

**SACRAMENTO ZOOLOGICAL
SOCIETY**

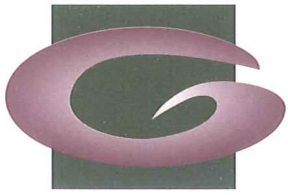
**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2010 AND 2009**

SACRAMENTO ZOOLOGICAL SOCIETY

TABLE OF CONTENTS DECEMBER 31, 2010 AND 2009

Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	5
Notes to Financial Statements	6



Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Sacramento Zoological Society
Sacramento, California**

We have audited the accompanying statements of financial position of the Sacramento Zoological Society (Society) as of December 31, 2010 and 2009, and the related statements of activities and of 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

April 29, 2011

SACRAMENTO ZOOLOGICAL SOCIETY

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 766,649	\$ 918,288
Accounts receivable	99,712	71,978
Bequests receivable		50,000
Prepaid expenses and other current assets	<u>88,523</u>	<u>31,748</u>
Total current assets	954,884	1,072,014
INVESTMENTS	1,521,100	1,462,485
PROPERTY AND EQUIPMENT - Net	6,500,942	6,599,538
CHARITABLE REMAINDER TRUST ASSETS	<u>802,749</u>	<u>611,512</u>
TOTAL ASSETS	<u>\$ 9,779,675</u>	<u>\$ 9,745,549</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 277,292	\$ 597,395
Accrued and other liabilities	160,338	151,663
Deferred revenue	297,038	280,860
Current portion of note payable	<u>110,200</u>	<u>106,303</u>
Total current liabilities	844,868	1,136,221
NOTE PAYABLE - Net	<u>335,967</u>	<u>445,913</u>
TOTAL LIABILITIES	<u>1,180,835</u>	<u>1,582,134</u>
NET ASSETS:		
Unrestricted	6,147,811	5,967,799
Temporarily restricted	1,055,528	744,984
Permanently restricted	<u>1,395,501</u>	<u>1,450,632</u>
Total net assets	<u>8,598,840</u>	<u>8,163,415</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,779,675</u>	<u>\$ 9,745,549</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO ZOOLOGICAL SOCIETY

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2010

REVENUES AND SUPPORT:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Program revenues:				
Gate admissions	\$ 2,314,878			\$ 2,314,878
Memberships	745,060			745,060
City of Sacramento	519,580			519,580
Concessions	421,646			421,646
Visitor services and group sales	339,988			339,988
Education	232,851			232,851
Total program revenues	<u>4,574,003</u>			<u>4,574,003</u>
Other support:				
Contributions, grants and sponsorships	266,939	\$ 65,688	\$ 869	333,496
Special events - net of costs of \$145,571	150,401	51,769		202,170
Rent and other revenue	59,649			59,649
In-kind donations - net	21,915			21,915
Satisfaction of restrictions - operations	45,876	(45,876)		
Total other support	<u>544,780</u>	<u>71,581</u>	<u>869</u>	<u>617,230</u>
Total revenues and support	<u>5,118,783</u>	<u>71,581</u>	<u>869</u>	<u>5,191,233</u>
 OPERATING EXPENSES:				
Program services:				
Animal care	2,317,555			2,317,555
Membership and visitor services	916,782			916,782
Education	571,659			571,659
Promotions and public relations	316,632			316,632
Total program services	<u>4,122,628</u>			<u>4,122,628</u>
Supporting services:				
Fundraising	362,742			362,742
General and administrative	383,711			383,711
Total supporting services	<u>746,453</u>			<u>746,453</u>
Total operating expenses	<u>4,869,081</u>			<u>4,869,081</u>
NET INCOME FROM OPERATIONS	249,702	71,581	869	322,152
Bequests	75,000			75,000
Investment income	117,725			117,725
Contributions for capital projects	6,272	111,685		117,957
Satisfaction of restrictions - capital projects	119,959	(63,959)	(56,000)	
Depreciation and amortization expense	(388,646)			(388,646)
Change in value of charitable remainder trust assets		191,237		191,237
INCREASE (DECREASE) IN NET ASSETS	180,012	310,544	(55,131)	435,425
NET ASSETS, Beginning of Year	<u>5,967,799</u>	<u>744,984</u>	<u>1,450,632</u>	<u>8,163,415</u>
NET ASSETS, End of Year	<u>\$ 6,147,811</u>	<u>\$ 1,055,528</u>	<u>\$ 1,395,501</u>	<u>\$ 8,598,840</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO ZOOLOGICAL SOCIETY

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2009

REVENUES AND SUPPORT:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Program revenues:				
Gate admissions	\$ 2,083,949			\$ 2,083,949
Memberships	626,519			626,519
City of Sacramento	582,421			582,421
Concessions	396,452			396,452
Visitor services and group sales	261,268			261,268
Education	212,535			212,535
Total program revenues	4,163,144			4,163,144
Other support:				
Contributions, grants and sponsorships	367,171	\$ 61,726	\$ 1,374	430,271
Special events - net of costs of \$146,501	127,218	41,892		169,110
Rent and other revenue	55,081			55,081
In-kind donations - net	11,527			11,527
Satisfaction of restrictions - operations	56,249	(56,249)		
Total other support	617,246	47,369	1,374	665,989
Total revenues and support	4,780,390	47,369	1,374	4,829,133
 OPERATING EXPENSES:				
Program services:				
Animal care	2,277,896			2,277,896
Membership and visitor services	893,515			893,515
Education	555,962			555,962
Promotions and public relations	252,253			252,253
Total program services	3,979,627			3,979,627
Supporting services:				
Fundraising	381,170			381,170
General and administrative	382,488			382,488
Total supporting services	763,658			763,658
Total operating expenses	4,743,285			4,743,285
NET INCOME FROM OPERATIONS	37,105	47,369	1,374	85,848
Bequests	64,000			64,000
Investment income	162,062			162,062
Contributions for capital projects	216,321	601,272		817,593
Satisfaction of restrictions - capital projects	1,275,075	(1,096,075)	(179,000)	
Depreciation and amortization expense	(308,751)			(308,751)
Change in value of charitable remainder trust assets		98,634		98,634
INCREASE (DECREASE) IN NET ASSETS	1,445,812	(348,800)	(177,626)	919,386
NET ASSETS, Beginning of Year	4,521,987	1,093,784	1,628,258	7,244,029
NET ASSETS, End of Year	\$ 5,967,799	\$ 744,984	\$ 1,450,632	\$ 8,163,415

The accompanying notes are an integral part of these financial statements.

SACRAMENTO ZOOLOGICAL SOCIETY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 435,425	\$ 919,386
Reconciliation to net cash and equivalents provided by operating activities:		
Depreciation and amortization expense	388,646	308,751
Loss on sale of equipment		1,200
Realized and unrealized gain on investments	(104,865)	(140,738)
Receipt of donated investments	(9,943)	(5,200)
Permanently restricted contributions	(869)	(1,374)
Contributed property and equipment	(6,272)	(216,321)
Changes in:		
Accounts receivable	(27,734)	45,189
Bequests receivable	50,000	(50,000)
Prepaid expenses and other current assets	(56,775)	12,685
Charitable remainder trust assets	(191,237)	(98,634)
Accounts payable	(320,103)	(18,639)
Accrued and other liabilities	8,675	23,893
Deferred revenue	16,178	21,491
Net cash and equivalents provided by operating activities	<u>181,126</u>	<u>801,689</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(10,219)	(9,430)
Proceeds from sale of investments	66,412	298,441
Purchases of property and equipment	(283,778)	(1,958,223)
Net cash and equivalents used by investing activities	<u>(227,585)</u>	<u>(1,669,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable		569,486
Principal payments on note payable	(106,049)	(17,270)
Permanently restricted contributions	869	1,374
Net cash and equivalents provided (used) by financing activities	<u>(105,180)</u>	<u>553,590</u>
NET DECREASE IN CASH AND EQUIVALENTS	(151,639)	(313,933)
CASH AND EQUIVALENTS, Beginning of Year	<u>918,288</u>	<u>1,232,221</u>
CASH AND EQUIVALENTS, End of Year	<u>\$ 766,649</u>	<u>\$ 918,288</u>
SUPPLEMENTAL NON-CASH ACTIVITY:		
Interest paid	<u>\$ 19,239</u>	<u>\$ 10,626</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

1. OPERATIONS

The Sacramento Zoological Society (Society) is a nonprofit public benefit corporation dedicated to the conservation of the world's wildlife through stimulating education and recreation programs, creative and naturalistic exhibits, and innovative species management programs.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Society reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Revenue recognition – Contributions are recognized in full when received or unconditionally pledged, in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statement of activities as net assets released from restrictions, when the time restrictions expire or the contributions are used for the restricted purposes.

Education and special event revenue is recognized when the related event occurs. Membership revenue is recognized over the term of the membership period, typically one year.

Donated materials, equipment, and services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition under ASC 958-605 are not reflected in the financial statements.

Cash and equivalents – For financial statement purposes, the Society considers all investments, including certificates of deposit, with a maturity at purchase of three months or less to be cash equivalents.

Property and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives of 5 to 39 years. The Society's policy is to capitalize such items with a cost of \$2,500 or more. Park improvements represent costs the Society has incurred for building and improving exhibits on the premises of the Sacramento Zoo and are amortized over their estimated useful lives. Should the lease with the City of Sacramento expire, these assets would become the property of the City.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

Charitable remainder trust assets reflect the estimated fair value of various irrevocable charitable trusts, held by a third-party trustee, for which the Society is a remainder beneficiary. The net present value of these assets was determined using investment returns consistent with the composition of the asset portfolios, life expectancies of the lead beneficiaries, and a discount rate of 1.8% and 3.2% for December 31, 2010 and 2009, respectively. The donors have imposed purpose restrictions on the Society's use of the funds when eventually received.

Functional expenses – The costs of providing the program services have been summarized on a functional basis in the statements of activities. Certain costs have been allocated to program services based on estimates of employees' time incurred and usage of resources.

Income taxes – The Society is publicly supported and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

The Society adopted the accounting principles related to accounting for uncertainty in income taxes as described under ASC 740-10, and has determined there is no material impact on the financial statements for December 31, 2010 and 2009. With some exceptions, the Society is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2006.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation.

Subsequent events have been evaluated through April 29, 2011, the date the financial statements were available to be issued.

Recent accounting pronouncements – In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. This update is effective for the annual reporting periods beginning January 1, 2010. The Society will not be required to provide the amended disclosures for any previous periods presented for comparative purposes. Other than requiring additional disclosures, adoption of this update did not have a material effect on the Society's financial statements.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

Fair value measurements – Assets and liabilities measured at fair value are recorded in accordance with ASC 820, *Fair Value Measurements and Disclosures*, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs in which there is little or no market data, which requires management to develop their own assumptions.

3. INVESTMENTS

The Society's investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Investments consist of the following at December 31, 2010:

Money market accounts	\$ 77,522
Certificates of deposit	362,441
Mutual funds:	
Value funds	332,108
Fixed income funds	197,357
Blended funds	159,967
Growth funds	139,922
Common stocks:	
Technology	157,680
Services	56,817
Healthcare	25,209
Conglomerate	6,310
Financial services	<u>5,767</u>
Total	<u>\$ 1,521,100</u>

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

Investments consist of the following at December 31, 2009:

Money market accounts	\$ 720,028
Fixed income securities	182,376
Common stocks	<u>560,081</u>
Total	<u>\$ 1,462,485</u>

Investment income consists of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 26,519	\$ 36,718
Investment management fees	(13,659)	(15,394)
Net realized and unrealized gains	<u>104,865</u>	<u>140,738</u>
Total	<u>\$ 117,725</u>	<u>\$ 162,062</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2010</u>	<u>2009</u>
Park improvements	\$ 6,697,562	\$ 4,471,372
Zoo operations equipment	1,315,013	1,235,601
Education trailers	199,489	199,489
Equipment	191,089	191,089
Work in progress	10,280	2,040,275
Art work	<u>50,300</u>	<u>50,300</u>
Total	8,463,733	8,188,126
Less accumulated depreciation and amortization	<u>(1,962,791)</u>	<u>(1,588,588)</u>
Property and equipment, net	<u>\$ 6,500,942</u>	<u>\$ 6,599,538</u>

Management estimates that approximately 95% of depreciation and amortization expense relates to program services and 5% to supporting services for 2010 and 2009.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

5. CHARITABLE REMAINDER TRUST ASSETS

The Society's charitable remainder trusts are classified within Level 3 of the fair value hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions. The donors have imposed purpose restrictions on the Society's use of the funds when eventually received.

Changes in the Level 3 charitable remainder trust assets consist of:

	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 611,512	\$ 512,878
Unrealized gain in value of charitable remainder trust assets	<u>191,237</u>	<u>98,634</u>
Ending balance	<u>\$ 802,749</u>	<u>\$ 611,512</u>

6. AGREEMENT WITH THE CITY OF SACRAMENTO

The Society and the City of Sacramento (City) have a partnership agreement for the Sacramento Zoo. Under the agreement, the Society is responsible for the operation, management and development of the Zoo. The City retains ownership of the Zoo grounds, real property, some of the animal collection, and other certain fixed assets. In consideration for operating the Zoo, the City provided \$519,580 and \$582,421 to the Society during 2010 and 2009, respectively.

Under the partnership agreement, the Society is responsible for reimbursing the City for certain operating expenses. During 2010, there was a change in the payment method for how the City and the Society account for management fees paid to the Society and operating expenses paid to the City. In 2009, the City paid management fees on a semi-annual basis and the Society repaid the city for operating expenses on a quarterly basis. In 2010, the City netted the management fees owed to the Society with the amount the Society owed the City for operating expenses on a quarterly basis. The net receivable balance due from the City was \$46,856 at December 31, 2010 and is included in accounts receivable on the statements of financial position. Operating expenses payable to the City was \$316,808 at December 31, 2009 and are included in accounts payable on the statements of financial position.

Under the partnership agreement, the Society is also entitled to receive a percentage of rental revenue generated from Funderland, Inc., a nearby attraction from the City. The Society recognized rental revenue from Funderland, Inc. in the amount of \$59,649 and \$55,081 for 2010 and 2009, respectively.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

7. NET ASSETS

A portion of the Society's unrestricted net assets are designated as follows:

	<u>2010</u>	<u>2009</u>
Board designated:		
Red panda exhibit	\$ 75,000	
Unrestricted endowment fund		\$ 243
Total Board designated	<u>75,000</u>	<u>243</u>
Undesignated	<u>6,072,811</u>	<u>5,976,556</u>
Total	<u>\$ 6,147,811</u>	<u>\$ 5,976,799</u>

Temporarily restricted net assets consist of unexpended funds from contributions and bequests, restricted for use in the following programs:

	<u>2010</u>	<u>2009</u>
Capital improvements, time restrictions	\$ 802,749	\$ 611,512
SSP and Conservation funds	54,907	58,685
Otter exhibit	134,203	
Miscellaneous	<u>63,669</u>	<u>74,787</u>
Total	<u>\$ 1,055,528</u>	<u>\$ 744,984</u>

The Society's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) accumulated unrealized appreciation and depreciation of endowment investments if directed by the donor gift instrument, (c) the original value of subsequent gifts to the permanent endowments, and (d) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Unrestricted Board designated endowments of \$243 at December 31, 2009, have been established to allow for funding of capital projects. Permanently restricted net assets of \$1,395,501 and \$1,450,632 at December 31, 2010 and 2009, respectively, consist of one endowment fund.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

Under the endowment investment policy as approved by the Board of Directors, the primary investment objectives are to preserve principal, to provide a dependable and reasonable rate of return consistent with appropriate investment risk, and to maximize income within a framework of moderate risk assumption. The Society has a policy of annually distributing five percent of its endowment funds' investment income at September 1, except when a distribution would cause the endowment to reduce below the original principal balance.

Changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Permanently restricted</u>
Year ending December 31, 2010:		
Endowment net assets, beginning of year	\$ 243	\$ 1,450,632
Contributions		869
Endowment expenditures	<u>(243)</u>	<u>(56,000)</u>
Endowment net assets, end of year	<u>\$ _____</u>	<u>\$ 1,395,501</u>
Year ending December 31, 2009:		
Endowment net assets, beginning of year	\$ 113,144	\$ 1,628,258
Investment return:		
Realized/unrealized gain	13,206	
Contributions		1,374
Endowment expenditures	<u>(126,107)</u>	<u>(179,000)</u>
Endowment net assets, end of year	<u>\$ 243</u>	<u>\$ 1,450,632</u>

8. IN-KIND DONATIONS

Donated materials, equipment, and services were recognized as follows:

	<u>2010</u>	<u>2009</u>
Auction items	\$ 60,192	\$ 46,214
Capital improvements	6,272	216,321
Miscellaneous	<u>13,431</u>	<u>15,104</u>
Total in-kind donations	79,895	277,639
Less amounts included in special events	(51,708)	(49,791)
Less amounts included in contributions for capital projects	<u>(6,272)</u>	<u>(216,321)</u>
Total	<u>\$ 21,915</u>	<u>\$ 11,527</u>

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

9. LINE OF CREDIT AGREEMENT

The Society has a line of credit agreement with US Bank. The line of credit has a credit limit of \$500,000, with a variable interest rate equal to the bank's prime rate (3.25% at December 31, 2010 and 2009). The line of credit expires on August 5, 2011. At December 31, 2010 and 2009, no funds were borrowed on this line.

10. NOTE PAYABLE

The Society has a note payable with US Bank. The note is secured by equipment and is payable in monthly installments of \$10,445, including interest at an annual rate of 3.78% and maturing October 15, 2014.

Scheduled annual maturities of the note payable are as follows:

<u>Year ending December 31:</u>	
2011	\$ 110,200
2012	114,638
2013	119,047
2014	<u>102,282</u>
Total	\$ 446,167
Less: current portion	<u>(110,200)</u>
Long-term portion	<u>\$ 335,967</u>

11. RETIREMENT PLAN

The Society sponsors a retirement plan under Internal Revenue Code 403(b). Employees become eligible to participate in the Plan upon hire. Plan employees who complete at least 1,000 hours of service during the plan year are eligible to receive an allocation of any matching and non-elective contributions made at the discretion of the Society. During 2010 and 2009, the Society contributed to the plan one percent of each participant's compensation and matched one and a half percent of each employee's contribution. Employees are 100% vested at all times. The Society's contributions to this plan amounted to \$53,865 and \$52,618 during 2010 and 2009, respectively.

The Society has also established a deferred compensation plan under IRC Section 457(b). The 457(b) plan provides up to \$16,500 of deferred compensation per year, dependent on IRS limits, following completion of 2 years of service with the Society. For 2010 and 2009, the Society made contributions of 7% of eligible compensation. Such contributions totaled \$8,967 for 2010 and 2009.

SACRAMENTO ZOOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

12. COMMITMENTS

The Society has a concessions agreement with Service Systems Associates, Inc. (SSA) to provide for the operation of a food, beverage, and gift shop concession at the Zoo. SSA has agreed to pay the Society certain percentages of gross receipts based on the various types of concession sales. Concession revenues totaled \$421,646 and \$396,452 for 2010 and 2009, respectively.

13. CONCENTRATIONS OF CASH

The Society maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts. Management believes the Society is not exposed to any significant credit risk related to cash.