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August 18, 2021

VIA EMAIL - keith.shumate@squiresanders.com

Keith Shumate, Esq.
Chairman of the Board
Columbus Zoo & Aquarium

RE: Investigation of Columbus Zoo and Aquarium – Plante Moran Reports

Dear Keith:

The Board of Directors of the Columbus Zoo and Aquarium (“the Zoo”) retained our firm, Porter Wright Morris & Arthur, LLP, to conduct an investigation and provide legal advice into certain potential improper conduct involving members of Zoo management. As part of our investigation, we retained Plante Moran to conduct a forensic analysis related to potential misuse of the Zoo’s barter accounts, credit card purchases, and benefits obtained without prior authorization. Plante Moran’s reports are attached herein.¹ The reports state, among other things, that:

- There was no finding that Zoo management misused Levy funds.
- Zoo assets were used by former CEO Tom Stalf, former CFO Greg Bell, former Director of Marketing Peter Fingerhut, and former Director of Purchasing Tracy Murnane to purchase items for personal use such as:
 - Concert tickets;
 - Sporting events;
 - Golf club memberships;
 - Trips;
 - Clothing;
 - Meals;
 - Electronics;
 - Furniture;
 - Services; and
 - Other miscellaneous items.
- Stalf and Bell purchased vehicles with Zoo funds for personal use.
- Stalf and Bell instructed the Zoo to pay for numerous iPad connections.
- The Zoo incurred at least \$631,651 in losses. These losses are itemized as follows:
 - Stalf is responsible for \$423,049 in losses, plus interest.
 - Bell is responsible for \$138,889 in losses, plus interest.
 - Fingerhut is responsible for \$56,981 in losses, plus interest.

¹ To protect the privacy interests of individuals who were not involved in any of the inappropriate actions discussed in the report, Plante Moran redacted personal identifying information.

- Murnane is responsible for \$12,732 in losses, plus interest.
- The Zoo formerly utilized IronRoad, a professional employer organization, to manage temporary employees and related benefits. IronRoad had cash flow challenges since 2015 and requested that the Zoo make pre-payments and advances of service fees. Although the Zoo made multiple pre-payments to IronRoad totaling \$725,000, IronRoad owes the Zoo a principal balance of approximately \$375,000, plus interest. The Zoo has terminated its relationship with IronRoad.
- In addition to the preliminary recommendations we made in our April 6, 2021 letter, as well as the recommendations made by Plante Moran in its August 18, 2021 forensic analysis reports, we recommend that the Zoo:
 - Determine and quantify further losses to the Zoo caused by Stalf, Bell, Murnane, and Fingerhut;
 - Pursue recovery, including civil lawsuits if necessary, against Stalf, Bell, Murnane, and Fingerhut for Zoo losses quantified by Plante Moran and any additional losses determined;
 - Re-evaluate the scope and subject matter of Zoo financial audits;
 - Continue to fully cooperate with all state and local governmental investigations; and
 - Provide a copy of these reports to and cooperate with any prosecutorial authorities in their determination and pursuit of criminal charges.

Should you have further questions, please do not hesitate to contact me.

Very truly yours,

Fred G. Pressley, Jr.

Fred G. Pressley, Jr., Esq.

Scott North, Esq.

Arslan Sheikh, Esq.

Columbus Zoo and Aquarium | August 18, 2021

F o r e n s i c A n a l y s i s



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August 18, 2021

Fred G. Pressley, Esq.
Porter Wright Morris & Arthur LLP
41 South High Street
Columbus, OH 43215

Re: Columbus Zoo and Aquarium
Forensic Analysis – Barter Accounts, Credit Cards and Perks/Benefits

Dear Mr. Pressley:

As requested, we provided a forensic analysis involving various areas of focus for the Columbus Zoo and Aquarium and its related entities (collectively herein, the “Zoo”). This engagement commenced due to allegations of resource misuse by select management personnel at the Zoo. We addressed the use of levy funds, bids/contracts, rental properties, and advances given to HumaCare/IronRoad in separate reports. For this report, we determined losses to the Zoo in the following categories:

- A. Barter accounts
- B. Credit card purchases
- C. Benefits (Perks)

We outline several other results in Section D. *Other Findings* for which we have not determined losses but bring to your attention. We also include recommendations to the Zoo at the end of this report to strengthen its internal control environment regarding credit card purchases and its general accounting practices.

Our report is to provide you with the results of our analysis for the above noted categories. It is not intended to express an opinion on the Zoo’s internal controls or financial statements in accordance with standards issued by the American Institute of Certified Public Accountants.

KEY MANAGEMENT PERSONNEL AND FAMILY MEMBERS

- Thomas Stalf (“Stalf”), former CEO
 - Colleen, spouse
[REDACTED]
 - John Carroll, father-in-law
 - Marlyne Carroll, mother-in-law
 - Tim Carroll, brother-in-law
- Gregory Bell (“Bell”), former CFO
 - Janice, spouse
 - Grant, son; currently employed at the Zoo
 - Mitchell, son; provided landscaping services to Zoo rental properties
 - Jillian, daughter
- Peter Fingerhut (“Fingerhut”), former Vice President of Marketing
 - Joni, spouse
[REDACTED]
- Tracy Murnane (“Murnane”), former Director of Purchasing
 - Lugene, spouse; owns Uptown Signs, a Zoo vendor
[REDACTED]

EXECUTIVE SUMMARY

Based on our analysis as described:

1. Zoo assets were used by the key management personnel to purchase:
 - a. Concert tickets
 - b. Sporting events
 - c. Golf club memberships
 - d. Trips
 - e. Clothing
 - f. Meals
 - g. Electronics
 - h. Furniture
 - i. Services
 - j. Miscellaneous non-Zoo related items, e.g., iTunes, SiriusXM
2. Stalf and Bell used Zoo funds to purchase vehicles for personal use and had them insured under the Zoo’s commercial auto policies.
3. Stalf and Bell instructed the Zoo to pay simultaneously for multiple iPads and connections for their benefit.

4. Stalf, Bell, and Fingerhut obtained golf memberships to Wedgewood and Kinsale, even though the Zoo has its own course/club.
5. Stalf and Fingerhut incurred personal charges at Kinsale for which the Zoo paid.
6. Over \$1.5 million was spent by the Zoo for sporting events, concerts and other entertainment at Schottenstein Center, Nationwide Arena and other venues.
7. Various events and meals were noted as *Board Member* and/or *Vendor* entertainment, without specifics.
8. Despite a 2018 recommendation by the Zoo’s financial statement auditor that receipts and adequate documentation should be provided, supporting information was still not provided by executives.
9. Due to the lack of supporting information/documentation submitted by the executives, we were limited in rendering determinations on all expenses relating to events and other purchases.
10. Initial losses are summarized below, by category and allocation.

Initial Losses Identified

	<u>Staff</u>	<u>Bell</u>	<u>Fingerhut</u>	<u>Murnane</u>	<u>Total</u>
A. Barter Accounts	\$ 29,950	\$ 3,687	\$ 532	\$ 762	\$ 34,931
B. Credit Cards					
1. Events	13,514	50,061	6,167	1,971	71,713
2. Other	51,524	22,041	10,805	9,999	94,369
C. Perks/Benefits					
1. RV	7,250				7,250
2. Vehicles					
2016 Toyota Highlander	17,174				17,174
2018 Mitsubishi Outlander	22,443				22,443
2016 GMC Yukon		4,530			4,530
3. Auto Insurance					
RV	1,687				1,687
2016 Toyota Highlander	906				906
2018 Mitsubishi Outlander	1,846				1,846
2016 GMC Yukon		826			826
4. Verizon - iPads/Connections	22,251	1,254			23,505
5. Kinsale Golf & Fitness Club	53,478		39,477		92,955
6. Wedgewood Golf Club	26,010	26,010			52,020
TOTAL BEFORE INTEREST	\$ 248,033	\$ 108,409	\$ 56,981	\$ 12,732	\$ 426,155
"Loss of Use" Interest	TBD	TBD	TBD	TBD	TBD

These losses exclude the losses related to rental real estate and Meade Construction which are captured in separate reports. We found no evidence that these losses were reimbursed by these

former employees as we have already accounted for cash receipts paid by these former employees for reimbursement, when applicable.

BACKGROUND

In early 2021, The Dispatch disclosed that a whistleblower claimed that Zoo assets were used for personal purchases. Porter Wright was engaged by the Zoo to investigate the allegations. In March 29, 2021, Stalf and Bell resigned after being confronted with several of the findings identified by Porter Wright. Plante Moran was engaged by Porter Wright on April 5, 2021 to supplement the investigation to determine if public funds were misused and advise of any other inappropriate financial conduct. If misuse of Zoo funds was identified, Plante Moran was to quantify the losses incurred by the Zoo.

TASKS PERFORMED

In order to complete our objectives, we performed the following tasks:

1. Analyzed IMS and ITEX barter account statement activity from 2011 through May 2021.
2. Analyzed activity for:
 - a. “Executive” credit cards
 - i. Chase x0319 (Stalf) from March 2020 through March 2021
 - ii. Huntington Bank (Stalf, Bell) from January 2016 through April 2020
 - iii. American Express (Bell and Stalf) from January 2015 through March 2021
 - b. Other accounts
 - i. Chase Mastercard (Bell, Stalf, Fingerhut, Murnane) from January 2015 through October 2018
 - ii. Fifth Third Mastercard (Bell, Stalf, Fingerhut, Murnane) from January 2016 through November 2018
 - iii. Capital One credit card (Bell, Stalf, Fingerhut, Murnane) from November 2018 through March 2021
3. Analyzed Zoo check register data from January 2015 through April 2021.
4. Reviewed supporting documentation for select credit card transactions and Accounts Payable (“A/P”) payments to vendors.
 - a. Lowes business account
 - b. Home Depot credit services

- c. Others
 5. Reviewed the 2018 John Gerlach and Company LLC credit card analysis report and provided workpapers.
 6. Performed email analytics.

FINDINGS

A. Barter Accounts

The Zoo has barter accounts with IMS and ITEX, each of which operate similarly. The Zoo “sells” tickets to the Zoo, Zoombezi Bay, and the Safari Golf Course and, in return, receives credit to spend at other vendors within the barter network. This arrangement has been in place for several decades. The Zoo’s credit balance increased significantly over the years since there were fewer reciprocal options for the Zoo to spend its credit. As of May 29, 2021, the Zoo stopped selling tickets to these barter networks and is in the process of spending the remaining balance of over \$400,000 on Zoo expenses/needs.

From January 2011 through May 2021, the Zoo purchased \$845,526.94 of goods and services through the barter accounts, excluding the transaction fees paid¹. We summarized purchases by vendor, and further analyzed all vendors paid \$1,000 or more, of which there were 96 vendors paid \$814,631.37 and \$62,326.16 in related transaction fees, for a total of \$876,957.53. We further segregated these purchases by event tickets and other goods/services.

1. *Event Tickets*

The Zoo purchased \$178,740.80 of tickets for events, plus \$12,178.30 in cash transaction fees, for a total of \$190,919.10, over 186 separate transactions. We reviewed supporting documentation available in the email files of Bell, Stalf, Fingerhut, and Murnane to determine the user(s) of the tickets, when possible.

After reviewing documentation, of the total \$190,919.10 barter transactions for events, we calculate the following:

¹ When the Zoo purchases from another vendor within the network, the Zoo must also pay a cash fee; IMS charges 6% of the purchase price and ITEX charges 10% of the purchase price.

<u>Loss</u>	<u>Amount</u>
Unknown	\$ 124,432.54
No support available	24,787.75
Confirmed	22,951.40
No	18,747.41
	<u>\$ 190,919.10</u>

We identified emails/supporting documentation for the events in the “Unknown” category but were unable to determine the end user(s) of the tickets. Some events had no support available entirely. Events in the “No” category were verified to be for legitimate Zoo business purposes, such as employee raffles. For confirmed losses, we utilized a conservative approach whereby if we could not determine the user(s) of the tickets, regardless of the purchaser, we did not include the purchase as a loss; an event is considered a loss *only* if support indicated it was clearly for personal use, such as tickets being forwarded to a family member.

For example, we identified the following email in which Stalf purchased 5 World Series tickets, totaling \$9,964.00, and forwarded the tickets to his father-in-law (John Carroll at knowresponse@yahoo.com) and brother-in-law (Tim Carroll):

Email to John Carroll

Fwd: World Series Game 6 Tickets

From: Stalf, Tom <O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=80C07D3B17F2457AABD24465D6C1549E-TOM.STALF>

To: knowresponse@yahoo.com

Sent: October 31, 2016 10:34:15 PM EDT

Received: October 31, 2016 10:34:16 PM EDT

Attachments: image001.jpg, image002.jpg, ATT00001.htm, ATT00002.htm, ATT00003.htm, World_Series- Chicago Cubs at Cleveland Indians (Game 6 - Home Game 3)_11_01_2016_410_C_4.pdf

Tom Stalf, Lead and inspire by connecting people and wildlife.
Columbus Zoo and the Wilds

Begin forwarded message:

██

To: "Stalf, Tom" <Tom.Stalf@columbuszoo.org>

██

Subject: World Series Game 6 Tickets

Tom,

Your World Series tickets are attached. Enjoy the Game! As a reminder... You can rent a Limo on trade as well if you wanted to.

██████████ will email you the information.

██

Email to Tim Carroll

Fwd: World Series Game 6 Tickets

From: Tom.Stalf@columbuszoo.org
 To: tim.carroll@rimsd41.org
 Sent: October 31, 2016 10:55:10 PM EDT
 Received: October 31, 2016 10:56:33 PM EDT
 Attachments: image001.jpg, ATT00001.htm, image002.jpg, ATT00002.htm, ATT00003.htm, World_Series- Chicago Cubs at Cleveland Indians (Game 6 - Home Game 3)_11_01_2016_410_C_4.pdf

Tom Stalf, Lead and inspire by connecting people and wildlife.
Columbus Zoo and the Wilds

Begin forwarded message:

[REDACTED]

To: "Stalf, Tom" <Tom.Stalf@columbuszoo.org>
[REDACTED]
 Subject: World Series Game 6 Tickets

Tom,

Your World Series tickets are attached. Enjoy the Game! As a reminder... You can rent a Limo on trade as well if you wanted to.

[REDACTED] will email you the information.
[REDACTED]

Confirmed losses are allocated by user and event below:

Transaction			
User	Date	Event Description	Amount
Stalf	05/10/13	Les Miserables	\$ 1,166.00
Stalf	08/12/15	One Direction	4,229.40
Stalf	10/31/16	World Series	9,964.00
Stalf	04/04/17	Ed Sheeran	583.00
Stalf	01/24/19	Hamilton	3,195.00
<i>Total Stalf</i>			\$19,137.40
Bell	08/11/16	Drake	455.80
Bell	03/27/17	Blue Jackets	339.20
Bell	06/23/17	Twenty One Pilots	1,272.00
Bell	08/24/17	Reds	296.80
Bell	09/12/17	OSU Football	745.50
Bell	07/16/19	Reds	577.50
<i>Total Bell</i>			\$ 3,686.80
Murnane	11/21/14	OSU Basketball	127.20
<i>Total Murnane</i>			\$ 127.20
<i>Total - All</i>			<u>\$22,951.40</u>

Appendix A contains supporting documentation for each loss.

While attempting to identify the beneficiaries of tickets, we discovered numerous emails demonstrating an overall culture of entitlement regarding the personal use of the suite and concert/sporting event tickets. For example, Bell's daughter, Jillian, emailed Bell and his wife, Jan, on May 24, 2018 with a list of requested events, as shown below:

From: Jillian Bell <jillian.bell@aol.com>
To: janbell@columbus.rr.com, greg.bell@columbuszoo.org, Bell, Greg <Greg.Bell@columbuszoo.org>
Sent: May 24, 2018 11:20:17 AM EDT
Received: May 24, 2018 11:20:21 AM EDT
Summer Fun :p

- Sunday, June 3rd - Memorial Tournament Final Round (4)
- Saturday, June 16th - Zoofari (6 tickets if possible)
- Friday, June 29th - Columbus Zoo Concert Series ft. McGuffey Lane, Dylan Schneider & Jimmie Allen (4-6)
- Saturday, July 7th - Taylor Swift (4)
- Thursday, August 16th - Jay-Z and Beyoncé (4-6)
- Friday, August 17th - Columbus Zoo Concert Series ft. Luke Pell (4-6)
- Friday, Saturday & Sunday - August 24th, 25th & 26th - Breakaway Music Festival (2-4 VIP tickets - thats what they gave us last year, if we can't get VIP that is fine)
- Thursday, Friday & Saturday - August 30th, 31st & September 1st - Country Jam (4 VIP Camping, whatever you normally get Danielle)
- Sunday, September 23rd - J. COLE with Young Thug (4-6) (Mitchell might want tickets but idk for sure)
- I may ask for some clippers games but don't have specific dates right now

I can let you know more specifics about ticket numbers and everything if needed.
Thank you thank you thank you
Love,
Jillian

While we identified some tickets purchased for the specific events listed by Jillian, we were unable to confirm that the tickets purchased were provided to her.

Because we took a conservative approach, it is likely that the Zoo incurred additional losses from Stalf, Bell, Murnane, and Fingerhut purchasing tickets through the barter accounts for personal use beyond what we have been able to quantify at this time.

2. Other Goods/Services

Of the remaining \$686,038.43 analyzed (\$876,957.53 of vendors paid \$1,000 or more less \$190,919.10 of events), we reviewed emails, reviewed invoices provided by IMS and ITEX, and contacted vendors to determine the nature of the purchases. We identified **\$11,979.21** of personal purchases, shown below, which includes the related cash fees:

Transaction				
User	Date	Vendor	Description	Amount
Stalf	07/03/13	Aladdin Limousine Service	Tom pick-up	\$ 985.80
Stalf	01/17/14	IMS Showroom	Patio sets	4,814.94
Stalf	01/17/14	IMS Travel	Florida trip	1,665.00
Stalf	03/19/14	Bell Moving & Storage Inc	In-laws' move	487.60
Stalf	03/28/14	IMS Travel	Florida trip	1,110.00
Stalf	02/11/18	R Man Van Limo & Luxury Car Service	Pick up at Tom's house	744.17
Stalf	04/30/18	R Man Van Limo & Luxury Car Service	Pick up at Wedgewood	1,004.63
<i>Total Stalf</i>				<u>\$10,812.14</u>
Fingerhut	11/07/16	R Man Van Limo & Luxury Car Service	Wife's birthday	532.13
<i>Total Fingerhut</i>				<u>\$ 532.13</u>
Murnane	02/06/15	Mack Mattress Outlet	Mattress for son	634.94
<i>Total Murnane</i>				<u>\$ 634.94</u>
<i>Total - All</i>				<u>\$11,979.21</u>

Appendix A contains supporting documentation for each loss.

These barter account losses do not include the following transactions:

- \$142,051.00 for Muirfield Memorial tickets (annual golf event) and \$12,360.94 in related cash fees.
- Membership and spend for Stalf and Fingerhut at Kinsale Golf and Fitness Club LLC (“Kinsale”). We address these purchases in a later section under *C. Perks/Benefits*.

Similar to the events ticket analysis above, we utilized a conservative approach to quantify losses which could be confirmed; additional losses may exist but cannot be confirmed with existing documentation. Combined losses for personal barter account activity, by person and excluding Kinsale, is shown below:

User	Amount
Stalf	\$ 29,949.54
Bell	3,686.80
Murnane	762.14
Fingerhut	532.13
<u>\$ 34,930.61</u>	

We provide a summary, by category, of the Barter purchases made from vendors paid \$1,000 or more for reference under **Schedule 1**.

B. Credit Card Purchases

From January 2015 through April 2021, there were over 20,000 credit card transactions on Zoo credit cards. We manually reviewed documentation for transactions on cards held by Stalf, Bell, and Fingerhut. We also manually reviewed select purchases by Murnane, focusing our review on purchase orders which were both **initiated and approved** by Murnane given the significant volume of transactions by Murnane in the normal course of his employment as the Director of Purchasing.

It is worth noting that John Gerlach & Company LLP (“Gerlach”), the Zoo’s financial statement auditor, performed “additional procedures related to credit card activity”, in 2018 as requested by the Audit Committee. Gerlach issued a two-page report dated August 21, 2018 (see **Appendix B**) in which it had three (3) findings:

Findings:

- A few select employees are not providing adequate receipts/documentation for credit card charges. Per IRS guidelines, meals and entertainment should list business purpose, type of entertainment and names of all people who took part in the meal and/or event. The IRS could view any unsupported transactions as excess benefit transactions in which the employee would be subject to a 25% excise tax. If an excise tax is assessed, the organization manager may also be subject to a 10% excise tax. Details of excess benefit transactions are disclosed on the organizations 990 information return.
- Promotional and entertainment expenses have increased by \$407,000, which is almost double, since five years ago. However, during that same time period, earned revenue has increased by \$10M.
- Business purpose and people partaking in Wedgewood and Kinsale charges are not documented adequately.

Gerlach made recommendations which involved updating policies to include spending limits on travel and entertainment, implementing a separate credit card policy, consolidating credit card companies and requesting employees to provide a business purpose for 2018 credit card expenses “greater than \$7,500 to date”. This recommendation is understood to apply to those employees whose expenses total more than \$7,500 by the date of the report (August 21, 2018) for the 2018 calendar year.

- We suggest the Zoo have employees review their 2018 credit card expenditures greater than \$7,500 to date and request employees to provide the business purpose of the expense and names of all people taking part in the meal and/or event.

While the Zoo did consolidate its credit cards, the CEO and CFO retained separate credit cards, labeled the “executive cards”. Further, even after the issuance of Gerlach’s report, supporting documentation was still not always provided for purchases. Descriptions were, at times, modified to give the illusion that it related to Zoo business as shown for the SiriusXM expenses below. SiriusXM was cancelled in April 2021 and only after Bell resigned, which is another indication it was used personally.

<u>Card</u>	<u>Date</u>	<u>Zoo Description</u>	<u>Amount</u>	<u>Card Holder</u>
American Express	12/11/15	Siriusxm.com--	217.00	Bell
American Express	01/10/16	Sirius XM--	219.22	Bell
American Express	07/10/16	Bell Siriusxm.com--	219.22	Bell
American Express	12/10/16	Siriusxm.com--	219.22	Bell
American Express	01/10/17	Sirius XM--	233.85	Bell
American Express	06/23/17	SiriusXM Radio--	217.00	Bell
American Express	06/26/17	SiriusXM Radio--	120.65	Bell
American Express	07/10/17	Sirius XM--	219.22	Bell
American Express	12/10/17	Sirius XM Radio--	233.85	Bell
American Express	01/12/18	Sirius XM Radio--	233.85	Bell
American Express	02/21/18	Sirius XM Radio--	126.16	Bell
American Express	05/20/18	Sirius XM Radio Promo Van--	38.16	Bell
American Express	06/22/18	Sirius XM Radio for Stalf--	236.48	Bell
American Express	06/25/18	Sirius XM Radio for Rapp--	161.15	Bell
American Express	07/10/18	Sirius XM for Animal Progs Van--	244.52	Bell
American Express	11/20/18	Sirius XM for Animal Progs Van--	9.34	Bell
American Express	12/10/18	Animal Programs Sirius XM-Sirius XM-	258.52	Bell
American Express	01/10/19	Satellite Radio for Animal Programs-Sirius XM-	258.53	Bell
American Express	02/10/19	Sirius XM Radio Animal Progs Satelite-Sirius XM-	180.90	Bell

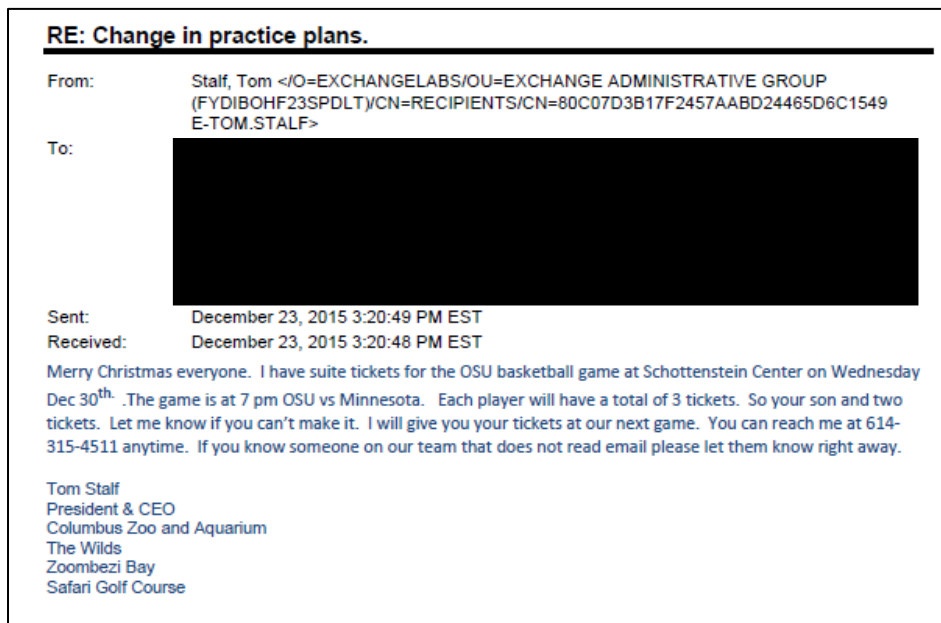
As the Zoo’s CFO for the last 30 years and a Certified Public Accountant, Bell knew, or should have known, that failing to provide proper supporting documentation can jeopardize the organization’s tax status with the IRS². The misleading descriptions and/or lack of documentation

² Publication 4221 PC (Rev. 3/2018)

for purchases provides additional evidence that Staf and Bell used Zoo assets for their personal benefit.

1. Events

Similar to the barter account analysis, we separated transactions related to events, including tickets, food/beverages, and related transportation/parking, from other credit card transactions to determine losses for events. Event spend on credit cards totaled \$534,204.18 from 2015 to 2021. We calculated losses only if we could confirm personal use through email review. For example, Staf sent this email to the parents of his son’s basketball team.



We linked this email to three Ohio State University purchases on Staf’s American Express account.

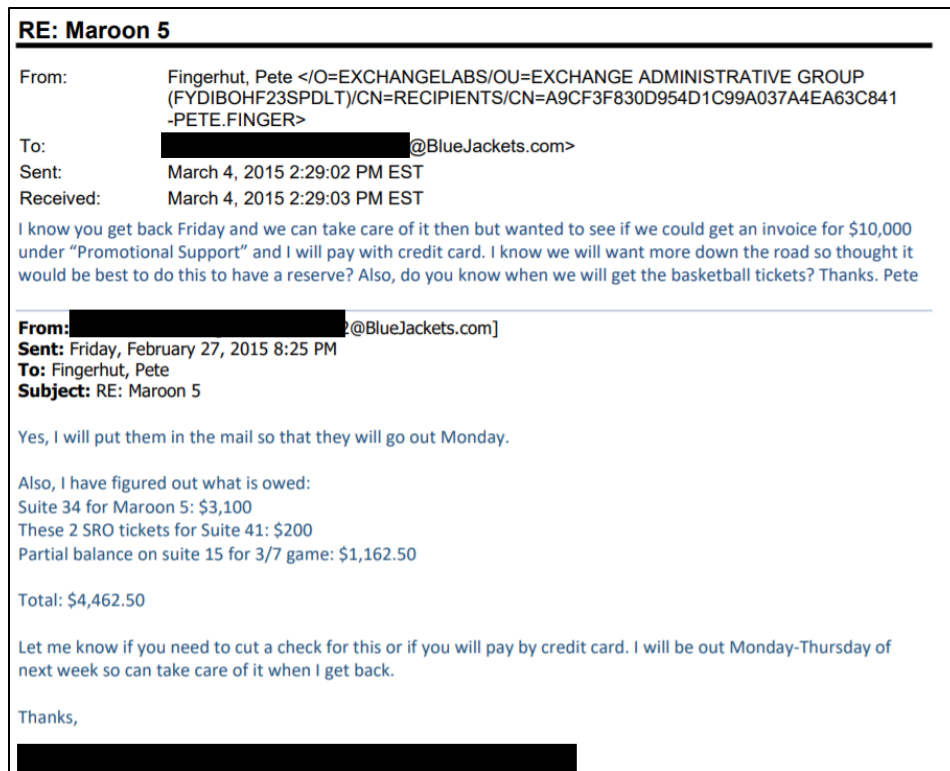
<u>Card</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Card Holder</u>
American Express	12/26/15	OSU Entertainment--	1,110.53	Staf
American Express	12/31/15	Ohio State Univ- Drinks Food Board Mem--	704.07	Staf
American Express	12/31/15	Ohio State Univ- Drinks Food Board Mem--	593.18	Staf

A summary of losses by individual is shown below; a full listing of the transactions comprising these losses is provided in **Schedule 2. Appendix C** contains supporting documentation for each loss.

In instances where we identified two individuals utilizing tickets/catering for the same event personally, we allocated the loss equally.

	<u>Amount</u>
Bell	\$ 50,061.15
Stalf	13,514.03
Fingerhut	6,166.60
Murnane	1,970.70
	<u>\$ 71,712.47</u>

As stated in the Barter Events analysis, Zoo officials had a cavalier attitude towards events, making it challenging to determine amounts paid for specific events and calculate losses; it is likely additional losses exist. There are a multitude of examples in email communication displaying the attitude towards tickets. For example, Fingerhut asked for a \$10,000 invoice under “Promotional Support” to essentially build a reserve with Nationwide Arena for future ticket purchases:



Another discussion between Stalf, Bell, and Murnane signified the excessive spending on events by comparing the cost of a satellite phone for a Rwanda trip to the cost of “one Bell suite”:

○ Stalf, Tom <Tom.Stalf@columbuszoo.org>
To ○ Bell, Greg
Cc ○ Murnane, Tracy

So? Bob Seiger, Taylor swift. NCAA BB. That should be the same amount. Order it.

Tom Stalf, Lead and inspire by connecting people and wildlife.
Columbus Zoo and the Wilds

On Mar 5, 2015, at 7:46 PM, Bell, Greg <Greg.Bell@columbuszoo.org> wrote:

It will much more than that. Kevin is estimating \$6,000 - \$7,000 in usage fees.

Greg

From: Stalf, Tom
Sent: Wednesday, March 04, 2015 9:01 PM
To: Murnane, Tracy
Cc: Bell, Greg
Subject: Re: RE:

It will be less than one Bell suite.

Tom Stalf, Lead and inspire by connecting people and wildlife.
Columbus Zoo and the Wilds

On Mar 5, 2015, at 9:47 AM, Murnane, Tracy <Tracy.Murnane@columbuszoo.org> wrote:

Big Daddy is worried how many MB you will use

From: Stalf, Tom
Sent: Wednesday, March 04, 2015 8:46 PM
To: Murnane, Tracy
Cc: Bell, Greg
Subject: Re:

Please rent it. Thanks

Tom Stalf, Lead and inspire by connecting people and wildlife.
Columbus Zoo and the Wilds

Based on this email, we have captured the related expenses to the events listed by Stalf as losses to Bell.

In another email, Fingerhut asked Bell to put events-related expenses on his card because Fingerhut had “just put a few on my card so wanted to have it show up elsewhere”:

FW: REMINDER: Meet The Team Event 1/16

From: Fingerhut, Pete </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=A9CF3F830D954D1C99A037A4EA63C841-PETE.FINGER>
To: Bell, Greg <Greg.Bell@columbuszoo.org>
Sent: January 13, 2016 2:07:05 PM EST
Received: January 13, 2016 2:07:08 PM EST
Attachments: Rodeo Loge Box Order Form.docx


Hey, fill out this form please. I just put a few on my card so wanted to have it show up elsewhere. Thanks. Pete

Executives also obtained a suite for events at Ohio State University’s Schottenstein Center “so we will always have a suite when we want it.”

FW: Garth Brooks

○ Fingerhut, Pete </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPC...>
To: ○ Stalf, Tom

Thu 03/24/16 8:04

 Luxury Suite Proposal 2015.pdf
998 KB

Tom, get Greg to do this.....so we will always have a suite when we want it.

-----Original Message-----
From: [REDACTED]@osu.edu
Sent: Thursday, March 10, 2016 12:40 PM
To: Fingerhut, Pete
Subject: RE: Garth Brooks

Pete -- Please find attached a luxury suite proposal that would give you access for all events within the Schottenstein Center. By being a suite holder on an annual basis, you will have access to purchase tickets to all concerts.

It was standard practice to ship tickets to Fingerhut’s home, rather than the Zoo:

RE: Playoffs

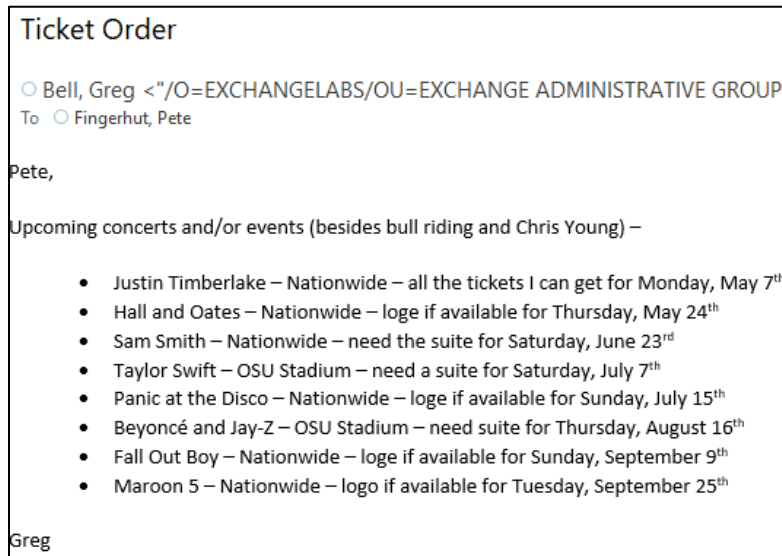
From: Fingerhut, Pete </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=A9CF3F830D954D1C99A037A4EA63C841-PETE.FINGER>
To: [REDACTED]@BlueJackets.com>
Sent: April 7, 2017 8:46:00 AM EDT
Received: April 7, 2017 8:46:01 AM EDT

I asked Ryan last night and he was going to check but if at all possibly I wanted to change the suite night from game #1 to game #4? The reason is I am going to be out of town from the 12th thru the 17th so it looks like I will miss the first three games. I wanted to take my CEO and CFO to the 4th game but if not possible I understand. Any tickets coming for the playoffs please send those to Greg Bell at the zoo (only time not to send to my house) for if they come after the 12th no one will be home to get them. Also, when will the merchandise for Stanley Cup be ready? If I’m gone when they will be sent then that will also have to go to Greg for he will have to distribute the merchandise. Thanks. Pete

We note that credit card spending on events essentially stopped after May 2018:

<u>Year</u>	<u>Amount Spent</u>	<u># of Transactions</u>
2015	\$ 86,930.36	92
2016	110,414.95	101
2017	256,987.37	137
2018	74,188.69	77
2019	1,749.06	5
2020	3,933.75	4
Total	\$ 534,204.18	416

This is despite Bell requesting a number of tickets in April 2018:



The abrupt halt of event spending when documentation was required after the Gerlach report calls into question the business purpose of event spending prior to the audit.

2. *Personal Purchases (excluding events)*

We utilized the same approach to determine losses, whereby we confirmed a loss from credit card spend if the supporting documentation indicated the good/service purchased was for personal use, the receipt shows the item being sent to the purchaser's home address, receipts were not provided after the Gerlach report, or, as in the SiriusXM expenses, current personnel is unaware of this service being used for Zoo business.

One example is Stalf's Amazon purchases, for which few receipts were provided. Because Stalf used his Zoo email account to receive confirmation emails from Amazon for his purchases, we obtained those emails that relate to the purchases shown on the credit card statements up through 2019. In 2020, Amazon removed listing the products purchased within the confirmation emails and, therefore, we are unable to determine the specific items purchased. Below is an excerpt of the Amazon transactions by Stalf, in descending order by amount, and are a portion of the credit card losses to the Zoo. Other Amazon purchases include Amazon music, sports clothing and a SONEic sleep machine, and are part of the losses captured in **Schedule 3**.

<u>Date</u>	<u>Zoo Description</u>	<u>PM Notes</u>	<u>Amount</u>
12/20/19	Stalf Promo Expense-Amazon-	Purchase of Binoculars sent to Tom's house	5,466.63
11/27/19	Spotting Scope-Amazon-	Binoculars for Antarctic Trip; shipped to Toms house	2,749.90
06/26/17	Stalf Amazon Purchase--	JOOLA Outdoor Table Tennis...	775.01
03/20/20	Stalf Amazon-Amazon-	No detail in email receipt	694.27
01/03/17	Amazon Books--	Chain Harrow – 6' x 6	479.00
06/26/17	Stalf Amazon Purchase--	Thomas Payne 3477221...	423.77
01/03/21	Amazon – Various	No detail in email receipt	381.92
09/26/16	Amazon--	Laser Genetics ND5 Miniature Laser Designator	299.99
03/07/20	Amazon	No detail in email receipt	256.78
02/21/17	Amazon Books--	AMP RESEARCH 75300-01A BED...	224.00
10/15/16	Amazon Order--	Bose SoundLink Mini Bluetooth	212.93
12/22/16	Amazon Books--	Nixplay Original 15 inch...	189.99

We also compared purchases to employment agreements, when applicable. For example, Stalf's board-approved benefits included a \$30/month phone allowance:

Benefits Summary (continued)

	2017	2018
OPERs contribution by the Zoo	Zoo contributes 14% of earnable salary to OPERs and Tom contributes 10%.	Zoo contributes 23% of earnable salary to OPERs and Tom contributes 1%.
Car lease	\$7200	No Change.
Phone	\$360	No Change.

As a result, Stalf's credit card purchases for items such as phone cases and phone repairs are included as losses attributable to him. Other personal purchases include airline memberships, car washes, and iTunes, among many other items. As with Amazon purchases, we utilized emails to assist in confirming losses when supporting documentation did not exist.

A full listing of the transactions comprising these losses is provided in **Schedule 3**, which totals nearly \$95,000 in aggregate.

We are confident that there are likely other losses incurred by the Zoo but are unable to determine, with absolute certainty, that the purchases were for personal use unless additional information, such as invoices and/or receipts, are provided.

3. Other Observations

It is worth noting references to entertaining board members as part of the description by Staff, Bell, Fingerhut, and Murnane for the credit card expenses, as shown by the examples below:

<u>Card</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Card Holder</u>
American Express	12/20/15	Nationwide Suites - Board Members--	1,069.09	Bell
American Express	04/26/16	Board Members Dinner--	315.84	Bell
American Express	05/06/16	Bob Evans Dinner w/Board Member--	63.73	Bell
American Express	12/04/16	Lunch with New Board Member--	100.12	Bell
American Express	01/02/17	Tickets for Board Members--	559.20	Bell
American Express	04/24/17	OSU Food/Drinks Board Members--	1,514.00	Bell
American Express	06/24/17	Event Tickets for Board Members--	1,000.00	Bell
American Express	12/17/17	Dinner w/Board Member--	82.53	Bell
American Express	12/29/17	OSU Food/Drinks Board Members--	1,219.53	Bell
American Express	12/07/15	Dinner Potential Board Members--	580.96	Stalf
American Express	12/23/15	Dinner w/Board Member--	58.55	Stalf
American Express	12/31/15	Ohio State Univ- Drinks Food Board Mem--	704.07	Stalf
American Express	12/31/15	Ohio State Univ- Drinks Food Board Mem--	593.18	Stalf
American Express	05/10/16	Mtg Board Members--	145.92	Stalf
American Express	06/30/16	Dinner w/Board Member--	76.47	Stalf
American Express	07/25/16	Lunch w/Board Members--	163.89	Stalf
American Express	08/06/16	Mtg Board Member--	72.07	Stalf
American Express	08/09/16	Lunch w/Board Member--	58.38	Stalf
American Express	08/26/16	Lunch w/Board Member--	24.67	Stalf
American Express	09/02/16	Nationwide Suites - Board Member--	2,610.51	Stalf
Chase	07/02/16	Food & Drinks Board Membrs--WINNER'S LAKEVIEW MA	39.18	Bell
Chase	09/10/15	Breakfast Board Member-Hellas Carry Out-	23.25	Stalf
Chase	05/16/15	Dinner Board Members-Average Joes-	200.71	Fingerhut
Chase	03/24/16	Cigars for Board Members-Stogies Cigars-	176.98	Fingerhut
Chase	06/09/17	Cigars for Board Members--STOGIES	470.68	Fingerhut
Chase	07/03/17	Food & Drinks Board Members--COLUMBUS CLPR	1,929.70	Fingerhut
Chase	01/08/15	Board Member Entertainment-Aladdin Limos-	300.00	Murnane

In addition, Bell, Fingerhut, and Murnane provided meals and event tickets to vendors. An example from the credit card entries provided by Bell is below:

<u>Card</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Card Holder</u>
American Express	03/27/17	OSU Tickets for Vendors--	1,076.55	Bell
American Express	11/06/17	OSU Tickets for Vendor & Donors--	1,576.52	Bell
American Express	11/07/17	Tickets for Vendor & Donor--	618.22	Bell
American Express	12/28/17	Tickets for Vendor--	122.40	Bell

It is difficult to understand the reason Zoo executives would need to entertain vendors. Typically, vendors provide meals and event tickets to current or potential customers. Therefore, the accuracy of the descriptions for these expenses provided by these executives is questionable.

Excluding food for events, we noted that Fingerhut and Murnane purchased numerous meals, spending over \$34,000 and \$26,000, respectively, from 2015 through 2019. Many of these meals are labeled as staff meals.

C. Perks/Benefits

1. Vehicles - RV

In September 2017, Stalf authorized the Zoo to purchase a used 2009 Ford F-53 RV. An example of this type of vehicle is below but is not the actual RV purchased; this picture is to provide a visual for the reader.



No invoice was provided for the \$45,000 purchase; only a business card with payment information to be remitted to the owner [REDACTED] (see **Appendix D**). It was conveyed that Stalf admitted to using the RV personally on at least one occasion, e.g., taking his family to Put-In-Bay for a personal vacation. There does not appear to be a legitimate business purpose for the Zoo to own this vehicle, which was sold in 2020 to [REDACTED] for \$37,750. We have determined the loss to the Zoo as the variance between the purchase and sale prices of **\$7,250**, allocated to Stalf.

2. Vehicles – Other

The Zoo purchased a 2016 Toyota Highlander for Stalf. This purchase was a) in addition to his \$600/month vehicle allowance per his contract, b) was not part of his contract, and c) was not authorized by the Board. The Toyota was purchased on June 21, 2016 for \$51,174.13 and traded in at a value of \$34,000 to purchase a 2018 Mitsubishi Outlander on February 19, 2018. Therefore, the net loss on the purchase/sale of the Toyota is **\$17,174** (see **Appendix E**).

At the time of sale, the net purchase price was \$38,443, after the \$2,500 deduction for “cash received” which was comprised of \$2,000 “customer cash” and \$500 “Loyalty – 2005 Saturn”. The Zoo states it has no record of the \$2,000 payment. It is possible this amount was paid personally by Stalf or it is Mitsubishi Loyalty Cash. The Mitsubishi was sold in April 2021 for \$16,000. The net loss to the Zoo for this purchase/sale is **\$22,443** with supporting documentation provided as **Appendix E**.

A 2016 GMC Yukon was purchased for \$34,530 on December 5, 2019 by the Zoo for Bell. The Zoo had no contractual obligation to purchase a vehicle for Bell. The Yukon was sold in April 2021 for \$30,000. The net loss to the Zoo for this purchase/ sale is **\$4,530** with supporting documentation provided as **Appendix F**.

In addition to the aforementioned vehicles, it is understood that Stalf and Bell had nearly exclusive use of two 2011 Nissan Armada SUVs that had been donated to the Zoo. We are not including their use of these vehicles as a financial loss but mention it to underscore the questionable practices by these two Zoo executives, as shown in these emails below.

untitled

From: Murnane, Tracy </O=COLUMBUS ZOO/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=TMURNANE>
To: [REDACTED]
Sent: March 22, 2013 9:32:29 AM EDT
Received: March 22, 2013 9:32:30 AM EDT
I need a door ding fixed in Tom's Armada

Re: RE:

From: Staf, Tom <Tom.Staf@columbuszoo.org>
To: Bell, Greg <Greg.Bell@columbuszoo.org>
Cc: Murnane, Tracy <Tracy.Murnane@columbuszoo.org>
Sent: August 16, 2013 2:08:37 PM EDT
Received: August 16, 2013 2:08:38 PM EDT
Attachments: image001.gif
Use a different vehicle. Not the armada

Tom Staf, Columbus Zoo and the Wilds

On Aug 16, 2013, at 1:38 PM, "Bell, Greg" <Greg.Bell@columbuszoo.org> wrote:

The word is that if there is another vehicle, they are taking the other vehicle.

Greg

From: Murnane, Tracy
Sent: Friday, August 16, 2013 1:36 PM
To: Bell, Greg
Cc: Staf, Tom
Subject: RE:

There is no reason they can not take the Escape, the word is out about the weakness now it will be abused

From: Bell, Greg
Sent: Friday, August 16, 2013 1:34 PM
To: Murnane, Tracy
Cc: Staf, Tom
Subject: RE:

If it is the only vehicle remaining I am ok with this one time. If the van or pick-ups are options, they are using them.

Greg

From: Murnane, Tracy
Sent: Friday, August 16, 2013 1:26 PM
To: Bell, Greg; Staf, Tom
Subject:

Now Doug W is requesting the Armada for keepers on the Moose trip next week

Tracy Murnane

3. Auto Insurance

We learned that the vehicles noted above were covered by the Zoo's auto insurance policies. This insurance is purchased for the Zoo's fleet of vehicles each year. Because the Zoo does not receive a detailed listing of the applicable premium for each vehicle, we have determined the insurance premium to apply to the personal vehicles by taking the annual Business Auto Commercial Package paid each year and dividing it by the number of vehicles covered. This approach provides a reasonable amount to apply as the estimated loss for insurance costs.

Estimated insurance costs total **\$5,265.47**:

	Purchase Date	Date Sold	Days	Estimated Cost
RV	06/22/17	06/02/20	1,077	\$ 1,687.16
2016 Toyota Highlander	06/21/16	02/19/18	609	905.70
2018 Mitsubishi Outlander	02/19/18	04/08/21	1,145	1,846.32
2016 GMC Yukon	12/05/19	04/06/21	489	826.29
				\$ 5,265.47

The detailed calculation is under **Schedule 4**.

4. Verizon – iPads/Connections

From 2016 through 2021, Stalf instructed the Zoo to pay for, up to, six (6) iPads/connections each month. This simultaneous number of iPads/connections is excessive and questionable. We assumed one connection is reasonable and have allocated the loss for the remaining connections to Stalf. This loss is captured on **Schedule 5** and totals **\$22,251.29**.

Bell also had more than one iPad/connection for a period during this timeframe and we have performed a similar loss calculation, which totals **\$1,254.40** and is captured on **Schedule 6**.

5. Kinsale Golf & Fitness Club

Stalf and Fingerhut were members at Kinsale. Memberships³ and other costs were paid using a combination of the Zoo's barter accounts and credit cards. Based on the credit card data and supporting documentation, when available, Fingerhut's costs were paid using Bell's Huntington Bank credit card; Stalf's costs were typically paid using his Zoo credit card⁴.

Prior to May 2018, Stalf and Fingerhut did not provide statements to support Kinsale expenses. The statements from January 1, 2017 through April 30, 2018 were provided by Kinsale during the Gerlach credit card analysis engagement. After the Gerlach report, statements were attached to Stalf and Bell's credit card statements/invoices. As noted by Gerlach in its analysis workpapers, Bell's credit card revealed Kinsale Apparel and other purchases, as shown by the excerpt below:

³ "Marquee Golf Family" is the name of the type of membership held at Kinsale.

⁴ Bell's Huntington Bank card was also utilized.

- **Huntington Credit Card:**
 - Total expenditures \$ 129,517.71 (see Schedule 6).
 - Approximately 50% of transactions exceeding \$100 did not include support or receipt.
 - It was noted that Greg’s card number is used by others (Pete Fingerhut and maybe others).
 - Kinsale Golf and Fitness charges totaled \$14,148.91. There were 24 transactions. No support was provided for 23 charges. One charge included Tom Staff’s Kinsale statement. Purchases were from the Grille, Kinsale Apparel, and Marquee Golf Family. Partial payment w/ this credit card, partial payment with IMS Spending Trade account, partial payment with IMS Golf Dues Trade.

Similarly, we identified purchases by family members, e.g. Colleen Staff’s Kinsale membership number used at the pro shop, and Joni Fingerhut [REDACTED]’s Kinsale membership numbers used at restaurants, and kids’ meals, paid for by the Zoo. For example,

- **Charges on Zoo employee accounts by other family members**

Kinsale Golf And Fitness MARQUEE CLUB GROUP		
----- Chit Details -----		
Member: K1133300A Joni Fingerhut		
Area: Front Desk - Cashier Katie		
Chit#: 12018908		
Date: Jan 28/17 Time: 9:50am		
QUANT	Description	Total
1.0	Boxing	15.00
	Sub Total	15.00
	Chit Total	\$15.00
	Member Charge	\$15.00-
		\$0.00
SIGNATURE		

Scioto Reserve F & B ----- Chit Details -----		
Member: [REDACTED]		
Server: SRCC Server		
Area: The Bistro		
Covers: 1		
Chit #: 33009169		
Date: Jun 2/17 Time: 9:07pm		
	Corn Dog	4.00
	Soft Pretzel	3.27
	Italian Wrap	5.61
	Sub-Total:	12.88
	Sales Tax	0.90
	Chit Total:	\$13.78
	Member Charge	\$13.78-
	Gratuuity:	_____
	Total:	_____

```
Scioto Reserve F & B
----- Chit Details -----
Member: K1133300A Fingerhut, Joni
██████████
Area: The Turn
Covers: 1
Chit #: 31043970
Date: Nov 16/17 Time: 8:04pm
Chicken Fingers 6.00
Prime Rib 14.00
$10 Bottle of Winw 10.00
-----
Sub-Total: 30.00
Sales Tax 2.10
-----
Chit Total: $32.10
=====
Tips $6.00
Member Charge $38.10-
```

```
Scioto Reserve F & B
----- Chit Details -----
Member: K1133300A Fingerhut, Joni
██████████
Area: The Turn
Covers: 1
Chit #: 31045078
Date: Feb 9/18 Time: 9:28pm
Open Charge 7.00
Chicken Fingers 6.00
Wings- 6 8.00
Wings- 12 13.00
Scioto Sliders 9.00
Fountain Soda 2.50
Fountain Soda 2.50
Jack Daniels Honey 6.50
Jack Daniels Honey 6.50
Jack Daniels Honey 6.50
Josh Cellars Cab 6.50
Josh Cellars Cab 6.50
Jack Daniels Honey 6.50
Josh Cellars Cab 6.50
Jack Daniels Honey 6.50
-----
Sub-Total: 100.00
Sales Tax 7.00
-----
Chit Total: $107.00
=====
Tips $7.00
Member Charge $114.00-
```

```
Kinsale Signature Shop
----- Chit Details -----
Member: K1133660A Colleen Stalf
██████████
Area: Pro Shop - Kinsale
Chit #: 10033668
Date: Apr 20/18 Time: 1:05pm
252913 90.00
2 VW - SS heathered Wa
Mill Riv Discount -20.00
455816 203.00
GA - Flak 2.0 XL
Mill Riv Discount -29.00
-----
Sub-Total: 244.00
Sales Tax 17.08
-----
Chit Total: $261.08
=====
Member Charge $261.08-
```

```

Kinsale Golf & Fitness
----- Chit Details -----
Member: ██████████
Server: ██████████
Area: The Patio - Kinsale
Table#: 64 Covers: 6
Chit #: 02015185
Date: Oct 6/17 Time: 9:39pm
Captain Morgan 7.00
Appetizer Feature 12.00
Chili Cheese Nachos 9.99
Soup Du Jour - Cup 4.49
Kinsale Mule 8.00
Caesar Salad - Small 6.99
Salmon Caesar Wrap 10.99
Kid Pasta 6.00
Triple Stacked Grill 9.49
Shanghai Salmon 21.99
KIDS SPAG & MEATBALL 6.00
Chicken Parmesan 15.99
Milkshake 5.99
Milkshake 5.99
Milkshake 5.99
Chocolate Lava Cake 5.99
- Add Scoop Vanilla 2.50
Iced Tea 2.25
Kinsale Mule 8.00
-----
Sub-Total: 155.64
Sales Tax 10.89
-----
Chit Total: $166.53
=====
Tip $40.00
Member Charge $206.53-

```

```

Kinsale Golf & Fitness
----- Chit Details -----
Member: ██████████
Server: ██████████
Area: The Grill
Table#: 23 Covers: 6
Chit #: 01027461
Date: Dec 10/17 Time: 7:13pm
Build Your Own Pizza 11.49
Triple Stacked Grill 9.49
Triple Stacked Grill 9.49
KIDS SPAG & MEATBALL 6.00
House Salad - Small 6.99
Soup Du Jour - Cup 4.49
Salmon Caesar Wrap 10.99
Side Caesar 3.25
Chocolate Lava Cake 5.99
- Add Scoop Vanilla 2.50
Chocolate Lava Cake 5.99
- Add Scoop Vanilla 2.50
-----
Sub-Total: 79.17
Sales Tax 5.54
-----
Chit Total: $84.71
=====
Tip $17.00
Member Charge $101.71-
Visit the Signature shop at Kinsale
for all your Christmas needs.

```

- Charges incurred on holidays

```

Kinsale Golf & Fitness
----- Chit Details -----
Member: K1133300 Peter Fingerhut
[REDACTED]
Area: The Grill
Table#: 33 Covers: 3
Chit #: 01021543
Date: Jul 4/17 Time: 1:54pm
kids chicken pasta 6.00
Traditonal Club 10.49
Lunch Feature 12.95
Iced Tea 2.25
-----
Sub-Total: 31.69
Sales Tax 2.22
-----
Chit Total: $33.91
-----
Tip $6.00
Member Charge $39.91-
Visit www.KinsaleSignatureShop.com

```

```

Kinsale Golf & Fitness
----- Chit Details -----
Member: K1133660 Tom Stalf
[REDACTED]
Area: Grill Bar
Table#: 34 Covers: 16
Chit #: 09018070
Date: Dec 31/17 Time: 4:19pm
Soup Du Jour - Cup 4.49
Soup Du Jour - Cup 4.49
2 Kid Burger 12.00
Kids Pep Pizza 6.00
Salmon Caesar Wrap 10.99
Side Caesar 3.25
KIDS SPAG & MEATBALL 6.00
Build Your Own Pizza 11.49
Build Your Own Pizza 11.49
House Salad - Large 10.49
Chef's Salad - Small 8.99
Traditonal Club 10.49
Traditonal Club 10.49
Traditonal Club 10.49
Traditonal Club 10.49
Toasted Italian Sub 10.49
Chip Chop Salad - Sm 6.99
Milkshake 5.99
Milkshake 5.99
Milkshake 5.99
Milkshake 5.99
Milkshake 5.99
Milkshake 5.99
Chocolate Lava Cake 5.99
- Add Scoop Vanilla 2.50
4 Fountain Drinks 10.00
Iced Tea 2.25
Iced Tea 2.25
-----
Sub-Total: 208.05
Sales Tax 14.56
-----
Chit Total: $222.61
-----
Tip $42.00
Member Charge $264.61-

```

- Pro-Shop purchases

```

Kinsale Signature Shop
----- Chit Details -----
Member: K1133660 Tom Stalf
[REDACTED]
Area: 10PRO Shop - Kinsale
Chit #: 10031140
Date: Dec 10/17 Time: 6:32pm
257503 49.50
VV - Hoody Pocket Te
Mill Riv Discount -10.50
162902 198.00
VV - M Textured Butt
Mill Riv Discount -48.00
157501 98.50
VV - Woven
Mill Riv Discount -24.50
-----
Sub-Total: 263.00
Sales Tax 18.41
-----
Chit Total: $281.41
-----
Member Charge $281.41-
All Member Appreciation Sales are
Final - No Returns

```

```

Kinsale Signature Shop
----- Chit Details -----
Member: K1133660 Tom Stalf
[REDACTED]
Area: Pro Shop - Kinsale
Chit #: 10031490
Date: Dec 21/17 Time: 12:23pm
103202 145.00
PM - M Five Pocket S
Member Disc % -58.00
455809 200.00
OA - Flak 2.0
Mill Riv Discount -35.00
342901 248.00
VV - W Mountain Week
Member Disc % -99.20
348401 110.00
STR - W Novo Hybrid
Member Disc % -44.00
540219 49.00
TI - Pro Vlx '17 Doz
132404 80.00
CB - M OSU Resolve
Member Disc % -32.00
252924 49.50
VV - LS Whale Print
Member Disc % -19.80
132403 85.00
CB - OSU Endeavor ST
Member Disc % -34.00
253601 60.00
UA - Tech Tee 1/4
Member Disc % -24.00
134710 100.00
DR - M Mercerized Co
Member Disc % -40.00
294222 55.00
MY - Raglan SLV Knit
Member Disc % -22.00
298204 50.00
MB - W sleeveless Ca
Member Disc % -20.00
-----
Sub-Total: 803.50
Sales Tax 56.25
-----
Chit Total: $859.75
-----
Member Charge $859.75-
All Member Appreciation Sales are
Final - No Returns

```


It was conveyed that, when the Zoo recently requested additional statements/information for this investigation, Kinsale stated that these memberships were personally held by these employees and, therefore, declined to provide further details.

Stalf and Fingerhut were not given permission by the Board to obtain memberships to this club. It is understood that the only club authorized by the Board was for Stalf to join the Columbus Club to facilitate conducting downtown business meetings given the club's location at 181 East Broad Street. Further, based on the available Kinsale statements, there is little evidence that the memberships were utilized for business development but, instead, for personal enjoyment. Therefore, we have deemed all Kinsale membership costs/purchases via barter and credit cards, totaling \$93,869.53, as losses to the Zoo. These losses also include the IMS fees that were incurred at rates of 6% to 6.5% for the barter amounts.

We reviewed the cash receipts logs to identify if Kinsale transactions were reimbursed to the Zoo given the number of personal transactions we identified on the statement chits. Fingerhut reimbursed the Zoo \$914.35 and only during the latter half of 2018 for personal Kinsale purchases, as shown below:

SAM 54008	ZR	8/9/2018	FINGERHUT, PETER A.	Check	229.19	MSC	REIMBURSEMENT TO ZOO FOR MEALS GL 2-81151-240
SAM 54213	ZR	7/16/2018	FINGERHUT, PETER A.	Check	193.70	MSC	REIMBURSEMENT BACK TO ZOO GL 2-81151-240
SAM 54357	ZR	8/8/2018	FINGERHUT, PETER A.	Check	172.55	MSC	EXPENSE REIMBURSEMENT TO THE ZOO GL 2-81151-240
SAM 54509	ZR	9/10/2018	FINGERHUT, PETER A.	Check	76.04	MSC	PAYMENT BACK TO ZOO FOR AUGUST KINSALE BILL GL 1-81190-020
		9/10/2018	FINGERHUT, PETER A.	Check	166.18	MSC	PAYMENT BACK TO ZOO FOR CAR RENTAL GL 1-81190-020
SAM 54681	ZR	10/11/2018	FINGERHUT, PETER A.	Check	164.58	MSC	REIMBURSEMENT BACK TO ZOO GL 1-81190-020
SAM 54840	ZR	11/8/2018	FINGERHUT, PETER A.	Check	78.29	MSC	REIMBURSEMENT BACK TO ZOO FOR OCTOBER KINSALE PERSONAL MEAL GL 1-81190-020

Fingerhut's reimbursements began *after* the Gerlach credit card analysis and when receipts were required by the Zoo thereafter. For Stalf, no reimbursements for Kinsale purchases occurred.

We deducted Fingerhut's reimbursements from his portion of the losses related to Kinsale. The net losses are quantified below, by member:

	<u>Barter Spend</u>	<u>Credit Card</u>	<u>IMS Fees</u>	<u>Subtotal</u>	<u>Less:</u> <u>Reimbursement</u>	<u>Total</u>
Stalf	\$ 35,581.34	\$ 15,629.10	\$ 2,268.04	\$ 53,478.48	\$ -	\$ 53,478.48
Fingerhut	26,370.00	12,340.27	1,680.79	40,391.06	(914.35)	39,476.71
	<u>\$ 61,951.34</u>	<u>\$ 27,969.37</u>	<u>\$ 3,948.82</u>	<u>\$ 93,869.53</u>	<u>\$ (914.35)</u>	<u>\$ 92,955.18</u>

We provide the detailed loss as **Schedule 7**.

Activities by the members began to diminish after the Gerlach report as evidenced by the Zoo no longer incurring credit card charges for Fingerhut's activities at Kinsale beginning November 2018, although the barter charges continued. It is assumed that less oversight of the barter activity allowed these charges to occur.

6. *Wedgewood Golf Club*

The Zoo and Wedgewood Golf Club ("Wedgewood") entered into an agreement that Wedgewood would provide four (4) memberships valued at \$8,670 each and access to all event space in exchange for:

- 700 general admission tickets to Zoombezi Bay
- 200 general admission Zoo tickets
- 2 animal visits per year
- Creature Cash spending vouchers
- 1 table (8 persons per table) at four concerts at JazzZoo
- One Behind the Scenes Tour

We provide the 2018, 2019 and 2020 contracts under **Appendix G**. Wedgewood had the option of giving tickets away to Wedgewood members or selling them at discounted rates. It is understood Stalf and Bell held two of the four memberships provided through this agreement; the other two were held by various other employees. It is questionable the reason(s) these contracts were in place given a) the Zoo had its own club/course, b) these memberships/contracts were not approved by the Board, and c) there appears insignificant business development was conducted at Wedgewood based on the scarce credit card activity and the nominal payments to Wedgewood via A/P. Therefore, the annual membership costs for Stalf and Bell of \$8,670 for 2018, 2019 and 2020 are allocated as losses, totaling **\$52,020** (\$8,670 x 3 years x 2 memberships).

D. Other Findings

1. *Event Spend versus Financial Performance*

In addition to events purchased on the barter accounts and credit cards above, we identified A/P payments to various event facilities and teams, as shown below:

	2015	2016	2017	2018	2019	2020	Total
COLHOC Limited Partnership	\$ -	\$ 62,199.33	\$ -	\$ 138,893.00	\$ 141,465.00	\$ 73,739.33	\$ 416,296.66
Columbus Blue Jackets	84,102.17	-	73,453.00	-	22,450.00	-	180,005.17
OSU - Schott Center	-	23,000.00	23,000.00	50,000.00	-	-	96,000.00
OSU - Foundation	-	27,000.00	27,000.00	-	-	-	54,000.00
Franklin County Stadium, Inc.	-	10,000.00	10,000.00	10,000.00	-	-	30,000.00
Columbus Baseball Team, Inc.	10,000.00	2,550.00	-	-	-	-	12,550.00
	\$ 94,102.17	\$ 124,749.33	\$ 133,453.00	\$ 198,893.00	\$ 163,915.00	\$ 73,739.33	\$ 788,851.83

Combining these payments with barter and credit card purchases, **the Zoo spent over \$1.5 million on these events⁵ since 2015.**

Many, if not all, of these event expenses, along with other questionable purchases, were coded by Bell to the general ledger account 2-81151-240 Promotion Expense. An excerpt from this account shows the listing of Columbus Blue Jackets “promo” activities.

TRX Date	Account Number	Amount	Originating Master Name	Reference
6/14/2013	2-81151-240	1,700.00	COLUMBUS BLUE JACKETS	PROMO ENVENT W/ JACKET PLAYERS
7/27/2013	2-81151-240	10,000.00	COLUMBUS BLUE JACKETS	2013-2014 PROMO SUPPORT
12/12/2013	2-81151-240	15,000.00	COLUMBUS BLUE JACKETS	PROMO SUPPORT FOR BLUE JACKETS
2/11/2014	2-81151-240	1,995.00	COLUMBUS BLUE JACKETS	PROMO ACTIVITIES
3/3/2014	2-81151-240	3,200.00	COLUMBUS BLUE JACKETS	PROMOTIONAL MARKETING
4/4/2014	2-81151-240	1,600.00	COLUMBUS BLUE JACKETS	PROMOTIONAL EVENT W/BLUE JACKETS
7/8/2014	2-81151-240	15,000.00	COLUMBUS BLUE JACKETS	PROMO EVENTS W/BLUE JACKETS
9/27/2014	2-81151-240	45,000.00	COLUMBUS BLUE JACKETS	PROMOTIONAL SUPPORT
6/12/2015	2-81151-240	4,939.50	COLUMBUS BLUE JACKETS	FINAL PROMOTIONAL EVENT PAYMENT
9/24/2015	2-81151-240	19,396.00	COLUMBUS BLUE JACKETS	PROMO ACTIVITIES W/ BLUE JACKETS
11/6/2015	2-81151-240	28,333.33	COLUMBUS BLUE JACKETS	PROMOTIONAL PROGRAM
12/26/2015	2-81151-240	28,333.34	COLUMBUS BLUE JACKETS	2015 PROMO PROGRAM
12/26/2015	2-81151-240	3,100.00	COLUMBUS BLUE JACKETS	2015 PROMO PROGRAM
6/16/2017	2-81151-240	55,333.00	COLUMBUS BLUE JACKETS	2017 PROMOTIONAL SUPPORT
4/23/2019	2-81151-240	9,950.00	COLUMBUS BLUE JACKETS	STANLEY CUP PLAYOFF UTILITIES/

The total spend in this account is over \$4.7 million from 2012 to 2019, and does not include advertising or fundraising expenses, which were tracked separately within the accounting system.

It has been represented to us that the four individuals involved in these activities claim that the use of tickets and events resulted in significant increase in donations. While we noted that

⁵ “Event spend” includes purchases for tickets, food/beverage, and parking.

donations increased over the eight-year period, from \$5 million in 2012 to \$10 million in 2019, so did management, fundraising and general expenses, increasing from \$16 million to \$24 million. It is questionable that the benefits outweighed the costs.

No evidence supports that the Philanthropy Department utilized these tickets for fundraising. We also reviewed credit card activity for 1) Donna Zuiderweg, the former Senior Vice President of Community Engagement and 2) the Philanthropy Department, and we did not identify a single instance of event suite catering by the users of these accounts. This finding further substantiates that the events were utilized for other reasons beyond Zoo fundraising.

2. Credit Card Points

We identified the Zoo was the beneficiary of Huntington, Fifth Third, and Capital One credit card points; Huntington points were deposited into a Huntington Checking account owned by the Zoo, Fifth Third points were sent via a cash rebate check to the Zoo, and Capital One points were used as cash back rewards redeemed against the credit card balance.

For Chase credit cards used prior to October 2018, we have been unable to determine if points were earned, nor how/if they were redeemed.

For American Express (“AMEX”), the Zoo attempted to obtain information but, when contacted, AMEX would not confirm the use of points, claiming those points belong to Stalf and Bell, personally, and not the Zoo. It is evident that Bell used his account to inflate the points accumulated. For example, Bell paid over \$1.5 million for the Zoo’s workers compensation liability using the Zoo’s AMEX account since January 2015. We also noted that Bell redeemed these points on various occasions to transfer AMEX points to Delta Skymiles, which results in transfer fees that we have counted as losses in our credit card analysis. We identified instances in which Bell booked Delta flights with points for Zoo employees on Zoo business. More information is needed to assess additional losses, if any, to the Zoo.

3. Promotional Trips

Fingerhut received trips through the Columbus Dispatch and TV10 for meeting spend thresholds of Zoo advertising. While he did allegedly receive 1099s from these organizations, and there is no taxable event or direct loss to the Zoo, this incentive may have caused Fingerhut to act in his own best interest instead of the Zoo on spending advertising dollars. For example, we identified an email between ██████████10TV and Fingerhut, indicating that if the Zoo spent an additional

\$35,000 above its previously agreed upon amount, Fingerhut could go to the Galapagos Islands with TV10.

On Sep 12, 2017, at 11:48 AM, [REDACTED]@10tv.com> wrote:

Hi!!

Okay, I just talked to Paul, and I believe we came up with an attainable spend goal! Do you have an additional \$35,000 you are able to spend? This would be funds that are above what we laid out last week. Let me know what you think, and I'll send the contract your way!

Thank you Pete! [REDACTED]

From: [REDACTED]
Sent: Monday, September 11, 2017 11:32 AM
To: 'Fingerhut, Pete' <Pete.Fingerhut@columbuszoo.org>
Subject: RE:

Hi!!! I will drop off these tickets to you at the Zoo, No problem!

So, as you know, we are working really hard to get you & Joni on the Gallapogos trip!!

By any chance can you let me know what additional dollar amount you may have? I'm trying to be realistic with my conversations with Paul, and he wants more spending than I think you probably have :) After everything we talked about (Wilds, October add, and \$15,000 for Wildlights program) do you have an estimate for what is left?

Thank you! [REDACTED]

Fingerhut responded two days later to confirm that he was able to “find” \$30K, and would try to come up with an additional \$5K in spend:

On Sep 14, 2017, at 5:14 PM, [REDACTED]@10tv.com> wrote:

Here is your contract!! With the additional \$\$'s this should put you where you need to be. This total includes The Wilds, Columbus Zoo & Zoombezi spending.

[REDACTED]

From: Fingerhut, Pete [<mailto:Pete.Fingerhut@columbuszoo.org>]
Sent: Thursday, September 14, 2017 4:34 PM
To: [REDACTED]@10tv.com>
Subject: RE: RE:

I found \$30K but trying to come up with an extra \$5K. I will let you know if I can get there hopefully tomorrow. Pete

We discussed these trips with the President and General Manager of 10TV, John Cardenas, who said that, due to the confidential and competitive nature of these trips, 10TV could not provide information as to who attended these trips, how often, or if the spend requirements were met (as sometimes they would invite certain clients who did not meet the spend threshold).

4. Cash Advances

As explained, the Zoo made cash advances to employees for two primary reasons:

- 1) Travel with animals, which often resulted in extra work for hotel bellhops and cleaning staff. As a result, these Zoo employees request cash advances to tip; and
- 2) International travel to countries in Africa and South America.

Certain countries required new \$100 bills so employees had to ensure the money met the requirements for usage.

The Zoo makes these cash advances in two ways:

- 1) Vault adjustments (totaling \$35,600 since January 1, 2015)
- 2) Checks to employees through A/P (totaling \$70,100 since January 1, 2015)

It is our understanding that employees not assigned to the vault are not able to walk into the vault and obtain cash. It is secured with limited access and a strict process involving two cash counts per day to ensure on-hand cash balances. If request for cash is made, a purchase order was processed and submitted to the vault. Cash was delivered to the requester and the purchase order was attached to the daily balancing paperwork.

Vault adjustments are summarized by person as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Stalf	\$ 1,500.00	\$ -	\$ 7,300.00	\$ 5,900.00	\$ 5,900.00	\$ 3,900.00	\$ 24,500.00
Stalf and Hanna	5,000.00	-	-	-	-	-	5,000.00
Hanna	-	-	2,800.00	300.00	-	-	3,100.00
Kreger	-	-	2,000.00	-	-	-	2,000.00
Rapp	-	-	1,000.00	-	-	-	1,000.00
Total	<u>\$ 6,500.00</u>	<u>\$ -</u>	<u>\$ 13,100.00</u>	<u>\$ 6,200.00</u>	<u>\$ 5,900.00</u>	<u>\$ 3,900.00</u>	<u>\$ 35,600.00</u>

As shown, Stalf received the largest total. Further inquiry to the Zoo revealed that Stalf's posture was to pay for many items for those guests accompanying him on these international trips. These items included bellhop tips, dinners, spas, etc. Even when traveling with Hanna, it is understood

that Staff received most of the cash advance, if not all, to control the distributions and perception of the guests.

For checks to employees through A/P, a similar process was performed whereby a purchase order was processed. It is our understanding the employee requested a cash advance and received a check made payable to the requesting employee or to a bank to cash at the bank when needed for travel. Checks to employees are summarized by person below:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
SWINT, SHANNON	\$ 18,950.00	\$11,550.00	\$11,150.00	\$8,450.00	\$ 6,750.00	\$700.00	\$ 57,550.00
RAPP, SUZI	-	-	2,500.00	500.00	500.00	-	3,500.00
COLUMBUS ZOO	-	1,350.00	-	-	-	-	1,350.00
WARMOLTS, DOUG	-	-	500.00	-	400.00	-	900.00
COLEMAN, JANELLE N.	-	-	-	-	800.00	-	800.00
DOLLINS, TIFFANY	-	-	-	-	750.00	-	750.00
RAMER, JAN	-	-	-	-	600.00	-	600.00
GREENE, LEWIS	-	-	-	-	600.00	-	600.00
BREHOB, SHAWN	-	500.00	-	-	-	-	500.00
FELTS, ADAM	-	500.00	-	-	-	-	500.00
REVAR, BARBARA	-	-	500.00	-	-	-	500.00
JUNGE, RANDY	-	-	-	-	500.00	-	500.00
GREENE, BRIAN	-	-	500.00	-	-	-	500.00
MORARITY, SHANNON (BORDERS)	-	-	-	500.00	-	-	500.00
EARLEY, GINGER	-	400.00	-	-	-	-	400.00
KREGER, MICHAEL	-	-	-	400.00	-	-	400.00
CATTEY, PATTI	-	-	250.00	-	-	-	250.00
Total	\$ 18,950.00	\$14,300.00	\$15,400.00	\$9,850.00	\$10,900.00	\$700.00	\$ 70,100.00

Shannon Swint is the Animal Programs Office Coordinator and had primary responsibility for coordinating staff that travelled with the animals.

We identified instances in which Zoo employees, including Staff (albeit limited), returned unused cash advances back to the Zoo. Supporting documentation is limited given the nature of these expenses (such as tipping bellhops); we have not calculated losses, if any, related to cash advances.

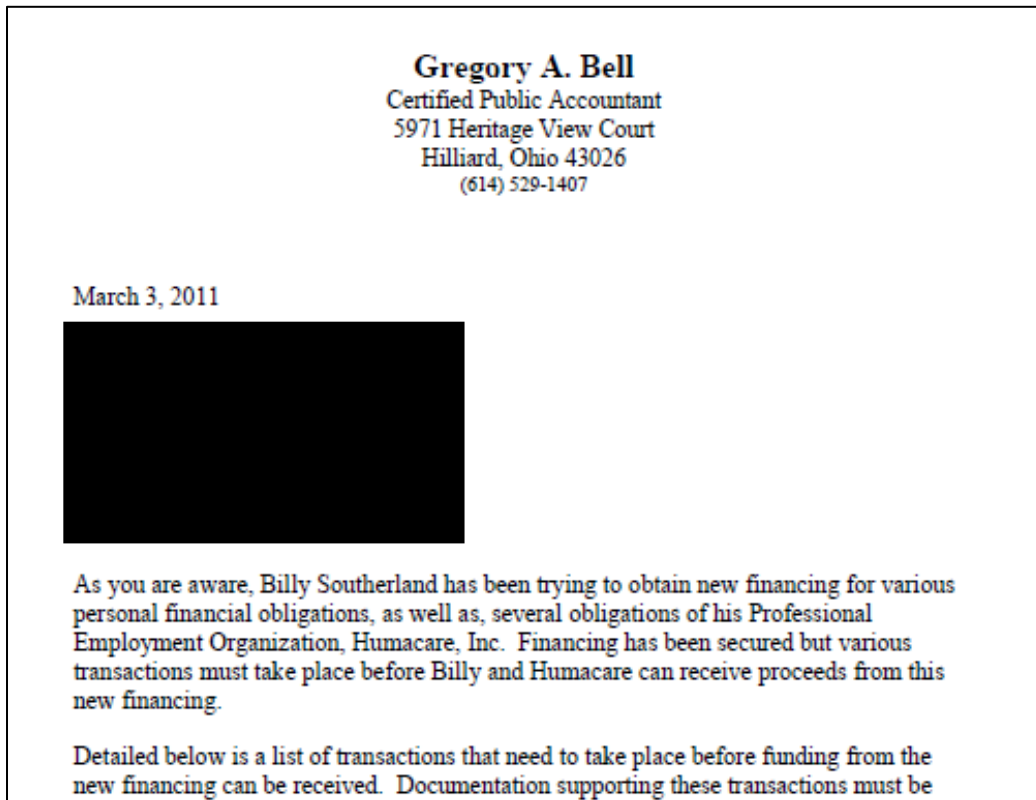
5. *Related Party Vendors*

Mitchell Bell – Landscaping - The Zoo paid Mitchell Bell, Greg Bell's son, \$22,841.25 from January 2018 through December 2020 for mowing and landscaping services. Greg Bell approved each of these payments. Without further details, we have not calculated a loss to the Zoo for these services, as it appears that the services were performed and approximated market rates.

Uptown Signs LLC - Murnane's wife, Lugene, is the owner of Uptown Signs LLC, which was paid \$64,483.50 since 2015. Similar to Mitchell Bell above, it appears that services were provided, and approximate market rates were charged. Therefore, there is no loss to the Zoo for these payments.

6. *Bell's CPA Activities*

Included in the credit card losses above, the Zoo paid for Bell's PTIN, or tax-preparer number, as well as tax-preparation software. Bell would not require these items to perform his duties as CFO at the Zoo. We identified instances in which Bell prepared tax returns for others, including employees, and represented himself as the CPA on behalf of HumaCare/IronRoad.



“LOSS OF USE” INTEREST

To be determined at a later date.

ADDITIONAL INFORMATION NEEDED

To continue our analysis, the following information should be requested/subpoenaed:

1. Bell’s Amazon detailed account statements from which he made purchases paid by the Zoo.
2. Murnane’s Amazon detailed account statements from which he made purchases paid by the Zoo.
3. Further information regarding the following Murnane purchases since he initiated and approved the purchase orders:

	06/17/15	Dishwasher, Stove, Refrigerator, Hood, misc.	Lowes	1,508.35	Murnane
	09/28/16	Dishwasher for Frobisher	Home Depot	1,421.46	Murnane
Chase Capital One	04/04/18	Refrigerator for Diet Prep Kitchen--BIG SANDY DIS INT	Big Sandy Supply Store	671.83	Murnane
Capital One	10/22/19	Washer & Dryer for Promo-BIGSANDYSUP-	Big Sandy Supply Store	2,089.96	Murnane
Capital One	04/07/20	Dishwasher & Install AEV-BIG SANDY SUP-	Big Sandy Supply Store	629.98	Murnane

4. The points report from American Express for the accounts paid by the Zoo.
 - a. x57011
 - b. x51030
5. Bell’s Delta SkyMiles award and redemption history.

RECOMMENDATIONS

To strengthen the internal control environments related to purchases through A/P and credit cards, we recommend the following controls/procedures. We conveyed these recommendations during our investigation and, accordingly, the Zoo has taken some actions, as outlined for specific recommendations.

1. Ensure proper levels of review and approval of credit card purchases. Cards held by executives should be reviewed the Finance Committee.

2. Review credit card spending limits via the Finance Committee.

3. Require proper documentation and expense detail for all expenditures.

Zoo response: *This requirement has been the Zoo's policy. The former executives outlined in this report who held positions of authority did not adhere to this policy.*

4. Consolidate and reduce the number of employees holding Zoo credit cards.

Zoo response: *Actions taken include using only one provider (Capital One), reducing the number of employees holding credit cards and receiving cash rebates, rather than points.*

5. For credit card expense processing, obtain and save electronic downloads directly from the vendor of all transactions, rather than batch-entering transactions manually for journal entry processing.

a. Save an original, unmodified version to maintain its integrity.

b. Create a working copy to enter general ledger codes and mark if proper supporting documentation is received/provided.

6. Have employment contracts in place for all executives, outlining, with specificity, perks/benefits permitted with employment.

7. Ensure the initiator of a purchase order cannot also approve the same purchase order.

8. Ensure proper vendor approval procedures are in place (i.e., the person approving a vendor should not be the same person approving payments to vendors). For related party vendors, do not allow the Zoo employee related to the vendor approve the vendor nor approve payments to the vendor.

9. Periodically review all recurring contracts above a determined threshold (through internal audit function or the Finance Department).

a. Determine which contracts have been in place for several years or more

b. Examine the risk profile to ensure the vendor providing the goods/services meets the Zoo's standards

c. Solicit Requests for Proposals to help ensure market pricing

10. Require annual disclosure of related-party vendors by employees.

Zoo response: *HR implemented a Conflict of Interest Policy for all management staff beginning in October 2020. This policy requires related-party disclosure.*

11. Streamline certain processes across Zoo entities, such as vendor approval.

12. Clean up database across Zoo entities, such as vendor master files. For example, “3 Point Brand” vs. “3 Point Brand Management” vs. “3 Point Brand Management” in the different entity vendor files. Periodically review databases for consistency.

13. Given the significant amount of gift cards purchased, an inventory of the gift cards should be maintained and periodically reviewed by accounting.

Zoo response: *This history of excessive gift card purchasing was due to previous management's directives and has since been almost completely eliminated, other than an occasional “thank you” present, annual holiday gift or HR raffle, for which the amounts are added as taxable income.*

14. A policy committee should tabulate all financial policies of the Zoo and periodically review/update for applicability and to close any gaps that may be present. Ensure that the committee records the date of the review and the actions taken.

15. Randomly, and periodically, engage an outside accounting firm to assess select topics/areas chosen by the board (“surprise” audits).

16. Develop a fraud reporting mechanism/hotline monitored by a third party. Determine appropriate levels of response depending upon allegations and proactively promote this reporting mechanism to Zoo employees.

Zoo response: *HR has engaged Navex Global for implementation of a hotline.*

17. Have intentional messaging to Zoo employees to “Speak Up” and report wrongdoing. The Board should demonstrate responsiveness and action steps.

18. Enforce an ethics policy applicable to, and acknowledged by, all employees.

Zoo response: *There is an Ethics section of the employee handbook that all staff must agree to follow.*

19. Have all employees annually attend ethics training.

Zoo response: *HR has engaged Navex Global for ethics training.*

20. Signing limits should be reviewed for all positions and the form signed annually **by the board chair** (not the CEO and/or CFO).

21. Revisit policies regarding Cash Advances for trips.

Zoo response: *Cash Advance policies were changed after the 2018 special Gerlach audit. All receipts and detailed explanation of spend is provided upon return. Travel has been significantly reduced as well.*

22. Enforce policies equitably to all levels of employees.

23. Consider implementing paperless Purchase Order and A/P processes. *(Current processes are paper-intensive, requiring copies and storage costs, and could be lost/misplaced.)*

SIGNATURE

Very truly yours,

Plante & Moran, PLLC

PLANTE & MORAN, PLLC



August 18, 2021

Fred G. Pressley, Esq.
Porter Wright Morris & Arthur LLP
41 South High Street
Columbus, OH 43215

Re: IronRoad Advances - Interest Rate Calculations

Dear Mr. Pressley:

As requested, we utilized multiple interest rates to calculate the cumulative interest owed to the Columbus Zoo and Aquarium (the "Zoo") for prepayments made to HumaCare-Consolidated Employee Management, Inc., d/b/a IronRoad ("IronRoad" or "HumaCare") in 2015, 2016, and 2017.

BACKGROUND

The Zoo utilized IronRoad as its professional employer organization ("PEO") to manage temporary employees and related benefits. It was represented to us, and verified through email correspondence between Greg Bell and IronRoad CEO, Billy Southerland ("Southerland"), that IronRoad had cash flow challenges at various points since, at least, 2015. Southerland is Jack Hanna's son-in-law.

From: Billy Southerland [<mailto:billy@ironroad.us>]
Sent: Tuesday, May 30, 2017 8:02 PM
To: Bell, Greg
Subject: FW:

Thanks for looking at this Greg. We are really hurting for cash. I am emptying my 401k(check should be here tomorrow) and we have a payment dan anderson said he would get to us that is due for 50k this week. Roy looks like he might come up with 300k but it will be short term loan. Thanks for being willing to look at it.

Billy

As a result, IronRoad requested a \$350,000 prepayment of service fees, referred to as an "advance" throughout this report, which was made on December 31, 2015. IronRoad was to pay back the advance by reducing the administrative fees incurred by the Zoo for payroll processing services, which IronRoad did irregularly from January 2016 through January 2018. In addition, IronRoad amended its agreement with the Zoo on December 1, 2017, as shown below:

FIRST AMENDMENT TO ZOO SERVICE AGREEMENT

This First Amendment to Zoo Service Agreement (the "Amendment") is dated as of December 1, 2017 (the "Effective Date"), between the Columbus Zoological Park Association d/b/a the Columbus Zoo and Aquarium, an Ohio non-profit corporation ("Client") and Humacare-Consolidated Employee Management, Inc. d/b/a IronRoad, an Ohio corporation ("Humacare") (collectively, the "Parties," and each, a "Party").

WHEREAS, the Parties entered into Zoo Service Agreement, dated January 1, 2017 (the "Existing Agreement"); and

WHEREAS, the Parties desire to amend the Existing Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.
2. Amendments to Existing Agreement. As of the Effective Date, the Existing Agreement is hereby amended or modified as follows:
 - a) Humacare requires Client to fund one full month's payroll or Three Hundred Seventy Five Thousand Dollars (\$375,000) (whichever is lesser) as a deposit on account.
 - b) Such funds will be held on account by Humacare in the event that Client is unable to make required payment due to Humacare for payroll, benefits or services rendered.
 - c) Upon expiration or termination of the Zoo Service Agreement, Humacare will reconcile and refund the balance to Client.

Relevant to our analysis, IronRoad required the Zoo to "fund one full month's payroll or Three Hundred Seventy Five Thousand Dollars (\$375,000) (which is lesser) as a deposit on account." IronRoad was to hold these funds until "expiration or termination of the Zoo Service Agreement".

This agreement was applied retroactively to a \$250,000 payment in February 2016; the remaining \$125,000 was funded on December 5, 2017. These payments are referred to as "deposits" throughout this report.

In total, the Zoo made these payments on the dates listed as follows:

Date	Amount
12/31/15	\$ 350,000
02/22/16	250,000
12/05/17	125,000
	<u>\$ 725,000</u>

The \$375,000 (\$250,000 + \$125,000) in deposits have not been paid/reimbursed to the Zoo. It was represented that the Board did not approve/authorize these advances/deposits to IronRoad.

It is understood that PEO's do not typically require prepayments. In 2021, the Zoo terminated its relationship with IronRoad and issued a Request for Proposal ("RFP") for a new PEO; none of the bidders required a prepayment in their responses. This finding further demonstrates that the Zoo should not have needed to prepay IronRoad, and, as a result, the prepayments resulted in a loss of use of funds for the Zoo for which we have calculated interest.

ANALYSIS

Interest Rates

We provide a range of interest rates for you and the Zoo's Board to consider, as follows:

		Interest Rates		
Date	Amount	Low	Medium	High
12/31/15	\$ 350,000	2.61%	9.20%	18.00%
02/22/16	250,000	2.53%	9.20%	18.00%
12/05/17	125,000	1.96%	9.20%	18.00%
	<u>\$ 725,000</u>			

- **Low** – Applicable Federal Rate ("AFR"), which is the minimum interest rate that the IRS allows for private loans¹
- **Medium** – The Zoo's endowment fund cumulative return for five (5) years ended December 31, 2020
- **High** – 18%, the rate proposed by IronRoad when requesting a loan from Jack Hanna in December 2017, as shown below.

¹ <https://apps.irs.gov/app/picklist/list/federalRates.html>

<u>Requested Loan Structure</u>	
<u>Co-Borrowers:</u>	HUMACARE-CONSOLIDATED EMPLOYEE MANAGEMENT, INC, DBA IRONROAD an Ohio Corporation 9435 WATERSTONE BLVD STE 250 CINCINNATI, OH 45249-8227 HUMACARE, INC.DBA IRONROAD an Ohio Corporation 9501 UNION CEMETERY ROAD LOVELAND, OH 45140 HUMASERVE HR, LLC DBA IRONROAD An Ohio Limited Liability Company 9435 WATERSTONE BLVD STE 250 CINCINNATI, OH 45249-8227
Lender:	JACK HANNA or an entity TBD
Collateral:	1 st lien on the below: <ul style="list-style-type: none">o All Business Assets of the following: HUMACARE-CONSOLIDATED EMPLOYEE MANAGEMENT, INC, DBA IRONROAD an Ohio Corporation 9435 WATERSTONE BLVD STE 250 CINCINNATI, OH 45249-8227 HUMACARE, INC.OBA IRONROAD an Ohio Corporation 9501 UNION CEMETERY ROAD LOVELAND, OH 45140 HUMASERVE HR, LLC DBA IRONROAD an Ohio Limited Liability Company 9435 WATERSTONE BLVD STE 250 CINCINNATI, OH 45249-8227
Guarantors:	WILLIAM B. & SUZANNE H. SOUTHERLAND 11316 GIDEON LN. CINCINNATI, OH 45249
Purpose:	Payoff Civista Loan in the Amount of \$1.5 million and the repurchase of Ironroad Shares owed by Roy Smith with the remainder to be used for working capital for IronRoad
Amount:	\$2,700,000
Required Payments:	Upon execution and funding IronRoad et.al will owe a total of \$5,600,000 over 8 years with annual payments of \$662,100 until paid in full.
Prepayment:	The Borrowers can prepay principal to Lender at any time until principal plus interest is paid in full as long as Lender receives a ROI of 18% over the life of the loan.

It is interesting that this rate was offered to Hanna since unsecured loans in the marketplace had much lower interest rates at this time. Therefore, it is likely that IronRoad was unable to secure a bank loan. It is understood the Hanna/IronRoad loan did not occur (i.e., was not finalized).

Calculations

2015 Advance

While the 2015 advance was paid back by IronRoad, no interest was applied on the advance. Therefore, we created an amortization schedule to calculate the cumulative interest that should have been paid during the life of the advance based on the actual repayment schedule. This amortization schedule can be made available, upon request. The interest amounts due on the 2015 advance, by rate level, are shown below:

Interest	Low	Medium	High
2015 Advance - Interest through Payment Date	\$11,647.35	\$ 44,744.94	\$ 98,300.17

In addition, since the interest due since the last repayment in January 2018 remains unpaid, we have calculated interest on the interest through August 18, 2021, as shown below:

Interest	Low	Medium	High
2015 Advance - Interest through August 18, 2021	1,128.94	17,196.66	87,007.89

Combining these two calculations, the total interest due for each rate level as a result of the 2015 advance is shown below:

Interest	Low	Medium	High
2015 Advance - Interest through Payment Date	\$11,647.35	\$ 44,744.94	\$ 98,300.17
2015 Advance - Interest through August 18, 2021	1,128.94	17,196.66	87,007.89
2015 Advance - Total Interest Due	\$12,776.29	\$ 61,941.60	\$185,308.06

We analyzed the 2015 advance as a typical commercial loan (i.e., using compounding interest rates) given repayments were made by IronRoad.

2016 and 2017 Deposits

Since the principal on deposits made in 2016 and 2017 have not been paid back, we calculate interest on the entire loan balance through August 18, 2021, with interest accruing monthly. We present calculations for both simple and compounded interest rates. While not typically used for commercial loans, we present simple interest calculations merely to present optional figures as you attempt a resolution with IronRoad.

Simple Interest

An example of this calculation for the February 22, 2016 deposit of \$250,000 at the medium rate is as follows, where 65 months is the amount of time between February 22, 2016 and August 18, 2021:

$$\$250,000 \times 9.20\% / 12 \text{ months} \times 65 \text{ months} = \$124,583.33$$

Utilizing this formula and the rates for each level, we calculate the interest due through August 18, 2021.

Interest	Low	Medium	High
2016 Deposit	\$ 34,260.42	\$ 124,583.33	\$243,750.00
2017 Deposit	8,983.33	42,166.67	82,500.00

Compound Interest

We created amortization schedules to calculate the compound interest that has accumulated on the 2016 and 2017 balances. These schedules can be made available, upon request.

Interest	Low	Medium	High
2016 Deposit	\$37,174.64	\$163,304.43	\$416,144.64
2017 Deposit	9,398.18	50,488.66	117,184.10

Summary of Interest Totals

The interest due for all three (3) prepayments is shown below, depending on the methodology utilized:

Interest	Low	Medium	High
2015 Advance	\$ 12,776.29	\$ 61,941.60	\$ 185,308.06
2016 Deposit - Simple	34,260.42	124,583.33	243,750.00
2017 Deposit - Simple	8,983.33	42,166.67	82,500.00
	<u>\$56,020.04</u>	<u>\$ 228,691.60</u>	<u>\$ 511,558.06</u>

Interest	Low	Medium	High
2015 Advance	\$ 12,776.29	\$ 61,941.60	\$ 185,308.06
2016 Deposit - Compounding	37,174.64	163,304.43	416,144.64
2017 Deposit - Compounding	9,398.18	50,488.66	117,184.10
	<u>\$59,349.11</u>	<u>\$ 275,734.69</u>	<u>\$ 718,636.80</u>

These interest amounts are **in addition to the \$375,000 deposits**, which have not been repaid to the Zoo.

SIGNATURE

Very truly yours,

Plante & Moran, PLLC

PLANTE & MORAN, PLLC

Columbus Zoo and Aquarium | August 18, 2021

B i d s a n d C o n t r a c t s A n a l y s i s



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August 18, 2021

Fred G. Pressley, Esq.
Porter Wright Morris & Arthur LLP
41 South High Street
Columbus, OH 43215

Re: Columbus Zoo and Aquarium - Bids and Contracts

Dear Mr. Pressley:

As requested, we analyzed bids and contracts for capital projects performed at the Columbus Zoo and its related entities¹ (the "Zoo"). This report outlines our analysis and provides recommendations to improve the process of vendor selection for these projects. It is not intended to express an opinion on the Zoo's internal controls or financial statements in accordance with standards issued by the American Institute of Certified Public Accountants.

CONCLUSION

Based on our analysis as described throughout this report, in most instances, a bid process occurred for capital projects. Select, unique projects did not undergo a formal bid process but, instead, underwent a process called Design-Build, which is customary in the industry.

The *Straker Cabin Project*, performed by Meade Construction Inc. ("Meade Construction"), was the only project which was neither a Design-Build nor bid out by the Zoo. Instead, Meade Construction was selected for this project by the former CEO. While our investigation did not uncover written documents to show there was a quid pro quo between Stalf and company President Andy Meade for awarding the contract to Meade Construction, this unusual selection raises a question of self-dealing by the former CEO.

Further, an invoice was submitted by Meade Construction and payment of \$125,000 was approved by Stalf/Bell on May 3, 2018 despite this amount not budgeted, nor was a change order submitted to support the reason for this invoice. The validity of the work performed for this invoice

¹Related entities include The Wilds and Zoombezi Bay.

was questioned by Zoo staff beyond Stalf/Bell. We deem the characteristics involved in this transaction highly suspicious and a loss to the Zoo allocated to Stalf given his involvement and the lack of documentation to support him authorizing payment to Meade Construction.

KEY MANAGEMENT PERSONNEL

- Thomas Stalf (“Stalf”), former CEO
- Gregory Bell (“Bell”), former CFO
- Peter Fingerhut (“Fingerhut”), former Vice President of Marketing
- Tracy Murnane (“Murnane”), former Director of Purchasing
- Brian Greene (“Greene”), Animal Program Coordinator
- Dave Ezbek (“Ezbek”), Vice President of Facilities and Construction
- Emily Wieringa (“Wieringa”), Director of Construction
- Dr. Jan Ramer (“Dr. Ramer”), Vice President at The Wilds
- John Campbell (“Campbell”), Director of Facilities at The Wilds
- Michelle Finney (“Finney”), Accounting Manager

BACKGROUND

In early 2021, The Dispatch disclosed that a whistleblower claimed that Zoo assets were used for personal purchases. As part of the initial investigation by Porter Wright, additional allegations were made that a potentially inappropriate relationship between Stalf and Meade Construction resulted in a no-bid contract for the project to build Straker Cabins at the Wilds (the “*Straker Cabin Project*”). We were engaged to supplement the investigation to determine if any documentary evidence exists to support such allegations, as well as identify other potentially problematic relationships with construction vendors. Specifically, we looked for:

- A. Supporting documentation for bid/proposal processes on analyzed projects;
- B. Kickbacks or other forms of self-dealing; and
- C. Unusual payments and/or cost overruns.

Kickbacks are defined as “the seller’s return of part of the purchase price of an item to a buyer or a buyer’s representative for the purpose of inducing a purchase or improperly influencing future purchases.”²

Self-dealing is defined as “engagement in a transaction for the benefit of oneself rather than for the benefits of someone to whom one owes a fiduciary duty.”³

² <https://legal-dictionary.thefreedictionary.com/kickbacks>

³ <https://www.merriam-webster.com/dictionary/self-dealing>

ANALYSIS

Since 2015, the Zoo has incurred over \$192M in capital projects and has paid over 400 different vendors. With Porter Wright's permission, we focused our analysis on vendors who performed construction-type work and were paid over \$500,000 from January 1, 2015 through April 23, 2021. These parameters provided a reasonable population from which to perform our testing as the thresholds resulted in 20 vendors paid a cumulative total of \$31,569,300, as shown below:

Vendor	2015	2016	2017	2018	2019	2020	2021	Total Paid
Marker, Inc.	\$93,180.00	\$1,382,831.45	\$ -	\$ 494,456.14	\$ 1,204,766.32	\$ -	\$ -	\$ 3,175,233.91
Miles-McClellan Construction	128,620.42	2,587.73	-	-	265,223.86	2,757,462.84	-	3,153,894.85
Meade Construction Inc.	-	522,500.00	1,887,500.00	177,089.00	-	-	-	2,587,089.00
Aquatic Builders LTD	-	-	-	1,457,500.77	-	1,105,138.04	-	2,562,638.81
Weber Group, Inc.	172,218.31	517,880.98	1,149.00	1,749,132.98	90,269.40	-	-	2,530,650.67
PJA Architects	50,975.02	101,761.08	1,182,824.73	288,189.00	369,194.76	160,407.60	-	2,153,352.19
Roto Group, LLC	777.29	4,138.50	-	-	1,123,172.00	994,328.00	-	2,122,415.79
Adena Corporation	-	-	286,559.64	118,507.07	-	227,224.41	1,199,243.51	1,831,534.63
Louis R Polster Company	103,114.08	99,775.34	153,640.40	189,786.25	458,808.15	460,333.87	12,186.46	1,477,644.55
Paul Construction Co Inc.	-	-	-	-	376,888.70	1,050,427.30	-	1,427,316.00
CDW Direct	246,072.03	361,414.00	186,357.22	167,351.69	190,411.15	228,152.21	24,243.43	1,404,001.73
George J Igel & Company, Inc.	87,903.65	126,470.95	84,857.56	136,730.26	601,482.00	47,621.00	65,192.00	1,150,257.42
Converse Electric, Inc.	62,996.39	103,081.65	686,285.97	92,248.88	119,513.50	45,846.00	-	1,109,972.39
G & M Construction, Inc.	-	887,549.49	37,000.00	-	-	-	-	924,549.49
Precision Sitework Co	-	-	-	497,282.29	-	304,199.00	-	801,481.29
Superior Roof System LLC	-	-	-	411,587.62	304,492.08	45,686.88	-	761,766.58
Kirkham Building System, Inc.	-	-	627,969.00	37,558.00	-	-	-	665,527.00
Pratt Construction LLC	114,145.63	159,582.31	145,299.99	66,094.48	75,796.88	42,579.84	54,576.95	658,076.08
Holderbaum's Painting, Inc.	109,874.85	85,231.97	66,642.54	39,749.55	190,446.77	54,938.71	-	546,884.39
Sauer Group, Inc.	-	-	-	206,491.34	244,960.66	73,561.00	-	525,013.00
								\$ 31,569,299.77

Smoot Construction was paid \$39,167,571.46 during this same period, but we excluded them from our testing since the majority of their work was as the main contractor for *Adventure Cove*. It is understood that the *Adventure Cove* project was discussed during Board meetings and required involvement from many individuals at various levels across the Zoo.

We also noted that, after obtaining documentation, not all amounts paid to each vendor in our testing population relate to contracts or construction projects. For example:

- CDW Direct was paid \$1,404,001.73, but only \$64,000 related to a project that would require a bid process; and
- Louis R Polster Company sells kitchen equipment normally purchased using the Zoo's normal Accounts Payable/Purchase Order process.

Therefore, while the vendors may be categorized as construction companies, we did not analyze the processes involving non-construction payments.

To determine the bid process for each project and the cost overruns (if any), we reviewed documentation provided by Zoo personnel, including bid tabulation forms, contracts, and change orders.

To identify possible kickbacks or self-dealing, we performed key-word searches on the vendor names and/or projects in the email files of Stalf, Bell, Fingerhut, Murnane, and Greene.

A. Bid/Proposal Process

We reviewed supporting documentation, including bids, bid tabulation forms, and narratives from Zoo Facilities personnel in order to confirm that projects followed a bid/proposal or Design-Build process. A Design-Build process is typically utilized when the project is unique, such as for theme park or exhibit projects, and often results in the original builder being awarded the project. For example, Aquatic Builders LTD originally built Zoombezi Bay, and was awarded additional projects under the Design-Build model, without additional requests for proposals (“RFP’s”) from other vendors, given that history. The list of projects by vendor below was created from our analysis whereby we affirmed a bid process, or if the project followed a Design-Build process:

Row	Vendor	Project	Bid/Proposal Process
1	Adena Corporation	Animal Programs Building Addition	Yes
2	Adena Corporation	Orangutan Exhibit	Yes
3	Aquatic Builders LTD	Croctail Creek	Design-Build
4	Aquatic Builders LTD	Otter Banks	Design-Build
5	CDW Direct	Network Storage	Yes
6	Converse Electric, Inc.	Annual Emergency Electrical Services	Yes
7	Converse Electric, Inc.	Zoombezi Bay Night Lighting	Design-Build
8	G & M Construction, Inc.	Rhino Barn	Yes
9	George J Igel & Company, Inc.	Elephant Yard	Design-Build
10	George J Igel & Company, Inc.	Lion Slope	Yes
11	Holderbaum's Painting, Inc.	Annual Emergency Painting Services	Yes
12	Kirkham Building System, Inc.	Golf Course Pavilion	Yes
13	Kirkham Building System, Inc.	Front Entry Pavilion	Design-Build
14	Marker, Inc.	Activity Pavilion Renovation	Yes
15	Marker, Inc.	Lakeside Grill and Kitchen	Yes
16	Marker, Inc.	North America Improvements	Design-Build
17	Meade Construction Inc.	Straker Cabins	No
18	Miles-McClellan Construction	Education Building	Yes
19	Miles-McClellan Construction	Perimeter Fencing	Yes
20	Miles-McClellan Construction	T-Devils	Yes
21	Paul Construction Co Inc.	Cheetah Overlook	Yes
22	PJA Architects	Adventure Cove Design Services	Yes
23	PJA Architects	Wild World/Sea Eagle and Snow Leopard Exhibit	Yes
24	Pratt Construction LLC	Annual Emergency Carpentry - Pole Barn Halloween	Yes
25	Pratt Construction LLC	Annual Emergency Carpentry - Big Island Grill Countertop	Yes
26	Precision Sitework Co	Otter Banks	Design-Build
27	Precision Sitework Co	Croctail Creek	Design-Build
28	Roto Group, LLC	Adventure Cove Theming/Exhibitry Design Builder	Yes
29	Sauer Group, Inc.	Discovery Reef Upgrade	Yes
30	Superior Roof System LLC	Otter Bay Cabanas	Design-Build
31	Superior Roof System LLC	Annual Emergency Carpentry - Lion Boardwalk Repairs	Yes
32	Weber Group, Inc.	Front Gate Updates	Design-Build
33	Weber Group, Inc.	Langur Renovation	Design-Build
34	Weber Group, Inc.	Shores Park Concessions	Design-Build
35	Weber Group, Inc.	Zoombezi Bay Restrooms	Design-Build

A count of the projects for which we analyzed bid/proposal processes is below:

<u>Bid/Proposal Process</u>	<u>Count</u>	<u>Percentage</u>
Yes	21	60%
Design-Build	13	37%
No	1	3%
	<u>35</u>	

We noted that RFP's for annual contracts (such as emergency painting and emergency electrical work) are made each year, and the Zoo tabulates the bids received to compare pricing.

For bid tabulation forms analyzed, the lowest bidder was selected, except for one instance in which a certified minority business enterprise was awarded the bid. In one instance, the T-Devils project, an RFP was issued to three vendors, but only Miles-McClellan responded, and was subsequently awarded the project.

For the *Straker Cabin Project*, we did not identify an RFP sent to vendors, a bid tabulation form, or bids from contractors. Instead, we were provided an emailed statement from Theresa Kanavel ("Kanavel"), Project Manager at Brian Addis, Architect LLC, the architect for the *Straker Cabin Project*. This statement declared that:

"In October 2015 the firm Brian Addis Architect was in the process of preparing documents to invite a minimum of three general contractors to bid the project that was to become the Wilds Cabins at Straker Lake. In a general meeting we were instructed by Tom Stalf not to proceed with bidding because the contract was being awarded to Meade Construction."

B. Straker Cabin Project

Given this project appears as an outlier in our analysis, we outline its details, including a description of the project and the revenue sources utilized to pay for it. The total costs of the project approximated \$2.9 million. The following vendors were paid as part of the project, with Meade Construction receiving the largest portion:

<u>Vendor</u>	<u>Amount</u>
MEADE CONSTRUCTION INC.	\$2,467,089.00
AMISH OAK FURNITURE CO	101,564.00
GUERNSEY-MUSKINGUM ELECTRIC CO-OP	71,255.83
BRIAN ADDIS ARCHITECT, LLC	41,219.53
LOUIS R. POLSTER COMPANY	30,243.33
THE SOLUTION LLC	29,978.78
HOOVER, BRAD	25,507.00
AMERICAN EXPRESS ACCT 51006	18,572.78
DRESDEN LAND WORKS, LTD	15,625.48
BUDGET BLINDS OF COLUMBUS	14,950.60
AGILE NETWORKS	13,930.00
JAN RAMER CC	13,871.72
HIDDEN VALLEY STORAGE BARNS	9,145.00
CARD MEMBER SERVICE	8,921.68
TERRACON CONSULTANTS, INC.	8,900.00
KESSLER SIGN COMPANY	8,255.00
BROCK GORRELL CREDIT CARD	7,980.49
MATHESON TRI-GAS, INC.	5,460.84
TATTLETALE PORTABLE ALARM SYSTEMS, INC.	3,844.73
JULIE GRAHAM CREDIT CARD	3,010.36
JOHN CAMPBELL MARCH CC	2,909.49
OHIO CAT	2,218.95
GOSS SUPPLY COMPANY	2,208.46
CDW DIRECT, LLC	2,110.40
PARALLEL TECHNOLOGIES	2,020.00
VIRCO INC.	1,694.25
MID-EAST OHIO BUILDING DEPARTMENT	1,468.37
HITTLE ELECTRIC	1,340.00
LOWE'S BUSINESS ACCOUNT	1,293.50
KESLER, LORI	1,000.00
AMERICAN LIGHT COMPANY	832.05
HUNTINGTON CORP ACCOUNT	799.98
BUMPUS, GARY L.	790.00
ROXSOL, LLC	600.00

RAPID FIRE EQUIPMENT CO	393.00
IMAGE 360	288.00
QUILL	69.60
STEPHEN SPEAR MARCH CC	47.88
	<u>\$2,921,410.08</u>

The project was funded by the Straker family at \$2.250 million; the remaining was comprised of \$500,000 from the Zoo's Transformation Fund and \$171,410 from The Wilds' cash reserves.

The Zoo entered into a contract with Meade Construction in October 2016 to provide:

- A free standing, conventionally framed Lodge, of approximately 2,400 sq. ft to include an open dining area, a kitchen with hood, triple sink, and all required plumbing and two (2) bathrooms.
- Seven (7) Cabins approximately 1,200 sq. ft. that shall include three (3) bedrooms, two (2) bathrooms.
- A gravel driveway back to the seven (7) Cabins and Lodge.
- 150 sq. ft. of beach area.

The contracted price with Meade Construction was \$2 million.

C. Kickbacks/Self-Dealing

We understand that Porter Wright's investigation uncovered allegations that Meade Construction was potentially awarded the *Straker Cabin Project* in exchange for courtside tickets to Cleveland Cavaliers' games. We did not identify a communication exchange during our email review to support this assertion but did identify the following email chain in which Greene forwards an article about Andy Meade to Stalf on May 26, 2016.

Fwd: You've gotta see this

From: Brian Greene <bgfennec@gmail.com>
To: Tom Stalf <tom.stalf@columbuszoo.org>, Stalf, Tom <Tom.Stalf@columbuszoo.org>
Sent: May 26, 2016 9:52:22 AM EDT
Received: May 26, 2016 9:52:35 AM EDT

Sent from my iPhone




Begin forwarded message:

From: Andy Meade <ameade@meadeconstructioninc.com>
Date: May 23, 2016 at 8:41:53 AM EDT
To: "jasonday104@hotmail.com" <jasonday104@hotmail.com>, "bgfennec@gmail.com" <bgfennec@gmail.com>
Subject: FW: You've gotta see this

Boys,

The Robin egg strikes again..... hahahahaha

Andrew L. Meade
CEO
13 N. Mill Street
Lexington, Ohio 44904
Phone (740) 694-5525
Fax (419) 884-7156
Cell (740) 627-7410
ameade@meadecon.com
www.meadeconstructioninc.com



From: [REDACTED]
Sent: Monday, May 23, 2016 8:14 AM
To: Andy Meade <ameade@meadeconstructioninc.com>
Subject: You've gotta see this

So I was reading the sports news this morning and look what I found..... You made national news!

<http://thebiglead.com/2016/05/21/courtside-cavs-fan-sports-tucked-in-authentic-jersey-over-white-dress-shirt-pulls-it-off/>

The article describes Andy Meade's outfit while sitting courtside at an NBA conference finals game in Toronto on May 21, 2016. We reviewed footage from that game and did not see Zoo employees with Andy Meade; Stalf's calendar also does not indicate a trip to Toronto during this time.

Another email, this one between Fingerhut and Stalf, indicated that Stalf made a promise to Meade about obtaining a suite for the Tim McGraw/Faith Hill concert.

RE: Pre-sale for Tim McGraw & Faith Hill

From: Fingerhut, Pete </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=A9CF3F830D954D1C99A037A4EA63C841 -PETE.FINGER>
To: Stalf, Tom <Tom.Stalf@columbuszoo.org>
Sent: December 7, 2016 1:54:31 PM EST
Received: December 7, 2016 1:54:33 PM EST
☺

From: Stalf, Tom
Sent: Wednesday, December 07, 2016 12:18 PM
To: Fingerhut, Pete
Subject: RE: Pre-sale for Tim McGraw & Faith Hill

Who knows.

Tom Stalf
President & CEO
Columbus Zoo and Aquarium
The Wilds
Zoombezi Bay
Safari Golf Course

From: Fingerhut, Pete
Sent: Wednesday, December 07, 2016 10:42 AM
To: Stalf, Tom
Subject: RE: Pre-sale for Tim McGraw & Faith Hill

Thanks. didn't you promise Andy Mead to get a suite for Tim McGraw on the plane coming back? Or who was it that his wife really liked?

It is clear that a relationship existed between Stalf and Andy Meade. Stalf's directive to Zoo employees to use Meade Construction on this significant project is questionable since this vendor's primary business is roofing⁴.

⁴ <https://www.meaderroofingservices.com/services>



Our Services

Emergency Response & Repair

Our technicians are available 24/7 to address leaks and any necessary repairs. Leaks can deteriorate the roof, insulation systems, structures, damage products, and can be a safety concern. We include a 1 year workmanship warranty on all repairs. Pre-repair and post-repair photo documentation will be provided detailing all services rendered.

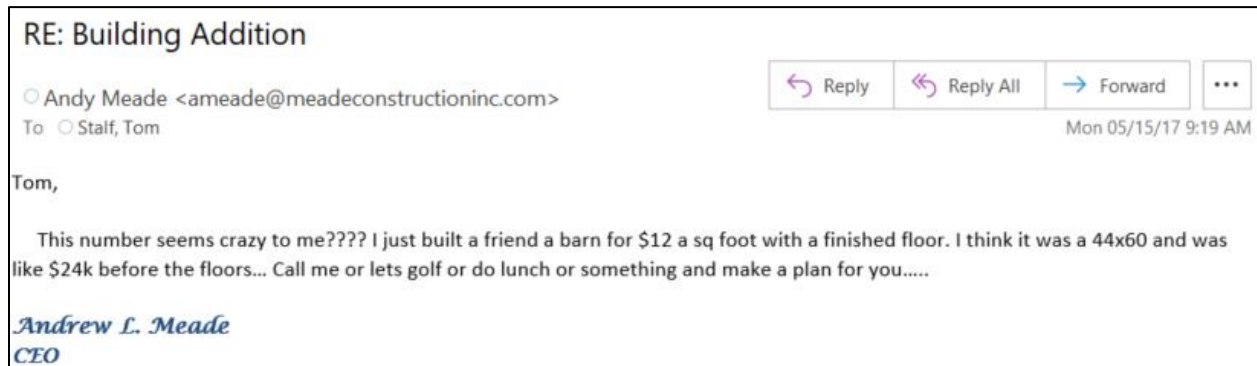
Maintenance Programs

Scheduled maintenance programs help save you time and money by extending the service life of your roof. By being proactive, preventative maintenance programs eliminate costly roof leaks, their frequency, and reduce severity. It's recommended that roof surfaces and their components receive a semi-annual inspection to clear debris from surfaces, ensure drains are functioning properly, and document necessary repairs.

Inspections and Evaluations

Our detailed inspection reports with photos allow you to truly understand the condition of your roof without physically being onsite. Estimates and proposals are available for all project sizes along with budgeting plans and cost-tracking through our RoofSmart System. Our goal is to offer solutions so that your roof achieves its maximum service life.

In addition, we identified a proposal from [REDACTED] to expand Stalf's personal garage for approximately \$50,000. Stalf forwarded the proposal to Andy Meade, who indicated the price seemed "crazy":



In August 2017, Meade Construction applied for a permit with Delaware County to build the garage expansion on Stalf's property:

PLEASE PRINT

Applicant name MEANE CONSTRUCTION Phone (740) 694-5525 (SPICE 740-507-9029)

Applicant address 13 N. MILL ST. LEXINGTON 44904
Street City Zip

Owner's name THOMAS STALF Phone (614) 315-4511

Owner's address 1022 RIVER RD OSTANDON 43061
Street City Zip

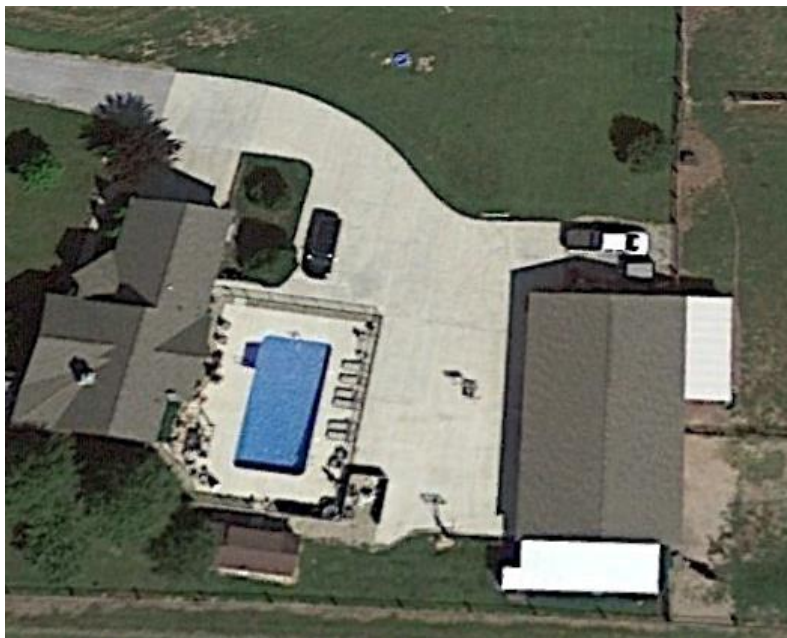
Property address SAME
Street City Zip

Proposed Use:

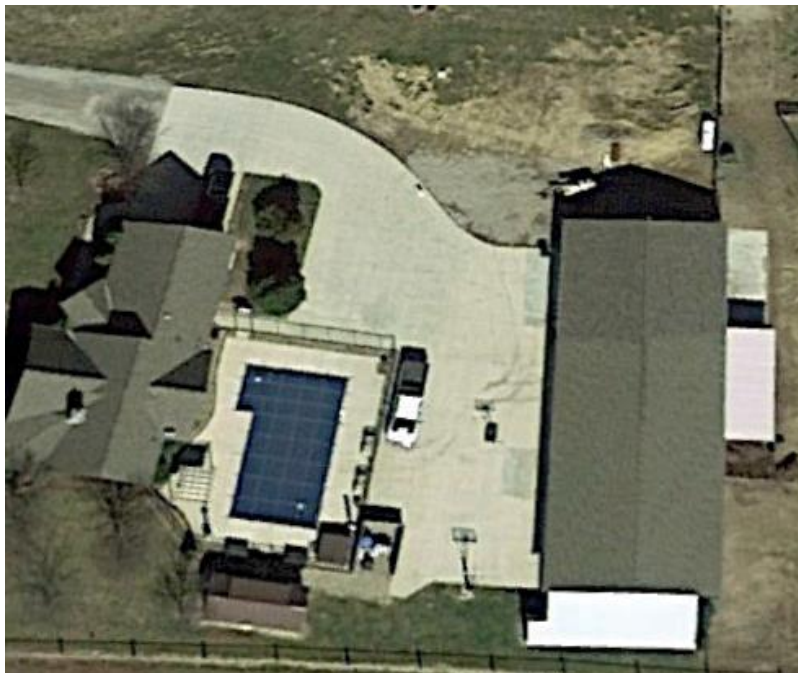
<input type="checkbox"/> New building construction	<input type="checkbox"/> Commercial
<input type="checkbox"/> Existing building addition, enlargement and/or building relocation.	<input type="checkbox"/> Industrial
<input type="checkbox"/> Garage	<input type="checkbox"/> Sign
<input type="checkbox"/> Accessory building	<input type="checkbox"/> Change of use of land or building
<input type="checkbox"/> Alteration / repair	<input type="checkbox"/> Deck or pool
<input type="checkbox"/> Nonstructural use of the land	Other please explain
<input checked="" type="checkbox"/> Agricultural, describe <u>HAY STORAGE</u>	<u>* BUTTS UP TO EXISTING GARAGE - POLE TYPE HAY STORAGE - ORANGE OOR AT EXISTING (30x36)</u>

Based on Google Earth satellite images, the garage expansion was completed sometime prior to March 2018:

August 2016




March 2018



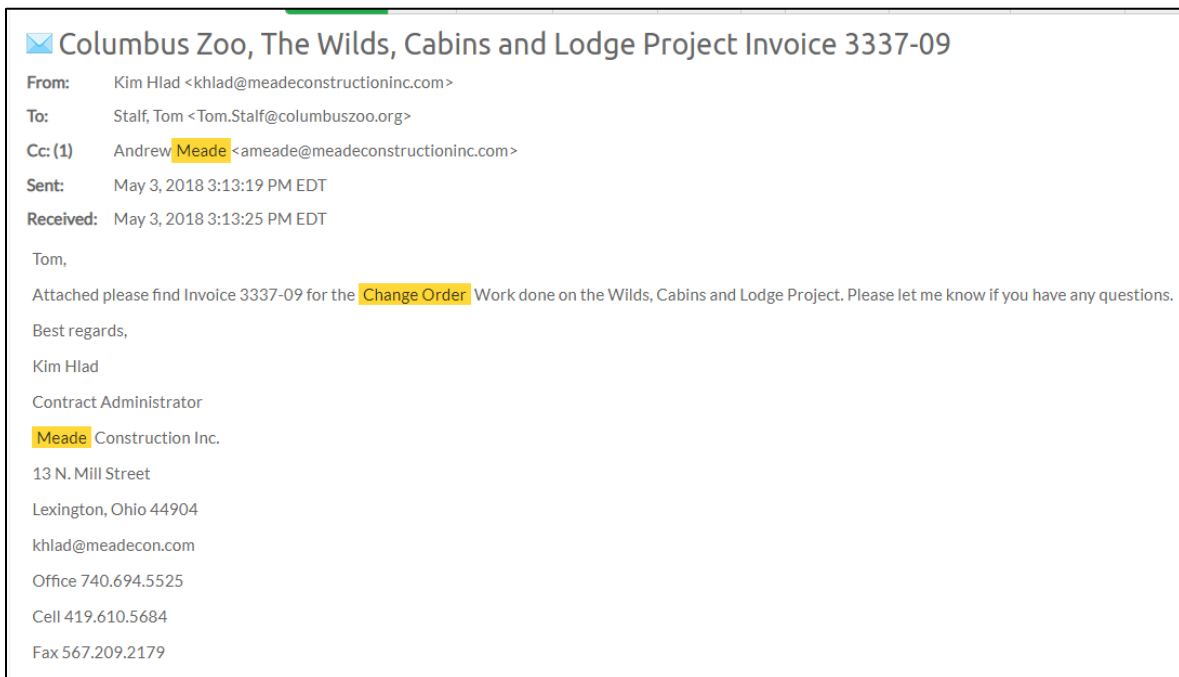
We note that this garage expansion occurred during the same time period during which Meade Construction was performing the *Straker Cabin Project*, and further indicates a personal relationship between Andy Meade and Staff.

D. Unusual Payments/Cost Overruns

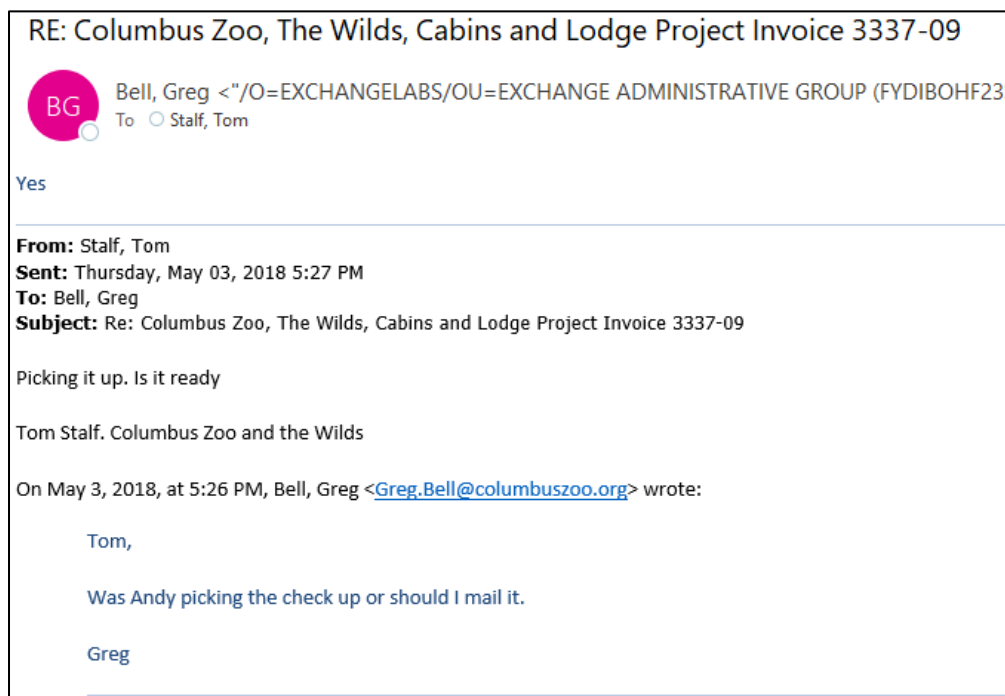
Cost overruns occurred on nearly every project that we analyzed but were supported with approved change orders. For the *Straker Cabin Project*, Bell signed the change orders, increasing the total approved cost from \$2,000,000 to \$2,342,089. However, a total of \$2,467,089 was paid to Meade Construction for the *Straker Cabin Project*. The difference of \$125,000 (\$2,467,089 paid less \$2,342,089 in change orders) was invoiced by Meade Construction on May 3, 2018:

		13 N. Mill Street Lexington, OH 44904 Phone: (740) 694-5525 Fax: (567) 209-2179	
		INVOICE Invoice Number: 3337-09 Invoice Date: May 3, 2018	
Bill to: The Wilds 14000 International Rd. Cumberland, OH 43732 Attn: Tom Staf		Re: The Wilds, Cabins and Lodge Project Change Order Work	
Description	Amount		
Labor and Material for All Requested Change Order Work at The Wilds, Cabins and Lodge Project	\$125,000.00		
	Total amount due	\$125,000.00	

The invoice was sent by Kim Hlad, Contract Administrator at Meade Construction, directly to Stalf.



Stalf forwarded the email with the invoice to Bell. The payment was processed later that day – May 3, 2018 – with Bell’s approval, using check number 13855, and Andy Meade “picking the check up”, presumably at the Zoo.



By default, the Wilds' cash reserve was the source for this payment, i.e., not from the Straker donated funds nor the Transformation fund, given this was the last invoice paid for the construction portion of the project. This invoice comprises the majority of the Wilds' cash reserve totaling \$171,410 that was used after the first two sources were consumed.

Finney notified Dr. Ramer and Campbell regarding the receipt of this invoice to obtain verification.

From: "Finney, Michelle" <michelle.finney@columbuszoo.org>
Subject: Meade Construction
Date: May 3, 2018 at 4:52:20 PM EDT
To: "Campbell, John" <john.campbell@thewilds.org>, "Ramer, Jan" <jan.ramer@thewilds.org>
Cc: "Bonifas, Jen" <jen.bonifas@columbuszoo.org>

John and Jan,

I just received an invoice from Meade for \$125,000 for labor and materials on change order work at Straker. The list is for plumbing for technology, PTAC versus central air, fully cond basement, ISO basement, topsoil, hood, and cabinets for cooktops. Just wanted to verify these items. Also, if there are basements, are these locked so that only Wilds staff can access and use them?

Thank you,

Michelle Finney

Accounting Manager for The Wilds and Zoombezi Bay
Columbus Zoo and Aquarium

Finney forwarded the invoice to Dr. Ramer, along with this handwritten note. Inquiry to Zoo staff revealed that the author of this list is unknown.

1. Plumb for technology
2. PTAC vs Cent. AIR
3. Fully cond. Basement
4. Iso Basement
5. Topsoil
6. Hood?
7. Cabinets for cooktops?

Dr. Ramer contacted Kanavel⁵ on May 4, 2018 given her concern regarding the invoice.

From: Ramer, Jan <jrager@thewilds.org>
Sent: Friday, May 4, 2018 6:16 AM
To: Theresa Kanavel <TKanavel@shremshock.com>; Campbell, John <jcampbell@thewilds.org>
Subject: Fwd: Meade Construction

Hi Theresa,

We received the disconcerting message from our finance department yesterday. We have not received any change orders for our approval/signatures. There are no details provided - we will ask for them, on this hand written note. Can you help us understand?

Thanks,
Jan

Kanavel's response is below:

From: Theresa Kanavel [<mailto:tkanavel@shremshock.com>]
Sent: Friday, May 04, 2018 8:03 AM
To: Ramer, Jan; Campbell, John
Subject: RE: Meade Construction

Morning Jan,
I can not help with the limited information below.
As you said, get the detail. Request itemized associated costs. I would also request (require) detail for all previous change orders, we would need to confirm there is no overlap.
I have not seen any of their contract, pay apps, change orders,... - I know you know that.
I am not sure what some of the items below are referring to.

Keep me posted.

Thanks!

Theresa L. Kanavel
Senior Project Manager
614.545.4550 x.152

In an email to Andy Meade on May 7, 2018, Dr. Ramer expressed her surprise with receiving this invoice, outlining her concerns:

⁵ It is understood that Kanavel took a new position at Shemshock Architects & Engineers from Addis Architects since her time on the *Straker Cabins Project*.

RE: Meade Construction

RJ
Ramer, Jan <jramer@thewilds.org>
To: ameade@meadeconstructioninc.com
Cc: Greene, Lewis; Campbell, John; Finney, Michelle; Bonifas, Jen; Bell, Greg

doc02762020180507083029.pdf 19 KB
doc02762120180507083042.pdf 87 KB

Mon 5/7/2018 1:12 P

Dear Andy,

I was surprised to see this invoice late last week, as neither John Campbell nor I have seen or signed any change order/requests this year. I checked with the architect and she was also unaware of any change requests. We reviewed your hand written list and we have some questions:

1. What exactly do you mean here? We are not sure what "plumb for technology" means.
2. HVAC was in the original plan. We did not request PTAC. We are unaware of any change order here.
3. We do not have basements – 3 of the crawl spaces are quite large, but they are not basements. Somebody decided to make this a conditioned space, which was a surprise to us.
4. When the heat runs were installed (not at our request), John was surprised and found that the crawl spaces became very wet due to condensation because the crawl spaces were not insulated. Obviously we could not leave them wet.
5. Fill to final grade was part of the original expectation.
6. Hood was part of the original plan from day 1; how was this changed to require additional payment?
7. We did a cooktop for the ADA cabin – is this for enlarging the space for ovens in the other cabins?

Please provide us with more detail on these items for our financial records including copies of the change orders and itemized associated costs, with receipts where possible.

On the same day, Dr. Ramer also contacted Bell regarding her concerns, forwarding the invoice and handwritten list:

FW: Meade Construction

RJ
Ramer, Jan <jramer@thewilds.org>
To: Bell, Greg

doc02762020180507083029.pdf 19 KB
doc02762120180507083042.pdf 87 KB

Tue 5/8/2018 8:3



Hi Greg,



Do we have any recourse here if Meade Construction does not respond with more details? Some of these points are difficult to justify as they stand now, and the contract does state that all change orders had to be approved ahead of time and signed by both parties. That's a huge budget hit darn it.

Thanks,
Jan

Approximately an hour and a half later, Bell forwarded Dr. Ramer's email to Stalf with the comment, "FYI, email from Jan to Andy questioning his latest invoice."

FW: Meade Construction

 Bell, Greg <Greg.Bell@columbuszoo.org>
To:  Stalf, Tom

 doc02762020180507083029.pdf 19 KB
 doc02762120180507083042.pdf 87 KB

Tom,

FYI, email from Jan to Andy questioning his latest invoice.

Greg

From: Ramer, Jan
Sent: Monday, May 07, 2018 1:12 PM
To: ameade@meadeconstructioninc.com
Cc: Greene, Lewis; Campbell, John; Finney, Michelle; Bonifas, Jen; Bell, Greg
Subject: RE: Meade Construction




Dear Andy,

I was surprised to see this invoice late last week, as neither John Campbell nor I have seen o
have some questions:

The entire transaction is questionable based upon the:

- Invoice receipt and payment occurred on the same day – May 3, 2018;
- Lack of documentation supporting the work performed;
- Concern by key Zoo employees involved in the project regarding the validity of work performed; and
- Timing of the invoice versus the project completion.

Prior to this transaction, in an email from Finney on March 29, 2018, it was noted that Meade Construction was previously **prepaid** throughout the project rendering this payment as an outlier.

 Finney, Michelle <michelle.finney@columbuszoo.org>
To:  Ramer, Jan;  Bell, Greg;  Bonifas, Jen

Meade has been paid in full. We actually had to prepay them throughout the construction.

Thank you,

Michelle Finney


← Reply ← Reply All → Forward ...
Thu 3/29/2018 11:47 AM

Just prior to this invoice and payment, we identified an itinerary showing that Andy Meade and Greene traveled to New Orleans together via private jet to attend JazzFest and a PGA golf tournament. In total, eight (8) people were part of this itinerary. The organizer of the trip was a third party not related to the Zoo's construction projects, so it does not appear that this is an example of a Zoo employee obtaining personal benefits from a construction vendor. While we do not believe there is a correlation between the payment to Meade Construction and this trip, we bring it to your attention.

New Orleans, LA April 26 – 29, 2018	
Thursday, April 26	
9:30AM (EDT)	Depart Knox County Airport 413 via Flexjet, Challenger 300, for FBO- KDAL, Dallas Love FLD BUSINESS JET CENTER US 214-654-1600 8611 LEMMON AVE DALLAS, TX 75209 T. Rastin, B. Lewis, D. Lowe, P. Lowe, D. McElroy, A. Sommer, A. Meade, B. Greene

E. Other Observations

Stalf and/or Bell signed each of the contracts we analyzed, with the exceptions of one contract signed by Rick Dietz and one contract signed by Dr. Ramer (both Vice Presidents at The Wilds). These authorizations are within the Zoo's signing limits policies and Spend Authority Matrix, shown below:

COLUMBUS ZOO & ZOOMBEZI BAY			
SINGING LIMITS			
AS OF JANUARY 1, 2020			
		Approved: 	
		Date: 7/9/2020	
EMPLOYEE	POSITION	Signing Limits	COMMENTS
Tom Stalf	President and CEO	Unlimited	
Greg Bell	Executive Vice President and CFO/COO	100,000.00	
Janelle Coleman	Executive Vice President	50,000.00	

	Operating Expenditures	Acquisitions & Divestitures	Financing	Capital Expenditures	Contracts	Travel and Entertainment
Administrative Assistants	See Zoo Policy					See Zoo Policy
Managers	See Zoo Policy					See Zoo Policy
Senior Managers	See Zoo Policy					See Zoo Policy
Directors	See Zoo Policy					See Zoo Policy
Vice Presidents	See Zoo Policy					See Zoo Policy
Executive Vice Presidents	See Zoo Policy	See Zoo Policy	See Zoo Policy	See Zoo Policy	See Zoo Policy	See Zoo Policy
CEO - Unbudgeted	See Zoo Policy	See Zoo Policy	See Zoo Policy	See Zoo Policy	See Zoo Policy	See Zoo Policy
Board - Notification	> \$250,000 unbudgeted			> \$250,000 unbudgeted		
Board - Approval	> \$500,000 unbudgeted	> \$250,000	> \$250,000	> \$1,000,000 unbudgeted	> \$1,000,000 and > 2 year term or \$2,000,000 and any term	

We also identified instances in which specific projects over \$250,000, even though proactively budgeted, were discussed at board meetings, as shown from a portion of the board meeting minutes from February 20, 2019:

- Mr. Stalf gave updates on several construction projects:
 - Adventure Cove work is going well, though the weather is not cooperating.
 - The Lakeside Grill renovation is underway – this will expand the output and capacity of our busiest concession area.
 - Renovations to the catering kitchen in Lakeside Pavilion are progressing as planned.
 - We received state grant funds for elephant yard improvements – we are adding shade and taking the slope in the yard down to make it easier for elephants to use the entire yard.
 - We are in the design phase for our new Education campus.
 - Mr. Stalf provided updates on other projects including Discovery Reef life support system, orangutan exhibit improvements, new Tasmanian devil exhibit in Australia and the Islands, and Warehouse and Exhibit Shop.

We identified instances in which change orders were not formally signed by all parties. While not indicative of inappropriate relationships with vendors, change orders and other documentation retained for support purposes should be the fully executed versions.

RECOMMENDATIONS

We recommend the Zoo **creates a written set of policies and procedures for performing construction/capital projects**, including determining:

- The appropriate employee(s) to issue RFPs based on project particulars, i.e., estimated cost, location, complexity.
- The appropriate employees based on role/level/expertise to assess the proposals received.
- The appropriate levels of approval for projects, including board involvement.
- The appropriate levels for review and approval of change orders, with consideration of the cumulative cost of change orders.

Signing limits should be reviewed for all positions and the form signed annually, as **approved, by the board chair**; not the CEO or CFO.

SIGNATURE

Very truly yours,



PLANTE & MORAN, PLLC



August 18, 2021

Fred G. Pressley, Esq.
Porter Wright Morris & Arthur LLP
41 South High Street
Columbus, OH 43215

Re: 3120 Frobisher
4760 Powell
10245 Riverside Drive

Dear Mr. Pressley:

Plante Moran Real Estate Investment Advisors (“REIA”) was asked to review the current and historical rents for single-family houses located in Powell and Dublin, Ohio which are/were owned by the Columbus Zoo and Aquarium (the “Zoo”) and rented to certain tenants. Further, REIA was requested to establish current market rental rates for the neighborhoods where the houses are situated, as well as market conditions to determine appropriate historical rental rates based off current figures. This report is to provide you with the results of our analysis for the properties located at:

1. 3120 Frobisher, Dublin
2. 4760 Powell, Powell
3. 10245 Riverside Drive, Powell

REIA is not an appraiser, nor did this study follow appraisal standards. REIA did not tour the subject properties as part of this engagement, nor was REIA able to obtain interior photos of all the subject properties. It is not intended to express an opinion on the Zoo’s internal controls or financial statements in accordance with standards issued by the American Institute of Certified Public Accountants.

BACKGROUND

1. 3120 Frobisher, Dublin

- Built in 1977
- Single-family home with attached garage
- 1,336 square feet with 3 bedrooms and 3 bathrooms
- .18 acre
- Gifted to the Zoo in 2013
- Rented to Tom Stalf's in-laws beginning April 2014 at \$900/month base rent
- Rent was paid through October 2020
- The Zoo sold the property on January 11, 2021

2. 4760 Powell, Powell

- Built in 1965
- Single-family home with attached garage
- 1,344 square feet with 3 bedrooms and 1.5 bathrooms
- 1.0 acre
- Rented to Haley Antonucci beginning September 2017 at \$800/month base rent
- The Zoo represents that Ms. Antonucci is a friend of Greg Bell's daughter, Jillian, and all rent payments were made by Jillian Bell
- Jillian Bell vacated the property approximately March 2021

3. 10245-B Riverside Drive, Powell

- Built in 1952
- Single-family home
- 2,293 square feet with 3 bedrooms and 2 bathrooms
- 1.31 acres
- Borders to the Zoo's complex
- Rented to third party since August 2009 at \$1,150/month base rent

ANALYSIS

A. Current Rent Analysis

When analyzing comparable rents for a property, there are a few characteristics that should be taken into consideration. The most important factor is the location of the comparables relative to the subject property. After that, similarities in size, layout, and composition (number of beds, baths, amenities) should be taken into consideration. From this “desktop” review, REIA was able to determine all these items, except for the functionality of the layout and items such as finish level of a particular property. These items can impact a property’s rental value or desirability, but are excluded from this analysis, as REIA did not tour the properties as part of the scope of this research. Consequently, our analysis is focused on homes of similar size and composition (i.e., approximately 3 bedroom and 2 baths). Due to the split locations of the properties – very near the Columbus Zoo in Powell and in a residential neighborhood in Dublin, two sets of recent rental comparables have been generated.

Below are the two sets of comparables generated to determine current market rental rates for the subject properties, along with minimum, average, and maximums for the range. As indicated, one focused on comparable properties nearer the Columbus Zoo, while the other focuses on comparable properties nearer 3120 Frobisher. Current and recent rental listings in Powell were much more limited than the 3120 Frobisher location in Dublin; therefore, we have included two single family residential style condo properties for this set of comparables.

Recent Rental Listings within 3 Miles of Columbus Zoo

Address	City	State	Type	Beds	Bath	SF	Rent	Rent/SF
8953 Stonebidge Pl	Powell	OH	Ranch Condo	2	2	1400	\$2,200	\$1.57
535 Slate Hollow Dr	Powell	OH	SFR	3	1.5	1584	\$2,095	\$1.32
8826 Orinda Rd	Powell	OH	SFR	3	3	1890	\$1,600	\$0.85
2680 Sawmill Reserve	Powell	OH	Townhome	2	2	1490	\$1,597	\$1.07
6117 Elizabeth Dr	Powell	OH	SFR	3	2	1188	\$1,525	\$1.28
8632 Wilmette Ct	Powell	OH	SFR	2	2	1200	\$1,395	\$1.16
Minimum							\$1,395	\$0.85
Average							\$1,735	\$1.21
Maximum							\$2,200	\$1.57

Source: Zillow, Realtor.com

Recent Rental Listings within 2.5 Miles of 3120 Frobisher

Address	City	State	Type	Beds	Bath	SF	Rent	Rent/SF
3150 Strathburn Ct	Dublin	OH	SFR	3	2	1400	\$2,000	\$1.43
6208 Maryhurst Dr	Dublin	OH	SFR	3	2	1775	\$1,985	\$1.12
5912 Meadowhurst Way	Dublin	OH	SFR	3	2	1182	\$1,800	\$1.52
6597 Stathcona Ave	Dublin	OH	SFR	3	2	1500	\$1,700	\$1.13
3080 Meadowshire Ct	Dublin	OH	SFR	3	2	1182	\$1,700	\$1.44
2401 Dunsworth	Columbus	OH	SFR	3	2	1224	\$1,650	\$1.35
2409 Gliddon Ct	Columbus	OH	SFR	3	2	1095	\$1,650	\$1.51
3065 Frobisher	Dublin	OH	SFR	3	3	1574	\$1,625	\$1.03
6395 Chippenhook Ct	Dublin	OH	SFR	3	2	1350	\$1,500	\$1.11
Minimum							\$1,500	\$1.03
Average							\$1,734	\$1.29
Maximum							\$2,000	\$1.52

Source: Zillow, Realtor.com

When determining a market rental rate, the rent per square foot is a reasonable way to determine the appropriate rate to charge for similar properties (i.e., 2/3 bedrooms and 1.5/2 bathrooms) in the same area but with varying total square footage. Since nearly all the properties identified in the comparables set are freestanding single-family homes, we can multiply the square footage for the subject property by the appropriate per square foot rental rate to determine a current market rate. Below is a chart which reflects the current (2021) implied low, average, and high market rent based on the subject property square footage and applicable rent comparables per square foot. This range represents the acceptable rental rates for the subject properties.

Address	Square Ft.	Comp Low/SF	Comp Avg/SF	Comp High/SF	Implied Low	Implied Average	Implied High
3120 Frobisher	1336	\$1.03	\$1.29	\$1.52	\$1,379	\$1,728	\$2,035
4760 Powell	1344	\$0.85	\$1.21	\$1.57	\$1,138	\$1,626	\$2,112
10245 Riverside	2293	\$0.85	\$1.21	\$1.57	\$1,941	\$2,774	\$3,603

B. Historical Rent Analysis

We were asked to also determine historical market rents. While it is difficult to obtain historical rent comparables, we can discount current (2021) market rents based on rental growth trends in the marketplace. In this case, we have used data from CoStar, one of the largest real estate data providers, to look at historical residential rental growth in the Columbus metropolitan market.

	2021	2020	2019	2018	2017	2016	2015	2014
Historical Rent Growth	--	3.11%	2.01%	2.63%	3.00%	2.84%	4.04%	2.42%

Source: CoStar as of 4.28.2021; for Columbus Metro Market

These growth percentages have been used to discount the current (2021) rates implied by the market rent comparables outlined in this report. Below is a chart reflecting the acceptable range of current market rents (low, average, and high), discounted back to 2014.

	2021	2020	2019	2018	2017	2016	2015	2014
LOW - Comp Set - Monthly Rent								
3120 Frobisher	\$1,379	\$1,338	\$1,297	\$1,258	\$1,220	\$1,184	\$1,148	\$1,113
4760 Powell	\$1,138	\$1,103	\$1,070	\$1,038	\$1,007	\$976	\$947	\$918
10245 Riverside	\$1,941	\$1,883	\$1,826	\$1,771	\$1,717	\$1,666	\$1,615	\$1,567

	2021	2020	2019	2018	2017	2016	2015	2014
AVERAGE - Comp Set - Monthly Rent								
3120 Frobisher	\$1,728	\$1,676	\$1,625	\$1,576	\$1,529	\$1,483	\$1,438	\$1,395
4760 Powell	\$1,626	\$1,577	\$1,529	\$1,483	\$1,439	\$1,395	\$1,353	\$1,312
10245 Riverside	\$2,774	\$2,690	\$2,609	\$2,531	\$2,454	\$2,380	\$2,308	\$2,239

	2021	2020	2019	2018	2017	2016	2015	2014
HIGH - Comp Set - Monthly Rent								
3120 Frobisher	\$2,035	\$1,973	\$1,914	\$1,856	\$1,800	\$1,746	\$1,693	\$1,642
4760 Powell	\$2,112	\$2,048	\$1,987	\$1,927	\$1,869	\$1,812	\$1,758	\$1,705
10245 Riverside	\$3,603	\$3,495	\$3,389	\$3,287	\$3,188	\$3,092	\$2,999	\$2,908

LOSSES

As requested, we compared the average comp set to the rent paid for 3120 Frobisher and 4760 Powell to calculate losses allocated to Tom Stalf and Greg Bell, respectively:

<i>3120 Frobisher Avenue</i>								
	2014	2015	2016	2017	2018	2019	2020	Totals
Monthly Rent - Average Comp Set	\$ 1,394.54	\$ 1,437.89	\$ 1,482.60	\$ 1,528.69	\$ 1,576.22	\$ 1,625.22	\$ 1,675.75	
Number of Months	9	12	12	12	12	12	10	
Total Annual Rent - Average Comp	\$ 12,550.82	\$ 17,254.70	\$ 17,791.15	\$ 18,344.28	\$ 18,914.60	\$ 19,502.66	\$ 16,757.50	\$ 121,115.71
Monthly Rent Paid	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	
Actual Rent Paid	\$ (8,100.00)	\$ (10,800.00)	\$ (10,800.00)	\$ (10,800.00)	\$ (10,800.00)	\$ (10,800.00)	\$ (9,000.00)	\$ (71,100.00)
Loss - Stalf	\$ 4,450.82	\$ 6,454.70	\$ 6,991.15	\$ 7,544.28	\$ 8,114.60	\$ 8,702.66	\$ 7,757.50	\$ 50,015.71

<i>4760 Powell</i>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Totals</u>
Monthly Rent - Average Comp Set	\$ 1,438.51	\$ 1,483.23	\$ 1,529.35	\$ 1,576.89	\$ 1,625.92	
Number of Months	4	12	12	12	2	
Total Annual Rent - Average Comp	\$ 5,754.04	\$ 17,798.80	\$ 18,352.17	\$ 18,922.74	\$ 3,251.84	\$ 64,079.58
Monthly Rent Paid	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	
Actual Rent Paid	\$ (3,200.00)	\$ (9,600.00)	\$ (9,600.00)	\$ (9,600.00)	\$ (1,600.00)	\$ (33,600.00)
Loss - Bell	\$ 2,554.04	\$ 8,198.80	\$ 8,752.17	\$ 9,322.74	\$ 1,651.84	\$ 30,479.58

We have not calculated losses for 10245 Riverside Drive, as it does not appear that Bell nor Staff, nor their families, received personal benefit for the low rent charged in comparison to average market rates.

SIGNATURE

We would be pleased to update these findings, upon request, should additional information become available.

Very truly yours,

Plante & Moran, PLLC

PLANTE & MORAN, PLLC



August 18, 2021

Fred G. Pressley, Esq.
Porter Wright Morris & Arthur LLP
41 South High Street
Columbus, OH 43215

Re: Levy and Other Governmental Funds

Dear Mr. Pressley:

As requested, we assessed the processes of the inflows and outflows of all levy and other governmental funds received by the Columbus Zoo (the “Zoo”) during our scope period. This report describes those processes and outlines recommendations to improve the reporting transparency of these specific funds. It is not intended to express an opinion on the Zoo’s internal controls or financial statements in accordance with standards issued by the American Institute of Certified Public Accountants.

CONCLUSION

Based on our analysis as described throughout this report, **we found no evidence of misappropriation of levy funds.** In other words, levy funds were used by the Zoo for the purposes approved by Franklin County residents.

BACKGROUND

Each year, the Zoo receives levy funds from Franklin County (the “County”) for the purpose of “provision and maintenance of zoological park services and facilities” as a mill had been approved by the residents during the 2015 general election.

CERTIFIED ISSUES LIST GENERAL ELECTION – NOVEMBER 3, 2015 <small>Revised 8/26/2015 8:00 AM</small>			
#	Subdivision	Purpose	Rate
#15	Franklin County – Proposed Tax Levy – Renewal	Provision and maintenance of zoological park services and facilities	Renewal of 0.75 mill, \$0.075 per \$100 valuation, for 10 years, commencing in 2015

While the levy does not outline the use of the levy funds by the Zoo with specificity, the Zoo has represented publicly that the funds will be “used for animal health, nutrition and staff; facility maintenance, improvements and replacements; and local education and animal programs.”¹ These categories include the wages and benefits paid to employees involved in these efforts.

RECEIPT OF LEVY FUNDS

When the Zoo receives levy funds, they are deposited electronically by the County into the Fifth Third Zoo Levy bank account ending in x9935. Therefore, the funds are easily identifiable as they are segregated within this separate bank account, as shown in the excerpt below:

Account Summary - [REDACTED] 9935				
02/22	Beginning Balance	\$0.00	Number of Days in Period	35
	Checks			
2	Withdrawals / Debits	\$(4,183,126.65)		
1	Deposits / Credits	\$9,552,081.10		
03/27	Ending Balance	\$5,368,954.45		
Withdrawals / Debits		2 items totaling \$4,183,126.65		
Date	Amount	Description		
03/16	1,183,126.65	FUNDS TRANSFER TO CK: XXXXXX9059 REF # 00025408167		
03/16	3,000,000.00	FUNDS TRANSFER TO CK: XXXXXX9067 REF # 00025407895		
Deposits / Credits		1 item totaling \$9,552,081.10		
Date	Amount	Description		
03/16	9,552,081.10	FRANKLIN COUNTY ACCTSPAY 801191 COLUMBUS ZOOLOGICAL PA 031620		

From January 2015 through December 2020, we traced 50 deposits totaling \$113,057,083.95 into the Zoo Levy bank account, all of which were from “Franklin County Acctspay”. Of these deposits, 25 were related to tax levy funds; we have summarized the levy funds received by year below:

¹ <https://www.columbuszoo.org/home/about/press-releases/press-release-articles/2015/06/18/zoo-to-see-no-tax-increase-10-year-renewal-levy>

<u>Year</u>	<u>Total Receipts</u>
2015	\$ 18,062,070.24
2016	18,051,969.50
2017	18,868,445.68
2018	19,193,562.80
2019	19,201,308.29
2020	19,548,234.44
Total	<u>\$ 112,925,590.95</u>

The County disburses all Zoo payables through an electronic payment to the levy bank account, which includes items such as Zoo tickets purchased by the County. As a result, not all deposits into the levy bank account are levy funds. County payables amounted to \$6,493, of which we did not analyze the use of these funds since they were not related to levy receipts. The remaining \$125,000 (\$113,057,083.95 total deposits - \$112,925,590.95 levy funds - \$6,493 County payables = \$125,000) of deposits into the levy account is described in the Other Governmental Funds section of this report.

USE/DISBURSEMENTS OF LEVY FUNDS

Invoices are not paid directly from the levy bank account. Instead, funds are transferred from the levy bank account to one of two Zoo Fifth Third bank accounts – the operating account or disbursement account. It is understood that this process is performed since costs are incurred (such as payroll for care of the animals) prior to receiving levy funds. For example, levy funds are not received until March or April of each year, but the Zoo incurs levy-related expenses in January and February. Also, it would be cumbersome for the Zoo to run a separate payroll limited to employees whose wages are levy-related expenses.

When transfers are made from the levy bank account to the Fifth Third accounts, a general ledger report summarizing the levy-related expenses is generated to support the transferred amount. It is understood that annual summary reports, as shown for 2020 below, and detailed general ledger reports were provided by the Zoo to the State Auditor. The detailed reports list each invoice that the Zoo paid for levy-related expenses.

LEVY PROCEEDS 2020		
	Operations Amount Spent	Capital Amount Spent
January	957,333.15	82,235.68
February	1,016,357.25	642,693.92
March	1,273,117.09	2,005,839.36
April	1,032,024.60	1,609,844.60
May	923,513.55	2,554,816.79
June	1,144,082.85	369,121.54
July	878,078.32	1,067,302.62
August	925,306.57	563,613.28
September	1,185,336.90	649,949.18
October	933,291.89	1,325,433.90
November	906,375.63	81,641.82
December	1,135,275.70	1,241,017.03
YTD Expenditures	12,310,093.50	12,193,509.72
Total YTD Expenditures	24,503,603.22	
Less Funds Transfers Made:		
3/16/2020	4,183,126.65	
4/9/2020	1,798,316.60	
5/19/2020	2,641,869.20	
6/4/2020	928,768.65	
6/26/2020	913,561.85	
10/29/2020	8,184,098.05	
	18,649,741.00	

An additional \$898,493.44 was transferred on December 17, 2020, for total transfers of \$19,548,234.44.

A. Levy Spend Report to County

We were provided the Zoo's levy reports, which were also given to the County, to understand the general ledger categories encompassed in this report. As shown by the excerpt below from the 2020 report, the Zoo captures certain categories to designate operational expenses and capital projects related to levy funds. We inquired to the Zoo as to how these items are identified for this report and were informed that the Zoo uses certain general ledger codes that are designated for use of levy funds.

Account Description	Total 2020 Actual	Account Description	Total 2020 Actual
SALARIES AND WAGES		Capital Expenditures Projected Payments:	
Animal Health	\$501,796.76	Adventure Cove - sea lions	\$7,873,398.75
Animal Nutrition	\$336,544.47	Warehouse Expansion/Dock/Coolers	\$531,356.32
Animal Food	\$1,365,448.16	Orangutan Interior Habitat	\$519,331.57
Subtotal Animal Health/Nutrition	\$2,203,789.39	Education Classroom Space - Edwards	\$2,637,114.34
Shores	\$624,112.59	Flume Ride New Boats	\$24,508.87
Reptiles	\$160,863.95	Desktop Replacement Program	\$28,153.43
Australia	\$711,833.88	IT Infrastructure	\$149,028.71
Animal Care	\$185,612.81	Mowers	\$53,974.00
Asia	\$808,502.65	Customer Contact Center Trailer	\$157,937.69
Congo Expedition	\$874,283.32	Mandrill Exhibit Mesh	\$80,116.00
North America	\$766,249.78	Microgrid Project Solar PV and BESS	\$50,555.00
LSS	\$314,522.33	Marketplace Retail Cash Wrap- Project Canceled	\$0.00
Africa	\$580,501.93	Manatee Exhibit False Ceiling	\$9,600.00
Subtotal Animal Care	\$5,026,483.24	Stage for Special Events	\$9,391.64
Conservation	\$304,330.41	Colobus Structures	\$22,786.00
Education	\$711,836.35	Countertops	\$37,757.40
Animal Programs	\$1,631,791.61	Secondary Entrance	\$8,500.00
Subtotal Conservation Education	\$2,647,958.37	CAPITAL IMPROVEMENTS TOTAL	\$12,193,509.72
Facilities	\$271,576.17	Plus Capital Debt Service/Interest	\$0.00
Building Maintenance	\$1,088,187.79	LEVY FUNDING FOR CAPITAL:	12,193,509.72
Landscape Maintenance	\$324,115.50		REC'D \$10,948,234.44
Grounds Maintenance	\$747,983.04		ZOO EARNINGS COVER OVERAGE
Subtotal Facilities	\$2,431,862.50	TOTAL LEVY SUPPORTED EXPENDITURES:	24,503,603.22
LEVY FUNDING FOR OPERATIONS:		Amount Received from County Fund 2038	19,548,234.44
WAGES AND ANIMAL FOOD	\$12,310,093.50	Amount Covered by Zoo Earnings and Donations	4,955,368.78
MAINTAINING FACILITY	\$0.00		
Total	12,310,093.50		
	REC'D \$8,600,000		
	ZOO EARNINGS COVER OVERAGE		

From the 2020 levy report, the Zoo incurred:

\$12,310,093.50 in operating expenses

\$12,193,509.72 in capital improvements

\$24,503,603.22

The Zoo received \$19,548,234.44 in levy proceeds, which the Zoo allocated \$8,600,000 to operations and \$10,948,234.44 to capital expenditures. Since total expenses exceed the annual levy funds received, the Zoo paid the difference of \$4,955,368.78 from its own revenues. This same methodology applies for all years under review and it is understood that the Zoo has provided the requested supporting documentation to the County for these categories/amounts contained in the levy reports.

B. Key Functional Categories

As we came to understand the levy reports, we identified significant operating expenses that were not captured in these reports but fall within the applicability of levy fund usage. These significant expenses include, but are not limited to, employer-paid fringe benefits, i.e., healthcare, employer payroll taxes, etc. that relate to 1) animal care/research/conservation, 2) education, and 3) exhibits/grounds maintenance. When considering these expenses, the Zoo would not need to include capital projects in the levy report as these additional costs, combined with the other operating expenses included in the levy report, exceed the levy funds received.

The Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) 2016-14, Not For Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities which required all not-for-profits to present the relationship between functional expenses (major categories of program services and supporting activities) and natural expenses. This reporting provides more insight regarding a not-for-profit’s costs related to its missions. This new requirement became effective for fiscal years beginning after December 15, 2017.

In compliance, the Zoo’s financial statements for 2018, 2019 and 2020² include a Statement of Functional Expenses. Using these statements as a basis, we summarized the expenses specifically related to 1) Animal Care/Research/Conservation, 2) Education, and 3) Exhibits/Grounds (collectively, the “key functional categories”). We excluded various costs such as, but not limited to:

- Non-cash expenses, i.e., depreciation;
- Costs categorized as “miscellaneous”; and
- Costs already paid for by donor-restricted funds, such as animal food donations.

As shown below, the narrowly selected costs for the key functional categories *surpass* the annual levy funds received.

² The Zoo’s 2020 audited financial statements have not yet been approved by the Audit Committee.

2018				
	<i>Animal care, research, and conservation</i>	<i>Education</i>	<i>Exhibits and Grounds</i>	<i>Total</i>
Salaries and wages	\$ 7,530,321	\$ 3,194,156	\$ 4,379,875	\$ 15,104,352
Fringe benefits	2,597,036	965,839	1,443,889	5,006,764
Animal care and acquisitions	2,676,636	-	-	2,676,636
Fees for services	419,606	-	25,627	445,233
Repairs and maintenance	186,156	19,001	1,851,686	2,056,843
Research and conservation	2,023,786	-	-	2,023,786
Total expenses				\$ 27,313,614
Less: Animal food donations				(160,794)
Net key functional category expenses				27,152,820
Total levy funds received				(19,193,563)
Costs greater than levy funds receipts				<u>\$ 7,959,257</u>

2019				
	<i>Animal care, research, and conservation</i>	<i>Education</i>	<i>Exhibits and Grounds</i>	<i>Total</i>
Salaries and wages	\$ 7,781,593	\$ 3,429,663	\$ 4,612,529	\$ 15,823,785
Fringe benefits	2,684,062	1,041,391	1,521,690	5,247,143
Animal care and acquisitions	2,664,535	-	-	2,664,535
Fees for services	438,636	-	19,062	457,698
Repairs and maintenance	332,419	30,603	2,293,252	2,656,274
Research and conservation	1,992,056	-	-	1,992,056
Total expenses				\$ 28,841,491
Less: Animal food donations				(134,538)
Net key functional category expenses				28,706,953
Total levy funds received				(19,201,308)
Costs greater than levy funds receipts				<u>\$ 9,505,645</u>

2020				
	<i>Animal care, research, and conservation</i>	<i>Education</i>	<i>Exhibits and Grounds</i>	<i>Total</i>
Salaries and wages	\$ 7,339,371	\$ 3,071,813	\$ 4,706,668	\$ 15,117,852
Fringe benefits	3,271,387	1,005,446	1,575,376	5,852,209
Animal care and acquisitions	2,075,116	-	-	2,075,116
Fees for services	562,509	-	10,725	573,234
Repairs and maintenance	245,397	14,436	1,209,876	1,469,709
Research and conservation	1,122,528	-	-	1,122,528
Total expenses				\$ 26,210,648
Less: Animal food donations				(107,527)
Net key functional category expenses				26,103,121
Total levy funds received				(19,548,234)
Costs greater than levy funds receipts				<u>\$ 6,554,887</u>

For 2015, 2016 and 2017, we took a similar approach to the analysis but were required to use total costs since expenses were not outlined in detail within the key functional categories, as the Statement of Functional Expenses was not yet required as part of audited financial statements. The Zoo provided depreciation expense amounts for those key functional categories, which we deducted from the expenses. As shown below, the costs for the key functional categories exceed the annual levy funds received for each of those years.

2015				
	<i>Animal care, research, and conservation</i>	<i>Education</i>	<i>Exhibits and Grounds</i>	<i>Total</i>
Total expenses	\$ 21,059,259	\$ 5,156,225	\$ 6,670,482	\$ 32,885,966
Less: Animal food donations				(108,313)
Less: Depreciation				(5,711,852)
Net key functional category expenses				27,065,801
Total levy funds received				(18,062,070)
Costs greater than levy funds receipts				<u>\$ 9,003,731</u>

2016				
	<i>Animal care, research, and conservation</i>	<i>Education</i>	<i>Exhibits and Grounds</i>	<i>Total</i>
Total expenses	\$ 24,271,513	\$ 5,688,649	\$ 7,345,417	\$ 37,305,579
Less: Animal food donations				(132,556)
Less: Depreciation				(4,771,986)
Net key functional category expenses				32,401,037
Total levy funds received				(18,051,970)
Costs greater than levy funds receipts				<u>\$ 14,349,068</u>

2017				
	<i>Animal care, research, and conservation</i>	<i>Education</i>	<i>Exhibits and Grounds</i>	<i>Total</i>
Total expenses	\$ 20,671,978	\$ 6,655,669	\$ 8,801,036	\$ 36,128,683
Less: Animal food donations				(153,867)
Less: Depreciation				(8,141,775)
Net key functional category expenses				27,833,041
Total levy funds received				(18,868,446)
Costs greater than levy funds receipts				<u>\$ 8,964,595</u>

C. Conclusion

Based on the two approaches/analyses as described, **levy funds were used properly by the Zoo**. Because levy-related costs surpassed the levy funds received, other Zoo revenue sources such as gate admissions, membership dues, food service, and others, were required to meet the expense obligations of the levy expense categories.

It is important for the Zoo, and all not-for-profit organizations, to ensure that there is no “double dipping”, or counting expenses twice, when reporting the expenses that are paid using proceeds from multiple sources. Based on our analysis, the Zoo is segregating expenses within its general ledger to account for those that are within the directives of donor restricted funds.

OTHER GOVERNMENTAL FUNDS

The remaining \$125,000 deposited into the Zoo Levy bank account consists of one deposit on November 16, 2020, which was for CARES Act funding received from Franklin County as part of COVID-19 relief efforts. The Zoo provided a “final financial report of funds received” to the County separately, which outlines that the \$125,000 was used to support the Zoo’s education revenue loss, which was \$505,000 from 2019 to 2020. This use of funds is compliant with the purpose of the grant.

The City of Columbus (the “City”) provided an additional \$125,000 of CARES Act funding, which was deposited into another Zoo bank account (i.e., not the Zoo Levy bank account) and was to be used for:

- a) Purchasing PPE totaling \$84,646, and
- b) Education Programming totaling \$40,354.

We reviewed the detail list supporting PPE purchases and did not identify payments that would be indicative of fraud (i.e., no related-party vendors, no unusual invoice patterns, etc.). Further, we noted that Education Programming salaries and wages greatly exceeds the grant amount awarded and is not duplicative of salaries and wages already paid using levy funds.

We also identified other grant income within the general ledger. It is understood that most income from grants the Zoo receives are privately funded. This assertion is consistent with our observation within the general ledger. It is worth noting that we identified entries in 2016 for an “Ohio Water Line Grant” totaling \$750,000. This grant is in conjunction with the Ohio

Environmental Protection Agency (“OEPA”) for water quality improvement and is monitored by OEPA’s Division of Environmental and Financial Assistance.

RECOMMENDATIONS

While we confirmed the funds were spent as intended by the levy, it may be helpful if the Zoo implemented one or more of the following recommendations to improve reporting transparency.

- 1) Proactively communicate with the County by calendar year-end regarding the Zoo’s process/methodology to spend next year’s levy funds. Encourage feedback from the County which may include questions that have surfaced by County administrators or requests for additional information.
- 2) Create a report to be exported from the general ledger which captures expenses within the key functional categories. It is important that donor-restricted funds for these categories are reported separately, i.e., not included in this general ledger levy report.
 - a. Exclude non-cash expenses, such as depreciation and amortization.
 - b. Provide more clarification/specificity of “miscellaneous” expenses.
 - c. Exclude advertising and promotion expenses.
 - d. Exclude interest.
 - e. Exclude project costs.

As shown in the analysis outlined in this report, excluding expenses outlined in a-e above still results in expenses for the key functional categories greater than the annual levy receipts.

- 3) It is understood that the Zoo campaigned that it would not simply rely on County funding to support operations and payroll but continue to grow and build to be the best Zoo in the region. Therefore, capital projects that meet this definition can be included as levy-related costs for reporting purposes. We recommend that those levy projects the Zoo will undertake, along with the expected projects’ budgets, are conveyed to the County proactively.
- 4) While the current process provides accountability by the Zoo of the levy funds, consider paying specific expenses directly from the levy bank account. For example, the

contractors selected for capital projects that meets levy requirements could be paid directly via ACH from the levy bank account.

- 5) Engage an outside accounting firm annually whereby the firm would perform specific tests to opine if the levy funds were spent in accordance with the approved usage by the taxpayers. The Board Chair should engage the selected firm and the firm should report its findings directly to the board, i.e., not to the Zoo's management. This engagement is to provide an additional level of assurance regarding the usage of the levy funds to the board, governmental agencies and the public.
- 6) Provide training to the Finance Committee periodically, especially when new members are selected/appointed. This training would include topics such as: a) the members' responsibilities and duties; and b) budgeting.
- 7) The Appointed Board (as defined by a previous agreement between the Zoo, the County, and the City) should meet, at least, annually to specifically address/oversee levy requirements and communications, including the proactive communications to the County suggested in recommendation number 1 above.

SIGNATURE

Very truly yours,

Plante & Moran, PLLC

PLANTE & MORAN, PLLC