



**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, 2023 and 2022**



**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 Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of 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), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net position of Commonwealth Zoological Corporation d/b/a Zoo New England as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Zoo and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Zoo's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Zoo's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Zoo's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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 27, 2023 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 solely 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 the effectiveness of the Zoo's 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.*

Boston, Massachusetts  
September 27, 2023

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

## *Management's Discussion and Analysis (unaudited)*

*June 30, 2023 and 2022*

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, 2023 with the selected comparative information for the years ended June 30, 2022 and 2021. 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 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 2023 – A year of continued growth, momentum and achievement**

Zoo New England's Franklin Park Zoo and Stone Zoo (the "Zoos") are vibrant, essential contributors to the region's cultural, educational and economic landscape, providing affordable activities for schools, families and tourists while educating, inspiring and sharing the wonders of wildlife.

As the ongoing COVID-19 pandemic began to wane and more businesses and attractions resumed normal operations, there was some uncertainty as to how the Zoos would continue to perform with so much increased competition in the marketplace. Not only was there increased competition, but early in FY 23, there were record-setting heat waves, which had an adverse effect on attendance. In FY 23, the city of Boston experienced the hottest 30-day stretch on record, and for the first time Boston also experienced two heat waves in the same season that lasted more than six days. While ZNE did not surpass FY 22's attendance of 1,149,173 visitors, it was still the second-highest attendance year with 1,000,465 visitors. This is the second consecutive year that ZNE has exceeded 1 million visitors, an important milestone achievement.

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In FY 23, ZNE presented the popular *Boston Lights: A Lantern Experience* at Franklin Park Zoo for the third year. This outdoor, evening lantern experience once again proved to be popular and financially beneficial, attracting 186,888 visitors and yielding \$2,231,247 in net revenue. Boston Lights revenue increased by 18% in FY 23 compared to \$1,880,257 in revenue in FY 22. ZooLights, our annual holiday light experience at Stone Zoo, attracted 84,608 visitors, a decrease of 17,825 compared to 102,433 visitors in FY 22. Due to weather conditions, ZooLights was closed for six nights of its scheduled run.

Zootopia, our largest fundraising gala of the year, once again returned to the grounds of Franklin Park Zoo. The event was incredibly well-received and generated a lot of excitement from attendees. The event raised \$693,895, which was slightly under FY 22 record-setting revenue of \$704,178.

Zootopia was also a momentous occasion as we publicly unveiled plans for a capital campaign that is underway to build the African Experience, featuring two seamlessly integrated habitats, the African Penguin Coast and the African Savanna. This \$16 million project continues the transformation of Franklin Park Zoo, and it provides new opportunities to inspire action in guests of all ages on behalf of wildlife and their habitats. Once completed, these two new habitats will connect guests with ZNE's conservation mission right as they enter the park. This exciting new experience is scheduled to open in summer 2025.

We are continually striving to improve the Zoo experience for our guests and animal residents. In FY 23, we completed an extensive renovation of the historic Flight Cage, originally opened in 1912 and renamed Raptor Ridge in honor of the Andean condors who reside there. At Stone Zoo, plans and preparations began for the spring 2024 opening of Butterfly Oasis, a new walk-through butterfly experience.

Education and conservation are the cornerstones of our mission. In FY 23, more than 4,400 activities and programs, including behind the scenes tours, classes and animals encounters, were conducted and reached an audience of nearly 170,000. In the spring, ZNE in partnership with Boston Public Schools and World Unity Inc. launched a poetry contest for elementary, middle and high school students with the theme, "The Importance of Diversity for a Strong Healthy World for Humans, Animals and Nature." The winning poems are displayed at Franklin Park Zoo. ZNE was once again a partner for the 5<sup>th</sup> 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, science and language arts, as well as improve specific skills such as critical thinking by providing full day integrated learning experiences. ZNE's summer ZooCamp program was also popular, especially at Stone Zoo where spots filled immediately after registration opened.

Through our cooperative captive breeding programs, many new animals were born or hatched throughout the year and some new animals were brought into the collection from other zoos to bolster our breeding and education programs. Significant births and hatches included a wattled crane, prairie dogs and a Linne's two-toed sloth. Several animals moved to Franklin Park Zoo and Stone Zoo from other institutions including critically endangered Somali wild asses, lowland nyalas, white-beaded wildebeest, gray kangaroos, red-necked wallabies, whooping crane, Canada lynx and a Jamaican iguana. Due to ongoing concerns about the Highly Pathogenic Avian Influenza (HPAI), which was detected in the eastern flyway last year and poses a serious health risk to birds, many of the outdoor ponds remained drained for much of FY 23 to deter fly-ins from wild waterfowl, which are the primary vector.

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A critical component of achieving ZNE's mission is based in having meaningful impact in the conservation of wildlife, both locally and abroad. FY 23 marked an important transition for ZNE's Field Conservation department as Peter Zahler took on the position of Director of Field Conservation. Peter has had decades of experience leading and supervising conservation programs in Asia, Africa, and Latin America, as well as here in the US. He also serves on multiple International Union for Conservation of Nature ("IUCN") Specialist Groups and is on the Association of Zoos and Aquariums' Conservation Committee.

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. Following many years of success with turtle conservation in Massachusetts, we have expanded our turtle conservation northwards, studying and protecting eastern box turtles in New Hampshire. FY 23 also marked an important milestone in our marbled salamander reintroduction effort at the Middlesex Fells Reservation, just outside our gates at Stone Zoo. We documented the first evidence of breeding since we began releasing headstarted salamanders into the Fells in 2016. These salamanders had been extirpated from the area since the 1930s so their renewed presence is a big win for conservation. ZNE's Field Conservation team also engages thousands of schoolchildren and volunteers in on-the-ground rare species conservation efforts. The staff engaged more than 2,300 students from schools in Massachusetts through our Hatching and Turtle Conservation through Headstarting (HATCH) program. These students raised turtles throughout the school year, and then released them into the wild with Zoo staff. After being headstarted, the survival rate of these turtles increases exponentially. In FY 22, the HATCH program headstarted 112 Blanding's turtles, 38 wood turtles, and 10 spotted turtles.

Internationally, ZNE supports critical conservation efforts including snow leopard and local herder conservation efforts in Mongolia, Baird's tapir educational initiatives in Costa Rica (and now expanding into other nearby countries in Central America), and Cross River gorilla anti-poaching efforts in Nigeria, as well as initiatives aimed at highly endangered species such as Cuban solenodons, hicatee turtles in Belize, and amphibians in Panama. For our One Health initiative in Madagascar, Dr. Rachel Johnston, ZNE's Conservation Genomics Scientist, led a research mission in October 2022 to study the impacts of reforestation on biodiversity, lemur health, and zoonotic disease in the Manombo rainforest. In FY 23, ZNE added two new programs aimed at building capacity for conservation overseas while also supporting wildlife conservation in the field. The first is a partnership with the Wildlife Conservation Network and their Graduate Scholarship Program. This program awards scholarships for Masters or PhD studies for young conservationists from lower income countries. This year, the program awarded 18 scholarships to students from 15 different countries, including Ecuador, Congo, Myanmar, and Zambia. Through the Sabin Snow Leopard Grants Program, with the support of the Andrew Sabin Family Foundation, ZNE will be providing grants for field work centered on snow leopards to young conservationists, with a major focus on conservationists from the 11 range countries where snow leopards are commonly found in Asia.

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. According to a 2021 regional study, 26% of Franklin Park Zoo's audience included visitors with low-income, which is more than double the average in the Boston market for cultural attractions. 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.

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- 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. In FY 23, we welcomed 79,007 guests who visited Franklin Park Zoo and Stone Zoo with their EBT/WIC cards. Additionally, EBT/WIC cardholders had the opportunity to purchase Boston Lights tickets for \$15, and we welcomed 28,776 guests through this program. In total, we welcomed 107,783 EBT and WIC cardholders. Our membership program for EBT and WIC cardholders continues to grow, and in FY 23, this grew to 783 member households, a 13% increase over 692 member households in FY 22. Through this program, EBT and WIC cardholders can purchase a family level membership for \$40 (the regular price is \$125) and enjoy free general daytime admission to both Franklin Park Zoo and Stone Zoo year-round.
- Community Pass Program: Non-profit organizations and community groups are eligible to receive a limited amount of free admission passes. In FY 23, ZNE distributed 7,439 passes to non-profit and community groups. About half of the passes distributed were for Boston Lights.
- 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, 2023, Franklin Park Zoo features 60 public animal exhibits and Stone Zoo features 44. Zoo New England is home to 1,488 animals representing 195 species.
- Significant acquisitions at Franklin Park Zoo included several bird species such as marbled teal, kori bustard, hadada ibis, green aracari, and Bali mynah, and mammals including western gray kangaroo, red-necked wallaby, Hartmann's mountain zebra, Somali wild ass, lowland nyala and white-bearded wildebeest. At Stone Zoo, significant acquisitions included whooping crane, Canada lynx, Jamaican iguana and scarlet ibis. Notable births and hatches at Franklin Park Zoo included prairie dog pups, a wattled crane, scaly-sided merganser and Gouldian finch. At Stone Zoo, a Linne's two-toed sloth was born.
- In fall 2023, the historic free-flight aviary at Franklin Park Zoo re-opened after undergoing extensive renovations. Raptor Ridge, the aviary that is home to Franklin Park Zoo's Andean condors, was previously called the Flight Cage, but was renamed to pay homage to the impressive birds that call this space home. The renovation took seven months to complete, replacing 42,000 feet of mesh and requiring 180 gallons of paint. The landscaping was completely redone with predominantly native plants chosen to have a similar look to the bird's native environment. The ceiling in the walkway was raised over two feet to allow for a better guest experience. Raptor Ridge features a 300-foot-long watercourse that drops 12 feet over five waterfalls.
- In September 2022, the new barn owl habitat at Stone Zoo was completed.

**Attendance**

- In FY 23, Zoo New England experienced a decrease in daytime attendance with 728,969 visitors compared to 841,172 visitors in FY 22.\*
- Franklin Park Zoo's total daytime attendance reached 441,627, a decrease of 56,000 from 497,627 in FY 22.\*
- Stone Zoo's daytime attendance reached 287,342, a decrease of 56,203 from 343,545 in FY 22.\*
- Total FY 23 attendance for ZooLights (Stone Zoo's evening holiday light show, which operates primarily in the month of December) was 84,608, a decrease of 17,825 compared to 102,433 in FY 22\*.



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- Total FY 23 attendance for *Boston Lights: A Lantern Experience* (Franklin Park Zoo's evening summer/fall lantern experience) was 186,888, a decrease of 18,680 compared to 205,568 in FY 22\*.
- Total overall attendance, inclusive of ZooLights and Boston Lights in FY 23, was 1,000,465, a decrease of 148,708 visitors compared to 1,149,173 in FY 22. While attendance decreased in FY 23 compared to FY 22, it was still the second highest attendance year for ZNE.

*\*All were new records set.*

**Membership**

- In FY 23, membership revenues from over 28,000 member households brought in over \$2,800,000, which was a decrease from 30,000 member households and more than \$3,200,000 in revenue in FY 22.

**Education**

- Chapter 92B of the Acts of 1992 of the Massachusetts General Laws provides that the Zoos will admit Massachusetts school groups at no charge. Field trips to the Zoo are an opportunity for students to learn more about science, wildlife and conservation. In FY 23, school group attendance was 65,659, which is a 39% increase over school group attendance of 47,216 in FY 22.
- Throughout FY 23, staff and volunteers within the Education department facilitated more than 4,400 activities and programs that engaged nearly 170,000 participants. This is a 300% increase in activities compared to 1,100 in FY 22, and a 112% increase in participants compared to 80,000 in FY 22. Among the programs and activities were 330 behind the scenes tours, 249 classes (for volunteers, youth staff, students, scouts, camp, homeschoolers and more), and 150 animal encounter programs for on-site birthday parties.
- The Education staff facilitated 80 #ZooToYou, virtual programming through Facebook Live, which attracted over 55,000 views.
- Although virtual offerings have largely shifted into in-person offerings, the Education department has maintained a following for some virtual offerings, including three virtual breakfast with the animal programs, and 30 videos for Cameo.
- During FY 23, the Education department began offering scheduled chats at both Zoos, in addition to increased interpretation to Zoo visitors. These efforts reached more than 64,000 Zoo visitors. Among the offerings for visitor engagement were 400 ambassador animal encounters, 192 formal presentations, and 86 education table activities.
- The Stone Zoo graphics project, supported by funding from the Institute of Museum and Library Services (IMLS), reached near-completion in FY 23. This project re-developed interpretive graphics for five exhibits: peregrine falcon, jaguar, whooping crane, snow leopard and Mexican gray wolf. During FY 23, the new graphics were completed and installed at the Zoo.

**Rentals and Private Events**

- In FY 23, we hosted a total of 214 events, which included birthday parties, corporate outings, walkathons, weddings and all-day events, between Franklin Park Zoo and Stone Zoo. A total of 60 events were held at Stone Zoo and 154 events at Franklin Park Zoo. During our seasonal evening Boston Lights at Franklin Park Zoo and ZooLights at Stone Zoo, we hosted four private events at Franklin Park Zoo and 18 private events at Stone Zoo. In FY 23, revenue from rentals and private events was \$478,798, a 13% increase compared to FY 22 revenue of \$420,665.

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**Volunteer Programs**

- In FY 23, 161 volunteers donated a total of 9,951 hours of service as part of our Individual Volunteer Program. In FY 23, there was a 6% increase in the number of volunteers in the Individual Volunteer Program compared to the 151 individuals in FY 22. The hours of service are a 10% increase compared to the 8,975 volunteer hours in FY 22. Volunteers worked with a variety of departments including Education, Animal Care, Commissary, Horticulture, and Events and Celebrations.
- In FY 23, 868 volunteers donated a total of 2,458 hours of service as part of our Group Volunteer Program. These volunteers are part of 47 corporate groups, schools and volunteer organizations. In FY 23, there was a 174% increase in the number of volunteers that came as part of a group compared to the 316 volunteers in FY 22. The hours of service are a 159% increase compared to the 948 volunteer hours in FY 22.
- In sum, 1,029 volunteers contributed 12,410 hours of volunteer service to Zoo New England during FY 23

**Youth Programs**

- Thirty-two youth worked in our 2022 Summer ZooTeen program, working in departments including Education, Children's Zoo, Bird's World, Horticulture, Commissary and Membership. The ZooTeens participated in professional development sessions focused on resume writing, conservation, and zoo interpretation, as well as attended field trips to the New England Aquarium and George's Island in the Boston Harbor. Headed into the summer of 2023, 36 youth were hired as summer ZooTeens.
- Eight youth participated as Teen Ambassadors, January through June 2023. These youth worked in different areas including in the Education department, Children's Zoo, Bird's World, and with our ambassador animals. They also helped care for wood turtles being "head-started" as part of our Field Conservation department's Hatchling and Turtle Conservation through Headstarting (HATCH) program. Additionally, they participated in professional development programming facilitated by our Youth Program Manager with lessons ranging from professionalism, zoo interpretation, animal enrichment and interview skills. Five out of eight applied and were accepted to return for our summer ZooTeen program.

**Fundraising**

- Total fundraising for FY 23 consisted of the receipt of unrestricted gifts and pledges of approximately \$2,225,064 along with the receipt of restricted/capital gifts and pledges totaling approximately \$3,445,326. Such gifts represent an overall decrease of \$323,693 or 5.4% compared to FY 22's total of \$5,994,086. The above gifts were received from individuals, foundations and corporations (see below for highlights).
- Capital campaign fundraising continued to be the focus this year, with four major campaign gifts received in FY 23, including one \$1,500,000 gift.
- Unrestricted individual giving from donors in FY 23 was \$485,953, which is a decrease of \$173,258 compared to \$659,211 in FY 22.
- Unrestricted corporate support, which includes matching gifts and unrestricted corporate sponsorships, generated \$94,677 in FY 23. This is a decrease of \$23,013 compared to \$117,690 in FY 22.
- Unrestricted foundation support was \$114,864 in FY 23. This is a decrease of \$9,118 over FY 22's total of \$123,982.

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- Restricted funds (non-capital) raised in FY 23 totaled \$1,076,326, an increase of \$232,868 compared to \$843,458 raised in FY 22.
- A total of \$11,730 in restricted operating funds was raised for Zoo New England's field conservation programs in FY 23 from individuals, corporations, and foundations. This is a decrease of \$29,992 compared to \$41,722 raised in FY 22.
- The Zootopia Gala, Zoo New England's largest fundraising event, was held once again at Franklin Park Zoo on June 10, 2023. We raised \$693,895 in sponsorships, ticket sales, and auction revenue. This is a decrease of \$10,283 from FY 22's record-setting event total of \$704,178.

**Marketing and Communications**

- In FY 23, Zoo New England received press coverage for popular annual events including Boston Lights, ZooLights, Boo at the Zoo, Zoo Howl and more. During the summer of FY 23, we received extensive coverage focused on how we care for the animals during a heat wave. Coverage included CNN, CBS Boston, WHDH Boston 7News, WCVB Newscenter5 and NBC Boston. The spring birth of a Linne's two toed sloth at Stone Zoo garnered local and national coverage from outlets in Boston, Florida, Montana, Oklahoma, and Illinois. We continue to focus on conservation storytelling, and in FY 23, we received press coverage for the discovery of marbled salamander larvae in the Middlesex Fells, our Gorillas on the Line cell phone recycling drive, and were also included in a story on WBZ Newsradio about the monarch butterfly migration.
- Throughout FY 23, ZNE's media efforts resulted in 1,285 media placements, which generated an estimated reach of 3,152,733,689 in total circulation, listenership and viewership. In FY 23, the estimated combined editorial value was \$2,613,870. (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 23, the Facebook audience for Franklin Park Zoo grew by 6.7% from 131,451 followers to 140,280. Stone Zoo's Facebook audience grew by 1.6%, from 94,155 followers to 96,664. ZNE's Instagram followers grew by 7.7% from 52,191 to 56,190, and the Twitter audience increased 7.3% from 12,905 to 13,853. The burgeoning TikTok community following @FranklinParkZoo grew 23% from 4,272 to 5,248. We've also started to share conservation messaging and staff stories for the professional LinkedIn audience, growing our following 5.8% since March 2023 to 2,819 people currently.

**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, liabilities and deferred inflows of resources of ZNE. ZNE's net position was \$55.5 million at June 30, 2023, a \$5.2 million increase from June 30, 2022.

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Assets:</b>			
Current and other assets	\$ 19,869,730	\$ 19,742,008	\$ 20,730,751
Capital assets	35,015,725	30,647,367	23,486,423
Service concession	<u>3,120,723</u>	<u>3,292,345</u>	<u>3,463,967</u>
<b>Total assets</b>	<b><u>58,006,178</u></b>	<b><u>53,681,720</u></b>	<b><u>47,681,141</u></b>
<b>Liabilities:</b>			
Current liabilities	2,022,990	2,800,879	5,503,059
Non-current	<u>389,695</u>	<u>382,139</u>	<u>391,881</u>
<b>Total liabilities</b>	<b><u>2,412,685</u></b>	<b><u>3,183,018</u></b>	<b><u>5,894,940</u></b>
<b>Deferred inflows of resources</b>	<b><u>108,300</u></b>	<b><u>244,122</u></b>	<b><u>295,536</u></b>
<b>Net Position:</b>			
Invested in capital assets	38,136,448	33,939,712	26,950,390
Restricted	8,799,472	6,223,764	9,075,250
Unrestricted	<u>8,549,273</u>	<u>10,091,104</u>	<u>5,465,025</u>
<b>Total net position</b>	<b><u>\$ 55,485,193</u></b>	<b><u>\$ 50,254,580</u></b>	<b><u>\$ 41,490,665</u></b>

Net position is comprised of three components as follows:

*Net investment in capital assets* represents the largest portion of ZNE's net position (69% at June 30, 2023). 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.

*Restricted net position* (16% at June 30, 2023) 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* (15% at June 30, 2023) 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 or the restricted component of net position.

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

***Management's Discussion and Analysis (unaudited)***

***June 30, 2023 and 2022***

**CAPITAL ACTIVITIES**

A major source of ZNE's funding is to fund restricted capital expenditures 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, 2023, 2022 and 2021:

<b>Asset Classification</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Construction in process	\$ 3,956,119	\$ 1,669,480	\$ 4,852,209
Building and land improvements	47,936,489	45,831,635	34,149,471
Furnishings and equipment	<u>10,216,855</u>	<u>7,555,605</u>	<u>6,400,843</u>
Total	62,109,463	55,056,720	45,402,523
Accumulated depreciation	<u>27,093,738</u>	<u>24,409,353</u>	<u>21,916,100</u>
<b>Capital assets, net</b>	<b><u>\$ 35,015,725</u></b>	<b><u>\$ 30,647,367</u></b>	<b><u>\$ 23,486,423</u></b>

ZNE's gross capital assets have increased approximately \$7,050,000 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. During 2022, construction was completed on the Gorilla Exhibit which was opened in April 2022. Required footnote disclosures relative to capital assets can be found under "Note 5 - Capital Assets" in the Notes to Financial Statements.

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

***Management's Discussion and Analysis (unaudited)***

***June 30, 2023 and 2022***

**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 for the years ended June 30 is set forth below:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating revenues	\$ 13,914,138	\$ 14,225,154	\$ 11,835,698
Operating expenses	(27,107,099)	(23,978,954)	(19,999,866)
Non-operating revenues	598,387	2,968,941	1,935,307
Capital contributions	<u>17,825,187</u>	<u>15,548,774</u>	<u>10,671,288</u>
Change in net position	5,230,613	8,763,915	4,442,427
Net position, beginning of year	<u>50,254,580</u>	<u>41,490,665</u>	<u>37,048,238</u>
Net position, end of year	<u>\$ 55,485,193</u>	<u>\$ 50,254,580</u>	<u>\$ 41,490,665</u>

**OPERATING REVENUES AND OPERATING EXPENSE HIGHLIGHTS**

The decrease in operating revenues is due to the decrease in general admissions. Also contributing to the decrease in revenues were the decrease memberships sold. The decrease was offset partially by the additional revenue generated by the Zoo's special events specifically Boston Lights.

The increase in FY 22 operating revenues is due to the increase in general admissions. Also contributing to the increase in revenue were the additional memberships should and the additional revenue generated by the Zoo's special events, specifically Boston Lights.

**NON-OPERATING REVENUES**

The decrease in non-operating revenues is due to the ERC being applied for and approved in 2022 (deemed 100% collectible and was collected in full in August 2023) as well as the forgiveness of the PPP loan in 2022. The loss was mitigated partially by an increase in interest income due to the ZNE shifting cash into higher yield money market accounts throughout the year.

The FY 22 increase in non-operating revenues is due to the Zoo qualifying and applying for the Employee Retention Tax Credits ("ERTC"), for which an amended payroll tax return for the quarter ended March 31, 2021 was filed and a payment of \$1,070,734 was anticipated during the second half of 2022.

**COMMONWEALTH ZOOLOGICAL CORPORATION  
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***Management's Discussion and Analysis (unaudited)***

***June 30, 2023 and 2022***

**CAPITAL CONTRIBUTION HIGHLIGHTS**

Overall increase in current year capital contributions is a result of the increase in State funding of approximately \$3,000,000 due to the Zoo being granted additional bond and grant monies during FY 23 for the solar array project at Stone Zoo. Of the amount granted, the Zoo has incurred approximately \$2,700,000 of qualified expenses, of which \$1,500,000 has been received and \$1,200,000 is receivable at June 30, 2023.

Overall increase in the FY 22 capital contributions is a result of the increase in State funding of approximately \$2,000,000 due to the Zoo being appropriated additional bond and grant monies. Also contributing to the increase was an increase in private gifts largely in part to two contributions of \$1,000,000 each. As a result, the amount of related contribution in the prior year significantly increased.

***State Appropriations:***

ZNE is a public-private partnership – a model common to zoos across the country. Chapter 92B of the Acts of 1992 of the Massachusetts General Laws 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 remained consistent year over year, with a total of \$12,300,000 awarded in FY 23.

In FY 23, operating support for ZNE was \$6,600,000 in state funds. Additionally, capital support was \$3,000,000 in FY 23 for deferred maintenance, asset preservation and capital improvements from the state bond funds. Capital improvements included the renovation completion to Franklin Park Zoo's historic Flight Cage (now called Raptor Ridge), the purchase of vehicles and equipment, the renovation of the kangaroo barn at Franklin Park Zoo, landscape improvements at both Zoos, the boiler replacement project at Franklin Park Zoo's Tropical Forest building, IT upgrades, and the conversion of the former tiger habitat at Franklin Park Zoo into a space that will soon be home to spotted hyenas.

At Stone Zoo, the solar array was constructed over the parking lot. This will reduce 95% of Stone Zoo's reliance on electrical energy powered by fossil fuels, helping us fulfill our mission to protect the natural world. Currently, we are awaiting the last phase, which is the installation of the new transformer and the "flip of the switch." This project was made possible by a \$3,000,000 appropriation from the state's COVID Pandemic Recovery Bill. As noted above, the Zoo reported approximately \$2,700,000 in related revenue in FY 23.

During FY 23, ZNE was awarded \$3,000,000 in additional capital funds to support the construction of Franklin Park Zoo's new African Experience, featuring two seamlessly integrated habitats, the African Penguin Coast and the African Savanna. Construction is scheduled to begin in winter 2024 for which costs have yet to be incurred and money yet to be received.

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

***Management's Discussion and Analysis (unaudited)***

***June 30, 2023 and 2022***

***Admission & Membership Rates:***

In FY 23, dynamic pricing was implemented as both a means to increase revenue, but to also give visitors a choice in selecting the day, time and price that works best for their budget. Dynamic pricing fluctuates due to a variety of factors including historic visitation trends, weather, time of year and other variables. In FY 23, dynamic pricing went into effect for Boston Lights in July, and for daytime admission in mid-October. By the end of FY 23, the daytime ticket price ranges were as follows:

<b>Admission Fees</b>	<b>Franklin Park Zoo</b>	<b>Stone Zoo</b>
Adult	\$17.95 - \$30.45	\$15.95 - \$27.45
Child (2-12)	\$12.55 - \$21.35	\$11.15 - \$19.25
Senior (62+)	\$16.15 - \$27.45	\$14.35 - \$24.75

**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:***

In recent years, Zoo New England 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 are currently focused on several planning initiatives that will set the path for future growth and brand elevation, as well as further our mission-focused work. In FY 24, we will undertake a strategic planning initiative that will include input from members of our Board of Directors, the Executive Team and other key stakeholders. This plan will build upon the institutional strategic plan that began in FY 16 and was designed to advance our mission delivery and conservation impact, increase the value of our Zoos to the region, as well as expand capacity to create fun and engaging experiences that connect all of our visitors to the wonders of the natural world.

ZNE staff continue to focus on the strategic masterplan for interpretive planning for Franklin Park Zoo and Stone Zoo. Our interpretive masterplan is entering its final stages and 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. We have reached a 90% completion point in the strategic interpretive master plan, and have installed nine interpretive graphics for five species at Stone Zoo. We are in the process of installing eight more graphics with a focus on helping guests to explore ecosystems and learn more about the interconnectedness of species and habitats. The graphics were made possible by a grant from the Institute of Museum and Library Services (IMLS).



**COMMONWEALTH ZOOLOGICAL CORPORATION  
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***Management's Discussion and Analysis (unaudited)***

***June 30, 2023 and 2022***

In June 2023, ZNE successfully completed its second year of community outreach work in conjunction with Antioch University of New England, AmeriCorps and the neighborhoods of Dorchester, Roxbury, Mattapan and Jamaica Plain. We took the results of our first-year outreach to over 3,000 individuals and organizations, and identified four areas for potential programmatic development. We presented the project at the annual Association of Zoos and Aquariums' national conference in September of 2023 in the hopes that the program results may be used to implement similar initiatives at zoos across the country.

Our work with residents and service providers during FY 23 culminated in the selection of anti-poverty programming that will help address school readiness from both academic and social/emotional preparedness. We are working with the community in the design phase of the program, which we will test pilot in the fall of FY 24. We will be seeking partners and funders for this work.

As part of the next stage of our organization's maturation, we are creating a public policy engagement initiative to support the adoption of impactful public policy, and advance our brand as a conservation organization and as catalyst for the protection and preservation of the natural world. The initiative is aligned with our goals to become recognized as a leader in conservation and research. Working with the President, COO, representatives of the Field Conservation department, the VP of Marketing and Communications, and VP of Animal Health, the Executive Vice President of External Affairs and Programming will design an 18-month plan based on relevant conservation issues and foci that are most likely to lead to the success of the initiative.

We are in the final phase of the capital fundraising campaign for the new African Experience at Franklin Park Zoo, featuring a new outdoor penguin habitat, with above and underwater viewing, and a seamlessly integrated expanded African Savanna habitat. We plan to break ground on this \$16 million project in winter 2024, with an opening set for summer 2025. This project continues the transformation of Franklin Park Zoo, and is anticipated to not only create excitement, but to draw new visitors to the Zoo. Plans are also underway for the Wildlife Health & Conservation Research Center, a new state-of-the-art zoo hospital and research space. WDM Architects has been selected as the lead project design firm.

The FY 24 operating budget passed by the Massachusetts legislature included \$6,600,000 for ZNE. The Commonwealth has also included \$3,000,000 for ZNE in its Capital Spending Budget.

ZNE has a proven track record of vigilantly tracking and managing expense increases in order to ensure responsible financial stewardship and 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, conservation and community 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>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current:		
Cash and cash equivalents	\$ 2,853,189	\$ 7,436,220
Cash and cash equivalents for investment in plant and equipment and other items	6,140,027	3,959,120
Investments	2,170,897	2,115,341
Accounts receivable	149,749	84,126
State appropriations receivable	4,360,037	2,400,000
Pledges receivable, net	1,447,732	1,365,404
Prepaid expenses and other assets	71,800	107,768
Government grants receivable	1,119,665	1,070,734
Inventories	74,766	55,482
Noncurrent:		
Pledges receivable, net	1,481,868	1,147,813
Capital assets - net of accumulated depreciation	35,015,725	30,647,367
Service concession agreement - net of accumulated amortization	3,120,723	3,292,345
	<u>58,006,178</u>	<u>53,681,720</u>
<b>Total assets</b>		
<b>Liabilities</b>		
Current:		
Accounts payable	985,581	1,646,756
Accrued compensation	219,627	326,436
Accrued liability for compensated absences	495,460	428,883
Accrued expenses	312,589	246,235
Deferred revenues and advances from grantors	9,733	152,569
Noncurrent:		
Accrued liability for compensated absences	389,695	382,139
	<u>2,412,685</u>	<u>3,183,018</u>
<b>Total liabilities</b>		
<b>Deferred inflows of resources</b>	<u>108,300</u>	<u>244,122</u>
<b>Net position</b>		
Net investment in capital assets	38,136,448	33,939,712
Restricted for:		
Capital projects	7,549,068	5,427,451
Education and other programs	1,250,404	796,313
Unrestricted	8,549,273	10,091,104
	<u>55,485,193</u>	<u>50,254,580</u>
<b>Total net position</b>		
	<u>\$ 55,485,193</u>	<u>\$ 50,254,580</u>

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**

	<b>Years Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues:		
Guest operating revenue:		
Admissions	\$ 8,636,911	\$ 8,920,282
Concessions revenue	663,735	606,585
Membership fees	2,852,444	3,215,773
	<hr/>	<hr/>
Total guest operating revenue	12,153,090	12,742,640
Other operating revenue	1,761,043	1,482,514
	<hr/>	<hr/>
<b>Total operating revenue</b>	<b>13,914,133</b>	<b>14,225,154</b>
	<hr/>	<hr/>
Operating expenses:		
Animal care	6,052,211	5,461,131
Educational	1,309,231	1,120,560
Facilities and grounds	6,639,906	5,801,678
Fundraising	1,130,101	1,009,556
General and administrative	3,688,820	3,120,626
Guest services	5,430,818	4,800,528
Depreciation and amortization	2,856,007	2,664,875
	<hr/>	<hr/>
<b>Total operating expenses</b>	<b>27,107,094</b>	<b>23,978,954</b>
	<hr/>	<hr/>
<b>Operating loss</b>	<b>(13,192,961)</b>	<b>(9,753,800)</b>
	<hr/>	<hr/>
Non-operating revenues:		
Gain on extinguishment of debt	-	1,915,902
Government grant income	-	1,070,734
Other income	186,639	-
Interest income	354,150	-
Investment income (loss)	57,598	(17,695)
	<hr/>	<hr/>
<b>Non-operating revenues</b>	<b>598,387</b>	<b>2,968,941</b>
	<hr/>	<hr/>
<b>Loss before contributions</b>	<b>(12,594,574)</b>	<b>(6,784,859)</b>
	<hr/>	<hr/>
Contributions:		
State appropriations and grants	12,310,037	9,600,000
Private gifts - unrestricted	2,282,750	2,275,967
Private gifts - restricted	3,232,400	3,672,807
	<hr/>	<hr/>
<b>Total contributions</b>	<b>17,825,187</b>	<b>15,548,774</b>
	<hr/>	<hr/>
<b>Change in net position</b>	<b>5,230,613</b>	<b>8,763,915</b>
	<hr/>	<hr/>
Net position, beginning of year	50,254,580	41,490,665
	<hr/>	<hr/>
<b>Net position, end of year</b>	<b>\$ 55,485,193</b>	<b>\$ 50,254,580</b>
	<hr/>	<hr/>

See accompanying notes to the financial statements.

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

**Statements of Cash Flows**

	<b>Years Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Operating revenues from guests	\$ 12,153,090	\$ 12,742,640
Other operating revenue	1,503,653	1,222,142
Payments to employees	(10,953,324)	(9,584,185)
Payments for benefits	(2,455,482)	(2,288,647)
Payments for utilities	(2,029,127)	(1,564,966)
Payments to suppliers	<u>(8,595,052)</u>	<u>(7,837,548)</u>
<b>Net cash used in operating activities</b>	<b><u>(10,376,242)</u></b>	<b><u>(7,310,564)</u></b>
<b>Cash flows from non-capital financing activities:</b>		
State appropriations	8,100,000	5,496,000
Gifts and grants for other than capital purposes	<u>1,805,789</u>	<u>512,541</u>
<b>Net cash provided by non-capital financing activities</b>	<b><u>9,905,789</u></b>	<b><u>6,008,541</u></b>
<b>Cash flows from capital and related financing activities:</b>		
State appropriations - restricted to capital use	2,250,000	2,500,000
Purchases of capital assets	(7,770,263)	(10,010,068)
Private gifts - restricted	<u>3,232,400</u>	<u>3,682,020</u>
<b>Net cash used in investing activities</b>	<b><u>(2,287,863)</u></b>	<b><u>(3,828,048)</u></b>
<b>Cash flows from investing activities:</b>		
Investment income	411,748	(17,695)
Purchase of investments	<u>(55,556)</u>	<u>(1,840,590)</u>
<b>Net cash (used in) provided by investing activities</b>	<b><u>356,192</u></b>	<b><u>(1,858,285)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b><u>(2,402,124)</u></b>	<b><u>(6,988,356)</u></b>
Cash and cash equivalents, beginning	<u>11,395,340</u>	<u>18,383,696</u>
<b>Cash and cash equivalents, ending</b>	<b><u>\$ 8,993,216</u></b>	<b><u>\$ 11,395,340</u></b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
<b>Operating loss</b>	<b><u>\$ (13,192,961)</u></b>	<b><u>\$ (9,753,800)</u></b>
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	2,856,007	2,664,875
Bad debts (recoveries) expense	(5,312)	6,000
Accounts receivables	(109,242)	(4,365)
Inventories	(19,284)	32,701
Prepaid expenses and other assets	36,198	178,584
Accounts payable	167,510	(27,164)
Accrued compensation	(106,809)	(129,783)
Accrued liability for compensated absences	74,133	10,740
Accrued expenses	66,354	(26,345)
Advances from grantors	<u>(142,836)</u>	<u>(262,007)</u>
<b>Total adjustments</b>	<b><u>2,816,719</u></b>	<b><u>2,443,236</u></b>
<b>Net cash used in operating activities</b>	<b><u>\$ (10,376,242)</u></b>	<b><u>\$ (7,310,564)</u></b>

See accompanying notes to the 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***

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.

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.

***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.

**COMMONWEALTH ZOOLOGICAL CORPORATION  
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***Notes to Financial Statements***

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

***Investments and Fair Value Measurements (Continued)***

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Zoo's financial instruments (see Note 3).

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.

***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 \$4,100 and \$164,400, which is included in animal care and guest services at June 30, 2023 and 2022, respectively.



**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.

***Revenue Recognition, Deferred Revenues and Advances from Grantors***

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. The Zoo has both earned revenues and contributed support. Earned revenues are under arrangements that are one year or less in length.

***Earned Revenues***

Under accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All earned revenue is reported as operating revenues. A summary of each of the earned revenue flows are as follows:

Admissions are reported as revenue on the date of admission which is when the performance obligation is satisfied. Advance sales and group sales are reported as deferred support and are recognized as admissions revenue when the performance obligation is satisfied, which is the date of admission.

Concession revenues consist primarily of gift shop, food and beverage commissions and venue rental sales. Gift shop sales, food sales and event catering are managed by 3<sup>rd</sup> parties and the Zoo receives a commission based on the revenues generated on a monthly basis based on actual sales. Deposits and prepayments for space rentals on events and group sales are reflected as deferred support until the performance obligation is satisfied, which is the date of the event.

Membership fees are recorded as earned on the date of receipt. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the length of the membership.

The Zoo periodically hosts events through a revenue sharing program. Under these contracts, the Zoo receives 100% of the revenue and then needs to pay a percentage to the other party. Under these contracts, the Zoo records the net revenue as admissions revenue.

**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)***

***Revenue Recognition, Deferred Revenues and Advances from Grantors (Continued)***

**Contributed Support**

A summary of the contributed support is as follows:

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*. 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.

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

The Zoo receives government funding from the Commonwealth of Massachusetts annually based on the Commonwealth's annual budget. Revenue is earned and recorded ratably over the 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.

**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)***

***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.

***Net Position***

The government-wide fund financial statements utilize a net position presentation. The Zoo’s net position is comprised of three categories:

Net investment in capital assets – This category represents 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. Although ZNE’s investment in capital assets is net of any related debt, that debt is repaid from operations as it is unlikely that the capital assets will be liquidated to pay liabilities.

Restricted net position – This category presents 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 net position – This category represents 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.

***Reclassifications***

Certain amounts from the 2022 financial statements have been reclassified to conform to 2023 presentation. Such reclassifications had no impact on the change in net position.

***Subsequent Events***

The Zoo has evaluated subsequent events through September 27, 2023, 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:

	<b>2023</b>	<b>2022</b>
Bank balance of cash and cash equivalents	\$ 10,432,970	\$ 11,965,650
Reconciling items (deposits in transit, outstanding checks, etc.), net	<u>(1,439,754)</u>	<u>(570,310)</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 8,993,216</u></b>	<b><u>\$ 11,395,340</u></b>
Bank deposits insured by the Federal Deposit Insurance Corporation	\$ 2,924,443	\$ 520,145
Bank deposits uninsured and uncollateralized	<u>6,068,773</u>	<u>10,875,195</u>
<b>Total bank deposits</b>	<b><u>\$ 8,993,216</u></b>	<b><u>\$ 11,395,340</u></b>
Cash and cash equivalents as displayed on the statements of net position:		
Cash and cash equivalents	\$ 2,853,189	\$ 7,436,220
Cash and cash equivalents for investment in plant and equipment and other items	<u>6,140,027</u>	<u>3,959,120</u>
<b>Total</b>	<b><u>\$ 8,993,216</u></b>	<b><u>\$ 11,395,340</u></b>

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.

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

***Notes to Financial Statements***

***Note 3 - Investments and Fair Value Measurements***

The exchange traded funds represent funds restricted for education and other programs on the accompanying statements of net position, while the US Government Bonds represent unrestricted investments.

The following table summarizes the valuation of the Zoo's financial instruments as of June 30:

	<b>2023</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets:</b>			
Exchange traded funds	\$ 300,975	\$ -	\$ 300,975
Corporate Bonds	-	980,629	980,629
US Government Bonds	-	889,293	889,293
	<b>\$ 300,975</b>	<b>\$ 1,869,922</b>	<b>\$ 2,170,897</b>
<b>Total investments</b>	<b>\$ 300,975</b>	<b>\$ 1,869,922</b>	<b>\$ 2,170,897</b>
	<b>2022</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets:</b>			
Exchange traded funds	\$ 214,136	\$ -	\$ 214,136
US Government Bonds	-	1,901,205	1,901,205
	<b>\$ 214,136</b>	<b>\$ 1,901,205</b>	<b>\$ 2,115,341</b>
<b>Total investments</b>	<b>\$ 214,136</b>	<b>\$ 1,901,205</b>	<b>\$ 2,115,341</b>

**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:

	<b>2023</b>	<b>2022</b>
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,636,208	\$ 1,365,404
One year to five years	<u>1,635,750</u>	<u>1,286,083</u>
	3,271,958	2,651,487
Less allowance for doubtful pledges and present value discount	<u>(342,358)</u>	<u>(138,270)</u>
<b>Total pledges receivable, net</b>	<b><u><u>\$ 2,929,600</u></u></b>	<b><u><u>\$ 2,513,217</u></u></b>
Unconditional promises presented on the statement of net position:		
Pledges receivable, net - current	\$ 1,447,732	\$ 1,365,404
Pledges receivable, net - noncurrent	<u>1,481,868</u>	<u>1,147,813</u>
	<b><u><u>\$ 2,929,600</u></u></b>	<b><u><u>\$ 2,513,217</u></u></b>

Pledges are discounted to present value using risk adjusted discount rates ranging from 1.74% to 6.20% as of June 30, 2023 and 2022, 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, 2023 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Ending Balance</i>
Capital assets, not being depreciated:					
Construction in process	\$ 1,669,480	\$ 2,286,639	\$ -	\$ -	\$ 3,956,119
Capital assets, being depreciated:					
Buildings, including improvements	45,831,635	2,104,854	-	-	47,936,489
Furnishings and equipment	7,555,605	2,661,250	-	-	10,216,855
Total capital assets being depreciated	<u>53,387,240</u>	<u>4,766,104</u>	<u>-</u>	<u>-</u>	<u>58,153,344</u>
<b>Total at historical cost</b>	<b><u>55,056,720</u></b>	<b><u>7,052,743</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>62,109,463</u></b>
Less: accumulated depreciation for:					
Buildings, including improvements	(18,640,239)	(2,168,500)	-	-	(20,808,739)
Furnishings and equipment	(5,769,114)	(515,885)	-	-	(6,284,999)
<b>Total accumulated depreciation</b>	<b><u>(24,409,353)</u></b>	<b><u>(2,684,385)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(27,093,738)</u></b>
<b>Net capital assets</b>	<b><u>\$ 30,647,367</u></b>	<b><u>\$ 4,368,358</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 35,015,725</u></b>

**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, 2022 was as follows:

	<b><i>Beginning Balance</i></b>	<b><i>Increases</i></b>	<b><i>Decreases</i></b>	<b><i>Transfers</i></b>	<b><i>Ending Balance</i></b>
Capital assets, not being depreciated:					
Construction in process	\$ 4,852,208	\$ 6,854,630	\$ -	\$ (10,037,358)	\$ 1,669,480
Capital assets, being depreciated:					
Buildings, including improvements	34,149,471	1,644,806	-	10,037,358	45,831,635
Furnishings and equipment	6,400,844	1,154,761	-	-	7,555,605
Total capital assets being depreciated	<u>40,550,315</u>	<u>2,799,567</u>	<u>-</u>	<u>10,037,358</u>	<u>53,387,240</u>
<b>Total at historical cost</b>	<b><u>45,402,523</u></b>	<b><u>9,654,197</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>55,056,720</u></b>
Less: accumulated depreciation for:					
Buildings, including improvements	(16,697,821)	(1,942,418)	-	-	(18,640,239)
Furnishings and equipment	(5,218,279)	(550,835)	-	-	(5,769,114)
<b>Total accumulated depreciation</b>	<b><u>(21,916,100)</u></b>	<b><u>(2,493,253)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(24,409,353)</u></b>
<b>Net capital assets</b>	<b><u>\$ 23,486,423</u></b>	<b><u>\$ 7,160,944</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 30,647,367</u></b>

***Note 6 - Service Concession Agreement***

***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 accounting standards. The current lease 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.



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

**Notes to Financial Statements**

**Note 6 - Service Concession Agreement (Continued)**

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

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 12) to be \$144,120 for the years ended June 30, 2023 and 2022 reported as facilities and grounds expense on the accompanying statements of revenue, expenses and changes in net position.

Service concession agreement activity was as follows:

	<b>2023</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
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>(998,205)</u>	<u>(171,622)</u>	<u>-</u>	<u>(1,169,827)</u>
<b>Net service concession assets</b>	<b><u>\$ 3,292,345</u></b>	<b><u>\$ (171,622)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,120,723</u></b>
	<b>2022</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
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>(826,583)</u>	<u>(171,622)</u>	<u>-</u>	<u>(998,205)</u>
<b>Net service concession assets</b>	<b><u>\$ 3,463,967</u></b>	<b><u>\$ (171,622)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,292,345</u></b>

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

***Notes to Financial Statements***

***Note 7 - Concessionaire and Food Service Tenant Agreement***

The Zoo renegotiated an agreement it maintains with a vendor that provides the vendor the exclusive rights to sell food, beverages and retail merchandise to patrons of the facility. The new agreement commenced in January 2023 and the original term expires in March 2034 and the agreement allows for an eight year extension through March 2042. 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 capital improvements totaling \$1,650,000 to the food service facilities that are to be amortized over the term, including the extension period 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.

As a result of the new agreement resulting in the termination of the original agreement, unamortized deferred inflows of \$294,939 have been reported as other income on the accompanying statements of revenue, expenses and changes in net position.

The agreement also requires the vendor to pay commissions to the Zoo based upon a percentage of food, beverage and merchandise sales ranging from 16.5% to 50% of gross receipts.

***Note 8 - Federal Payroll Protection Loan Payable***

The Zoo applied for and received a forgivable Paycheck Protection Program Loan (the "PPP Loan") of \$1,915,902 in 2021 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act. The Zoo followed the loan forgiveness model of accounting in accordance with GASB 70 and as such recorded revenue of \$1,915,902 in 2022 given forgiveness was granted during the year.

***Note 9 - Line of Credit***

The Zoo has a demand line of credit with a bank in the amount of \$1,000,000 which requires interest to be payable monthly at a variable rate. 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, 2023 and 2022.

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

***Notes to Financial Statements***

***Note 10 - 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 \$202,000 and \$204,000 for the years ended June 30, 2023 and 2022, respectively.

***Note 11 - Government Support/Concentration of Revenue and Receivables***

Support received from the Commonwealth totaled \$12,310,037 and \$9,600,000 for the years ended June 30, 2023 and 2022, respectively. Funding consisted of \$6,600,000 received for unrestricted operating purposes in 2023 and 2022 and \$3,000,000 of bond funding that was restricted for various uses as specified in a detailed budget in 2023 and 2022. In addition, during 2023 the Zoo recorded revenues of approximately \$2,700,000 related to the \$3,000,000 in state granted American Rescue Plan Act (“ARPA”) funds to install solar panels at the Stone Zoo. State appropriation receivables were \$4,360,037 and \$2,400,000 as of June 30, 2023 and 2022, respectively.

Subsequent to year end, the Commonwealth passed a state budget for fiscal 2024 appropriating \$9,600,000 for the Zoo’s operating budget including \$3,000,000 for the Zoo in funds from the annual bond authorization.

As of June 30, 2023 and 2022, contributions from 2 and 4 donors accounted for 56% and 67% of pledges receivable, respectively.

***Note 12 - Donated Materials and Services***

The Zoo received donations of materials, services and facilities which are included as private gifts - unrestricted on the accompanying statements of revenue, expenses and changes in net position. Donated materials consisted primarily of supplies for animal care and other purposes. Donated services provided by qualified professionals are recognized as unrestricted contribution revenue and a corresponding expense. 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. Donated facilities relates to the lease agreement the Zoo maintains with the GRW (see Note 6).

	<b>2023</b>	<b>2022</b>
Donated materials	\$ 259,615	\$ 125,081
Donated services	418,110	311,365
Donated facilities	144,200	144,200
<b>Total donated materials and services</b>	<b>\$ 821,925</b>	<b>\$ 580,646</b>

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

***Notes to Financial Statements***

***Note 13 - Cash Flow Information***

An intangible asset was recorded as a deferred inflow of \$111,395 and \$5,590 in 2023 and 2022, respectively, under a service concession agreement. Due to the execution of a new service concession agreement, \$294,939 of unamortized deferred inflows was recorded as other income due to the ownership of the related assets reverting to the Zoo upon the termination of the prior agreement (see Note 7). Capital asset purchases of approximately \$30,600 and \$860,000 were included in accounts payable at June 30, 2023 and 2022, respectively.

***Note 14 - 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.

***Reporting Under Government Auditing Standards***



*Independent Auditors' 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, 2023 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 27, 2023.

***Report on 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.



### ***Report on 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 Hoffman McCann P.C.*

Boston, Massachusetts  
September 27, 2023