

**THE NORTH CAROLINA
ZOOLOGICAL SOCIETY, INC.**
Asheboro, North Carolina

**Financial Statements
and
Accompanying Information
for years ended
December 31, 2005 and 2004**

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

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THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Organization and Business

STATE OF INCORPORATION

North Carolina

MAIN FACILITY

Asheboro, North Carolina

DIRECTORS

Charles M. Ambrose, Ed.D.
Jeffery B. Davis
Jeff P. Files
Mary F. Flanagan
Harriette M. Frank
John L.W. Garrou
Clarice Cato Goodyear
Emerson F. Gower, Jr.
Bobbie Hardaker
Addie Luther
George McCanless

Hugh Morton III
L. Glenn Orr, Jr.
Diana C. Pickering
L. Richardson Preyer, Jr.
Scott E. Reed
E. Rhone Sasser
Nancy H. White
Russell H. Williams

OFFICERS

Clarice Cato Goodyear
John L.W. Garrou
E. Rhone Sasser
Diana C. Pickering

Chairman
Vice Chairman
Treasurer
Secretary

EXECUTIVE OFFICER

Russell H. Williams



Independent Auditors' Report

The Board of Directors
The North Carolina Zoological Society, Inc.
Asheboro, North Carolina

We have audited the accompanying statements of financial position of The North Carolina Zoological Society, Inc. (a nonprofit organization) as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Carolina Zoological Society, Inc. as of December 31, 2005 and 2004, 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.

Cherry, Bekaert & Holland, L.L.P.

Asheboro, North Carolina
March 7, 2006

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Statements of Financial Position

<u>ASSETS</u>	December 31	
	2005	2004
Cash and cash equivalents	\$ 1,886,476	\$ 1,615,222
Investments	10,904,218	10,098,069
Pledges receivable	1,734,306	1,323,778
Accounts receivable	19,830	26,045
Accrued interest	8,509	6,816
Inventories	380,400	396,623
Prepaid expenses	55,802	62,589
Cash surrender value of life insurance	4,670	4,700
Property and equipment at cost, less accumulated depreciation	266,232	295,800
	<u>\$ 15,260,443</u>	<u>\$ 13,829,642</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 584,067	\$ 165,225
Liability under unitrust agreement	512,572	271,445
Deposits	-	225
Total liabilities	<u>1,096,639</u>	<u>436,895</u>
 Net assets		
Unrestricted	8,015,909	8,345,690
Temporarily restricted	5,870,982	4,844,462
Permanently restricted	276,913	202,595
Total net assets	<u>14,163,804</u>	<u>13,392,747</u>
	<u>\$ 15,260,443</u>	<u>\$ 13,829,642</u>

See notes to financial statements

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Statements of Activities

	Year Ended 2005			Year Ended 2004				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support, revenues, and reclassifications								
Contributions and special projects	\$ 312,199	\$ 3,209,646	\$ 67,017	\$ 3,588,862	\$ 470,096	\$ 2,110,584	\$ 400	\$ 2,581,080
Membership dues	1,471,080	34,612		1,505,692	1,528,776			1,528,776
Gift shop revenue, net of total direct costs of \$853,016 and \$907,741	259,067	14,802		273,869	307,166	5,325		312,491
Investment income	278,563	7,443	7,366	293,372	242,432	8,095	657	251,184
Net unrealized and realized gains	5,462	(369)	(65)	5,028	172,206	8,107	3,435	183,748
Change in value of unitrust	(787)	873		873				
(Loss) on disposal of property and equipment				(787)				
Net assets released from restrictions								
Satisfaction of purpose restrictions	2,240,487	(2,240,487)		-	1,891,596	(1,891,596)		-
Total public support, revenues and reclassifications	4,566,071	1,026,520	74,318	5,666,909	4,612,272	240,515	4,492	4,857,279
Expenses and losses								
Programs								
Transfers to the NC Zoological Park	3,106,902			3,106,902	2,701,521			2,701,521
Membership services	421,221			421,221	418,188			418,188
Education	35,741			35,741	39,373			39,373
Total program expenses	3,563,864			3,563,864	3,159,082			3,159,082
Management and general	392,082			392,082	375,069			375,069
Membership development	166,953			166,953	186,886			186,886
Special projects	344,247			344,247	294,530			294,530
Fund raising	428,706			428,706	381,845			381,845
Total expenses and losses	4,895,852			4,895,852	4,397,412			4,397,412
Change in net assets	(329,781)	1,026,520	74,318	771,057	214,860	240,515	4,492	459,867
Net assets at beginning of year	8,345,690	4,844,462	202,595	13,392,747	8,130,830	4,603,947	198,103	12,932,880
Net assets at end of year	\$ 8,015,909	\$ 5,870,982	\$ 276,913	\$ 14,163,804	\$ 8,345,690	\$ 4,844,462	\$ 202,595	\$ 13,392,747

See notes to financial statements.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Statements of Cash Flows

	Year Ended December 31	
	2005	2004
Cash flows from operating activities		
Increase in net assets	\$ 771,057	\$ 459,867
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	69,383	70,887
Net unrealized and realized (gain) on investments	(5,028)	(183,748)
Loss on disposal of property and equipment	787	-
Changes in assets and liabilities		
(Increase) in pledges receivable	(410,528)	(258,571)
(Increase) decrease in accounts receivable	6,215	(5,538)
(Increase) in accrued interest receivable	(1,693)	(3,400)
(Increase) decrease in inventory	16,223	(42,008)
(Increase) decrease in other assets	6,817	(8,761)
Increase (decrease) in accounts payable and accrued expenses	418,842	(330,504)
Increase in liability for amounts held for others	241,127	271,445
(Decrease) in deposits	(225)	(2,390)
Collections of permanently restricted support	(74,318)	(4,492)
Net cash provided (used) by operating activities	<u>1,038,659</u>	<u>(37,213)</u>
Cash flows from investing activities		
Additions to property and equipment	(40,691)	(81,119)
Proceeds from sale of property and equipment	90	-
Net increase in investments	<u>(801,122)</u>	<u>(452,592)</u>
Net cash used in investing activities	<u>(841,723)</u>	<u>(533,711)</u>
Cash flows from financing activities		
Collection of permanently restricted support	<u>74,318</u>	<u>4,492</u>
Net increase (decrease) in cash and cash equivalents	271,254	(566,432)
Cash and cash equivalents at beginning of year	<u>1,615,222</u>	<u>2,181,654</u>
Cash and cash equivalents at end of year	<u>\$ 1,886,476</u>	<u>\$ 1,615,222</u>

See notes to financial statements.

Notes to Financial Statements

December 31, 2005 and 2004

Note 1 - Summary of significant accounting policies

Nature of activities

The North Carolina Zoological Society, Inc. (the Society) encourages public support of the North Carolina Zoological Park, a state operated facility, and promotes related educational, scientific and conservation activities. The Society is supported primarily through memberships and donor contributions.

Basis of accounting

The financial statements of The North Carolina Zoological Society, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-For-Profit Organizations. Under SFAS No. 117, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Promises to give

Contributions are recognized when the donor makes a promise to the Society that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Society uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give.

The Society is helping create the Sylvan Heights Waterfowl Park and Eco-Center and made a conditional promise to donate the land, building, and exhibits. The donation is dependent upon Sylvan Heights obtaining its not-for-profit status and the Society raising the funds needed to complete the construction. The estimated cost of construction and land purchase is \$1,026,100. As of December 31, 2005, the Society has spent \$533,247 and the construction has not been completed.

Temporarily restricted contributions

Temporarily restricted contributions include a number of grants in addition to donor-restricted contributions. These grants totaled \$833,372 and \$276,380 during the years ended 2005 and 2004, respectively.

In-kind donated materials, services and facilities

Donated materials, specialized services and facilities received by the Society are reflected as both contributions and expenses in the accompanying statements at their estimated fair market value at the time of receipt.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 1 - Summary of significant accounting policies, continued

In-kind donated materials, services and facilities, continued

The North Carolina Zoological Park provides office and gift shop facilities for the Society at no charge. Due to the relationship between the two organizations, no in-kind support has been recognized in these financial statements for the use of these facilities.

Cash and cash equivalents

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

Investments

The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method. Inventories consist of items available for sale in the Society's gift shops.

Property and equipment

Property and equipment is carried at cost or, if donated, at the approximate fair market value at the date of donation. The Society capitalizes all property and equipment items costing over \$500. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	15 years
Buildings and improvements	10-40 years
Furniture and equipment	5-10 years
Automobiles	5 years
Leasehold improvements	40 years

Income taxes

The Society is a not-for-profit organization other than a private foundation that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Society received a tax determination letter dated March 30, 1971. Accordingly, the accompanying financial statements do not include a provision for income taxes.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 2 – Deposits

The Society maintains bank deposit balances at several financial institutions located in the state. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Society's uninsured bank deposit balances total \$2,514,789 and \$2,108,797 at December 31, 2005 and 2004, respectively. It is the opinion of management that the solvency of the referenced institutions is not of particular concern at this time.

Note 3 – Investments

The Society's investments consist of the following, which are recorded at fair market value:

	December 31, 2005			December 31, 2004		
	Cost	Market Value	Unrealized Appreciation (Depreciation)	Cost	Market Value	Unrealized Appreciation (Depreciation)
General						
Certificates of deposit	\$ 1,284,164	\$ 1,284,164	\$ -	\$1,202,558	\$ 1,202,558	\$ -
U.S. Government obligations	3,254,536	3,252,229	(2,307)	2,405,995	2,446,483	40,488
Foundation for the Carolinas	40,487	42,187	1,700	39,124	41,334	2,210
Marketable corporate securities	3,614,068	4,140,897	526,829	4,338,869	5,015,258	676,389
Stock and bond mutual funds	<u>1,216,957</u>	<u>1,289,547</u>	<u>72,590</u>	<u>777,262</u>	<u>851,315</u>	<u>74,053</u>
	<u>9,410,212</u>	<u>10,009,024</u>	<u>598,812</u>	<u>8,763,808</u>	<u>9,556,948</u>	<u>793,140</u>
Investments held in Trust						
Marketable corporate securities	<u>608,543</u>	<u>597,809</u>	<u>(10,734)</u>	<u>77,977</u>	<u>313,485</u>	<u>235,508</u>
	<u>608,543</u>	<u>597,809</u>	<u>(10,734)</u>	<u>77,977</u>	<u>313,485</u>	<u>235,508</u>
Endowments						
Foundation for the Carolinas	54,748	57,044	2,296	52,560	55,510	2,950
Stock and bond mutual funds	<u>229,377</u>	<u>240,341</u>	<u>10,964</u>	<u>157,599</u>	<u>172,126</u>	<u>14,527</u>
	<u>284,125</u>	<u>297,385</u>	<u>13,260</u>	<u>210,159</u>	<u>227,636</u>	<u>17,477</u>
	<u>\$10,302,880</u>	<u>\$10,904,218</u>	<u>\$601,338</u>	<u>\$9,051,944</u>	<u>\$10,098,069</u>	<u>\$1,046,125</u>

The Society's endowments are held in several accounts with two financial institutions. The endowments have different requirements regarding the appreciation of long-term investments, depending on donor stipulations or state law. A summary of the endowment assets by type at December 31, 2005 and 2004 is shown below:

	December 31, 2005			December 31, 2004		
	Cash and Equivalents	Investments	Total Endowments	Cash and Equivalents	Investments	Total Endowments
Unrestricted net assets	\$ -	\$ 9,630	\$ 9,630	\$ -	\$ 12,009	\$ 12,009
Temporarily restricted net assets	-	15,821	15,821	-	15,315	15,315
Permanently restricted net assets	<u>3,326</u>	<u>271,934</u>	<u>275,260</u>	<u>2,283</u>	<u>200,312</u>	<u>202,595</u>
	<u>\$ 3,326</u>	<u>\$297,385</u>	<u>\$300,711</u>	<u>\$ 2,283</u>	<u>\$227,636</u>	<u>\$229,919</u>

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

	2005				2004			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	\$278,563	\$7,443	\$ 7,366	\$293,372	\$242,432	\$ 8,095	\$ 657	\$251,184
Realized and unrealized gains	<u>5,462</u>	<u>(369)</u>	<u>(65)</u>	<u>5,028</u>	<u>172,206</u>	<u>8,107</u>	<u>3,435</u>	<u>183,748</u>
	<u>\$284,025</u>	<u>\$7,074</u>	<u>\$ 7,301</u>	<u>\$298,400</u>	<u>\$414,638</u>	<u>\$16,202</u>	<u>\$ 4,092</u>	<u>\$434,932</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 3 – Investments, continued

Investment income from regular investments and endowments for 2005 is net of \$37,646 and \$1,643 in administrative fees, respectively. Investment income from regular investments and endowments for 2004 is net of \$36,548 and \$1,637 in administrative fees, respectively.

Note 4 – Pledges receivable

Pledges receivable consist of the following:

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Membership pledges	\$ 55,023	\$ 71,886
Other pledges	<u>1,785,263</u>	<u>1,315,099</u>
Gross pledges receivable	1,840,286	1,386,985
Less: Discount to net present value	(87,980)	(45,207)
Less: Allowance for uncollectible contributions	<u>(18,000)</u>	<u>(18,000)</u>
Net pledges receivable	<u>\$1,734,306</u>	<u>\$1,323,778</u>
Amounts due in		
Less than one year	\$ 647,192	\$ 815,595
One to five years	<u>1,193,094</u>	<u>571,390</u>
	<u>\$1,840,286</u>	<u>\$1,386,985</u>

Pledges receivable that are due beyond one year are discounted to their estimated net present value. The discount rate is based on a rate of return for risk-free investments covering a similar period of time. The discount rates vary depending on when the pledge originates and are as follows:

<u>Year Pledge Originated</u>	<u>Discount Rate</u>
2000	6%
2002	3%
2003	3%
2004	3%
2005	4%

Note 5 – Charitable remainder trust

During 1997, a donor established a trust naming the Society as the sole beneficiary of a charitable remainder trust. A charitable remainder trust provides for the payment of distributions to the grantor over the trust's term. At the end of the trust's term, the remaining assets will be distributed for the Society's use. This trust has a term of twenty years and the donor serves as trustee. A portion of the trust attributed to the present value of the future benefits to be received by the Society is recorded in the statement of activities as a temporarily restricted contribution and in the statement of financial position as a contribution receivable from the charitable remainder trust. The present value of the estimated future payment in twenty years was calculated using a discount rate of seven percent. The Society has recognized \$18,803 as its interest in the unitrust through December 31, 2005.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 5 – Charitable remainder trust, continued

The Society administers, as trustee, a charitable remainder trust established during 2004. The charitable remainder trust provides for the payment of distributions to the grantor over the donor's life expectancy, which is the trust's term. At the end of the trust's term, the remaining assets are available for the Society's use. The portion of the trust attributable to the present value of the future benefits to be received by the Society is recorded in the Statement of Activities as a temporarily restricted contribution in the period that the trust is established. Such contributions totaled \$42,324 and \$42,040 in 2005 and 2004. Assets held in the charitable remainder trust totaled \$597,809 and \$313,485 at December 31, 2005 and 2004 and are reported at fair market value in the Society's Statement of Financial Position. On an annual basis, the Society revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The agreement provides for distributions to the grantors of an amount equal to 8% of the net fair market value of the Trust assets valued at the beginning of each taxable year. The present value of the estimated future payments (\$512,572 and \$271,445 at December 31, 2005 and 2004) is calculated using a discount rate of 5% and applicable mortality tables.

Note 6 – Property and equipment

A summary of property and equipment follows:

	December 31	
	2005	2004
Land improvements	\$ 3,251	\$ 3,251
Buildings and improvements	286,782	286,782
Fixtures and equipment – gift shops	236,118	208,325
Furniture and equipment – office	348,226	336,459
Automobiles	29,705	29,705
Leasehold improvements	<u>9,188</u>	<u>9,188</u>
	913,270	873,710
Less accumulated depreciation	<u>647,038</u>	<u>577,910</u>
	<u>\$266,232</u>	<u>\$295,800</u>

Note 7 – Temporarily restricted net assets

Temporarily restricted support consists of contributions and proceeds of special projects, which are specified by donors for particular purposes. Certain temporarily restricted support consists of contributions to be received in the future from trust arrangements which carry an implied time restriction. Amounts which have not been expended at year end remain classified as temporarily restricted net assets. The following amounts are available for restricted purposes:

<u>Purpose restrictions</u>	December 31	
	2005	2004
Adopt an animal	\$ 37,656	\$ 9,763
Animals	100,560	101,985
Veterinary	767,155	884,141
Horticulture	19,871	15,410
Art master plan	31,617	109,918
Conservation	161,320	416,198
Design	56,423	65,071
Education	30,849	33,316
Planning/facilities	4,329,184	2,874,796
Other	164,161	235,045
Marketing	52,325	20,849
Undistributed endowment gains	<u>15,821</u>	<u>15,315</u>
Total purpose restrictions	<u>5,766,942</u>	<u>4,781,807</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 7 – Temporarily restricted net assets, continued

<u>Time restrictions</u>	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Johnston charitable remainder trust	\$ 18,803	\$ 20,615
Graham charitable remainder trust	<u>85,237</u>	<u>42,040</u>
Total time restrictions	<u>104,040</u>	<u>62,655</u>
Total temporarily restricted net assets	<u>\$5,870,982</u>	<u>\$4,844,462</u>

Note 8 – Permanently restricted net assets

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support conservation and zoological programs. The following is a summary of the four endowments:

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Bryan Family Foundation Endowment – Gains and losses on investments remain with principal; investment income is restricted for conservation projects. Invested with a bank trust department.	\$ 63,828	\$ 61,252
Conservation Endowment – Gains and losses on investments remain with principal; investment income is restricted for conservation projects. Invested with a bank trust department.	103,443	98,718
Jason Zwerin Endowment – All income including gains and losses on long-term investments are restricted for animal related projects. Invested with the Foundation for the Carolinas.	17,975	17,625
Nina Belle Redditt Endowment – All income including gains and losses on long-term investments are unrestricted. Invested with a bank trust department.	66,667	-
Warner Atkins Endowment – All income including gains and losses on long-term investments are unrestricted. Invested with the Foundation for Carolinas.	<u>25,000</u>	<u>25,000</u>
	<u>\$276,913</u>	<u>\$202,595</u>

Note 9 – Board-designated unrestricted net assets

The Board of Directors has designated unrestricted net assets for the following purposes as of December 31:

	<u>2005</u>	<u>2004</u>
Animal	\$ 86,122	\$ 92,012
Veterinary	49,434	32,588
Horticulture	53,423	68,708
Design	28,647	8,859
Directors' supplements	32,805	47,473
Education	51,359	38,882
Marketing	110,683	233,849

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 9 – Board-designated unrestricted net assets, continued

	<u>2005</u>	<u>2004</u>
Personnel (park)	\$ 146,668	\$ 102,223
Planning/facilities	103,137	63,930
Studies	7,780	7,710
Zoo - miscellaneous	27,322	16,175
Emergency IT Request	-	97,061
Emergency reserve	611,036	576,623
Lion's Pride	<u>6,252,496</u>	<u>5,966,092</u>
	<u>\$7,560,912</u>	<u>\$7,352,185</u>

The Society has committed to funding up to \$7 million for the Elephant/Rhino project. Potentially, \$1.2 million of the money currently designated Lion's Pride may eventually be used to help fund the Elephant/Rhino project, if necessary.

Note 10 – In-kind donated materials and services

The value of donated materials and services included in the financial statements is as follows:

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
By type		
Marketing and promotion	\$ 10,000	\$ 37,000
Park supplies	49,873	15,445
Catering	2,500	2,500
Computer support	10,000	10,000
Zoo To Do auction items	121,400	104,584
Sylvan Heights	23,062	11,883
Artwork	-	7,500
GIK Society uses	29,015	764
Zoo To Do printing	5,500	5,500
Zoo To Do	21,707	24,469
Zoo open	2,009	-
Other	<u>1,180</u>	<u>23,631</u>
	<u>\$276,246</u>	<u>\$243,276</u>
By use		
Transfers to North Carolina Zoological Park	\$ 52,873	\$ 46,695
Utilized by the Society		
Management and general	46,015	23,960
Special projects	<u>177,358</u>	<u>172,621</u>
	<u>\$276,246</u>	<u>\$243,276</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2005 and 2004

Note 11 – Operating leases

The Society has four noncancelable operating leases for office equipment. Rental expense for leases consisted of \$18,834 for the years ended December 31, 2005 and 2004, respectively.

Future minimum lease payments under the operating lease as of December 31, 2005 are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 18,834
2007	17,711
2008	5,352
2009	<u>4,014</u>
	<u>\$ 45,911</u>

Note 12 – Retirement plan

The Society participates in a defined contribution plan administered by Mutual of America. All employees are eligible to participate after one year of service, after which the Society contributes 9% of participating employees' annual salary. Vesting of employees' benefits under the plan occurs after three years. The cost of the plan for 2005 and 2004 was \$74,591 and \$76,924, respectively.

Note 13 – Related party transactions

In October 2002, the Society's board of directors agreed to fund \$250,000 to the NC Zoological Park for marketing and promotion expenses. The Board thought of this supplement as a 0% interest-revolving fund controlled by the Park. In October 2003, the Society's board of directors agreed to grant an additional \$250,000 marketing supplement to the Park. As of December 31, 2005, \$441,632 had been transferred to the Park for the supplemental marketing fund.

Note 14 – Graham Charitable Remainder Unitrust - revision

The Society signed a revised agreement in June 2005 that had an effective date in 2004, for the Graham Charitable Remainder Unitrust. The payout provision of the trust was revised due to a mistake in the original trust agreement. The agreement revision affected the contribution revenue and liability recognized for the unitrust.

Financial statements for the year ended December 31, 2004 are in circulation that do not disclose the revised numbers for the Graham Charitable Remainder Unitrust.



**Independent Auditors' Report
on Accompanying Information**

The Board of Directors
The North Carolina Zoological Society, Inc.
Asheboro, North Carolina

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 16-32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cherry, Bekaert & Holland, L.L.P.

Asheboro, North Carolina
March 7, 2006

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Unrestricted Contributions and Special Projects

	Year Ended December 31	
	2005	2004
Contributions	\$ 116,103	\$ 255,877
Membership projects		
Travel program	23,223	33,485
Membership discount tickets	55,730	42,019
Education projects		
Contributions and receipts	42,418	38,856
Other projects		
President's Club and Conservator Circle	37,950	59,802
Promotions	5,100	5,231
Zoo Open	20,093	12,536
Volunteer tours	-	779
Wild tile	600	9,500
Miscellaneous	10,982	12,011
Total unrestricted contributions and special projects	<u>\$ 312,199</u>	<u>\$ 470,096</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2005

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2004</u>	<u>Donor Restricted Support</u>	<u>Expenses</u>	<u>Transfers To Park</u>	<u>Other Releases</u>	<u>Total Net Assets Released</u>	<u>Temporarily Restricted Net Assets 12/31/2005</u>
<u>Purpose restrictions</u>							
Adopt an animal							
Animals	\$ 3,140	\$ 1,941	\$ 381	\$ 1,682		\$ 2,063	\$ 3,018
Conservation/research	3,481					-	3,481
Enrichment & Training		39,771	7,840	3,916		11,756	28,015
Education	358					-	358
General operations	2,699					-	2,699
Plants	85					-	85
	<u>9,763</u>	<u>41,712</u>	<u>8,221</u>	<u>5,598</u>	<u>-</u>	<u>13,819</u>	<u>37,656</u>
Animals							
Animals and Animal Care	3,295	5				-	3,300
Animal Enrichment	-	608		57		57	551
Animal Enrichment (endowment pending)	10,000	(551)				-	9,449
Aviary Collection	3,938	15		2,075		2,075	1,878
Baboon Enrichment	200					-	200
Box Turtle Project	-	245				-	245
Cape Fear Shiner Project	190	(5)		185		185	-
Chimpanzee SSP	120					-	120
Chimpanzee Pennington Memorial	230					-	230
Elephant Enrichment	700	300				-	1,000
Elephant Collection	51,843	124				-	51,967
Elephant Scales and Equipment	460					-	460
Feed the Giraffes	93			93		93	-
Lion Enrichment	5,489	1				-	5,490
Marianas Project	1,484					-	1,484
Migratory Bird	224			224		224	-
Polar Bear Welfare	3,959	16,290	3,191	3,636		6,827	13,422
Red Wolf	2,072					-	2,072
Tag - Old World Monkey	2,879	618				-	3,497
TLC Programming	462			122		122	340
Tropical Bird Research - Costa Rica	86					-	86
Video Equipment	4,650					-	4,650
Wattled Crane	119					-	119
White Rhino Chute	9,492	(9,492)				-	-
	<u>101,985</u>	<u>8,158</u>	<u>3,191</u>	<u>6,392</u>	<u>-</u>	<u>9,583</u>	<u>100,560</u>
Horticulture							
AZH Conservation Grant	4,143			3,605		3,605	538
Butterfly Garden	830			612		612	218
E.M.S. Priorities	200			200		200	-
Endangered Plant	25					-	25
Horticulture Fund	291	7,810		349		349	7,752
Ice Damage	100					-	100
Limbe Botanic Garden	8,145	3,329		2,322		2,322	9,152
Ridges Mountain	20	410				-	430
TLC- Horticulture	281					-	281
Toxic Study	486					-	486
Tree Survey	889					-	889
	<u>15,410</u>	<u>11,549</u>	<u>-</u>	<u>7,088</u>	<u>-</u>	<u>7,088</u>	<u>19,871</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2005

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2004</u>	<u>Donor Restricted Support</u>	<u>Expenses</u>	<u>Transfers To Park</u>	<u>Other Releases</u>	<u>Total Net Assets Released</u>	<u>Temporarily Restricted Net Assets 12/31/2005</u>
Veterinary							
Animal and Bird Care	\$ 600	\$ 1				\$ -	\$ 601
Black Rhino / Elephants Cameroon	37,141	1,080		\$ 27,649		27,649	10,572
Diagnostic Vet Equipment	9,352			4,850		4,850	4,502
Elephant Reproduction	39,059	6,445		20,908		20,908	24,596
Elephant Tracking Program	25,578	1,826		3,240		3,240	24,164
Exotic Cat Reproductive Research	1	(1)				-	-
Fox Veterinary Fund	4,609			1,345		1,345	3,264
Giraffe Diet	5,875	500		6,375		6,375	-
Loomis Flexible Fund	24,891			11,838		11,838	13,053
Mary Frances Key Fund Rabies	3,712	2,361		750		750	5,323
Miscellaneous Vet Tech	843	6				-	849
Red Wolf Tracking Program	14,081			4,151		4,151	9,930
Residency Program	21,698			21,698		21,698	-
Vet Computer Equipment	6	(6)				-	-
Veterinary - Daldorf Fund	96,118	3,705		6,723		6,723	93,100
WAZA Anti-Poaching Program	-	10,050		10,000		10,000	50
Wildlife Learning Center	521,908	38,745	\$ 2,475	27,880		30,355	530,298
Wildlife Learning Center Computers	5,568					-	5,568
Wildlife Rehabilitation Caging	1,419					-	1,419
Wildlife Rehabilitation Equipment	275	1				-	276
Wildlife Rehabilitation Facility	39,815	11,563		44,496		44,496	6,882
Wildlife Rehabilitation Fencing	2,830	(1)		2,829		2,829	-
Wildlife Rehabilitation Operating	28,562	6,964	3,398			3,398	32,128
Wildlife Rehabilitation Scholarship	200	380				-	580
	<u>884,141</u>	<u>83,619</u>	<u>5,873</u>	<u>194,732</u>	<u>-</u>	<u>200,605</u>	<u>767,155</u>
Art master plan							
African Bridge Art	(1)	1				-	-
Art and Energy Sculpture	64,419			48,370		48,370	16,049
Blue Heron Sculpture	-	10,000		9,700		9,700	300
Cougar Sculpture	500					-	500
Hippo Sculpture	45,000			30,232		30,232	14,768
	<u>109,918</u>	<u>10,001</u>	<u>-</u>	<u>88,302</u>	<u>-</u>	<u>88,302</u>	<u>31,617</u>
Design							
Artwork Maintenance (anonymous couple)	48,380	(1)		15,373		15,373	33,006
Carlisle Sculpture	75					-	75
Interpretive Graphics and Educational	7,180					-	7,180
Island of Transformation (Moser)	601					-	601
Park Map Ads	8,835	13,991		7,965		7,965	14,861
Visiting Artists	-	700				-	700
	<u>65,071</u>	<u>14,690</u>	<u>-</u>	<u>23,338</u>	<u>-</u>	<u>23,338</u>	<u>56,423</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2005

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2004</u>	<u>Donor Restricted Support</u>	<u>Expenses</u>	<u>Transfers To Park</u>	<u>Other Releases</u>	<u>Total Net Assets Released</u>	<u>Temporarily Restricted Net Assets 12/31/2005</u>
Education							
Keepers in the Classroom	\$ 16,038	\$ 10,000		\$ 11,482		\$ 11,482	\$ 14,556
Latino Visitor Studies	943					-	943
Marine Conservation	241			241		241	-
On-site Educators	1,857					-	1,857
Smart Cart Bio-Facts	6	(6)				-	-
Uganda School Program	7,906	16,315		14,317		14,317	9,904
Volunteer Programs	5,890	2,898		5,319		5,319	3,469
Zoolinc/travel and materials	435			315		315	120
	<u>33,316</u>	<u>29,207</u>	<u>-</u>	<u>31,674</u>	<u>-</u>	<u>31,674</u>	<u>30,849</u>
Marketing							
General Marketing	19,849	52,075		19,599		19,599	52,325
Hispanic Marketing	-	13,537		13,537		13,537	-
School Marketing Program	1,000			1,000		1,000	-
	<u>20,849</u>	<u>65,612</u>	<u>-</u>	<u>34,136</u>	<u>-</u>	<u>34,136</u>	<u>52,325</u>
Other							
Afghan Animal Fund	41,264	680		13,614		13,614	28,330
Baghdad	40,418	1,100		15,303		15,303	26,215
Baghdad Animals	-	1,500				-	1,500
Barbara Hobson Memorial	5,118	10				-	5,128
David W. Holt Memorial	11,220	(11,220)				-	-
Electric Wheelchairs	2,229					-	2,229
Field Trip Earth	3,504	3,453		3,398		3,398	3,559
GIK Society used	-	45,898	\$ 45,898			45,898	-
GIK transferred to the Park	-	28,733		28,733		28,733	-
Honey Bee Exhibit	8,188	40,708				-	48,896
Jayna Pack Travel	-	1,050				-	1,050
Kabul Zoo Fund	113,559	1,636		77,592		77,592	37,603
Katrina Zoo Relief	-	100				-	100
Organize Zoo Visuals	75					-	75
Pisgah Covered Bridge	6,815					-	6,815
Recycle Bins	120					-	120
Strollers	135					-	135
Zoo Carts	2,400	6				-	2,406
	<u>235,045</u>	<u>113,654</u>	<u>45,898</u>	<u>138,640</u>	<u>-</u>	<u>184,538</u>	<u>164,161</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2005

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2004</u>	<u>Donor Restricted Support</u>	<u>Expenses</u>	<u>Transfers To Park</u>	<u>Other Releases</u>	<u>Total Net Assets Released</u>	<u>Temporarily Restricted Net Assets 12/31/2005</u>
Conservation							
Adopt - Wildplaces	\$ 1,214					\$ -	\$ 1,214
AZA - Conservation Endowment Program	1,363	\$ 1,210	\$ 1,363			1,363	1,210
Bog Turtle Conservation	50					-	50
Chimp - Conservation	2,681	1,899				-	4,580
Conservation Projects	2,699					-	2,699
Field Programs	5,800	2,718		\$ 4,500		4,500	4,018
Sylvan Heights Rare & Endangered Species	1,700	1,475		1,730		1,730	1,445
Sylvan Heights Capital Campaign	257,823	242,400	32	451,265		451,297	48,926
Sylvan Heights Marketing Position	-	48,082				-	48,082
Sylvan Heights Planning Manager	50,000	(225)		37,500		37,500	12,275
Sylvan Heights Water Fowl Project	82,324	45,699	10,755	80,557		91,312	36,711
Sylvan Heights Wood Duck Project	10,110			10,000		10,000	110
Uganda Field Program	434			434		434	-
	<u>416,198</u>	<u>343,258</u>	<u>12,150</u>	<u>585,986</u>	<u>-</u>	<u>598,136</u>	<u>161,320</u>
Planning/Facilities							
Africa Enhancement	64,528	(64,528)				-	-
Africa Gift Shop	2,249					-	2,249
Africa Master Plan	5,042	(5,042)				-	-
Animal Welfare	3,805	11,228				-	15,033
Australia Temp Exhibit	81,822			1,782		1,782	80,040
Avian Holding/Breeding	15	(15)				-	-
Baboon Island Signage	439					-	439
Benches	3,766	3,030				-	6,796
Chimp Exhibit Renovations	145	50				-	195
Chimp Interpretives	53,722			404		404	53,318
Earth Resource Center	200					-	200
Elephant Scratching Structure	81	(81)				-	-
Elephant/Rhino Exhibits	2,620,225	2,543,950	207,260	817,727		1,024,987	4,139,188
Elephant/Rhino or Education Center	10,075	(10,075)				-	-
Endowment for Zoo Needs	-	9,623				-	9,623
Gorilla Climbing Structures	50					-	50
Holiday of Lights (2004)	5,250			5,250		5,250	-
Lion Habitat	2,479	(1)		2,478		2,478	-
Misting Station	20					-	20
New African Exhibit	686					-	686
Picnic Shelters	3,000					-	3,000
Play Equipment	1,199					-	1,199
Recycling	250					-	250
RFOZ Grants	5,348	12,500		8,350		8,350	9,498

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2005

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2004</u>	<u>Donor Restricted Support</u>	<u>Expenses</u>	<u>Transfers To Park</u>	<u>Other Releases</u>	<u>Total Net Assets Released</u>	<u>Temporarily Restricted Net Assets 12/31/2005</u>
Planning/Facilities, continued							
Shade Structures	\$ 5,158						\$ 5,158
Signage - Conservation/Education	117						117
Sonora Desert	500						500
Touch and Learn Center	425						425
Tram Shade Stop	1,200						1,200
Zoo Renovations	3,000	\$ 2,000		\$ 5,000		\$ 5,000	-
	<u>2,874,796</u>	<u>2,502,639</u>	<u>\$ 207,260</u>	<u>840,991</u>	<u>-</u>	<u>1,048,251</u>	<u>4,329,184</u>
Undistributed endowment gains							
Conservation	10,055					-	10,055
Animal related	5,260	1,523			\$ 1,017	1,017	5,766
	<u>15,315</u>	<u>1,523</u>	<u>-</u>	<u>-</u>	<u>1,017</u>	<u>1,017</u>	<u>15,821</u>
Total purpose restrictions	<u>4,781,807</u>	<u>3,225,622</u>	<u>282,593</u>	<u>1,956,877</u>	<u>1,017</u>	<u>2,240,487</u>	<u>5,766,942</u>
Time restrictions							
Johnston charitable remainder trust	20,615	(1,812)				-	18,803
Graham charitable remainder trust	42,040	43,197				-	85,237
Total time restrictions	<u>62,655</u>	<u>41,385</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>104,040</u>
Total temporarily restricted net assets	<u>\$ 4,844,462</u>	<u>\$ 3,267,007</u>	<u>\$ 282,593</u>	<u>\$ 1,956,877</u>	<u>\$ 1,017</u>	<u>\$ 2,240,487</u>	<u>\$ 5,870,982</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Revenue - Gift Shops, Net of Direct Costs

	Year Ended	
	December 31	
	2005	2004
Sales		
Gift shop sales	\$ 1,153,894	\$ 1,258,915
Less sales discounts	(27,009)	(38,683)
Net sales	<u>1,126,885</u>	<u>1,220,232</u>
Cost of sales		
Inventories at beginning of year	396,623	354,615
Purchases	466,763	584,052
	<u>863,386</u>	<u>938,667</u>
Less inventories at end of year	380,400	396,623
Total cost of sales	<u>482,986</u>	<u>542,044</u>
Gross profit from gift shops	<u>643,899</u>	<u>678,188</u>
Operating expenses		
Bank charges	13,318	13,443
Computer support	1,881	2,187
Depreciation	19,124	17,258
Dues and subscriptions	430	-
Freight-in	1,150	3,087
General insurance	3,487	2,948
Group benefits	50,721	47,793
Loss on damaged goods	5,306	1,843
Mail order	166	425
Miscellaneous	1,390	1,704
Payroll taxes	17,301	17,760
Rent expense	-	1,100
Repairs and maintenance	2,577	2,208
Salaries	225,397	227,216
Supplies	10,980	9,517
Telephone	5,999	8,387
Training/Conferences/Mileage	5,288	3,944
Utilities	5,515	4,877
Total operating expenses	<u>370,030</u>	<u>365,697</u>
Net revenue from gift shops	<u>\$ 273,869</u>	<u>\$ 312,491</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended	
	December 31	
	2005	2004
Adopt an animal	\$ 1,682	\$ 12,496
Advertising campaign	122,336	108,903
Afghan animals	13,614	15,049
Africa Gift Shop	-	96
African Pavillion	275	-
Animal enrichment & training	5,462	13,810
Animal maintenance	4,208	11,082
Animal records	20,000	20,000
Art and Energy Sculpture	48,370	10,581
Art in the park program	-	(107)
Art maintenance	15,373	12,887
Art programming and administration	-	26
Artist illustrator	37,165	39,495
Australia temp exhibit	1,782	125,590
Aviary collection	2,075	7,741
Aviary Interpretive	100	-
AZA professional dues	1,195	1,195
AZH Conservation Grant	3,605	-
Baghdad	15,303	1,049
Barn Roofing/Cypress Swamp	-	268
Benches	-	6,385
Black rhino/elephants cameroon	27,649	3,014
Blue Heron Sculpture	9,700	-
Bookcase for library	-	6,800
Butterfly garden	612	1,624
Cape Fear shiner	185	-
Chimpanzee development	-	325
Chimp exhibit renovation and landscaping	-	3,960
Chimp interpretives	404	1,249
Conservation research	-	293
Contracts	53,597	-
Development and management of web sites	-	46,722
Earthworks	-	7,500
Elephant Collaring Program	3,240	-
Elephant Reproduction	20,908	-
Elephant/rhino exhibits	817,727	401,132

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended	
	December 31	
	2005	2004
Elephant tracking	\$ (2,148)	\$ 59,320
Emergency I.T. request	-	61,037
Employee advisory committee	6,622	5,698
E.M.S. Priorities	200	-
Endangered plant research	1,966	-
Evaluation and assessment	350	-
Exotic cat reproductive research	-	7
Feed the Giraffes	93	-
Field programs	36,350	70,197
Field Trip Earth	3,398	410
Fox veterinary fund	1,345	-
General Marketing	19,599	87,433
General operating support	19,635	22,774
Gifts in kind	28,733	16,084
Giraffe Diet Study	6,375	-
Grant writer	16,859	27,003
Group sales - marketing	3,005	3,877
Hippo sculpture	30,232	15,000
Hispanic marketing	13,537	7,550
Holiday of Lights	5,250	10,500
Horticulture fund	349	7,347
Horticulture Maintenance	47,044	-
Horticulture programming	3,118	3,060
Institute of Museum and Library Services Grant	-	84,123
Island of transformation	-	129
IT Project	97,061	-
IUDZG Conference	10,412	-
Kabul Zoo crane exhibit	-	25,000
Kabul Zoo Fund	77,598	154,145
Keepers in the classroom	11,482	7,719
Latino visitors studies	-	257
Library collection	-	1,241
Limbe botanical	2,322	3,801
Lincoln Park chimp husbandry	-	13,143
Lion Habitat	2,478	-
Lion prides sculpture	-	20
Loomis flex fund	11,838	771
Marine Conservation	241	-
Marketing director's supplement	12,505	18,707
Marketing funds	2,334	9,950

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended	
	December 31	
	2005	2004
Mary Frances Key Fund rabies	\$ 750	\$ 887
Member and corporate discount tickets	102,024	96,212
Migratory bird	224	396
Natural resource site assessment	180	2,208
Nature Discovery center study	18,093	555
Operant Conditioning	16,067	-
Overseas consulting	-	1,604
Park director's supplement	33,500	33,500
Park map ads	7,965	12,165
Park program services	228,941	237,846
Pisgah Covered Bridge	-	96,036
Plant maintenance	-	45,398
Polar Bear Welfare	3,636	205
Printing for marketing	-	6,991
Promotions	-	12,455
Public/media relations	10,169	17,040
Red wolf tracking	4,151	13,300
RFOZ grants	8,350	6,176
Ridges Mountain management	2,907	34
School Marketing Program	1,000	-
Simex sponsorship	-	42,670
Smart cart bio facts	-	34
Solar Center Study	2,700	-
Special park events	130,325	74,012
Staff incentives	664	908
Staff training and development	4,722	4,961
Staff travel	11,396	7,528
Sylvan Heights - Wood Duck Eggs	10,000	-
Sylvan Heights Capital Campaign	451,265	-
Sylvan Heights Planning Manager	37,500	-
Sylvan Heights Rare & Endangered Species	1,730	-
Sylvan Heights waterfowl	80,557	199,736
Television video series	49,400	30,285
Temporary Aviary Graphics	112	-
TLC programming	122	(8)

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended	
	December 31	
	2005	2004
Uganda field programs	\$ 434	\$ 1,000
Uganda school program	14,317	13,284
Veterinary Daldorf fund	6,722	7,334
Veterinary residency	45,000	45,000
Veterinary computer equipment	-	55
Veterinary diagnostic equipment	4,850	-
Video equipment	-	9,380
Victory Junction	-	11,342
Visiting artist (residency program)	-	3,562
Visiting artist	-	2,333
Volunteer recruitment and training	5,318	63
WAZA Anti-Poaching Program	10,000	-
WebMaster	24,545	-
Wildlife Learning Center	27,879	28,125
Wildlife rehabilitation facility	44,495	45,069
Wildlife rehabilitation fencing	2,828	10,000
Wildlife rehabilitation operating	-	559
WZO/CBSG/UCN	-	4,698
Zoo Repairs/Renovations	5,000	-
Zoolinc	314	1,115
Total transfers to the North Carolina Zoological Park	<u>\$ 3,106,902</u>	<u>\$ 2,701,521</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - Membership Expenses

	Year Ended December 31	
	2005	2004
Bad debt	\$ 9,676	\$ 1,927
Bank card charges	17,252	14,176
Computer support	8,492	7,580
Depreciation	13,899	15,169
Dues and subscriptions	299	413
General insurance	2,633	2,969
Group benefits	47,218	44,307
Magazine	54,908	58,027
Mailing services	6,286	4,669
Membership incentives	9,546	13,048
Membership salaries	186,738	177,094
Miscellaneous	1,679	1,599
Office supplies	3,762	4,127
Payroll taxes	14,376	13,986
Postage	20,048	19,364
Printing	11,766	27,397
Promotion	1,422	580
Repairs and maintenance	5,401	5,302
Returns/redeposits	285	197
Telephone	3,937	4,059
Training/conferences/travel	1,227	1,943
Utilities	371	255
Total membership expenses	<u>\$ 421,221</u>	<u>\$ 418,188</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.**Schedules of Program Services - Education**

	Year Ended December 31	
	2005	2004
Supplies	<u>\$ 35,741</u>	<u>\$ 39,373</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Management and General Expenses

	Year Ended December 31	
	2005	2004
Auto	\$ 2,568	\$ 1,675
Computer support	7,250	7,000
Depreciation	14,219	14,558
Dues and subscriptions	5,773	6,267
General insurance	10,454	9,881
Group benefits	58,311	56,353
Meetings	5,118	4,023
Miscellaneous	2,648	3,837
Office supplies	5,323	4,523
Payroll taxes	14,963	15,382
Postage	2,444	1,709
Professional services	22,588	16,141
Repairs and maintenance	5,523	5,161
Salaries	223,735	218,690
Telephone	3,801	4,355
Training/conferences and mileage	6,993	5,259
Utilities	371	255
Total management and general expenses	<u>\$ 392,082</u>	<u>\$ 375,069</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.**Schedules of Membership Development Expenses**

	Year Ended December 31	
	2005	2004
New member solicitation	\$ 43,716	\$ 68,463
On site sales	123,237	117,996
Telemarketing	-	427
Total membership development expenses	<u>\$ 166,953</u>	<u>\$ 186,886</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Special Projects Expenses

	Year Ended December 31	
	2005	2004
Adopt an animal	\$ 11,400	\$ 6,322
Annual giving	9,959	9,751
Brick program	-	13
Conservation endowment program	1,363	1,533
Corporate membership	9,027	9,483
Gifts in kind	45,898	20,900
Murphy's Wild Ride	3,398	-
President's Club and Conservative Circle	1,298	1,265
Promotions	10,240	12,036
Randolph Friends of the Zoo	2,345	2,764
Special events expense	33,750	31,682
Sylvan Heights	515	306
Travel program	6,861	3,917
Wild tiles	817	5,690
Zoo Open	7,504	3,902
Zoo to Do	199,808	184,873
Zoo tours	64	93
Total special projects expenses	<u>\$ 344,247</u>	<u>\$ 294,530</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Fund Raising Expenses

	Year Ended December 31	
	2005	2004
Annual report	\$ 4,914	\$ 5,796
Bad debt	4,560	4,750
Bank charges	5,975	4,744
Capital campaign materials	6,111	39
Computer support	9,068	8,221
Depreciation	15,689	17,044
Donor cultivation	13,693	10,953
Dues and subscriptions	3,701	4,073
General insurance	1,965	1,636
Group benefits	66,240	56,459
Meetings	363	549
Miscellaneous	1,525	1,297
Office supplies	3,670	3,632
Payroll taxes	19,028	16,819
Planned giving	7,268	1,524
Postage	3,350	3,408
Printing	2,663	1,295
Prospect research	457	631
Repairs and maintenance	5,401	5,304
Salaries	241,792	223,368
Telephone	5,168	4,251
Training/conferences and mileage	5,734	5,797
Utilities	371	255
Total fund raising expenses	\$ 428,706	\$ 381,845