



**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, 2020 and 2019



**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, 2020 and 2019, 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, 2020 and 2019, 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.

Emphasis of Matter paragraph:

We draw your attention to Note 1 which describes events resulting in additional risks and uncertainties resulting from COVID-19. The financial statements do not contain any adjustments related to the pandemic. Our opinion is not modified with respect to this matter.

Other Matters

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 25, 2020 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 Hoffman McCann P.C.

September 25, 2020
Boston, Massachusetts

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Management's Discussion and Analysis

June 30, 2020 and 2019

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, 2020 and 2019. 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 is an enterprise fund and the 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 2020 – A year of unprecedented challenges

Zoo New England’s (ZNE) 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. Up until March, we had incredible momentum and success in regard to attendance, programming, membership and fundraising, but Fiscal Year 2020 proved to be unlike any other in ZNE’s history. When ZNE closed in mid-March due to the Coronavirus pandemic (“COVID-19”), we quickly strategized and pivoted our planning and programming to keep our audiences connected and engaged with our work while also serving our mission.

Following last year’s record-breaking attendance of 708,278 visitors, we were on track for another record-breaking year with a goal of 715,830 visitors. By the end of February 2020, our combined attendance was more than 23,000 visitors over projection, and combined attendance revenue was \$79,000 ahead of the projection. March was also tracking well, but like so many other cultural institutions and businesses, ZNE had to close due to COVID-19. We closed on March 14 and remained closed until Franklin Park Zoo reopened on May 28, followed by Stone Zoo on May 30. Our closure

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began right as we were headed into our peak attendance season, and we ended FY 20 with 501,975 in total attendance.

As a result of the closure, ZNE experienced a loss of earned revenues of approximately \$2M from gate admission and other business as usual when compared to the FY 2020 operating budget. ZNE implemented cost cutting measures including furloughs for 44% of the staff, and wage reductions for 55% of the staff.

With more than 2,000 animals in our care, we cannot simply turn off the lights and close the gates. While we were closed, our Animal Care team was on grounds daily at Franklin Park Zoo and Stone Zoo providing healthy diets, veterinary care, enrichment activities, and the human interaction our animals look forward to when the gates are open. Critical operations staff also continued working at the Zoos to provide vital care to our infrastructure.

To support the critical care of the animals, we established the All for Our Animals Fund in late March. We directed all of our fundraising efforts to support this fund and raised \$142,000 as of June 30. During this time, we received more individual donations than ever before at this time of year, which included gifts from a number of new donors. Overall, total fundraising for FY 20 consisted of the receipt of unrestricted gifts and pledges of approximately \$1,600,000 along with the receipt of restricted/capital gifts and pledges totaling approximately \$12,200,000. These gifts, which were received from individuals, foundations and corporations, represent an overall increase from FY 19 of approximately \$8,800,000 or 320%.

Due to COVID, we had to completely reimagine two of our major annual fundraising events – Zootopia and A Wild Affair. Zootopia, our largest fundraising gala of the year, was presented virtually in May. While this was incredibly well received, it is very difficult to replicate the energy of an in-person event virtually and yield the same fundraising results. This year, Zootopia raised \$319,591, while A Wild Affair, Stone Zoo's largest annual fundraising event held in June, raised \$26,699 virtually. Many events that support the Zoos, including Brew at the Zoo and Ales & Tails, were cancelled. Should conditions allow, we would like to host these events later this year in FY 21.

Education and conservation are the cornerstones of our mission. ZNE was once again pleased to be named 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. This year, the program was conducted virtually. We anticipate distance learning will become a new routine for us in the months ahead, and have begun to offer virtual animal encounters and tours. On March 23, we began our daily #ZooToYou programming on Facebook, which included a mix of Facebook Live, videos and activities designed to keep our audience connected to the Zoos and our mission. As of June 30, #ZooToYou reached an audience of 2,113,559 and garnered 562,649 video views.

A critical component of achieving ZNE's mission is based in having meaningful impact in the conservation of wildlife, both locally and abroad. Through innovative community-based outreach and resource initiatives, ZNE's Grassroots Wildlife Conservation has engaged thousands of schoolchildren and volunteers in on-the-ground rare species conservation efforts focused on species including Blanding's turtles, eastern spadefoot toads, bridle shiners, marbled salamanders, and New England blazing star.

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Throughout the 2019-20 school year, 3,400 students from 155 classrooms in 44 schools participated in ZNE's innovative HATCH program (Hatchling and Turtle Conservation through Headstarting). Through this impactful program, students participate directly in local conservation, while learning STEM skills. The students raise hatchling turtles in their classrooms throughout the school year to give them a "headstart" – helping them to grow bigger so they are less prone to predation and more likely to survive to adulthood when released back to the wild. This year, the virtual field trips that we offered to participating classrooms helped many students feel connected to their classes during the dislocation of the COVID-19 pandemic.

Internationally, ZNE's Conservation Committee has formed ongoing partnerships to support critical conservation efforts for several species in Central America, the Caribbean basin, Africa, and central Asia. Innovative measures that we help support include: a community-based incentive program for snow leopard conservation in Mongolia, developing effective and exciting school programs to foster tapir conservation in Costa Rica, and conducting reintroductions for Nubian giraffes in Uganda, and the hicatee, a critically endangered turtle in Belize. In 2020, ZNE Conservation and Horticulture staff traveled to St. John to help reintroduce critically endangered forest shrubs, and to Panama to help in the captive breeding of 12 rare frog species, some of which are now extinct in the wild.

We are always working to improve the Zoo experience. At Stone Zoo, we built a new African spurred tortoise exhibit with paid feeding opportunities for guests, while at Franklin Park Zoo work began on a new white-naped crane and koi exhibit located in the former Chilean flamingo space. Franklin Park Zoo's Nature's Neighborhoods was honored with design awards from the Florida Society of Landscape Architects and the Boston Society of Landscape Architects. In the fall of 2019, guests to Stone Zoo enjoyed the very popular Brick Safari, which featured dozens of animal sculptures made from Lego bricks.

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. While participation has steadily grown throughout the past several years, participation decreased in FY 20 as a result of the Zoos' closure due to COVID. In FY 20, we welcomed 28,508 guests who visited with their EBT/WIC cards. This is a decrease of 8,788 compared to 37,296 participants in FY 19. When the Zoos reopened in June, the EBT and WIC discounts were the first discounts implemented in our new online ticketing system.
- **Community Pass Program:** Non-profit organizations and community groups are eligible to receive a limited amount of free admission passes. ZNE distributed 1,811 passes to non-profit organizations and community groups during FY 20.

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- 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, 2020, Franklin Park Zoo features 64 public animal exhibits and Stone Zoo features 46. Zoo New England is home to 2,277 animals representing 205 different species.
- Significant acquisitions at Franklin Park Zoo included eight female black Welsh mountain sheep, a male and a female kea, and a female kori bustard. Notable births and hatches at Franklin Park Zoo included 17 black-tailed prairie dogs, Cape porcupette twins, a male red panda, an Orinoco goose and two red-breasted mergansers. At Stone Zoo, significant acquisitions included six young Mexican gray wolves, a female North American river otter, and a female coatimundi. Six rock hyrax were also born at Stone Zoo.
- In the summer of 2019, the new African spurred tortoise exhibit opened at Stone Zoo. This space features three African spurred tortoises that arrived from a tortoise rescue center. The new exhibit also includes space for the public to feed the tortoises for a small fee.
- In FY 20, work began on the new white-naped crane and koi pond exhibit at Franklin Park Zoo. This space was previously home to a flock of Chilean flamingos, all of which have moved to new homes. The new crane exhibit opened in the summer of 2020.

Attendance

- In FY 20, Zoo New England experienced a decrease in daytime attendance with 440,315 visitors compared to 644,030 visitors in FY 19.
- Franklin Park Zoo's total attendance reached 260,416, a decrease of 148,668 from 409,084 in FY 19.
- Stone Zoo's daytime attendance reached 179,899 a decrease of 55,047 from 234,946 in FY 19.
- Total FY 20 attendance for ZooLights (Stone Zoo's evening holiday light show, which operates primarily in the month of December) was 61,660, a decrease of 2,588 compared to 64,248 in FY 19.
- Total overall attendance, inclusive of ZooLights, in FY 20 was 501,975, compared to 708,278 in FY 19. This sharp drop in attendance can be attributed to our closure from mid-March through late May due to COVID-19.

Membership

- In FY 20, Membership revenues from over 15,000 member households brought in over \$1,500,000. Due to our closure during COVID-19, we pushed back our annual spring membership campaign. Since launching the campaign in July, we have seen record-setting returns.

Education

- COVID-19 immediately reshaped education and volunteer programs beginning in mid-March of 2020. We cancelled all of our in-person programs, on-site and off-site. Because the spring is typically our busiest season for many programs, we saw a deep decline in numbers of people we engaged and a deep decline in revenues.

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- The FY 20 budget plan for Education and Volunteer Programs projected \$356,575 in revenues from on-site and off-site programs. At the end of January, the Zoo was well ahead of budget for the year, however due to Covid-19 related restrictions the Zoo ended up with such revenues totaling \$181,968 which is \$174,607 less than budget. In response to the decrease in revenues the Zoo reduced the related expenses to \$634,523, which is \$91,495 below the budget of \$726,018.
- In FY 20, we reached approximately half as many program participants for in-person and off-site programs as in FY 19. School programs, after-school, group programs, overnights and other programs reached 7,688 participants compared with 13,849 in FY 19. This dramatic decrease is due to COVID-related cancellation of scheduled programs during our busiest months of the year.
- The Education staff worked quickly and collaboratively with the Marketing department to facilitate virtual learning opportunities through new #ZooToYou content on our Facebook pages, which included many Facebook Lives and other videos offered free for public viewing. Between March 23 and June 30, the reach for #ZooToYou content was 2,113,559 and video views totaled 562,649. We also quickly reached out to schools to offer virtual classes and pre-recorded video lessons. From March through June, we presented 32 programs reaching 1,273 students.

Rentals and Private Events

- In FY 20, 41 individuals and 17 corporations hosted events ranging from birthday parties to corporate functions to walkathons. A total of 58 events were held between Franklin Park Zoo and Stone Zoo. In July 2019, the 27th Jimmy Fund Summer Festival was held at Franklin Park Zoo for more than 3,000 cancer patients and survivors along with their families. This was a private one-day full rental of Franklin Park Zoo featuring a full-day of activities. Throughout recent years, events held at the Zoos have become a continuous source of revenue as well as cultivating opportunities for new members and donors. We have been focused on growing this area of revenue. Due to COVID-19, we lost 26 booked events.

Volunteers

- In FY 20, 155 individual volunteers donated a total of 8,532 hours of service. The hours of service is a 38% decrease compared to the 13,825 volunteer hours in FY 19. Due to COVID-19, we were unable to complete two of our three onboarding sessions for new volunteers, which resulted in the overall decrease in individual volunteers. In FY 20, we had 38% fewer individual volunteers compared to the 249 individuals in FY 19.
- In FY 20, 2,504 group volunteers contributed 6,297 hours of service. This represents a decline of 41% from the 3,801 group volunteers in FY 19, and a decline of 35% in contributed hours from 9,621 in FY 19. The group volunteer program runs April through November. Our closure, mid-March through late May, accounts for the decline in group volunteers. 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.
- In FY 20, 36 interns contributed 9,556 hours to Zoo New England while gaining knowledge and experience to support their future work opportunities. While we had 29% fewer interns this year, 36 compared to 51 in FY 19, these individuals contributed 13% more hours of service when compared to 8,429 hours in FY 19.

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- In sum, 2,695 people contributed 24,385 hours of volunteer service to ZNE during FY 20.

Teen Programs

- In FY 20, Zoo New England's Youth Programs department hosted 95 young people in three programs – the summer ZooTeen program, the Teen Ambassador program and the Junior ZooTeen program.
- In FY 20, 39 ZooTeens worked in the Zoo's Animal Care, Education, Commissary, Facilities, and Guest Services departments. ZooTeens also engaged in 30 hours of professional development workshops, which provided exposure to STEM fields, and practice with skills to navigate workplace communication, problem solving; professionalism, identity, diversity and inclusion, and career readiness.
- In FY 20, we employed nine Teen Ambassadors who participated in community events, created conservation and zoology themed activities for zoo visitors, and participated in field conservation activities with ZNE's Conservation department to learn about turtle conservation. Teen Ambassadors also helped create lesson plans for the Junior ZooTeen Program and served as mentors for participating Junior Zoo Teens.
- In March 2020, the Teen Ambassador program made a quick shift from in-person to video conference meetings due to the COVID-19 pandemic and the zoo closing. We continued facilitating weekly meetings focused on professionalism and career readiness. We also enrolled with EVER-FI – a free, online, educational resource for K-12 learners – and assigned online modules for Teen Ambassadors, including financial literacy, mental wellness, and career planning. The rapid shift was challenging, but it enabled the program to continue to support learning and positive social connections among Teen Ambassadors and ZNE.
- The Junior ZooTeen Program engages youth, ages 11 to 14, in learning experiences about modern zoos, zoo careers, and conservation. In FY 20, we hosted one 8-week session, with 15 participants. We also planned a spring session that was cut short, after two meetings, due to COVID-19.

Fundraising

- Total fundraising for FY 20 consisted of the receipt of unrestricted gifts and pledges of approximately \$1,600,000 along with the receipt of restricted/capital gifts and pledges totaling approximately \$12,200,000. Such gifts represent an overall increase from FY 19 of approximately \$8,800,000 or 320%. The above gifts were received from individuals, foundations and corporations including corporate sponsorships (see below for detailed breakdown).
- This substantial increase is due to a variety of capital projects, which raised \$11,559,014. These projects include the Franklin Park Zoo Welcome Plaza, Gorilla Exhibit, and Hospital campaign projects, as well as conservation related projects (including solar flowers, golf carts, and new rain garden). All of these projects will contribute to an ongoing transformation for the Zoos.
- Zoo New England received its largest gift to-date from an anonymous individual donor, \$8,000,000, designated for the Franklin Park Zoo capital campaign's Gorilla Exhibit project.
- ZNE also secured its largest corporate gift to-date, \$3,000,000 for the Franklin Park Zoo capital campaign's Welcome Plaza project.
- Unrestricted individual giving from donors was \$378,071, which was 58% of the goal set at \$650,000. In mid-March, due to a mandatory COVID-19 closure, fundraising efforts shifted to restricted funding for animal care.

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- Unrestricted corporate support declined this year, which we also attribute to shifting priorities due to COVID-19. Corporate gifts, which include matching gifts and unrestricted corporate sponsorships, generated \$83,467 in FY 20. This is a decrease of \$74,361 compared to \$157,828 in FY 19.
- Unrestricted foundation support totaled \$266,918 in FY 20. This is an increase of \$144,045 over FY 19's total of \$122,873.
- Restricted funds raised for operating in FY 20 was \$672,566, an increase of \$137,312 compared to the \$533,433 raised in FY 19.
- A total of \$25,149 was raised for Zoo New England's Grassroots Wildlife Conservation programs from individuals, corporations, and foundations. This is a decrease of \$69,907 compared to FY 19 as donors acquired from our merger with the organization have shifted to support ZNE more broadly.
- Zootopia, ZNE's largest fundraising gala, took place virtually this year on May 9, 2020. We registered 410 users and raised \$319,591. Although gross event revenue was down from previous years, we saved substantial costs by moving the event online.

Marketing and Communications

- In FY 20, Zoo New England received extensive press coverage for events and attractions including Brick Safari, a display at Stone Zoo featuring animal sculptures made from Lego bricks, ZooLights, our annual holiday light show at Stone Zoo, and for the Zoos' re-opening in late May. We welcomed a number of new births, hatches and acquisitions throughout the year, which also generated media coverage. For example, the October birth of Cape porcupette twins at Franklin Park Zoo generated 30 media placements. We continued to focus on raising ZNE's profile in regard to conservation and education. In late April 2020, The Boston Sunday Globe ran an article about ZNE's wood turtle monitoring project in partnership with the Massachusetts Division of Fisheries and Wildlife.
- Throughout FY 20, ZNE's media efforts resulted in 2,001 media placements, which generated an estimated reach of 4,235,260,481 in total circulation, listenership and viewership. In FY 20, the estimated combined editorial value was \$1,876,288. (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 19, the Facebook audience for Franklin Park Zoo grew by 20%, from 77,416 followers to 93,522. Stone Zoo's Facebook audience grew by 35%, from 57,757 followers to 77,671. ZNE's Instagram followers grew from 24,030 to 35,426, or by 47%, while the Twitter audience increased 3%, from 11,289 to 11,655. On March 23, we began our daily #ZooToYou programming on Facebook, which included a mix of Facebook Live, videos and activities designed to keep our audience connected to the Zoos and our mission. As of June 30, #ZooToYou reached an audience of 2,113,559 and garnered 562,649 video views.

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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 residual interest in ZNE's assets after deducting liabilities. ZNE's net position was \$37,000,000 at June 30, 2020, a \$9,500,000 increase from June 30, 2019.

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

	2020	2019	2018
Assets:			
Current and other assets	\$ 18,195,891	\$ 6,536,693	\$ 4,431,230
Capital assets	19,470,405	19,797,189	19,801,069
Service concession	<u>3,635,589</u>	<u>3,807,211</u>	<u>3,978,833</u>
Total assets	41,301,885	30,141,093	28,211,132
Liabilities:			
Current liabilities	3,703,320	2,155,109	2,205,959
Noncurrent liabilities	<u>248,123</u>	<u>178,383</u>	<u>202,689</u>
Total liabilities	3,951,443	2,333,492	2,408,648
Deferred inflows of resources	302,204	336,072	289,548
Net Position:			
Invested in capital assets	23,105,994	23,604,400	23,779,902
Restricted	13,272,463	2,112,554	575,762
Unrestricted	<u>669,781</u>	<u>1,754,575</u>	<u>1,157,272</u>
Total net position	\$ <u>37,048,238</u>	\$ <u>27,471,529</u>	\$ <u>25,512,936</u>

Net position is comprised of three components as follows:

Invested in capital assets and intangibles represents the largest portion of ZNE's net position (62% at June 30, 2020). 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.

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FINANCIAL POSITION SUMMARY (Continued)

Restricted net position (36% at June 30, 2020) 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 (2% at June 30, 2020) 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.

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, 2020, 2019 and 2018:

Asset Classification	2020	2019	2018
Construction in process	\$ 157,192	\$ 318,771	\$ 104,862
Building and land improvements	32,903,582	32,118,661	31,356,405
Furnishings and equipment	<u>6,444,703</u>	<u>5,615,612</u>	<u>5,012,352</u>
 Total	 39,505,477	 38,053,044	 36,473,619
 Accumulated depreciation	 <u>20,035,072</u>	 <u>18,255,855</u>	 <u>16,672,550</u>
 Capital assets, net	 \$ <u>19,470,405</u>	 \$ <u>19,797,189</u>	 \$ <u>19,801,069</u>

ZNE's gross capital assets have increased approximately \$1,450,000 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, 2019. Required footnote disclosures relative to capital assets can be found under "Note 5 - Capital Assets" in the Notes to Financial Statements.

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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:

	2020	2019	2018
Operating revenues	\$ 6,324,336	\$ 8,012,256	\$ 6,842,931
Operating expenses	18,297,317	18,777,321	16,713,527
Non-operating revenues	98,521	74,348	47,153
Capital contributions	<u>21,451,169</u>	<u>12,649,310</u>	<u>11,604,904</u>
Change in net position	9,576,709	1,958,593	1,781,461
Net position, beginning of year	<u>27,471,529</u>	<u>25,512,936</u>	<u>23,731,475</u>
Net position, end of year	<u>\$ 37,048,238</u>	<u>\$ 27,471,529</u>	<u>\$ 25,512,936</u>

OPERATING REVENUES AND OPERATING EXPENSE HIGHLIGHTS

The decrease in operating revenues is directly due to the Zoo having to close both its locations from mid-March 2020 through the end of May due to Covid-19 restrictions.

Overall decrease in operating expenses is also directly due to the Zoo having to close both its locations from March through the end of May. The expense decrease is not consistent with the decrease in revenues because the Zoo had to continue to maintain the property, care for the animals and needed its management and finance staff to continue to work. Subsidizing the cost was the \$1,860,000 Payroll Protection Program ("PPP") loan that the Zoo applied for and received in April 2020.

CAPITAL CONTRIBUTION HIGHLIGHTS

Overall increase in current year capital contributions of approximately \$8,800,000 is being driven by three large restricted contributions totaling \$11,000,000 mitigated by a decrease in unrestricted contributions and a decrease in volume of smaller restricted contributions.

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

Management's Discussion and Analysis

June 30, 2020 and 2019

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.

COVID-19 adversely affected school group attendance with the closure of both the Zoos and in-person classroom learning. March through June are the busiest times for school groups and as a result of the closures and stay at home advisory, school group attendance for FY 20 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 20, operating support for ZNE was \$6.6 million in state funds. Additionally, capital support was \$1 million in FY 20 for deferred maintenance, asset preservation and capital improvements from the state bond funds. Capital improvements included exhibit renovations for the new white-naped crane and koi exhibit at Franklin Park Zoo, electrical work, water main and hydrant repair, guest amenity improvements to restrooms at Franklin Park Zoo, playground renovations, equipment purchases for the veterinary hospital, an additional truck and roof repairs.

Currently, due to the COVID-19 pandemic, the Commonwealth has passed a four-month spending plan to cover the months of July through October to provide the Zoo with \$1,300,000 in appropriations. If this budget is annualized, the Zoo would receive \$4,000,000 in appropriations for its fiscal year ending June 30, 2021. Additionally, ZNE is contracting for an additional \$3,000,000 in funds from the annual bond authorization of which approximately \$2,600,000 will be allocated to deferred maintenance, asset preservation and improvements in the operating budget. ZNE continues its work with the House and Senate Ways and Means Committees on a final FY 21 budget.

ZNE was also included in the FY 21 Economic Development Bond. The House has funded ZNE at \$12,000,000 and the Senate at \$5,000,000. The bill is currently in the conference committee with ZNE continuing to advocate for the \$12,000,000 allocation.

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

Management's Discussion and Analysis

June 30, 2020 and 2019

Admission & Membership Rates:

The rates in effect as of June 30, 2020 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

Factors Impacting Future Periods:

While, like for all business, there remains a great deal of uncertainty for FY 21, Zoo New England remains hopeful for the coming year. In recent years, 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.

We were recently awarded two prestigious grants to be used for FY 21. ZNE received a \$100,000 grant from the Cummings Foundation for our new Family Nature Adventure Program, which will help reduce the negative impact of adverse childhood experiences, poverty, and trauma in kids and families by providing enriching adventures in zoos and nature. The funding will cover staff time as well as passes to the Zoos for participating children and families. ZNE was also awarded an Institute of Museum and Library Services (IMLS) grant that will provide salaries and funding to revamp the graphics and interactive experiences at Stone Zoo.

ZNE is fortunate because both of our Zoos are primarily an outdoor experience with plenty of space to stroll. A representative from ZNE served on a subcommittee of the Outdoor Recreation group, part of the Massachusetts Reopening Advisory Board, and participated in drafting the Massachusetts Guidelines for Zoos. Both Zoos re-opened to the general public on June 4 with new health and safety measures in place including advance online and timed ticketing for a designated day and time, guest capacity limits, one-way paths to control guest flow, clearly designated 6-foot distance markers, enhanced cleaning protocols, and more hand sanitizer stations throughout the Zoos. In accordance with the Massachusetts Department of Public Health, visitors (over age 2) to the Zoos are required to wear face coverings. The combination of being primarily outdoor experiences with being so well prepared allowed our Zoos to reopen in Phase 1 of the Governor's Reopening Plan. This resulted in many first-time visitors coming to our Zoos, which expands our audience significantly.

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

Management's Discussion and Analysis

June 30, 2020 and 2019

ZNE's preliminary FY 21 budget projected admission revenues at 70% of the previous year. To account for necessary health and safety changes related to COVID, including reduced capacity limits, we projected lower gate admission revenue and attendance compared to last year. We are encouraged that for both July and August, we have exceeded the projected revenues. Membership is proving to also be positive in FY 21 as July membership revenues exceeded the same period last year. While some of the membership revenue could be attributed to a lower than average spring due to COVID, we are nonetheless pleased with performance thus far.

Currently, as an outdoor recreation area, we are permitted to allow up to 50% of our total daily capacity to visit each day through timed ticketing. To facilitate as many visitors as possible, in July the decision was made to open the Zoos an hour earlier each day at 9:00 a.m. While in the past, this time frame had not been well utilized, it has proven to be very popular now.

On August 21, Boston Lights: A Lantern Experience opened at Franklin Park Zoo. Featuring more than 50 large-scale displays comprised of hundreds of colorful lanterns and animal light sculptures, Boston Lights is not only a dazzling experience, but also an opportunity to further educate people about the importance of biodiversity. While we were conservative in our projections due to COVID restrictions, Boston Lights is so far proving to be a success with nights quickly selling out, and we are on track to far exceed the revenue and attendance projections. We have a three-year contract for Boston Lights and expect much larger numbers in both attendance and revenue in future years. When Boston Lights ends November 1, some of the sculptures will move to Stone Zoo to enhance our annual ZooLights experience. We are currently developing the COVID plan for ZooLights, which will also include timed tickets to manage capacity and likely extended hours.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic by mandating the temporary shut-down of business in many sectors, including both of the zoos operated by the Zoo. The Zoo closed from March 14, 2020 and reopened May 30, 2020 and thus was impacted as many entities were. Management is currently unable to accurately forecast the future impact on attendance patterns resulting from the Coronavirus (COVID-19) pandemic which could impact the Zoo's attendance, membership and concession revenues, however revenues since the Zoo reopened have exceeded the conservative forecasted analysis for the upcoming fiscal year. The Zoo maintains cash reserve and a line of credit available should revenues meet expectations on a forward basis. The Zoo has also reduced its forward operating expenses and expects to manage expenses on a forward basis to reduce the potential impact of any declines in revenue. Management continues to monitor the situation and assess the impact on the Zoo but has concluded that it will have sufficient liquidity to meet its obligations to allow for it to continue as a going concern.

While the legislature has not passed a state budget for FY 21, ZNE has approved an annual FY 21 budget based upon the approximately \$6,600,000 it will have available for operations. ZNE feels as though they will be able to secure additional appropriations from the legislature, however even if they are unsuccessful the current budgeted amounts will allow ZNE to continue operations through 2021. Additionally, the House and Senate did pass Economic Bond Bills, which include funding for ZNE. This funding can be used for capital projects, asset preservation and maintenance. The House funded the Zoos at \$12,000,000 and the Senate at \$5,000,000. We are currently advocating with the conference committee for the House number.

**COMMONWEALTH ZOOLOGICAL CORPORATION
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Management's Discussion and Analysis

June 30, 2020 and 2019

In spring of 2021, Franklin Park Zoo will open a new \$8 million outdoor gorilla exhibit, made possible by gifts from individual donors. The funding is restricted solely for this new outdoor gorilla exhibit. Upon opening, this new exhibit, which will also feature colobus monkeys, is anticipated to increase attendance and gate revenue. With a number of capital projects and improvements identified, ZNE recruited a Capital Campaign Committee during the winter of 2019/2020. The Committee is composed of key members of the Board of Directors along with others who would bring the knowledge, experience, recognition and connections to make the campaigns successful. The first meeting was held in February, but the focus was temporarily deferred when the pandemic arose and we had to refocus on fundraising to meet operational needs. The Committee was re-activated in July and meetings with potential donors are re-commencing. Simultaneously, we began the process of designing the next major project and are also in the process of hiring dedicated capital campaign staff to increase capacity.

ZNE has a proven track record of vigilantly tracking and managing expenses 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>	
	2020	2019
Assets		
Current:		
Cash and cash equivalents	\$ 4,616,728	\$ 3,673,495
Cash and cash equivalents for investment in plant and equipment and other items	12,604,720	1,486,441
Investments	137,573	86,384
Accounts receivable	43,333	124,271
State appropriations receivable	-	178,691
Pledges receivable, net	197,584	194,056
Prepaid expenses and other assets	53,229	203,951
Inventories	69,933	77,250
Noncurrent:		
Pledges receivable, net	472,791	512,154
Capital assets - net of accumulated depreciation	19,470,405	19,797,189
Service concession agreement - net of accumulated amortization	<u>3,635,589</u>	<u>3,807,211</u>
Total assets	<u>41,301,885</u>	<u>30,141,093</u>
Liabilities		
Current:		
Accounts payable	859,087	1,101,825
Accrued compensation	320,434	340,916
Accrued liability for compensated absences	374,010	346,478
Accrued expenses	193,886	266,421
Deferred revenues and advances from grantors	94,103	99,469
Federal payroll protection loan payable	1,861,800	-
Noncurrent:		
Accrued liability for compensated absences	<u>248,123</u>	<u>178,383</u>
Total liabilities	<u>3,951,443</u>	<u>2,333,492</u>
Deferred inflows of resources	<u>302,204</u>	<u>336,072</u>
Net position		
Invested in capital assets and intangibles	23,105,994	23,604,400
Restricted for:		
Capital projects	12,704,144	1,595,007
Education and other programs	568,319	517,547
Unrestricted	<u>669,781</u>	<u>1,754,575</u>
Total net position	<u>\$ 37,048,238</u>	<u>\$ 27,471,529</u>

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

Statements of Revenue, Expenses and Changes in Net Position

	Years Ended June 30,	
	2020	2019
Operating revenues:		
Guest operating revenue:		
Admissions	\$ 3,648,804	\$ 4,635,723
Concessions revenue	305,024	337,234
Membership fees	1,541,129	1,960,866
	<hr/>	<hr/>
Total guest operating revenue	5,494,957	6,933,823
Other operating revenue	829,379	1,078,433
	<hr/>	<hr/>
Total operating revenue	6,324,336	8,012,256
	<hr/>	<hr/>
Operating expenses:		
Animal care	4,749,442	4,604,632
Educational	892,558	951,435
Facilities and grounds	4,428,417	4,713,701
Fundraising	660,846	893,832
General and administrative	2,486,067	2,582,360
Guest services	3,129,150	3,276,434
Depreciation and amortization	1,950,837	1,754,927
	<hr/>	<hr/>
Total operating expenses	18,297,317	18,777,321
	<hr/>	<hr/>
Operating loss	(11,972,981)	(10,765,065)
	<hr/>	<hr/>
Non-operating revenues:		
Investment income	98,521	74,348
	<hr/>	<hr/>
Loss before capital contributions	(11,874,460)	(10,690,717)
	<hr/>	<hr/>
Capital contributions:		
State appropriations	7,600,000	7,600,000
Private gifts - unrestricted	1,641,271	2,324,677
Private gifts - restricted	12,209,898	2,724,633
	<hr/>	<hr/>
Total capital contributions	21,451,169	12,649,310
	<hr/>	<hr/>
Change in net position	9,576,709	1,958,593
	<hr/>	<hr/>
Net position, beginning of year	27,471,529	25,512,936
	<hr/>	<hr/>
Net position, end of year	\$ 37,048,238	\$ 27,471,529
	<hr/> <hr/>	<hr/> <hr/>

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

Statements of Cash Flows

	Years Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Operating revenues from guests	\$ 5,494,957	\$ 6,933,823
Other operating revenue	904,951	1,131,694
Payments to employees	(7,794,757)	(7,841,125)
Payments for benefits	(2,140,737)	(2,119,127)
Payments for utilities	(1,675,698)	(1,612,636)
Payments to suppliers	(4,852,622)	(5,405,294)
Net cash used in operating activities	<u>(10,063,906)</u>	<u>(8,912,665)</u>
Cash flows from non-capital financing activities:		
State appropriations	4,719,127	4,480,873
Gifts and grants for other than capital purposes	1,630,102	1,799,974
Net cash provided by non-capital financing activities	<u>6,349,229</u>	<u>6,280,847</u>
Cash flows from capital and related financing activities:		
State appropriations - restricted to capital use	3,059,564	3,012,936
Purchases of capital assets	(1,402,405)	(1,764,114)
Private gifts - restricted	12,209,898	2,724,627
Net cash provided by investing activities	<u>13,867,057</u>	<u>3,973,449</u>
Cash flows from investing activities:		
Investment income	98,521	74,348
Purchase of investments	(51,189)	(1,461)
Proceeds from federal payroll protection loan payable	1,861,800	-
Change in cash held for investment in plant and equipment	(11,118,279)	(954,765)
Net cash provided by investing activities	<u>(9,209,147)</u>	<u>(881,878)</u>
Net increase in cash and cash equivalents	943,233	459,753
Cash and cash equivalents, beginning	3,673,495	3,213,742
Cash and cash equivalents, ending	<u>\$ 4,616,728</u>	<u>\$ 3,673,495</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (11,972,981)</u>	<u>\$ (10,765,065)</u>
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	1,950,837	1,754,927
Bad debts (write-offs)/recoveries	14,835	(12,629)
Receivables	66,103	41,719
Inventories	7,317	7,642
Prepaid expenses and other assets	150,722	(134,678)
Accounts payable	(279,628)	220,294
Accrued compensation	(20,482)	36,518
Accrued liability for compensated absences	97,272	45,618
Accrued expenses	(72,535)	(131,182)
Advances from grantors	(5,366)	24,171
Total adjustments	<u>1,909,075</u>	<u>1,852,400</u>
Net cash used in operating activities	<u>\$ (10,063,906)</u>	<u>\$ (8,912,665)</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 application, an annual operating subsidy from the Commonwealth of Massachusetts through a line item in the budget of the Massachusetts Office of Travel and Tourism for fiscal year ending June 30, 2021 (for fiscal year ending June 30, 2020 the Zoo received such subsidy from the Executive Office of Housing and Economic Development). 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 Franklin Park and Stone Zoo’s current accreditations from the Association of Zoos and Aquariums (“AZA”) will expire in 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.

**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)

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic by mandating the temporary shut-down of business in many sectors, including both of the zoos operated by the Zoo. The Zoo closed from March 14, 2020 and reopened May 30, 2020 and thus was impacted as many entities were. Management is currently unable to accurately forecast the future impact on attendance patterns resulting from the Coronavirus (COVID-19) pandemic which could impact the Zoo's attendance, membership and concession revenues, however revenues since the Zoo reopened have exceeded the conservative forecasted analysis for the upcoming fiscal year. The Zoo maintains cash reserves and a line of credit available should revenues not meet expectations on a forward basis. Additionally, the Zoo received a \$1,861,000 payroll protection loan (see Note 9) and is anticipating applying for forgiveness. The Zoo has also reduced its forward operating expenses and expects to manage expenses on a forward basis to reduce the potential impact of any declines in revenue. Management continues to monitor the situation and assess the impact on the Zoo but has concluded that it will have sufficient liquidity to meet its obligations to allow for it to continue as a going concern.

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.

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. All expenses related to operating the Zoo are reported as expenses. Interest and investment income are reported as non-operating income. 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.

**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)

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. Significant management estimates included in the financial statements relate to the reserve and discount for pledges and grants receivable, useful lives of depreciable assets, accrued expenses and liability for compensated absences.

Going Concern

Under Governmental Accounting Standards Statement 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, management has the responsibility to evaluate whether there is substantial doubt about a government's ability to continue as a going concern for one year beyond the financial statement date. Refer to Covid-19 discussion above. Management has concluded that it is probable that its plans will mitigate the events related to the pandemic to enable it to continue as a going concern.

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.

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.

Debt and 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.

**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)

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.

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 \$84,100 and \$139,200, which is included in animal care and guest services at June 30, 2020 and 2019, 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, 2020 and 2019.

**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)

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.

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.

**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)

Subsequent Events

The Zoo has evaluated subsequent events through September 25, 2020, the date that the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

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

	2020	2019
Bank balance of cash and cash equivalents	\$ 17,395,707	\$ 5,308,771
Reconciling items (deposits in transit, outstanding checks, etc.), net	<u>(174,259)</u>	<u>(148,835)</u>
Total cash and cash equivalents	<u>\$ 17,221,448</u>	<u>\$ 5,159,936</u>
Bank deposits insured by the Federal Deposit Insurance Corporation	\$ 513,445	\$ 520,307
Bank deposits uninsured and uncollateralized	<u>16,882,262</u>	<u>4,788,464</u>
Total bank deposits	<u>\$ 17,395,707</u>	<u>\$ 5,308,771</u>
Cash and cash equivalents as displayed on the statements of net position:		
Cash and cash equivalents	\$ 4,616,728	\$ 3,673,495
Cash and cash equivalents for investment in plant and equipment and other items	<u>12,604,720</u>	<u>1,486,441</u>
Total	<u>\$ 17,221,448</u>	<u>\$ 5,159,936</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, 2020, the Zoo was in compliance with such state regulations.

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

Notes to Financial Statements

Note 3 - Investments

Investments, consisting of equity mutual funds, are stated at fair value and are considered Level 1 financial instruments.

The balance represents funds received into the Gilmour Fund which is included in the fund balance restricted for education and other programs on the accompanying statements of net position.

Note 4 - Pledges Receivable

Pledges receivable are as follows at June 30:

	2020	2019
Unconditional promises expected to be collected in:		
Less than one year	\$ 240,084	\$ 254,056
One year to five years	509,333	550,000
	749,417	804,056
Less allowance for doubtful pledges	(42,500)	(60,000)
Less present value discount	(36,542)	(37,846)
	\$ 670,375	\$ 706,210
Unconditional promises presented on the statement of net position:		
Pledges receivable, net - current	\$ 197,584	\$ 194,056
Pledges receivable, net - noncurrent	472,791	512,154
	\$ 670,375	\$ 706,210

Overall, a five year Treasury rate was used to calculate the present value discount. As of June 30, 2020 and 2019, this rate was 0.29% and 1.76%, respectively, and was inflated by 1.71% and 0.50%, respectively, where appropriate to reflect a risk adjustment.

**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, 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>

**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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Construction in process	\$ 104,862	\$ 314,564	\$ -	\$ (100,655)	\$ 318,771
Capital assets, being depreciated:					
Buildings, including improvements	31,356,405	762,256	-	-	32,118,661
Furnishings and equipment	5,012,352	502,605	-	100,655	5,615,612
Total capital assets being depreciated	36,368,757	1,264,861	-	100,655	37,734,273
Total at historical cost	36,473,619	1,579,425	-	-	38,053,044
Less: accumulated depreciation for:					
Buildings, including improvements	(12,774,566)	(1,252,786)	-	-	(14,027,352)
Furnishings and equipment	(3,897,984)	(330,519)	-	-	(4,228,503)
Total accumulated depreciation	(16,672,550)	(1,583,305)	-	-	(18,255,855)
Net capital assets	\$ 19,801,069	\$ (3,880)	\$ -	\$ -	\$ 19,797,189

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 \$445,000 has been expended and capitalized as of June 30, 2020, 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 2020 and 2019, \$13,138 and \$85,886 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, 2020 and 2019, respectively. During 2020 and 2019, \$47,006 and \$39,362 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.

In addition, the 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.

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" to be \$144,120 for the years ended June 30, 2020 and 2019.

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

Notes to Financial Statements

Note 6 - Service Concession Agreements (Continued)

Children's Zoo - George Robert White Fund (Continued)

Service concession agreement activity was as follows:

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>

June 30, 2019

	<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>(311,717)</u>	<u>(171,622)</u>	<u>-</u>	<u>(483,339)</u>
Net service concession assets	<u>\$ 3,978,833</u>	<u>\$ (171,622)</u>	<u>\$ -</u>	<u>\$ 3,807,211</u>

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

Notes to Financial Statements

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.

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 two copiers under operating leases that expire during August 2020. The approximate minimum annual payments under these leases are as follows:

2021	\$ 20,600
2022	18,000

Note 9 - Federal Payroll Protection Loan Payable

The Zoo applied for and received a forgivable Paycheck Protection 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. 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 October 8, 2020 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 installment payments of approximately \$103,400 commencing upon determination of which funds that will not be forgiven and carries an interest rate of 1.0%.

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% (3.67% at June 30, 2020). Borrowings under the line of credit are collateralized by substantially all assets of the Zoo and terminates at the discretion of the bank. There was no outstanding balance on the line of credit at June 30, 2020 and 2019.

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 \$159,000 and \$152,000 for the years ended June 30, 2020 and 2019, respectively.

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

Notes to Financial Statements

Note 12 - Government Support/Concentration of Revenue

Support received from the Commonwealth totaled \$7,600,000 for the years ended June 30, 2020 and 2019. 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 2020 and 2019. As of June 30, 2019, \$178,691 of the government support was recorded as a state appropriations receivable with all government support paid in full as of June 20, 2020.

Subsequent to year end, the Commonwealth passed a four-month spending plan to cover the months of July through October to provide the Zoo with \$1,300,000 in appropriations. If this budget is annualized, the Zoo would receive \$4,000,000 in appropriations for its fiscal year ending June 30, 2021. Additionally, ZNE is contracting for an additional \$3,000,000 in funds from the annual bond authorization of which approximately \$2,600,000 will be allocated to deferred maintenance, asset preservation and improvements in the operating budget.

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

Note 13 - Donated Materials and Services

The Zoo received donations of materials and services totaling \$529,430 and \$679,716 for the years ended June 30, 2020 and 2019, 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 \$108,086 and \$378,735 for the years ended June 30, 2020 and 2019, 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 \$421,344 and \$300,981 for years ended June 30, 2020 and 2019, 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. 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.

Note 14 - Cash Flow Information

As of June 30, 2020 and 2019, \$13,138 and \$85,886, respectively, of service concession agreement intangible assets were recorded as deferred inflows (see Note 6). At June 30, 2020 and 2019, \$99,815 and \$62,900 of capital asset purchases were included in accounts payable, respectively.

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

Notes to Financial Statements

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.

During fiscal year ended June 30, 2020, the Zoo entered into a contract with an architect totaling approximately \$640,000 for the design of the exterior gorilla enclosure at Franklin Park Zoo, of which approximately \$155,000 was incurred and paid through June 30, 2020. The balance of the contract is expected to be incurred and paid during fiscal 2021. Subsequent to year end, the Zoo entered into a construction contract totaling \$6,800,000 for the modifications to the exterior gorilla enclosure at the Franklin Park Zoo. The contract is expected to be completed during fiscal 2021.

Reporting Under Government Auditing Standards



*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, 2020 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 25, 2020.

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.

Mayer Heffman McCann P.C.

September 25, 2020
Boston, Massachusetts