

**SEDGWICK COUNTY ZOO**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**COMBINED FINANCIAL STATEMENTS**  
**(INCLUDING UNIFORM GUIDANCE REPORTS)**

**December 31, 2021 and 2020**



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## Independent Auditor's Report

Board of Trustees  
Sedgwick County Zoological Foundation, Inc.

Board of Trustees  
Sedgwick County Zoological Society, Inc.

Board of County Commissioners  
Sedgwick County, Kansas

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying combined financial statements of Sedgwick County Zoo (Note 1), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Sedgwick County Zoo as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sedgwick County Zoo and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Sedgwick County Zoo's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's 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 auditor's 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 Sedgwick County 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 Sedgwick County Zoo's ability to continue as a going concern for a reasonable period of time.

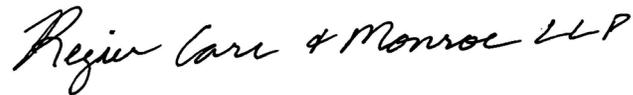
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of Sedgwick County 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 Sedgwick County 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 Sedgwick County Zoo's internal control over financial reporting and compliance.



June 28, 2022  
Wichita, Kansas

**SEDGWICK COUNTY ZOO**  
**Combined Statements of Financial Position**  
**December 31, 2021 and 2020**

	2021				2020			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 6,958,921	\$ -	\$ 6,958,921	\$ -	\$ 2,936,353	\$ -	\$ 2,936,353	\$ -
Investments	6,367,169	-	-	6,367,169	5,664,667	-	-	5,664,667
Accounts receivable	246,918	228,098	18,820	-	290,755	213,575	77,180	-
Grant receivable	-	-	-	-	46,501	-	46,501	-
Pledges receivable, current	714,286	-	714,286	-	4,248,805	-	4,248,805	-
Inventories	-	-	-	-	80,131	-	80,131	-
Prepaid expenses	157,141	-	157,141	-	82,285	-	82,285	-
Total current assets	<u>14,444,435</u>	<u>228,098</u>	<u>7,849,168</u>	<u>6,367,169</u>	<u>13,349,497</u>	<u>213,575</u>	<u>7,471,255</u>	<u>5,664,667</u>
<b>OTHER ASSETS</b>								
Long-term pledges receivable	548,539	-	548,539	-	1,196,102	-	1,196,102	-
Certificate of deposit	-	-	-	-	250,000	-	250,000	-
Beneficial interest-remainder trust and estates	1,315,457	-	1,315,457	-	47,688	-	47,688	-
Total other assets	<u>1,863,996</u>	<u>-</u>	<u>1,863,996</u>	<u>-</u>	<u>1,493,790</u>	<u>-</u>	<u>1,493,790</u>	<u>-</u>
<b>PROPERTY AND EQUIPMENT</b>								
Land and site development	2,800,674	2,800,674	-	-	2,800,674	2,800,674	-	-
Buildings and improvements	75,608,957	75,608,957	-	-	59,877,055	59,877,055	-	-
Machinery and equipment	3,810,403	-	3,810,403	-	2,363,274	-	2,363,274	-
Other assets	14,937	14,937	-	-	14,937	14,937	-	-
Accumulated depreciation	(41,482,584)	(39,611,431)	(1,871,153)	-	(39,732,110)	(37,926,656)	(1,805,454)	-
Construction in progress	690,441	690,441	-	-	8,344,723	8,344,723	-	-
Net property and equipment	<u>41,442,828</u>	<u>39,503,578</u>	<u>1,939,250</u>	<u>-</u>	<u>33,668,553</u>	<u>33,110,733</u>	<u>557,820</u>	<u>-</u>
Total assets	<u>\$ 57,751,259</u>	<u>\$ 39,731,676</u>	<u>\$ 11,652,414</u>	<u>\$ 6,367,169</u>	<u>\$ 48,511,840</u>	<u>\$ 33,324,308</u>	<u>\$ 9,522,865</u>	<u>\$ 5,664,667</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statements of Financial Position (Continued)**  
**December 31, 2021 and 2020**

	2021				2020			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 486,090	\$ -	\$ 486,090	\$ -	\$ 991,457	\$ -	\$ 991,457	\$ -
Salaries and wages payable	297,681	228,098	69,583	-	259,913	213,575	46,338	-
Accrued compensated absences	258,565	220,793	37,772	-	266,508	212,457	54,051	-
Unearned income	300,980	-	300,980	-	19,797	-	19,797	-
Paycheck protection program loan	-	-	-	-	408,862	-	408,862	-
Notes payable-Sedgwick County - current	234,011	-	234,011	-	234,011	-	234,011	-
Other liabilities	88,815	-	88,815	-	104,120	-	104,120	-
Capital lease payable - current	-	-	-	-	2,629	-	2,629	-
Total current liabilities	<u>1,666,142</u>	<u>448,891</u>	<u>1,217,251</u>	<u>-</u>	<u>2,287,297</u>	<u>426,032</u>	<u>1,861,265</u>	<u>-</u>
<b>LONG TERM LIABILITIES</b>								
Note payable-Sedgwick County	234,011	-	234,011	-	468,022	-	468,022	-
Total long term liabilities	<u>234,011</u>	<u>-</u>	<u>234,011</u>	<u>-</u>	<u>468,022</u>	<u>-</u>	<u>468,022</u>	<u>-</u>
Total liabilities	<u>1,900,153</u>	<u>448,891</u>	<u>1,451,262</u>	<u>-</u>	<u>2,755,319</u>	<u>426,032</u>	<u>2,329,287</u>	<u>-</u>
<b>NET ASSETS</b>								
Without donor restrictions								
Unrestricted	48,590,683	39,282,785	3,535,813	5,772,085	38,275,213	32,898,276	305,068	5,071,869
Unrestricted-board designated	2,289,436	-	2,289,436	-	584,557	-	584,557	-
Total without donor restrictions	<u>50,880,119</u>	<u>39,282,785</u>	<u>5,825,249</u>	<u>5,772,085</u>	<u>38,859,770</u>	<u>32,898,276</u>	<u>889,625</u>	<u>5,071,869</u>
With donor restrictions								
Total with donor restrictions	<u>4,970,987</u>	<u>-</u>	<u>4,375,903</u>	<u>595,084</u>	<u>6,896,751</u>	<u>-</u>	<u>6,303,953</u>	<u>592,798</u>
Total net assets	<u>55,851,106</u>	<u>39,282,785</u>	<u>10,201,152</u>	<u>6,367,169</u>	<u>45,756,521</u>	<u>32,898,276</u>	<u>7,193,578</u>	<u>5,664,667</u>
Total liabilities and net assets	<u>\$ 57,751,259</u>	<u>\$ 39,731,676</u>	<u>\$ 11,652,414</u>	<u>\$ 6,367,169</u>	<u>\$ 48,511,840</u>	<u>\$ 33,324,308</u>	<u>\$ 9,522,865</u>	<u>\$ 5,664,667</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statements of Activities**  
**For the Years Ending December 31, 2021 and 2020**

	2021				2020			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>								
Support								
Sedgwick County	\$ 8,479,244	\$ 8,279,244	\$ 200,000	\$ -	\$ 6,316,423	\$ 5,916,203	\$ 400,220	\$ -
Donations and grants	3,845,093	-	3,845,093	-	309,045	-	304,189	4,856
Zoobilee donations	381,232	-	381,232	-	139,032	-	139,032	-
Promotional contributions	99,201	-	99,201	-	45,339	-	45,339	-
Animal adoptions	9,361	-	9,361	-	11,678	-	11,678	-
Paycheck protection program	711,462	-	711,462	-	-	-	-	-
Total support without donor restrictions	<u>13,525,593</u>	<u>8,279,244</u>	<u>5,246,349</u>	<u>-</u>	<u>6,821,517</u>	<u>5,916,203</u>	<u>900,458</u>	<u>4,856</u>
Revenues, gains and losses								
Concessions	766,293	-	766,293	-	722,131	-	722,131	-
Less cost of goods sold	<u>12,445</u>	<u>-</u>	<u>12,445</u>	<u>-</u>	<u>205,031</u>	<u>-</u>	<u>205,031</u>	<u>-</u>
Gross profit-concession sales	753,848	-	753,848	-	517,100	-	517,100	-
Admissions	2,524,965	-	2,524,965	-	1,341,748	-	1,341,748	-
Memberships	2,425,040	-	2,425,040	-	1,575,725	-	1,575,725	-
Zoobilee	791,142	-	791,142	-	52,827	-	52,827	-
Lantern event	636,242	-	636,242	-	-	-	-	-
Net investment income/(loss)	701,915	-	1,699	700,216	448,107	-	24,081	424,026
Other income	604,486	-	604,486	-	300,637	-	300,637	-
Gain/(Loss) on disposition of property assets	(138,373)	(102,448)	(35,925)	-	(19,506)	(13,032)	(6,474)	-
Total revenue without donor restrictions	<u>8,299,265</u>	<u>(102,448)</u>	<u>7,701,497</u>	<u>700,216</u>	<u>4,216,638</u>	<u>(13,032)</u>	<u>3,805,644</u>	<u>424,026</u>
Total support and revenue without donor restrictions	<u>21,824,858</u>	<u>8,176,796</u>	<u>12,947,846</u>	<u>700,216</u>	<u>11,038,155</u>	<u>5,903,171</u>	<u>4,706,102</u>	<u>428,882</u>
Distributions to Society	-	-	-	-	-	-	1,000,000	(1,000,000)
Assets transferred to County	-	6,853,707	(6,853,707)	-	-	8,010,282	(8,010,282)	-
Total assets transferred	<u>\$ -</u>	<u>\$ 6,853,707</u>	<u>\$ (6,853,707)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,010,282</u>	<u>\$ (7,010,282)</u>	<u>\$ (1,000,000)</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statements of Activities (Continued)**  
**For the Years Ending December 31, 2021 and 2020**

	2021				2020			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS (Continued)</b>								
Satisfaction of restrictions								
Bequests - timing restrictions	\$ 2,995	\$ -	\$ 2,995	\$ -	\$ 7,176	\$ -	\$ 7,176	\$ -
Disney grant	-	-	-	-	101	-	101	-
Elephant exhibit	1,166	-	1,166	-	15,308	-	15,308	-
Conservation	7,625	-	7,625	-	-	-	-	-
Winter fund	57,969	-	57,969	-	46,312	-	46,312	-
Zookeeper training	1,101	-	1,101	-	2,302	-	2,302	-
Train	99,298	-	99,298	-	-	-	-	-
New entry	3,291,843	-	3,291,843	-	5,955,294	-	5,955,294	-
Leopard exhibit	2,785,804	-	2,785,804	-	610,960	-	610,960	-
Total satisfaction of restrictions	<u>6,247,801</u>	<u>-</u>	<u>6,247,801</u>	<u>-</u>	<u>6,637,453</u>	<u>-</u>	<u>6,637,453</u>	<u>-</u>
Expenses								
Operations	13,344,695	8,481,118	4,863,577	-	11,906,678	8,264,997	3,641,681	-
Guest services	1,257,509	-	1,257,509	-	1,156,929	-	1,156,929	-
Administrative	462,551	111,235	351,316	-	414,925	109,808	305,117	-
Fundraising	987,555	53,641	933,914	-	373,977	53,170	320,807	-
Total expenses	<u>16,052,310</u>	<u>8,645,994</u>	<u>7,406,316</u>	<u>-</u>	<u>13,852,509</u>	<u>8,427,975</u>	<u>5,424,534</u>	<u>-</u>
Increase (Decrease) in net assets without donor restrictions	<u>12,020,349</u>	<u>6,384,509</u>	<u>4,935,624</u>	<u>700,216</u>	<u>3,823,099</u>	<u>5,485,478</u>	<u>(1,091,261)</u>	<u>(571,118)</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>								
Donations and grants	4,319,751	-	4,319,751	-	2,079,426	-	2,079,426	-
Net investment income/(loss)	2,286	-	-	2,286	892	-	-	892
Satisfaction of restrictions	(6,247,801)	-	(6,247,801)	-	(6,637,453)	-	(6,637,453)	-
Increase (decrease) in donor restricted net assets	<u>(1,925,764)</u>	<u>-</u>	<u>(1,928,050)</u>	<u>2,286</u>	<u>(4,557,135)</u>	<u>-</u>	<u>(4,558,027)</u>	<u>892</u>
Increase (Decrease) in net assets	<u>10,094,585</u>	<u>6,384,509</u>	<u>3,007,574</u>	<u>702,502</u>	<u>(734,036)</u>	<u>5,485,478</u>	<u>(5,649,288)</u>	<u>(570,226)</u>
Net assets - beginning of year	<u>45,756,521</u>	<u>32,898,276</u>	<u>7,193,578</u>	<u>5,664,667</u>	<u>46,490,557</u>	<u>27,412,798</u>	<u>12,842,866</u>	<u>6,234,893</u>
Net assets - end of year	<u>\$ 55,851,106</u>	<u>\$ 39,282,785</u>	<u>\$10,201,152</u>	<u>\$ 6,367,169</u>	<u>\$45,756,521</u>	<u>\$ 32,898,276</u>	<u>\$ 7,193,578</u>	<u>\$ 5,664,667</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	Sedgwick County					Sedgwick County Zoological Society, Inc.					Sedgwick County Zoological Foundation
	Combined Total	Program			Fund- Raising	Total	Program			Fund- Raising	
		Total	Operations	Admin- istrative			Guest Services	Admin- istrative	Total		
Salaries	\$ 5,871,825	\$ 4,228,707	\$ 4,102,700	\$ 84,111	\$ 41,896	\$ 1,643,118	\$ 279,330	\$ 969,440	\$ 180,743	\$ 213,605	\$ -
Employee benefits	1,448,618	1,224,759	1,208,828	11,727	4,204	223,859	38,056	132,077	24,624	29,102	-
Payroll taxes	441,359	316,468	306,266	6,853	3,349	124,891	21,231	73,686	13,738	16,236	-
Retirement expense	407,717	379,439	366,703	8,544	4,192	28,278	4,807	16,684	3,111	3,676	-
Total payroll expenses	8,169,519	6,149,373	5,984,497	111,235	53,641	2,020,146	343,424	1,191,887	222,216	262,619	-
Utilities	754,418	-	-	-	-	754,418	716,698	-	18,860	18,860	-
Telephone	8,542	-	-	-	-	8,542	6,150	-	1,196	1,196	-
Repairs and maintenance	482,362	-	-	-	-	482,362	456,001	2,361	12,000	12,000	-
Animal food	666,098	-	-	-	-	666,098	666,098	-	-	-	-
Promotions	479,097	-	-	-	-	479,097	479,097	-	-	-	-
Insurance	140,206	-	-	-	-	140,206	98,144	14,021	21,031	7,010	-
Animal and grounds supplies	410,441	-	-	-	-	410,441	410,441	-	-	-	-
Education and research supplies	63,999	-	-	-	-	63,999	63,999	-	-	-	-
Other supplies	243,252	-	-	-	-	243,252	179,362	4,102	29,894	29,894	-
Animal purchases	12,113	-	-	-	-	12,113	12,113	-	-	-	-
Professional fees	35,273	-	-	-	-	35,273	-	-	35,273	-	-
Contractual expenditures	1,115,801	-	-	-	-	1,115,801	1,115,430	-	371	-	-
Travel and training	29,746	-	-	-	-	29,746	29,152	-	297	297	-
Postage	36,287	-	-	-	-	36,287	27,215	-	4,536	4,536	-
Uniforms	46,618	-	-	-	-	46,618	46,618	-	-	-	-
Other	44,366	-	-	-	-	44,366	44,366	-	-	-	-
Direct costs of Zoobilee	591,860	-	-	-	-	591,860	-	-	-	591,860	-
Total expenses											
before depreciation	13,329,998	6,149,373	5,984,497	111,235	53,641	7,180,625	4,694,308	1,212,371	345,674	928,272	-
Depreciation	2,722,312	2,496,621	2,496,621	-	-	225,691	169,269	45,138	5,642	5,642	-
Total expenses	<u>\$ 16,052,310</u>	<u>\$ 8,645,994</u>	<u>\$ 8,481,118</u>	<u>\$ 111,235</u>	<u>\$ 53,641</u>	<u>\$ 7,406,316</u>	<u>\$ 4,863,577</u>	<u>\$ 1,257,509</u>	<u>\$ 351,316</u>	<u>\$ 933,914</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	Sedgwick County					Sedgwick County Zoological Society, Inc.					Sedgwick County Zoological Foundation
	Combined Total	Program			Fund- Raising	Total	Program			Fund- Raising	
		Total	Operations	Admin- istrative			Operations	Guest Services	Admin- istrative		
Salaries	\$ 5,601,896	\$ 4,102,888	\$ 3,977,421	\$ 83,596	\$ 41,871	\$ 1,499,008	\$ 254,831	\$ 884,415	\$ 164,891	\$ 194,871	\$ -
Employee benefits	1,404,149	1,170,115	1,154,200	11,847	4,068	234,034	39,786	138,080	25,744	30,424	-
Payroll taxes	403,038	299,783	290,227	6,349	3,207	103,255	17,553	60,921	11,358	13,423	-
Retirement expense	400,799	375,306	363,266	8,016	4,024	25,493	4,334	15,041	2,804	3,314	-
Total payroll expenses	7,809,882	5,948,092	5,785,114	109,808	53,170	1,861,790	316,504	1,098,457	204,797	242,032	-
Utilities	548,359	-	-	-	-	548,359	520,941	-	13,709	13,709	-
Telephone	31,579	-	-	-	-	31,579	22,737	-	4,421	4,421	-
Repairs and maintenance	429,440	-	-	-	-	429,440	406,974	1,046	10,710	10,710	-
Animal food	697,593	-	-	-	-	697,593	697,593	-	-	-	-
Promotions	261,026	-	-	-	-	261,026	261,026	-	-	-	-
Insurance	136,951	-	-	-	-	136,951	95,865	13,695	20,543	6,848	-
Animal and grounds supplies	365,636	-	-	-	-	365,636	365,636	-	-	-	-
Education and research supplies	45,586	-	-	-	-	45,586	45,586	-	-	-	-
Other supplies	165,631	-	-	-	-	165,631	121,568	3,541	20,261	20,261	-
Animal purchases	5,860	-	-	-	-	5,860	5,860	-	-	-	-
Professional fees	17,150	-	-	-	-	17,150	-	-	17,150	-	-
Contractual expenditures	465,367	-	-	-	-	465,367	462,528	-	2,839	-	-
Travel and training	25,253	-	-	-	-	25,253	24,747	-	253	253	-
Postage	43,278	-	-	-	-	43,278	32,458	-	5,410	5,410	-
Uniforms	43,538	-	-	-	-	43,538	43,538	-	-	-	-
Other	67,404	-	-	-	-	67,404	67,404	-	-	-	-
Direct costs of Zoobilee	12,139	-	-	-	-	12,139	-	-	-	12,139	-
Total expenses before depreciation	11,171,672	5,948,092	5,785,114	109,808	53,170	5,223,580	3,490,965	1,116,739	300,093	315,783	-
Depreciation	2,680,837	2,479,883	2,479,883	-	-	200,954	150,716	40,190	5,024	5,024	-
Total expenses	<u>\$ 13,852,509</u>	<u>\$ 8,427,975</u>	<u>\$ 8,264,997</u>	<u>\$ 109,808</u>	<u>\$ 53,170</u>	<u>\$ 5,424,534</u>	<u>\$ 3,641,681</u>	<u>\$ 1,156,929</u>	<u>\$ 305,117</u>	<u>\$ 320,807</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statements of Cash Flows**  
**For the Years Ending December 31, 2021 and 2020**

	2021				2020			
	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
<b>Cash flows from operating activities</b>								
Change in net assets	\$ 10,094,585	\$ 6,384,509	\$ 3,007,574	\$ 702,502	\$ (734,036)	\$ 5,485,478	\$ (5,649,288)	\$ (570,226)
Adjustments to reconcile change in net assets to net cash provided by operating activities								
Assets transferred to County	-	(6,853,707)	6,853,707	-	-	(8,010,282)	8,010,282	-
Depreciation	2,722,312	2,496,621	225,691	-	2,680,837	2,479,883	200,954	-
Loss on sale of property assets	138,373	102,448	35,925	-	19,506	13,032	6,474	-
Realized and unrealized (gain)/loss on investments	(521,319)	-	2,380	(523,699)	(308,470)	-	(2,880)	(305,590)
Noncash contributions of investment securities	(3,535,658)	-	(3,535,658)	-	-	-	-	-
Forgiveness of Paycheck Protection Program loan	(711,462)	-	(711,462)	-	-	-	-	-
Net change in beneficial interest in remainder trust and estates	(1,267,769)	-	(1,267,769)	-	22,575	-	22,575	-
Contributions restricted for property	(4,232,489)	-	(4,232,489)	-	(3,064,503)	-	(3,064,503)	-
(Increase) decrease in operating assets								
Accounts receivable	43,837	(14,523)	58,360	-	(64,403)	(40,375)	(24,028)	-
Grants receivable	46,501	-	46,501	-	(46,501)	-	(46,501)	-
Inventories	80,131	-	80,131	-	36,278	-	36,278	-
Prepaid expenses	(74,856)	-	(74,856)	-	59,578	-	59,578	-
Increase (decrease) in operating liabilities								
Accounts payable	(505,367)	-	(505,367)	-	219,072	-	219,072	-
Salaries and wages payable	37,768	14,523	23,245	-	44,704	40,375	4,329	-
Accrued compensated absences payable	(7,943)	8,336	(16,279)	-	39,571	31,889	7,682	-
Unearned income	281,183	-	281,183	-	21	-	21	-
Other liabilities	(15,305)	-	(15,305)	-	(22,782)	-	(22,782)	-
<b>Net cash provided (used) from operating activities</b>	<b>\$ 2,572,522</b>	<b>\$ 2,138,207</b>	<b>\$ 255,512</b>	<b>\$ 178,803</b>	<b>\$ (1,118,553)</b>	<b>\$ -</b>	<b>\$ (242,737)</b>	<b>\$ (875,816)</b>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Combined Statements of Cash Flows (Continued)**  
**For the Years Ending December 31, 2021 and 2020**

	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.	Combined Total	Sedgwick County	Sedgwick County Zoological Society, Inc.	Sedgwick County Zoological Foundation, Inc.
<b>Cash flows from investing activities</b>								
Purchase of property and equipment	\$ (10,634,960)	\$ (2,138,207)	\$ (8,496,753)	\$ -	\$ (8,228,869)	\$ -	\$ (8,228,869)	\$ -
Purchase of investments	(1,349,511)	-	-	(1,349,511)	(2,889,517)	-	-	(2,889,517)
Proceeds from sales & maturities of investments	4,953,986	-	3,783,278	1,170,708	3,790,137	-	24,804	3,765,333
<b>Net cash provided (used) from investing activities</b>	<u>(7,030,485)</u>	<u>(2,138,207)</u>	<u>(4,713,475)</u>	<u>(178,803)</u>	<u>(7,328,249)</u>	<u>-</u>	<u>(8,204,065)</u>	<u>875,816</u>
<b>Cash flows from financing activities</b>								
Proceeds from paycheck protection program loan	302,600	-	302,600	-	408,862	-	408,862	-
Proceeds from contributions restricted for property and equipment	8,414,571	-	8,414,571	-	5,744,596	-	5,744,596	-
Payments on capital lease obligations	(2,629)	-	(2,629)	-	(15,530)	-	(15,530)	-
Repayments on notes payable-Sedgwick County	(234,011)	-	(234,011)	-	-	-	-	-
<b>Net cash provided from financing activities</b>	<u>8,480,531</u>	<u>-</u>	<u>8,480,531</u>	<u>-</u>	<u>6,137,928</u>	<u>-</u>	<u>6,137,928</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	4,022,568	-	4,022,568	-	(2,308,874)	-	(2,308,874)	-
<b>Cash and cash equivalents-beginning of year</b>	2,936,353	-	2,936,353	-	5,245,227	-	5,245,227	-
<b>Cash and cash equivalents-end of year</b>	<u>\$ 6,958,921</u>	<u>\$ -</u>	<u>\$ 6,958,921</u>	<u>\$ -</u>	<u>\$ 2,936,353</u>	<u>\$ -</u>	<u>\$ 2,936,353</u>	<u>\$ -</u>
<b>Cash paid for interest expense</b>	<u>\$ 1,141</u>	<u>\$ -</u>	<u>\$ 1,141</u>	<u>\$ -</u>	<u>\$ 6,598</u>	<u>\$ -</u>	<u>\$ 6,598</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the financial statements.*

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**1. History and Business Activity**

The Sedgwick County Zoo (Zoo) is a public educational and recreational facility that is supported by three distinct entities as follows:

The Sedgwick County Zoological Society, Inc. (Society) was incorporated on February 20, 1963 as a tax-exempt not-for-profit corporation under Internal Revenue Code 501 (c)(3). The Society entered into an agreement with the Board of County Commissioners of Sedgwick County, Kansas, on August 18, 1967, which employs the Society as an agent of the County to plan, establish, manage, operate, and develop zoological gardens and exhibits. Monies secured by the Society from gifts, bequests, endowments, and the net income from the operation of the facility is to be expended by the Society in accordance with the objectives and purposes of the Society in the construction, operation, maintenance, and development of the Zoo. The Society updated its operating agreement with the County in April of 2017.

The Sedgwick County Zoological Foundation, Inc. (Foundation) is a not-for-profit organization that is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. The Foundation was primarily formed to establish an endowment to support the operations of the Society.

Sedgwick County, Kansas (County), provided monies for the acquisition and construction of the initial physical facilities. Monies for the acquisition and construction were provided by the issuance of general obligation bonds of the County and contributions from the federal and state of Kansas governments. Further, the County provides monies annually for the maintenance and operation of the facility. Such expenditures are financed within the general fund, the capital reserve fund, and the park and recreation fund of Sedgwick County, Kansas. These financial statements only reflect assets, liabilities, net assets, revenues, and expenses attributed to operations of the Zoo. Assets transferred from the Society to the County were \$6,853,707 and \$8,010,282 for the years ended December 31, 2021 and 2020, respectively.

**2. Summary of Significant Accounting Policies**

Principles of combined statements

The combined financial statements include the accounts of the Sedgwick County Zoological Society, Inc., the Sedgwick County Zoological Foundation, Inc., and applicable funds from Sedgwick County, Kansas.

Basis of accounting notes

The financial statements of the Zoo are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly, reflect all significant receivables, payables, and other liabilities.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**2. Summary of Significant Accounting Policies (Continued)**

Classification of net assets

For financial reporting purposes, the Zoo follows the reporting requirements of GAAP, which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of memberships, contributions without donor restriction, fees for service and related expenses associated with core activities of the Zoo.
- With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Zoo or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Satisfaction or expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Cash and cash equivalents

For purposes of the statement of cash flows, the Zoo considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair market value and realized and unrealized gains and losses are recorded in the Statement of Activities.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for potentially uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. A valuation allowance for uncollectible amounts was not considered necessary at December 31, 2021 and 2020.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**2. Summary of Significant Accounting Policies (Continued)**

Pledges Receivable

When a donor has unconditionally promised to contribute funds to the Zoo in future periods, the Zoo recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The allowance for uncollectible pledges is based on management's assessment of the collectability of specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges. Changes to the allowance account are reflected as an adjustment to current year contributions.

Beneficial interest in remainder trusts and estates

The Zoo records the interest in remainder trusts and estates at fair value based upon fair value of the underlying assets and the estimated future cash receipts. Initial recognition and subsequent adjustments to the assets' carrying values are reported as contributions in the accompanying financial statements.

Property and equipment

Property and equipment are carried at cost at date of acquisition. Buildings and improvements are depreciated over ten to fifty years and machinery and equipment over five to ten years. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals or betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. Donated property assets are valued at fair market value at date of donation with a corresponding recognition of donated revenue.

Ownership of building and attached improvements financed by the Society reverts to the County. Consequently, such purchases by the Society are recorded as transfers to the County and the assets are capitalized by the County.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**2. Summary of Significant Accounting Policies (Continued)**

Revenue and revenue recognition

Contributions, including sponsorships, are recognized when the donor makes a promise to give to the Zoo that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Zoo recognizes revenue from admission sales at the time of admission. Admission for group events is recognized at the time of the event. Membership dues are comprised of an exchange element based on the value of benefits provided. Given seasonal fluctuations and historical information, obligations for memberships purchased prior to December are considered fulfilled by year-end. Memberships purchased in December are used throughout the remaining term in the subsequent year. The unearned revenue for memberships as of December 31, 2021 and 2020 is \$273,084 and \$0, respectively.

During 2020 and January 2021, gift shop sales were recognized at the point of sale. Beginning in February 2021, gift shop sales were outsourced to a third party vendor. Concession operations were outsourced for 2021 and 2020. Concessions and gift shop revenue is recognized as sales occur net of related fees for the third party administrator (Note 20). Revenue from gift certificates is recognized when redeemed.

The Zoo reports gifts of equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Contributed goods and services

The Zoo receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort has not been satisfied. Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**2. Summary of Significant Accounting Policies (Continued)**

Animals and other collections

The cost of animal acquisitions and income from sale of animals are included in operations. The other Zoo collections consist of statues and are acquired through purchases and contributions. The collection items are not recognized as assets on the statement of position; purchases of collection items reduce net assets in the period when purchased. The Zoo does not anticipate deaccessioning collection items in the near term. Proceeds from deaccessioned art objects are recorded as increases in net assets when received in the statement of activities. Funds received from deaccession of an art object are used for the Organization's mission with the direction of the Board of Trustees. The Zoo did not make any purchases of items for the years ended December 31, 2021 and 2020, respectively.

Advertising costs

Advertising costs are expensed as they are incurred and are included in promotions expense. Advertising expense for the years ended December 31, 2021 and 2020 was \$320,175 and \$194,964, respectively.

Use of 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.

Income taxes

The Society and the Foundation are organized as Kansas nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The Society is qualified to receive deductible charitable contributions under Section 509(a)(2), and have been determined not to be private foundations under Sections 509(a)(1) and (3). The Foundation is an organization for the benefit of a publicly supported organization described in 509(a)(2). The Society and the Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Society and the Foundation are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Society has filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**2. Summary of Significant Accounting Policies (Continued)**

Income taxes (continued)

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Each entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in operations if such interest and penalties are incurred. The related County funds are exempt from income taxes as part of a governmental entity.

The Zoo adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Zoo may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. At December 31, 2021 and 2020, there were no unrecognized tax benefits identified or recorded as assets or liabilities.

Functional allocation of expenses

The cost of providing the Zoo's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified specifically to program or support services are charged directly to that function. Costs common to multiple functions have been allocated among the various functions benefited based on time and effort.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Zoo.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Zoo generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the newsletter or donor acknowledgements contain requests for contributions, costs have been allocated to fundraising, program, and management and general functions.

Recent accounting pronouncements

*Leases*

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases (Topic 842), that will supersede the current lease requirements. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**2. Summary of Significant Accounting Policies (Continued)**

*Leases (Continued)*

Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Zoo's year ending December 31, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

**3. Investments**

Investments are stated at fair market value at December 31, 2021 and 2020, and consist of investments with a national brokerage firm. The fair values of individual investment securities were provided from the brokerage firm or financial institution which holds the security and are based upon quoted market prices in active markets and are publicly traded on national exchanges. The amortized cost and estimated fair market value of investments at December 31, 2021 and 2020 are as follows:

	<b>2021</b>		
	Fair Value	Cost	Appreciation (Loss)
Money market accounts	\$ 120,540	\$ 120,540	\$ -
Common stocks	2,078,896	1,259,400	819,496
Mutual funds:			
Domestic equities	1,086,107	778,195	307,912
International equities	715,996	539,462	176,534
Fixed income	1,803,615	1,734,210	69,405
Alternative investments	562,015	520,627	41,388
Total	<u>\$ 6,367,169</u>	<u>\$ 4,952,434</u>	<u>\$ 1,414,735</u>
	<b>2020</b>		
	Fair Value	Cost	Appreciation (Loss)
Money market accounts	\$ 44,350	\$ 44,350	\$ -
Common stocks	1,787,140	1,250,125	537,015
Mutual funds:			
Domestic equities	1,118,271	894,061	224,210
International equities	696,019	520,932	175,087
Fixed income investments	1,742,615	1,606,046	136,569
Alternative investments	276,272	260,627	15,645
Total	<u>\$ 5,664,667</u>	<u>\$ 4,576,141</u>	<u>\$ 1,088,526</u>

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**3. Investments (Continued)**

Investment securities in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and those changes could materially affect the amounts reported in the statement of financial position.

The following schedule summarizes the investment return on investments and its classification in the statement of activities for the year ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total interest and dividend income from all sources	\$ 100,037	\$ 120,514
Realized and unrealized gain/(loss) on investments	521,319	308,470
Capital gain distributions	108,006	44,105
Management fees	<u>(25,161)</u>	<u>(24,090)</u>
Net investment income (loss) per Statements of Activities	<u>\$ 704,201</u>	<u>\$ 448,999</u>
Net investment income per Statements of Activities		
Without donor restrictions	\$ 701,915	\$ 448,107
With donor restrictions	<u>2,286</u>	<u>892</u>
	<u>\$ 704,201</u>	<u>\$ 448,999</u>

**4. Fair Value Investments**

Generally accepted accounting principles (GAAP) defines fair value as 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. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1**      Quoted prices in active markets for identical assets or liabilities.
- Level 2**      Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3**      Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**4. Fair Value Investments (Continued)**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>December 31, 2021</b>				
Investments				
Money market accounts	\$ 120,540	\$ 120,540	\$ -	\$ -
Common stocks	2,078,896	2,078,896	-	-
Mutual funds:				
Domestic equities	1,086,107	1,086,107	-	-
International equities	715,996	715,996	-	-
Fixed income investments	1,803,615	1,803,615	-	-
Alternative investments	562,015	562,015	-	-
	<u>6,367,169</u>	<u>\$ 6,367,169</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (NAV):				
Beneficial interest-remainder trust and estates	<u>1,315,457</u>			
	<u>\$ 7,682,626</u>			
<b>December 31, 2020</b>				
Investments				
Money market accounts	\$ 44,350	\$ 44,350	\$ -	\$ -
Common stocks	1,787,140	1,787,140	-	-
Mutual funds:				
Domestic equities	1,118,271	1,118,271	-	-
International equities	696,019	696,019	-	-
Fixed income investments	1,742,615	1,742,615	-	-
Alternative investments	276,272	276,272	-	-
	<u>5,664,667</u>	<u>\$ 5,664,667</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (NAV):				
Beneficial interest-remainder trust and estates	<u>47,688</u>			
	<u>\$ 5,712,355</u>			

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**4. Fair Value Investments (Continued)**

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2021 and 2020, respectively:

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Beneficial interest-remainder trust and estates	\$ 1,315,457	\$ -	See Note 8	See Note 8
<u>December 31, 2020</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Beneficial interest-remainder trust and estates	\$ 47,688	\$ -	See Note 8	See Note 8

**5. Pledges Receivable**

Pledges receivable consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 714,286	\$ 4,248,805
Receivable in one to five years	568,948	1,250,685
Total pledges receivable	1,283,234	5,499,490
Less:		
Pledge receivable discount	(20,409)	(54,583)
Net pledges receivable	<u>\$ 1,262,825</u>	<u>\$ 5,444,907</u>

An imputed discount rate of 3% was used in discounting long-term pledges receivable at December 31, 2021 and 2020, respectively. Pledges are reflected on the accompanying statement of financial position in the following categories at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Current assets	\$ 714,286	\$ 4,248,805
Other assets	548,539	1,196,102
Net pledges receivable	<u>\$ 1,262,825</u>	<u>\$ 5,444,907</u>

Pledges were restricted in use for costs associated with the new entrance complex and leopard exhibit at December 31, 2021 and 2020.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**6. Inventories**

Inventories at December 31, 2021 and 2020 consist of the following:

	<b>2021</b>	<b>2020</b>
Gift shop	\$ -	\$ 80,131

During the year ended December 31, 2020, the Society outsourced its restaurant operations to a management company. During the year ended December 31, 2021, the Society outsourced its gift shop operations to a management company (Note 20).

**7. Funds Held by Foundation**

The Wichita Community Foundation is holding funds designated for the Foundation, which are not controlled by the Foundation. The Wichita Community Foundation administers and manages the investment fund. The Zoo recognizes all distributions from the Wichita Community Foundation as contribution revenue. The total value of the funds held by the Foundation for the benefit of the Zoo were \$326,023 and \$310,566 as of December 31, 2021 and 2020, respectively.

**8. Beneficial interest in remainder trusts and estates**

Under the terms of various remainder trusts and estates, the Zoo has been designated as a beneficiary. Certain trusts provide for annual distributions to the Zoo based upon the annual income within the trust while others provide for a percentage of the trust to be remitted to the Zoo upon the donor's death. The Zoo has also been periodically identified as a beneficiary in a donor's estate.

The balance of beneficial interest in remainder trusts and estates at December 31, 2021 and 2020 was \$1,315,457 and \$47,688, respectively.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**9. Unearned Income**

The following table provides information about significant changes in the unearned income for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unearned income, beginning of year	\$ 19,797	\$ 19,776
Revenue recognized that was included in deferred at the beginning of the year for:		
Group events	(3,700)	(2,825)
Gift certificates	(16,097)	(16,951)
Increase in deferred revenue due to cash received during the period for:		
Group events	2,541	3,700
Gift certificates	15,355	16,097
Grant revenue	10,000	-
Memberships	273,084	-
Unearned income, end of year	<u>\$ 300,980</u>	<u>\$ 19,797</u>

**10. Capital lease payable**

In March 2016, the Society leased a cash recycler under a capital lease for a term of 60 months. Interest has been imputed on the lease at a rate of 3.18%. The lease was fully paid as of December 31, 2021.

At December 31, 2021 and 2020, the carrying value of the equipment being leased, net of accumulated depreciation was \$0 and \$2,201, respectively. Depreciation expense reported in the statement of activities related to the equipment was \$2,201 and \$13,201 for the years ended December 31, 2021 and 2020.

**11. Note payable-Sedgwick County**

In 2007, the Society entered into a loan agreement with Sedgwick County whereby the Society could borrow up to \$2,400,000 to finance the construction of a restaurant. Construction of the restaurant was completed in 2008.

The original loan agreement had an initial interest rate of 5.23% and was adjusted annually to the 1-year U.S. Treasury bill rate, plus 25 basis points. The Society was required to repay 10% of the original loan amount, plus interest on an annual basis in April of each year.

In 2013, the Society renegotiated the repayment terms of the loan with Sedgwick County. The payments were deferred until April 1, 2021. No interest was accrued on the outstanding principal amount of the loan between April 1, 2013 and April 1, 2018. No interest was accrued on outstanding principal amount of the loan between April 1, 2020 and March 31, 2021 due to COVID-19.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**11. Note payable-Sedgwick County (Continued)**

The note payable is reflected on the accompanying statements of financial position in the following categories at December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Current liabilities	\$ 234,011	\$ 234,011
Long term liabilities	234,011	468,022
Note payable-Sedgwick County	\$ 468,022	\$ 702,033

Payments to Sedgwick County on the note payable are due as follows:

Year ending December 31		
2022		\$ 234,011
2023		234,011
		\$ 468,022

**12. Paycheck Protection Program Loan**

The Society applied for and was approved for loans of \$302,600 and \$408,862 during the years ended December 31, 2021 and 2020, respectively, under the Paycheck Protection Program (“PPP”) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The PPP funds were used to pay covered expenses including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Society. During the year ended December 31, 2021, the Society applied for and received forgiveness for both loans. The Society recorded the PPP Loan as debt and recognized a gain on extinguishment when the Society had been legally released as the primary obligor through forgiveness approval from the lender, which is reflected in the statements of activities.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**13. Shuttered Venue Operators Grant**

The Zoo received a Shuttered Venue Operators Grant (SVOG) of \$2,425,365 on July 16, 2021. The Shuttered Venue Operators Grant program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, signed into law on December 27, 2020. Grant funds may be used for payroll costs, rent payments, utility payments, equipment, scheduled debt payments, payments to independent contractors and other ordinary and necessary business expenses. The Organization recognized the initial grant award of \$2,425,365 during the year ended December 31, 2021 as allowable expenses were incurred. This is reflected in the statements of activities as donations and grants.

**14. Net assets without donor restrictions**

During the year ended December 31, 2021 and 2020, net assets without restrictions are for the following purposes:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 48,590,683	\$ 38,275,213
Board designated - Infrastructure & capital	2,289,436	584,557
Total net assets without donor restrictions	<u>\$ 50,880,119</u>	<u>\$ 38,859,770</u>

**15. Net assets with donor restrictions**

Net assets with donor restrictions at December 31, 2021 and 2020 are designated for the following purposes:

	<u>2021</u>	<u>2020</u>
Endowment	\$ 595,084	\$ 592,798
Elephant exhibit	314,136	315,301
Winter fund	184,024	178,591
Bequests - timing restrictions	17,089	20,084
Zookeeper training	36,926	23,027
Entrance complex	313,962	2,979,167
Leopard exhibit	109,020	2,787,783
Train	3,400,746	-
Total net assets with donor restrictions	<u>\$ 4,970,987</u>	<u>\$ 6,896,751</u>

Based upon various original donor designations, earnings from the invested principal of \$385,196 are not donor restricted.

Based upon the donor designation of one particular contribution with an original amount of \$200,000, 90% of the earnings on the invested principal are restricted for the use of zoo animal exhibits that do not bear the name of an organization or an individual. The remaining 10% of earnings associated with this gift are accumulated as part of the donor-restricted endowment fund. Accumulated donor restricted net assets associated with this contribution are \$209,888 and \$207,602 at December 31, 2021 and 2020, respectively.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**16. Endowment**

The Zoo established the Foundation to assist in the management of donor restricted net assets, and to provide an opportunity to internally designate funds to provide for long term benefit of the Zoo. The Zoo has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original fair value of gifts donated to the endowment, (b) the original fair value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the instructions of the applicable donor gift instrument at the time the accumulation is added to the fund. The earnings of the donor restricted endowment fund are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies. As stated in Note 14, the Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that provide for periodic funding of operating activities supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The Foundation targets a diversified asset allocation that places an emphasis on equity and fixed income funds to achieve its long-term return objectives within prudent risk parameters. Withdrawals from the endowment fund to support operating activities are based upon the discretion of the Board of Trustees. The Foundation is separately stated on the Statements of Financial Position and Statements of Activities.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**16. Endowment (Continued)**

The changes in the endowment net assets, which comprise the Foundation are as follows, for the years ended December 31:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, December 31, 2019	\$ 5,642,987	\$ 591,906	\$ 6,234,893
Contributions	4,856	-	4,856
Distributions to Society	(1,000,000)	-	(1,000,000)
Investment return:			
Interest and dividends	99,313	-	99,313
Realized and unrealized gain/(loss) on investments	280,608	892	281,500
Capital gain distributions	44,105	-	44,105
Total investment return	<u>424,026</u>	<u>892</u>	<u>424,918</u>
Endowment net assets, December 31, 2020	\$ 5,071,869	\$ 592,798	\$ 5,664,667
Investment return:			
Interest and dividends	95,958	-	95,958
Realized and unrealized gain/(loss) on investments	521,413	2,286	523,699
Capital gain distributions	108,006	-	108,006
Mangement fees	(25,161)	-	(25,161)
Total investment return	<u>700,216</u>	<u>2,286</u>	<u>702,502</u>
Endowment net assets, December 31, 2021	<u>\$ 5,772,085</u>	<u>\$ 595,084</u>	<u>\$ 6,367,169</u>

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**17. Financial assets and liquidity resources**

The following schedule reflects the Zoo's financial assets available for general expenditure as of December 31, 2021 and 2020, reduced by amounts that are not available for general use due to donor-imposed and board designated restrictions within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 6,958,921	\$ 2,936,353
Investments	6,367,169	5,664,667
Accounts receivable	246,918	290,755
Pledges receivable	1,262,825	5,444,907
	<u>14,835,833</u>	<u>14,336,682</u>
<b>Less those unavailable for general expenditures within one year, due to:</b>		
Board designated for infrastructure & capital	2,289,436	584,557
Restricted by donor with purpose restrictions		
Endowment	595,084	592,798
Elephant exhibit	314,136	315,301
Winter fund	184,024	178,591
Bequests - timing restrictions	17,089	20,084
Zookeeper training	36,926	23,027
Entrance complex	313,962	2,979,167
Leopard Exhibit	109,020	2,787,783
Train	3,400,746	-
Total financial assets with donor restrictions	<u>4,970,987</u>	<u>6,896,751</u>
Total financial assets available to meet cash needs for general purpose expenditures within one year	<u>\$ 7,575,410</u>	<u>\$ 6,855,374</u>

As part of the Zoo's liquidity plan, the financial assets are structured to be available as general expenditures, liabilities, and other obligations become due. The accounts receivable is expected to be collected within the year and pledges receivable are expected to be collected over a period of time as described in Note 5. In the event of liquidity need, the Zoo may utilize its investment reserves.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**18. Donated services**

A substantial number of volunteers have made significant contributions of their time to various functions of the Zoo. During 2021 and 2020, respectively, these volunteers contributed 11,657 and 11,348 hours of time valued at \$174,852 and \$151,838, which is equivalent to 5 full time employees for both years ended December 31, 2021 and 2020. The Zoo used an internally generated value of \$15.00 and \$13.38 per hour for the years ended December 31, 2021 and 2020, respectively. The value of these services has not been recorded in the financial statements.

Board members also contribute a significant amount of time in fundraising activities. The value of these services has not been determined and has not been recorded in the financial statements.

**19. Retirement plans**

Society

The Society offers a SIMPLE (savings incentive match plans for employees) plan under Section 408(p) of the Internal Revenue Code. The plan covers all employees who are currently receiving compensation and have received at least \$5,000 in compensation during any two preceding calendar years. The Society is required to match the employees' elective contribution in an amount not to exceed 3% of the employees' compensation. However, the Society may elect to limit the match, for all eligible employees, to a smaller percentage of compensation, but not less than 1%. The Society's contribution for the years ended December 31, 2021 and 2020 was \$28,278 and \$25,493, respectively.

County

*Plan Description*

The County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financials statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**19. Retirement plans (Continued)**

*Contributions*

K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate does not include the contribution rate for Death and Disability Program. For the year ended December 31, 2021, the contribution rate for the Death and Disability Program was 1% with a six-month moratorium. For the year ended December 31, 2020, the contribution rate for the Death and Disability Program was 1% with a six-month moratorium. The statutory contribution rate for retirement was 8.87% and 8.61% for the years ended December 31, 2021 and 2020, respectively. Contributions to the pension plan from the County were \$379,439 and \$375,306 for the years ended December 31, 2021 and 2020, respectively.

**20. Outsourced operations**

The Zoo has an agreement with a third party granting the exclusive right to operate and manage the food and beverage, gift shop sales, admissions and membership services within the Zoo. The Zoo receives a monthly commission for the food and beverage, and gift shop sales ranging from 12%-30%, depending on sales for the period. The Zoo receives a weekly commission of 87.5% of the admissions and memberships. As part of the agreement, the concessionaire commits to investment in capital improvements that the concessionaire owns and amortizes over a ten year period. Upon expiration or termination of the agreement, the Zoo will purchase improvements at the remaining net book value.

**21. Concentration of credit risk**

The Zoo maintains cash accounts at local banks, some of which retains a balance of more than the maximum federally insured amount of \$250,000. The Zoo has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash accounts.

**SEDGWICK COUNTY ZOO**  
**Notes to Combined Financial Statements**  
**December 31, 2021 and 2020**

**22. Commitments**

In November of 2021, the Zoo entered into a contract for the development of the Safari Express. The train is scheduled to open in Summer of 2022. As of December 31, 2021, construction costs of \$99,298 had been incurred, and the County had capitalized as construction in progress. Commitments on open contracts associated with the Safari Express were \$493,077 as December 31, 2021.

In December of 2021, the Zoo entered into a contract for the development of a stingray interactive exhibit. Construction on the exhibit began in January 2022, and the exhibit opened in April 2022. As of December 31, 2021, construction costs of \$653 had been incurred, and the County had capitalized as construction in progress. Commitments on open contracts associated with the stingray exhibit were \$121,000 as of December 31, 2021. A premium is charged to experience the exhibit and the Zoo is responsible for paying a monthly fee to the third-party provider.

**23. Subsequent events**

Subsequent events were evaluated through June 28, 2022, which is the date the financial statements were available to be issued.

## **Supplemental Information**

**SEDGWICK COUNTY ZOO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

Federal Grantor/Pass-Through	Federal Assistance Listing Number	Grant Number/ Loan Number	Expenditures of Federal Awards
<b>U.S. Small Business Administration</b>			
COVID-19 Shuttered Venue Operators Grant	59.075	SBAHQ21SV013408	\$ 2,425,365
Total U.S. Small Business Administration			<u>2,425,365</u>
<b>U.S. Department of Treasury</b>			
Pass-Through from Kansas Children's Cabinet and Trust Fund			
COVID-19 Coronovirus Relief Fund	21.019		3,400
Pass-Through from Child Care Aware of Kansas			
COVID-19 Coronavirus Relief Fund	21.019	SLT0238	47,759
Total U.S. Department of Treasury			<u>51,159</u>
<b>U.S. Department of Health and Human Services</b>			
CCDF Cluster			
Child Care and Development Block Grant	93.575		10,000
Total CCDF Cluster			<u>10,000</u>
Total U.S. Department of Health and Human Services			<u>10,000</u>
<b>U.S. Department of the Interior</b>			
Endangered Species Conservation - Recovery Implementation Funds	15.657	F21AC00904-00	7,625
Total U.S. Department of the Interior			<u>7,625</u>
Total Expenditures of Federal Awards			<u>\$ 2,494,149</u>

**SEDGWICK COUNTY ZOO**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Sedgwick County Zoo under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sedgwick County Zoo, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sedgwick County Zoo.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

Sedgwick County Zoo has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**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***

*Independent Auditor's Report*

Board of Trustees  
Sedgwick County Zoological Foundation, Inc.

Board of Trustees  
Sedgwick County Zoological Society, Inc.

Board of County Commissioners  
Sedgwick County, Kansas

We have audited in accordance with 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 combined financial statements of Sedgwick County Zoo, which comprise the combined statements of financial position as of December 31, 2021, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements and have issued our report thereon dated June 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sedgwick County Zoo's internal control over financial reporting (internal control) as a basis for designing 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 Sedgwick County Zoo's internal control. Accordingly, we do not express an opinion on the effectiveness of Sedgwick County 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sedgwick County Zoo's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rejiv Carr & Monroe LLP*

June 28, 2022  
Wichita, Kansas

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

Board of Trustees  
Sedgwick County Zoological Foundation, Inc.

Board of Trustees  
Sedgwick County Zoological Society, Inc.

Board of County Commissioners  
Sedgwick County, Kansas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Sedgwick County Zoo's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sedgwick County Zoo's major federal programs for the year ended December 31, 2021. Sedgwick County Zoo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sedgwick County Zoo complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sedgwick County Zoo and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit

does not provide a legal determination of Sedgwick County Zoo's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sedgwick County Zoo's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sedgwick County Zoo's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sedgwick County Zoo's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Sedgwick County Zoo's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sedgwick County Zoo's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sedgwick County Zoo's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rejiv Carr & Monroe LLP*

June 28, 2022  
Wichita, Kansas

**SEDGWICK COUNTY ZOO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2021**

**SECTION I – Summary of Auditor’s Results**

*Financials Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ yes  X  no

- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financials statements noted? \_\_\_\_\_ yes  X  no

*Federal Awards*

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ yes  X  no

- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

Assistance Listing Number	Name of Federal Program
59.075	U.S. Small Business Administration - Shuttered Venue Operators Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**SEDGWICK COUNTY ZOO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2021**

**SECTION II – Financial Statement Findings**

No reportable matters

**SECTION III – Major Federal Award Findings and Questioned Costs**

No reportable matters

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<b>EL DORADO</b>	117 W. CENTRAL AVE	EL DORADO, KS 67042-0847	316-321-1150
<b>TUCSON</b>	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
<b>TULSA</b>	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-494-8700
<b>WAGONER</b>	509 S. MCQUARRIE AVE	WAGONER, OK 74467-6223	918-485-5531
<b>WICHITA</b>	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335