

National Aviary in Pittsburgh, Inc.

Financial Statements

Years Ended December 31, 2021 and 2020
with Independent Auditor's Report

MaherDuessel

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NATIONAL AVIARY IN PITTSBURGH, INC.

YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

**Board of Directors
National Aviary in Pittsburgh, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the National Aviary in Pittsburgh, Inc., (Aviary), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Aviary as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aviary, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aviary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aviary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aviary's ability to continue as a going concern for a reasonable period of time.

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

Maier Duessel

Pittsburgh, Pennsylvania
May 9, 2022

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
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Current assets:		
Cash and cash equivalents	\$ 3,712,441	\$ 1,654,083
Cash and cash equivalents, restricted	739,001	366,889
Grants receivable	302,675	956,409
Other receivables	26,657	10,872
Inventories	33,230	36,552
Prepaid expenses	112,982	68,483
Total current assets	4,926,986	3,093,288
Property and equipment, net	14,403,705	15,350,174
Noncurrent assets:		
Other assets	11,056	6,703
Investments, conservation endowment	4,293,679	4,057,269
Investments, audience development endowment	1,128,575	1,065,121
Investments, audience development restricted reserve	9,853	9,853
Investments, other endowments	103,579	90,709
Investments, 457(b) retirement plan	19,500	-
Total noncurrent assets	5,566,242	5,229,655
Total Assets	\$ 24,896,933	\$ 23,673,117
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Current portion of long term debt	\$ 100,000	\$ 173,339
Current portion of capital lease obligation	12,888	10,067
Accounts payable and accrued expenses	229,374	770,178
Accrued payroll and withheld taxes	148,404	129,692
Refundable advance	903,823	-
Deferred revenue	636,113	356,530
Total current liabilities	2,030,602	1,439,806
Long-term liabilities:		
457(b) retirement plan obligation	51,100	-
Long-term debt	550,000	1,402,398
Capital lease obligation	40,738	5,721
Total long-term liabilities	641,838	1,408,119
Total Liabilities	2,672,440	2,847,925
Net Assets		
Without donor restrictions	15,729,534	14,350,427
With donor restrictions	6,494,959	6,474,765
Total Net Assets	22,224,493	20,825,192
Total Liabilities and Net Assets	\$ 24,896,933	\$ 23,673,117

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Governmental grants	\$ 1,355,522	\$ -	\$ 1,355,522
Admissions	1,645,965	-	1,645,965
Memberships	343,129	-	343,129
Merchandise sales	554,607	-	554,607
Fundraising events	71,357	-	71,357
Private grants and donations	1,245,919	593,791	1,839,710
Facility rental	350,156	-	350,156
Donated facilities, goods, and services	305,992	-	305,992
Educational programs	629,879	-	629,879
Parking revenue, net of tax	73,034	-	73,034
Interest and dividends, net	2,506	82,054	84,560
	<u>6,578,066</u>	<u>675,845</u>	<u>7,253,911</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	676,501	(676,501)	-
Expiration of time restrictions	-	-	-
Total net assets released from restrictions	<u>676,501</u>	<u>(676,501)</u>	<u>-</u>
Total support and revenue	<u>7,254,567</u>	<u>(656)</u>	<u>7,253,911</u>
Expenses:			
Program services	4,938,514	-	4,938,514
General and administrative	931,576	-	931,576
Fundraising	728,542	-	728,542
Total expenses	<u>6,598,632</u>	<u>-</u>	<u>6,598,632</u>
Change in Net Assets before Other Changes	<u>655,935</u>	<u>(656)</u>	<u>655,279</u>
Other Changes:			
Satisfaction of capital program restrictions	461,831	(461,831)	-
Net realized and unrealized gains (losses)	-	482,681	482,681
Gain on extinguishment of debt	1,641,600	-	1,641,600
Depreciation and amortization	(1,380,259)	-	(1,380,259)
Total other changes	<u>723,172</u>	<u>20,850</u>	<u>744,022</u>
Change in Net Assets	<u>1,379,107</u>	<u>20,194</u>	<u>1,399,301</u>
Net Assets:			
Beginning of year	14,350,427	6,474,765	20,825,192
End of year	<u>\$ 15,729,534</u>	<u>\$ 6,494,959</u>	<u>\$ 22,224,493</u>

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Governmental grants	\$ 1,580,402	\$ -	\$ 1,580,402
Admissions	653,941	-	653,941
Memberships	387,680	-	387,680
Merchandise sales	213,607	-	213,607
Fundraising events	198,384	-	198,384
Private grants and donations	1,553,972	1,179,375	2,733,347
Facility rental	53,493	-	53,493
Donated facilities, goods, and services	322,250	-	322,250
Educational programs	310,719	-	310,719
Parking revenue, net of tax	19,922	-	19,922
Interest and dividends, net	1,883	64,609	66,492
	5,296,253	1,243,984	6,540,237
Net assets released from restrictions:			
Satisfaction of program restrictions	505,161	(505,161)	-
Expiration of time restrictions	122,600	(122,600)	-
Total net assets released from restrictions	627,761	(627,761)	-
Total support and revenue	5,924,014	616,223	6,540,237
Expenses:			
Program services	4,360,676	-	4,360,676
General and administrative	839,143	-	839,143
Fundraising	702,787	-	702,787
Total expenses	5,902,606	-	5,902,606
Change in Net Assets before Other Changes	21,408	616,223	637,631
Other Changes:			
Satisfaction of capital program restrictions	3,574,485	(3,574,485)	-
Net realized and unrealized gains (losses)	-	416,779	416,779
Gain on extinguishment of debt	-	-	-
Depreciation and amortization	(1,219,075)	-	(1,219,075)
Total other changes	2,355,410	(3,157,706)	(802,296)
Change in Net Assets	2,376,818	(2,541,483)	(164,665)
Net Assets:			
Beginning of year	11,973,609	9,016,248	20,989,857
End of year	\$ 14,350,427	\$ 6,474,765	\$ 20,825,192

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Expenses				Support Activities			Total Expenses
	Visitor Recreation and Education	Advanced On-Site Avian Treatment and Care	Wildlife Conservation and Research	Other	Total Program Expenses	General and Administrative	Fundraising	
Salaries, benefits, and taxes	\$ 1,054,883	\$ 775,107	\$ 546,201	\$ 850,926	\$ 3,227,117	\$ 593,319	\$ 540,556	\$ 4,360,992
Office expenses	23,889	4,870	573	28,354	57,686	15,079	65,104	137,869
Staff development	7,948	4,449	2,541	6,879	21,817	23,386	1,381	46,584
Community outreach and promotion	1,719	-	-	81,341	83,060	10,845	16,268	110,173
Occupancy	-	1,418	5,671	731,471	738,560	45,422	15,873	799,855
Professional fees	8,397	5,000	5,000	733	19,130	65,224	15	84,369
Animal care expenses	8,845	81,587	81,126	-	171,558	-	-	171,558
Conservation expenses	-	-	19,967	-	19,967	-	-	19,967
Veterinary expenses	-	32,888	-	-	32,888	-	-	32,888
Insurance	-	-	-	-	-	76,820	-	76,820
Interest expense	-	-	-	-	-	19,743	-	19,743
Memberships and dues	1,038	6,756	5,709	847	14,350	27,499	2,113	43,962
Travel	451	61	768	38	1,318	86	332	1,736
Information technology	-	-	-	53,534	53,534	15,608	11,897	81,039
Donated goods and services	-	146	146	89,049	89,341	11,807	39,844	140,992
Design costs	-	-	-	24,059	24,059	3,208	5,862	33,129
Special events cost	-	-	-	-	-	-	4,365	4,365
Cost of goods sold	227,460	-	-	-	227,460	-	-	227,460
Credit card fees	114,640	-	-	-	114,640	-	-	114,640
Donor relations	-	-	-	-	-	-	22,952	22,952
Event expense	17,161	-	-	-	17,161	-	-	17,161
Miscellaneous	9,771	756	512	13,829	24,868	23,530	1,980	50,378
Total Expenses	1,476,202	913,038	668,214	1,881,060	4,938,514	931,576	728,542	6,598,632
Depreciation and amortization	-	-	-	1,255,589	1,255,589	98,135	26,535	1,380,259
Total Functional Expenses	\$ 1,476,202	\$ 913,038	\$ 668,214	\$ 3,136,649	\$ 6,194,103	\$ 1,029,711	\$ 755,077	\$ 7,978,891

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Expenses				Support Activities			Total Expenses
	Visitor Recreation and Education	Advanced On-Site Avian Treatment and Care	Wildlife Conservation and Research	Other	Total Program Expenses	General and Administrative	Fundraising	
Salaries, benefits, and taxes	\$ 971,568	\$ 686,551	\$ 474,933	\$ 720,249	\$ 2,853,301	\$ 534,862	\$ 471,020	\$ 3,859,183
Office expenses	30,980	3,145	575	25,607	60,307	15,066	35,339	110,712
Staff development	5,257	3,926	3,025	2,334	14,542	13,482	734	28,758
Community outreach and promotion	6,011	-	-	83,090	89,101	11,079	16,618	116,798
Occupancy	-	2,413	3,710	712,528	718,651	44,748	15,997	779,396
Professional fees	3,743	3,900	3,845	398	11,886	70,572	2,537	84,995
Animal care expenses	10,087	81,219	80,979	-	172,285	-	-	172,285
Conservation expenses	-	-	14,739	-	14,739	-	-	14,739
Veterinary expenses	-	42,502	-	-	42,502	-	-	42,502
Insurance	-	-	-	-	-	72,905	-	72,905
Interest expense	-	-	-	-	-	5,921	-	5,921
Memberships and dues	2,945	6,356	5,037	1,037	15,375	29,610	207	45,192
Travel	4,663	365	1,077	524	6,629	61	498	7,188
Information technology	-	-	-	50,045	50,045	11,435	8,671	70,151
Donated goods and services	-	350	-	113,550	113,900	15,140	28,210	157,250
Design costs	-	-	-	21,737	21,737	2,898	6,447	31,082
Special events cost	-	-	-	-	-	-	76,026	76,026
Cost of goods sold	88,917	-	-	-	88,917	-	-	88,917
Credit card fees	68,956	-	-	-	68,956	-	355	69,311
Donor relations	-	-	-	-	-	-	33,828	33,828
Event expense	4,687	-	-	510	5,197	-	-	5,197
Miscellaneous	2,054	-	122	10,430	12,606	11,364	6,300	30,270
Total Expenses	1,199,868	830,727	588,042	1,742,039	4,360,676	839,143	702,787	5,902,606
Depreciation and amortization	-	-	-	1,100,465	1,100,465	93,605	25,005	1,219,075
Total Functional Expenses	\$ 1,199,868	\$ 830,727	\$ 588,042	\$ 2,842,504	\$ 5,461,141	\$ 932,748	\$ 727,792	\$ 7,121,681

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,399,301	\$ (164,665)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,380,259	1,219,075
Unrealized loss (gain) on investments	(3,469)	(205,402)
Realized loss (gain) on investments	(479,212)	(211,377)
Contributions restricted for long-term purposes	(77,500)	(692,765)
Extinguishment of long-term debt	(1,641,600)	-
Change in:		
Grants receivable	202,325	(417,000)
Other receivables	(15,785)	101,893
Inventories	3,322	11,588
Prepaid expenses	(44,499)	40,052
Other assets	(4,353)	-
Accounts payable and accrued expenses	(540,804)	529,264
Accrued payroll and withheld taxes	18,712	(26,369)
Refundable advance	903,823	-
Deferred revenue	279,583	(45,369)
457(b) retirement plan obligation	51,100	-
Net cash provided by (used in) operating activities	1,431,203	138,925
Cash Flows From Investing Activities:		
Payments for capital expenditures	(378,965)	(4,412,599)
Purchases of investments	(2,616,395)	(2,141,534)
Proceeds from sale of investments	2,766,842	2,838,564
Net cash provided by (used in) investing activities	(228,518)	(3,715,569)
Cash Flows From Financing Activities:		
Receipts of contributions restricted for long-term purposes	528,909	1,658,856
Proceeds from long-term debt	820,800	1,570,800
Repayment of capital lease obligation	(16,987)	(15,826)
Repayment of long-term debt	(104,937)	(10,383)
Net cash provided by (used in) financing activities	1,227,785	3,203,447
Net Increase (Decrease) in Cash and Cash Equivalents	2,430,470	(373,197)
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	2,020,972	2,394,169
End of year	\$ 4,451,442	\$ 2,020,972
Supplemental Disclosures of Cash Flow Information:		
Interest paid:		
Term loan	\$ 18,401	\$ 3,812
Capital lease	1,323	1,838
Vehicle loan	19	271
Total interest paid	\$ 19,743	\$ 5,921
Assets acquired by capital lease	\$ 54,825	\$ -

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization

The National Aviary in Pittsburgh, Inc. (Aviary) is a nonprofit organization with the expressed purpose to protect and provide for endangered species, to conduct avian research and provide information as a national resource, to provide a recreational and educational experience for the general public, and to promote an appreciation of natural law and a responsibility for wildlife conservation. The Aviary received approximately 20% and 23% of its annual operating budget from the Allegheny Regional Asset District for the years ended December 31, 2021 and 2020, respectively.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Aviary classifies its net assets and its revenue, support, and expenses based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions result from contributions specifically restricted by donors for various programs, future periods, or perpetuity. Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control.

Contributions and Donor Stipulations

The Aviary reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Aviary recognizes revenue from admissions, merchandise sales, rentals, and education programs at the time of sale or services provided. Membership dues, which are non-refundable, are recognized ratably over the period of the membership.

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return,

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

are not recognized until the conditions on which they depend have been substantially met. The Aviary had two conditional contributions totaling \$1,000,000 and one conditional contribution in the amount of \$250,000 at December 31, 2021 and 2020, respectively.

In 2021, the Aviary received a federal grant which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Aviary has incurred eligible expenditures and complied with specific grant provisions. Amounts received prior to complying with the specific grant provisions are reported as refundable advances on the statement of financial position. At December 31, 2021 and 2020, the Aviary has federal grant funds of \$903,823 and \$0, respectively, that have not been recognized as revenue because qualifying grant provisions have not yet been met and received funds are recorded as refundable advances.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time period has elapsed, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants and Accounts Receivable

Grants receivable represent amounts awarded by donors and government agencies that have not been received. Management has determined that no allowance was considered necessary at December 31, 2021 and 2020. The grants receivable balance as of December 31, 2021 and 2020 was \$302,675 and \$956,409, respectively.

Receivables from contracts with customers are reported as other receivables, net any allowance. Management determines the allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. No allowance was deemed necessary for the years ended December 31, 2021 and 2020. The other receivables beginning balance as of January 1, 2021 and 2020 was \$10,872 and \$112,765, respectively. The other receivables ending balance as of December 31, 2021 and 2020 was \$26,657 and \$10,872, respectively.

Unconditional promises to give that are expected to be collected within one year are recognized at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

discounts is included in contribution revenue in the statement of activities. At December 31, 2021 and 2020, there were not material discounts to be recognized.

Cash, Cash Equivalents, and Restricted Cash

The Aviary considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash at December 31, 2021 and 2020 includes funds that have been restricted by donors for specific Aviary programs, initiatives or projects. Total cash, cash equivalents, and restricted cash consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,712,441	\$ 1,654,083
Restricted cash	<u>739,001</u>	<u>366,889</u>
	<u>\$ 4,451,442</u>	<u>\$ 2,020,972</u>

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Aviary is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and annually files a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, income from certain activities not directly related to the Aviary's tax-exempt purpose is subject to taxation as unrelated business income and is reported annually on the Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. In addition, the Aviary qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 170 (b)(1)(A)(vi).

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

At December 31, 2021, the Aviary had 2017 and prior net operating loss carry-forwards resulting from its unrelated business activities of approximately \$648,000, which may be applied against taxable income in future years. The net operating loss carry-forwards expire at various dates beginning in 2026. In addition, the Aviary had 2018-2021 net operating loss carry-forwards applicable to each of its unrelated business activities. A valuation allowance has been recorded to offset the resulting deferred tax asset due to the uncertainty of the future use of these net operating losses.

Concentration of Credit Risk

The Aviary only maintains cash balances with financial institutions having a high credit quality. At times, such cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. The solvency of financial institutions is monitored and is not a concern of management at this time.

Liquidity and Availability

The Aviary manages its liquid resources by focusing on both fundraising efforts and products and services that generate earned revenue to ensure the entity has adequate cash flow to cover the programs that are being conducted. The Aviary prepares very detailed budgets and has been very active in monitoring costs to ensure the entity remains liquid.

As discussed in Note 11, the Aviary maintains a line of credit to assist in meeting cash needs if they experience a lag between the receipt of contributions and grants and the payment of costs.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

The following reflects the Aviary's financial assets (cash and cash equivalents, receivables, and investments) as of December 31, 2021 and 2020 expected to be available within one year to meet the cash needs for general ongoing operational expenditures:

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 10,335,960	\$ 8,211,205
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted for purpose, or those unavailable within one year	(143,000)	(631,409)
Investments held in perpetuity	(5,327,686)	(5,020,952)
Investments held for future contractual purpose	(19,500)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,845,774</u>	<u>\$ 2,558,844</u>

Living Collection

The Aviary maintains and exhibits a significant collection of birds and horticulture. The value of this collection is not included in the statements of financial position because a reasonable valuation basis and life expectancy cannot be determined. Collection items acquired either through purchases, breeding programs, or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the statements of activities. Proceeds from deaccessions or insurance recoveries are reflected in the statements of activities based on the absence or existence and nature of donor-imposed restrictions. Proceeds from the living collection are rare; however, if they were obtained, they would be used for direct care of the collection (i.e., veterinary bills and animal food). During the years ended December 31, 2021 and 2020, the Aviary spent \$1,840 and \$275, respectively, to enhance its living collection, and there were no material deaccessions in either 2021 or 2020. These amounts are included with program services in the statements of activities. Changes to the Aviary's living collection in both 2021 and 2020 were minimal due to COVID-19.

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Property and Equipment

Property and equipment are recorded at cost. Provision for depreciation is based upon the estimated useful lives of the respective assets and is computed using the straight-line method. Ordinary repairs, maintenance, renewals, and replacements are charged against income as incurred. Those expenditures which improve or extend the useful life of existing assets are capitalized. The Aviary capitalizes all new assets with a cost of \$1,000 or more. and useful life of 5 years or more. Estimated useful lives are as follows:

Leasehold improvements	10 to 20 years
Furnishings and equipment	5 to 10 years

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. There were no indicators of asset impairment during the years ended December 31, 2021 or 2020.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that are used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Aviary reports expirations of donor restrictions when the donated or acquired assets are constructed or placed in service as instructed by the donor. The Aviary reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates, and such differences could be material.

Fair Value Measurement

The Aviary measures its investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of fair value hierarchy are as follows:

- Level 1 - Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.
- Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other market-corroborated inputs.
- Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

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The Aviary, using available market information and appropriate valuation methodologies, has determined the estimated fair value of its investments. However, considerable judgment is required in interpreting data to develop the estimates of fair value.

Inventories

Inventories, primarily gift shop inventory, are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

Investments

Investments are carried at fair value and consist primarily of equity and fixed income mutual funds. Gains and investment income are recognized in the period earned and are classified as without donor restrictions or with donor restrictions with respect to the stipulations established by the donor at the date of donation and applicable state law. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that a change in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements and accompanying notes. The Aviary mitigates this risk by actively managing its investments through the Finance Committee of the Board of Directors.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Aviary, but which will only be resolved when one or more future events occur or fail to occur. The Aviary's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Aviary or unasserted claims that may result in such proceedings, the Aviary's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Aviary's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

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Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Taxes Collected from Customers and Remitted to Governmental Authorities

The Aviary's policy is to present taxes collected from customers and remitted to governmental authorities on a net basis. The Aviary records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2020-07, "*Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*," is effective for reporting periods beginning after June 15, 2021. The amendments in this update address presentation and disclosure of contributed nonfinancial assets.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

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3. Net Assets

Net assets with donor restrictions consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Capital projects	\$ 83,866	\$ 378,460
Program restricted	758,672	767,853
Time restricted	116,735	105,500
Endowments (Note 6)	<u>5,535,686</u>	<u>5,222,952</u>
	<u>\$ 6,494,959</u>	<u>\$ 6,474,765</u>

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furnishings	\$ 717,443	\$ 663,648
Office equipment	1,196,772	1,116,604
Mechanical equipment	4,037,263	4,013,291
Leasehold improvements	25,442,728	24,774,393
Equipment under capital lease	<u>66,839</u>	<u>98,699</u>
	31,461,045	30,666,635
Less accumulated depreciation and amortization	<u>17,164,819</u>	<u>15,871,245</u>
	14,296,226	14,795,390
Construction in progress	<u>107,479</u>	<u>554,784</u>
Total	<u>\$ 14,403,705</u>	<u>\$ 15,350,174</u>

Depreciation and amortization expense was \$1,380,259 and \$1,219,075, including amortization related to capital leases in the amount of \$13,019 and \$19,625 for the years ended December 31, 2021 and 2020, respectively.

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5. Investments and Fair Value Measurements

The fair value and cost basis of investments at December 31, 2021 and 2020 were as follows:

	2021		2020	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Money market funds	\$ 105,856	\$ 105,586	\$ 52,710	\$ 52,710
Mutual funds	4,684,376	5,449,600	4,450,102	5,170,242
	<u>\$ 4,790,232</u>	<u>\$ 5,555,186</u>	<u>\$ 4,502,812</u>	<u>\$ 5,222,952</u>

Fair values of assets measured on a recurring basis at December 31, 2021 are as follows:

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 105,586	\$ 105,586	\$ -	\$ -
Mutual funds:				
Alternative funds	396,513	396,513	-	-
Balanced funds	89,261	89,261	-	-
Developed international funds	542,523	542,523	-	-
Emerging markets funds	267,954	267,954	-	-
Fixed income funds	1,874,103	1,874,103	-	-
Large cap funds	1,657,986	1,657,986	-	-
Mid cap funds	302,670	302,670	-	-
Real estate funds	48,804	48,804	-	-
Small cap funds	269,786	269,786	-	-
Total mutual funds	5,449,600	5,449,600	-	-
Total	<u>\$ 5,555,186</u>	<u>\$ 5,555,186</u>	<u>\$ -</u>	<u>\$ -</u>

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Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 52,710	\$ 52,710	\$ -	\$ -
Mutual funds:				
Alternative funds	359,733	359,733	-	-
Balanced funds	77,366	77,366	-	-
Developed international funds	490,280	490,280	-	-
Emerging markets funds	248,863	248,863	-	-
Fixed income funds	1,933,625	1,933,625	-	-
Large cap funds	1,553,233	1,553,233	-	-
Mid cap funds	283,252	283,252	-	-
Real estate funds	62,618	62,618	-	-
Small cap funds	161,272	161,272	-	-
Total mutual funds	5,170,242	5,170,242	-	-
Total	\$ 5,222,952	\$ 5,222,952	\$ -	\$ -

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for investments. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Money Market Funds - Valued at amortized cost, which approximates fair value.

Mutual Funds – Valued at the quoted net asset value of shares held by the Aviary at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Aviary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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6. Endowments and Restricted Reserve

Endowments consist of four permanent investment funds and one restricted reserve fund. The African Grey Parrot Endowment Fund is subject to permanent restriction of the principal and requires that the earnings be utilized for the maintenance of the African Grey Parrots. The Capital Endowment Fund is subject to permanent restriction of the principal and requires that the earnings be utilized for maintenance of the Phase I capital construction. The Avian Conservation Endowment Fund is subject to permanent restriction of the principal and allows up to 5% of the annual value to be utilized to fund the salary and related expenses of the Conservation Department. This funding is contingent upon satisfaction of the terms and conditions of the Avian Conservation Endowment Fund Agreement (Agreement). All expenses funded by the Avian Conservation Endowment Fund must represent costs for activities agreed upon per the terms and conditions of the Agreement. Earnings are typically reported as investment income with donor restrictions and are released from restriction as the specific purpose is satisfied.

In 2018, the Aviary received an investment of \$1,500,000 to be used to fund an Audience Development Fund. The purpose of this fund is to provide the Aviary with access to capital that could be immediately used for opportunities to grow its audience such as investments in exhibits, technology, or programs. \$1,000,000 is a permanently restricted endowment in which the Aviary may draw 5% annually with the following provisions: If the endowment falls below 75% of its corpus value due to withdrawals or decline in market conditions, no funds may be withdrawn until such time that the endowment balance is restored to 75% or more of its corpus value.

The remaining \$500,000 of the Audience Development Fund is not a permanent endowment but rather is a restricted reserve in which the Aviary may withdraw 100% of the funds with the following provisions: Requests for approval will include a plan for replenishment. The Aviary's goal is to replenish all funds withdrawn within five years or less. If draws from the reserve cannot be re-paid within a five-year period from derived sources, the permanently restricted endowment portion of the Audience Development Fund will be frozen until such time the Restricted Reserve is re-paid in full. Annual withdrawals of 5% from the permanently restricted endowment can be used to re-pay the restricted reserve.

In 2020, \$500,000, the reserve's initial investment balance, was withdrawn and invested in the Garden Room Construction Project that will greatly enhance the Aviary's ability to expand educational and facility rental offerings to its customers. As of December 31, 2021 and 2020, the balance of the Audience Development Reserve was \$9,853. Subsequent to

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year-end, the Aviary replenished the reserve in February 2022 for the full \$500,000 amount drawn in 2020 for the Garden Room Project.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment funds consisted of the following at December 31, 2021:

	Original Gift Value	Fair Value
Permanent Endowments:		
Avian Conservation Endowment Fund	\$ 4,000,000	\$ 4,293,679
African Grey Parrot Endowment Fund	25,500	37,308
Capital Endowment Fund	50,000	66,271
Audience Development Endowment	<u>1,000,000</u>	<u>1,128,575</u>
Total Permanent Endowments	5,075,500	5,525,833
Audience Development Reserve	<u>500,000</u>	<u>9,853</u>
Total Endowment Funds	<u>\$ 5,575,500</u>	<u>\$ 5,535,686</u>

The endowment funds consisted of the following at December 31, 2020:

	Original Gift Value	Fair Value
Permanent Endowments:		
Avian Conservation Endowment Fund	\$ 4,000,000	\$ 4,057,269
African Grey Parrot Endowment Fund	25,500	33,021
Capital Endowment Fund	50,000	57,688
Audience Development Endowment	<u>1,000,000</u>	<u>1,065,121</u>
Total Permanent Endowments	5,075,500	5,213,099
Audience Development Reserve	<u>500,000</u>	<u>9,853</u>
Total Endowment Funds	<u>\$ 5,575,500</u>	<u>\$ 5,222,952</u>

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Aviary to retain as a fund of perpetual duration or the original corpus of the permanent gift. As of December 31, 2021 and 2020, no permanent endowment fund deficiencies of this nature existed.

From time to time, endowment funds may have fair values less than the amount required to be maintained by donors or law (underwater endowments). The Aviary has a policy that permits spending from underwater permanent endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no underwater endowments for the years ended December 31, 2021 and 2020.

The Aviary is governed by the Commonwealth of Pennsylvania's Act 141. Act 141 is a total return policy that allows a nonprofit to treat a percentage of the average market value of the endowment's investments as income each year. In accordance with Act 141, the Aviary has adopted a written investment policy specifically related to the endowment funds. The primary objectives of the investment policy include preservation of capital by aiming to obtain at least 5% return on investments net of all costs while meeting as much of the Aviary's operating fund requirements as possible. Allocation of the investments will be overseen by the Finance Committee with target ranges as follows:

	<u>Range</u>
Type of security:	
Equity - domestic	40 - 70%
Fixed income	30 - 60%
Alternative investments	0 - 20%
Cash	0 - 5%

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The changes in endowment net assets as of December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ -	\$ 5,222,952	\$ 5,222,952
Contributions	-	-	-
Investment income	-	596,162	596,162
Net appreciation (depreciation)	-	3,469	3,469
Amounts appropriated for expenditures	-	(252,000)	(252,000)
Other expense	-	(34,897)	(34,897)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 5,535,686</u>	<u>\$ 5,535,686</u>

The changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ -	\$ 5,503,203	\$ 5,503,203
Contributions	-	-	-
Investment income	-	301,795	301,795
Net appreciation (depreciation)	-	205,402	205,402
Amounts appropriated for expenditures	-	(759,000)	(759,000)
Other expense	-	(28,448)	(28,448)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 5,222,952</u>	<u>\$ 5,222,952</u>

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7. Investment Income

As of December 31, 2021 and 2020, investment income consisted of the following:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends:				
Interest income	\$ 2,506	\$ -	\$ 1,883	\$ -
Dividend income	-	82,054	-	64,609
Total	<u>\$ 2,506</u>	<u>\$ 82,054</u>	<u>\$ 1,883</u>	<u>\$ 64,609</u>
Net realized and unrealized gains (losses):				
Realized gains	\$ -	\$ 479,212	\$ -	\$ 211,377
Unrealized gains (losses)	-	3,469	-	205,402
Total	<u>\$ -</u>	<u>\$ 482,681</u>	<u>\$ -</u>	<u>\$ 416,779</u>

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$34,897 and \$28,448 in 2021 and 2020, respectively, and have been netted against income to produce net investment income presented.

8. Donated Services

A substantial number of volunteers have donated significant amounts of their time for the Aviary's fund-raising campaigns and educational programs. The value of this contributed time is not reflected in the accompanying financial statements, since the volunteers' time does not meet the criteria for recognition.

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9. Deferred Revenue

Deferred revenue consists of admissions and rental fees received in advance of the period to which they relate, as well as contract liabilities related to memberships. Beginning and ending deferred revenue balances consisted of the following for the years ending December 31, 2021 and 2020:

	As of January 1,		As of December 31,	
	2021	2020	2021	2020
Admissions	\$ 71,955	\$ 85,873	\$ 132,984	\$ 71,955
Memberships	120,144	220,033	186,926	120,144
Facility rentals	164,431	95,993	316,203	164,431
Total deferred revenue	<u>\$ 356,530</u>	<u>\$ 401,899</u>	<u>\$ 636,113</u>	<u>\$ 356,530</u>

The following table provide information about significant changes in the contract liabilities related to memberships for the years ended December 31, 2021 and 2020:

	2021	2020
Deferred memberships, beginning of year	\$ 120,144	\$ 220,033
Revenue recognized that was included in deferred memberships at the beginning of the year	(120,144)	(220,033)
Increase in deferred memberships to cash received during the period	<u>186,926</u>	<u>120,144</u>
Deferred memberships, end of year	<u>\$ 186,926</u>	<u>\$ 120,144</u>

10. Debt

In 2020, the Aviary secured a \$750,000 36-month term loan that was used, as necessary, for the Garden Room Project. That balance of the loan was \$650,000 and \$750,000 at December 31, 2021 and 2020, respectively. This vehicle allowed the Aviary to smoothly complete the project in the desired time frame while awaiting contributions to be paid over time. The interest rate charged on any draws mirrored the line of credit interest rate as discussed in Note 11.

Leased property recorded as a capital lease consists of office equipment capitalized using an interest rate appropriate at the inception of the lease, as indicated by the cost of the equipment, total lease payments, option prices, and market conditions.

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The cost of the equipment under capital lease included in property and equipment on the statements of financial position totaled \$66,839 at December 31, 2021 and \$98,699 at December 31, 2020. Accumulated amortization of the leased equipment at December 31, 2021 and 2020 amounted to \$12,689 and \$86,355, respectively. Network printers and copiers coming off lease were disposed of and replaced with new equipment under a five-year lease beginning in 2021.

The Aviary also held three vehicle loans. The first vehicle loan was entered into on January 19, 2016 for \$24,246 at an APR of 3.99% with a term of 60 months, with monthly payments of \$447. The second vehicle loan was entered into on June 30, 2017 for \$10,310 at an APR of 6% with a term of 48 months, with monthly payments of \$243. The third vehicle loan was entered into on June 30, 2017 for \$25,183 at an APR of 0% with a term of 36 months, with monthly payments of \$699. All three loans were paid off as of December 31, 2021.

As of December 31, 2021, the future minimum debt payments are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 112,888
2023	563,156
2024	12,286
2025	11,424
2026	<u>3,872</u>
Total	<u><u>703,626</u></u>
Current portion	\$ 112,888
Long-term portion	<u>590,738</u>
	<u><u>\$ 703,626</u></u>

11. Line of Credit

The Aviary has in place a \$850,000 revolving line of credit with Dollar Bank. The interest rate to be charged for withdrawals on the line would equal the Prime Rate of the bank less ¼% at the date of the transaction. No borrowings or repayments were made during 2021. The outstanding balance as of both December 31, 2021 and 2020 was \$0.

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12. Operating Leases

The Aviary leases its building and certain equipment under a non-cancelable operating lease with the City of Pittsburgh for an annual rental of \$1 which expired on June 30, 2021. The renewal of a new 29-year lease was stalled, largely due to COVID-19. Both the City of Pittsburgh and the Aviary agreed to continue working under the terms of the expired lease on a month-to-month basis while a new lease is constructed. The Aviary is responsible for capital improvements to the building and the maintenance of the facilities. The estimated value of these donated facilities is \$165,000 per year and is included as support and revenue under the caption donated facilities and as expense in the statements of activities. The Aviary has from time to time leased certain equipment under non-cancelable operating leases. Total lease expense related to the equipment operating leases for the years ended December 31, 2021 and 2020 was \$0.

13. Retirement Plan

The Aviary has sponsored a tax-deferred annuity plan (plan) qualified under Section 403(b) of the Internal Revenue Code. Employees only may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

The Aviary also instituted many years ago a Simplified Employee Pension (SEP-IRA) for the benefit of its employees. On a monthly basis, the Aviary has contributed 2% of the gross wages for eligible employees to the plan.

Effective October 1, 2020, the Aviary discontinued its SEP-IRA and amended the 403(b) plan to serve as the sole retirement plan. The Aviary began matching employee contributions 100% up to a maximum of 3% of gross wages for each employee.

In 2021, a 457(b) retirement plan was established to supplement executive compensation. A catch-up provision was included in 2021 retroactive to 2013 for eligible executives participating in this plan. Annually, the Aviary's maximum contribution to the 457(b) plan for eligible executives is 3% of gross wages.

Aviary contributions under all plans in place were \$100,547 and \$63,166, respectively, for the years ended December 31, 2021 and 2020.

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14. Allegheny Regional Asset District Grant

The Aviary has an agreement with the Allegheny Regional Asset District (ARAD), which provided annual operating grants to the Aviary in the minimum amount of \$747,000 from 1995 through 2004, based on regional sales tax collections. The agreement was amended in 2004, again in 2009, 2014, and most recently in 2019 to extend the term through December 31, 2024. The amounts received and recognized as revenue in 2021 and 2020 for operating grants were \$1,291,522 and \$1,359,497, respectively. Additionally, ARAD awarded capital grants of \$750,000 and \$0 in 2021 and 2020, respectively. Capital grants are recorded as a conditional promise to give until eligible project spending is completed. At that time, the award is recorded as revenue with donor restriction and released once ARAD has received and approved all required submitted documents related to project completion from the Aviary. No eligible ARAD capital grant spending occurred during 2021 or 2020.

15. Special Events

The Aviary holds special events throughout the year to raise funds in support of its various mission-driven programs including conservation, education, and veterinary. During the years ended December 31, 2021 and 2020, gross revenues generated from these events of \$71,357 and \$198,384, respectively, and expenses of \$4,365 and \$76,026, respectively, are included on the statements of activities.

16. Paycheck Protection Program

In April 2020, the Aviary received a loan for \$820,800 pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Aviary received full forgiveness of the loan in April 2021 and the entire amount was recognized as a gain on extinguishment of debt during the year ended December 31, 2021.

In January 2021, the Aviary received, a second PPP loan in the amount of \$820,800. The Aviary received full forgiveness of the loan in August 2021. The amount is also recognized as gain on extinguishment of debt for the year ended December 31, 2021 due to the loan being received and forgiven in the same year.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

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17. Subsequent Events

In February 2022, the Aviary entered into a construction commitment totaling approximately \$482,000 for Eagle Habitat renovations to take place in 2022.