

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

**Financial Statements
and
Accompanying Information
for years ended
December 31, 2008 and 2007**

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

Albert L. Butler III
Mary F. Flanagan
Emerson F. Gower, Jr.
Lynne Yates Graham
Earl Johnson, Jr.
Addie Luther
Mark K. Metz
Molly Millis - Hedgecock
Hugh Morton III
Mary Norris Preyer Oglesby

Therence O. Pickett
Nancy Proia
Mehran Ravanpay
Scott E. Reed
David K. Robb
Liz D. Taft, Ph.D.
R. Sean Trauschke
Laura H. Virkler
Sydnor M. White, Jr.
Russell H. Williams

OFFICERS

David K. Robb
Mary F. Flanagan
R. Sean Trauschke
Hugh Morton III

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, 2008 and 2007, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Carolina Zoological Society, Inc. as of December 31, 2008 and 2007, 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
April 17, 2009

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Statements of Financial Position

	December 31	
	2008	2007
ASSETS		
Cash and cash equivalents	\$ 1,300,139	\$ 1,140,569
Investments	7,032,046	9,114,367
Pledges receivable	1,222,094	1,212,569
Accounts receivable	75,099	117,259
Accrued interest	4,283	4,270
Inventory	341,878	315,642
Prepaid expenses	58,840	66,987
Cash surrender value of life insurance	4,687	4,682
Property and equipment, net of accumulated depreciation	2,527,566	592,971
	<u>\$ 12,566,632</u>	<u>\$ 12,569,316</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 306,396	\$ 564,453
Liability under unitrust agreement	491,239	802,132
Deposits	-	5,000
Long-term debt	1,435,000	-
Total liabilities	<u>2,232,635</u>	<u>1,371,585</u>
Net assets		
Unrestricted	6,682,800	8,622,471
Temporarily restricted	3,252,122	2,130,689
Permanently restricted	399,075	444,571
Total net assets	<u>10,333,997</u>	<u>11,197,731</u>
	<u>\$ 12,566,632</u>	<u>\$ 12,569,316</u>

See notes to financial statements.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Statements of Activities

	Year Ended 2008			Year Ended 2007				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support, revenues, and reclassifications								
Contributions and special projects	\$ 298,369	\$ 2,777,682	\$ -	\$ 3,076,051	\$ 411,072	\$ 2,208,304	\$ 20,180	\$ 2,639,556
Membership dues	1,663,481	97,833	-	1,761,314	1,593,018	88,547	-	1,681,565
Gift shop revenue, net of total direct costs of \$842,073 and \$873,844	360,877	20,830	-	381,707	367,785	13,807	-	381,592
Investment income	226,621	15,089	517	242,227	360,751	21,965	670	383,386
Net unrealized and realized gains (losses)	(1,512,842)	(8,737)	(47,020)	(1,568,599)	226,481	1,718	6,532	234,731
Change in value of unitrust	-	(52,159)	-	(52,159)	(683)	7,092	-	7,092
(Loss) on disposal of property and equipment	-	-	-	-	(683)	-	-	(683)
Net assets released from restrictions	-	-	-	-	-	-	-	-
Satisfaction of purpose requirements	1,728,098	(1,729,105)	1,007	-	4,112,162	(4,117,619)	5,457	-
Total public support, revenues and reclassifications	2,764,604	1,121,433	(45,496)	3,840,541	7,070,566	(1,776,186)	32,839	5,327,239
Expenses								
Program	2,663,761	-	-	2,663,761	5,068,100	-	-	5,068,100
Transfers to the NC Zoological Park	956,439	-	-	956,439	899,952	-	-	899,952
Membership services	66,634	-	-	66,634	63,474	-	-	63,474
Education	3,686,834	-	-	3,686,834	6,031,526	-	-	6,031,526
Total program expenses	143,515	-	-	143,515	96,139	-	-	96,139
Management and general	245,801	-	-	245,801	222,970	-	-	222,970
Membership development	418,222	-	-	418,222	402,380	-	-	402,380
Special projects	209,903	-	-	209,903	204,885	-	-	204,885
Fund raising	4,704,275	-	-	4,704,275	6,957,900	-	-	6,957,900
Total expenses	(1,939,671)	1,121,433	(45,496)	(863,734)	112,686	(1,776,186)	32,839	(1,630,661)
Change in net assets	8,622,471	2,130,689	444,571	11,197,731	8,509,785	3,906,875	411,732	12,828,392
Net assets at beginning of year	\$ 6,682,800	\$ 3,252,122	\$ 399,075	\$ 10,333,997	\$ 8,622,471	\$ 2,130,689	\$ 444,571	\$ 11,197,731
Net assets at end of year								

See notes to financial statements.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Statements of Cash Flows

	Year Ended	
	December 31	
	2008	2007
Cash flows from operating activities		
(Decrease) in net assets	\$ (863,734)	\$ (1,630,661)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	61,670	47,209
Net unrealized and realized (gain) loss on investments	1,568,599	(234,731)
Loss on disposal of equipment	-	683
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	42,160	(46,431)
(Increase) decrease in pledges receivable	(9,525)	464,422
(Increase) in accrued interest receivable	(13)	(40)
(Increase) decrease in inventory	(26,236)	2,023
(Increase) decrease in other assets	8,142	(8,653)
(Decrease) in accounts payable and accrued expenses	(258,057)	(72,044)
(Decrease) in liability for amounts held for others	(310,893)	(9,224)
Increase (decrease) in deposits	(5,000)	4,500
Collections of permanently restricted support	-	(32,839)
Net cash provided by (used in) operating activities	207,113	(1,515,786)
Cash flows from investing activities		
Cash paid for purchases of fixed assets	(1,996,265)	(142,279)
Construction in progress	-	(261,830)
Proceeds from sale of property and equipment	-	500
Net decrease in investments	513,722	1,174,125
Net cash provided by (used in) investing activities	(1,482,543)	770,516
Cash flows from financing activities		
Long-term borrowings	1,435,000	-
Collections of permanently restricted support	-	32,839
Net cash provided by financing activities	1,435,000	32,839
Net increase (decrease) in cash and cash equivalents	159,570	(712,431)
Cash and cash equivalents at beginning of year	1,140,569	1,853,000
Cash and cash equivalents at end of year	\$ 1,300,139	\$ 1,140,569

See notes to financial statements.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.**Notes to Financial Statements****December 31, 2008 and 2007****Note 1 - Summary of significant accounting policies****Nature of activities**

The North Carolina Zoological Society, Inc. (the Society) encourages public support primarily for the North Carolina Zoological Park, a state operated facility, and promotes related educational, scientific and conservation activities. The Society also solicits public support for the Sylvan Heights Waterfowl Park and Eco-Center. The Society is supported primarily through memberships and donor contributions.

Basis of accounting

The financial statements of the Society 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.

Reclassifications

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

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 funded the creation of the Sylvan Heights Waterfowl Park and Eco-Center and made a conditional promise to donate the land, building, and exhibits. The donation originally was dependent upon Sylvan Heights obtaining its not-for-profit status. During 2007, Sylvan Heights Waterfowl Park and Eco-Center's application for 501(c)(3) status was approved by the IRS and the applicable items were donated.

Temporarily restricted contributions - grants

Temporarily restricted contributions include a number of grants in addition to donor-restricted contributions. These grants totaled \$726,754 and \$578,486 during the years ended 2008 and 2007, 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, 2008 and 2007

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. For the years ended December 31, 2008 and 2007, in-kind support in the amount of \$31,016 and \$0 was recognized in the Statements of Activities for the use of these facilities, respectively.

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.

FASB Staff Position (FSP) 48-3 defers the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, for certain non-public enterprises for fiscal years beginning after December 15, 2008. The Society has elected to defer the application of FIN 48 in accordance with FSP 48-3. During the deferral period of the application of FIN 48 the Society will continue to evaluate uncertain tax positions utilizing the underlying principals of FAS 109, *Accounting for Income Taxes*, and FAS 5, *Accounting for Contingencies*.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 1 - Summary of significant accounting policies, continued

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. Significant estimates and assumptions are used for, but not limited to the allowance for uncollectible contributions, discount to net present value for pledges receivable, depreciable lives of fixed assets, and value for in-kind donated materials and services. The value for in-kind donated materials and services is considered a significant revenue that require management estimates and is summarized in Note 11. The other estimates did not have a significant impact on the current year financial statements.

Note 2 – Deposits

The Society places its cash and cash equivalents on deposit with financial institutions in the United States. In October and November 2008 the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2009, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. During the year, the Society from time to time may have had amounts on deposit in excess of the insured limits. As of December 31, 2008, the Society had \$533,391 which exceeds these insured amounts.

Note 3 – Investments

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

	December 31, 2008			December 31, 2007		
	Cost	Market Value	Unrealized Appreciation (Depreciation)	Cost	Market Value	Unrealized Appreciation (Depreciation)
General						
Certificates of deposit	\$ 374,029	\$ 374,029	\$ -	\$ 362,455	\$ 362,455	\$ -
U.S. Government obligations	746,544	798,797	52,253	946,319	965,704	19,385
Foundation for the Carolinas	45,654	32,318	(13,336)	45,135	47,485	2,350
Marketable corporate securities	1,922,177	1,639,059	(283,118)	2,051,296	2,688,789	637,493
Stock and bond mutual funds	<u>3,357,783</u>	<u>3,231,433</u>	<u>(126,350)</u>	<u>3,543,656</u>	<u>3,611,428</u>	<u>67,772</u>
	<u>6,446,187</u>	<u>6,075,636</u>	<u>(370,551)</u>	<u>6,948,861</u>	<u>7,675,861</u>	<u>727,000</u>
Investments held in Trust						
Marketable corporate securities	<u>612,542</u>	<u>589,014</u>	<u>(23,528)</u>	<u>665,032</u>	<u>952,066</u>	<u>287,034</u>
	<u>612,542</u>	<u>589,014</u>	<u>(23,528)</u>	<u>665,032</u>	<u>952,066</u>	<u>287,034</u>
Endowments						
Foundation for the Carolinas	61,878	43,804	(18,074)	61,170	64,353	3,183
Stock and bond mutual funds	<u>368,553</u>	<u>323,592</u>	<u>(44,961)</u>	<u>414,756</u>	<u>422,087</u>	<u>7,331</u>
	<u>430,431</u>	<u>367,396</u>	<u>(63,035)</u>	<u>475,926</u>	<u>486,440</u>	<u>10,514</u>
	<u>\$7,489,160</u>	<u>\$7,032,046</u>	<u>\$(457,114)</u>	<u>\$8,089,819</u>	<u>\$9,114,367</u>	<u>\$1,024,548</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 3 – Investments, continued

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. At December 31, 2008, the fair value of invested assets assigned to the permanently restricted endowment net asset balance required to be maintained in perpetuity had a \$36,656 deficiency. A summary of the endowment assets by type at December 31, 2008 and 2007 is shown below:

	December 31, 2008			December 31, 2007		
	Cash and Equivalents	Investments	Total Endowments	Cash and Equivalents	Investments	Total Endowments
Unrestricted net assets	\$ 10,350	\$(47,006)	\$(36,656)	\$ 7,018	\$ 20,456	\$ 27,474
Temporarily restricted net assets	-	15,327	15,327	-	21,413	21,413
Permanently restricted net assets	-	<u>399,075</u>	<u>399,075</u>	-	<u>444,571</u>	<u>444,571</u>
	<u>\$ 10,350</u>	<u>\$367,396</u>	<u>\$377,746</u>	<u>\$ 7,018</u>	<u>\$486,440</u>	<u>\$493,458</u>

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

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	\$ 226,621	\$15,089	\$ 517	\$ 242,227	\$360,751	\$21,965	\$ 670	\$383,386
Realized and unrealized gains (losses)	(1,512,842)	(8,737)	(47,020)	(1,568,599)	<u>226,481</u>	<u>1,718</u>	<u>6,532</u>	<u>234,731</u>
	<u>\$(1,286,221)</u>	<u>\$ 6,352</u>	<u>\$(46,503)</u>	<u>\$(1,326,372)</u>	<u>\$587,232</u>	<u>\$23,683</u>	<u>\$ 7,202</u>	<u>\$618,117</u>

Investment income from regular investments and endowments for 2008 is net of \$32,683 and \$2,504 in administrative fees, respectively. Investment income from regular investments and endowments for 2007 is net of \$37,787 and \$2,782 in administrative fees, respectively.

Note 4 – Pledges receivable

Pledges receivable consist of the following:

	December 31	
	2008	2007
Membership pledges	\$ 69,162	\$ 65,664
Other pledges	<u>1,182,497</u>	<u>1,182,906</u>
Gross pledges receivable	1,251,659	1,248,570
Less: Discount to net present value	(11,565)	(18,001)
Less: Allowance for uncollectible contributions	<u>(18,000)</u>	<u>(18,000)</u>
Net pledges receivable	<u>\$1,222,094</u>	<u>\$1,212,569</u>
Amounts due in		
Less than one year	\$ 983,603	\$ 873,776
One to five years	<u>268,056</u>	<u>374,794</u>
	<u>\$1,251,659</u>	<u>\$1,248,570</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 4 – Pledges receivable, continued

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>
2005	4%
2006	5%
2007	3%
2008	2%

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 \$27,102 as its interest in the unitrust through December 31, 2008.

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. There were no contributions in 2008 and 2007. Assets held in the charitable remainder trust totaled \$589,014 and \$952,066 at December 31, 2008 and 2007 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 (\$491,239 and \$802,132 at December 31, 2008 and 2007) is calculated using a discount rate of 5% and applicable mortality tables.

The Society was notified in 2006 that during 1992, a donor established a trust naming the Society as a partial beneficiary of a charitable remainder trust. A 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 will be distributed for the Society's use. 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 was calculated using a discount rate of 5%. The Society has recognized \$16,978 as its interest in the unitrust through December 31, 2008.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 6 – Property and equipment

A summary of property and equipment follows:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Land improvements	\$ 3,251	\$ 3,251
Land	1,484,589	42,400
Buildings and improvements	1,048,879	352,885
Fixtures and equipment – gift shops	243,003	226,589
Furniture and equipment – office	476,142	397,451
Automobiles	53,352	43,126
Construction in progress	-	261,830
Leasehold improvements	<u>16,708</u>	<u>9,188</u>
	3,325,924	1,336,720
Less accumulated depreciation	<u>798,358</u>	<u>743,749</u>
	<u>\$ 2,527,566</u>	<u>\$ 592,971</u>

Note 7 - Long-term debt

Long-term debt consists of the following:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Loan payable in 36 monthly payments of interest only with all principal and interest due June 4, 2011. The interest is the LIBOR rate plus 1.25%. The loan is collateralized by a deed of trust on land.	<u>\$1,435,000</u>	<u>\$ -</u>

Maturities of long-term debt are as follows:

<u>Year ending in</u>	<u>Amount</u>
2011	<u>\$1,435,000</u>

Note 8 – 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>	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Adopt an animal	\$ 53,074	\$ 47,762
Animals	61,112	71,209
Veterinary	305,459	526,979
Horticulture	7,864	9,710
Art master plan	1,331	2,349
Conservation	401,742	256,012

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 8 – Temporarily restricted net assets, continued

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Design	\$ 485,602	\$ 238,865
Education	108,622	63,613
Planning/facilities	1,242,329	389,629
Other	411,120	306,225
Marketing	16,685	2,185
Undistributed endowment gains	<u>15,327</u>	<u>21,413</u>
Total purpose restrictions	<u>3,110,267</u>	<u>1,935,951</u>
<u>Time restrictions</u>		
Johnston charitable remainder trust	27,102	23,403
Graham charitable remainder trust	97,775	149,934
Peters charitable remainder trust	<u>16,978</u>	<u>21,401</u>
Total time restrictions	<u>141,855</u>	<u>194,738</u>
Total temporarily restricted net assets	<u>\$3,252,122</u>	<u>\$2,130,689</u>

Note 9 – 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 five endowments:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</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.	\$ 54,032	\$ 69,729
Cato-Goodyear Endowment – All income including gains and losses on long-term investments are restricted for animal environmental and behavioral projects. Invested with a bank trust department.	6,464	5,457
Conservation Endowment – Gains and losses on investments remain with principal; investment income is restricted for conservation projects. Invested with a bank trust department.	83,658	114,464
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.	18,075	18,075
Layne Endowment – All income including gains and losses on long-term investments are unrestricted. Invested with a bank trust department.	1,000	1,000

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 9 – Permanently restricted net assets, continued

	December 31	
	2008	2007
Nina Belle Redditt Endowment – All income including gains and losses on long-term investments are unrestricted. Invested with a bank trust department.	\$210,846	\$210,846
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>\$399,075</u>	<u>\$444,571</u>

Note 10 – Board-designated unrestricted net assets

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

	2008	2007
Animal	\$ 88,753	\$ 47,241
Veterinary	28,286	31,286
Horticulture	64,862	60,379
Design	27,016	31,271
Directors' supplements	24,943	30,832
Marketing	133,283	143,934
Personnel (park)	122,717	110,402
Planning/facilities	185,970	431,354
Studies	1,516	1,516
Zoo - miscellaneous	53,842	35,235
Field programs	142,047	83,120
Sylvan Heights	6,990	-
Emergency reserve	556,151	727,309
Lion's Pride	<u>4,630,042</u>	<u>5,955,464</u>
	<u>\$6,066,418</u>	<u>\$7,689,343</u>

The Society has committed to funding up to \$7.5 million for the Elephant/Rhino project. As of December 31, 2008, the expenditures total \$7,172,244. Potentially, \$200,000 of Society's funds currently designated Lion's Pride may eventually be used to help fund the transportation of additional elephants.

The Society has committed to funding up to \$1.8 million for the Polar Bear Expansion project. As of December 31, 2008, the expenditures total \$20,190. Potentially, \$1 million of Society's funds currently designated Lion's Pride may eventually be used to help fund the Polar Bear Expansion project.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Notes to Financial Statements (continued)

December 31, 2008 and 2007

Note 11 – 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>2008</u>	<u>2007</u>
By type		
Park supplies	\$ 74,770	\$ 46,035
Computer support	-	3,000
Adopt Supplies	-	375
GIK Society uses	85,711	92,064
Zoo To Do	122,958	139,196
Zoo Open	1,671	3,032
Learning Center	17,878	-
Other	<u>-</u>	<u>9,200</u>
	<u>\$302,988</u>	<u>\$292,902</u>
By use		
Transfers to North Carolina Zoological Park	\$ 57,770	\$ 49,035
Utilized by the Society		
Management and general	116,950	101,639
Special projects	<u>128,268</u>	<u>142,228</u>
	<u>\$302,988</u>	<u>\$292,902</u>

Note 12 – Operating leases

The Society has two noncancelable operating leases for office equipment. Rental expense for leases consisted of \$13,291 and \$16,795 for the years ended December 31, 2008 and 2007, respectively.

Future minimum lease payments under the operating lease as of December 31, 2008 are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 12,142
2010	12,142
2011	9,687
2012	4,776
2013	<u>3,980</u>
	<u>\$ 42,727</u>

Note 13 – 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 2008 and 2007 was \$109,356 and \$99,576, respectively.

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.**Notes to Financial Statements (continued)****December 31, 2008 and 2007****Note 14 – 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, 2008, \$487,638 had been transferred to the Park for the supplemental marketing fund.

The Society is a trustee for a charitable remainder trust, as summarized in Note 5, which was donated by a member of the Board of Directors.

The Society maintains bank deposits and investments with an institution totaling \$330,310 as of December 31, 2008 where two members of the Board of Directors serve in a management position. There were no investment fees paid to this institution during 2008.

Included in pledges receivable as of December 31, 2008 is \$215,892 due from various related parties.



**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 18-34 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
April 17, 2009

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Unrestricted Contributions and Special Projects

	Year Ended December 31	
	2008	2007
Contributions	\$ 80,912	\$ 209,590
Membership projects		
Travel program	1,575	13,553
Membership discount tickets	44,283	52,382
Education projects		
Contributions and receipts	80,605	69,458
Other projects		
President's Club and Conservator Circle	81,468	60,500
Learning Center	3,605	-
Promotions	-	100
Miscellaneous	5,921	5,489
Total unrestricted contributions and special projects	\$ 298,369	\$ 411,072

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2008

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2007</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 12/31/2008</u>
<u>Purpose Restrictions</u>							
Adopt an Animal							
Education	\$ 358					\$ -	\$ 358
Enrichment & Training	36,943	\$ 25,332	\$ 4,543	\$ 18,510		23,053	39,222
General Operations	2,699					-	2,699
Lion Enrichment	620			266		266	354
Horticulture	7,142	4,101	802			802	10,441
	<u>47,762</u>	<u>29,433</u>	<u>5,345</u>	<u>18,776</u>	<u>-</u>	<u>24,121</u>	<u>53,074</u>
Animals							
Animals and Animal Care	3,300	305				-	3,605
Animal Enrichment Endowment	4,320	111			\$ 1,007	1,007	3,424
Animal Enrichment	923	2,413		1,671		1,671	1,665
Aviary Collection	3,084	974		410		410	3,648
Box Turtle Project	1,213					-	1,213
Cape Fear Shiner Project	6,100			189		189	5,911
Chimpanzee SSP	49					-	49
Chimpanzee Enrichment	12,754	135		8,426		8,426	4,463
Elephant Enrichment	679	900		1,178		1,178	401
Elephant Collection	12,585					-	12,585
Elephant Scales and Equipment	460					-	460
Gorilla	454				(160)	(160)	614
Kendall Project	-	725		14		14	711
Marianas Project	1,484					-	1,484
Patas Moat	-	2,699		302		302	2,397
Polar Bear Welfare	7,210	682		(1,917)		(1,917)	9,809
Red River Hogs	2,616			60		60	2,556
Red Wolf	1,152					-	1,152
Rhino	9,000			4,735		4,735	4,265
River Otter	-	250		69		69	181
Tag - Old World Monkey	3,457			3,457		3,457	-
Tropical Bird Research - Costa Rica	369	50				-	419
Webb Animal Project	-	100				-	100
	<u>71,209</u>	<u>9,344</u>	<u>-</u>	<u>18,594</u>	<u>847</u>	<u>19,441</u>	<u>61,112</u>
Horticulture							
Butterfly Garden	23					-	23
Endangered Plant	25					-	25
Horticulture Fund	4,044	1,251		2,260		2,260	3,035
Ice Damage	100					-	100
Plant Conservation Field Programs	3,332	2,793		3,630		3,630	2,495
Ridges Mountain	530					-	530
TLC - Horticulture	281					-	281
Toxic Study	486					-	486
Tree Survey	889					-	889
	<u>9,710</u>	<u>4,044</u>	<u>-</u>	<u>5,890</u>	<u>-</u>	<u>5,890</u>	<u>7,864</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2008

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2007</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 12/31/2008</u>
Veterinary							
Animal and Bird Care	\$ 594					\$ -	\$ 594
Black Rhino / Elephants Cameroon	233					-	233
Costa Rican Toad	-			\$ (150)		(150)	150
Diagnostic Vet Equipment	3,052	\$ 13,000		299		299	15,753
Elephant Reproduction	4,930			882		882	4,048
Elephant Tracking Program	20,010	4,239	\$ 341	5,982		6,323	17,926
Fox Veterinary Fund	701					-	701
Loomis Flexible Fund	17,945			4,737		4,737	13,208
Mary Frances Key Fund Rabies	1,907	2,003		3,910		3,910	-
Miscellaneous Vet Tech	849					-	849
Necropsy Table	31,000	2,550		32,889		32,889	661
Red Wolf Tracking Program	1,891					-	1,891
Reduce Human/Elephant Conflicts	11,617			3,996		3,996	7,621
Season Nutritional Effects on Elephants	38,550					-	38,550
Veterinary - Daldorf Fund	102,782	5,988		7,334		7,334	101,436
WAZA Anti-Poaching Program	50					-	50
Wildlife Learning Center	201,431	24,706		1,783	\$ 224,354	226,137	-
Wildlife Learning Center Computers	5,568				5,270	5,270	298
Wildlife Learning Center Operating	-	13,000				-	13,000
Wildlife Learning Center Programs	-	2,000				-	2,000
Wildlife Rehabilitation Caging	1,419			583		583	836
Wildlife Rehabilitation Equipment	276					-	276
Wildlife Rehabilitation Facility	26,213	25,143	386	26,189		26,575	24,781
Wildlife Rehabilitation Operating	30,223	(48)		2,232		2,232	27,943
Wildlife Rehabilitation Scholarship	25,738	14,176	6,640	620		7,260	32,654
	<u>526,979</u>	<u>106,757</u>	<u>7,367</u>	<u>91,286</u>	<u>229,624</u>	<u>328,277</u>	<u>305,459</u>
Art Master Plan							
Art and Energy Sculpture	49					-	49
Baby Elephant Sculpture	1,500			1,018		1,018	482
Blue Heron Sculpture	300					-	300
Cougar Sculpture	500					-	500
	<u>2,349</u>	<u>-</u>	<u>-</u>	<u>1,018</u>	<u>-</u>	<u>1,018</u>	<u>1,331</u>
Design							
Artwork Maintenance (anonymous couple)	26,544			4,380		4,380	22,164
Carlisle Sculpture	75					-	75
Digital Information	-	250,000		423		423	249,577
Geyser Fountain & Visitor Rest Area	197,165			17,350		17,350	179,815
Honey Bee Sculpture	-	25,000		6,110		6,110	18,890
Interpretive Graphics and Educational	7,180					-	7,180
Island of Transformation (Moser)	601					-	601
Visiting Artists	7,300					-	7,300
	<u>238,665</u>	<u>275,000</u>	<u>-</u>	<u>28,263</u>	<u>-</u>	<u>28,263</u>	<u>485,602</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2008

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2007</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 12/31/2008</u>
Education							
Biofuel Program	\$ -	\$ 10,000				\$ -	\$ 10,000
Children in Nature	-	1,035		\$ 942		942	93
Connect to Kids Program	36,227	50,000		25,945		25,945	60,282
Keepers in the Classroom	7,739	10,000		16,648		16,648	1,091
Kids Active	-	4,000		1,110		1,110	2,890
KidZone	3,486	21,185		6,958		6,958	17,713
Latino Visitor Studies	943					-	943
On-site Educators	1,843					-	1,843
Smart Cart Bio-Facts	2,400	6		2,406		2,406	-
Uganda School Program	4,847	11,606		11,810		11,810	4,643
Volunteer Programs	6,008	5,036		2,040		2,040	9,004
Zoolinc/Travel and Materials	120					-	120
	<u>63,613</u>	<u>112,868</u>	<u>-</u>	<u>67,859</u>	<u>-</u>	<u>67,859</u>	<u>108,622</u>
Marketing							
Animal Programs in the Park	2,185					-	2,185
Marketing Sponsorships	-	10,000		(4,500)		(4,500)	14,500
	<u>2,185</u>	<u>10,000</u>	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>(4,500)</u>	<u>16,685</u>
Other							
Afghan Animal Fund	29,226	400				-	29,626
At the Zoo Publication	-	1,000		1,000		1,000	-
Baghdad	-	100		(350)		(350)	450
Baghdad Animals	1,500					-	1,500
Cairo Zoo	26,029	1,500		2,585		2,585	24,944
Cori Palermo Memorial	-	1,979		646		646	1,333
Collaboration of Museum Programming	15,786	(6,599)		32		32	9,155
David M. Holt Memorial	1,000	1,000				-	2,000
Electric Wheelchairs	2,229					-	2,229
Field Trip Earth	19,489	80		13,051		13,051	6,518
GIK Society Used	-	85,711	\$ 85,711			85,711	-
GIK Transferred to the Park	-	38,537		38,537		38,537	-
Honey Bee Exhibit	173,773	40,615		49,289		49,289	165,099
Jayna Pack Travel	1,050	(1,000)				-	50
Kabul Zoo Fund	21,992	230				-	22,222
Organize Zoo Visuals	75					-	75
Pisgah Covered Bridge	6,815					-	6,815
Recycle Bins	120					-	120
Strollers	135					-	135
Welfare of Animals	7,000	5,000		6,035		6,035	5,965
Zoo Carts	6					-	6
Zoo to Do 2008	-	343,054	210,176			210,176	132,878
	<u>306,225</u>	<u>511,607</u>	<u>295,887</u>	<u>110,825</u>	<u>-</u>	<u>406,712</u>	<u>411,120</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2008

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2007</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 12/31/2008</u>
Conservation							
Amphibian Crisis Fund	\$ 3,644	\$ 40,529	\$ 6,620	\$ 2,103		\$ 8,723	\$ 35,450
AZA - Conservation Endowment Program	1,435	1,656	1,435			1,435	1,656
Chimp - Conservation	1,859	2,670				-	4,529
Conservation of Hellbenders	14,190			9,696		9,696	4,494
Conservation Projects	4,505	4,970		807		807	8,668
Conservation Medicine	-	910				-	910
Cross River Gorillas	9,189	95,455	9,689	54,489		64,178	40,466
Field Conservation & Research	12,165	9,154		9,840		9,840	11,479
Field Programs	10,018	8,000		9,000		9,000	9,018
Lucille Stickle Fund	1,494	1,000				-	2,494
Native Animal Welfare	908	6,151		1,177		1,177	5,882
Native Wildlife	6,018	1,072		148		148	6,942
Nigerian Forest Biodiversity	3,272	80		3,352		3,352	-
Sylvan Heights Avian Conservation	2,104	4,771		2,000		2,000	4,875
Sylvan Heights Capital Campaign	-	6,698		6,698		6,698	-
Sylvan Heights General Operating	5,697	498,713		491,268		491,268	13,142
Sylvan Heights Interactive Bird Station	-	1,025				-	1,025
Sylvan Heights Phase II	159,215	116,339		24,952		24,952	250,602
Sylvan Heights Rare & Endangered Species	2,960	150		3,000		3,000	110
Sylvan Heights Water Fowl Project	7,741	6		7,747		7,747	-
Sylvan Heights Waterfowl Park	9,488	103		9,591		9,591	-
Sylvan Heights Wood Duck Project	110			110		110	-
	<u>256,012</u>	<u>799,452</u>	<u>17,744</u>	<u>635,978</u>	<u>-</u>	<u>653,722</u>	<u>401,742</u>
Planning/Facilities							
Africa Gift Shop	2,249			(9,596)		(9,596)	11,845
Animal Welfare	17,417	164		560		560	17,021
Giraffe Feeding Station	-	201,000		20,610		20,610	180,390
Baboon Island Signage	439					-	439
Benches	12,916	2,388		2,711		2,711	12,593
Chimp Exhibit Renovations	195					-	195
Chimp Interpretives	44,867			2,407		2,407	42,460
Earth Resource Center	200					-	200
Elephant/Rhino Exhibits	225,517	54,923	751	168,173		168,924	111,516
Endowment for Zoo Needs	9,623					-	9,623
Lost in the Woods Program	(14)	14				-	-
Misting Station	20					-	20
New African Exhibit	686					-	686
Picnic Shelters	3,000			897		897	2,103
Play Equipment	(1)				\$ (1)	(1)	-
Polar Bear Capital	54,174	778,638	4,902		(2,162)	2,740	830,072
Recycling	250					-	250
RFOZ Grants	11,254	10,287		6,727		6,727	14,814

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.
Schedule of Temporarily Restricted Support and Net Assets
Year ended December 31, 2008

<u>Description</u>	<u>Temporarily Restricted Net Assets 12/31/2007</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 12/31/2008</u>
Planning/Facilities, continued							
Shade Structures	\$ 5,158					\$ -	\$ 5,158
Signage - Conservation/Education	117					-	117
Sonora Desert	11					-	11
Steve Thompson Tract Renovation	50	\$ 1,265				-	1,315
Tortoise Pool	301					-	301
Tram Shade Stop	1,200					-	1,200
	<u>389,629</u>	<u>1,048,679</u>	<u>\$ 5,653</u>	<u>\$ 192,489</u>	<u>\$ (2,163)</u>	<u>195,979</u>	<u>1,242,329</u>
Undistributed Endowment Gains							
Conservation	12,940	4,656			2,163	2,163	15,433
Animal Related	8,473	(8,419)			160	160	(106)
	<u>21,413</u>	<u>(3,763)</u>	<u>-</u>	<u>-</u>	<u>2,323</u>	<u>2,323</u>	<u>15,327</u>
Total Purpose Restrictions	<u>1,935,951</u>	<u>2,903,421</u>	<u>331,996</u>	<u>1,166,478</u>	<u>230,631</u>	<u>1,729,105</u>	<u>3,110,267</u>
Time Restrictions							
Graham Charitable Remainder Trust	149,934	(52,159)				-	97,775
Johnston Charitable Remainder Trust	23,403	3,699				-	27,102
Peters Charitable Remainder Trust	21,401	(4,423)				-	16,978
Total Time Restrictions	<u>194,738</u>	<u>(52,883)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,855</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,130,689</u>	<u>\$ 2,850,538</u>	<u>\$ 331,996</u>	<u>\$ 1,166,478</u>	<u>\$ 230,631</u>	<u>\$ 1,729,105</u>	<u>\$ 3,252,122</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Revenue - Gift Shops, Net of Direct Costs

	Year Ended December 31	
	2008	2007
Sales		
Gift shop sales	\$ 1,262,319	\$ 1,291,290
Less sales discounts	(38,539)	(35,854)
Net sales	<u>1,223,780</u>	<u>1,255,436</u>
Cost of sales		
Inventories at beginning of year	315,642	317,665
Purchases	497,314	500,672
	<u>812,956</u>	<u>818,337</u>
Less inventories at end of year	341,878	315,642
Total cost of sales	<u>471,078</u>	<u>502,695</u>
Gross profit from gift shops	<u>752,702</u>	<u>752,741</u>
Operating expenses		
Bank charges	19,783	17,401
Computer support	2,350	1,732
Depreciation	18,858	18,310
Dues and subscriptions	35	155
Freight-in	687	842
General insurance	2,006	1,951
Group benefits	62,725	63,712
Loss on damaged goods	6,683	6,204
Mail order	(73)	167
Miscellaneous	1,603	1,128
Payroll taxes	17,361	17,039
Repairs and maintenance	402	1,082
Salaries	221,718	224,019
Supplies	657	(876)
Telephone	6,732	7,507
Training/Conferences/Mileage	4,991	5,375
Utilities	4,477	5,401
Total operating expenses	<u>370,995</u>	<u>371,149</u>
Net revenue from gift shops	<u>\$ 381,707</u>	<u>\$ 381,592</u>

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended December 31	
	2008	2007
Advertising Campaign	\$ -	\$ 31,244
Africa Gift Shop	(9,596)	-
Amphibian Crisis Fund	2,103	-
Amphibian Exhibit	383	64,000
Animal Enrichment & Training	11,344	8,325
Animal Food	43,550	45,430
Animal Maintenance/Welfare	43,732	46,310
Animal Programs in the Park	-	1,824
Animal Records	-	20,000
At the Zoo Publication	1,000	-
Art Maintenance	12,666	8,147
Artist Illustrator	44,868	43,204
Aviary Collection	410	-
AZA Professional Dues	1,525	1,575
AZH Conservation Grant	-	490
Baby Elephant Sculpture	1,018	13,500
Baghdad	(350)	2,453
Benches	2,711	-
Butterfly Garden	-	25
Cairo Zoo	2,585	-
Cape Fear Shiner	189	-
Children in Nature	942	-
Chimp Interpretives	2,407	6,326
Chimpanzee Conservation	-	3,071
Citizens for Asheboro's Future	5,000	-
Collaboration on Museum Programming	32	17,805
Connect to Kids	25,945	18,303
Conservation Programs	11,828	2,975
Contracts	-	17,250
Cori Palermo Memorial	646	-
Costa Rican Toad	(150)	944
Cross River Gorilla	54,489	-
Development and Management of Web Site	57,325	62,528
Design Fund	-	50
Digital Information	423	-
Education	-	290
Elephant Collection	-	37,215
Elephant Reproduction	882	777
Elephant/Rhino Exhibits	168,173	2,579,921

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended December 31	
	2008	2007
Elephant Tracking	\$ 5,982	\$ 19,128
Employee Social Fund	1,454	4,005
Evaluation of Kids Zone	20,000	-
Field Programs	79,912	44,875
Field Trip Earth	13,051	13,191
General Marketing	-	9,590
General Operating Support	40,058	14,326
Geyser Fountain & Visitor Rest Area	17,350	2,835
Gifts-in-Kind	38,537	32,712
Giraffe Feeding Station	20,610	-
Grant Writer	18,002	3,319
Group Sales - Marketing	30,000	10,927
Honey Bee Exhibit	55,399	(10,200)
Horticulture	2,260	12,497
Horticulture Maintenance	45,624	50,999
Horticulture Programming	(107)	-
Intern Stipends	5,250	-
Kabul Zoo Fund	-	3,000
Keepers in the Classroom	16,648	22,263
Kendall Project	14	-
KidZone & Kids Active	8,068	1,034
Lesser Flamingoes	6,000	-
Lion Enrichment	266	5,000
Lobbyist	7,492	12,408
Loomis Flex Fund	4,737	(1,278)
Madagascar Teal	3,500	-
Marketing Funds	(4,500)	19,351
Mary Frances Key Fund Rabies	3,910	7,423
Member and Corporate Discount Tickets	93,972	95,401
Migratory Bird	435	436
Natural Resource Site Assessment	-	101
Nature Discovery Center Study	77,762	155,815
Necropsy Table	32,889	
Nigerian Forest Biodiversity	3,352	17,400
Nutrition Consultation	-	1,791
On-site Educators	-	114
Operant Conditioning	6,980	10,025
Park Director's Supplement	39,915	37,110
Park Program Services	548,759	499,656

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - North Carolina Zoological Park

	Year Ended December 31	
	2008	2007
Patas Moat	\$ 302	\$ -
Picnic Shelters	897	-
Planning - Pavilion, Polar Bear & Other	75,023	-
Plant Conservation Field Programs	3,630	4,771
Polar Bear Welfare	(1,917)	5,718
Printing for Marketing	-	5,507
Public/Media Relations	-	5,687
Red River Hogs	60	384
Red Wolf Tracking	-	7,808
Reduce Human/Elephant Conflicts	3,996	1,883
Research Supplement	1,567	-
RFOZ Grants	6,727	15,302
Rhino	4,735	-
Seasonal Nutritional Effects on Elephants	-	3,600
Serengeti Renovation	-	277
Simex Revolving Fund	-	100,000
Smart Cart Bio-Facts	2,406	-
Solar Picnic Shelters	-	100,000
Sonora Desert	-	295
Special Park Events	-	13,399
Staff Incentives	462	1,408
Staff Training and Development	1,126	401
Staff Travel	15,939	27,194
Sylvan Heights Capital Campaign	6,698	152,032
Sylvan Heights General Operating	496,378	160,880
Sylvan Heights Marketing Position	-	16,767
Sylvan Heights Phase II	24,952	19,752
Sylvan Heights Waterfowl Park	9,591	-
Sylvan Heights Waterfowl Project	7,747	394
TAG - Old World Monkey	3,457	2,517
Television Video Series	-	52,500
Tortoise Pool	-	7,424
Training & Enrichment	18,510	20,097
Tundra Swans	1,170	-
Uganda School Program	11,810	30,711
Veterinary Daldorf Fund	7,334	7,791

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.**Schedules of Program Services - North Carolina Zoological Park**

	Year Ended December 31	
	2008	2007
Veterinary Diagnostic Equipment	\$ 299	\$ 3,500
Veterinary Residency	35,000	35,000
Visiting Artist (Residency Program)	5,970	26,730
Visitor Information Software	-	2,195
Vocus Software	-	9,244
Volunteer Recruitment and Training	2,040	-
Wetland Restoration	840	-
White-Winged Wood Ducks	6,000	-
Wildlife Learning Center	5,515	6,149
Wildlife Rehabilitation Facility	26,189	36,215
Wildlife Rehabilitation Scholarship	620	-
WZO/CBSG/UCN	9,377	13,647
Zoo Visitor Growth & Awareness	139,650	41,685
Total Transfers to the North Carolina Zoological Park	\$ 2,663,761	\$ 5,068,100

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Program Services - Membership Expenses

	Year Ended December 31	
	2008	2007
Annual report	\$ 4,382	\$ 4,200
Auto expense	1,069	1,018
Bad debt	750	3,865
Bank card charges	20,148	19,849
Computer support	15,049	15,325
Depreciation	19,031	13,582
Donor cultivation	86	5,621
Dues and subscriptions	6,076	6,345
General insurance	11,281	10,975
Group benefits	136,382	125,715
Magazine	68,774	62,077
Mailing services	835	1,586
Meetings	2,094	1,504
Membership incentives	8,183	7,874
Miscellaneous	3,716	3,483
New member solicitation	127	75
Office supplies	6,506	6,654
On-Site Sales	853	712
Payroll taxes	41,705	39,039
Postage	16,591	17,509
Printing	11,670	1,663
Professional services	10,893	9,574
Repairs and maintenance	12,763	11,573
Research and education	-	270
Returns/redeposits	593	666
Salaries	538,841	510,683
Telephone	11,482	12,464
Training/conferences/travel	6,559	5,904
Utilities	-	147
Total membership expenses	\$ 956,439	\$ 899,952

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

Year Ended	
December 31	
2008	2007
\$ 66,634	\$ 63,474

Supplies

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Management and General Expenses

	Year Ended December 31	
	2008	2007
Auto	\$ 515	\$ 524
Computer support	1,150	1,364
Depreciation	1,456	1,156
Dues and subscriptions	1,507	2,207
General insurance	1,003	976
Group benefits	14,364	14,180
Meetings	5,129	735
Miscellaneous	1,493	1,382
Office supplies	1,291	1,233
Payroll taxes	3,951	3,729
Photography	-	25
Postage	1,359	661
Professional services	10,891	5,975
Repairs and maintenance	700	1,138
Salaries	55,136	57,445
Telephone	1,941	1,513
Training/conferences and mileage	2,642	1,696
Interest expense	36,284	-
Taxes	2,703	-
Utilities	-	200
Total management and general expenses	\$ 143,515	\$ 96,139

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Membership Development Expenses

	Year Ended December 31	
	2008	2007
Auto expense	\$ -	\$ 94
Bank card charges	4,970	4,840
Computer support	3,054	3,577
Depreciation	4,003	3,179
Donor cultivation	331	900
Dues and subscriptions	1,252	795
General insurance	2,256	2,195
Group benefits	20,378	16,752
Mailing services	6,652	5,740
Meetings	21	45
Miscellaneous	1,212	479
New member solicitation	64,975	67,188
Office supplies	1,370	718
On-Site sales	561	1,251
Payroll taxes	7,742	7,348
Postage	8,504	6,270
Printing	10,272	4,497
Professional services	2,369	1,690
Repairs and maintenance	2,006	2,832
Salaries	99,550	89,929
Telephone	3,104	1,559
Training/conferences/travel	1,219	954
Utilities	-	138
Total membership development expenses	\$ 245,801	\$ 222,970

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Special Projects Expenses

	Year Ended December 31	
	2008	2007
Adopt an animal	\$ 5,512	\$ 16,079
Annual giving	10,745	6,429
Conservation endowment program	1,435	1,511
Corporate membership	7,356	5,925
Gifts-in-kind	85,711	92,064
Learning Center	8,644	-
Membership Special Programs	2,397	3,212
President's Club and Conservative Circle	4,822	87
Promotions	9,876	10,462
Randolph Friends of the Zoo	2,951	2,962
Sylvan Heights	58,153	48,093
Travel program	3,605	6,199
Wild tiles	-	128
Wildlife Rehab Center	386	1,799
Zoo Open	6,640	8,202
Zoo To Do	209,989	199,228
Total special projects expenses	\$ 418,222	\$ 402,380

THE NORTH CAROLINA ZOOLOGICAL SOCIETY, INC.

Schedules of Fund Raising Expenses

	Year Ended December 31	
	2008	2007
Annual report	\$ 487	\$ 467
Bad debt	1,611	7,132
Bank charges	1,391	703
Capital campaign materials	-	75
Computer support	3,117	3,582
Depreciation	4,003	3,179
Donor cultivation	16,053	10,752
Dues and subscriptions	1,173	722
General insurance	2,256	2,195
Group benefits	28,255	27,589
Meetings	93	531
Miscellaneous	1,266	2,928
Office supplies	1,894	1,300
Payroll taxes	8,954	8,802
Planned giving	4,776	3,872
Postage	1,272	2,421
Printing	2,254	1,316
Professional services	2,870	2,155
Prospect research	459	540
Repairs and maintenance	2,006	2,832
Salaries	112,506	112,964
Telephone	3,138	3,912
Training/conferences and mileage	10,069	4,833
Utilities	-	83
Total fund raising expenses	\$ 209,903	\$ 204,885