
The Chicago Zoological Society

Financial Report
March 31, 2026

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Independent Auditor's Report

To the Board of Trustees
The Chicago Zoological Society

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of The Chicago Zoological Society (the "Society"), which comprise the statement of financial position as of March 31, 2026 and 2025 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of March 31, 2026 and 2025 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Society and to meet our 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 Society's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government 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.

To the Board of Trustees
The Chicago Zoological Society

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2026 on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

August 18, 2026

Statement of Financial Position

March 31, 2026
(in Thousands)

	Total Without Donor Restrictions	Total With Donor Restrictions	Total All Funds
Assets			
Cash	\$ 4,762	\$ -	\$ 4,762
Investments - General fund	8,893	-	8,893
Investments - Board designated and donor restricted	60,047	36,237	96,284
Pledges and grants receivable - Net	7,110	22,888	29,998
Interfund (Payable) Receivable	5	(5)	-
Park improvements and equipment - Net of accumulated depreciation	181,168	-	181,168
Due from Forest Preserves of Cook County - Tax Collections	4,252	-	4,252
Other	4,289	9	4,298
Total assets	\$ 270,526	\$ 59,129	\$ 329,655
Liabilities and Net Assets			
Liabilities			
Accounts payable and other accrued expenses	\$ 4,458	\$ -	\$ 4,458
Payroll-related accrued expenses	3,999	-	3,999
Deferred revenue:			
Membership dues	8,660	-	8,660
Advanced tax collections and grants	613	-	613
Sponsorships and other	1,886	-	1,886
Accrued actuarial benefit obligations	1,632	-	1,632
Loan Payable	45,811	-	45,811
Revenue bonds payable - Net of debt issuance costs	28,831	-	28,831
Other	536	-	536
Total liabilities	96,426	-	96,426
Net Assets			
Without donor restrictions			
Undesignated	\$ 8,426	\$ -	\$ 8,426
Board designated	165,674	-	165,674
Total without donor restrictions	174,100	-	174,100
With donor restrictions	-	59,129	59,129
Total net assets	174,100	59,129	233,229
Total liabilities and net assets	\$ 270,526	\$ 59,129	\$ 329,655

Statement of Financial Position

March 31, 2025
(in Thousands)

	Total Without Donor Restrictions	Total With Donor Restrictions	Total All Funds
Assets			
Cash	\$ 1,698	\$ -	\$ 1,698
Investments - General fund	26,825	-	26,825
Investments - Board designated and donor restricted	53,920	27,702	81,622
Pledges and grants receivable - Net	689	29,435	30,124
Interfund (Payable) Receivable	(13,057)	13,057	-
Park improvements and equipment - Net of accumulated depreciation	173,538	-	173,538
Other	3,387	8	3,395
Total assets	\$ 247,000	\$ 70,202	\$ 317,202
Liabilities and Net Assets			
Liabilities			
Accounts payable and other accrued expenses	\$ 8,967	\$ -	\$ 8,967
Payroll-related accrued expenses	3,581	-	3,581
Deferred revenue:			
Membership dues	8,605	-	8,605
Advanced tax collections and grants	5,347	-	5,347
Sponsorships and other	1,428	-	1,428
Accrued actuarial benefit obligations	1,736	-	1,736
Loan Payable	35,084	-	35,084
Revenue bonds payable - Net of debt issuance costs	28,824	-	28,824
Other	442	-	442
Total liabilities	94,014	-	94,014
Net Assets			
Without donor restrictions			
Undesignated	\$ 8,938	\$ -	\$ 8,938
Board designated	144,048	-	144,048
Total without donor restrictions	152,986	-	152,986
With donor restrictions	-	70,202	70,202
Total net assets	152,986	70,202	223,188
Total liabilities and net assets	\$ 247,000	\$ 70,202	\$ 317,202

Statement of Activities

Year Ended March 31, 2026
(in Thousands)

	Total Without Donor Restrictions	With Donor Restrictions	Total All Funds
Revenue, Gains, and Other Support			
Forest Preserve District - Tax collections	\$ 19,592	\$ -	\$ 19,592
Visitor related revenues	22,242	-	22,242
Contributions and grants - General operations	7,076	-	7,076
Contributions and grants - Board designated and donor restricted	8,155	10,314	18,469
Donated goods and services	472	-	472
Membership dues	15,641	-	15,641
Investment income, net of investment expenses - General operations	1,752	-	1,752
Investment income, net of investment expenses - Board designated and donor restricted	3,695	2,844	6,539
Other income	2,613	19	2,632
Net assets released	24,450	(24,450)	-
Total revenue, gains, and other support	<u>105,688</u>	<u>(11,273)</u>	<u>94,415</u>
Expenses			
Program services:			
Animal Health, Welfare, Care and Programs	34,379	-	34,379
Education and Community Engagement	4,094	-	4,094
Park operations	30,984	-	30,984
Support services:			
Management and general	12,448	-	12,448
Fundraising	4,736	-	4,736
Total expenses	<u>86,641</u>	<u>-</u>	<u>86,641</u>
Change in Net Assets Before Change in Postretirement Benefits Not Yet Recognized in Operations and Change in Reserve on Pledges and Grants Receivable	19,047	(11,273)	7,774
Change in Postretirement Benefits Not Yet Recognized in Operations	(298)	-	(298)
Change in Reserve on Pledges and Grants Receivable	2,365	200	2,565
Changes in Net Assets	21,114	(11,073)	10,041
Net Assets - Beginning of year	152,986	70,202	223,188
Net Assets - End of year	<u><u>\$ 174,100</u></u>	<u><u>\$ 59,129</u></u>	<u><u>\$ 233,229</u></u>

Statement of Activities

Year Ended March 31, 2025
(in Thousands)

	Total Without Donor Restrictions	With Donor Restrictions	Total All Funds
Revenue, Gains, and Other Support			
Forest Preserve District - Tax collections	\$ 19,667	\$ -	\$ 19,667
Visitor related revenues	22,464	-	22,464
Contributions and grants - General operations	7,672	-	7,672
Contributions and grants - Board designated and donor restricted	4,288	30,478	34,766
Donated goods and services	585	-	585
Membership dues	16,704	-	16,704
Investment income, net of investment expenses - General operations	2,107	-	2,107
Investment income, net of investment expenses - Board designated and donor restricted	1,986	1,204	3,190
Other income	1,800	17	1,817
Net assets released	5,323	(5,323)	-
	<u>82,596</u>	<u>26,376</u>	<u>108,972</u>
Expenses			
Program services:			
Animal Health, Welfare, Care and Programs	30,008	-	30,008
Education and Community Engagement	4,106	-	4,106
Park operations	28,601	-	28,601
Support services:			
Management and general	12,326	-	12,326
Fundraising	4,530	-	4,530
	<u>79,571</u>	<u>-</u>	<u>79,571</u>
Change in Net Assets Before Change in Postretirement Benefits Not Yet Recognized in Operations and Change in Reserve on Pledges and Grants Receivable	3,025	26,376	29,401
Change in Postretirement Benefits Not Yet Recognized in Operations	(214)	-	(214)
Change in Reserve on Pledges and Grants Receivable	<u>-</u>	<u>(602)</u>	<u>(602)</u>
Changes in Net Assets	2,811	25,774	28,585
Net Assets - Beginning of year	150,175	44,428	194,603
Net Assets - End of year	<u><u>\$ 152,986</u></u>	<u><u>\$ 70,202</u></u>	<u><u>\$ 223,188</u></u>

Statement of Functional Expenses

Year Ended March 31, 2026
(In Thousands)

	Program Services				Support Services			
	Animal Health, Welfare, Care, and Programs	Education and Community Engagement	Park Operations	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 17,386	\$ 2,932	\$ 15,278	\$ 35,596	\$ 6,022	\$ 3,085	\$ 9,107	\$ 44,703
Supplies	2,603	86	1,525	4,214	71	158	229	4,443
Operating expenses	4,010	102	2,483	6,595	2,616	437	3,053	9,648
Professional and outside services	1,909	145	4,105	6,159	1,936	912	2,848	9,007
Depreciation	6,112	708	2,941	9,761	327	49	376	10,137
Equipment expenses	578	68	3,318	3,964	1,450	92	1,542	5,506
Utilities	1,781	53	1,334	3,168	26	3	29	3,197
Total functional expenses	<u>\$ 34,379</u>	<u>\$ 4,094</u>	<u>\$ 30,984</u>	<u>\$ 69,457</u>	<u>\$ 12,448</u>	<u>\$ 4,736</u>	<u>\$ 17,184</u>	<u>\$ 86,641</u>

Statement of Functional Expenses

Year Ended March 31, 2025
(In Thousands)

	Program Services				Support Services			
	Animal Health, Welfare, Care, and Programs	Education and Community Engagement	Park Operations	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 16,261	\$ 2,882	\$ 14,370	\$ 33,513	\$ 5,814	\$ 2,947	\$ 8,761	\$ 42,274
Supplies	2,499	121	1,509	4,129	117	148	265	4,394
Operating expenses	1,995	120	2,176	4,291	2,571	226	2,797	7,088
Professional and outside services	1,630	180	3,580	5,390	1,869	1,069	2,938	8,328
Depreciation	4,981	702	2,846	8,529	390	49	439	8,968
Equipment expenses	1,130	40	2,923	4,093	1,544	88	1,632	5,725
Utilities	1,512	61	1,197	2,770	21	3	24	2,794
Total functional expenses	<u>\$ 30,008</u>	<u>\$ 4,106</u>	<u>\$ 28,601</u>	<u>\$ 62,715</u>	<u>\$ 12,326</u>	<u>\$ 4,530</u>	<u>\$ 16,856</u>	<u>\$ 79,571</u>

Statement of Cash Flows

Years Ended March 31, 2026 and 2025
(In Thousands)

	2026	2025
Cash Flows from Operating Activities		
Increase in net assets	\$ 10,041	\$ 28,585
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	10,137	8,968
Loss on retirement of capital assets	6	36
Unrealized loss on interest rate swap	45	141
Net unrealized and realized gain on investments	(4,783)	(1,532)
Donated stock	(8,550)	(3,089)
Contributions restricted for long-term purposes	(14,794)	(29,669)
Amortization of bond issuance costs	7	8
Reserve on pledges and grants receivable	(1,476)	602
Changes in operating assets and liabilities that (used) provided cash:		
Pledges and grants receivable	1,005	2,736
Due from Forest Preserves of Cook County - Tax collections	(9,419)	(1,543)
Other assets	(934)	754
Accounts payable and other accrued expenses	421	(406)
Payroll-related accrued expenses	418	12
Deferred revenue	932	(1,055)
Accrued sick pay and postretirement benefits	(104)	(229)
Other liabilities	94	154
Net cash (used in) provided by operating activities	(16,954)	4,473
Cash Flows from Investing Activities		
Purchase of capital assets	(22,703)	(47,152)
Purchase of investments	(11,702)	(13,638)
Proceeds from sales of investments	28,305	22,751
Net cash used in investing activities	(6,100)	(38,039)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	15,391	8,459
Proceeds from issuance of new debt	10,727	25,658
Net cash provided by financing activities	26,118	34,117
Net Increase in Cash	3,064	551
Cash - Beginning of year	1,698	1,147
Cash - End of year	\$ 4,762	\$ 1,698
Supplemental Cash Flow Information		
Cash payments for interest	\$ 2,464	\$ 831
Property and equipment purchases included in accounts payable	986	5,916

**March 31, 2026 and 2025
(In Thousands)**

Note 1 - Nature of Business

The mission of The Chicago Zoological Society (the "Society") is to inspire conservation leadership by connecting people with wildlife and nature. The Society (an Illinois not-for-profit corporation) maintains and operates Brookfield Zoo Chicago (the "Zoo") under a contract with the Forest Preserve District of Cook County (the "District") extending through April 2027. The contract provides for an automatic renewal for an additional 20 years unless revoked in writing 12 months prior to the end of the contract by either the Society or the District. Under the contract, the land occupied by the Zoo is provided by the District at no charge. In addition, the District funds a significant portion of the Society's operations under the contract through taxes levied by the District and distributed to the Society. Additional funding for the development and operation of the Zoo by the Society is obtained through private donations, memberships, and various admission and exhibit fees.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Society maintains its books and records in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose and on the existence of donor-imposed restrictions.

Accordingly, net assets of the Society are reported as follows:

- Funds without donor restrictions - Those resources over which the board of trustees has discretionary control. These include any designated amounts the board has set aside for a particular purpose. These funds are broken out by board designation into the following funds:
 - Undesignated fund - Represents the portion of expendable funds available for support of the Society's operations
 - Board-designated fund - Represents funds that have been designated for specific purposes, including capital improvements and renovation expenditures, by the Society's board. These designations can be changed or removed at any time by action of the board.
- Funds with donor restrictions - Those resources are subject to donor-imposed restrictions that will be satisfied either by actions of the Society or the passage of time or that stipulate that the principal of these endowments can be permanently invested by the Society.

Revenue Recognition

The following revenue streams are applicable under ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, for the years ended March 31, 2026 and 2025:

- Visitor-related revenue
- Membership dues
- Other income

March 31, 2026 and 2025
(In Thousands)

Note 2 - Significant Accounting Policies (Continued)

Performance Obligations

The following explains the performance obligations related to each revenue stream and how those are recognized:

Visitor-related Revenue

The Society generates revenue from transaction-based fees, which include general admission, parking, special attractions, animal feedings, motor safari, and transportation rentals. These fees are recognized at the time the transaction is executed, as that is the point in time the Society satisfies the performance obligation. Payment is due at the point of sale.

The Society generates revenue from commissions on merchandise, restaurant services, and catering at the Zoo, which is outsourced to SSA Group, LLC. The Society entered into an agreement to receive a monthly commission applicable to the gross receipts for items sold during the month based on an agreed-upon commission/category matrix. SSA Group, LLC in turn has exclusive operations of all food service and retail merchandise facilities only for the purpose of selling food and retail items. The commission revenue received by the Society from SSA Group, LLC is recognized in the month the items are sold or services are provided. The agreement with SSA Group, LLC expires on February 4, 2032. Commission revenue is included with visitor-related revenue on the statement of activities.

Membership Dues

The Society earns membership dues from its members. Membership dues are earned over the course of one or two years, representing the period over which the Society satisfies the performance obligation of providing access to the Zoo, parking benefits, and internal attractions to members. Payment is due at the point of sale. Cash payments received in advance of the Society satisfying its performance obligations are recorded as deferred revenue on the statement of financial position. Total deferred revenue from membership dues as of March 31, 2026, 2025, and 2024 was \$8,660, \$8,605, and \$9,613, respectively.

Other Income

The Society generates revenue from other activities, including sponsorships, educational programs, marketing events, radiology services, advertising, and rental. The Society recognizes revenue at the point in time the services are rendered to its customers, except for certain sponsorships that are recognized over the sponsorship period. Payment is due when invoiced. Cash payments received in advance of the Society satisfying its performance obligations are recorded as deferred revenue on the statement of financial position. Total deferred revenue from customers with contracts as of March 31, 2026, 2025, and 2024 was \$1,872, \$1,428, and \$953, respectively, which is included in other liabilities on the statement of financial position.

March 31, 2026 and 2025
(In Thousands)

Note 2 - Significant Accounting Policies (Continued)

Contributions, Grants, and Other Support

Tax revenue collected by the District partially supports the services provided by the Society under its contract with the District to operate the Zoo. The District appropriates the amounts on a calendar year basis based on a calendar budget submitted to and approved by the District. The District remits the Society's share of the District's net tax collections to the Society periodically throughout the calendar year to support the budgeted expenses. The amounts recognized as revenue by the Society for fiscal year 2026 represent the Society's share of the actual cash collected by the District for the calendar year 2025 plus a prorated three-month portion of the 2026 calendar year approved appropriation. A receivable or a liability is recorded at fiscal year end for any revenue recorded by the Society but not yet remitted by the District or any amounts reported as collected by the Society but not yet spent in accordance with the calendar year budgeted costs. Any remittances related to prior year tax recoupments, net of refunds, or other amounts not part of the annual approved appropriation are recognized as revenue as cash is received from the District. As of March 31, 2026, the Society recognized \$4,252 as a receivable for tax collections, which has been earned but not yet remitted by the District. As of March 31, 2025, the Society had \$5,167 of advanced tax collections that had not yet met the conditions of the incurrence of qualifying expenses.

Cash contributions are recognized in the period received. Pledges are recognized in the period pledged. Conditional promises to give (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. Contributions of cash and other assets, including unconditional promises to give in the future, are reported at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. An allowance for uncollectible pledges receivable is provided based on management's judgment considering factors such as prior collection history, the type of contribution, and the nature of fundraising activity. As of March 31, 2026 and 2025, an allowance of \$739 and \$940, respectively, was recorded on the pledges and grants receivable balance.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Society has \$613 and \$180 of refundable advances as of March 31, 2026 and 2025, respectively. Conditional contributions that have been awarded but not yet recognized as revenue total \$13,489 and \$1,073 as of March 31, 2026 and 2025, respectively. The primary condition associated with these contributions is the incurrence of qualifying expenditures for future construction and maintenance projects.

Donated Goods and Services

The Society's zoo volunteers have made significant contributions of their time to develop, manage, and operate the Zoo and the Society's programs. The value of this time is not reflected in the financial statements, as these services do not require specialized skills. The value of time donated for services that do require specialized skills, which the Society would have had to otherwise purchase, has been included in both revenue and expense or park improvements.

The Society's donated goods and services consist of veterinary services, legal services, advertising services, and miscellaneous supplies. For the years ended March 31, 2026 and 2025, total donated goods and supplies amounted to \$123 and \$95, respectively, and total services amounted to \$349 and \$490, respectively. The values of professional services and goods and supplies are determined based on their estimated fair value using market rates for similar services or prices from vendors or similar market places.

Cash

The Society maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Society has not experienced any losses in such accounts.

March 31, 2026 and 2025
(In Thousands)

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value. Investment income and loss, including net realized and unrealized gains and losses, are reflected in the statement of activities as an increase or decrease in net assets. Interest and dividend income are recorded on the accrual basis. The Society invests cash in excess of daily requirements in short-term investments. Realized gains and losses are determined based on specific identification of securities sold.

The Society's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near future and will materially affect the amounts reported in the financial statements.

The Society classifies cash receipts from the sale of donated securities that, upon receipt, had no donor-imposed limitations for sale and were converted nearly immediately into cash as operating cash flows.

Park Improvements and Equipment

Park improvements and equipment are recorded at cost. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives as shown below:

	Depreciable Life - Years
Park improvements	10-40
Equipment	5

The Society capitalizes individual equipment and park expenditures over \$15 and a useful life greater than one year. The land site of the Zoo is owned by the District and, accordingly, is not recorded in the Society's financial statements. All park improvements acquired by the Society are legally owned by the District. All exhibit buildings, facilities, and equipment are recorded as park improvements on the books of the Society and are depreciated over their estimated useful lives. This depreciation expense for park improvements is not funded by the District's tax collections.

Tax Status

The Society is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3) except for taxes on unrelated business income.

Use of Estimates

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

Animal Collection

Animal collections, which were acquired through breeding loans, purchases, and contributions, are not recognized as assets on the statement of financial position. Costs to acquire collection items are recorded as a decrease in net assets without donor restrictions in the year in which the animals are acquired. Proceeds from deaccessions are reflected as an increase in net assets with donor restrictions or without donor restrictions. Any non-donor-restricted proceeds from deaccessions are not restricted for use by the Society.

**March 31, 2026 and 2025
(In Thousands)**

Note 2 - Significant Accounting Policies (Continued)

The Society's animal collections consist of specimens with numerous attributes, including taxonomic group, age, sex, relationship and value to other animals, endangered status, and breeding potential. The Society retains a record of every animal in a permanent file. An inventory of the collection is prepared annually. Professional trained keeper staff and population managers provide daily care for the collection and determine population needs.

Interest Rate Swap

The Society has entered into an interest rate swap agreement to manage its exposure on its variable-rate Revenue Bonds Series 2008. The Society's interest rate swap is recognized in other liabilities in the accompanying statement of financial position at fair value. Changes in the fair value of the interest rate swap are recognized in the statement of activities.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Costs have been allocated between the various program and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of the Society. Those expenses and the allocation methods used for each are described in the list below:

- CEO and CFO salaries and benefits - Estimates of time and effort
- Certain IT salaries and benefits - Percentage of historical work orders
- Electric, water, and gas - Square footage and estimate of building time usage
- General insurance - Based on coverage type
- Phone - Percentage of historical call duration
- Benefits - Salary as a percentage of the whole
- Depreciation - Building or equipment function

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including August 18, 2026, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The table below reflects the Society's financial assets as of March 31, reduced by the amounts not available for general use within one year of the statement of financial position date because of contractual restrictions, donor-imposed restrictions, or internal board designations. Amounts not available due to internal board designations include amounts set aside for long-term investing in the quasi-endowment fund that could be drawn upon in the event of an unanticipated liquidity need, if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or the quasi endowment in accordance with the Society's spending policy for general expenditures within one year of the statement of financial position date have not been subtracted as unavailable. Amounts not available due to internal board designations also include amounts set aside for conservation granting award programs.

The Society is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to donors. Thus, certain financial assets may not be available for general expenditure within one year.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 3 - Liquidity and Availability of Resources (Continued)

The Society considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs, which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures.

	2026	2025
Cash	\$ 4,762	\$ 1,698
Investments	105,177	108,447
Pledges and grants receivable - Net	29,998	30,124
Other receivables - Net	5,004	541
Other	205	186
Financial assets - At year end	145,146	140,996
Less those unavailable for general expenditures within one year due to:		
Receivables - Contributions receivable - For restricted gifts - Net	22,726	29,790
Investments:		
Quasi endowment (less current year appropriation)*	6,511	5,907
Board designated for capital improvements and other (less current year appropriation)*	51,689	46,433
Restricted by donor or time	12,101	5,862
Term endowment funds	793	793
Endowment investments held in perpetuity	10,800	10,803
Unappropriated earnings on endowment (less current year appropriation)*	10,849	8,924
Investments restricted for debt covenants*	12,000	12,000
Other receivables - Net	61	67
Other	205	186
Financial assets available to meet cash needs for general expenditures within one year	\$ 17,411	\$ 20,231

*A portion of these amounts is maintained to comply with certain financial covenants.

The Society manages its cash available to meet general expenditures following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations that support mission fulfillment will continue to be met, and ensuring the sustainability of the Society. As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Society regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. In the event of an unanticipated liquidity need, the Society also could draw upon its \$10,000 line of credit, as described in Note 7.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 4 - Unconditional Pledges and Grants Receivable

Unconditional pledges and grants receivable as of March 31, 2026 and 2025 are due to be received as follows:

	2026	2025
Within one year	\$ 13,107	\$ 8,233
One to five years	14,495	18,861
After five years	6,405	8,516
Less discounts to net present value	(3,270)	(4,546)
Less reserve	(739)	(940)
Net receivable	<u>\$ 29,998</u>	<u>\$ 30,124</u>

The discount rate used in determining the net present value of unconditional pledges and grants receivable ranged from 3.81 to 4.09 percent as of March 31, 2026 and 2025.

Major Donors

One donor accounted for approximately 43 percent of total gross pledges receivable as of March 31, 2026, and two donors accounted for approximately 67 percent of total gross pledges receivable as of March 31, 2025. As of March 31, 2026 and 2025, three donors accounted for approximately 47 percent of contribution and grant revenue for the year and one donor accounted for approximately 47 percent of contribution and grant revenue for the year, respectively.

Note 5 - Fair Value Measurements

The Society categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Society's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 5 - Fair Value Measurements (Continued)

The Society has the following recurring fair value measurements as of March 31, 2026 and 2025:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at March 31, 2026				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2026
Assets - Investments				
Mutual funds:				
Equity - Emerging markets	\$ 2,902	\$ -	\$ -	\$ 2,902
Equity - International	7,092	-	-	7,092
Equity - U.S. large cap	14,754	-	-	14,754
Equity - U.S. small cap	3,276	-	-	3,276
Fixed - High-yield bonds	1,759	-	-	1,759
Fixed - U.S. intermediate bonds	17,179	-	-	17,179
Fixed - U.S. short-term bonds	6,364	-	-	6,364
Fixed - Nontraditional bonds	5,713	-	-	5,713
U.S. real estate	4,370	-	-	4,370
Total assets	\$ 63,409	\$ -	\$ -	\$ 63,409
Liabilities - Interest rate swap				
	\$ -	\$ (14)	\$ -	\$ (14)

Assets Measured at Fair Value on a Recurring Basis at March 31, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2025
Assets - Investments				
Mutual funds:				
Equity - Emerging markets	\$ 2,792	\$ -	\$ -	\$ 2,792
Equity - International	6,196	-	-	6,196
Equity - U.S. large cap	13,376	-	-	13,376
Equity - U.S. small cap	2,666	-	-	2,666
Fixed - High-yield bonds	1,420	-	-	1,420
Fixed - U.S. intermediate bonds	22,035	-	-	22,035
Fixed - U.S. short-term bonds	6,207	-	-	6,207
U.S. real estate	4,225	-	-	4,225
Total mutual funds	58,917	-	-	58,917
Interest rate swap	-	31	-	31
Total assets	\$ 58,917	\$ 31	\$ -	\$ 58,948

Not included in the table above is \$41,768 and \$49,530 of cash and cash equivalents in brokerage accounts as of March 31, 2026 and 2025, respectively.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 5 - Fair Value Measurements (Continued)

Level 1 inputs - Estimated fair values for the Society's publicly traded mutual funds were based on quoted market prices.

Level 2 inputs - The interest rate swap was not traded on an exchange. The fair value was based on a variety of observable inputs, including contract terms, interest rate curves, yield curves, measures of volatility, and correlations of such inputs. The Society's interest rate swap is classified as Level 2 in the fair value hierarchy and included in other assets on the statement of financial position.

There were no Level 3 investments as of March 31, 2026 and 2025.

Note 6 - Park Improvements and Equipment

Park improvements and equipment are summarized as of March 31, 2026 and 2025 as follows:

	2026	2025
Park improvements	\$ 372,346	\$ 292,781
Equipment	12,049	11,825
Construction in progress	1,782	64,868
Total cost	386,177	369,474
Less accumulated depreciation	205,009	195,936
Net property and equipment	<u>\$ 181,168</u>	<u>\$ 173,538</u>

Depreciation expense for 2026 and 2025 was \$10,137 and \$8,968, respectively.

Construction in progress as of March 31, 2025 consists of expenditures associated with the construction and renovation of the Tropical Forest, which was placed in service during the year ended March 31, 2026.

Note 7 - Line of Credit

During the years ended March 31, 2026 and 2025, the Society had an available \$10,000 line of credit demand note that is effective through October 16, 2026. The Society has the option to select a prime-based interest rate with a floor of 2 percent or the Secured Overnight Financing Rate (SOFR) plus 1.5 percent, with a floor of 1.5 percent. Any borrowings are secured against the assets of the Society. There were no borrowings outstanding on this line of credit at any time during 2026 and 2025. The Society intends to extend or renew the line of credit.

Note 8 - Revenue Bonds

Revenue bonds outstanding as of March 31, 2026 and 2025 are as follows:

	2026	2025
Village of Brookfield, Illinois - Series 2008	\$ 28,920	\$ 28,920
Less debt issuance costs - Net of accumulated amortization	(89)	(96)
Total	<u>\$ 28,831</u>	<u>\$ 28,824</u>

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 8 - Revenue Bonds (Continued)

In June 2008, the Village of Brookfield, Illinois issued \$39,850 of Revenue Bonds, The Chicago Zoological Society Series 2008 (the "Series 2008 Bonds"). These bonds are subject to a loan agreement between the Society and the Village of Brookfield, Illinois, which assigned its interest to The Bank of New York Trust Company, as trustee. The Series 2008 Bonds mature on June 1, 2038, at which point the principal balance is due in full. The Series 2008 Bonds bear interest at a variable rate based on weekly remarketing and have adjustable methods of demand features, purchase features, redemption provisions, rate determination dates, rate change dates, and interest payment dates.

Expenses of \$297 incurred in connection with the Series 2008 Bonds offerings were deferred and are being amortized on a straight-line basis over the period the bonds are to be outstanding. The debt issuance costs are reported net of the revenue bonds payable on the statement of financial position. The Series 2008 Bonds are secured by a letter of credit that is effective through October 31, 2027. In the event the agent is unable to remarket the bonds, the bonds become a demand note under an irrevocable letter of credit issued by The Northern Trust Company. Should the irrevocable letter of credit not be renewed, an alternative credit facility must be obtained, or the bonds require repayment in 12 equal quarterly installments.

On October 29, 2025, the Society entered into a 1-year interest rate swap agreement for \$10,000 of the Series 2008 Bonds with The Northern Trust Company to exchange a variable-rate interest payment equal to the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) for a fixed-interest payment of 2.66 percent. This agreement replaces the previous 10-year interest swap agreement that matured on July 10, 2025. The SIFMA variable interest rate approximates the weekly remarketing variable rate. The swap exposes the Society to basis risk should the relationship between the weekly remarketing rate and SIFMA rate change significantly. The fair value liability for the obligation under this instrument was \$14 as of March 31, 2026, and the fair value asset for the obligation under this instrument was \$172 as of March 31, 2025. This swap agreement will mature on October 29, 2026.

The remaining \$18,920 of the Series 2008 Bonds had an effective variable interest rate of 2.57 and 3.27 percent for the years ended March 31, 2026 and 2025, respectively.

The letter of credit on the Series 2008 Bonds is subject to certain financial covenants, the most restrictive of which is a restriction concerning unrestricted cash and investments as a percentage of total committed debt.

Total interest expense under this agreement is \$734 and \$820 for the years ended March 31, 2026 and 2025, respectively.

The following table represents the amounts and the locations of the amounts relating to the Society's interest rate swap included in the Society's financial statements as of and for the years ended March 31, 2026 and 2025:

	2026	2025
Statement of financial position information* - Interest rate swap	\$ (14)	\$ 31
Statement of activities information**:		
Change in the fair value of interest rate swap agreements	(45)	(141)
Interest expense	11	123
Total loss on interest rate swap	<u>\$ (34)</u>	<u>\$ (18)</u>

*Included in other liabilities (as of March 31, 2026) and other assets (as of March 31, 2025) on the statement of financial position

**Both interest expense and the change in the fair value of the interest rate swap are classified in the statement of activities and recorded in the animal health, welfare, care, and programs expense line.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 9 - Long-term Debt

On December 8, 2023, the Society entered into a construction and term loan agreement with Wintrust Bank NA (Wintrust Bank), The Northern Trust Company (Northern Trust), and First Secure Bank and Trust Company (First Secure Bank) to fund the costs associated with the construction of the Tropical Forest exhibit. The maximum aggregate principal amount allowed under the co-lender agreement is \$60,000. The maximum amount to be drawn from each bank is \$40,000 from Wintrust Bank NA and \$10,000 each from The Northern Trust Company and First Secure Bank.

As of March 31, 2026 and 2025, the amount outstanding under the loan agreement was \$45,811 and \$35,084, respectively. No principal payments were due on the loans prior to the conversion date (July 2025). Following conversion, the loans require periodic mandatory principal repayments through March 2029 to reduce the outstanding balance to specified levels. Beginning in April 2029, the remaining outstanding balance is repaid in monthly installments based on a 30-year amortization schedule, with a final maturity and balloon payment in December 2033. The following table reflects the loan payable amounts held by the Society at March 31 for each financial institution:

	2026	2025
Wintrust Bank NA	\$ 30,537	\$ 23,386
The Northern Trust Company	7,637	5,849
First Secure Bank and Trust Company	7,637	5,849
Total	<u>\$ 45,811</u>	<u>\$ 35,084</u>

The balance of the above debt matures as follows:

Years Ending	Amount
2027	\$ -
2028	1,811
2029	9,000
2030	1,527
2031	1,527
Unamortized debt discount	-
Thereafter	<u>31,946</u>
Total	<u>\$ 45,811</u>

Monthly interest is due on the outstanding principal balance and is calculated using the term Secured Overnight Financing Rate plus applicable margin of 1.25 percent. Effective interest rate as of March 31, 2026 and 2025 was 4.92 and 6.59 percent, respectively. Interest incurred under these loan agreements amounted to \$2,647 and \$1,690 for the years ended March 31, 2026 and 2025, respectively, of which \$811 and \$1,690 was capitalized as of March 31, 2026 and 2025, respectively, under the construction project disclosed in Note 6.

Under the agreement with Wintrust Bank, the Society is subject to certain financial covenants, including maintaining a debt service coverage ratio of at least 0.95 to 1 and a minimum deposit amount of \$12,000 with the bank. Under the agreements with Northern Trust and First Secure Bank, the Society is subject to maintaining a debt service coverage ratio of at least 0.95 to 1. As of March 31, 2026, the Society was in compliance with all financial covenants.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 10 - Net Assets

The Society's governing board has designated, from net assets without donor restrictions, net assets for the following purposes as of March 31, 2026 and 2025:

	2026	2025
Board-designated net assets:		
Programs and capital improvements	\$ 39,395	\$ 15,315
Quasi endowment	6,737	6,117
Other	13,017	12,986
Investment in property, plant, and equipment - Net of related debt	106,525	109,630
Total board-designated net assets	<u>\$ 165,674</u>	<u>\$ 144,048</u>

Net assets with donor restrictions are restricted for the following purposes or periods as of March 31, 2026 and 2025:

	2026	2025
Subject to expenditures for a specified purpose:		
Animal health, welfare, care, and programs	\$ 1,349	\$ 1,109
Education and community engagement	327	1,195
Capital improvements	33,568	45,819
Other	26	73
Total	<u>35,270</u>	<u>48,196</u>
Subject to the passage of time - Promises to give that are not restricted by donors but that are unavailable for expenditure until due	675	757
Subject to the Society's spending policy, appropriation, and satisfaction of purpose restriction, if applicable, the income of which is available to support:		
General operating expenditures	1,065	1,066
Animal health, welfare, care, and programs	13,549	12,321
Education and community engagement	7,531	6,922
Capital improvements	181	160
Other	858	780
Total	<u>23,184</u>	<u>21,249</u>
Total net assets with donor restrictions	<u>\$ 59,129</u>	<u>\$ 70,202</u>

Note 11 - Net Assets Released from Restrictions

Net assets were released from donor restrictions during the years ended March 31, 2026 and 2025 by passage of time or incurring expenses satisfying the following restricted purposes:

	2026	2025
Animal health, welfare, care, and programs	\$ 1,452	\$ 1,502
Education and community engagement	21,316	1,158
Capital improvements	1,444	2,442
Time restricted	13	100
Other	225	121
Total	<u>\$ 24,450</u>	<u>\$ 5,323</u>

March 31, 2026 and 2025
(In Thousands)

Note 12 - Donor-restricted and Board-designated Endowments

The Society's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Society is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Society has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Society has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Society and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policies of the Society

Endowment Net Asset Composition by Type of Fund as of March 31, 2026			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,737	\$ -	\$ 6,737
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	10,800	10,800
Original gift of term endowment	-	793	793
Accumulated investment gains	-	11,591	11,591
Total donor-restricted endowment funds	-	23,184	23,184
Total	\$ 6,737	\$ 23,184	\$ 29,921

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2026			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 6,117	\$ 21,249	\$ 27,366
Investment return - Net	822	2,800	3,622
Appropriation of endowment assets for expenditure	(202)	(865)	(1,067)
Endowment net assets - End of year	<u>\$ 6,737</u>	<u>\$ 23,184</u>	<u>\$ 29,921</u>
Endowment Net Asset Composition by Type of Fund as of March 31, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,117	\$ -	\$ 6,117
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	10,803	10,803
Original gift of term endowment	-	793	793
Accumulated investment gains	-	9,653	9,653
Total donor-restricted endowment funds	-	21,249	21,249
Total	<u>\$ 6,117</u>	<u>\$ 21,249</u>	<u>\$ 27,366</u>
Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 6,061	\$ 20,294	\$ 26,355
Investment return - Net	333	1,106	1,439
Contributions	-	500	500
Appropriation of endowment assets for expenditure	(277)	(651)	(928)
Endowment net assets - End of year	<u>\$ 6,117</u>	<u>\$ 21,249</u>	<u>\$ 27,366</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Society to retain a fund of perpetual duration. As of March 31, 2026 and 2025, there were no funds with deficiencies.

March 31, 2026 and 2025
(In Thousands)

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period and board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the respective benchmarks for the different asset classes provided for in the Society's investment policy. These asset classes include domestic and international equities, high-grade corporate and government bonds, and cash equivalents but specifically exclude any direct investment in real estate and commodities (i.e., gold). Any investments in hedge funds or derivatives require separate approval by the board of trustees. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually, net of management fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the prior 12 quarters though the calendar year end two years preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of 2 percent annually. The Society has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. For the fiscal years ended March 31, 2026 and 2025, the Society had appropriated \$1,607 and \$928, respectively.

Note 13 - Retiree Medical Benefits

The Society has a postretirement medical and dental plan available to all nonunion employees hired prior to January 1, 2016 at age 62 with 10 or more years of service. As of April 2, 2012, all active union participants are eligible at age 62 with 15 or more years of service and are covered under a union health plan for a 3-year period commencing at age 62 and ending at age 65.

U.S. GAAP requires the Society to recognize the funded status of its postretirement benefit plan as a liability in the statement of financial position, with an offsetting amount in the statement of activities, and to recognize changes in that funded status in the year in which changes occur through the change in net assets. Additionally, U.S. GAAP requires the Society to measure the funded status of the plan.

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 13 - Retiree Medical Benefits (Continued)

The following tables provide information about the Society's postretirement medical and dental benefit plan as of March 31, 2026 and 2025:

Obligations and Funded Status

	2026	2025
Change in benefit obligation:		
Benefit obligation at beginning of period	\$ 949	\$ 996
Service cost	38	36
Interest cost	46	47
Actuarial loss (gain)	39	(54)
Benefits paid	(125)	(76)
Benefit obligation at end of period	947	949
Fair value of plan assets at end of period	-	-
Funded status at end of period	<u>\$ (947)</u>	<u>\$ (949)</u>

Amounts recognized in the statement of financial position consist of the following:

	2026	2025
Accrued postretirement benefits	\$ (947)	\$ (949)

Amounts recognized in net assets (not yet recognized in net periodic benefit cost) consist of the following:

	2026	2025
Actuarial losses - Net	\$ (1,463)	\$ (1,653)
Prior service credit	(59)	(166)
Total	<u>\$ (1,522)</u>	<u>\$ (1,819)</u>

Components of net periodic benefit cost and other amounts recognized in other comprehensive income are as follows:

	2026	2025
Change in amounts not yet recognized in postretirement benefits:		
Arising	\$ 40	\$ (54)
Recognized	151	161
Prior year service credit (recognized)	107	107
Total	<u>\$ 298</u>	<u>\$ 214</u>

Weighted-average assumptions used to determine benefit obligations at March 31, 2026 and 2025 are as follows:

	2026	2025
Weighted-average assumption as of end of period (benefit obligation) - Discount rate	5.24%	5.01 %
Weighted-average assumption as of beginning of period (net benefit cost) - Discount rate	5.01%	4.95 %

Notes to Financial Statements

March 31, 2026 and 2025
(In Thousands)

Note 13 - Retiree Medical Benefits (Continued)

Assumed Health Care Cost Trend Rates at March 31, 2026 and 2025

	Other Postretirement Benefits	
	2026	2025
Health care cost trend rate assumed for next year	7.50 %	7.25 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	2038	2038

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1 percentage point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total service and interest cost for 2026	\$ 8	\$ (7)
Effect on 2026 year-end postretirement benefit obligation	73	(64)
Effect on total service and interest cost for 2025	8	(7)
Effect on 2025 year-end postretirement benefit obligation	61	(55)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for each of the fiscal years as of March 31, 2026:

Years Ending	Amount
2027	\$ 140
2028	89
2029	108
2030	116
2031	64
2032-2036	348

Note 14 - Employee Benefit Plan

The Society sponsors a defined contribution plan available to all regular employees who are 21 years of age and have completed one hour of service. Participants may contribute a portion of their compensation, which is then partially matched by the Society. Only employees who have completed one year of service and met certain minimum hours worked requirements are eligible for the company match. The Society's expense for the years ended March 31, 2026 and 2025 was approximately \$751 and \$725, respectively.

Effective January 2024, the Society adopted a nonqualified 457(f) deferred compensation plan. The Society provides a discretionary employer contribution under Internal Revenue Code Section 457(f). The amounts will be maintained on the Society's books in a designated account and will remain the sole property of the Society and be available to satisfy the claims of all general creditors of the Society. The participants have a fully vested interest in employer matching contributions.

As of March 31, 2026 and 2025, the assets of the 457(f) plan in the amount of \$377 and \$277, respectively, are recorded in investments - General Fund in the statement of financial position. As of March 31, 2026 and 2025, the liabilities of the 457(f) plan in the amount of \$377 and \$277, respectively, are recorded in other liabilities in the statement of financial position. Contributions under the 457(f) plan for the years ended March 31, 2026 and 2025 were \$60 and \$158, respectively.

March 31, 2026 and 2025
(In Thousands)

Note 15 - Sick Leave Benefits

The Society has a sick leave policy where eligible employees may accumulate sick leave days. Upon resignation, retirement, or death, employees are paid 50 percent of their accumulated sick leave days up to 120 days. Retirees age 62 or older are paid 100 percent of their accumulated sick leave days up to 120 days. Beginning on January 1, 2001, new employees continue to accumulate sick leave days according to the current schedule but are not eligible for payment of their accumulated and unused sick leave days upon resignation or retirement. This change did not affect employees hired prior to January 1, 2001. Additionally, effective in 2010, employees hired prior to January 1, 2001 who have current balances of greater than 120 days each December 31 are required to cash out their amount over 120 days, up to 10 days, 5 of which may permanently reduce their future resignation, retirement, or death payout. The actuarially determined present value of the Society's liability for accumulated sick leave was \$685 and \$788 as of March 31, 2026 and 2025, respectively, included in accrued actuarial benefit obligations on the statement of financial position. The assumed increase in salary rates was 3 percent per annum, compounded annually using a 2026 discount rate of 4.95 percent for the 2026 actuarial valuation. The assumed increase in salary rates was 3 percent per annum, compounded annually using a 2025 discount rate of 4.95 percent for the 2025 actuarial valuation.

Note 16 - Charitable Gift Annuity

Certain assets and liabilities recorded within the statement of financial position relate to charitable gift annuities. The assets related to these agreements are recorded at their fair value, and the liability is recorded at its present value based on the life expectancy of the individual donor and the Internal Revenue Service's approved discount rate applicable at the time of the agreement, which ranged from 4.5 to 8.3 percent.

The total assets and total liabilities related to this program as of March 31, 2026 were \$352 and \$132, respectively. The total assets and total liabilities related to this program as of March 31, 2025 were \$323 and \$140, respectively. Charitable gift annuity assets and liabilities are included in investments and other liabilities in the statement of financial position.

Note 17 - Beneficial Interest in Trust

In 1996, the Society was notified that it is the designated beneficiary of the interest income on a \$1,000 endowment established and maintained by the Chicago Community Trust. The Chicago Community Trust maintains variance power over this endowment, and, accordingly, the Society has not included the endowment in the accompanying financial statements.

Note 18 - Contingencies

The Society has asset retirement obligations arising from regulatory requirements to remove asbestos from its facilities when remodeling or disposing of those facilities containing asbestos. Management cannot readily estimate the cost of removing asbestos, and, in the opinion of management, the ultimate resolution of such matters will not have a material effect on the financial position of activities of the Society.

Note 19 - Related Party Transactions

Certain construction, utility, banking, legal, and investment services are provided by companies with which members of the board of trustees are affiliated. These services are approved by the board of trustees and are provided at rates consistent with the market rates for not-for-profit organizations. Additionally, the board of trustees contributed \$12,007 and \$7,888 to the Society during the 2026 and 2025 fiscal years, respectively.

A board trustee of the Society has a relationship with First Secure Bank, with which the Society entered into a debt agreement during the year ended March 31, 2024 (see Note 9).