

National Aviary in Pittsburgh, Inc.

Financial Statements

Years Ended December 31, 2023 and 2022
with Independent Auditor's Report

MaherDuessel

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NATIONAL AVIARY IN PITTSBURGH, INC.

YEARS ENDED DECEMBER 31, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 20, 2024

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 763,819	\$ 1,227,703
Cash and cash equivalents, restricted	1,520,253	489,942
Grants receivable	257,500	473,000
Other receivables	62,870	51,679
Inventories	66,794	43,582
Prepaid expenses	134,425	131,751
Total current assets	2,805,661	2,417,657
Property and equipment, net	15,886,858	16,577,694
Noncurrent assets:		
Other assets	11,056	11,056
Investments, conservation endowment	3,769,963	3,445,790
Investments, audience development endowment	1,037,009	899,874
Investments, audience development restricted reserve	513,582	9,967
Investments, other endowments	95,874	87,462
Investments, 457(b) retirement plan	64,003	34,486
Total noncurrent assets	5,491,487	4,488,635
Total Assets	\$ 24,184,006	\$ 23,483,986
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Current portion of finance lease obligation	\$ 12,286	\$ 13,156
Accounts payable and accrued expenses	251,628	178,965
Accrued payroll and withheld taxes	199,835	166,921
Deferred revenue	687,905	658,631
Total current liabilities	1,151,654	1,017,673
Long-term liabilities:		
457(b) retirement plan obligation	64,722	51,469
Finance lease obligation	15,296	27,582
Total long-term liabilities	80,018	79,051
Total Liabilities	1,231,672	1,096,724
Net Assets		
Without donor restrictions	16,885,516	17,523,833
With donor restrictions	6,066,818	4,863,429
Total Net Assets	22,952,334	22,387,262
Total Liabilities and Net Assets	\$ 24,184,006	\$ 23,483,986

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 restrictions	679,442	(679,442)	-
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
	<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
Gain on extinguishment of debt	-	-	-
Depreciation and amortization	(1,644,068)	-	(1,644,068)
	<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	17,523,833	4,863,429	22,387,262
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 ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Governmental grants	\$ 2,347,062	\$ 1,075,000	\$ 3,422,062
Admissions	2,001,727	-	2,001,727
Memberships	380,299	-	380,299
Merchandise sales	658,751	-	658,751
Fundraising events	515,518	-	515,518
Private grants and donations	836,605	714,980	1,551,585
Facility rental	622,000	-	622,000
Contributed nonfinancial assets	375,056	-	375,056
Educational programs	728,355	-	728,355
Parking revenue, net of tax	78,452	-	78,452
Interest and dividends, net	4,919	82,057	86,976
	<u>8,548,744</u>	<u>1,872,037</u>	<u>10,420,781</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	802,796	(802,796)	-
	<u>9,351,540</u>	<u>1,069,241</u>	<u>10,420,781</u>
Expenses:			
Program services	5,865,978	-	5,865,978
General and administrative	995,496	-	995,496
Fundraising	993,240	-	993,240
	<u>7,854,714</u>	<u>-</u>	<u>7,854,714</u>
Change in Net Assets before Other Changes	<u>1,496,826</u>	<u>1,069,241</u>	<u>2,566,067</u>
Other Changes:			
Satisfaction of capital program restrictions	1,784,108	(1,784,108)	-
Net realized and unrealized gains (losses)	(6,170)	(916,663)	(922,833)
Gain on extinguishment of debt	-	-	-
Depreciation and amortization	(1,480,465)	-	(1,480,465)
	<u>297,473</u>	<u>(2,700,771)</u>	<u>(2,403,298)</u>
Change in Net Assets	<u>1,794,299</u>	<u>(1,631,530)</u>	<u>162,769</u>
Net Assets:			
Beginning of year	15,729,534	6,494,959	22,224,493
End of year	<u>\$ 17,523,833</u>	<u>\$ 4,863,429</u>	<u>\$ 22,387,262</u>

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	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	\$ 1,356,189	\$ 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.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	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	\$ 1,138,611	\$ 836,855	\$ 571,847	\$ 1,074,843	\$ 3,622,156	\$ 608,624	\$ 524,927	\$ 4,755,707
Office expenses	29,959	6,288	1,024	33,453	70,724	19,127	59,110	148,961
Staff development	18,422	8,942	4,680	4,071	36,115	56,045	709	92,869
Community outreach and promotion	1,326	-	-	118,144	119,470	15,753	23,629	158,852
Occupancy	-	4,352	14,533	797,903	816,788	49,852	17,323	883,963
Professional fees	3,009	14,300	14,300	54,337	85,946	72,963	45,065	203,974
Animal care expenses	18,045	90,510	89,985	-	198,540	-	-	198,540
Conservation expenses	-	-	71,461	-	71,461	-	-	71,461
Veterinary expenses	-	37,940	-	-	37,940	-	-	37,940
Insurance	-	-	-	-	-	84,441	-	84,441
Interest expense	-	-	-	-	-	25,077	-	25,077
Memberships and dues	2,130	6,796	5,306	24,716	38,948	2,446	1,811	43,205
Travel	717	2,217	1,919	832	5,685	303	1,867	7,855
Information technology	-	-	-	53,820	53,820	13,065	13,467	80,352
Donated goods and services	500	-	-	133,055	133,555	16,914	59,587	210,056
Design costs	-	-	-	24,449	24,449	3,260	5,890	33,599
Special events cost	-	-	-	-	-	-	200,567	200,567
Cost of goods sold	272,572	-	-	-	272,572	-	-	272,572
Credit card fees	164,651	-	-	-	164,651	-	-	164,651
Donor relations	-	-	-	-	-	-	36,908	36,908
Event expense	-	-	-	79,134	79,134	-	-	79,134
Miscellaneous	19,885	572	349	13,218	34,024	27,626	2,380	64,030
Total Expenses	1,669,827	1,008,772	775,404	2,411,975	5,865,978	995,496	993,240	7,854,714
Depreciation and amortization	-	-	-	1,347,244	1,347,244	104,549	28,672	1,480,465
Total Functional Expenses	\$ 1,669,827	\$ 1,008,772	\$ 775,404	\$ 3,759,219	\$ 7,213,222	\$ 1,100,045	\$ 1,021,912	\$ 9,335,179

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	\$ 565,072	\$ 162,769
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,644,068	1,480,465
Unrealized loss (gain) on investments	(734,961)	995,713
Realized loss (gain) on investments	180,702	(72,880)
Contributions restricted for long-term purposes	(725,000)	(970,000)
Change in:		
Grants receivable	115,500	(170,325)
Other receivables	(11,191)	(25,022)
Inventories	(23,212)	(10,352)
Prepaid expenses	(2,674)	(18,769)
Accounts payable and accrued expenses	72,663	(50,409)
Accrued payroll and withheld taxes	32,914	18,517
Refundable advance	-	(903,823)
Deferred revenue	29,274	22,518
457(b) retirement plan obligation	13,253	369
Net cash provided by (used in) operating activities	1,156,408	458,771
Cash Flows From Investing Activities:		
Payments for capital expenditures	(953,232)	(3,654,454)
Purchases of investments	(3,615,757)	(1,501,968)
Proceeds from sale of investments	3,167,164	1,656,742
Net cash provided by (used in) investing activities	(1,401,825)	(3,499,680)
Cash Flows From Financing Activities:		
Receipts of contributions restricted for long-term purposes	825,000	970,000
Repayment of finance lease obligation	(13,156)	(12,888)
Repayment of long-term debt	-	(650,000)
Net cash provided by (used in) financing activities	811,844	307,112
Net Increase (Decrease) in Cash and Cash Equivalents	566,427	(2,733,797)
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	1,717,645	4,451,442
End of year	\$ 2,284,072	\$ 1,717,645
Supplemental Disclosures of Cash Flow Information:		
Interest paid:		
Term loan	\$ -	\$ 23,892
Finance lease	917	1,185
Total interest paid	\$ 917	\$ 25,077

See accompanying notes to financial statements.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 16% and 17% of its annual operating budget from the Allegheny Regional Asset District for the years ended December 31, 2023 and 2022, 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, 2023 AND 2022

are not recognized until the conditions on which they depend have been substantially met. The Aviary had three conditional contributions totaling \$847,000 at December 31, 2023 and two conditional contributions in the amount of \$815,000 at December 31, 2022.

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 these amounts to be fully collectible. The grants receivable balance as of December 31, 2023 and 2022 was \$257,500 and \$473,000, 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, 2023 and 2022. The other receivables beginning balance as of January 1, 2023 and 2022 was \$51,679 and \$26,657, respectively. The other receivables ending balance as of December 31, 2023 and 2022 was \$62,870 and \$51,679, 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, 2023 and 2022, there were no 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, 2023 and 2022 includes funds that have been restricted by donors for specific Aviary programs,

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

initiatives or projects. Total cash, cash equivalents, and restricted cash consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 763,819	\$ 1,227,703
Restricted cash	<u>1,520,253</u>	<u>489,942</u>
	<u>\$ 2,284,072</u>	<u>\$ 1,717,645</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, 2023, 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 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.

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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.

The following reflects the Aviary's financial assets (cash and cash equivalents, receivables, and investments) as of December 31, 2023 and 2022 expected to be available within one year to meet the cash needs for general ongoing operational expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end	\$ 8,084,873	\$ 6,719,903
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	(686,495)	(185,000)
Investments held in perpetuity	(5,241,428)	(4,278,093)
Investments held for future contractual purpose	<u>(64,003)</u>	<u>(34,486)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,092,947</u>	<u>\$ 2,222,324</u>

NATIONAL AVIARY IN PITTSBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

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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, 2023 and 2022, the Aviary spent \$25,453 and \$4,285, respectively, to enhance its living collection, and there were no material deaccessions in either 2023 or 2022. These amounts are included with program services in the statements of activities.

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.

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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, 2023 or 2022.

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 option. The Aviary had no material operating leases for the years ending December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, 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.

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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 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 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.

Adopted Accounting Standards

ASU 2016-13, *"Allowance for Credit Losses (Topic 326)."* In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Aviary that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The Aviary adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

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

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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:

	<u>2023</u>	<u>2022</u>
Capital projects	\$ 189,166	\$ 80,905
Program restricted	315,724	286,431
Time restricted	145,500	53,000
Endowments (Note 6)	<u>5,416,428</u>	<u>4,443,093</u>
	<u>\$ 6,066,818</u>	<u>\$ 4,863,429</u>

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furnishings	\$ 1,112,221	\$ 775,304
Office equipment	1,233,629	1,208,050
Mechanical equipment	4,227,038	4,103,291
Leasehold improvements	29,060,086	25,988,165
Right-of-use asset - finance lease	<u>66,839</u>	<u>66,839</u>
	35,699,813	32,141,649
Less accumulated depreciation and amortization	<u>20,289,352</u>	<u>18,645,284</u>
	15,410,461	13,496,365
Construction in progress	<u>476,397</u>	<u>3,081,329</u>
Total	<u>\$ 15,886,858</u>	<u>\$ 16,577,694</u>

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Depreciation and amortization expense was \$1,644,068 and \$1,480,465, including amortization related to finance leases in the amount of \$13,253 and \$13,253 for the years ended December 31, 2023 and 2022, respectively. Material construction in progress at December 31, 2023 and 2022 relates to the ongoing security upgrade project and the Wetlands exhibit renovation project, respectively.

5. Leases

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

	<u>2023</u>	<u>2022</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 13,253	\$ 13,254
Interest on lease liabilities	807	1,185
Total finance lease cost	<u>14,060</u>	<u>14,439</u>
<i>Supplemental cash flow information related to leases:</i>		
Financing cash flows from finance leases	13,156	12,888
<i>Supplemental balance sheet information related to leases:</i>		
ROU assets	66,839	66,839
Accumulated depreciation	(39,196)	(25,943)
	<u>\$ 27,643</u>	<u>\$ 40,896</u>
Lease liabilities	<u>\$ 27,582</u>	<u>\$ 40,738</u>
Weighted average remaining lease term:	2.9 years	3.1 years
Weighted average discount rate:	2.40%	2.23%
<i>Lease maturity table:</i>		
	<u>Years Ending December 31,</u>	
	2024	\$ 12,286
	2025	11,424
	2026	<u>3,872</u>
	Total	<u>\$ 27,582</u>
Current portion	\$ 12,286	
Long-term portion	<u>15,296</u>	
Total	<u>\$ 27,582</u>	

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6. Investments and Fair Value Measurements

The fair value and cost basis of investments at December 31, 2023 and 2022 were as follows:

	2023		2022	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Money market funds	\$ 561,175	\$ 561,175	\$ 52,701	\$ 52,701
Mutual funds	4,445,955	4,919,256	4,696,513	4,424,878
	<u>\$ 5,007,130</u>	<u>\$ 5,480,431</u>	<u>\$ 4,749,214</u>	<u>\$ 4,477,579</u>

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	<u>4,919,256</u>	<u>4,919,256</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,480,431</u>	<u>\$ 5,480,431</u>	<u>\$ -</u>	<u>\$ -</u>

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Fair values of assets measured on a recurring basis at December 31, 2022 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	<u>\$ 52,701</u>	<u>\$ 52,701</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual funds:				
Alternative funds	397,635	397,635	-	-
Balanced funds	85,374	85,374	-	-
Developed international funds	399,394	399,394	-	-
Emerging markets funds	118,601	118,601	-	-
Fixed income funds	1,678,901	1,678,901	-	-
Large cap funds	1,353,926	1,353,926	-	-
Mid cap funds	232,252	232,252	-	-
Small cap funds	158,795	158,795	-	-
Total mutual funds	<u>4,424,878</u>	<u>4,424,878</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,477,579</u>	<u>\$ 4,477,579</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023 and 2022.

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 November 2022, the Aviary withdrew \$50,000 from the Audience Development Endowment, which was invested in the Wetlands Habitat Renovation Project.

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.

In 2020, \$500,000, the reserve's initial investment balance, was withdrawn and invested in the Garden Room Construction Project that greatly enhanced the Aviary's ability to expand

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educational and facility rental offerings to its customers. In February 2022, the Aviary replenished the full \$500,000 amount drawn in 2020 for the Garden Room Project.

In June 2022, the Aviary withdrew \$500,000 from the reserve and invested the funds in the Wetlands Habitat Renovation Project. In November 2023, the Aviary replenished the full \$500,000 amount drawn in 2022 for the Wetlands Project.

As of December 31, 2023 and 2022, the balance of the Audience Development Reserve was \$513,582 and \$9,967, 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, 2023:

	Original Gift Value	Fair Value
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
Total Permanent Endowments	5,075,500	4,902,846
Audience Development Reserve	500,000	513,582
	<u> </u>	<u> </u>
Total Endowment Funds	<u>\$ 5,575,500</u>	<u>\$ 5,416,428</u>

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The endowment funds consisted of the following at December 31, 2022:

	Original Gift Value	Fair Value
Permanent Endowments:		
Avian Conservation Endowment Fund	\$ 4,000,000	\$ 3,445,790
African Grey Parrot Endowment Fund	25,500	31,367
Capital Endowment Fund	50,000	56,095
Audience Development Endowment	<u>1,000,000</u>	<u>899,874</u>
Total Permanent Endowments	5,075,500	4,433,126
Audience Development Reserve	<u>500,000</u>	<u>9,967</u>
Total Endowment Funds	<u>\$ 5,575,500</u>	<u>\$ 4,443,093</u>

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 was below the original corpus gift of \$4,000,000 by \$230,037 and \$554,210 as of December 31, 2023 and 2022, respectively, mainly due to market conditions and allowed draws taken. The underwater position of the Avian Conservation Endowment Fund greatly decreased in 2023 due to strong investment returns. As of December 31, 2022, the Audience Development Endowment Funds were below the original corpus gift of \$1,000,000 by \$100,126 due to allowed draws taken as well as market conditions at December 31, 2022. Due to strong market conditions during 2023, the Audience Development Endowment Funds exceeded corpus as of December 31, 2023. All other funds exceeded corpus as of December 31, 2023 and 2022.

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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:

	<u>Range</u>
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, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ -	\$ 4,443,093	\$ 4,443,093
Contributions	-	-	-
Replenishment 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>

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The changes in endowment net assets as of December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ -	\$ 5,535,686	\$ 5,535,686
Contributions	-	-	-
Replishment by Aviary, net of another project withdrawal	-	-	-
Investment income	-	192,778	192,778
Net appreciation (depreciation)	-	(989,308)	(989,308)
Amounts appropriated for expenditures	-	(257,987)	(257,987)
Other expense	-	(38,076)	(38,076)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 4,443,093</u>	<u>\$ 4,443,093</u>

8. Investment Income (Loss)

As of December 31, 2023 and 2022, investment income (loss) consisted of the following:

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends:				
Interest income	\$ 25,732	\$ -	\$ 4,254	\$ -
Dividend income	7,017	84,075	665	82,057
Total	<u>\$ 32,749</u>	<u>\$ 84,075</u>	<u>\$ 4,919</u>	<u>\$ 82,057</u>
Net realized and unrealized gains (losses):				
Realized gains (losses)	\$ -	\$ (180,702)	\$ 235	\$ 72,645
Unrealized gains (losses)	-	734,961	(6,405)	(989,308)
Total	<u>\$ -</u>	<u>\$ 554,259</u>	<u>\$ (6,170)</u>	<u>\$ (916,663)</u>

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$39,023 and \$38,076 in 2023 and 2022, 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, 2023 and 2022:

	As of January 1,		As of December 31,	
	2023	2022	2023	2022
Admissions	\$ 106,523	\$ 132,984	\$ 104,667	\$ 106,523
Memberships	184,071	186,926	210,552	184,071
Facility rentals	368,037	316,203	372,686	368,037
Total Deferred Revenue	<u>\$ 658,631</u>	<u>\$ 636,113</u>	<u>\$ 687,905</u>	<u>\$ 658,631</u>

The following table provides information about significant changes in the contract liabilities related to memberships for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred memberships, beginning of year	\$ 184,071	\$ 186,926
Revenue recognized that was included in deferred memberships at the beginning of the year	(184,071)	(186,926)
Increase in deferred memberships due to cash received during the period	<u>210,552</u>	<u>184,071</u>
Deferred memberships, end of year	<u>\$ 210,552</u>	<u>\$ 184,071</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. The balance of the loan was \$0 and \$0 at December 31, 2023 and 2022, respectively with the loan balance fully repaid in 2022. 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.

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11. 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 2023 and 2022. The outstanding balance as of both December 31, 2023 and 2022 was \$0.

12. Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	2023	2022
Building and equipment	\$ 165,000	\$ 190,000
Animal care supplies	100	-
Advertising	118,311	146,590
Fundraiser donations	25,789	37,126
Miscellaneous	1,850	1,340
Total	<u>\$ 311,050</u>	<u>\$ 375,056</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

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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.

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.

13. 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 \$120,762 and \$107,644, respectively, for the years ended December 31, 2023 and 2022.

14. 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 2019 to extend the term through December 31, 2024. The amounts received and recognized as revenue in 2023 and 2022 for operating grants were \$1,410,342 and \$1,356,098, respectively. Additionally, ARAD awarded capital grants of \$252,000 and \$565,000 in 2023 and 2022, respectively. Capital grants are recorded as a conditional promise to give until eligible project spending is

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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 \$0 and \$750,000, respectively, for 2023 and 2022. Awarded capital projects for 2023 are expected to be completed with payments submitted to ARAD for approval during the first half of 2024.

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, 2023 and 2022, gross revenues generated from these events of \$547,108 and \$515,518, respectively, and expenses of \$203,796 and \$200,567, respectively, are included on the statements of activities.

16. COVID-19 Relief Programs

In 2021, the Aviary received a Shuttered Venue Operators Grant for \$903,823. The program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act, which was part of the Consolidated Appropriations Act, 2021. The U.S. Small Business Administration (SBA) is responsible for the administration of the program. Due to the existence of certain conditional performance requirements, the grant was recorded as a refundable advance in 2021 and not recognized as revenue. In 2022, the Aviary satisfactorily fulfilled all performance-based conditions, resulting in the refundable advance liability being converted into grant revenue.

17. 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. The correspondence 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. In 2023, a formal proposal was submitted and approved. Funds will be reimbursed to the Aviary once actual

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construction begins and costs are incurred. Reimbursable capital grants are recorded as a conditional promise to give until eligible project spending is completed.

18. 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. Reimbursable grants are recorded as a conditional promise to give until eligible project spending is completed.