BIRMINGHAM ZOO, INC.

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

BIRMINGHAM ZOO, INC.
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Birmingham Zoo, Inc.

Opinion

We have audited the accompanying financial statements of the Birmingham Zoo, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses 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 Birmingham Zoo, Inc. 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Birmingham Zoo, Inc. 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 Birmingham Zoo, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Birmingham Zoo, Inc.'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 Birmingham Zoo, Inc.'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.

Aprio, LLP

Birmingham, Alabama

June 23, 2026

BIRMINGHAM ZOO, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$ 1,386,537	$ 2,176,022
Cash - restricted	10,148,150	9,833,900
Cash - board designated	1,938,843	1,036,809
Certificates of deposit - restricted	26,618	25,657
Accounts receivable - unrestricted, net	897,824	797,625
Donations pledged - unrestricted	284,170	178,570
Donations pledged - restricted	320,619	320,619
Inventories	1,428	1,428
Prepaid expenses and other assets	324,794	138,567
Interfund receivables (payable) - unrestricted	532,530	2,322,095
Interfund receivables (payable) - restricted	(532,530)	(2,322,095)
TOTAL CURRENT ASSETS	15,328,983	14,509,197
PROPERTY AND EQUIPMENT, NET		
Property and equipment, net of accumulated depreciation	37,455,127	38,242,088
Animal collection	1	1
TOTAL PROPERTY AND EQUIPMENT, NET	37,455,128	38,242,089
OTHER ASSETS		
Right of use asset	13,488	42,525
Donations pledged - restricted, net	2,687,421	384,019
TOTAL OTHER ASSETS	2,700,909	426,544
TOTAL ASSETS	$ 55,485,020	$ 53,177,830

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable	$ 117,036	$ 653,295
Accrued liabilities	586,749	807,430
Deferred income	1,494,556	1,402,903
Current portion of lease liabilities	13,488	29,039
TOTAL CURRENT LIABILITIES	2,211,829	2,892,667
LONG TERM LIABILITIES		
Lease liabilities, net of current portion	-	13,487
TOTAL LIABILITIES	2,211,829	2,906,154
NET ASSETS		
Without donor restrictions - board designated	1,938,843	1,036,809
Without donor restrictions	38,684,070	40,992,767
With donor restrictions	12,650,278	8,242,100
TOTAL NET ASSETS	53,273,191	50,271,676
TOTAL LIABILITIES AND NET ASSETS	$ 55,485,020	$ 53,177,830

See notes to the financial statements.

BIRMINGHAM ZOO, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenues		
Admissions	$ 3,588,456	$ 3,547,996
Membership dues	1,582,142	1,609,421
Rides and attractions	803,769	733,987
Concessions commission	946,857	933,823
Program and camp fees	292,190	328,524
Public funding	1,627,500	1,592,500
Contributions	1,027,526	924,551
Sponsorships	222,477	169,279
In-kind donations	273,526	197,655
Special events	1,231,899	1,043,174
Event space rental income	61,918	84,643
Other income	494,793	743,984
	12,153,053	11,909,537
Net assets released from restriction	1,253,096	759,579
Total support and revenues	13,406,149	12,669,116
Expenses		
Program services	13,331,102	12,430,130
Supporting activities		
Management and general	678,974	719,276
Fundraising	802,736	833,597
Total expenses	14,812,812	13,983,003
TOTAL CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,406,663)	(1,313,887)
CHANGES IN ASSETS WITH DONOR RESTRICTIONS		
Contributions - restricted	844,403	544,490
Veterinary Teaching Hospital Grant	4,683,476	2,525,500
In-kind donations - restricted	133,395	-
Net assets released from restriction - satisfied by payments	(1,253,096)	(759,579)
TOTAL CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	4,408,178	2,310,411
CHANGE IN NET ASSETS	3,001,515	996,524
NET ASSETS AT BEGINNING OF YEAR	50,271,676	49,275,152
NET ASSETS AT END OF YEAR	$ 53,273,191	$ 50,271,676

See notes to the financial statements.

BIRMINGHAM ZOO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,001,515	$ 996,524
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	2,283,629	2,235,756
(Gain) loss on property and equipment disposal	(3,422)	1,626
Change in allowance for credit losses	10,000	4,744
Changes in operating assets and liabilities:		
Accounts receivable	(110,199)	(141,390)
Donations pledged	(2,409,002)	544,787
Inventories	-	1,965
Prepaid expenses and other assets	(186,227)	112,937
Accounts payable	(536,258)	(166,006)
Accrued liabilities	(220,681)	126,390
Deferred income	91,653	(402,676)
NET CASH FROM OPERATING ACTIVITIES	1,921,008	3,314,657
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,484,091)	(5,816,427)
Proceeds from sale of property and equipment	19,882	18,200
Reinvestment of earnings on certificates of deposit	(961)	(1,270)
NET CASH USED IN INVESTING ACTIVITIES	(1,465,170)	(5,799,497)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on right of use liabilities	(29,039)	(27,965)
NET CASH USED IN FINANCING ACTIVITIES	(29,039)	(27,965)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	426,799	(2,512,805)
Cash, cash equivalents and restricted cash at beginning of year	13,046,731	15,559,536
Cash, cash equivalents and restricted cash at end of year	$ 13,473,530	$ 13,046,731
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 2,178	$ 2,557

See notes to the financial statements.

BIRMINGHAM ZOO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Management and General	Fund Raising	Total
Salaries and wages	$ 5,390,571	$ 284,364	$ 366,228	$ 6,041,163
Animal acquisitions	11,416	-	-	11,416
Animal exhibits	10,072	-	-	10,072
Animal management	669,794	-	-	669,794
Bad debt expense	-	-	41,761	41,761
Bank and credit card processing fees	-	181,169	-	181,169
Capital campaign	559,935	-	-	559,935
Computer	101,470	10,109	66,817	178,396
Conservation	92,717	-	-	92,717
Continuing education/conventions	20,744	2,541	2,861	26,146
Depreciation and amortization	2,283,629	-	-	2,283,629
Dues and subscriptions	63,429	-	927	64,356
Employee benefits	440,727	28,189	18,862	487,778
Equipment expense	54,895	-	-	54,895
Equipment rental	19,361	181	181	19,723
Insurance	361,794	5,595	5,595	372,984
Interest	-	2,178	-	2,178
Legal and accounting	9,283	42,698	-	51,981
Marketing	205,258	-	-	205,258
Miscellaneous	-	1,383	11,745	13,128
Payroll taxes	377,281	19,902	25,632	422,815
Postage and printing	45,460	1,357	15,495	62,312
Professional consulting	146,179	-	-	146,179
Repairs and maintenance	444,025	-	-	444,025
Security	236,400	-	-	236,400
Signage and graphics	5,133	-	324	5,457
Social and special events	284,700	-	190,991	475,691
Summer camps and other programs	42,634	-	-	42,634
Supplies	206,075	8,424	3,497	217,996
Support services and materials	29,438	29,438	29,438	88,314
Taxes and licenses	-	38,847	-	38,847
Travel and meals	19,889	4,717	5,039	29,645
Uniforms	14,290	-	-	14,290
Utilities	1,176,171	17,882	17,343	1,211,396
Volunteers	8,332	-	-	8,332
Total Expenses	$ 13,331,102	$ 678,974	$ 802,736	$ 14,812,812

See notes to the financial statements.

BIRMINGHAM ZOO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fund Raising	Total
Salaries and wages	$ 4,981,428	$ 240,153	$ 407,918	$ 5,629,499
Animal acquisitions	1,680	-	-	1,680
Animal exhibits	12,491	-	-	12,491
Animal management	856,865	-	-	856,865
Capital campaign	156,288	-	-	156,288
Bad debt expense	-	-	4,744	4,744
Bank and credit card processing fees	-	257,292	-	257,292
Computer	92,026	7,668	94,098	193,792
Conservation	99,615	-	-	99,615
Continuing education/conventions	23,825	2,675	3,640	30,140
Depreciation and amortization	2,235,756	-	-	2,235,756
Dues and subscriptions	62,413	-	2,394	64,807
Employee benefits	428,054	27,594	17,603	473,251
Equipment expense	61,121	-	-	61,121
Equipment rental	1,667	486	486	2,639
Insurance	339,834	5,255	5,255	350,344
Interest	-	2,557	-	2,557
Legal and accounting	285	51,349	-	51,634
Marketing	25,047	-	-	25,047
Miscellaneous	125	4,881	12,955	17,961
Payroll taxes	343,845	16,577	28,157	388,579
Postage and printing	31,155	1,110	24,171	56,436
Professional consulting	217,553	-	-	217,553
Repairs and maintenance	573,078	-	-	573,078
Security	236,173	-	-	236,173
Signage and graphics	3,355	-	932	4,287
Social and special events	310,299	-	178,249	488,548
Summer camps and other programs	67,315	-	-	67,315
Supplies	156,121	7,091	3,381	166,593
Support services and materials	23,398	23,379	23,534	70,311
Taxes and licenses	-	45,409	-	45,409
Travel and meals	21,814	8,243	9,093	39,150
Uniforms	26,415	-	-	26,415
Utilities	1,034,064	17,557	16,987	1,068,608
Volunteers	7,025	-	-	7,025
Total Expenses	$ 12,430,130	$ 719,276	$ 833,597	$ 13,983,003

See notes to the financial statements.

Note 1
Summary of Significant Accounting Policies

Nature of Activities:

Birmingham Zoo, Inc. (BZI), incorporated on May 29, 1999, was established to manage and operate the Birmingham Zoo (Zoo) in the City of Birmingham, Alabama, beginning September 1, 1999. BZI was initially funded by its assumption of all the net assets of the Alabama Zoological Society (AZS), effective September 1, 1999, and by the transfer of all Zoo land and property from the City of Birmingham (City) to BZI. The transfer was executed by an agreement (Agreement) between BZI, the City, and a consortium representing Jefferson County and the cities of Mountain Brook and Homewood (Consortium).

The Agreement represents several separate agreements as follows:

1. A lease assignment and operating agreement, dated September 1, 1999, between the City and BZI that details the various contractual relationships and responsibilities between the two entities. With this agreement, the City leased the Zoo real estate to BZI for a 25-year term (with two 25-year renewable periods) for $1 per year.
2. An amendment and extension of the above lease, dated July 1, 2009 (Extended Agreement). In connection with the Extended Agreement, the City agreed to contribute $1,500,000 per year for each of the first 10 years of the term of the amendment, commencing in 2009-2010, to BZI for its operating and capital budgets. For the remaining 15 years of the lease, the City agreed to contribute a minimum of $500,000 per year to BZI for its operating and capital budgets.
3. An intergovernmental agreement, effective September 1, 1999, to lease adjacent real estate to the Zoo.

BZI is a private, not-for-profit corporation directed by a Board of Directors (Board). The Zoo's purpose is to exhibit animals for the education of visitors, to promote and conduct conservation programs and research studies, and to sponsor educational activities for the community.

Financial Statement Presentation:

The financial statements of BZI have been prepared on the accrual basis of accounting.

For financial statement presentation, BZI uses the FASB Accounting Standards Codification (ASC) Topic No. 958 on financial statements of not-for-profit organizations, which generally defines financial statement presentation using a net asset balance approach segregated by donor- defined restriction.

The reporting format requires resources to be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two classes of net assets are as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities

Note 1
Summary of Significant Accounting Policies (Continued)

Use of Estimates:

Management of BZI has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenue and expenses, the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash and Cash Equivalents:

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, short-term money market mutual fund accounts, amounts due from banks, and certificates of deposit with an original maturity of three months or less.

Concentrations of Credit Risks Arising From Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at five commercial banks. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. At December 31, 2025 and 2024, the Organization's cash balances held at the commercial banks exceeded the FDIC limit by approximately $11,041,000 and $13,181,000, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

Accounts Receivable:

The face amount of accounts receivable is reduced by an estimate for an allowance for credit losses, if deemed necessary. The Organization monitors its accounts receivable balances and estimates expected credit losses based on historical collection experience, current market conditions, and reasonable and supportable forecasts. The Organization applies the current expected credit loss model to receivables arising from exchange transactions (e.g., fees for service). Receivables from nonexchange transactions, such as unconditional promises to give (e.g., contributions and grants), are evaluated separately under applicable accounting guidance.

Based on BZI's historical collection experience, and no previous material net write-offs of accounts receivable, management determined the following allowance to be sufficient. As of December 31, 2025 and 2024, the allowance for doubtful accounts totaled $22,500 and $22,500, respectively. The following table provides information on BZI's accounts receivable:

	January 1, 2024	December 31, 2024	December 31, 2025
Accounts receivable, net	$ 660,979	$ 797,625	$ 897,824

Pledges Receivable:

Pledges, including unconditional promises to give, are recognized in the period in which the contribution or pledge is made, and the amount due BZI can be reasonably estimated. Conditional promises to give are not recognized until they become unconditional, that is when the barriers are overcome. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Management has estimated an allowance for pledges receivable and the balance was $40,694 and $8,933 at December 31, 2025 and 2024 respectively.

Note 1
Summary of Significant Accounting Policies (Continued)

Property and Equipment:

The leasehold interest conveyed to BZI by the City was recorded at historical cost for real property, while personal property was recorded at historical cost less an estimated amount for depreciation at the date of conveyance. Personal property contributed by the AZS was recorded at the net book value at the date of donation.

Property and equipment are recorded at cost, less accumulated depreciation. The Organization capitalizes all expenditures in excess of $5,000 for property and equipment at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, which are generally from 3 to 40 years. Assets acquired under capital leases are recorded at the net present value of the minimum lease payments. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

Leases:

BZI recognizes and measures its leases in accordance with ASC 842 Leases. BZI determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. BZI recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract’s future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or BZI's incremental borrowing rate. BZI's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

BZI has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that BZI is reasonably certain to exercise. BZI recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, BZI accounts for both components as a single lease component.

Animal Collection:

In accordance with industry practice, BZI' s animal collection is recorded at the nominal amount of $1, as there is no objective basis for establishing value. Additionally, the animal collection has numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures of the related operating activity. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the Zoo shares animals with other organizations. Consistent with industry practice, the Zoo does not record any liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

Functional Expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Expenses are directly charged to the program services and supporting activities other than those that benefit multiple functions. The financial statements report certain categories of expenses that are attributable to one or more program or supporting activities of the Organization. Accordingly, certain costs have been allocated among program services and the supporting activities benefited. The expenses that are allocated include payroll costs and associated benefits, which are allocated on the basis of time and effort; and facilities expenses, supplies, marketing, office, special events, and insurance which are allocated based on utilization.

Note 1
Summary of Significant Accounting Policies (Continued)

Income Taxes:

BZI qualifies as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and similar Alabama law and is not subject to income taxes.

BZI has adopted accounting standards relating to uncertainty of income tax positions. As a result of this adoption management assessed whether there were any uncertain tax positions that may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. BZI files Form 990 in the U.S. federal jurisdiction. BZI is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2022.

Revenue and Revenue Recognition:

In May 2014, the FASB issued comprehensive new revenue recognition guidance, ASU No. 2014-09, "Revenue From Contracts With Customers Topic 606". The guidance requires an entity to follow a five step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation.

BZI recognizes revenue from admissions, and rides and attractions at the point of sale as all performance obligations are transferred at that time. Concessions commissions are received from the Zoo's third-party vendors which operate these facilities on behalf of the Zoo. These revenues are based on a percentage of revenue generated by sales and are received in arrears on a monthly basis and are recognized upon receipt. Membership dues are deferred and recognized on a straight-line basis over the membership period, which is typically one year. Program and camp fees and rental revenue is initially deferred once registration for the program or camp has been completed and recognized at the time of the event. Public funding revenues are received from local cities and municipalities, which can be conditional or unconditional. Unconditional contributions are recognized when received and conditional contributions are recognized when barriers are substantially met.

BZI recognizes revenues from sponsorships and special events based on the proceeds received less the fair value of any direct benefit received by the sponsors and attendees. These direct benefits include tickets for general admission, special events, annual memberships and placement mentions as sponsors in the Zoo magazine. The portion of these revenues determined to be contributions are initially deferred and recognized at the time of the event. The portion of revenues allocated to additional benefits are recognized when the goods and services have been transferred and each performance obligation has been met.

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 reported in the statements of activities as net assets released from restrictions.

Special Events:

Included in special events is the Zoo Gala, which is a fundraising event. During the years ended December 31, 2025 and 2024, the Zoo recognized revenue from the Zoo Gala totaling $548,198 and $491,971, respectively, which includes in-kind donations of $90,861 and $45,470, respectively. Included in these revenue totals is admissions revenue recognized by BZI of $254,461 and $47,500 for the years ended December 31, 2025 and 2024, respectively, which represents the fair value of direct benefits received by attendees, consisting of food, beverages, and entertainment, and is considered an exchange transaction. The remaining revenue of $293,737 and $444,471 for the years ended December 31, 2025 and 2024, respectively, represents contribution revenue from the event.

Note 1
Summary of Significant Accounting Policies (Continued)

The direct costs of the event totaled $256,820 and $197,720 for the years ended December 31, 2025 and 2024, respectively, which includes in-kind donations of $90,861 and $45,470, respectively. Net proceeds from the Zoo Gala totaled $291,378 and $294,251 for the years ended December 31, 2025 and 2024, respectively.

Advertising and Marketing:

Advertising and marketing is expensed in the period incurred. Advertising and marketing amounted to $205,258 and $25,047 for the years ended December 31, 2025 and 2024, respectively. Included in advertising and marketing expense is $150,000 and $- of donated services for the years ended December 31, 2025 and 2024, respectively.

Donated Services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BZI. Volunteers provide services in guest engagement, conservation education, research science, and animal care as well as fund raising throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Note 2
Reconciliation of Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows.

	2025	2024
Cash and cash equivalents - unrestricted	$ 1,386,537	$ 2,176,022
Cash - restricted	10,148,150	9,833,900
Cash - board designated	1,938,843	1,036,809
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$ 13,473,530	$ 13,046,731

Note 3
Liquidity and Availability

BZI's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2025 and 2024:

Financial assets available for general expenditures within one year:	2025	2024
Cash and cash equivalents	$ 1,386,537	$ 2,176,022
Accounts receivable	897,824	797,625
Donations pledged, unrestricted	284,170	178,570
Total financial assets available for general expenditures within one year	2,568,531	3,152,217
Financial assets that can be made available via Board resolution:		
Cash - Board designated	1,938,843	1,036,809
Total financial assets available for general expenditures within one year including those that can be made available via Board resolution	$ 4,507,374	$ 4,189,026

Liquidity Management:

BZI created a Restricted Contingency Reserve Fund (the "Restricted fund") with a goal of accumulating up to three months of operating expenses in order to support the continuing operations of the Organization, address emergency situations, and defray capital project expenses. No money may be expended from the Restricted Fund without a majority vote of approval by the Board of Directors. The Restricted Fund is classified as "Cash - board designated" on the accompanying statements of financial statements.

Note 4
Restricted Assets

Restricted assets at December 31, 2025 and 2024, respectively, consist of cash, investments, certificates of deposit, and interfund receivables / (payables) restricted for the following purposes:

	2025	2024
Restricted Cash - Miscellaneous Restricted	$ 470,763	$ 415,658
Restricted Cash - Conservation	134,364	429,978
Restricted Cash - William R. Foster Conservation & Education Fund	-	18,701
Restricted Cash - Small Capital Projects	132,341	84,312
Restricted Cash - Cougar Crossing	-	853,245
Restricted Cash - Large Capital Projects	208,727	251,008
Restricted Cash - Alabama Veterinary Teaching Hospital	9,201,955	7,780,998
	10,148,150	9,833,900
Interfund receivable (payable) - restricted - Large Capital Projects	-	(251,008)
Interfund receivable (payable) - restricted - AL Vet Hospital	(568,645)	(8,556)
Interfund receivable (payable) - restricted - Small Capital Projects	68,176	92,591
Interfund receivable (payable) - restricted - Miscellaneous	(3,786)	(348,680)
Interfund receivable (payable) - restricted - Cougar Crossing	-	(1,507,883)
Interfund receivable (payable) - restricted - First Horizon	(17,766)	(10,897)
Interfund receivable (payable) - restricted - Conservation	(10,509)	(287,662)
	(532,530)	(2,322,095)
Certificates of deposit - restricted - Endowments	26,618	25,657
Donations pledged - restricted	3,008,040	704,638
Total restricted assets	$ 12,650,278	$ 8,242,100

Endowment investments consist of a certificate of deposit of $26,618 ($25,657 in 2024), held in perpetuity per donor stipulation, the earnings of which are available for general operations.

Note 5
Donations Pledged

Donations are recorded as revenue upon the receipt of the unconditional promise to give. Donations pledged are expected to be collected as follows:

	2025	2024
Within one year - current	$ 604,789	$ 499,189
Within two through five years	$ 3,032,483	$ 449,879
Unamortized discount	(304,368)	(56,927)
Allowance for doubtful accounts	(40,694)	(8,933)
Within two through five years - long-term	$ 2,687,421	$ 384,019

Donations and bequests pledged that are expected to be collected in more than one year have been recorded at net present value, calculated using a discount rate of 9.50% and 8.75% for years ending December 31, 2025 and 2024, respectively.

Note 6
Property and Equipment

A summary of property and equipment at December 31, 2025 and 2024, is as follows:

	2025	2024
Building and improvements	$ 40,581,065	$ 36,482,742
Land and improvements	21,107,373	19,794,555
Machinery and equipment	4,136,328	3,992,259
Computers and accessories	552,026	552,026
Vehicles	433,684	404,934
Furniture and fixtures	849,865	784,865
Zoolights equipment	20,282	20,282
Construction in progress	1,026,056	5,246,627
	68,706,679	67,278,290
Less accumulated depreciation	(31,251,552)	(29,036,202)
Net property and equipment	$ 37,455,127	$ 38,242,088

Depreciation expense for the years ended December 31, 2025 and 2024, totaled $2,254,592 and $2,209,392, respectively.

Note 7
Lines of Credit

For the years ended December 31, 2025 and 2024, BZI had one line of credit with Iberia Bank in the amount of $2,000,000, bearing interest at the prime rate of the lender 7.00% and 6.25%, respectively. There was no outstanding balance on this line of credit at December 31, 2025 and 2024. This line matures in August of 2026.

The line of credit agreements contain financial loan covenants which BZI was in compliance with at December 31, 2025 and 2024.

Note 8
Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Specific Purpose		
Large Capital Projects	$ 208,727	$ -
Small Capital Projects	793,568	226,903
Conservation Program	123,855	142,316
William R. Foster Conservation Fund	-	18,701
Miscellaneous Restricted Funds	449,211	56,081
Endowment Investment	26,618	25,657
Cougar Crossing	19,307	-
Vet Teaching Hospital	11,028,992	7,772,442
Total Specific Purpose	$ 12,650,278	$ 8,242,100

Note 8
Net Assets (Continued)

Net assets without donor restrictions for the years ended December 31, 2025 and 2024, are as follows:

	2025	2024
Undesignated	$ 38,684,070	$ 40,992,767
Board designated	1,938,843	1,036,809
	$ 40,622,913	$ 42,029,576

Net assets released from net assets with donor restrictions are as follows:

	2025	2024
Satisfaction of purpose restrictions	$ 1,253,096	$ 759,579

Note 9
Revenue From Contracts With Customers

The following table summarizes information about significant changes in deferred income (contract liabilities) for the years ended December 31, 2025 and 2024:

	2025	2024
Deferred income, beginning of year	$ 1,402,903	$ 1,805,579
Revenue recognized that was included in deferred income at the beginning of year	(1,064,630)	(5,109,623)
Increase in deferred income due to cash received during the year	1,156,283	4,706,947
Deferred income, end of year	$ 1,494,556	$ 1,402,903

Deferred income as of January 1, 2023, totaled $1,805,579.

Note 10
Pension Plan

BZI has a 401(k) defined contribution retirement plan that covers substantially all of its full-time employees. A participant may contribute to the plan up to the IRS limitations. BZI may make discretionary matching contributions to the plan, as directed by the Board. For the years ended December 31, 2025 and 2024, BZI made matching contributions to the Plan in the amount of $8,791 and $9,615, respectively.

Note 11
Leases

BZI has obligations as a lessee primarily for office, equipment, and vehicles. All the leases are classified as finance leases. Payments due under the lease contracts include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less).

The components of the leases for the year ending December 31, 2025, are as follows:

	2025	2024
Finance lease amortization	$ 29,039	$ 27,719
Cash paid for amounts included in the measurement of lease liabilities - finance leases	30,059	27,965
Weighted-average remaining lease term - finance leases	0.47 years	1.47 years
Weighted-average discount rate - finance leases	3.79%	3.79%

Maturities of the lease liabilities under the noncancellable financing leases as of December 31, 2025, are as follows:

Fiscal Year Ending	
2026	$ 13,586
Total undiscounted lease payments	13,586
Less: imputed interest	(98)
Total lease liability	$ 13,488

Note 12
Leasehold Interest

The City of Birmingham transferred all land and property to BZI via a lease assignment and agreement (see Note 1) in 1999 for the purpose of operating, maintaining, or improving the Zoo. The original agreement was for a 25 year term with two 25 year renewable periods for $1 per year. BZI has not recognized a contribution for this lease agreement on its books under ASC 958-605. Management determined that the transfer of the land did not require recognition as an in-kind contribution because there was no objective basis available for measurement at the date of the Agreement and the land will also revert to the City upon termination of the Agreement. BZI has the right to make additions of the Zoo and the right to pledge the City leasehold properties as security for obtaining financing, as needed for purposes of operation and development of the Zoo. All property additions and improvements are included in the leasehold interest. All real and personal property included in the leasehold interest are recorded in the financial statements. BZI has evaluated this arrangement under ASC 842 and has determined that the nominal lease payments of $1 per year do not give rise to a material right-of-use asset or lease liability.

Note 13
Related Party Transactions

BZI receives donations from employees and entities in which certain board members serve in some capacity. These donations represent $912,477 and $319,919 in pledge receivables at December 31, 2025 and 2024, respectively.

Note 14
Donated Materials and Services

In-Kind Contributions:

BZI received in-kind contributions for the years ended December 31:

	2025	2024
Auction items	$ 112,083	$ 105,837
Advertising	150,000	25,470
Artwork	65,000	-
Equipment	55,795	350
Event decorations	-	285
Food and beverage	1,623	20,383
Professional services	22,420	45,330
	$ 406,921	$ 197,655

BZI records in-kind donations in accordance with the Financial Accounting Standards Board Codification section of Revenue Recognition for Not-for-Profit Entities. This pronouncement requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

BZI's policy related to in-kind donations is to utilize the assets given to carry out the mission of BZI.

The amounts reflected in the accompanying financial statements as in-kind donations are offset by like amounts included in expenses, except for items such as artwork and equipment that are capitalized by BZI. In-kind donations are recognized at fair market value at the time of donation based on observable market data and comparable goods or services.

Donated Services:

BZI receives a significant amount of contributed time, approximately 15,295 and 16,900 hours in 2025 and 2024, respectively, from volunteers, members and officers of the Board which does not meet recognition criteria. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Note 15
Government Grants and Tax Rebate

Alabama Veterinary Teaching Hospital:

In 2025 and 2024, BZI applied and received a grant from the Alabama Commission on Higher Education. The grant provided funding in the amount of $1,200,000 and $2,525,500, including interest, respectively, for the purpose of surveying and design work for the contribution of a veterinary teaching facility that will be used by Auburn University, Tuskegee University and Jefferson State Community College. This revenue is included in Alabama Veterinary Teaching Hospital Grant revenue on the 2025 and 2024 accompanying statement of activities. The remainder of the revenue associated with the Alabama Veterinary Teaching Hospital consisted of private pledges of $3,000,000.

Note 15
Government Grants and Tax Rebate (Continued)

Tax Rebate Incentive Agreement:

BZI receives a rebate of its sales tax annually based on an agreement with the City of Birmingham. It is provided to reimburse BZI on its promoting and improving the Zoo. BZI receives 75% of the sales tax revenue collected by the Zoo, with a minimum payment to BZI of $340,000 and a maximum incentive payment of $562,500. During the years ended December 31, 2025 and 2024, BZI received $562,500 and $403,889, respectively. The revenue is included in public funding on the accompanying statement of activities. A new agreement was signed during the year ended December 31, 2023, that calls for BZI to provide a free admission ticket for each student enrolled in the Birmingham City School District and educational programs to the City of Birmingham schools. BZI provided tickets for this purpose valued at $324,359 and $296,335 during the years ended December 31, 2025 and 2024, respectively.

Note 16
Evaluation of Subsequent Events

The Zoo has evaluated subsequent events through June 23, 2026, which is the date on which the financial statements were available to be issued and concluded no events or transactions occurred during the period requiring additional recognition or disclosure.