

**THE ZOOLOGICAL SOCIETY OF THE PALM
BEACHES, INC.**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

THE ZOOLOGICAL SOCIETY OF THE PALM BEACHES, INC.

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Independent Auditors' Report

Board of Directors
The Zoological Society of the Palm Beaches, Inc.

We have audited the accompanying statement of financial position of The Zoological Society of the Palm Beaches, Inc. (a non-profit organization) as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Zoological Society of the Palm Beaches, Inc. as of September 30, 2008, were audited by other auditors whose report dated May 12, 2009, expressed an unqualified opinion on these financial statements. As discussed in Note 13, the Organization has restated its 2008 financial statements during the current year to conform certain items with accounting principles generally accepted in the United States of America. The other auditors reported on the 2008 financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of The Zoological Society of the Palm Beaches, Inc. at September 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 13 that were applied to restate the 2008 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Templeton & Company, LLP

West Palm Beach, Florida
February 25, 2010

THE ZOOLOGICAL SOCIETY OF THE PALM BEACHES, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 447,123	\$ 515,028
Portfolio investments	9,845,200	29,925,029
Grants and accounts receivable	169,170	252,500
Inventories	108,689	156,338
Prepaid expenses and other assets	72,291	126,458
Unconditional promises to give, net	1,377,392	1,270,472
Exhibits, property and equipment, net	<u>34,903,987</u>	<u>32,946,953</u>
Total assets	<u>\$ 46,923,852</u>	<u>\$ 65,192,778</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 602,665	\$ 1,055,098
Deferred income	30,000	113,900
Deferred membership dues	184,777	181,177
Bonds payable	<u>10,000,000</u>	<u>22,000,000</u>
Total liabilities	<u>10,817,442</u>	<u>23,350,175</u>
Net assets:		
Unrestricted	34,108,960	36,745,170
Temporarily restricted	1,397,450	4,497,433
Permanently restricted	<u>600,000</u>	<u>600,000</u>
Total net assets	<u>36,106,410</u>	<u>41,842,603</u>
Total liabilities and net assets	<u>\$ 46,923,852</u>	<u>\$ 65,192,778</u>

See accompanying notes to financial statements.

THE ZOOLOGICAL SOCIETY OF THE PALM BEACHES, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2009 and 2008

	For the Year Ended September 30, 2009			Total	2008
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenues and other support:					
Admissions	\$ 2,140,653	\$ -	\$ -	\$ 2,140,653	\$ 2,005,678
Restaurant	1,059,539	-	-	1,059,539	1,161,095
Gift store	499,005	-	-	499,005	591,580
Special events	641,114	-	-	641,114	719,949
Membership dues	387,696	-	-	387,696	379,040
Educational and other	254,407	-	-	254,407	303,598
Contributions and grants	918,753	895,168	-	1,813,921	398,715
Net assets released from restrictions	3,995,151	(3,995,151)	-	-	-
Total revenues and other support	9,896,318	(3,099,983)	-	6,796,335	5,559,655
Expenses:					
Program services:					
Animal care	1,344,312	-	-	1,344,312	1,479,369
Hospital and veterinary services	400,971	-	-	400,971	234,475
Ground and facility maintenance	1,282,765	-	-	1,282,765	1,495,302
Restaurant	725,139	-	-	725,139	776,070
Gift store	384,413	-	-	384,413	444,488
Education	291,581	-	-	291,581	390,519
Admissions	126,085	-	-	126,085	142,233
Conservation and research	68,499	-	-	68,499	103,434
Total program services	4,623,765	-	-	4,623,765	5,065,890
Support services:					
General and administrative	1,602,128	-	-	1,602,128	1,798,493
Fund raising	660,695	-	-	660,695	624,092
Total expenses	6,886,588	-	-	6,886,588	7,488,475
Increase (decrease) in net assets from operations	3,009,730	(3,099,983)	-	(90,253)	(1,928,820)
Non-operating items:					
Interest and bond costs, net	(225,929)	-	-	(225,929)	(632,003)
Depreciation	(1,114,390)	-	-	(1,114,390)	(1,013,679)
Net investment loss	(4,305,621)	-	-	(4,305,621)	(5,316,325)
Increase (decrease) in net assets	(2,636,210)	(3,099,983)	-	(5,736,193)	(8,890,827)
Net assets - beginning of year - as restated	36,745,170	4,497,433	600,000	41,842,603	50,733,430
Net assets - end of year	<u>\$34,108,960</u>	<u>\$ 1,397,450</u>	<u>\$ 600,000</u>	<u>\$36,106,410</u>	<u>\$41,842,603</u>

See accompanying notes to financial statements.

