

Cleveland Zoological Society

**Financial Statements
December 31, 2025 and 2024**

Independent Auditor's Report

To the Board of Directors of
Cleveland Zoological Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Cleveland Zoological Society (the "Zoo Society," a nonprofit corporation), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Zoo Society as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Zoo Society 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 Zoo Society's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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To the Board of Directors of
Cleveland Zoological Society

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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Zoo Society'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 Zoo Society'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

To the Board of Directors of
Cleveland Zoological Society

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026 on our consideration of the Zoo Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Zoo Society's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
April 28, 2026

Cleveland Zoological Society

Statements of Financial Position

December 31, 2025 and 2024

	<u>Assets</u>	
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 1,159,042	\$ 2,595,735
Marketable securities	13,375,084	15,869,016
Charitable gift annuities	285,428	274,064
Pledges receivable, net	2,552,476	1,538,724
Prepaid expenses and other assets	201,532	144,559
Total current assets	17,573,562	20,422,098
Property and equipment	137,810	202,110
Less: accumulated depreciation	(97,516)	(156,184)
	40,294	45,926
Other long-term assets:		
Pledges receivable, net	2,632,947	1,745,262
Marketable securities	20,913,889	18,161,068
Cash surrender value of life insurance	8,953	5,969
Investments in pooled separate accounts	454,766	411,417
Beneficial interest in perpetual trusts	912,321	770,800
Total long-term assets	24,922,876	21,094,516
Total assets	\$ 42,536,732	\$ 41,562,540
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable and accrued expenses	\$ 226,046	\$ 458,680
Funds held for others	50,007	2,746
Amounts due to Cleveland Metropolitan Park District:		
Operating agreement	728,316	705,332
Operating agreement - Conservation funding	377,912	503,308
Primate forest	8,984,954	10,372,492
Other	251,614	195,421
Total amounts due to Cleveland Metropolitan Park District	10,342,796	11,776,553
Deferred revenue	797,085	803,163
Total current liabilities	11,415,934	13,041,142
Long-term liabilities:		
Liability under split-interest agreements	80,373	88,542
Deferred compensation	454,766	411,417
Total long-term liabilities	535,139	499,959
Total liabilities	11,951,073	13,541,101
Net assets:		
Without donor restrictions:		
Undesignated	2,888,732	2,396,423
Board-designated	19,692,967	17,018,753
Total net assets without donor restrictions	22,581,699	19,415,176
With donor restrictions	8,003,960	8,606,263
Total net assets	30,585,659	28,021,439
Total liabilities and net assets	\$ 42,536,732	\$ 41,562,540

The accompanying notes are an integral part of these financial statements

Cleveland Zoological Society

Statement of Activities

For the year ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenues, and gains:			
Contributions:			
Membership	\$ 1,982,816	\$ -	\$ 1,982,816
Individuals, corporations, and foundations	1,594,323	835,307	2,429,630
Capital projects	-	9,338,399	9,338,399
Special events	787,695	-	787,695
Less: direct benefit to donor costs	(452,780)	-	(452,780)
Investment return, net	3,406,635	125,611	3,532,246
Change in value of split-interest agreements	(11,976)	141,521	129,545
Gain on disposal of property and equipment	803	-	803
Total support, revenues, and gains	<u>7,307,516</u>	<u>10,440,838</u>	<u>17,748,354</u>
Net assets released from restrictions	<u>10,970,494</u>	<u>(10,970,494)</u>	<u>-</u>
	18,278,010	(529,656)	17,748,354
Expenses and losses:			
Program services	12,805,017	-	12,805,017
Management and general	653,890	-	653,890
Fundraising	1,652,580	-	1,652,580
Total expenses	<u>15,111,487</u>	<u>-</u>	<u>15,111,487</u>
Provision for bad debts	<u>-</u>	<u>72,647</u>	<u>72,647</u>
Total expenses and losses	<u>15,111,487</u>	<u>72,647</u>	<u>15,184,134</u>
Change in net assets	3,166,523	(602,303)	2,564,220
Net assets – beginning of year	<u>19,415,176</u>	<u>8,606,263</u>	<u>28,021,439</u>
Net assets – end of year	<u>\$ 22,581,699</u>	<u>\$ 8,003,960</u>	<u>\$ 30,585,659</u>

The accompanying notes are an integral part of these financial statements

Cleveland Zoological Society

Statement of Activities

For the year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenues, and gains:			
Contributions:			
Membership	\$ 2,052,277	\$ -	\$ 2,052,277
Individuals, corporations, and foundations	1,453,176	560,246	2,013,422
Capital projects	-	6,028,840	6,028,840
Special events	865,210	-	865,210
Less: direct benefit to donor costs	(461,505)	-	(461,505)
Investment return, net	2,817,703	104,429	2,922,132
Change in value of split-interest agreements	<u>(29,714)</u>	<u>52,509</u>	<u>22,795</u>
Total support, revenues, and gains	<u>6,697,147</u>	<u>6,746,024</u>	<u>13,443,171</u>
Net assets released from restrictions	<u>10,077,082</u>	<u>(10,077,082)</u>	<u>-</u>
	16,774,229	(3,331,058)	13,443,171
Expenses and losses:			
Program services	11,828,074	-	11,828,074
Management and general	625,029	-	625,029
Fundraising	<u>1,512,016</u>	<u>-</u>	<u>1,512,016</u>
Total expenses	<u>13,965,119</u>	<u>-</u>	<u>13,965,119</u>
Provision for bad debts	<u>-</u>	<u>98,124</u>	<u>98,124</u>
Total expenses and losses	<u>13,965,119</u>	<u>98,124</u>	<u>14,063,243</u>
Change in net assets	2,809,110	(3,429,182)	(620,072)
Net assets – beginning of year	<u>16,606,066</u>	<u>12,035,445</u>	<u>28,641,511</u>
Net assets – end of year	<u>\$ 19,415,176</u>	<u>\$ 8,606,263</u>	<u>\$ 28,021,439</u>

The accompanying notes are an integral part of these financial statements

Cleveland Zoological Society

Statement of Functional Expenses

For the year ended December 31, 2025

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 675,384	\$ 361,769	\$ 994,941	\$ 2,032,094
Pension and employee fringe benefits	122,715	68,251	156,364	347,330
Payroll taxes	49,804	24,590	71,773	146,167
Total personnel expenses	<u>847,903</u>	<u>454,610</u>	<u>1,223,078</u>	<u>2,525,591</u>
Insurance	-	14,763	-	14,763
Professional fees	1,227	57,330	156	58,713
Information technology	37,711	80,591	29,508	147,810
Postage and shipping	68,714	1,481	15,921	86,116
Office expense	7,232	4,028	10,501	21,761
Conference and meeting	8,674	8,788	11,406	28,868
Printing and publications	116,141	-	17,761	133,902
Special events	-	-	537,290	537,290
Grants (Note 9)	11,512,150	-	112,433	11,624,583
Dues and subscriptions	61,116	12,923	34,135	108,174
Advertising	28,834	-	5,066	33,900
Other	115,315	-	108,105	223,420
Total expenses before depreciation	<u>12,805,017</u>	<u>634,514</u>	<u>2,105,360</u>	<u>15,544,891</u>
Depreciation	<u>-</u>	<u>19,376</u>	<u>-</u>	<u>19,376</u>
Total expenses	<u>12,805,017</u>	<u>653,890</u>	<u>2,105,360</u>	<u>15,564,267</u>
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(452,780)</u>	<u>(452,780)</u>
Total	<u>\$ 12,805,017</u>	<u>\$ 653,890</u>	<u>\$ 1,652,580</u>	<u>\$ 15,111,487</u>

The accompanying notes are an integral part of these financial statements

Cleveland Zoological Society

Statement of Functional Expenses

For the year ended December 31, 2024

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 644,355	\$ 341,501	\$ 807,968	\$ 1,793,824
Pension and employee fringe benefits	101,142	57,679	145,226	304,047
Payroll taxes	47,548	25,296	58,273	131,117
Total personnel expenses	<u>793,045</u>	<u>424,476</u>	<u>1,011,467</u>	<u>2,228,988</u>
Insurance	-	13,931	-	13,931
Professional fees	2,279	50,103	4,271	56,653
Information technology	107,581	93,347	33,792	234,720
Postage and shipping	65,385	1,620	11,860	78,865
Office expense	3,795	6,389	9,194	19,378
Conference and meeting	13,695	17	8,324	22,036
Printing and publications	135,024	261	12,049	147,334
Special events	-	-	569,767	569,767
Grants (Note 9)	10,452,780	-	191,538	10,644,318
Dues and subscriptions	61,903	7,771	21,807	91,481
Advertising	34,857	-	3,893	38,750
Other	157,730	336	95,559	253,625
Total expenses before depreciation	11,828,074	598,251	1,973,521	14,399,846
Depreciation	<u>-</u>	<u>26,778</u>	<u>-</u>	<u>26,778</u>
Total expenses	11,828,074	625,029	1,973,521	14,426,624
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(461,505)</u>	<u>(461,505)</u>
Total	<u>\$ 11,828,074</u>	<u>\$ 625,029</u>	<u>\$ 1,512,016</u>	<u>\$ 13,965,119</u>

The accompanying notes are an integral part of these financial statements

Cleveland Zoological Society

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,564,220	\$ (620,072)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	19,376	26,778
Gain on disposal of property and equipment	(803)	-
Provision for doubtful accounts	72,647	98,124
Discount on pledges receivable	360,161	(290,245)
Contributions restricted for endowment	(2,250)	(2,250)
Net unrealized and realized gain on investments	(2,426,544)	(1,752,642)
Change in liability under split-interest agreements	-	(11,144)
Change in value of split-interest agreements	(129,545)	(40,254)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges receivable	(2,334,245)	1,396,790
Prepaid expenses and other assets	(56,973)	(51,509)
Cash surrender value of life insurance	(2,984)	(2,985)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(232,634)	(5,827)
Funds held for others	47,261	1,716
Amounts due to Cleveland Metropolitan Park District	(1,433,757)	6,814,638
Deferred revenue	(6,078)	(113,086)
Net cash (used) provided by operating activities	(3,562,148)	5,448,032
Cash flows from investing activities:		
Purchases of property and equipment	(14,441)	-
Proceeds from sale of property and equipment	1,500	-
Purchases of investments	(7,458,360)	(4,599,733)
Proceeds from sales of investments	9,614,651	1,156,765
Net cash provided (used) by investing activities	2,143,350	(3,442,968)
Cash flows from financing activities:		
Contributions received from split-interest agreements	-	25,437
Payments on annuity obligations	(20,145)	(20,603)
Collection of endowment contributions	2,250	2,250
Net cash (used) provided by financing activities	(17,895)	7,084
Net (decrease) increase in cash and cash equivalents	(1,436,693)	2,012,148
Cash and cash equivalents, beginning of year	2,595,735	583,587
Cash and cash equivalents, end of year	\$ 1,159,042	\$ 2,595,735

The accompanying notes are an integral part of these financial statements

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 1: Summary of Significant Accounting Policies

Nature of Activities

The Cleveland Zoological Society (the “Zoo Society”) is the advancement partner of Cleveland Metroparks Zoo (the “Zoo”) in support of a shared mission. The strong public-private partnership between the Zoo and the nonprofit Zoo Society facilitates continuous improvements at the Zoo and contributes significantly to the quality of life in our region. With an average annual attendance of 1,300,000 visitors and 40,000 household members, the Zoo and Zoo Society work together to provide a top visitor experience in Northeast Ohio while also advancing the Zoo’s longstanding education and conservation goals.

The Zoo Society is governed by a Board of Directors (the “Board”) and is a separate and distinct entity from the Cleveland Metropolitan Park District (the “District”). The Zoo Society’s activities are primarily in support of the District’s Zoo, subject to approval by the Zoo Society’s Board.

Basis of Presentation

The Zoo Society follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Zoo Society and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, and are therefore available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets Without Donor Restrictions (Undesignated) – Consists of net assets that are not subject to donor-imposed restrictions nor have been designated for a specific purpose by the Zoo Society’s Board of Directors. The purpose of these net assets is to provide support for the daily operations and the mission of the Zoo Society.

Net Assets Without Donor Restrictions (Board-Designated) – Consists of net assets that can be used only for the specific purposes determined by a formal action of the Zoo Society’s Board of Directors, which is the Zoo Society’s highest level of decision-making authority. Commitments may be changed or lifted only by the Zoo Society’s Board of Directors taking the same formal action that imposed the constraint originally. The purpose of Board-designated net assets is to provide funding to ensure the continuous operation of the Zoo Society (the Sustaining Fund) and to support initiatives to connect people with wildlife (the ZooFutures Fund). In addition, Board-designated funds are included, along with donor-restricted funds, in both the Animal Care Fund and the Conservation Fund.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net Assets With Donor Restrictions – Net assets whose use has been limited by donor-imposed time and/or purpose restrictions. When a restriction expires (that is, when a time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a donor restriction that assets provided be maintained permanently (perpetual in nature) while permitting the Zoo Society to expend the income generated by the assets in accordance with the provisions of additional donor-imposed restrictions or a Board approved spending policy (Note 6).

Adopted Accounting Pronouncement

In July 2025, the FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The objective of this ASU is to reduce complexities in applying the guidance in *Topic 326, Financial Instruments – Credit Losses*. On January 1, 2025, the Zoo Society adopted this ASU. There was no impact on beginning net assets as a result of this implementation.

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. Actual results could differ from those estimates.

Functional Expenses

The statement of functional expenses presents expenses by functional and natural classification. Expenses directly attributable to program services, general and administrative, and fundraising are reported as expenses of those functional areas. Payroll expenses have been allocated based on estimates between program, general and administrative, and fundraising functions based on job roles. Other indirect expenses have been allocated to functional areas on the basis of payroll per functional area as a percentage of total payroll costs.

Cash Equivalents

For purposes of the statements of cash flows, the Zoo Society considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Board-designated cash and cash equivalents within brokerage accounts are not considered cash and cash equivalents for purposes of the statements of cash flows. Such amounts have been classified as investments on the statements of financial position.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 1: Summary of Significant Accounting Policies (continued)

Cash Equivalents (continued)

Cash receipts from the sale of donated financial assets that are converted nearly immediately into cash are classified as cash inflows from operating activities on the statements of cash flows, unless the donor restricted the use of contributed resources to long-term purposes, in which case those cash receipts are classified as cash inflows from financing activities.

Contributions and Pledges Receivable

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor-imposed restrictions.

The Zoo Society recognizes unconditional promises to give as revenue in the period in which the promise is received. If there are no donor-imposed restrictions on the use of funds, then those revenues are classified as without donor restrictions. If a donor-imposed restriction exists, then it must be determined if the restriction is with regard to time or purpose, or in perpetuity and classified in the financial statements as net assets with donor restrictions. A donor-imposed restriction is present when the contributor of funds designates a specific purpose or time period in which the funds may be used. At the time when this donor-imposed restriction has been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

If donor-imposed conditions exist, revenue is recognized when the conditions are substantially met. A donor-imposed condition exists when (a) one or more barriers must be overcome before a recipient is entitled to the assets transferred or promised, and (b) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets exists. When the conditions are substantially met, revenue is recognized as revenue without donor restrictions or revenue with donor restrictions if donor-imposed restrictions are present. Any advances of funds are included within the current liabilities section of the statements of financial position, as the failure to meet the donor-imposed conditions may result in the need to return the unused funding advances.

Pledges receivable are stated at their estimated fair value. Pledges that are to be received over a period of time greater than one year are discounted to their estimated fair value assuming their respective payment terms and an appropriate discount rate as of the date the pledge is received. The discount is amortized into contribution revenue over the term of the respective pledge agreement.

The Zoo Society and the Zoo are financially interrelated entities, in accordance with the FASB ASC 958, Not-for-Profit Entities. Therefore, contributions raised by the Zoo Society on behalf of the Zoo are reported as contribution revenues with donor restrictions, and the amounts to be remitted to the Zoo are recorded as expense under the caption of "Grants" in the accompanying statements of functional expenses.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

Membership revenue is recognized over time, over the membership period (output method). Membership normally spans one year from the date of purchase. Payment is obtained when a member registers. The membership contract contains multiple performance obligations, however, management has determined that recognizing revenue evenly over the membership period is materially equivalent to segregating each performance obligation and recognizing revenue as each is met. As a practical expedient, the Zoo Society may apply revenue recognition guidance to a portfolio of contracts with similar characteristics if the Zoo Society reasonably expects the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio. The Zoo Society is taking the practical expedient approach, as membership contracts are very similar for each individual membership purchased.

Gift memberships span one year from the date they are activated. Payment is obtained when a gift membership is purchased. Amounts received for gift memberships are initially recorded as deferred revenue and revenue is recognized evenly over the membership period once activated. Management also conducts a breakage analysis and calculates historical forfeiture rates on gift memberships and recognized revenue related to expected breakage.

Special event revenue includes sponsorships and ticket sales. Payment is obtained when a participant registers for an event. These revenues are a hybrid of contribution and exchange transaction. The contracts with sponsors include performance obligations related to name recognition and event entry, while ticket sales have one performance obligation, event entry. The exchange portion of the transaction is the fair value of benefits received by sponsor/ticket purchaser. The revenue allocated to the name recognition performance obligation qualifies for recognition over time, however, management has determined that the effect of recognizing such revenue at a point in time along with the revenue allocated to event entry results in no difference to revenue recognized, as all performance obligations began and ended within the same year. The practical expedient method was also used for special event revenues.

There were no material contract assets at December 31, 2025, 2024, or 2023. Contract liabilities were \$797,085, \$803,163, and \$916,249 at December 31, 2025, 2024, and 2023, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in investment return, net in the statements of activities, along with interest, dividends, and investment fees.

Property and Equipment

Property and equipment purchased by the Zoo Society are stated at cost. Depreciation has been provided using the straight-line method over the useful lives of the assets which range from four to seven years.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 1: Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as donor-restricted support.

Split-Interest Agreements

The Zoo Society receives gift annuities where donors contribute assets in exchange for the right to receive an annual return during their lifetimes. Upon receipt of a gift annuity, the Zoo Society records the fair value of the assets received and records a liability for the estimated present value of future cash outflows to the annuitant, determined on an actuarial basis, as a “liability under split-interest agreements” in the accompanying statements of financial position. The difference between the fair value of the assets received and the estimated liability is recorded as contribution revenue with donor restrictions or contribution revenue without donor restrictions in the accompanying statements of activities in accordance with the donor’s intent.

The Zoo Society holds beneficial interests in perpetual trusts. The Zoo Society records its share of the fair market value of such trusts as long-term assets and contribution revenue with donor restrictions at the date it is notified of its interest in such trusts. As the Zoo Society receives distributions from these trusts, it records the distributions as interest income. The interest income is classified as either revenue with donor restrictions or revenue without donor restrictions in accordance with the terms of the trust agreement. Changes in the fair value of the Zoo Society’s beneficial interest in perpetual trusts are recorded as gains/losses with donor restrictions in the accompanying statements of activities under the caption “change in value of split-interest agreements.”

In-Kind Contributions

In-kind contributions are reflected as revenues at their estimated fair value at the date of donation. The Zoo Society reports gifts of media support, food for special events, and other non-monetary contributions as revenue without donor restrictions and expense (or capitalized, if applicable) unless accompanied by explicit donor-imposed restrictions, in which case, the contributions would be recorded as revenues with donor restrictions in accordance with donor restrictions. In-kind contributions were immaterial for the years ended December 31, 2025 and 2024.

Contributed Services

The Zoo Society recognizes contributions of services received when those services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 1: Summary of Significant Accounting Policies (continued)

Income Taxes

The Zoo Society is tax-exempt, under Section 501c(3) of the Internal Revenue Code (IRC) of 1986. No provision for federal income taxes has been reported in its financial statements. In addition, the Zoo Society has been classified as an organization that is not a “private foundation” within the meaning of Section 509a of the IRC.

In accordance with the “Income Taxes” topic of the FASB ASC, uncertain income tax positions are evaluated at least annually by management. As of December 31, 2025 and 2024, the Zoo Society has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the years then ended. The Zoo Society files information returns in the United States and local jurisdictions.

Concentrations of Credit Risk

Financial instruments which potentially subject the Zoo Society to concentrations of credit risk consist of cash and cash equivalents, investment securities, and pledges receivable.

The Zoo Society maintains its cash and cash equivalents with national financial institutions, and the balances at times may exceed federally insured limits.

The Zoo Society has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by a professional investment manager, with oversight by the Investment Committee. The Investment Committee is responsible for ensuring that the Zoo Society’s investments are in accordance with the Zoo Society’s investment policy. The investment policy contains investment criteria that the Zoo Society believes should reduce, to an extent, the potential for significant concentrations of credit risk. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Board believes that the investment policy is prudent for the long-term welfare of the Zoo Society.

Credit risk with respect to pledges receivable is limited due to the number and credit worthiness of the foundations, corporations, and individuals who comprise the contributor base. At December 31, 2025, three donors accounted for 57% of the gross pledges receivable balance. During 2025, one donor accounted for 32% of the capital projects revenue. At December 31, 2024, three donors accounted for 44% of the gross pledges receivable balance. During 2024, one donor accounted for 33% of the capital projects revenue.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent Events

In preparing these financial statements, the Zoo Society has evaluated events and transactions for potential recognition or disclosure through April 28, 2026, the date the financial statements were available to be issued.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 2: Pledges Receivable

Pledges were discounted to their estimated fair value assuming their respective terms and discount rates ranging from 4.00% to 8.50% dependent upon prevailing rates in the year in which a pledge was received. The pledges receivable are scheduled to be collected as follows:

	2025	2024
Payable within one year	\$ 2,940,650	\$ 1,932,707
Payable within one to five years	3,546,829	2,191,417
Payable thereafter	40,000	70,000
	6,527,479	4,194,124
Less: discounts to fair value	(1,147,798)	(787,637)
Less: allowance for uncollectible pledges receivable	(194,258)	(122,501)
Net pledges receivable	\$ 5,185,423	\$ 3,283,986

Note 3: Investments

The following schedule summarizes investment return, net for the years ended December 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 1,152,757	\$ 21,058	\$ 1,173,815
Net realized and unrealized gains	2,321,991	104,553	2,426,544
Investment management fees	(68,113)	-	(68,113)
Investment return, net	\$ 3,406,635	\$ 125,611	\$ 3,532,246
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 1,175,084	\$ 18,562	\$ 1,193,646
Net realized and unrealized gains	1,666,775	85,867	1,752,642
Investment management fees	(24,156)	-	(24,156)
Investment return, net	\$ 2,817,703	\$ 104,429	\$ 2,922,132

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 4: Fair Value Measurements

In accordance with the “Fair Value Measurements” topic of the FASB ASC, the Zoo Society uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset or liability and are based on the best available information, which has been internally developed.

Financial assets (liabilities) measured at fair value on a recurring basis consisted of the following at December 31, 2025 and 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2025</u>
Cash in money market	\$ 13,902,658	\$ -	\$ -	\$ 13,902,658
Common stock	1,805,276	-	-	1,805,276
Mutual funds – equities	1,726,402	-	-	1,726,402
Mutual funds – fixed income	4,114,196	-	-	4,114,196
Mutual funds – alternatives	690,459	-	-	690,459
Exchange traded funds – equities	12,260,640	-	-	12,260,640
Exchange traded funds – fixed income	32,290	-	-	32,290
Cash surrender value of life insurance	-	8,953	-	8,953
Beneficial interests in				
perpetual trusts	-	912,321	-	912,321
Deferred compensation	-	(454,766)	-	(454,766)
Liability under				
split-interest agreement	-	(80,373)	-	(80,373)
	<u>\$ 34,531,921</u>	<u>\$ 386,135</u>	<u>\$ -</u>	<u>\$ 34,918,056</u>

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 4: Fair Value Measurements (continued)

As of December 31, 2025, marketable securities as presented on the accompanying statement of financial position also included \$42,480 of accrued interest.

	Level 1	Level 2	Level 3	2024
Cash in money market	\$ 16,767,919	\$ -	\$ -	\$ 16,767,919
Common Stock	1,918,738	-	-	1,918,738
Mutual funds – equities	1,840,795	-	-	1,840,795
Mutual funds – fixed income	3,254,048	-	-	3,254,048
Exchange traded funds – equities	10,504,493	-	-	10,504,493
Exchange traded funds – fixed income	18,155	-	-	18,155
Cash surrender value of life insurance	-	5,969	-	5,969
Beneficial interests in				
perpetual trusts	-	770,800	-	770,800
Deferred compensation	-	(411,417)	-	(411,417)
Liability under				
split-interest agreement	-	(88,542)	-	(88,542)
	\$ 34,304,148	\$ 276,810	\$ -	\$ 34,580,958

The tables above do not include the investments in pooled separate accounts of \$454,766 and \$411,417 at December 31, 2025 and 2024, respectively, as they are valued at net asset value provided by the administrator of the accounts as a practical expedient to estimate fair value.

The fair value of the beneficial interests in perpetual trusts is based upon the value of the underlying assets within the trusts multiplied by the Zoo Society’s proportionate share of said trusts. As the underlying assets within these trusts are primarily Level 1 investments, the value of the Zoo Society’s interests in the perpetual trusts is shown as a Level 2 measurement as the trusts themselves are not actively traded (Level 1) instruments. The liabilities under the split-interest agreements were estimated by discounting the future estimated payments using a 7.50% discount rate for 2025 and 2024. The fair value of the deferred compensation liability is based upon the fair value of the investments within the pooled separate accounts.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 5: Board-Designated Net Assets

The Board of Directors establishes and maintains Board-designated funds. The Sustaining Fund and the ZooFutures Fund comprise a significant majority of the Board-designated net assets of the Zoo Society. Additionally, the Zoo Society has designated funds to support the Animal Care and Conservation Funds.

Board-designated net assets were as follows at December 31:

	<u>2025</u>	<u>2024</u>
Sustaining Fund	\$ 9,582,044	\$ 8,300,121
ZooFutures Fund	6,923,993	6,003,065
Conservation Fund	2,028,178	1,756,922
Animal Care Fund	<u>1,158,752</u>	<u>958,645</u>
	<u>\$ 19,692,967</u>	<u>\$ 17,018,753</u>

Note 6: Net Asset Classification of Endowment and Quasi-Endowment Funds

The Zoo Society maintains several funds consisting of both Board-designated and donor-restricted assets established to support a variety of programs. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Zoo Society has interpreted the State of Ohio enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Zoo Society classifies within net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Zoo Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds.
- (2) The purposes of the Zoo Society and the donor-restricted endowment funds.
- (3) General economic conditions.
- (4) The investment policies of the Zoo Society.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 6: Net Asset Classification of Endowment and Quasi-Endowment Funds (continued)

Endowment Net Asset Composition by type of fund as of December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,145,434	\$ 1,145,434
Board-designated quasi-endowment funds	<u>10,110,923</u>	<u>-</u>	<u>10,110,923</u>
Total funds	<u>\$ 10,110,923</u>	<u>\$ 1,145,434</u>	<u>\$ 11,256,357</u>

Endowment Net Asset Composition by type of fund as of December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,029,226	\$ 1,029,226
Board-designated quasi-endowment funds	<u>8,718,632</u>	<u>-</u>	<u>8,718,632</u>
Total funds	<u>\$ 8,718,632</u>	<u>\$ 1,029,226</u>	<u>\$ 9,747,858</u>

Changes in Endowment Net Assets for the fiscal year ended December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 8,718,632	\$ 1,029,226	\$ 9,747,858
Investment return:			
Interest and dividends	239,441	21,058	260,499
Net realized and unrealized gains	1,207,563	104,553	1,312,116
Investment management fees	<u>(35,521)</u>	<u>-</u>	<u>(35,521)</u>
Total investment return, net	1,411,483	125,611	1,537,094
Contributions to perpetual endowment	9,080	2,250	11,330
Appropriation of endowment assets for expenditure	<u>(28,272)</u>	<u>(11,653)</u>	<u>(39,925)</u>
Endowment net assets, end of year	<u>\$ 10,110,923</u>	<u>\$ 1,145,434</u>	<u>\$ 11,256,357</u>

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 6: Net Asset Classification of Endowment and Quasi-Endowment Funds (continued)

Changes in Endowment Net Assets for the fiscal year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,614,838	\$ 922,547	\$ 8,537,385
Investment return:			
Interest and dividends	197,923	18,562	216,485
Net realized and unrealized gains	924,328	85,867	1,010,195
Investment management fees	<u>(5,758)</u>	<u>-</u>	<u>(5,758)</u>
Total investment return, net	1,116,493	104,429	1,220,992
Contributions to perpetual endowment	-	2,250	2,250
Appropriation of endowment assets for expenditure	<u>(12,699)</u>	<u>-</u>	<u>(12,699)</u>
Endowment net assets, end of year	\$ <u>8,718,632</u>	\$ <u>1,029,226</u>	\$ <u>9,747,858</u>

Return Objectives and Risk Parameters

The Zoo Society has adopted investment and spending policies for long-term invested assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. Assets include those assets of donor-restricted funds that the Zoo Society must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under this policy, as approved by the Board of Directors, investments of all Zoo Society assets are directed by a professional investment manager, with oversight by the Investment Committee. The standard with regard to Board-designated and donor-restricted assets shall be the preservation of corpus while prudently maximizing real growth. The Zoo Society will conduct a quarterly monitoring of the portfolio. Investment performance will be measured against comparative market indices including the Standard & Poor 500 Index, as well as other comparable indices. The performance of the overall portfolio will also be monitored quarterly and compared against appropriate benchmarks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Zoo Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Zoo Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

Recommendations for the use of ZooFutures, Animal Care, and Conservation Fund assets free of donor restriction shall be the responsibility of the Investment Committee and Finance Committee as part of the annual budget process. Appropriations from donor-restricted funds shall not, in any calendar year, exceed a sum equal to 5% of the twelve-quarter rolling average of the Fund assets.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 7: Split-Interest Agreements

The Zoo Society administers various charitable gift annuities. Under these agreements, the Zoo Society remits fixed payments to the donors on a quarterly basis, using an interest rate ranging from 4.70% to 8.30%. Using applicable mortality tables, quarterly payments are estimated to extend through 2041. Investments, primarily mutual funds, held in charitable gift annuities aggregated \$285,428 and \$274,064 at December 31, 2025 and 2024, respectively, and are reported at fair value in the statements of financial position. Management estimated its liability under split-interest agreements by discounting future estimated payments using a 7.50% discount rate at December 31, 2025 and 2024. The liability was \$80,373 and \$88,542 at December 31, 2025 and 2024, respectively.

Beneficial interest in perpetual trusts include two separate trust funds that have been instructed to provide the Zoo Society with the unrestricted use of the Zoo Society's respective portion of the trusts' income in accordance with the trusts' documents. The Zoo Society has an irrevocable right to receive the income from the trusts' assets in perpetuity. The Zoo Society's share of the trusts' assets, which had a market value on December 31, 2025 and 2024 of \$912,321 and \$770,800, respectively, are included in the accompanying statements of financial position. The trusts' investments are managed by external directors designated by the donors. As such, the Zoo Society does not control the allocation of the trusts' investments.

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose or period:		
Conservation and research	\$ 141,561	\$ 126,233
Education	409,547	347,416
Pollinator garden	25,000	-
Rhino exhibit	-	79,862
Animal Care Fund	482,490	639,847
Ambassador animal	1,396	1,396
Primate forest	4,886,211	5,597,812
Tropical bears	-	630
Giraffe barn	-	13,041
Appreciation of specific donor-restricted endowments:		
Animal Care Fund (time restricted)	<u>694,055</u>	<u>580,097</u>
	<u>6,640,260</u>	<u>7,386,334</u>
Endowments subject to the Zoo Society's spending policy and appropriation:		
Animal Care Fund	451,379	449,129
Perpetual trusts	<u>912,321</u>	<u>770,800</u>
	<u>1,363,700</u>	<u>1,219,929</u>
Total net assets with donor restrictions:	\$ <u>8,003,960</u>	\$ <u>8,606,263</u>

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 8: Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions were released from donor restrictions by incurring expenditures satisfying the purpose and/or time restrictions specified by donors as follows during the years ended December 31:

	<u>2025</u>	<u>2024</u>
Conservation and research	\$ 66,351	\$ 257,681
Education	155,594	164,148
Rhino exhibit	79,861	-
Animal Care Fund	691,011	407,194
Primate forest	9,927,353	9,000,000
Pollinator garden	25,000	-
Giraffe barn	13,041	-
Tropical bears	630	126,600
Sensory room	-	80,000
Endowment earnings appropriated for expenditure	11,653	-
Restricted for time	<u>-</u>	<u>41,459</u>
	\$ <u>10,970,494</u>	\$ <u>10,077,082</u>

Note 9: Cleveland Metropolitan Park District

The Zoo Society provides support to the Cleveland Metropolitan Park District for a variety of Zoo programs and functions. Support is summarized below for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Animal care and research	\$ 670,155	\$ 407,194
Primate forest	10,000,000	9,000,000
Operating agreement – 10% for conservation	496,775	496,114
Field conservation	78,025	164,924
Education	155,779	164,148
Other	<u>111,416</u>	<u>220,400</u>
	\$ <u>11,512,150</u>	\$ <u>10,452,780</u>

The Zoo Society receives donated office facilities, including office space, common space, utilities, computer and telephonic services from the District. The amount of such services cannot be reasonably estimated due to the unique nature of the space. Therefore, no amounts are recorded on the statements of activities for the years ended December 31, 2025 or 2024.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 9: Cleveland Metropolitan Park District (continued)

Operating Agreement

Since 1998, the Zoo Society and the District have worked together under an operating agreement that has provided operating support to the District varying between 65% and 72% of the revenue generated from sales of the general membership program, specifically, membership categories where dues are \$125 or less. The agreement has an ongoing annual renewal clause that grants the parties the ability to request renegotiation or cancellation. For fiscal 2025 and 2024, the guaranteed amounts were 70% of membership revenue returned to the District as commission, with 60% of that revenue being credited to the District general fund and 10% of that revenue being held in a restricted fund for conservation support.

The Zoo Society is acting as an agent for the Zoo and collected \$2,974,607 and \$2,966,739 in membership funds that were remitted to the District during the years ended December 31, 2025 and 2024, respectively. These funds were not included as revenue and expense in these financial statements.

Included in “amounts due to Cleveland Metropolitan Park District – operating agreement” on the statements of financial position is \$728,316 and \$705,332 which is owed to the District under the above agreements at December 31, 2025 and 2024, respectively. Included in “amounts due to Cleveland Metropolitan Park District – operating agreement – Conservation funding” on the statements of financial position is \$377,912 and \$503,308 under the above agreements at December 31, 2025 and 2024, respectively. Included in “accounts payable and accrued expenses” on the statements of financial position is \$20,666 and \$171,694, which is owed to the District and not related to the above agreements at December 31, 2025 and 2024, respectively.

Primate Forest

The Cleveland Zoological Society has partnered with the Cleveland Metropolitan Park District on a multi-year \$120 million campaign to build a new Primate Forest. Primate Forest builds upon existing structures to create a new home for several Zoo species, as well as upgraded guest experiences. Phase I is scheduled to open in summer 2026 and includes the CrossCountry Mortgage Forest Home, Orangutan Forest, and Samuel H. Miller Tropical Forest. The Gorilla Forest (Phase II) construction is scheduled to begin in late 2026 with a projected 2029 opening.

As the fundraising partner, the Zoo Society began raising philanthropic support for Primate Forest in 2021. As of December 31, 2025, the Zoo Society has raised over \$27 million, with approximately \$21 million having already been received as cash and another \$6.5 million in outstanding pledges. Fundraising dollars are a blend of individual, corporate and government support. Pledges to the project can be payable for up to five years. As of December 31, 2025, the Zoo Society has committed a cumulative \$22.2 million to the District for this project.

Other Capital Projects

Amounts due to the District at December 31, 2025 and 2024 included \$251,614 and \$195,421, respectively, related to other capital projects.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 10: Allocation of Joint Costs

For the years ended December 31, 2025 and 2024, the Zoo Society incurred costs for producing and distributing membership publications. These publications included information, materials, and activities that included fundraising appeals. These costs were allocated to fundraising and program services as follows:

	<u>2025</u>	<u>2024</u>
Fundraising	\$ 55,998	\$ 49,274
Program services	<u>441,772</u>	<u>414,480</u>
	<u>\$ 497,770</u>	<u>\$ 463,754</u>

Note 11: Defined Contribution Plans

The Zoo Society has a 403(b) defined contribution plan (the “Plan”). The Plan covers all employees who work 1,000 hours or more during a calendar year. Each participant may elect to defer a portion of their annual compensation and the Zoo Society will make a matching contribution up to 3% of the participant’s compensation. During 2025 and 2024, the amount of expense related to this Plan was \$116,355 and \$99,113, respectively.

The Zoo Society has a 457(b) executive deferred compensation plan (the “Executive Plan”). Participation in the Executive Plan was limited to those determined eligible by the Human Resources Committee of Zoo Society’s Board of Directors. The Executive Plan was frozen in fiscal 2023. There was no expense related to this Executive Plan for the years ended December 31, 2025 and 2024.

The assets of the Executive Plan are included in the “investments in pooled separate accounts” on the accompanying statements of financial position. At December 31, 2025 and 2024, the total assets under the plan recorded in the accompanying statements of financial position were \$454,766 and \$411,417, respectively. The fair value of the assets under the Executive Plan is based upon the net asset value (NAV) of units held by the Zoo Society at year-end, which is provided by the administrator of the pooled separate accounts. The NAV, as provided by the administrator of the accounts, is used as a practical expedient to estimate fair value. The NAV is based on the value of the underlying investments held in the accounts, minus its liabilities, and then divided by the number of units outstanding.

The liability under the Executive Plan is included in “deferred compensation” on the accompanying statements of financial position. At December 31, 2025 and 2024, the total liability under the plan recorded in the accompanying statements of financial position was \$454,766 and \$411,417, respectively. The fair value of the deferred compensation liability is based upon the value of the total benefit available to the participants of the Executive Plan. The benefit available to the participants of the Executive Plan is equal to the underlying assets in the participants’ book accounts. As such, the value of liability is equal to the assets under the Executive Plan at December 31, 2025 and 2024.

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 12: Related-Party Transactions

At December 31, 2025 and 2024, \$446,751 and \$550,603 of pledges receivable and \$680,773 and \$849,358 of support and revenue, respectively, were from Directors, Director-related organizations, and employees. Additionally, transactions with the District are disclosed in Note 9.

Note 13: Liquidity and Availability of Resources

The Zoo Society maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Zoo Society maintains Board-designated funds (net assets without donor restrictions) that the Zoo Society intends to hold for purposes as outlined in the *Long-Term Asset Management and Investment Policy*, which could be made available for current operations, if necessary.

Marketable securities are shown as long-term as the Zoo Society intends to hold them as such, though a portion of the balance is not Board-designated or donor-restricted. The portion of marketable securities that is not Board-designated or donor-restricted is available to management within one year and included in the table below.

The Zoo Society's financial assets available within one year of December 31 for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,159,042	\$ 2,595,735
Charitable gift annuities	285,428	274,064
Pledges receivable, net	5,185,423	3,283,986
Marketable securities	<u>34,288,973</u>	<u>34,030,084</u>
	40,918,866	40,183,869
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Funds held for others included in cash and cash equivalents	50,007	2,746
Restricted by donors – purpose restrictions	5,946,205	6,806,237
Restricted by donors – implied time restrictions	694,055	580,097
Restricted by donors – held in perpetuity	<u>451,379</u>	<u>449,129</u>
	<u>7,141,646</u>	<u>7,838,209</u>

Cleveland Zoological Society

Notes to Financial Statements

December 31, 2025 and 2024

Note 13: Liquidity and Availability of Resources (continued)

Amounts unavailable to management without Board's approval:

Board-designated – ZooFutures, Animal Care & Conservation funds	10,110,923	8,718,632
Board-designated – Sustaining Fund	9,582,044	8,300,121
Board-designated – approved distribution from Sustaining Fund for following year operations	(397,383)	(320,958)
Board-designated – approved distribution from ZooFutures Fund for following year operations	(278,222)	(255,512)
Board-designated – approved distribution from Animal Care Fund for following year operations	(41,186)	(66,379)
Board-designated – approved distribution from Conservation Fund for following year operations	<u>-</u>	<u>(71,091)</u>
	<u>18,976,176</u>	<u>16,304,813</u>
Total funds unavailable for general expenditure within one year	<u>26,117,822</u>	<u>24,143,022</u>
Total financial assets available to management for general expenditures within one year	\$ <u>14,801,044</u>	\$ <u>16,040,847</u>

Note 14: Subsequent Events

At its March 25, 2026 meeting, the Zoo Society's Board of Directors authorized a new commitment to the District in the amount of \$10,000,000 for the design, planning and construction of the Zoo's Primate Forest habitat. This commitment will be comprised of a \$5,000,000 gift from the Zoo Society's board-designated investment funds (Sustaining and ZooFutures Funds), and \$5,000,000 in cash and pledges restricted by donors for Primate Forest. The funds provided by the Zoo Society will be available to the District through the completion of the Primate Forest project.

At the same March 25, 2026 meeting, the Board authorized the combination of the Sustaining and ZooFutures Funds into one new, board-designated fund called the Reserve Fund. The Board is considering whether any portion of the Reserve Fund will operate as a board-designated endowment fund, but a final decision has not been made as of April 28, 2026. The Animal Care and Conservation Funds will remain as separate board-designated endowment funds.

Cleveland Zoological Society

Supplementary Schedule of Effects of ASC 606

For the year ended December 31, 2025

	As reported Pre-ASC 606	ASC 606 Effects	As reported Post-ASC 606
Support, revenues, and gains:			
Contributions:			
Membership	\$ 4,957,423	\$ (2,974,607)	\$ 1,982,816
Individuals, corporations, and foundations	2,429,630	-	2,429,630
Comprehensive campaign	9,338,399	-	9,338,399
Special events	787,695	-	787,695
Less: direct benefit to donor costs	(452,780)	-	(452,780)
Investment return, net	3,532,246	-	3,532,246
Change in value of split-interest agreements	129,545	-	129,545
Gain on disposal of property and equipment	803	-	803
Total support, revenues, and gains	20,722,961	(2,974,607)	17,748,354
Expenses:			
Program services	15,750,464	(2,945,447)	12,805,017
Management and general	653,890	-	653,890
Fundraising	1,652,580	-	1,652,580
Total expenses	18,056,934	(2,945,447)	15,111,487
Provision for bad debts	72,647	-	72,647
Total expenses and losses	18,129,581	(2,945,447)	15,184,134
Change in net assets	2,593,380	(29,160)	2,564,220
Net assets – beginning of year	28,719,829	(698,390)	28,021,439
Net assets – end of year	\$ 31,313,209	\$ (727,550)	\$ 30,585,659