

**NAPLES ZOO, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Naples Zoo, Inc.  
Naples, Florida

We have audited the accompanying statements of financial position of Naples Zoo, Inc. (the Organization), a nonprofit organization, as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Naples Zoo, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, management discovered that a liability for donations due to the Naples Zoo Conservation Fund was not correctly reported on the Statement of Financial Position. In addition, management discovered that a contribution made during the year ended December 31, 2009 was incorrectly reported as a temporarily restricted contribution, rather than an unrestricted contribution. Accordingly, the December 31, 2009 financial statements have been restated to correct the error.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Naples, Florida  
October 18, 2011

**NAPLES ZOO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 541,683	\$ 644,949
Accounts Receivable	67,276	-
Prepaid Expenses	73,489	47,335
Investments	-	16,380
Inventory	-	54,374
Deposits	6,221	17,221
Bequest Receivable	-	125,000
Donated Use of Land	3,963,987	4,101,466
Property and Equipment, Net	2,789,036	2,256,695
Total Assets	\$ 7,441,692	\$ 7,263,420
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 270,857	\$ 255,936
Deferred Revenue	221,174	174,762
Grants Payable	2,210	3,043
Other Liabilities	77,425	59,972
Notes Payable	909,711	964,539
Total Liabilities	1,481,377	1,458,252
<b>NET ASSETS</b>		
Unrestricted	1,781,067	1,506,491
Temporarily Restricted Net Assets	4,179,248	4,298,677
Total Net Assets	5,960,315	5,805,168
Total Liabilities and Net Assets	\$ 7,441,692	\$ 7,263,420

See accompanying Notes to Financial Statements.

**NAPLES ZOO, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Sales Revenue	\$ 2,875,543	\$ -	\$ 2,875,543
Other Sales	\$ 755,345	-	
Less Cost of Sales	<u>(291,432)</u>	-	463,913
Membership Dues	327,468	-	327,468
Special Events, Net	159,488	-	159,488
Contributions & Other	205,257	234,997	440,254
Investment Income	7,754	-	7,754
Other Income	<u>11,976</u>	<u>-</u>	<u>11,976</u>
Total Support and Revenues	4,051,399	234,997	4,286,396
Net Assets Released from Restriction	<u>354,426</u>	<u>(354,426)</u>	<u>-</u>
Total Support, Revenues and Other Support	4,405,825	(119,429)	4,286,396
<b>EXPENSES</b>			
Program Services	3,127,500	-	3,127,500
Management and General	876,507	-	876,507
Fund-raising	<u>127,242</u>	<u>-</u>	<u>127,242</u>
Total Expenses	<u>4,131,249</u>	<u>-</u>	<u>4,131,249</u>
<b>CHANGE IN NET ASSETS</b>	274,576	(119,429)	155,147
Net Assets - Beginning of Year (as restated)	<u>1,506,491</u>	<u>4,298,677</u>	<u>5,805,168</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,781,067</u></u>	<u><u>\$ 4,179,248</u></u>	<u><u>\$ 5,960,315</u></u>

See accompanying Notes to Financial Statements.

**NAPLES ZOO, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2009 (AS RESTATED)**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Sales Revenue	\$ 2,851,794	\$ -	\$ 2,851,794
Other Sales	\$ 801,745		
Less Cost of Sales	<u>(292,302)</u>	-	509,443
Membership Dues	250,487	-	250,487
Special Events, Net	32,312	-	32,312
Contributions & Other	317,086	4,320,590	4,637,676
Investment Income	955	-	955
Other Income	<u>14,137</u>	-	<u>14,137</u>
Total Support and Revenues	3,976,214	4,320,590	8,296,804
Net Assets Released from Restriction	<u>456,456</u>	<u>(456,456)</u>	<u>-</u>
 Total Support, Revenues and Other Support	 4,432,670	 3,864,134	 8,296,804
<b>EXPENSES</b>			
Program Services	2,766,011	-	2,766,011
Management and General	747,431	-	747,431
Fund-raising	<u>69,015</u>	-	<u>69,015</u>
Total Expenses	<u>3,582,456</u>	<u>-</u>	<u>3,582,456</u>
 <b>CHANGE IN NET ASSETS</b>	 850,214	 3,864,134	 4,714,348
 Net Assets - Beginning of Year	 <u>656,277</u>	 <u>434,543</u>	 <u>1,090,820</u>
 <b>NET ASSETS - END OF YEAR, AS RESTATED</b>	 <u><u>\$ 1,506,491</u></u>	 <u><u>\$ 4,298,677</u></u>	 <u><u>\$ 5,805,168</u></u>

See accompanying Notes to Financial Statements.

**NAPLES ZOO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Program Services	Management and General	Fund- Raising	Total
Advertising & Promotion	\$ -	\$ 260,245	\$ -	\$ 260,245
Animal Care	169,163	-	-	169,163
Animal Purchases	90,189	-	-	90,189
Bank Fees (Credit Card Processing)	54,081	-	-	54,081
Conferences, Conventions, & Meetings	-	3,558	-	3,558
Depreciation & Amortization	314,877	55,567	-	370,444
Dues and Subscriptions	20,840	3,392	-	24,232
Insurance	80,728	17,721	-	98,449
Interest Expense	-	40,876	-	40,876
Office Expense	11,429	11,429	-	22,858
Other Expense	76,371	-	-	76,371
Permits, Fines & Licensing	4,386	-	-	4,386
Professional Fees	23,694	76,549	82,017	182,259
Profit Sharing Contributions	-	50,000	-	50,000
Rental Expense	118,600	20,929	-	139,529
Repairs & Maintenance	208,338	20,605	-	228,943
Salaries and Related Expenses	1,855,646	283,805	43,662	2,183,113
Travel	10,197	21,670	-	31,867
Utilities	66,443	10,162	1,563	78,168
Visitor Brochures / Site Map	21,250	-	-	21,250
Volunteer Expenses	1,268	-	-	1,268
	<u>\$ 3,127,500</u>	<u>\$ 876,507</u>	<u>\$ 127,242</u>	<u>\$ 4,131,249</u>

See accompanying Notes to Financial Statements.

**NAPLES ZOO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2009**

	Program Services	Management and General	Fund- Raising	Total
Advertising & Promotion	\$ -	\$ 203,516	\$ 8,480	211,996
Animal Care	158,903	-	-	158,903
Animal Purchases	7,489	-	-	7,489
Bank Fees (Credit Card Processing)	53,808	-	-	53,808
Conferences, Conventions, & Meetings	-	2,836	-	2,836
Depreciation & Amortization	236,382	36,152	5,562	278,096
Dues and Subscriptions	19,401	2,967	457	22,825
Insurance	98,506	15,066	2,318	115,889
Interest Expense	-	17,142	-	17,142
Office Expense	12,389	9,911	2,478	24,778
Other Expense	32,693	-	1,362	34,055
Permits, Fines & Licensing	9,932	-	-	9,932
Professional Fees	44,582	44,582	-	89,163
Profit Sharing Contribution	-	100,000	-	100,000
Rental Expense	302,084	46,201	7,108	355,393
Repairs & Maintenance	122,164	18,684	2,874	143,722
Salaries and Related Expenses	1,599,282	223,563	37,253	1,860,098
Travel	6,503	19,509	-	26,012
Utilities	47,744	7,302	1,123	56,169
Visitor Brochures / Site Map	14,150	-	-	14,150
<b>Total Expenses</b>	<b>\$ 2,766,011</b>	<b>\$ 747,431</b>	<b>\$ 69,015</b>	<b>\$ 3,582,456</b>

See accompanying Notes to Financial Statements.

**NAPLES ZOO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 155,147	\$ 4,714,348
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Non-Cash Donation of Land	-	(4,124,379)
Amortization of Donated Use of Land	137,479	22,913
Realized / Unrealized Gains on Investments	(2,534)	(6,995)
Depreciation	370,444	278,096
(Increase) Decrease in:		
Accounts Receivable	(67,276)	-
Bequest Receivable	125,000	-
Prepaid Expenses	(26,154)	27,505
Inventory	54,374	(4,869)
Deposits	11,000	(10,500)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	14,921	70,813
Deferred Revenue	46,412	84,797
Grants Payable	(833)	1,671
Other Liabilities	17,453	59,972
Contributions Temporarily Restricted for Long-Term Purposes	-	(60,000)
Net Cash Provided by Operating Activities	835,433	1,053,372
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(868,926)	(831,382)
Proceeds from Sales of Investments	18,914	-
Net Cash (Used) by Investing Activities	(850,012)	(831,382)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Notes Payable	(88,687)	(29,404)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(103,266)	192,586
Cash and Cash Equivalents - Beginning of Year	644,949	452,363
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 541,683	\$ 644,949
<b>NON-CASH FINANCING AND INVESTING ACTIVITY</b>		
Acquisition of Property and Equipment through Incurrence of Note Payable	\$ 33,859	\$ 980,994
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 40,876	\$ 17,142

See accompanying Notes to Financial Statements.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Naples Zoo, Inc. (the Organization) was organized and incorporated in 2003, and granted status as a 501(c)(3) nonprofit Organization in 2005. The primary focus of the Organization is to offer residents and visitors an educational and entertaining experience. The Zoo offers unique venues to view and learn more about wildlife from around the world in a tropical garden setting.

The Organization fulfills its mission to delight guests with the natural world to inspire the preservation of our planet's remaining wild areas and their wondrous inhabitants through exhibits and membership in conservation groups. The Organization is a member of the Madagascar Fauna Group, Brazilian Ocelot Consortium, the Seafood Choice Program, and various other conservation projects in Africa and Asia.

**Basis of Accounting**

The Organization's financial statements have been prepared on the accrual basis of accounting, which recognizes revenues regardless of when received, and expenses when incurred regardless of when paid.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets. Unrestricted net assets are defined as assets that are free of donor-imposed restrictions, and include all interest income not subject to donor-imposed restrictions. Temporarily restricted net assets are net assets whose use has been limited by donor imposed time or purpose restrictions. The Organization has no permanently restricted net assets.

**Liquidity**

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

**Inventories**

Inventory, consisting of gift shop items, is recorded at the lower of cost or market value using the first in first out method of valuing inventory. During 2010, management made the entered into an agreement with another company to conduct gift shop operations for the Organization. As a part of this agreement, all inventory held in gift shop operations was sold at cost to the other company.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

The Organization records equipment at cost when purchased, or at fair market value when donated. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor use restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization capitalizes expenditures for personal property and betterments over \$1,000 and uses the straight-line method of depreciation calculated over the estimated useful lives of the assets, ranging from three to thirty years. Depreciation expense for the years ended December 31, 2010 and 2009 was \$370,444 and \$278,096, respectively.

**Collections**

In accordance with customary practices among zoological organizations, animal and horticulture collections are recorded at the nominal amount of one dollar, as there is no objective basis for establishing value. Additionally animal and horticulture collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impractical to assign value. Expenditures related to animal and horticulture acquisitions are expensed in the period of acquisition.

In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the Organization may, from time to time, share animals with other organizations. Consistent with industry practice, the Organization does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

**Membership Dues**

Revenue from membership dues is deferred over the term of the membership, typically one year. Members are billed throughout the year for annual dues. Membership dues unearned at the end of the year are classified as deferred revenue.

**Contributions**

Contributions are recognized as revenue when the donor makes the donation to the Organization. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Temporarily restricted contributions are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time or use restriction. However, restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted support.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions (continued)**

Contributed services are recognized only if services received create or enhance non-financial assets or require specialized skills, and are provided by individuals possessing these skills, and would typically be purchased if not provided by donations. Contributed services meeting the requirement for recognition in the financial statements are recorded at the fair market value of professional services rendered. For the years ended December 31, 2010 and 2009, there were no donated services to the organization.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in membership services, committee assignments and fund-raising which do not meet the requirements for recognition in the financial statements. These individuals contributed approximately 2,126 and 2,019 volunteer hours to the Organization for the years ended December 31, 2010 and 2009, respectively. No amounts have been reflected in the financial statements, as these services do not meet the criteria for recognition.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets and are reclassified to unrestricted net assets upon expiration or satisfaction of the restriction.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of estimated cash flows, using risk-free interest rates applicable to the years in which the promises are to be received. Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Functional Expenses**

The cost of providing program and support services has been summarized on a functional basis. The expenses are charged directly to program, management and general, and fund-raising categories based on specific identification. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective (i.e. depreciation, personnel administration and accounting). Indirect costs have been allocated to each program using a simplified allocation methodology.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization is in compliance with the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The implementation of this standard had no impact on the Organization's financial statements. The Organization's tax returns from the tax years ended December 31, 2007 through December 31, 2010 are open to examination by the IRS.

**Fair Value Measurements**

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

**Level 1**

Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

**Level 2**

Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

**Level 3**

Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

The Organization also follows the fair value option for financial assets and liabilities standard. This standard allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Organization has not elected to measure any newly acquired financial instruments at fair value at December 31, 2010 as permitted. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

**Advertising**

Expenses related to advertising and marketing are expensed as incurred.

**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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 18, 2011, the date the financial statements were available to be issued.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 2 RESTATEMENT OF DECEMBER 31, 2009 FINANCIAL STATEMENTS**

During 2010, management discovered that a liability for donations due to the Naples Zoo Conservation Fund was not correctly reported on the Statement of Financial Position, causing net assets to be overstated. In addition, management discovered that a contribution made in 2009 was incorrectly reported as a temporarily restricted contribution, rather than unrestricted, causing temporarily restricted net assets to be overstated. The December 31, 2009 financial statements have been restated and the effect of the restatement on these accounts is as follows:

	<u>December 31, 2009</u> <u>Originally Reported</u>	<u>Correction of</u> <u>Error</u>	<u>December 31, 2009</u> <u>as Restated</u>
Statement of Financial Position:			
Other Liabilities	\$ -	\$ 59,972	\$ 59,972
Total Liabilities	1,398,280	59,972	1,458,252
Unrestricted Net Assets	1,441,463	65,028	1,506,491
Temporarily Restricted Net Assets	4,423,677	(125,000)	4,298,677
Total Net Assets	5,865,140	(59,972)	5,805,168
Statement of Activities and Changes in Net Assets:			
Unrestricted Net Assets			
Sales Revenue	\$ 2,911,766	\$ (59,972)	\$ 2,851,794
Contributions	192,086	125,000	317,086
Change in Net Assets	785,186	65,028	850,214
Net Assets, End of Year	1,441,463	65,028	1,506,491
Temporarily Restricted Net Assets			
Contributions	4,445,590	(125,000)	4,320,590
Change in Net Assets	3,989,134	(125,000)	3,864,134
Net Assets, End of Year	4,423,677	(125,000)	4,298,677

**NOTE 3 FAIR VALUE MEASUREMENTS**

Assets measured at fair value on a recurring basis for the year ended December 31, 2009 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	<u>\$ 16,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,380</u>

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 4 PROPERTY AND EQUIPMENT, NET**

Property and equipment at December 31, 2010 and 2009, consists of the following:

	2010	2009
Buildings	\$ 1,101,832	\$ 916,587
Leasehold Improvements	521,704	-
Animal Exhibits	1,542,655	1,571,894
Furniture and Equipment	248,672	114,330
Automobiles and Boats	209,404	125,331
Construction in Process	6,605	-
	<u>3,630,872</u>	<u>2,728,142</u>
Less: Accumulated Depreciation	(841,836)	(471,447)
	<u>\$ 2,789,036</u>	<u>\$ 2,256,695</u>

**NOTE 5 DEFERRED REVENUE**

Deferred revenue at December 31, 2010 and 2009, totaling \$221,174 and \$174,762 respectively, consisted of membership dues received, not yet earned.

**NOTE 6 DONATED USE OF LAND**

In November 2009, the Organization entered into an agreement to lease land owned by Collier County, the use of which has been granted to the Organization for the term of 30 years at \$1 per year. As is required by *Generally Accepted Accounting Principles*, the Organization recognized the fair market value of the donated land, totaling \$4,124,379 as a temporarily restricted contribution during the year ended December 31, 2009. This contribution will be recognized into unrestricted earnings evenly on an annual basis over the 30 year life of the lease. For the years ended December 31, 2010 and 2009, rent expense of \$137,479 and \$22,913, respectively, has been recognized.

**NOTE 7 OTHER LIABILITIES**

As a part of each ticket price, \$0.25 is considered to be a donation to the Naples Zoo Conservation Fund. For the years ended December 31, 2010 and 2009, \$77,425 and \$59,972, respectively, was owed to this fund from the Organization.

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 8 NOTES PAYABLE**

The Organization had loans payable outstanding as of year ending December 31:

	<u>2010</u>	<u>2009</u>
Note Payable to a third party corporation, secured by tangible personal property, with total monthly payments of interest and principal of \$10,000, with an annual interest rate of 4.0%, matures July 2019.	\$ 870,579	\$ 953,939
Note Payable to financial institution, secured by vehicle, with monthly payments of interest and principal of \$296, with annual interest rate of 7.88%, matures June 2013.	8,142	10,600
Note Payable to a financial institution, secured by vehicle, with monthly payments of interest and principal of \$722, with annual interest rate of 9.99%, matures May 2015.	<u>30,990</u>	<u>-</u>
Total Notes Payable	<u>\$ 909,711</u>	<u>\$ 964,539</u>

Future principal maturities are as follows:

Year Ending December 31,		
2011		\$ 95,659
2012		100,056
2013		102,926
2014		105,697
2015		105,388
Thereafter		<u>399,985</u>
Total		<u>\$ 909,711</u>

**NOTE 9 SPECIAL EVENT, NET**

Special event revenue and expenses consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Zoobilee Revenues	\$ 218,636	\$ 97,969
Zoobilee Expenses	<u>(59,148)</u>	<u>(65,657)</u>
	<u>\$ 159,488</u>	<u>\$ 32,312</u>

**NAPLES ZOO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2010 and 2009, the Organization had net assets temporarily restricted for the following purposes:

	2010	2009 (As Restated)
Donated Use of Property	\$ 3,963,987	\$ 4,101,466
KIWA Ranch Exhibit	215,261	196,211
New Sign	-	1,000
	<u>\$ 4,179,248</u>	<u>\$ 4,298,677</u>

**NOTE 11 PROFIT SHARING PLAN**

The employees of the Organization are eligible to participate in a defined contribution profit sharing plan. The Organization makes annual voluntary matching contributions to the profit sharing plan. For the year ended December 31, 2010 and 2009, profit sharing expense totaled \$50,000 and \$100,000, respectively.

**NOTE 12 LINE OF CREDIT**

The Organization has a line of credit with a financial institution. The amount available under the line of credit is \$200,000. The line of credit matured on July 30, 2011 and was subsequently extended for a period of 90 days pending receipt of the audited financial statements for the Zoo. For the years ended December 31, 2010 and 2009, there was no balance due on the line of credit.

**NOTE 13 ASSET PURCHASE AGREEMENT**

In October 2009 the Organization acquired all of the physical assets of Jungle Larry Safari Land, Inc. for \$990,994. These assets, which include the buildings, property improvements and other furniture and equipment of the Organization, were previously leased from Jungle Larry Safari Land, Inc. The Organization made an initial payment of \$10,000 for the purchase and entered into the note described in Note 8 for the remainder.