 30, 2021 and 2020

ZNE continues to advocate for the release of approved capital funds from an FY 21 Economic Development Bond bill for the welcome plaza and penguin habitat at Franklin Park Zoo. Additionally, ZNE is advocating for funds for construction of a solar array at Stone Zoo.

Admission & Membership Rates

The rates in effect as of June 30, 2021 are as follows:

Admission Fees	Franklin Park Zoo	Stone Zoo
Adult	\$ 21.95	\$ 19.95
Child (2-12)	\$ 14.95	\$ 12.95
Senior (62+)	\$ 19.95	\$ 17.95

Membership Fees (for both Zoos)

Individual	\$ 85.00
Dual	\$ 100.00
Family	\$ 125.00
Family +	\$ 150.00
Friend	\$ 175.00
Founder	\$1,000.00

Factors Impacting Future Periods:

FY 21 was a year of great success, despite many challenges and uncertainty for ZNE. Building on this success, we remain hopeful that FY 22 will be a strong year. ZNE has achieved incredible growth and developed a growing cadre of attendees, members, supporters and collaborators. All of our work is a collective effort, and we are fortunate to have highly-skilled professional staff, a strong core of devoted volunteers, a dedicated Board of Directors, and a talented Advisory Council to ensure that we are able to deliver on our mission, now and in the future.

ZNE has embarked on a strategic masterplan for interpretive planning for the two Zoos. During FY 21, senior staff and educators participated in training and design workshops to ensure that our interpretation and our guests' experiences are aligned with our mission. In FY 22, ZNE will continue this work with interpretative design firm, Impact by Design. Our interpretive masterplan will include environmental interpretation and effective behavior change strategies to help visitors better align with the pressing conservation needs of animal conservation, land preservation and climate change.

FY 22 will also see the continuation of our community outreach work in conjunction with Antioch University of New England, AmeriCorps and the neighborhoods of Dorchester, Roxbury, Mattapan and Jamaica Plain. The goal of the project is to reach out more deeply into the communities surrounding Franklin Park Zoo to foster a deeper understanding of the community needs, goals and assets to learn how ZNE can co-design programs to meet these needs.

On the conservation and research front, we continue to further expand and develop programming through existing partners and new collaborators to make a measurable difference on behalf of wildlife and habitats, both locally and globally. In the spring of 2020, we launched two exciting new conservation

**COMMONWEALTH ZOOLOGICAL CORPORATION
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Management's Discussion and Analysis

June 30, 2021 and 2020

initiatives. We introduced Zoo New England's Conservation Society where members have the opportunity to participate in hands-on conservation work, as well as partake in talks given by local and global conservation partners, and enjoy exclusive content focused on ZNE's work. We also debuted the design for a special ZNE license plate and are actively working to reach the goal of 750 applicants so that production of the plates can begin. Proceeds from the sale of this license plate directly support ZNE's field conservation programs to save wildlife and wild places in Massachusetts and around the world.

On July 23, the second year of Boston Lights: A Lantern Experience at Franklin Park Zoo began. Last year, the experience, featuring more than 50 large-scale displays comprised of hundreds of colorful lanterns and animal light sculptures, was extremely popular and far exceeded attendance and revenue projections. This summer, attendance and revenue for Boston Lights, which features dazzling new lanterns, is tracking well and we anticipate another successful season. When Boston Lights ends October 11, some of the sculptures will move to Stone Zoo to enhance our annual ZooLights experience.

In FY 21, the legislature passed a state budget for FY 22 with \$6,600,000 for ZNE in the operating budget. The Commonwealth also included \$3,000,000 for ZNE in its Capital Spending Budget.

In the fall of FY 21, construction began on Gorilla Grove, a new \$8.1 million state-of-the-art outdoor gorilla habitat at Franklin Park Zoo made possible by generous donors who wish to remain anonymous. When Gorilla Grove opens in spring 2022, it is anticipated to increase attendance and gate revenue. In addition, ZNE plans to leverage this opening, the third major capital project in five years, for continued capital fundraising success. These fundraising efforts, led by our Capital Campaign Leadership Committee, continue simultaneously with final design work on upcoming major capital projects and represent an historic transformation of both of our Zoos.

ZNE continues to focus on staff development, recruitment of high caliber candidates and retention. In FY 21, key positions, including a Senior Veterinarian, Director of Facilities, Facilities Supervisor and a Leadership Giving Officer, were filled. In spring FY 21, several salary corrections were made to enhance recruitment and employee retention. In FY 21, ZNE began working with YW Boston on Diversity, Equity and Inclusion training. Participants in the spring session comprised a broad cross-section of employees. Early in FY 22, more intensive training workshops began with ZNE senior leadership, and work will continue throughout FY 22.

ZNE has a proven track record of vigilantly tracking and managing expense increases in order to ensure positive financial outcomes. In regard to the mission-driven work that is really at the heart of the organization, ZNE continues to focus on expanding programming opportunities, as well as developing relationships with new education and conservation partners.

Contacting the Commonwealth Zoological Corporation:

This financial report is designed to provide a general overview of the Zoo's financial activity. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Questions regarding any of the information provided in this report or requests for additional information should be addressed to Cynthia Mead, Executive Vice President of External Affairs and Programming, Zoo New England, 1 Franklin Park Road, Boston, MA 02121.

Financial Statements

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Statements of Net Position

	<i>June 30,</i>	
	2021	2020
Assets		
Current:		
Cash and cash equivalents	\$ 8,819,375	\$ 4,590,489
Cash and cash equivalents for investment in plant and equipment and other items	9,613,545	12,604,720
Investments	225,527	163,812
Accounts receivable	85,761	43,333
State appropriations receivable	796,000	-
Pledges receivable, net	322,084	197,584
Prepaid expenses and other assets	286,352	53,229
Inventories	88,183	69,933
Noncurrent:		
Pledges receivable, net	493,924	472,791
Capital assets - net of accumulated depreciation	23,486,423	19,470,405
Service concession agreement - net of accumulated amortization	3,463,967	3,635,589
	47,681,141	41,301,885
Liabilities		
Current:		
Accounts payable	2,035,381	859,084
Accrued compensation	456,219	320,434
Accrued liability for compensated absences	408,401	374,010
Accrued expenses	272,580	193,886
Deferred revenues and advances from grantors	414,576	94,103
Federal payroll protection loan payable	1,915,902	1,861,800
Noncurrent:		
Accrued liability for compensated absences	391,881	248,123
	5,894,940	3,951,440
Deferred inflows of resources	295,536	302,204
Net position		
Invested in capital assets and intangibles	26,950,390	23,105,994
Restricted for:		
Capital projects	8,433,165	12,704,144
Education and other programs	642,085	568,319
Unrestricted	5,465,025	669,781
	\$ 41,490,665	\$ 37,048,238

See accompanying notes to the financial statements.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Statements of Revenue, Expenses and Changes in Net Position

	Years Ended June 30,	
	2021	2020
Operating revenues:		
Guest operating revenue:		
Admissions	\$ 7,541,905	\$ 3,648,804
Concessions revenue	300,896	305,024
Membership fees	<u>3,093,322</u>	<u>1,541,129</u>
Total guest operating revenue	10,936,123	5,494,957
Other operating revenue	<u>899,575</u>	<u>829,379</u>
Total operating revenue	<u>11,835,698</u>	<u>6,324,336</u>
Operating expenses:		
Animal care	4,934,670	4,749,442
Educational	1,004,636	892,558
Facilities and grounds	4,608,314	4,428,417
Fundraising	669,717	660,846
General and administrative	2,857,610	2,486,067
Guest services	3,872,269	3,129,150
Depreciation and amortization	<u>2,052,650</u>	<u>1,950,837</u>
Total operating expenses	<u>19,999,866</u>	<u>18,297,317</u>
Operating loss	<u>(8,164,168)</u>	<u>(11,972,981)</u>
Non-operating revenues:		
Gain on extinguishment of debt	1,861,800	-
Investment income	<u>73,507</u>	<u>98,521</u>
Non-operating revenues	<u>1,935,307</u>	<u>98,521</u>
Loss before contributions	<u>(6,228,861)</u>	<u>(11,874,460)</u>
Contributions:		
State appropriations	7,600,000	7,600,000
Private gifts - unrestricted	1,900,370	1,641,271
Private gifts - restricted	<u>1,170,918</u>	<u>12,209,898</u>
Total contributions	<u>10,671,288</u>	<u>21,451,169</u>
Change in net position	4,442,427	9,576,709
Net position, beginning of year	<u>37,048,238</u>	<u>27,471,529</u>
Net position, end of year	<u>\$ 41,490,665</u>	<u>\$ 37,048,238</u>

See accompanying notes to the financial statements.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Operating revenues from guests	\$ 10,936,123	\$ 5,494,957
Other operating revenue	1,177,620	904,951
Payments to employees	(8,324,502)	(7,794,757)
Payments for benefits	(2,140,267)	(2,140,737)
Payments for utilities	(1,332,668)	(1,675,698)
Payments to suppliers	<u>(5,952,987)</u>	<u>(4,852,622)</u>
Net cash used in operating activities	<u>(5,636,681)</u>	<u>(10,063,906)</u>
Cash flows from non-capital financing activities:		
State appropriations	4,054,000	4,719,127
Gifts and grants for other than capital purposes	<u>1,701,591</u>	<u>1,630,102</u>
Net cash provided by non-capital financing activities	<u>5,755,591</u>	<u>6,349,229</u>
Cash flows from capital and related financing activities:		
State appropriations - restricted to capital use	2,750,000	3,059,564
Purchases of capital assets	(4,729,808)	(1,402,405)
Private gifts - restricted	<u>1,170,918</u>	<u>12,209,898</u>
Net cash provided by investing activities	<u>(808,890)</u>	<u>13,867,057</u>
Cash flows from investing activities:		
Investment income	73,504	98,521
Purchase of investments	(61,715)	(77,428)
Proceeds from federal payroll protection loan payable	1,915,902	1,861,800
Change in cash held for investment in plant and equipment	<u>2,991,175</u>	<u>(11,118,279)</u>
Net cash provided by investing activities	<u>4,918,866</u>	<u>(9,235,386)</u>
Net increase in cash and cash equivalents	4,228,886	916,994
Cash and cash equivalents, beginning	<u>4,590,489</u>	<u>3,673,495</u>
Cash and cash equivalents, ending	<u>\$ 8,819,375</u>	<u>\$ 4,590,489</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (8,164,168)</u>	<u>\$ (11,972,981)</u>
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	2,052,650	1,950,837
Bad debts recoveries	(42,381)	(14,835)
Accounts receivables	(47)	95,773
Inventories	(18,250)	7,317
Prepaid expenses and other assets	(233,123)	150,722
Accounts payable	55,537	(279,628)
Accrued compensation	135,785	(20,482)
Accrued liability for compensated absences	178,149	97,272
Accrued expenses	78,694	(72,535)
Advances from grantors	<u>320,473</u>	<u>(5,366)</u>
Total adjustments	<u>2,527,487</u>	<u>1,909,075</u>
Net cash used in operating activities	<u>\$ (5,636,681)</u>	<u>\$ (10,063,906)</u>

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Commonwealth Zoological Corporation d/b/a Zoo New England (the “Zoo” or “ZNE”) is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and may accept, hold, use, apply and dispose of any and all donations, grants, bequests and devices received by the Zoo, conditional or otherwise.

The Zoo was organized in June 1991 under Chapter 92B of the Acts of 1992, as amended, for the purpose of operating the Franklin Park Zoo in Dorchester and the Walter D. Stone Memorial Zoo in Stoneham. It is a tax-exempt corporation under Chapter 180 of the laws and is legally separate from the Commonwealth of Massachusetts (“Commonwealth”) and is governed by a Board of Directors of up to thirty members of which two members are appointed by the Governor of the Commonwealth and one member is appointed by the Mayor of the City of Boston. The Commonwealth does not appoint a voting majority of the Zoo’s governing board. Nonetheless, the Zoo is considered a component unit of the Commonwealth because of its fiscal dependence on the Commonwealth. The Commonwealth is financially accountable for the Zoo and can significantly influence the Zoo. As such, the Zoo is included in the Commonwealth’s basic financial statements. The accompanying financial statements present the financial position and the changes in the net position and cash flows of the Zoo only. The Zoo is not involved in any joint ventures.

The Zoo may receive, subject to appropriation, an annual operating subsidy from the Commonwealth of Massachusetts through a line item in the budget of the Massachusetts Office of Travel and Tourism. In addition, the Zoo may request financial assistance from the Commonwealth of Massachusetts for any capital projects undertaken at the Zoo. The Commonwealth of Massachusetts retains title to all real property and the appurtenances thereon, with the exception of certain structures and related property at the Franklin Park Zoo, including the office building. The Zoo maintains care, custody and control of the Zoo facilities and collections.

The Zoo’s two operating locations are accredited by the Association of Zoos and Aquariums (“AZA”) through September 2024. To be accredited, an organization must meet certain standards in areas including animal husbandry, visitor experience, education and finances. Benefits of accreditation include the ability to participate in animal exchange programs with other zoos and enhanced opportunities and national marketing and fundraising program acceptance in the zoo professional and philanthropic communities.

A summary of the accounting policies consistently applied in the financial statements follows:

Basis of Accounting

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments in the United States of America.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The Zoo's operations are presented as a single enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items in accordance with the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Revenues from admissions, concession revenues and membership fees are reported as operating revenues. Items reported as non-operating income include investment income and gain on extinguishment of debt. Capital contributions, special and extraordinary items are reported separately after non-operating revenues and non-operating expenses.

The financial statements (i.e., the statements of net position, the statements of revenue, expenses and changes in net position and the statements of cash flows) report information on the activities of the Zoo. The effect of any interfund activity has been removed from these financial statements.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Accounting Standards

Certain accounting standards are pending adoption including standards for lease accounting among others. The Zoo is evaluating the effect this update will have on its future financial statements and related disclosures.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Zoo's cash and cash equivalents are considered to be cash on hand, cash on deposit with financial institutions and short-term investments with an initial maturity of three months or less. Restricted cash represents amounts received with donor-imposed restrictions and such amounts have been classified as cash and cash equivalents restricted for investment in plant and equipment and other items in the accompanying statements of net position.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Investments and Fair Value Measurements

The Zoo's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1— Investments reflect prices quoted in active markets.

Level 2— Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3— Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. All of the Zoo's investments are considered Level 1 financial instruments.

Grants, Gifts and Pledges

The Zoo receives pledges, grants and gifts of financial support from corporations, foundations and individuals. Such revenue is recognized in accordance with GASB No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, when all eligibility requirements have been met. Pledges are recognized when all eligibility requirements have been met, provided the pledge is verifiable and the resources are measurable and probable for collection.

The Zoo records as revenue, the value of donated services provided by qualified professionals that the Zoo would have purchased if not donated. Additionally, a substantial number of volunteers have donated significant amounts of their time on the Zoo's behalf, which has not been recognized in the accompanying financial statements.

Inventories, Prepaid Expenses and Other Assets

Inventories include animal care supplies that are stated at the lower of cost (first-in, first-out basis) or market value. Certain payments reflecting costs applicable to future accounting periods are recorded as prepaid items and other assets.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Capital Assets and Collections

Capital assets are recorded at cost or, if donated, at fair value at the date of donation. Maintenance and repairs are charged to expense as incurred. Capital assets are defined as those assets with an initial, individual cost of over \$2,500. Major renewals and betterments which are significant and add to the productive capacity or extend the useful life of capital assets are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which are summarized as follows:

Buildings, including improvements	27 - 40 years
Furnishings and equipment	3 - 5 years

The Zoo does not capitalize purchased or donated animals that are held for public exhibition, education, research and public service. Purchases of collection items are recorded as decreases in unrestricted net position in the year in which the items are acquired. Donated collection items are not recognized as revenues. These collections are neither disposed of for financial gain nor encumbered in any means.

Purchases and exhibit fees of collection items totaled approximately \$85,200 and \$84,100, which is included in animal care and guest services at June 30, 2021 and 2020, respectively.

Impairment of long-lived assets occurs when events or changes in circumstances indicate that the carrying value of the assets or the asset grouping may not be recoverable. The impairment is measured by the difference between the assets' carrying amount and their fair value, based on the best information available, including market prices or discounted cash flow analysis. Management reviewed the Zoo and its operations to determine if impairment exists. No impairments were noted for the years ended June 30, 2021 and 2020.

Service Concession Agreements

Service concession agreements represent both capital assets constructed by the Zoo on leased land under a service concession agreement and are reported in the statements of net position at cost and which revert back to the landlord should the Zoo vacate the premises as well as assets purchased by the concession vendor per the terms and conditions of a lease agreement that should be accounted for as a service concession agreement under GASB regulations. The assets constructed by the Zoo are being amortized over the straight-line basis over their estimated useful lives of the underlying assets which range from 27 to 40 years. The assets purchased by the concession vendor are capitalized consistent with the methodology the Zoo uses to capitalize its other capital assets along with a corresponding amount recorded as deferred inflows which is amortized over the life of the lease.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Deferred Revenues and Advances from Grantors

Advances from grantors consists primarily of grants, deposits on rental events and gifts for fundraising events to be held in the following fiscal year.

Compensated Absences

It is the Zoo's policy to permit employees to accumulate earned but unused vacation pay benefits up to specified limits. Employees may use this time in addition to other vacation time earned each year within the established limits. Unused time is paid to the employee upon termination or retirement. Compensated absences are recorded as a non-current liability in the statements of net position. The amount estimated to be paid during the next fiscal year is reported as a current liability.

Income Tax Status

The Zoo is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The Zoo accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Zoo has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Zoo has determined that such tax position does not result in an uncertainty requiring recognition. The Zoo is not currently under examination by any taxing jurisdiction.

Reclassifications

Certain amounts from the 2020 financial statements have been reclassified to conform to the 2021 presentation. Such reclassifications have had no impact on the change in net position.

Subsequent Events

The Zoo has evaluated subsequent events through September 28, 2021, the date that the financial statements were available to be issued.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30:

	2021	2020
Bank balance of cash and cash equivalents	\$ 18,825,527	\$ 17,369,468
Reconciling items (deposits in transit, outstanding checks, etc.), net	<u>(392,607)</u>	<u>(174,259)</u>
Total cash and cash equivalents	<u>\$ 18,432,920</u>	<u>\$ 17,195,209</u>
Bank deposits insured by the Federal Deposit Insurance Corporation	\$ 515,445	\$ 513,445
Bank deposits uninsured and uncollateralized	<u>18,310,082</u>	<u>16,856,023</u>
Total bank deposits	<u>\$ 18,825,527</u>	<u>\$ 17,369,468</u>
Cash and cash equivalents as displayed on the statements of net position:		
Cash and cash equivalents	\$ 8,819,375	\$ 4,590,489
Cash and cash equivalents for investment in plant and equipment and other items	<u>9,613,545</u>	<u>12,604,720</u>
Total	<u>\$ 18,432,920</u>	<u>\$ 17,195,209</u>

The Zoo maintains cash and cash equivalent balances at an institution located in Massachusetts. The Zoo monitors its exposure associated with cash and cash equivalents and has not experienced any loss in such accounts. Per Massachusetts' General Laws, the Zoo is required to maintain its money with financial institutions that are approved by the state treasurer. At June 30, 2021, the Zoo was in compliance with such state regulations.

Note 3 - Investments

Investments consist of equity mutual funds which are valued using Level 1 fair value methods as per the accounting policies as outlined earlier.

The balance represents funds restricted for education and other programs on the accompanying statements of net position.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 4 - Pledges Receivable

Pledges receivable are as follows at June 30:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 322,084	\$ 240,084
One year to five years	544,000	509,333
	<u>866,084</u>	<u>749,417</u>
Less allowance for doubtful pledges and present value discount	<u>(50,076)</u>	<u>(79,042)</u>
Total pledges receivable, net	\$ <u>816,008</u>	\$ <u>670,375</u>
Unconditional promises presented on the statement of net position:		
Pledges receivable, net - current	\$ 322,084	\$ 240,084
Pledges receivable, net - noncurrent	<u>493,924</u>	<u>430,291</u>
	\$ <u>816,008</u>	\$ <u>670,375</u>

Pledges are discounted to present value using a risk adjusted discount rate which amounted to 1.64% and 2.0% as of June 30, 2021 and 2020, respectively.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in process	\$ 157,192	\$ 4,695,016	\$ -	\$ 4,852,208
Capital assets, being depreciated:				
Buildings, including improvements	33,222,355	927,116	-	34,149,471
Furnishings and equipment	6,125,930	274,914	-	6,400,844
Total capital assets being depreciated	<u>39,348,285</u>	<u>1,202,030</u>	<u>-</u>	<u>40,550,315</u>
Total at historical cost	<u>39,505,477</u>	<u>5,897,046</u>	<u>-</u>	<u>45,402,523</u>
Less: accumulated depreciation for:				
Buildings, including improvements	(15,338,797)	(1,359,024)	-	(16,697,821)
Furnishings and equipment	(4,696,275)	(522,004)	-	(5,218,279)
Total accumulated depreciation	<u>(20,035,072)</u>	<u>(1,881,028)</u>	<u>-</u>	<u>(21,916,100)</u>
Net capital assets	<u>\$ 19,470,405</u>	<u>\$ 4,016,018</u>	<u>\$ -</u>	<u>\$ 23,486,423</u>

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 5 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Construction in process	\$ 318,771	\$ 157,194	\$ -	\$ (318,773)	\$ 157,192
Capital assets, being depreciated:					
Buildings, including improvements	32,118,661	784,921	-	318,773	33,222,355
Furnishings and equipment	5,615,612	510,318	-	-	6,125,930
Total capital assets being depreciated	<u>37,734,273</u>	<u>1,295,239</u>	<u>-</u>	<u>318,773</u>	<u>39,348,285</u>
Total at historical cost	<u>38,053,044</u>	<u>1,452,433</u>	<u>-</u>	<u>-</u>	<u>39,505,477</u>
Less: accumulated depreciation for:					
Buildings, including improvements	(14,027,352)	(1,311,445)	-	-	(15,338,797)
Furnishings and equipment	(4,228,503)	(467,772)	-	-	(4,696,275)
Total accumulated depreciation	<u>(18,255,855)</u>	<u>(1,779,217)</u>	<u>-</u>	<u>-</u>	<u>(20,035,072)</u>
Net capital assets	<u>\$ 19,797,189</u>	<u>\$ (326,784)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,470,405</u>

Note 6 - Service Concession Agreements

Concessionaire

The Zoo executed an agreement with a vendor to sell food, beverages and retail merchandise to patrons of the facility (see Note 7) through March 2026. The terms and conditions of the lease are such that the arrangement should be accounted for as a service concession agreement under GASB regulations. Under the terms, the vendor is required to make an upfront payment to the Zoo of \$50,000 and to expend an additional \$550,000 in capital improvements, of which approximately \$492,000 has been expended and capitalized as of June 30, 2021, to the food service facilities that are to be amortized over the term of the lease with the Zoo retaining ownership upon termination of the agreement of the assets. Also, the agreement stipulates that if it is terminated for any reason other than voluntary abandonment by the vendor prior to the end of its ten year term, the unamortized amount will be reimbursed to the vendor. As these improvements are placed into service, the amounts are recorded as capital assets on the statements of net position and depreciated along with the Zoo's other capital assets. The assets will be offset by deferred inflows which will be amortized over the term of the lease and recorded as non-operating contribution revenue.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 6 - Service Concession Agreements (Continued)

Concessionaire (Continued)

During 2021 and 2020, \$46,479 and \$13,138 of assets purchased per the above referenced agreement were placed into service and a corresponding amount of deferred inflows were recorded on the accompanying statements of net position at June 30, 2021 and 2020, respectively. During 2021 and 2020, \$53,146 and \$47,006 of the deferred inflows were amortized and recorded as non-operating contribution revenue on the accompanying statements of revenue, expenses and changes in net position, respectively.

Children's Zoo - George Robert White Fund

The Zoo has a lease for its administrative office buildings which sit on approximately 14,400 square feet of space located at One Franklin Park Road, three additional temporary office buildings of approximately 20,000 square feet and approximately four acres comprising the Children's Zoo from the George Robert White Fund (the GRW). The terms and conditions of the lease are such that the arrangement should be accounted for as a service concession agreement under GASB regulations. The current lease term was extended during the year ended June 30, 2020 and continues through November 30, 2024 and calls for perpetual renewals so long as the Zoo is not in default of any of the provisions contained in the lease.

The lease calls for payments of \$1.00 to be paid annually by the Zoo and requires the Zoo to operate the facilities in accordance with the charitable purposes of the GRW. The Zoo has entered into the agreement in order to secure the facilities necessary to operate the Franklin Park Zoo. The lease agreement does not contain any transfer of ownership clauses that would convey ownership to the Zoo and furthermore includes a clause that states that all structural repairs, alterations, replacements, additions, improvements or renovations shall become the sole and exclusive property of the GRW upon termination of the lease. As such, all funds invested by the Zoo on this property are reported as service concession agreement, see table below.

Per the terms of the lease, the Zoo is required to acknowledge in its financial statements that the use of the facility is a "gift-in-title" from the GRW and that the value of this gift is equal to \$10.00 per square foot. As such, the Zoo acknowledges the value of the "gift-in-kind" (see Note 13) to be \$144,120 for the years ended June 30, 2021 and 2020, respectively, reported as facilities and grounds expense on the accompanying statements of revenues, expenses and changes in net assets.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 6 - Service Concession Agreements (Continued)

Service concession agreement activity was as follows:

June 30, 2021

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Service concession assets being amortized:				
Franklin Park Children's Zoo	\$ 4,290,550	\$ -	\$ -	\$ 4,290,550
Less: accumulated amortization for:				
Franklin Park Children's Zoo	<u>(654,961)</u>	<u>(171,622)</u>	<u>-</u>	<u>(826,583)</u>
Net service concession assets	<u>\$ 3,635,589</u>	<u>\$ (171,622)</u>	<u>\$ -</u>	<u>\$ 3,463,967</u>

June 30, 2020

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Service concession assets being amortized:				
Franklin Park Children's Zoo	\$ 4,290,550	\$ -	\$ -	\$ 4,290,550
Less: accumulated amortization for:				
Franklin Park Children's Zoo	<u>(483,339)</u>	<u>(171,622)</u>	<u>-</u>	<u>(654,961)</u>
Net service concession assets	<u>\$ 3,807,211</u>	<u>\$ (171,622)</u>	<u>\$ -</u>	<u>\$ 3,635,589</u>

Note 7 - Food Service Tenant Agreement

The Zoo has also entered into an agreement with the vendor for the use of certain Zoo facilities including customer service and concession areas. This agreement includes: advertising, food and beverage, retail and vending machines. The agreement calls for commissions to be paid to the Zoo on a monthly basis based upon the food, beverage, and merchandise sales ranging from 10% to 17.5% of gross receipts.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 8 - Operating Leases

The Zoo leases office space in Acton, Massachusetts under an operating lease that commenced on June 17, 2019 and runs through June 30, 2022. In addition, the Zoo leases office equipment under an operating lease that runs through December 2024. The approximate minimum annual payments under these leases are as follows:

2021	\$ 61,150
2022	43,150
2023	43,150
2024	43,150
2025	21,575

Note 9 - Federal Payroll Protection Loan Payable

The Zoo applied for and received a forgivable Paycheck Protection Program Loan (the “PPP Loan”) of \$1,861,800 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 23, 2020. The Zoo received full forgiveness of the loan in December 2020, recording \$1,861,800 as a gain on extinguishment of debt as of June 30, 2021 on the accompanying statements of revenue, expenses and changes in net position.

The Zoo applied for and received a forgivable PPP Loan of \$1,915,902 as provided under the Economic Aid Act and the loan was funded on February 4, 2021. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the twenty-four week period through September 30, 2021 and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due in substantially equal installment of principal and interest upon determination of which funds that will not be forgiven and carries an interest rate of 1.0%. The Zoo anticipates using all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request will be submitted after the performance period outlined above. Upon receipt of a legal release from the obligation, the Zoo will record a gain on the extinguishment of debt equal to the amount forgiven.

Note 10 - Line of Credit

The Zoo has a demand line of credit with a bank, whereby it may borrow up to \$1,000,000 with interest payable monthly, at a borrowing rate of 30-day LIBOR plus 3.50% (3.6% at June 30, 2021). Borrowings under the line of credit are collateralized by substantially all assets of the Zoo and terminates at the discretion of the bank. The line also requires the maintenance of certain financial covenants. There was no outstanding balance on the line of credit at June 30, 2021 and 2020.

**COMMONWEALTH ZOOLOGICAL CORPORATION
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Notes to Financial Statements

Note 11 - Retirement Plan

The Zoo has in effect a 401(k) plan covering eligible employees. Matching contributions to the plan are at the discretion of the Board of Directors and are funded on a current basis. Employer contributions to the plan totaled approximately \$173,500 and \$159,000 for the years ended June 30, 2021 and 2020, respectively.

Note 12 - Government Support/Concentration of Revenue

Support received from the Commonwealth totaled \$7,600,000 for the years ended June 30, 2021 and 2020. Funding consisted of \$4,600,000 received for unrestricted operating purposes and \$3,000,000 of bond funding that was restricted for various uses as specified in a detailed budget provided by the Commonwealth in 2021 and 2020. As of June 30, 2021, \$796,000 of the government support was recorded as a state appropriations receivable.

Subsequent to year end, the Commonwealth passed a state budget for fiscal 2022 appropriating \$6,600,000 for the Zoo's operating budget and included \$3,000,000 for the Zoo in funds from the annual bond authorization.

During the year ended June 30, 2020, the Zoo received three restricted private gifts totaling \$11,000,000 from two donors.

Note 13 - Donated Materials and Services

The Zoo received donations of materials, services and facilities totaling \$538,431 and \$529,430 for the years ended June 30, 2021 and 2020, respectively, which are included as private gifts - unrestricted on the accompanying statements of revenue, expenses and changes in net position. The value of donated materials was \$147,243 and \$108,086 for the years ended June 30, 2021 and 2020, respectively, and consisted primarily of supplies for animal care and other purposes.

The value of donated services provided by qualified professionals and recognized as unrestricted contribution revenue and a corresponding expense totaled \$244,452 and \$277,224 for years ended June 30, 2021 and 2020, respectively. These services are primarily for advertising, legal services and veterinary services and are reported as such in the accompanying statements of revenue, expenses and changes in net position.

The value of donated facilities relates to the lease agreement the Zoo maintains with the GRW (see Note 6), totaling \$144,200 for the years ended June 30, 2021 and 2020, respectively.

Additionally, a substantial number of volunteers have donated significant amounts of time on the Zoo's behalf, which has not been recognized in the accompanying financial statements.

**COMMONWEALTH ZOOLOGICAL CORPORATION
D/B/A ZOO NEW ENGLAND**

Notes to Financial Statements

Note 14 - Cash Flow Information

As of June 30, 2021 and 2020, \$46,479 and \$13,138, respectively, of service concession agreement intangible assets were recorded as deferred inflows (see Note 6). At June 30, 2021 and 2020, \$1,220,757 and \$99,815 of capital asset purchases were included in accounts payable, respectively.

Note 15 - Risk Management, Commitments and Contingent Liabilities

The Zoo is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Zoo has purchased insurance in customary amounts for an organization of its size.

In the opinion of management, no litigation is now pending, or threatened, which would materially affect the Zoo's financial position.

In March 2020 the Zoo entered into a contract with a third party to host an event at the Zoo to run from July 2020 through October 2020. Per the terms of the contract the Zoo charges and collects patrons for tickets to the event and then is responsible for paying the third party a commission based up percentages of the ticket sales. During the year ended June 30, 2021, the Zoo earned gross revenues of approximately \$3,400,000 and paid approximately \$1,800,000 in commissions to the third party. The net revenues earned of approximately \$1,600,000 are reported as admissions revenue on the accompanying statements of revenue, expenses and changes in net position as of June 30, 2021. All amounts owed to the third party were paid in full as of June 30, 2021 and the contract is applicable to the event to be held again in fiscal 2022 and 2023.

During fiscal year ended June 30, 2021, the Zoo entered into a contract with a contractor totaling \$6,800,000 for the design of the exterior gorilla enclosure at Franklin Park Zoo, of which approximately \$3,600,000 was incurred and paid through June 30, 2021. The balance of the contract is expected to be completed and paid during fiscal 2022.

Reporting Under Government Auditing Standards



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*Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards*

The Board of Directors
Commonwealth Zoological Corporation
d/b/a Zoo New England
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Commonwealth Zoological Corporation d/b/a Zoo New England (the “Zoo”) which comprise the statement of net position as of June 30, 2021 and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Zoo’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Zoo’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Zoo’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Zoo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Zoo's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Zoo's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maye Heyman McCann P.C.

September 28, 2021
Boston, Massachusetts