

Woodland Park Zoological Society

Consolidated Financial Statements

December 31, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Woodland Park Zoological Society

Opinion

We have audited the accompanying consolidated financial statements of Woodland Park Zoological Society (the "Zoo Society"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Woodland Park Zoological Society as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woodland Park Zoological 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 these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



San Ramon, California

May 26, 2026

Woodland Park Zoological Society
Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,590,584	\$ 15,302,611
Short-term investments	24,759,615	33,911,248
Accounts receivable, net	961,943	1,132,778
Receivable from City of Seattle	2,231,404	498,645
Promises to give, current	3,833,139	5,020,461
Prepaid and other current assets	1,152,248	1,193,167
Total current assets	45,528,933	57,058,910
Property and equipment, net	4,248,426	3,960,067
Other assets		
Endowment investments	41,636,905	35,940,010
Operating long-term investments	4,104,816	3,527,780
Promises to give, long-term portion, net	1,423,043	1,316,037
Other assets	413,857	328,221
Artwork	297,338	297,338
Total other assets	47,875,959	41,409,386
Total assets	\$ 97,653,318	\$ 102,428,363
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,803,343	\$ 3,703,310
Accrued liabilities	5,298,399	4,682,678
Deferred revenue	6,355,068	7,087,781
Total current liabilities	14,456,810	15,473,769
Net assets		
Without donor restrictions		
Undesignated	26,298,857	28,529,470
Property, equipment and leasehold improvements	2,689,225	2,396,362
Internally-designated funds	309,903	270,614
Board-designated endowment	7,890,279	6,591,574
Board-designated for capital improvements	3,614,558	1,150,202
Total without donor restrictions	40,802,822	38,938,222
With donor restrictions	42,393,686	48,016,372
Total net assets	83,196,508	86,954,594
Total liabilities and net assets	\$ 97,653,318	\$ 102,428,363

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society
Consolidated Statement of Activities
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue, and other support			
Admissions revenue	\$ 10,427,556	\$ -	\$ 10,427,556
City of Seattle support	9,117,732	-	9,117,732
King County levy proceeds	7,712,435	-	7,712,435
Contributed support	4,521,126	3,074,322	7,595,448
Membership fees	5,455,301	-	5,455,301
Performance grant revenue	1,166,345	4,402,058	5,568,403
Enterprise revenue	5,271,145	-	5,271,145
Events and promotions, net of direct costs	5,045,504	-	5,045,504
Parking revenue	3,375,788	-	3,375,788
Interest, dividends and gains, operating	1,820,078	-	1,820,078
Education fees	1,172,984	-	1,172,984
Other revenue	1,054,601	70,305	1,124,906
In-kind support	114,253	-	114,253
Net assets released from purpose restrictions	<u>6,665,129</u>	<u>(6,665,129)</u>	<u>-</u>
Total public support, revenue, and other support	<u>62,919,977</u>	<u>881,556</u>	<u>63,801,533</u>
Operating expenses			
Program services			
Animal management and health care	13,573,095	-	13,573,095
Exhibits and ground maintenance	12,003,183	-	12,003,183
Education and conservation programs	9,708,964	-	9,708,964
Membership and visitor experiences	9,985,275	-	9,985,275
Marketing and public relations	<u>4,262,798</u>	<u>-</u>	<u>4,262,798</u>
Total program services	49,533,315	-	49,533,315
Management and general	7,776,019	-	7,776,019
Fundraising	<u>4,634,435</u>	<u>-</u>	<u>4,634,435</u>
Total operating expenses	<u>61,943,769</u>	<u>-</u>	<u>61,943,769</u>
Change in net assets from operations	<u>976,208</u>	<u>881,556</u>	<u>1,857,764</u>
Nonoperating income (expense)			
Contributed support and other revenue	1,012,773	3,555,424	4,568,197
Investment income and unrealized gains, net	1,076,453	5,180,110	6,256,563
City of Seattle insurance reimbursements	243,935	-	243,935
City of Seattle major maintenance support	2,905,586	-	2,905,586
Net assets released from purpose restrictions	15,239,776	(15,239,776)	-
New exhibit, facility improvements and other program expenses	(18,778,797)	-	(18,778,797)
Management and general	(312,184)	-	(312,184)
Fundraising expenses	<u>(499,150)</u>	<u>-</u>	<u>(499,150)</u>
Change in net assets from nonoperating activities	<u>888,392</u>	<u>(6,504,242)</u>	<u>(5,615,850)</u>
Total change in net assets	1,864,600	(5,622,686)	(3,758,086)
Net assets, beginning of year	<u>38,938,222</u>	<u>48,016,372</u>	<u>86,954,594</u>
Net assets, end of year	<u>\$ 40,802,822</u>	<u>\$ 42,393,686</u>	<u>\$ 83,196,508</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society
Consolidated Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support, revenue, and other support			
Admissions revenue	\$ 11,003,603	\$ -	\$ 11,003,603
City of Seattle support	8,781,372	-	8,781,372
King County levy proceeds	7,288,033	-	7,288,033
Contributed support	4,262,468	2,356,527	6,618,995
Membership fees	5,217,201	-	5,217,201
Performance grant revenue	581,164	4,145,687	4,726,851
Enterprise revenue	4,329,416	-	4,329,416
Events and promotions, net of direct costs	3,609,797	-	3,609,797
Parking revenue	2,911,337	-	2,911,337
Interest, dividends and losses, operating	1,620,363	-	1,620,363
Education fees	1,142,305	-	1,142,305
Other revenue	778,854	(8,299)	770,555
In-kind support	50,213	-	50,213
Net assets released from purpose restrictions	<u>6,558,102</u>	<u>(6,558,102)</u>	<u>-</u>
Total public support, revenue and other support	<u>58,134,228</u>	<u>(64,187)</u>	<u>58,070,041</u>
Operating expenses			
Program services			
Animal management and health care	13,104,027	-	13,104,027
Exhibits and ground maintenance	11,973,940	-	11,973,940
Education and conservation programs	9,068,877	-	9,068,877
Membership and visitor experiences	8,176,259	-	8,176,259
Marketing and public relations	<u>4,220,630</u>	<u>-</u>	<u>4,220,630</u>
Total program services	46,543,733	-	46,543,733
Management and general	7,570,194	-	7,570,194
Fundraising	<u>4,320,394</u>	<u>-</u>	<u>4,320,394</u>
Total operating expenses	<u>58,434,321</u>	<u>-</u>	<u>58,434,321</u>
Change in net assets from operations	<u>(300,093)</u>	<u>(64,187)</u>	<u>(364,280)</u>
Nonoperating income (expense)			
Contributed support and other revenue	3,270,841	7,482,188	10,753,029
Investment income and unrealized gains, net	693,235	3,956,078	4,649,313
City of Seattle insurance reimbursements	11,871,104	-	11,871,104
City of Seattle major maintenance support	2,366,577	-	2,366,577
Net assets released from purpose restrictions	4,656,692	(4,656,692)	-
New exhibit, facility improvements and other program expenses	(18,646,981)	-	(18,646,981)
Management and general	(35,652)	-	(35,652)
Fundraising expenses	<u>(1,138,240)</u>	<u>-</u>	<u>(1,138,240)</u>
Change in net assets from nonoperating activities	<u>3,037,576</u>	<u>6,781,574</u>	<u>9,819,150</u>
Total change in net assets	2,737,483	6,717,387	9,454,870
Net assets, beginning of year	<u>36,200,739</u>	<u>41,298,985</u>	<u>77,499,724</u>
Net assets, end of year	<u>\$ 38,938,222</u>	<u>\$ 48,016,372</u>	<u>\$ 86,954,594</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2025

	Animal management and health care	Exhibits and ground maintenance	Education and conservation programs	Membership and visitor experiences	Marketing and public relations	Management and general	Fundraising	Total
Personnel expenses								
Salaries and wages	\$ 8,813,314	\$ 5,660,401	\$ 4,635,822	\$ 4,350,748	\$ 1,461,717	\$ 3,628,799	\$ 3,027,865	\$ 31,578,666
Benefits and payroll taxes	<u>2,163,474</u>	<u>1,420,135</u>	<u>1,101,084</u>	<u>1,092,035</u>	<u>357,948</u>	<u>799,625</u>	<u>705,499</u>	<u>7,639,800</u>
Total personnel expenses	<u>10,976,788</u>	<u>7,080,536</u>	<u>5,736,906</u>	<u>5,442,783</u>	<u>1,819,665</u>	<u>4,428,424</u>	<u>3,733,364</u>	<u>39,218,466</u>
Other expenses								
Outside services and professional fees	289,168	19,287,964	327,163	874,642	1,831,135	2,527,988	513,651	25,651,711
Utilities	13,204	1,797,857	10,620	15,600	6,107	376,930	203,881	2,424,199
Operations	1,852,779	1,909,809	358,621	1,248,282	355,776	659,559	375,489	6,760,315
Advertising	-	-	2,096	297,342	1,153,392	319,020	31,831	1,803,681
Information technology, including depreciation	256,880	667,474	229,648	426,863	149,333	400,201	193,192	2,323,591
Training, conferences and dues	167,489	22,618	173,338	38,531	81,167	155,215	72,243	710,601
Contributions and field projects	10,910	-	2,762,829	-	-	10,909	5,455	2,790,103
Taxes, licenses and credit card processing fees	5,377	10,722	78,078	1,636,122	151,716	264,185	174,116	2,320,316
In-kind and in-trade expenses	<u>500</u>	<u>5,000</u>	<u>29,665</u>	<u>5,110</u>	<u>286,798</u>	<u>187,603</u>	<u>123,433</u>	<u>638,109</u>
Total other expenses	<u>2,596,307</u>	<u>23,701,444</u>	<u>3,972,058</u>	<u>4,542,492</u>	<u>4,015,424</u>	<u>4,901,610</u>	<u>1,693,291</u>	<u>45,422,626</u>
Total expenses	13,573,095	30,781,980	9,708,964	9,985,275	5,835,089	9,330,034	5,426,655	84,641,092
Less: Special event "cost of sales" expenses	-	-	-	-	(1,572,291)	(1,241,831)	(293,070)	(3,107,192)
Less: Nonoperating expenses	<u>-</u>	<u>(18,778,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(312,184)</u>	<u>(499,150)</u>	<u>(19,590,131)</u>
Total operating expenses	<u>\$ 13,573,095</u>	<u>\$ 12,003,183</u>	<u>\$ 9,708,964</u>	<u>\$ 9,985,275</u>	<u>\$ 4,262,798</u>	<u>\$ 7,776,019</u>	<u>\$ 4,634,435</u>	<u>\$ 61,943,769</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024

	Animal management and health care	Exhibits and ground maintenance	Education and conservation programs	Membership and visitor experiences	Marketing and public relations	Management and general	Fundraising	Total
Personnel expenses								
Salaries and wages	\$ 8,646,198	\$ 5,338,430	\$ 4,561,289	\$ 3,893,231	\$ 1,403,403	\$ 3,569,035	\$ 2,951,947	\$ 30,363,533
Benefits and payroll taxes	<u>2,148,165</u>	<u>1,355,588</u>	<u>1,097,600</u>	<u>1,023,759</u>	<u>353,673</u>	<u>781,811</u>	<u>674,745</u>	<u>7,435,341</u>
Total personnel expenses	<u>10,794,363</u>	<u>6,694,018</u>	<u>5,658,889</u>	<u>4,916,990</u>	<u>1,757,076</u>	<u>4,350,846</u>	<u>3,626,692</u>	<u>37,798,874</u>
Other expenses								
Outside services and professional fees	308,513	19,375,117	514,044	761,720	1,348,220	2,038,974	675,692	25,022,280
Utilities	6,882	2,141,561	7,919	14,272	4,158	153,082	83,040	2,410,914
Operations	1,604,470	1,567,275	379,996	498,314	377,736	601,012	464,265	5,493,068
Advertising	-	321	2,403	273,855	1,011,255	387,006	398,189	2,073,029
Information technology, including depreciation	240,097	657,825	263,935	383,565	142,507	337,229	159,475	2,184,633
Training, conferences and dues	136,877	21,498	159,839	22,070	82,569	187,184	42,737	652,774
Contributions and field projects	9,384	-	2,012,986	-	-	8,384	4,192	2,034,946
Taxes, licenses and credit card processing fees	3,441	13,093	68,866	1,305,473	114,785	218,721	249,429	1,973,808
In-kind and in-trade expenses	<u>-</u>	<u>150,213</u>	<u>58,014</u>	<u>-</u>	<u>229,300</u>	<u>127,700</u>	<u>14,200</u>	<u>579,427</u>
Total other expenses	<u>2,309,664</u>	<u>23,926,903</u>	<u>3,468,002</u>	<u>3,259,269</u>	<u>3,310,530</u>	<u>4,059,292</u>	<u>2,091,219</u>	<u>42,424,879</u>
Total expenses	<u>13,104,027</u>	<u>30,620,921</u>	<u>9,126,891</u>	<u>8,176,259</u>	<u>5,067,606</u>	<u>8,410,138</u>	<u>5,717,911</u>	<u>80,223,753</u>
Less: Special event "cost of sales" expenses	-	-	(58,014)	-	(846,976)	(804,292)	(259,277)	(1,968,559)
Less: Nonoperating expenses	<u>-</u>	<u>(18,646,981)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,652)</u>	<u>(1,138,240)</u>	<u>(19,820,873)</u>
Total operating expenses	<u>\$ 13,104,027</u>	<u>\$ 11,973,940</u>	<u>\$ 9,068,877</u>	<u>\$ 8,176,259</u>	<u>\$ 4,220,630</u>	<u>\$ 7,570,194</u>	<u>\$ 4,320,394</u>	<u>\$ 58,434,321</u>

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (3,758,086)	\$ 9,454,870
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	502,373	454,917
Realized and unrealized gains on investments, net	(5,317,424)	(3,757,524)
Contributions restricted for endowment	(60,445)	(8,963)
Contributions restricted for capital campaign	(3,480,235)	(7,506,656)
Changes in operating assets and liabilities		
Accounts receivable, net	170,835	178,458
Receivable from City of Seattle	(1,732,759)	3,193,928
Promises to give	(1,238,622)	(3,278,863)
Prepaid and other current assets	40,919	689,027
Other assets	(85,636)	(30,620)
Accounts payable	(899,967)	1,208,649
Accrued liabilities	615,721	1,780,500
Deferred revenue	(732,713)	(1,085,448)
Net cash provided by (used in) operating activities	(15,976,039)	1,292,275
Cash flows from investing activities		
Cash paid for property and equipment	(790,732)	(517,943)
Cash paid for purchase of investments	(105,459,594)	(72,853,005)
Cash received from sales of investments	112,828,532	55,995,002
Net cash provided by (used in) investing activities	6,578,206	(17,375,946)
Cash flows from financing activities		
Cash received from endowment contributions	691,858	694,823
Cash received from capital campaign contributions	5,167,760	8,784,279
Cash received from endowment withdrawals to fund spending	826,188	752,851
Net cash provided by financing activities	6,685,806	10,231,953
Net decrease in cash and cash equivalents	(2,712,027)	(5,851,718)
Cash and cash equivalents, beginning of year	15,302,611	21,154,329
Cash and cash equivalents, end of year	\$ 12,590,584	\$ 15,302,611

The accompanying notes are an integral part of these consolidated financial statements.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

1. NATURE OF OPERATIONS

Woodland Park Zoo (the "Zoo") saves wildlife and inspires everyone to make conservation a priority in their lives. Woodland Park Zoological Society ("Zoo Society") was formed as a nonprofit corporation on November 10, 1965, under the laws of the State of Washington. Effective March 1, 2002, the City of Seattle (the "City") transferred management and financial responsibility for the Zoo to the Zoo Society. Under the agreement, the Zoo Society manages the Zoo and the City continues to own the Zoo grounds (unless otherwise noted), including all future improvements funded by the Zoo Society. The City continues to provide annual public funding in accordance with an annual inflation calculation. In 2022, the agreement with the City was renewed for a term of twenty years. The renewed agreement expires on December 31, 2041, with a mutual option to extend for an additional 10 years.

The Zoo Society's main revenue sources can be grouped into three categories: contributed support (including conditional grants, major gifts, and fundraisers such as an annual auction), earned revenues (including admission fees, membership sales, retail, class fees, and event ticket sales), and public support (from the City of Seattle and a King County Parks Levy). Approximately 80% of the Zoo's expenses cover "program" expenses, which include caring for the many animals, zoo grounds, conservation, education efforts, and exhibits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements include the balances of both the Zoo Society and Center for Wildlife Conservation ("CWC"), a wholly controlled nonprofit corporation. The CWC is currently inactive. Inter-entity transactions, if any, and balances have been eliminated in consolidation. The consolidated entity is referred to as the Zoo Society in the notes to the consolidated financial statements.

In accordance with accounting principles generally accepted in the United States of America ("US GAAP"), the Zoo Society is required to classify information regarding its financial position based on the existence or absence of donor-imposed restrictions. The Zoo Society reports two classes of net assets as follows:

- *Net assets without donor restrictions* - All net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have expired. Net assets without donor restrictions of \$40,802,822 and \$38,938,222 were available without restriction for support of Zoo Society's operations as of December 31, 2025 and 2024, respectively. This category of net assets also includes the board-designated endowment which has been built up over the years largely with bequests without donor restrictions.
- *Net assets with donor restrictions* - Donor-restricted net assets are restricted by the donor to be used for certain purposes or future periods.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Donor-restricted net assets were available as follows at December 31:

	<u>2025</u>	<u>2024</u>
Endowment contributions held in perpetuity (principal balances)	\$ 16,037,617	\$ 15,977,198
Net earnings and market appreciation from donor-restricted endowments	18,072,637	13,899,578
Capital campaign	2,585,942	13,323,688
Conservation programs	1,271,839	1,295,244
Zoo operations	2,600,785	1,987,951
Carousel	915,000	915,000
Education programs	392,488	436,872
Animal support funds	498,378	180,841
Other projects and restrictions	<u>19,000</u>	<u>-</u>
	<u>\$ 42,393,686</u>	<u>\$ 48,016,372</u>

Amounts released from donor restrictions during the year ended December 31, 2025, including amounts received and spent in this same year:

	<u>Released from Restrictions</u>	<u>Balance</u>
Endowment contributions held in perpetuity	\$ -	\$ 16,037,643
Donor-restricted endowments	721,468	18,072,637
Capital campaigns	14,518,308	2,585,942
Conservation programs	804,418	1,271,839
Zoo operations	1,477,531	2,600,785
Carousel	-	915,000
Education programs	4,308,072	392,488
Animal support funds and other projects	64,236	498,352
Other projects and restrictions	<u>10,872</u>	<u>19,000</u>
	<u>\$ 21,904,905</u>	<u>\$ 42,393,686</u>

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Amounts released from donor restrictions during the year ended December 31, 2024, including amounts received and spent in this same year:

	Released from Restrictions	Balance
Endowment contributions held in perpetuity	\$ -	\$ 15,977,198
Donor-restricted endowments	714,373	13,899,578
Capital campaigns	3,942,319	13,323,688
Conservation programs	1,206,367	1,295,244
Zoo operations	1,544,344	1,987,951
Carousel	-	915,000
Education programs	3,461,043	436,872
Animal support funds and other projects	342,258	180,841
Other projects and restrictions	4,090	-
	\$ 11,214,794	\$ 48,016,372

Cash and cash equivalents

Cash and cash equivalents consist of checking, savings, money market mutual fund accounts, and a Certificate of Deposit Account Registry Service product with daily accessibility. The Zoo Society maintains cash deposits in bank accounts which may exceed federally insured limits. The Zoo Society has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Short-term and long-term operating investments

In accordance with its Operating Cash and Investments Policy, the Zoo Society periodically has invested a portion of cash not needed for liquidity purposes. The Zoo Society had \$24,759,615 and \$33,911,248 in short-term investments as of December 31, 2025 and 2024, respectively. The Zoo Society had \$4,104,816 and \$3,527,780 in long-term operating investments as of December 31, 2025 and 2024, respectively.

Accounts receivable, net

Accounts receivable and receivable from City of Seattle are stated at net realizable value. An allowance for credit losses is maintained for any balances aged greater than 90 days. There was no allowance recorded for non-pledges receivable as of December 31, 2025 and 2024.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to give

In accordance with US GAAP, unconditional promises to give are recognized as support in the period received. Promises to give are shown net of the allowance for uncollectible amounts which are calculated based on any balances aged greater than 90 days. The fair value of promises to give is estimated by discounting the future cash flows using the risk-free rate of return. Conditional promises to give are not recognized until they become unconditional, that is when the barriers have been overcome and the right of return or right of release has been met.

Endowment investments

The assets of the Zoo Society's endowments are held in a consolidated endowment investment pool. The Zoo Society's Board of Directors (the "Board") has an Investment Subcommittee that monitors its investments and the valuation of investment assets in accordance with the Endowment Investment and Spending Policy. The investment securities are exposed to various risks, such as interest rate, market, and credit.

Property and equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Purchases which exceed \$7,500 are capitalized as assets. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, typically from 3 to 5 years and 15 to 30 years for major improvements. Depreciation and amortization expense was \$502,373 and \$454,917, for the years ended December 31, 2025 and 2024, respectively.

Property and equipment consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
Office equipment	\$ 3,258,243	\$ 2,944,994
Banyan Wilds exhibit leasehold improvements	1,451,075	1,451,075
Vehicles	1,732,364	1,446,802
Parking project leasehold improvements	1,221,903	1,221,903
Carousel	915,000	915,000
Buildings	487,223	487,223
All other leasehold improvements	262,193	262,193
Assets purchased but not placed in service	69,807	60,000
Construction in progress	<u>251,797</u>	<u>99,659</u>
	9,649,605	8,888,849
Accumulated depreciation	<u>(5,401,179)</u>	<u>(4,928,782)</u>
	<u>\$ 4,248,426</u>	<u>\$ 3,960,067</u>

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

The Zoo Society may capitalize non-donor funded major improvements and additions made to City of Seattle property.

The Zoo Society operates an antique carousel donated by the Alleniana Foundation. The fixed asset value represents estimated fair market value at the date of donation, and this amount is to be held in perpetuity and is included in net assets with donor restrictions. Depreciation commenced when operations began in 2006, using the straight-line method over the estimated useful life of 100 years. A long useful life was selected due to the historic nature of the carousel.

Collections

While the animal collection represents the Zoo Society's most cherished asset, the Zoo Society does not attempt to quantify the value of the collection. Thus, the animal collection is not represented on the consolidated statements of financial position.

Artwork

The Zoo Society commissioned and owns certain bronze sculptures that are located on the Zoo grounds. These sculptures are valued at their original acquisition cost. Examples of these sculptures include the bronze ravens perched on a bench along the Living Northwest Trail, the hippo sculpture along the African Savanna pathway, and the crawl-in wren's nest sculpture near the Family Farm. Artwork is not being depreciated.

Unemployment insurance

The Zoo Society has elected to self-insure its employees for unemployment compensation through participation in the 501(c)(3) Agencies Trust plan. Unemployment claims are paid by the Trust from the Zoo Society's account. At December 31, 2025 and 2024, the Zoo Society had a balance in their account of \$547,002 and \$525,441, respectively, which is included in prepaid and other current assets. There has not been an excess of claims submitted which would require a liability as of December 31, 2025 and 2024.

Contributed property and equipment

Contributions of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor-restricted support. Contributed property and equipment are only capitalized if they exceed the Zoo Society's capitalization minimum amount of \$7,500, individually.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed property and equipment (continued)

Absent donor stipulations regarding how long those donated assets must be maintained, the Zoo Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Zoo Society reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Revenue recognition

The Zoo Society recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Zoo Society received and satisfied conditions on conditional grants for \$5,568,403 and \$4,726,851 for 2025 and 2024, respectively.

During the years ended December 31, 2025 and 2024, the Zoo Society received conditional grant pledges of support for certain activities. These have not been recorded because they are dependent upon future events or activities occurring before revenue is earned. The Zoo Society received advances relating to conditional grants that have not been recognized as revenue totaling \$2,119,384 and \$3,582,572 at December 31, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred. These advances are recognized in the consolidated statements of financial position as deferred revenue.

The Zoo Society raises funds to cover Zoo operations with many "enterprise" or earned revenue lines of business such as retail and food commission arrangements, marketing sponsorships, tasting events, carousel rides, animal experiences, holiday lights experience, and group admission sales. In 2025, the Zoo Society hosted a summer "Dinosaur Discovery" exhibit that sold \$841,781 in ticketed revenue included as "enterprise" revenue. The Zoo Society reviewed each of these revenue sources to ensure revenue relating to the next year was properly deferred. A total of \$136,352 and \$139,954 in ticketed event revenue for WildLanterns advance sales was deferred as of December 31, 2025 and 2024, respectively. Multi-year event sponsorships totaled \$104,350 and \$100,600 for the years ended December 31, 2025 and 2024, respectively. Sponsorships are recognized in the year in which the activity occurs, satisfying the condition.

The Zoo Society sells a variety of annual memberships which cover admission fees and other low-dollar benefits as well, such as guest discounts, virtual news, and an annual membership event. The purchase price is recognized as revenue evenly over the applicable months of the membership. The Zoo Society defers membership revenue which will be earned in the following year, which amounted to \$3,179,110 and \$2,916,418 as of December 31, 2025 and 2024, respectively.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Daily admission fees are collected both at the Zoo entrance gates on the visit date, or online in advance. Online payments may be in advance of the visit date; however, amounts paid for attendance in the early months of the next calendar year are immaterial. Thus admissions revenue is recognized when payments are received. Parking is only paid when on-site, and thus recorded when received.

In-kind donations and trade transactions

Amounts included in the consolidated statements of activities consisted of the following at December 31:

	2025	2024
In-kind goods	\$ 24,735	\$ 4,810
In-kind services		
Fundraising event support	73,069	-
Other services	28,249	-
Family Farm design	-	45,403
	101,318	45,403
	\$ 126,053	\$ 50,213

The Zoo Society occasionally receives goods or services, such as advertising, in exchange for providing items of value, such as admission tickets or sponsorship credit. The Zoo Society will record such transactions with both in-trade revenue (based on the nature of the benefits given) and an in-trade expense for the goods or service that is received. In-kind revenue is reported in contributed support on the consolidated statements of activities.

Related-party transactions

The Zoo Society receives contributions and promises to give from members of the Board. Contributions received directly from members of the Board totaled \$431,477 and \$728,592 during years ended December 31, 2025 and 2024, respectively.

Nonoperating activities

The Zoo Society's nonoperating activities relate to contributions and funding for zoo exhibits or facilities and related construction spending, bequests without donor restrictions, plus donor-restricted endowment contributions and any endowment investment gains (losses). Any unusual, one-time expenses may be shown in this section of the consolidated statements of activities.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonoperating activities (continued)

On December 15, 2016, the Zoo experienced a fire in the former and largely unused Night House exhibit that impacted the adjacent Day House exhibit as well. Both exhibits have remained closed since that date, and the Zoo Society is in the process of creating a new exhibit in its place, a portion of which is being funded by insurance proceeds. The City of Seattle's property insurance reimbursed \$243,935 and \$11,871,104 of the Zoo Society's recovery expenses during the years ended December 31, 2025 and 2024, respectively. Insurance reimbursements are included as other revenue and the expenses are included as nonoperating "new exhibit, facility improvement and other program expenses" on the consolidated statements of activities. The Zoo Society has invoiced a total of \$17,136,151 for reimbursement through December 31, 2025, all of which has been collected from the City of Seattle as of December 31, 2025.

The new exhibit is known as the Forest Trailhead and was opened in May 2026. The design phase was completed in 2023 and construction started in 2024. At the Forest Trailhead, guests will explore an elevated canopy pathway to see endangered tree kangaroos and red pandas in their treetop homes. The exhibit will also create much needed indoor space at the Zoo, featuring a gallery of forest biodiversity including reptiles, amphibians and fish, and a vestibule leading to an exterior kea parrot aviary. Many of the animals represent parts of the world where the Zoo and local communities are leading solutions to protect, restore and sustain forests and greenspaces. The exhibit will share these stories of hope and provide motivating and empowering ways for guests to join in taking conservation action. As the building improvements are being made to city-owned land, they are being expensed as incurred as stipulated within the operations and management agreement with the City of Seattle. Expenses related to construction of the new exhibit totaled \$18,742,250 and \$16,666,302 for the years ended December 31, 2025 and 2024, respectively.

Functional allocation of expenses

The costs of providing the Zoo Society's various programs and activities have been summarized on a functional basis on the consolidated schedules of functional expenses and in the consolidated statements of activities. Throughout the year, "common costs" relating to occupancy costs, insurance, shared systems, copier rentals, etc., are allocated to departments based on each department's percentage of total salaries. This functional analysis then involves assigning percentage allocations to the Program, Management & General, and Fundraising categories for each department, depending on the nature of the department's workload. While there's a wide variety of programs at the Zoo and sponsored by the Zoo around the world, the Zoo Society has limited presentation to five main groupings which were largely based upon departmental structure. As such, there are many estimates involved in this analysis.

Joint costs

The Zoo Society incurred joint costs for informational materials and activities which included fundraising appeals, specifically for the zoo.org website.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint costs (continued)

Based upon their relative percentages, those costs were allocated as follows:

	2025	2024
Program services	\$ 92,960	\$ 95,442
Management and general	55,776	57,265
Fundraising	37,184	38,177
	\$ 185,920	\$ 190,884

Advertising

The Zoo Society expenses the production costs of advertising as incurred. Advertising expense was \$1,803,681 and \$2,073,029 for the years ended December 31, 2025 and 2024, respectively. These amounts do not include the in-kind donated services noted earlier in this footnote.

Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income tax

The Internal Revenue Service has recognized both the Zoo Society and the CWC as 501(c)(3) organizations exempt from federal income taxes under Section 509(a)(1) as publicly supported charitable organizations. The Zoo Society is subject to federal income taxes for any activities which are unrelated to its exempt purpose. Management has evaluated its current tax positions and concluded that as of December 31, 2025 and 2024, the Zoo Society and CWC do not have any significant uncertain tax positions for which a reserve would be necessary.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The three tiers of inputs used for fair value measurements are as follows:

- *Level 1* - Fair values are based on quoted prices in active markets for identical assets and liabilities.
- *Level 2* - Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.
- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Reclassifications

Certain amounts reported for the year ended December 31, 2024 have been reclassified to conform to the presentation adopted for the year ended December 31, 2025. These reclassifications were made to improve comparability of the financial statements. Total expenses, total net assets, and change in net assets are unchanged due to these reclassifications.

Subsequent events

The Zoo Society has evaluated subsequent events through May 26, 2026, which is the date the consolidated financial statements were available to be issued. No subsequent events have occurred which would have a material impact on the presentation of the Zoo Society's financial statements.

3. LIQUIDITY, LINE OF CREDIT AND AVAILABILITY OF FINANCIAL ASSETS

The Zoo Society's Operating Cash and Investment Policy establishes guidelines for cash and investment options to be used to generate reasonable returns. Zoo Society staff assess liquidity needs and project cash flows before estimating what to place in the short-term, mid-term, and long-term investment groupings. The Zoo Society makes a reasonable effort to deploy its cash and investments with a goal of earning competitive rates of return based on prevailing market conditions.

The Zoo Society's policy is to maintain adequate liquid assets to fund near-term operating needs using bank deposits or a government money market mutual fund. In an effort to earn reasonable rates of return on working capital not estimated as required for disbursement within the near-term, staff may consider the following options: deposit or money market savings accounts, money market mutual funds, short-term certificates of deposit, commercial paper, guaranteed investment contracts, U.S. government obligations, short-term investment funds, banker's acceptances, or repurchase agreements.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

3. LIQUIDITY, LINE OF CREDIT AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Zoo Society's cash flows have seasonal variations during the year attributed to the highest attendance months being in the summer. In light of this seasonality, as a precautionary measure, the Zoo Society has a \$6 million revolving line of credit, secured by all assets, expiring July 31, 2027.

Although the Zoo Society does not currently intend to spend from the board-designated endowment, other than amounts appropriated for general expenditure on an annual basis, amounts from the board-designated endowment could be made available by Board authorization.

The following reflects the Zoo Society's availability of financial assets as of the consolidated statements of financial position date. Financial assets are reduced by the amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Internal designations can be changed based on Board approval.

The Zoo Society's financial assets available within one year of the consolidated statement of financial position date for general expenditures were as follows:

	2025	2024
Available liquid financial assets:		
Cash and cash equivalents	\$ 12,590,584	\$ 15,302,611
Short-term investments, net of board-designated funds for capital improvements	21,145,057	32,761,046
Receivables for general purposes, due within one year	961,943	1,132,778
Receivable from City of Seattle	2,231,404	498,645
Promises to give, net of donor-restricted amounts	<u>1,546,424</u>	<u>852,437</u>
	<u>38,475,412</u>	<u>50,547,517</u>
Additional liquid financial resources:		
Line of credit	6,000,000	6,000,000
Board-designated endowment investments, net of amounts appropriated for operations	7,890,279	5,768,553
Board-designated funds for capital improvements	3,614,558	1,150,202
Spending expected to be appropriated for the next year from endowment investments with donor restrictions	<u>812,817</u>	<u>737,520</u>
	<u>18,317,654</u>	<u>13,656,275</u>
	<u>\$ 56,793,066</u>	<u>\$ 64,203,792</u>

In addition to its available liquid financial assets, the Zoo Society holds other resources which could readily be made available within one year for general expenditure. Although the Zoo Society does not intend to utilize board-designated endowment investments within the next year beyond the amount appropriated for operations, if necessary, this amount could be made available upon approval of the Board.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

4. INVESTMENTS

The Zoo Society's endowment investments are managed together in a single investment pool. Each endowment fund purchases units of the pool on a quarterly basis, and the value of the units reflects the pool's investment earnings or losses less fees.

Investments are stated at fair value based on quoted market prices and consist of the following:

	<u>2025</u>	<u>2024</u>
Short-term investments		
U.S. Treasury securities	\$ 24,759,615	\$ 33,911,248
Endowment investments		
Money market funds	4,103	99
Environmentally sustainable equity funds	31,610,673	27,164,736
Bond funds	8,047,703	7,104,704
Real estate investment funds	<u>1,974,426</u>	<u>1,670,471</u>
	<u>41,636,905</u>	<u>35,940,010</u>
Operating long-term investments		
Money market funds	760	154
Environmentally sustainability equity funds	3,142,877	2,672,828
Bond funds	767,553	681,298
Real estate investment funds	<u>193,626</u>	<u>173,500</u>
	<u>4,104,816</u>	<u>3,527,780</u>
	<u>\$ 70,501,336</u>	<u>\$ 73,379,038</u>

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Zoo Society's assets at fair value as of December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 4,863	\$ -	\$ -	\$ 4,863
	<u>4,863</u>	<u>-</u>	<u>-</u>	<u>4,863</u>
Equity funds				
Environmentally Sustainable U.S. Core Fund	19,758,917	-	-	19,758,917
Environmentally Sustainable International Core Fund	7,137,415	-	-	7,137,415
Emerging Markets Sustainability Core Fund	3,643,330	-	-	3,643,330
U.S. Sustainability Targeted Value Portfolio	<u>4,213,888</u>	<u>-</u>	<u>-</u>	<u>4,213,888</u>
	<u>34,753,550</u>	<u>-</u>	<u>-</u>	<u>34,753,550</u>
Bond funds				
Domestic corporate	-	6,559,250	-	6,559,250
International	<u>2,256,006</u>	<u>-</u>	<u>-</u>	<u>2,256,006</u>
	<u>2,256,006</u>	<u>6,559,250</u>	<u>-</u>	<u>8,815,256</u>
Other				
Real estate investment funds	2,168,052	-	-	2,168,052
U.S. Treasury securities	<u>24,759,615</u>	<u>-</u>	<u>-</u>	<u>24,759,615</u>
	<u>26,927,667</u>	<u>-</u>	<u>-</u>	<u>26,927,667</u>
	<u>\$ 63,942,086</u>	<u>\$ 6,559,250</u>	<u>\$ -</u>	<u>\$ 70,501,336</u>

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Zoo Society's assets at fair value as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 253	\$ -	\$ -	\$ 253
	<u>253</u>	<u>-</u>	<u>-</u>	<u>253</u>
Equity funds				
Environmentally Sustainable U.S. Core Fund	17,742,439	-	-	17,742,439
Environmentally Sustainable International Core Fund	5,153,884	-	-	5,153,884
Emerging Markets Sustainability Core Fund	3,082,370	-	-	3,082,370
U.S. Sustainability Targeted Value Portfolio	<u>3,858,870</u>	<u>-</u>	<u>-</u>	<u>3,858,870</u>
	<u>29,837,563</u>	<u>-</u>	<u>-</u>	<u>29,837,563</u>
Bond funds				
Domestic corporate	-	5,797,963	-	5,797,963
International	<u>1,988,039</u>	<u>-</u>	<u>-</u>	<u>1,988,039</u>
	<u>1,988,039</u>	<u>5,797,963</u>	<u>-</u>	<u>7,786,002</u>
Other				
Real estate investment funds	1,843,972	-	-	1,843,972
Treasury securities	<u>33,911,248</u>	<u>-</u>	<u>-</u>	<u>33,911,248</u>
	<u>35,755,220</u>	<u>-</u>	<u>-</u>	<u>35,755,220</u>
	<u>\$ 67,581,075</u>	<u>\$ 5,797,963</u>	<u>\$ -</u>	<u>\$ 73,379,038</u>

The above investment pool amounts are less than the total endowment net assets in the endowment footnote (Note 8) due to the following:

	<u>2025</u>	<u>2024</u>
Endowment pledges receivable at year-end	\$ -	\$ 162,601
Endowment cash receipts not yet forwarded to the consolidated investment pool	340,098	309,180
Amounts underspent and retained by the endowment	<u>23,530</u>	<u>56,558</u>
	363,628	528,339
Total investments	<u>41,636,905</u>	<u>35,940,010</u>
	<u>\$ 42,000,533</u>	<u>\$ 36,468,349</u>

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

4. INVESTMENTS (continued)

The components of investment income for the years ended December 31 are as follows:

	2025	2024
Interest and dividends	\$ 2,759,217	\$ 2,512,152
Investment gains, net of fees	5,317,424	3,757,524
	\$ 8,076,641	\$ 6,269,676
Operating interest, dividends and gains, net of fees	\$ 1,820,078	\$ 1,620,363
Nonoperating investment gains, net of fees	6,256,563	4,649,313
	\$ 8,076,641	\$ 6,269,676

5. PROMISES TO GIVE

Promises to give are as follows at December 31:

	2025	2024
Receivable in less than one year	\$ 4,059,139	\$ 5,271,625
Receivable in one to five years	1,591,500	1,506,816
	5,650,639	6,778,441
Less: discount to present value at 7.5% and 8.5%, respectively	(168,457)	(190,779)
Less: allowance for uncollectible accounts	(226,000)	(251,164)
	\$ 5,256,182	\$ 6,336,498

6. KING COUNTY LEVY

The Zoo Society recorded revenue from the King County Parks Levy in the amounts of \$7,712,435 and \$7,288,033 during the years ended December 31, 2025 and 2024, respectively. This levy funds mainly environmental education programs including public programs on grounds, and also funds conservation programs and facility improvements. The King County Parks Levy was renewed by voters in August 2025 and will provide funding through 2031.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

7. LINE OF CREDIT

The Zoo Society has a \$6 million revolving line of credit, secured by all assets, expiring July 31, 2027. Bank advances on the line of credit are payable by the date of expiration and subject to an annual 30-day "clean up" period. Interest is payable monthly and was calculated at 2.8% per annum in excess of the Daily Simple Secured Overnight Financing Rate ("SOFR") until July 31, 2024, at which time the line of credit was extended and the interest rate was lowered from 2.8% to 1.7%. The line of credit has one loan covenant which requires a minimum liquid endowment asset balance of not less than \$8 million.

There were no line of credit draws in 2025 or 2024.

8. ENDOWMENTS

As of December 31, 2025, the Zoo Society has twelve funded endowments established for a variety of mission-related purposes. One of these endowments is a board-designated general endowment established by the Board in 2001 by its Gift Acceptance Policy. This policy provides that bequests without donor restrictions (up to an annual maximum amount) are to be placed in this board-designated general endowment fund. As required by financial accounting standards, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The initial dollar value of donor-restricted contributions to any endowment is tracked as a restricted net asset in perpetuity, while the returns on those funds are tracked for internal purposes as net assets that are temporarily restricted, although these are combined on the consolidated statements of financial position and presented as net assets with donor restriction. The board-designated endowment and related returns are shown as net assets without donor restrictions.

Endowments in Washington State are governed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as stated in the Revised Code of Washington ("RCW") 24.55. UPMIFA provides that, unless stated otherwise in endowment gift instruments, no portions of donor-restricted endowments will be shown as net assets without donor restrictions other than amounts appropriated for spending in the current year, or negative endowment earnings to date.

Interpretation of relevant law

The Board has interpreted 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 stipulations to the contrary. As a result of this interpretation, the Zoo Society classifies the following as endowment net assets with donor restrictions: (a) the original value of gifts donated to the endowment, and (b) the original value of subsequent gifts to the endowment.

Woodland Park Zoological Society
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

8. ENDOWMENTS (continued)

Endowment oversight and investment policy

While the Board retains the fiduciary responsibility for the Zoo Society's endowment fund assets, it delegates oversight of the investment of such assets to its Investment Subcommittee. The Investment Subcommittee (the "Subcommittee") of the Business and Finance Committee was established in 2000 to provide oversight and implementation of the broad guidelines approved by the Board for the management of the Zoo Society's endowment funds. It is comprised of Business and Finance Committee and other members of the Board, and may also include non-board members.

Returns are compared to a custom benchmark that closely mirrors the market segment allocations of the investments in the annual evaluation of the manager's performance.

In managing the endowment investments, the Subcommittee will comply with the standard of conduct set forth in UPMIFA, including:

- a. Acting in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- b. Making decisions about an individual asset in the context of the Zoo Society's portfolio as a whole and as a part of an overall investment strategy; and
- c. Considering the following factors, if relevant (and unless instructed otherwise by the terms of the applicable gift instrument):
 - General economic conditions,
 - Effects of inflation or deflation,
 - Expected tax consequences,
 - Expected total return from income and appreciation,
 - The Zoo Society's other resources,
 - Balancing the Zoo Society's needs for both spending and preserving capital, and
 - An asset's special relationship or special value, if any, to the Zoo Society's charitable purposes.

Return objectives, risk parameters, and strategies employed for achieving objectives

The endowments are managed with the broad goal of investment income growth that will be used to provide a stable, supplemental source of funding for Zoo operations and donor specified programs. The Subcommittee seeks to maximize the long-term total returns consistent with prudent levels of risk. Investment diversification and selecting a "target investment return" are keys to managing risk.

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8. ENDOWMENTS (continued)

Return objectives, risk parameters, and strategies employed for achieving objectives (continued)

A target investment return percentage is identified annually by the Subcommittee. This target is calculated as the sum of the following annual components (expressed as percentages):

- The rate of inflation per a local 3-city CPI benchmark,
- Desired endowment earnings growth,
- Annual investment management fees, and
- Plus/minus rounding to the nearest percentage.

For example, the target investment return percentage for each of the years ended December 31, 2025 and 2024 was 7%. The Subcommittee determines these percentages in light of discussions with Zoo Society management and the investment advisor. These objectives are re-evaluated on an annual basis and compared to actual results and the prevailing financial market environment.

An aggregate "total return" methodology is applied (all interest and dividends automatically reinvested), and results for the trailing 12 months are reviewed each quarter. While these periodic reviews occur and the objectives may slightly change, the time horizon basically remains "long-term" for investment purposes. The endowments' investments are rebalanced to the Subcommittee's approved asset allocation on at least an annual basis.

Spending policy

In accordance with the Zoo Society Endowment Investment and Spending Policy, the Investment Subcommittee makes recommendations regarding annual endowment spending totals and incorporates spending plans into the management of endowment investments.

As provided in UPMIFA and subject to any restrictions in the applicable gift instrument, the Zoo Society may spend from or accumulate as much of a donor-restricted endowment fund (including its principal) as the Board or a duly authorized Board committee determines is prudent given the uses, benefits, purposes, and duration for which the endowment fund was created. In making decisions about how much of each endowment fund to spend or accumulate, the Subcommittee will consider the following factors, if relevant:

- Duration and preservation of the endowment fund,
- Purposes of the Zoo Society and the endowment fund,
- General economic conditions,
- Possible effect of inflation or deflation,
- Expected total return from income and appreciation of investments,
- Zoo Society's other resources, and

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8. ENDOWMENTS (continued)

Spending policy (continued)

- This Endowment and Investment Policy.

After considering the above-described factors, the Subcommittee will recommend a spending percentage, subject to the approval of the Business and Finance Committee, to be applied in calculating the distribution for the specific endowment funds that the committee decides to spend from (the "Spending Percentage"). The Spending Percentage will be calculated as an annual percentage of the average of the prior five (5) years' total market valuation as of June 30th.

The annual spending percentage for all funds is typically 3%. Spending amounts of \$859,215 and \$838,376 were disbursed for typical annual spending for the years ended December 31, 2025 and 2024, respectively.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historical dollar value of the donor contributions. In accordance with US GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2025 and 2024.

Endowment composition

Endowment net asset composition by type of fund is as follows as of December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 34,110,254	\$ 34,110,254
Board-designated endowment funds	<u>7,890,279</u>	<u>-</u>	<u>7,890,279</u>
	<u>\$ 7,890,279</u>	<u>\$ 34,110,254</u>	<u>\$ 42,000,533</u>

Endowment net asset composition by type of fund is as follows as of December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 29,876,776	\$ 29,876,776
Board-designated endowment funds	<u>6,591,573</u>	<u>-</u>	<u>6,591,573</u>
	<u>\$ 6,591,573</u>	<u>\$ 29,876,776</u>	<u>\$ 36,468,349</u>

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8. ENDOWMENTS (continued)

Endowment composition (continued)

Changes in endowment net assets is as follows for the fiscal year ended December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2024	\$ 6,591,573	\$ 29,876,776	\$ 36,468,349
Investment return			
Investment income	167,588	774,127	941,715
Investment fees	(23,096)	(104,791)	(127,887)
Net appreciation (realized and unrealized)	<u>931,961</u>	<u>4,225,165</u>	<u>5,157,126</u>
Total investment return	1,076,453	4,894,501	5,970,954
Contributions	360,000	60,445	420,445
Appropriation of endowment assets for expenditure	<u>(137,747)</u>	<u>(721,468)</u>	<u>(859,215)</u>
	<u>1,298,706</u>	<u>4,233,478</u>	<u>5,532,184</u>
Balance, December 31, 2025	<u>\$ 7,890,279</u>	<u>\$ 34,110,254</u>	<u>\$ 42,000,533</u>

Changes in endowment net assets is as follows for the fiscal year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2023	\$ 5,576,840	\$ 27,168,650	\$ 32,745,490
Investment return			
Investment income	138,225	669,911	808,136
Investment fees	(20,422)	(99,472)	(119,894)
Net appreciation (realized and unrealized)	<u>575,433</u>	<u>2,843,097</u>	<u>3,418,530</u>
Total investment return	693,236	3,413,536	4,106,772
Contributions	445,500	8,963	454,463
Appropriation of endowment assets for expenditure	<u>(124,003)</u>	<u>(714,373)</u>	<u>(838,376)</u>
	<u>1,014,733</u>	<u>2,708,126</u>	<u>3,722,859</u>
Balance, December 31, 2024	<u>\$ 6,591,573</u>	<u>\$ 29,876,776</u>	<u>\$ 36,468,349</u>

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9. CONTRIBUTED SUPPORT

Operational contributions consist of the following for the years ended December 31:

	2025	2024
Major gifts	\$ 1,929,553	\$ 1,783,911
Annual fund	1,819,338	1,510,107
Corporate sponsorships	1,393,071	1,235,050
Jungle Party fund an item	1,563,125	1,089,155
Operating bequests	214,088	400,000
Jungle Party, excluding ticket sales/sponsorships	604,423	520,732
On-grounds contributions	49,601	51,119
ZooParent animal adoptions	22,249	28,921
	\$ 7,595,448	\$ 6,618,995

10. CONTRIBUTIONS COLLECTED ON BEHALF OF OTHER ORGANIZATIONS

The Zoo Society raised \$93,831 and \$85,283 for several non-profit conservation organizations from around the world, including conservation partners in Asia, Hornbill research and AZA groups, during the years ended December 31, 2025 and 2024, respectively. The Zoo Society does not record these contributions or the related expenses in the consolidated statements of activities as these are considered agency transactions.

11. FOUNDATION BEQUEST

The Zoo Society is named as one of five beneficiaries in the Helen Mull Foundation (the "Foundation"), which was fully funded in February 2015 when Helen Mull passed away. The Zoo Society received annual distributions of \$383,411 and \$338,071 during the years ended December 31, 2025 and 2024, respectively, from the Foundation, in accordance with the governing trust document. Annual payments equal to 1% of the net market value of the Foundation's assets as of the first business day of each year will continue for a total of 150 years. After 150 years of existence, (in the year 2165), the Foundation shall be terminated, and its remaining assets will be distributed to the five named organizations (assuming they remain qualified per the trust document). The Foundation's investments were valued at over \$42 million and \$38 million at December 31, 2025 and 2024, respectively.

During her lifetime, Helen Mull contributed annually to support the ongoing care of animals. Given the Zoo Society doesn't have variance power over the funds in the Foundation, the very long-term nature of the Foundation, and the contingency of meeting the trustee's requirements at the time of dissolution as well as other conditions that have not yet been met, the Zoo Society records only the annual value of the calculated contributions when received.

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12. EVENTS AND PROMOTIONS

Events and promotions consist of the following for the years ended December 31:

	2025	2024
WildLanterns	\$ 2,296,536	\$ 1,753,142
ZooTunes, less direct cost of benefits provided to participants of \$2,396,000 and \$1,597,912	1,868,314	1,553,323
Other fundraising events and promotions, less direct cost of benefits provided to participants of \$694,959 and \$294,876	880,654	303,332
	\$ 5,045,504	\$ 3,609,797

In 2020, the Zoo Society entered into a revenue share arrangement with a vendor who provided lanterns for "WildLanterns". The revenue shown above is the Zoo Society's share of gross receipts per the revenue share arrangement. The gross receipts earned by the lanterns vendor were calculated at \$2,227,519 and \$1,817,262 during the years ended December 31, 2025 and 2024, respectively.

13. CITY PARK DISTRICT

On August 5, 2014, Proposition 1, "Parks for All," was approved by the citizens of Seattle, creating the "Seattle Park District" which is a permanent taxing authority that will support parks and recreation services throughout the city as managed by the Department of Parks and Recreation. The Zoo Society then entered into an agreement with the City of Seattle Department of Parks and Recreation to provide major maintenance and repair projects. The annual process includes providing a new listing of annual projects, referred to as a Capital Asset Management Plan Project Listing, to the Department of Parks and Recreation. The agreement renewal effective in 2022 provides the amount of City Major Maintenance will be escalated each year by the percentage increase in the specified local CPI index for the year ending June 30th.

The Zoo Society receives reimbursements from the City of Seattle up to the maximum amount calculated annually and records them as revenue at the time received, where unused annual amounts are allowed to be carried over and applied in future years. The Zoo Society received \$2,905,586 and \$2,366,577 as major maintenance support from the City of Seattle during the years ended December 31, 2025 and 2024, respectively.

14. FOOD SERVICE AND RETAIL SUBCONTRACT COMMITMENTS

The Zoo Society hired Levy Restaurants to operate all food and catering services effective January 16, 2019, with a 10-year contract expiring January 15, 2029.

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14. FOOD SERVICE AND RETAIL SUBCONTRACT COMMITMENTS (continued)

Food commissions received from Levy Restaurants were \$1,710,232 and \$1,541,445 during the years ended December 31, 2025 and 2024, respectively, and are included in enterprise revenue on the consolidated statements of activities. Additionally, Levy provided funds equal to 3% of gross sales that were applied to expenses incurred by the Zoo Society for food service, utilities, marketing, and repairs. Commissions remitted by Levy for these reimbursement funds were \$116,282 and \$206,611 during the years ended December 31, 2025 and 2024, respectively, and are included in other revenue on the consolidated statements of activities.

The Zoo Society transitioned to an outsourced retail arrangement in 2014 by signing a four-year, nine-month agreement with Event Network effective March 31, 2014. This agreement was renewed in 2025 with a new expiration date of December 31, 2030. Commissions received totaled \$984,284 and \$975,562 during the years ended December 31, 2025 and 2024, respectively. An additional percentage of sales was remitted to cover joint marketing efforts, totaling \$14,771 and \$14,584 during the years ended December 31, 2025 and 2024, respectively. Retail revenue is reported in enterprise revenue on the consolidated statements of activities.

15. OPERATIONS AND MANAGEMENT AGREEMENT

As noted previously, the City of Seattle transferred management and financial responsibility for the Zoo to the Zoo Society during the year ended December 31, 2002. The original Operations and Management Agreement was effective March 1, 2002, and expired February 28, 2022. During 2022, the Operations and Management Agreement was renewed with an expiration date of December 31, 2041, with a stated option to extend the agreement for an additional ten-year period. In accordance with this agreement, as well as related agreements, the Zoo Society received City Operations support payments totaling \$9,117,732 and \$8,781,372 during the years ended December 31, 2025 and 2024, respectively, and will continue to receive support payments for the duration of the Operations and Management Agreement. The Operations and Management Agreement also requires annual funding for major maintenance via the "City Park District" taxing authority described in Note 13.

16. COLLECTIVE BARGAINING AGREEMENT

Approximately half of the Zoo Society's typical year-round staffing levels are covered by one of two union agreements. The majority of staff are covered by a unified agreement between the Zoo Society and multiple labor unions which was approved on August 28, 2024, and expires on December 31, 2026. The smaller staff group has a different agreement which expires on December 31, 2027.

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17. RETIREMENT PLAN

The Zoo Society provides retirement benefits for all Zoo Society employees through a defined contribution plan. Employer contributions are based on a matching formula. The Zoo Society retirement contributions totaled \$1,343,592 and \$1,238,165 during the years ended December 31, 2025 and 2024, respectively. The Zoo Society also provides a non-qualified, non-matching, deferred compensation plan open to senior management. Deferred compensation plan assets of \$378,341 and \$280,743 are recorded in other assets on the consolidated statements of financial position as of December 31, 2025 and 2024, respectively.