

National Aviary in Pittsburgh, Inc.

Financial Statements

**Years Ended December 31, 2024 and 2023
with Independent Auditor's Report**

MaherDuessel

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NATIONAL AVIARY IN PITTSBURGH, INC.

YEARS ENDED DECEMBER 31, 2024 AND 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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. 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 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 generally accepted auditing standards, 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.

Maher Duessel

Pittsburgh, Pennsylvania
May 6, 2025

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,452,392	\$ 763,819
Cash and cash equivalents, restricted	2,136,838	1,520,253
Unconditional promises to give	193,000	-
Grants receivable	255,000	257,500
Other receivables	77,864	62,870
Inventories	69,390	66,794
Prepaid expenses	164,630	134,425
Total current assets	4,349,114	2,805,661
Property and equipment, net	15,249,759	15,886,858
Noncurrent assets:		
Other assets	11,056	11,056
Investments, conservation endowment	3,955,974	3,769,963
Investments, audience development endowment	1,094,614	1,037,009
Investments, audience development restricted reserve	540,607	513,582
Investments, other endowments	85,522	95,874
Investments, 457(b) retirement plan	93,778	64,003
Total noncurrent assets	5,781,551	5,491,487
Total Assets	\$ 25,380,424	\$ 24,184,006
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Current portion of finance lease obligation	\$ 14,424	\$ 12,286
Accounts payable and accrued expenses	198,056	251,628
Accrued payroll and withheld taxes	199,170	199,835
Deferred revenue	687,369	687,905
Total current liabilities	1,099,019	1,151,654
Long-term liabilities:		
457(b) retirement plan obligation	93,778	64,722
Finance lease obligation	14,372	15,296
Total long-term liabilities	108,150	80,018
Total Liabilities	1,207,169	1,231,672
Net Assets		
Without donor restrictions	16,991,177	16,885,516
With donor restrictions	7,182,078	6,066,818
Total Net Assets	24,173,255	22,952,334
Total Liabilities and Net Assets	\$ 25,380,424	\$ 24,184,006

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Governmental grants	\$ 1,546,756	\$ 978,500	\$ 2,525,256
Admissions	2,347,865	-	2,347,865
Memberships	452,609	-	452,609
Merchandise sales	833,559	-	833,559
Fundraising events	601,174	-	601,174
Private grants and donations	1,267,582	1,774,918	3,042,500
Facility rental	829,436	-	829,436
Contributed nonfinancial assets	359,513	-	359,513
Educational programs	1,043,889	-	1,043,889
Parking revenue, net of tax	83,244	-	83,244
Interest and dividends, net	88,731	104,194	192,925
	<u>9,454,358</u>	<u>2,857,612</u>	<u>12,311,970</u>
Net assets released from restrictions:			
Satisfaction of program and time restrictions	<u>1,277,270</u>	<u>(1,277,270)</u>	<u>-</u>
Total support and revenue	<u>10,731,628</u>	<u>1,580,342</u>	<u>12,311,970</u>
Expenses:			
Program services	7,196,573	-	7,196,573
General and administrative	1,365,667	-	1,365,667
Fundraising	1,218,273	-	1,218,273
Total expenses	<u>9,780,513</u>	<u>-</u>	<u>9,780,513</u>
Change in Net Assets before Other Changes	<u>951,115</u>	<u>1,580,342</u>	<u>2,531,457</u>
Other Changes:			
Satisfaction of capital program restrictions	866,872	(866,872)	-
Net realized and unrealized gains (losses)	-	401,790	401,790
Depreciation and amortization	(1,712,326)	-	(1,712,326)
Total other changes	<u>(845,454)</u>	<u>(465,082)</u>	<u>(1,310,536)</u>
Change in Net Assets	<u>105,661</u>	<u>1,115,260</u>	<u>1,220,921</u>
Net Assets:			
Beginning of year	<u>16,885,516</u>	<u>6,066,818</u>	<u>22,952,334</u>
End of year	<u>\$ 16,991,177</u>	<u>\$ 7,182,078</u>	<u>\$ 24,173,255</u>

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Governmental grants	\$ 1,490,342	\$ 75,000	\$ 1,565,342
Admissions	2,126,919	-	2,126,919
Memberships	412,405	-	412,405
Merchandise sales	741,530	-	741,530
Fundraising events	547,108	-	547,108
Private grants and donations	940,246	1,807,489	2,747,735
Facility rental	780,351	-	780,351
Contributed nonfinancial assets	311,050	-	311,050
Educational programs	987,121	-	987,121
Parking revenue, net of tax	84,412	-	84,412
Interest and dividends, net	32,749	84,075	116,824
	<u>8,454,233</u>	<u>1,966,564</u>	<u>10,420,797</u>
Net assets released from restrictions:			
Satisfaction of program and time restrictions	<u>679,442</u>	<u>(679,442)</u>	<u>-</u>
Total support and revenue	<u>9,133,675</u>	<u>1,287,122</u>	<u>10,420,797</u>
Expenses:			
Program services	6,496,282	-	6,496,282
General and administrative	1,259,505	-	1,259,505
Fundraising	1,010,129	-	1,010,129
Total expenses	<u>8,765,916</u>	<u>-</u>	<u>8,765,916</u>
Change in Net Assets before Other Changes	<u>367,759</u>	<u>1,287,122</u>	<u>1,654,881</u>
Other Changes:			
Satisfaction of capital program restrictions	637,992	(637,992)	-
Net realized and unrealized gains (losses)	-	554,259	554,259
Depreciation and amortization	<u>(1,644,068)</u>	<u>-</u>	<u>(1,644,068)</u>
Total other changes	<u>(1,006,076)</u>	<u>(83,733)</u>	<u>(1,089,809)</u>
Change in Net Assets	<u>(638,317)</u>	<u>1,203,389</u>	<u>565,072</u>
Net Assets:			
Beginning of year	<u>17,523,833</u>	<u>4,863,429</u>	<u>22,387,262</u>
End of year	<u>\$ 16,885,516</u>	<u>\$ 6,066,818</u>	<u>\$ 22,952,334</u>

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Expenses					Support Activities		
	Visitor Recreation and Education	Advanced On-Site Avian Treatment and Care	Wildlife Conservation and Research	Other	Total Program Expenses	General and Administrative	Fundraising	Total Expenses
Salaries, benefits, and taxes	\$ 1,505,125	\$ 1,089,824	\$ 660,070	\$ 1,278,621	\$ 4,533,640	\$ 969,018	\$ 568,279	\$ 6,070,937
Office expenses	39,471	3,304	676	33,961	77,412	20,681	59,225	157,318
Staff development	21,608	13,006	9,913	12,804	57,331	64,798	7,006	129,135
Community outreach and promotion	-	-	-	156,372	156,372	20,850	31,274	208,496
Occupancy	79	3,559	3,777	952,090	959,505	54,604	53,119	1,067,228
Professional fees	23,515	3,362	3,362	404	30,643	80,479	69,397	180,519
Animal care expenses	25,182	97,161	97,161	-	219,504	-	-	219,504
Conservation expenses	-	6,802	175,852	-	182,654	-	-	182,654
Veterinary expenses	-	44,059	-	-	44,059	-	-	44,059
Insurance	-	-	-	-	-	98,291	-	98,291
Interest expense	-	-	-	-	-	388	-	388
Memberships and dues	20,846	8,748	6,365	28,938	64,897	8,736	1,931	75,564
Travel	2,547	2,299	827	4,644	10,317	676	7,393	18,386
Information technology	-	-	-	66,878	66,878	18,790	8,977	94,645
Donated goods and services	1,380	-	-	83,312	84,692	11,081	98,740	194,513
Design costs	-	-	-	25,236	25,236	3,365	8,147	36,748
Special events cost	-	-	-	-	-	-	230,235	230,235
Cost of goods sold	335,963	-	-	-	335,963	-	-	335,963
Credit card fees	218,177	-	-	-	218,177	-	239	218,416
Donor relations	-	-	-	-	-	-	71,776	71,776
Event expense	-	-	-	80,620	80,620	-	-	80,620
Miscellaneous	31,844	373	260	16,196	48,673	13,910	2,535	65,118
Total Expenses	2,225,737	1,272,497	958,263	2,740,076	7,196,573	1,365,667	1,218,273	9,780,513
Depreciation and amortization	-	-	-	1,517,522	1,517,522	107,942	86,862	1,712,326
Total Functional Expenses	\$ 2,225,737	\$ 1,272,497	\$ 958,263	\$ 4,257,598	\$ 8,714,095	\$ 1,473,609	\$ 1,305,135	\$ 11,492,839

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Expenses					Support Activities		
	Visitor Recreation and Education	Advanced On-Site Avian Treatment and Care	Wildlife Conservation and Research	Other	Total Program Expenses	General and Administrative	Fundraising	Total Expenses
Salaries, benefits, and taxes	\$ 1,356,189	\$ 997,935	\$ 623,753	\$ 1,157,838	\$ 4,135,715	\$ 866,689	\$ 495,179	\$ 5,497,583
Office expenses	32,564	4,745	536	36,351	74,196	23,375	54,004	151,575
Staff development	19,378	17,774	10,376	4,933	52,461	81,656	1,743	135,860
Community outreach and promotion	1,766	-	-	112,340	114,106	14,979	22,468	151,553
Occupancy	119	2,381	8,920	862,244	873,664	57,884	19,509	951,057
Professional fees	19,104	14,910	14,910	15,400	64,324	74,107	72,956	211,387
Animal care expenses	21,273	105,291	101,026	-	227,590	-	-	227,590
Conservation expenses	-	-	66,356	-	66,356	-	-	66,356
Veterinary expenses	-	38,498	-	-	38,498	-	-	38,498
Insurance	-	-	-	-	-	87,954	-	87,954
Interest expense	-	-	-	-	-	917	-	917
Memberships and dues	9,354	8,376	5,541	25,053	48,324	7,905	1,893	58,122
Travel	2,498	1,874	5,348	2,003	11,723	738	3,953	16,414
Information technology	-	-	-	56,792	56,792	16,535	8,787	82,114
Donated goods and services	1,850	50	50	64,875	66,825	8,650	70,575	146,050
Design costs	-	-	-	24,310	24,310	3,241	6,227	33,778
Special events cost	-	-	-	-	-	-	203,796	203,796
Cost of goods sold	302,634	-	-	-	302,634	-	-	302,634
Credit card fees	200,289	-	-	-	200,289	-	-	200,289
Donor relations	-	-	-	-	-	-	45,912	45,912
Event expense	-	-	-	72,128	72,128	-	-	72,128
Miscellaneous	30,011	559	389	35,388	66,347	14,875	3,127	84,349
Total Expenses	1,997,029	1,192,393	837,205	2,469,655	6,496,282	1,259,505	1,010,129	8,765,916
Depreciation and amortization	-	-	-	1,486,276	1,486,276	121,450	36,342	1,644,068
Total Functional Expenses	\$ 1,997,029	\$ 1,192,393	\$ 837,205	\$ 3,955,931	\$ 7,982,558	\$ 1,380,955	\$ 1,046,471	\$ 10,409,984

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,220,921	\$ 565,072
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,712,326	1,644,068
Unrealized loss (gain) on investments	(106,384)	(734,961)
Realized loss (gain) on investments	(295,406)	180,702
Contributions restricted for long-term purposes	(1,596,894)	(725,000)
Change in:		
Grants receivable	2,500	115,500
Other receivables	(14,994)	(11,191)
Inventories	(2,596)	(23,212)
Prepaid expenses	(30,205)	(2,674)
Accounts payable and accrued expenses	(53,572)	72,663
Accrued payroll and withheld taxes	(665)	32,914
Deferred revenue	(536)	29,274
457(b) retirement plan obligation	29,056	13,253
Net cash provided by (used in) operating activities	670,551	1,156,408
Cash Flows From Investing Activities:		
Payments for capital expenditures	(1,075,227)	(953,232)
Purchases of investments	(550,272)	(3,615,757)
Proceeds from sale of investments	661,998	3,167,164
Net cash provided by (used in) investing activities	(963,501)	(1,401,825)
Cash Flows From Financing Activities:		
Receipts of contributions restricted for long-term purposes	1,596,894	825,000
Repayment of finance lease obligation	1,214	(13,156)
Net cash provided by (used in) financing activities	1,598,108	811,844
Net Increase (Decrease) in Cash and Cash Equivalents	1,305,158	566,427
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	2,284,072	1,717,645
End of year	\$ 3,589,230	\$ 2,284,072
Supplemental Disclosures of Cash Flow Information:		
Interest paid:		
Finance lease	388	917
Total interest paid	\$ 388	\$ 917
Schedule of Noncash Investing and Financing Activities:		
Addition of right-of-use asset for capital lease	\$ 15,000	\$ -

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Organization

The National Aviary in Pittsburgh, Inc. (Aviary) is a non-profit 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 15% and 16% of its annual operating budget from the Allegheny Regional Asset District for the years ended December 31, 2024 and 2023, 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, 2024 AND 2023

are not recognized until the conditions on which they depend have been substantially met. The Aviary had four conditional promises to give totaling \$1,695,000 at December 31, 2024 and three in the amount of \$847,000 at December 31, 2023.

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 and Unconditional Promises to Give

Grants receivable represent amounts awarded by donors and government agencies that have not been received. Management has determined these amounts to be fully collectible. The grants receivable balance as of December 31, 2024 and 2023 was \$255,000 and \$257,500, respectively.

Receivables from contracts with customers are reported as other receivables, net any allowance. Management has considered factors impacting the need for an allowance given historical experience and current conditions, as well as reasonable and supportable forecasts, and has determined that any allowance computed would be immaterial to the financial statements at December 31, 2024 and 2023. The other receivables beginning balance as of January 1, 2024 and 2023 was \$62,870 and \$51,679, respectively. The other receivables ending balance as of December 31, 2024 and 2023 was \$77,864 and \$62,870, respectively.

In 2024, the Aviary began planning and fundraising for a multi-faceted capital project featuring a new state of the art veterinary hospital. Several donors made unconditional pledge commitments with funding to the Aviary occurring over multiple years. The pledge receivable balance as of December 31, 2024 and 2023 was \$193,000 and \$0 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 discounts is included in contribution revenue in the statement of activities. At December 31, 2024 and 2023, there were no material discounts to be recognized.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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, 2024 and 2023 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,452,392	\$ 763,819
Restricted cash	<u>2,136,838</u>	<u>1,520,253</u>
	<u>\$ 3,589,230</u>	<u>\$ 2,284,072</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).

At December 31, 2024, the Aviary had 2017 and prior net operating loss carry-forwards resulting from its unrelated business activities of approximately \$592,000, 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 post-2017 net operating loss

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

carry-forwards applicable to 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, 2024 AND 2023

The following reflects the Aviary's financial assets (cash and cash equivalents, receivables, and investments) as of December 31, 2024 and 2023 expected to be available within one year to meet the cash needs for general ongoing operational expenditures:

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end	\$ 9,885,589	\$ 8,084,873
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	(1,378,652)	(686,495)
Investments held in perpetuity	(5,476,717)	(5,241,428)
Investments held for future contractual purpose	<u>(93,778)</u>	<u>(64,003)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,936,442</u>	<u>\$ 2,092,947</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, 2024 and 2023, the Aviary spent \$13,496 and \$25,453, respectively, to enhance its living collection, and there were no material deaccessions in either 2024 or 2023. These amounts are included with program services in the statements of activities.

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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 five 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, 2024 or 2023.

Leases

The Aviary determines if an arrangement is or contains a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months, for which the Aviary made the short-term lease election and those that are clearly immaterial. Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets would also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the rate stated for the lease or an acceptable alternative rate if the lease rate is not disclosed. Operating lease cost would be recognized on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Aviary will exercise that

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option. The Aviary had no material operating leases for the years ending December 31, 2024 and 2023.

For the years ended December 31, 2024 and 2023, the Aviary had two finance leases, formerly known as a capital lease. Finance lease ROU assets continue to be included in Property, plant, and equipment, net, and the related liabilities are included as finance lease liabilities in the statements of financial position.

Contributed Nonfinancial Assets

Contributed nonfinancial assets include donated property, donated equipment, and other in-kind contributions which are recorded at their estimated fair values at the date of donation (Note 12). Contributed nonfinancial assets are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. In addition to contribute nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

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

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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.

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 program-related gift shop merchandise held for sale, are stated at the lower of cost or market, 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

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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. 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 this update on the financial statements.

ASU 2023-09 *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures,"* is effective for fiscal years beginning after December 15, 2025 for entities other than public

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business entities. The amendments in this update improve tax related disclosures primarily related to the rate reconciliation and income taxes paid information.

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.

3. Net Assets

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

	2024	2023
Capital projects	\$ 1,001,623	\$ 189,166
Program restricted	331,237	315,724
Time restricted	172,500	145,500
Endowments (Note 6)	5,676,717	5,416,428
	<u>\$ 7,182,077</u>	<u>\$ 6,066,818</u>

Net assets with donor restrictions were released from donor restrictions as follows:

	2024	2023
Capital projects	\$ 866,872	\$ 637,992
Program restricted	1,151,770	626,442
Time restricted	125,500	53,000
Endowments (Note 6)	-	-
	<u>\$ 2,144,142</u>	<u>\$ 1,317,434</u>

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4. Property and Equipment

Property and equipment consisted of the following at December 31, 2024 and 2023:

	2024	2023
Furnishings	\$ 1,269,334	\$ 1,112,221
Office equipment	1,260,324	1,233,629
Mechanical equipment	4,332,616	4,227,038
Leasehold improvements	29,811,864	29,060,086
Right-of-use asset - finance lease	69,825	66,839
	36,743,963	35,699,813
Less accumulated depreciation and amortization	21,989,664	20,289,352
	14,754,299	15,410,461
Construction in progress	495,460	476,397
Total	<u>\$ 15,249,759</u>	<u>\$ 15,886,858</u>

Depreciation and amortization expense was \$1,712,326 and \$1,644,068, including amortization related to finance leases in the amount of \$13,609 and \$13,253 for the years ended December 31, 2024 and 2023, respectively. Material construction in progress at December 31, 2024 and 2023 relates to the ongoing security upgrade project and the Wetlands exhibit renovation project, respectively.

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5. Leases

As a lessee, the Aviary leases equipment for administrative purposes under financing leases expiring at various dates through 2026.

	2024	2023
Finance lease cost:		
Amortization of right-of-use assets	\$ 13,609	\$ 13,253
Interest on lease liabilities	534	807
Total finance lease cost	14,143	14,060
<i>Supplemental cash flow information related to leases:</i>		
Financing cash flows from finance leases	14,320	13,156
<i>Supplemental balance sheet information related to leases:</i>		
ROU assets	69,825	66,839
Accumulated depreciation	(40,791)	(39,196)
	<u>\$ 29,034</u>	<u>\$ 27,643</u>
Lease liabilities	<u>\$ 28,796</u>	<u>\$ 27,582</u>
Weighted average remaining lease term:	3.4 years	2.9 years
Weighted average discount rate:	1.33%	2.40%
<i>Lease maturity table:</i>		
<u>Years Ending December 31,</u>		
2025	\$ 14,424	
2026	6,872	
2027-2029	7,500	
Total	<u>\$ 28,796</u>	
Current portion	\$ 14,424	
Long-term portion	14,372	
Total	<u>\$ 28,796</u>	

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6. Investments and Fair Value Measurements

The fair value and cost basis of investments at December 31, 2024 and 2023 were as follows:

	2024		2023	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Money market funds	\$ 584,733	\$ 584,733	\$ 561,175	\$ 561,175
Mutual funds	4,599,664	5,185,762	4,445,955	4,919,256
	<u>\$ 5,184,397</u>	<u>\$ 5,770,495</u>	<u>\$ 5,007,130</u>	<u>\$ 5,480,431</u>

Fair values of assets measured on a recurring basis at December 31, 2024 are as follows:

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 584,733	\$ 584,733	\$ -	\$ -
Mutual funds:				
Alternative funds	400,055	400,055	-	-
Balanced funds	112,782	112,782	-	-
Developed international funds	345,066	345,066	-	-
Emerging markets funds	153,096	153,096	-	-
Fixed income funds	2,044,938	2,044,938	-	-
Large cap funds	1,585,574	1,585,574	-	-
Mid cap funds	347,350	347,350	-	-
Small cap funds	196,901	196,901	-	-
Total mutual funds	<u>5,185,762</u>	<u>5,185,762</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,770,495</u>	<u>\$ 5,770,495</u>	<u>\$ -</u>	<u>\$ -</u>

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Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 561,175	\$ 561,175	\$ -	\$ -
Mutual funds:				
Alternative funds	370,984	370,984	-	-
Balanced funds	104,466	104,466	-	-
Developed international funds	415,657	415,657	-	-
Emerging markets funds	143,008	143,008	-	-
Fixed income funds	1,783,530	1,783,530	-	-
Large cap funds	1,650,441	1,650,441	-	-
Mid cap funds	261,889	261,889	-	-
Small cap funds	189,281	189,281	-	-
Total mutual funds	4,919,256	4,919,256	-	-
Total	\$ 5,480,431	\$ 5,480,431	\$ -	\$ -

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, 2024 and 2023.

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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7. 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 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. In December 2024, the Aviary withdrew \$50,000 from the Audience Development Endowment for the purpose of utilizing the funds as part of the planned capital expansion project that features a new state-of-the-art veterinary hospital. As of December 31, 2024, none of this endowment withdrawal has been spent and was invested in a short-term money market account. No such withdrawals were made for the year ended December 31, 2023.

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 repaid 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 repaid in full. Annual withdrawals of 5% from the permanently restricted endowment can be used to repay the restricted reserve.

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No withdrawals from the Audience Development Restricted Reserve were made in 2024 or 2023.

As of December 31, 2024 and 2023, the balance of the Audience Development Reserve was \$540,607 and \$513,582, respectively.

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, 2024:

	Original Gift Value	Fair Value
Permanent Endowments:		
Avian Conservation Endowment Fund	\$ 4,000,000	\$ 3,955,974
African Grey Parrot Endowment Fund	25,500	32,082
Capital Endowment Fund	50,000	53,440
Audience Development Endowment	<u>1,000,000</u>	<u>1,094,614</u>
Total Permanent Endowments	5,075,500	5,136,110
Audience Development Reserve	<u>500,000</u>	<u>540,607</u>
Total Endowment Funds	<u>\$ 5,575,500</u>	<u>\$ 5,676,717</u>

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The endowment funds consisted of the following at December 31, 2023:

	Original Gift Value	Fair Value
Permanent Endowments:		
Avian Conservation Endowment Fund	\$ 4,000,000	\$ 3,769,963
African Grey Parrot Endowment Fund	25,500	35,377
Capital Endowment Fund	50,000	60,497
Audience Development Endowment	1,000,000	1,037,009
Total Permanent Endowments	5,075,500	4,902,846
Audience Development Reserve	500,000	513,582
Total Endowment Funds	\$ 5,575,500	\$ 5,416,428

From time to time, permanent 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. The Avian Conservation Endowment Funds were below the original corpus gift of \$4,000,000 by \$44,026 and \$230,037 as of December 31, 2024 and 2023, respectively, mainly due to market conditions and allowed draws taken. The underwater position of the Avian Conservation Endowment Fund greatly decreased in 2024 due to strong investment returns. All other funds exceeded corpus as of December 31, 2024 and 2023.

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The Aviary is governed by the Commonwealth of Pennsylvania's Act 141. Act 141 is a total return policy that allows a non-profit 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:

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

The changes in endowment net assets as of December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ -	\$ 5,416,428	\$ 5,416,428
Contributions	-	-	-
Replenishment by Aviary	-	-	-
Investment income	-	444,592	444,592
Net appreciation (depreciation)	-	106,384	106,384
Amounts appropriated for expenditures	-	(245,521)	(245,521)
Other expense	-	(45,166)	(45,166)
Endowment assets, end of year	\$ -	\$ 5,676,717	\$ 5,676,717

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The changes in endowment net assets as of December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ -	\$ 4,443,093	\$ 4,443,093
Contributions	-	-	-
Replishment by Aviary	-	500,000	500,000
Investment income	-	(57,602)	(57,602)
Net appreciation (depreciation)	-	734,960	734,960
Amounts appropriated for expenditures	-	(165,000)	(165,000)
Other expense	-	(39,023)	(39,023)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 5,416,428</u>	<u>\$ 5,416,428</u>

8. Investment Income (Loss)

As of December 31, 2024 and 2023, investment income (loss) consisted of the following:

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends:				
Interest income	\$ 81,956	\$ -	\$ 25,732	\$ -
Dividend income	<u>6,775</u>	<u>104,194</u>	<u>7,017</u>	<u>84,075</u>
Total	<u>\$ 88,731</u>	<u>\$ 104,194</u>	<u>\$ 32,749</u>	<u>\$ 84,075</u>
Net realized and unrealized gains (losses):				
Realized gains (losses)	\$ -	\$ 295,406	\$ -	\$ (180,702)
Unrealized gains (losses)	<u>-</u>	<u>106,384</u>	<u>-</u>	<u>734,961</u>
Total	<u>\$ -</u>	<u>\$ 401,790</u>	<u>\$ -</u>	<u>\$ 554,259</u>

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$45,522 and \$39,023 in 2024 and 2023, respectively, and have been netted against income to produce net investment income (loss) presented above.

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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, 2024 and 2023:

	As of January 1,		As of December 31,	
	2024	2023	2024	2023
Admissions	\$ 104,667	\$ 106,523	\$ 135,751	\$ 104,667
Memberships	210,552	184,071	211,505	210,552
Fundraiser Revenue	-	-	30,000	-
Facility rentals	372,686	368,037	310,113	372,686
Total Deferred Revenue	<u>\$ 687,905</u>	<u>\$ 658,631</u>	<u>\$ 687,369</u>	<u>\$ 687,905</u>

The following table provides information about significant changes in the contract liabilities related to memberships for the years ended December 31, 2024 and 2023:

	2024	2023
Deferred memberships, beginning of year	\$ 210,552	\$ 184,071
Revenue recognized that was included in deferred memberships at the beginning of the year	(210,552)	(184,071)
Increase in deferred memberships due to cash received during the period	<u>211,505</u>	<u>210,552</u>
Deferred memberships, end of year	<u>\$ 211,505</u>	<u>\$ 210,552</u>

10. Line of Credit

The Aviary has in place an \$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 2024 and 2023. The outstanding balance as of both December 31, 2024 and 2023 was \$0.

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11. Contributed Nonfinancial Assets

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Building and equipment	\$ 165,000	\$ 165,000
Animal care supplies	-	100
Advertising	139,603	118,311
Fundraiser donations	53,130	25,789
Miscellaneous	1,780	1,850
Total	<u>\$ 359,513</u>	<u>\$ 311,050</u>

The Aviary recognized contributed nonfinancial assets within revenue, including its building and certain equipment, advertising, fundraiser and other donations. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Aviary leases its building 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, which it has capitalized, 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 contributed nonfinancial assets and as expense in the statements of activities.

Contributed animal care supplies are recognized as in-kind revenues at their estimated fair value at the time of the donation based on retail value. Contributed animal care supplies recognized comprise various animal care products such as animal food and tubes for bird enrichment.

Contributed advertising services are used to promote various Aviary programs and fundraisers and are recognized as in-kind revenues if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Contributed advertising services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

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The Aviary receives various in-kind donations including food, beverages, and prizes for its fundraisers. Contributed fundraiser donations are recognized as in-kind revenues at their estimated fair value at the time of the donation based on retail value.

12. Retirement Plan

The Aviary has in place a retirement plan qualified under Section 403(b) of the Internal Revenue Code. Employees can make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Aviary matches 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 \$144,502 and \$120,762, respectively, for the years ended December 31, 2024 and 2023.

13. Allegheny Regional Asset District Grant

The Aviary has had an agreement with the Allegheny Regional Asset District (ARAD), which provided annual operating grants to the Aviary based on regional sales tax collections since 1995. The agreement was amended most recently in 2024 to extend the term through December 31, 2029. The amounts received and recognized as revenue in 2024 and 2023 for operating grants were \$1,466,756 and \$1,410,342, respectively. Additionally, ARAD awarded capital grants of \$600,000 and \$252,000 in 2024 and 2023, respectively. Capital grants are treated 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. The amount of ARAD approved and reimbursed eligible capital grant project spending was \$578,500 and \$0, respectively, for 2024 and 2023.

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14. 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, 2024 and 2023, gross revenues generated from these events of \$601,174 and \$547,108, respectively, and expenses of \$230,235 and \$203,796, respectively, are included on the statements of activities.

15. Pennsylvania Redevelopment Assistance Capital Program (RACP)

The Aviary received notification from RACP on October 26, 2022 that the State of Pennsylvania authorized release of \$500,000 to be used for the construction of a new veterinary hospital. On November 4, 2024, the Aviary received notification that an additional \$500,000 was authorized to be released for the aforementioned project. The correspondences served as written notification authorizing the preparation and submission to the Office of Budget a formal Redevelopment Assistance application for the project. The Urban Redevelopment Authority (URA) will serve as the official applicant and grantee with the Aviary serving as a sub-grantee. Formal project plan proposals were submitted, approved and are being combined into one by the State of Pennsylvania. Funds will be reimbursed to the Aviary once actual construction begins and costs are incurred. Project costs are expected to begin in 2026. Reimbursable capital grants are treated as a conditional promise to give until eligible project spending is completed.

16. Pennsylvania Commonwealth Financing Authority Arts and Culture COVID-19 Recovery Program Grant

The Aviary received notification from the Pennsylvania Department of Community and Economic Development on December 21, 2023 that a grant of \$95,000 had been awarded to the Aviary to be used for the establishment and marketing of new programs to mitigate negative economic impacts of the pandemic as part of the Aviary's recovery efforts. The grant is a reimbursable grant subject to DCED review and approval of eligible costs incurred between December 19, 2023 and June 30, 2026. Funds are expected to be spent in late 2025 and early 2026. Reimbursable grants are recorded as a conditional promise to give until eligible project spending is completed.

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17. Subsequent Events

On February 12, 2025 a public announcement was made stating that S. Kent Rockwell through the SK Rockwell Conservancy plans to purchase the Shady Side Academy Middle School in Fox Chapel, Pennsylvania with the intention of donating the property to the National Aviary. The partnership will create the National Aviary SK Rockwell Conservancy, a pioneering, world-class avian conservation center that will revolutionize the future of avian veterinary care and the conservation of threatened and endangered bird species both in the U.S. and globally. In addition to the donation of property, the SK Rockwell Conservancy plans to donate an additional ten million dollars to ensure support of programs that will occur at the facility.

The National Aviary SK Rockwell Conservancy will focus on three core areas:

1. **A state-of-the-art veterinary teaching hospital** dedicated to advancing avian healthcare,
2. **A breeding and conservation center** for birds with the International Union for the Conservation of Nature status of Threatened, Endangered, Critically Endangered or Extinct in the Wild,
3. **An interactive educational center** offering scheduled programming opportunities, field trips and resources for local schools and the broader community.

Pending finalization of the purchase, the National Aviary is expected to take possession of the property in early 2026 with an anticipated opening of the National Aviary SK Rockwell Conservancy in 2027.