The Lincoln Park Zoological Society

Financial Report

March 31, 2019

Contents

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Independent Auditor's Report

To the Board of Trustees
The Lincoln Park Zoological Society

We have audited the accompanying financial statements of The Lincoln Park Zoological Society (an Illinois corporation and an organized not-for-profit) (the "Society"), which comprise the statement of financial position as of March 31, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lincoln Park Zoological Society as of March 31, 2019 and 2018 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the Society adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of April 1, 2018. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

June 14, 2019

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Statement of Financial Position

March 31, 2019 and 2018

	2019	2018
Assets		
Cash	$ 8,712,718	$ 14,485,061
Investments (Note 4)	136,890,649	127,940,608
Investments - Other	10,305,305	5,250,627
Receivables:		
Pledges and grants - Net (Note 6)	19,435,387	26,747,284
Other	94,529	50,821
Inventories	145,358	445,260
Other assets	536,280	445,611
Property and equipment - Net (Note 7)	2,019,213	2,167,922
Total assets	**$ 178,139,439**	**$ 177,533,194**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 2,990,479	$ 2,295,754
Annuities payable	385,727	353,483
Accrued compensation	1,832,948	1,868,125
Deferred revenue	533,020	657,313
Accrued expenses - Other	445,782	382,013
Bonds payable - Net of issuance costs (Note 9)	70,088,500	70,017,700
Total liabilities	76,276,456	75,574,388
Net Assets		
Net assets without donor restrictions	31,287,905	31,927,415
Net assets with donor restrictions	70,575,078	70,031,391
Total net assets	101,862,983	101,958,806
Total liabilities and net assets	**$ 178,139,439**	**$ 177,533,194**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended March 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions, grants, and development	$ 9,234,394	$ 9,083,723	$ 18,318,117	$ 8,505,966	$ 13,809,696	$ 22,315,662
Visitor services	7,679,273	-	7,679,273	7,603,779	-	7,603,779
Chicago Park District subsidy	5,590,015	-	5,590,015	5,590,000	-	5,590,000
Event revenue	3,246,223	-	3,246,223	3,328,799	-	3,328,799
Membership dues and activities	1,360,950	-	1,360,950	1,367,994	-	1,367,994
Facility rental revenue	1,039,496	-	1,039,496	948,194	-	948,194
Other income	710,734	-	710,734	633,351	-	633,351
Investment income	2,306,616	1,558,621	3,865,237	6,990,744	4,773,884	11,764,628
Net assets released from restrictions	10,098,657	(10,098,657)	-	8,923,538	(8,923,538)	-
Total revenue, gains, and other support	41,266,358	543,687	41,810,045	43,892,365	9,660,042	53,552,407
Expenses						
Program services:						
Exhibits and grounds	14,289,560	-	14,289,560	9,679,499	-	9,679,499
Animal care and conservation	11,178,188	-	11,178,188	10,671,720	-	10,671,720
Learning and community engagement	4,885,789	-	4,885,789	4,794,313	-	4,794,313
Visitor and member services	5,506,588	-	5,506,588	4,738,021	-	4,738,021
Total program services	35,860,125	-	35,860,125	29,883,553	-	29,883,553
Support services:						
Administration	2,748,603	-	2,748,603	3,113,437	-	3,113,437
Fundraising and development	3,297,140	-	3,297,140	3,326,271	-	3,326,271
Total support services	6,045,743	-	6,045,743	6,439,708	-	6,439,708
Total expenses	41,905,868	-	41,905,868	36,323,261	-	36,323,261
(Decrease) Increase in Net Assets	(639,510)	543,687	(95,823)	7,569,104	9,660,042	17,229,146
Net Assets - Beginning of year	31,927,415	70,031,391	101,958,806	24,358,311	60,371,349	84,729,660
Net Assets - End of year	**$ 31,287,905**	**$ 70,575,078**	**$ 101,862,983**	**$ 31,927,415**	**$ 70,031,391**	**$ 101,958,806**

See notes to financial statements.

Statement of Functional Expenses

Year Ended March 31, 2019

	Program Services					Support Services			
	Exhibits and Grounds	Animal Care and Conservation	Learning and Community Engagement	Visitor and Member Services	Total	Administration	Fundraising and Development	Total	Total
Salaries and benefits	$ 1,996,541	$ 8,617,239	$ 3,415,232	$ 2,017,520	$ 16,046,532	$ 2,046,575	$ 2,103,012	$ 4,149,587	$ 20,196,119
Professional fees	1,379,016	583,467	600,957	400,561	2,964,001	192,654	74,333	266,987	3,230,988
Contractual services	1,678,269	7,228	85,310	844,121	2,614,928	103,218	108,566	211,784	2,826,712
Insurance	47,506	217,650	39,978	54,822	359,956	50,100	49,363	99,463	459,419
Printing, postage, and shipping	108,644	43,607	118,997	188,589	459,837	16,934	99,491	116,425	576,262
Supplies	239,807	1,046,481	273,929	757,620	2,317,837	39,934	638,583	678,517	2,996,354
Professional development and meetings	44,059	312,496	161,670	11,192	529,417	104,645	38,344	142,989	672,406
Costs of goods sold	-	-	-	849,158	849,158	-	-	-	849,158
Interest and bank fees	1,826,772	3,261	27,893	173,126	2,031,052	46,710	43,587	90,297	2,121,349
Software and equipment	348,600	253,671	120,273	84,071	806,615	65,423	110,212	175,635	982,250
Occupancy and improvements	6,489,948	8,747	26,205	7,301	6,532,201	39,773	26,305	66,078	6,598,279
Depreciation and amortization	130,398	84,341	15,345	118,507	348,591	42,637	5,344	47,981	396,572
Total functional expenses	**$ 14,289,560**	**$ 11,178,188**	**$ 4,885,789**	**$ 5,506,588**	**$ 35,860,125**	**$ 2,748,603**	**$ 3,297,140**	**$ 6,045,743**	**$ 41,905,868**

See notes to financial statements.

Statement of Functional Expenses

Year Ended March 31, 2018

	Program Services					Support Services			
	Exhibits and Grounds	Animal Care and Conservation	Learning and Community Engagement	Visitor and Member Services	Total	Administration	Fundraising and Development	Total	Total
Salaries and benefits	$ 1,980,867	$ 8,354,272	$ 3,209,766	$ 1,812,968	$ 15,357,873	$ 2,365,864	$ 2,076,949	$ 4,442,813	$ 19,800,686
Professional fees	873,339	433,378	658,588	345,713	2,311,018	208,850	77,827	286,677	2,597,695
Contractual services	1,621,987	8,013	70,090	591,520	2,291,610	107,414	104,569	211,983	2,503,593
Insurance	40,228	171,116	27,768	47,717	286,829	45,798	52,257	98,055	384,884
Printing, postage, and shipping	2,070	16,405	183,793	173,986	376,254	21,910	113,423	135,333	511,587
Supplies	196,135	1,127,171	253,618	768,868	2,345,792	57,237	675,645	732,882	3,078,674
Professional development and meetings	27,757	240,778	176,900	16,916	462,351	80,884	28,161	109,045	571,396
Cost of goods sold	-	-	-	665,618	665,618	-	-	-	665,618
Interest and bank fees	1,272,333	66	16,456	147,293	1,436,148	73,859	41,983	115,842	1,551,990
Software and equipment	55,386	238,722	143,456	71,329	508,893	62,819	108,334	171,153	680,046
Occupancy and improvements	3,524,675	3,874	41,007	6,762	3,576,318	46,811	41,357	88,168	3,664,486
Depreciation and amortization	84,722	77,925	12,871	89,331	264,849	41,991	5,766	47,757	312,606
Total functional expenses	**$ 9,679,499**	**$ 10,671,720**	**$ 4,794,313**	**$ 4,738,021**	**$ 29,883,553**	**$ 3,113,437**	**$ 3,326,271**	**$ 6,439,708**	**$ 36,323,261**

Statement of Cash Flows

Years Ended March 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (95,823)	$ 17,229,146
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Realized and unrealized gain on investments	(1,935,034)	(10,239,124)
Depreciation	325,770	294,907
Amortization of debt issuance costs	70,800	17,700
Contributions restricted for perpetual duration	(5,053,900)	(97,621)
Changes in operating assets and liabilities that provided (used) cash:		
Receivables	7,268,189	2,231,360
Inventories	299,902	213,911
Other assets	(90,669)	(34,362)
Accounts payable and accrued expenses	723,317	(120,882)
Annuity payable	32,244	(74,756)
Deferred revenue	(124,293)	(289,205)
Net cash provided by operating activities	1,420,503	9,131,074
Cash Flows from Investing Activities		
Purchase of investments	(13,461,010)	(10,862,825)
Sale of investments	6,446,003	9,651,315
Purchase of investments - Other	(5,054,678)	-
Sale of investments - Other	-	59,920
Capital expenditures	(177,061)	(581,515)
Net cash used in investing activities	(12,246,746)	(1,733,105)
Cash Flows from Financing Activities		
Proceeds from restricted contributions	5,053,900	1,197,621
Payment of commercial paper	-	(70,000,000)
Issuance of bonds	-	70,354,000
Bond issuance costs	-	(354,000)
Net cash provided by financing activities	5,053,900	1,197,621
Net (Decrease) Increase in Cash	(5,772,343)	8,595,590
Cash - Beginning of year	14,485,061	5,889,471
Cash - End of year	**$ 8,712,718**	**$ 14,485,061**
Supplemental Cash Flow Information - Cash paid for interest and related fees	$ 1,819,757	$ 1,011,635

Note 1 - Nature of Business

The Lincoln Park Zoological Society (the "Society") was formed to aid in the improvement, maintenance, and operation of Lincoln Park Zoological Gardens (the "Zoo"), located in Chicago, Illinois. The Zoo's site and buildings are owned by the Chicago Park District (the "Park District") and are occupied by the Society without charge. The Society provides funding and operational support for building, grounds, and exhibition improvements and the development and operation of educational, conservation, research, and other operating programs. In addition, the Society operates the visitor services at the Zoo.

Effective January 1, 1995, the Park District and the Society entered into a privatization agreement that gives the Society complete responsibility for the financial and operational management of the Zoo. The agreement provides for the Park District to pay an annual base subsidy of $5,590,000, subject to an adjustment every five years, beginning on January 1, 2021. During April 2019, the original agreement was amended to extend the agreement through December 31, 2049.

The agreement also transferred the rights to parking concession income to the Society. Revenue from such concessions is designated for the operation and maintenance of the Zoo's facilities and related capital expenditures.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Society have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Society are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Society.

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

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

As of April 1, 2018, the Society adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Society, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended March 31, 2018 has been restated, as follows: management and general expenses have decreased $277,781 from the amount previously reported, with a corresponding increase in program expenses of $180,291 and decrease in investment income of $97,490. Additionally, net assets of $36,311,251 and $33,720,140 previously reported as temporarily restricted net assets and permanently restricted net assets, respectively, have been combined into net assets with donor restrictions totaling $70,031,391.

Revenue and Support

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as undesignated support. Other restricted gifts are reported as net assets with donor restrictions.

Facility rental and visitor services revenue, which includes daily food and retail operations, as well as parking, net of taxes, is recognized for these activities when the service is delivered. Revenue from event revenue includes income from shows and private and special events and is recognized when services are provided.

Chicago Park District Subsidy

Revenue from the Society's allocable share of the tax levy administered by the Chicago Park District is recorded when collected.

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). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Society and recognize a tax liability if the Society has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Pledges Receivable

Pledges receivable are stated at the present value of the expected future cash flows; discounts are amortized to contribution revenue consistent with donor restrictions. An allowance for doubtful pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity. No allowance was deemed necessary at March 31, 2019 and 2018.

Note 2 - Significant Accounting Policies (Continued)

Contributed Services

The Society records various types of in-kind support, including professional services and supplies. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets; (b) require specialized skills, which are provided by individuals possessing those skills; and (c) would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

A substantial number of volunteers have made significant contributions of their time that do not meet the two criteria described above. Accordingly, the value of this donated time is not reflected in the financial statements.

Cash

The Society maintains its cash for operations in bank deposit accounts that at times may exceed federally insured limits. The Society has not experienced any losses in such accounts. The Society believes it is not exposed to any significant credit risk on cash.

Investments

The Society's investments are reported at fair value. Investment income, including net realized and unrealized gains, is reflected in the statement of activities and changes in net assets as an increase in net assets. Interest and dividend income is recorded on the accrual basis.

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 term and could materially affect the amounts reported in the statement of financial position.

Investments - Other

The balance includes nonoperating amounts in interest-bearing cash accounts at March 31, 2019 and 2018.

Board-designated Endowments

The Society maintains, within its net assets without donor restrictions, designated endowments from which the Society's board permits only distributions of earnings, which may include appreciation and income. These designations relate to the Women's Board and Auxillary Board endowments and are included in Note 11.

Inventories

Merchandise and food inventories are valued at the lower of first-in, first-out (FIFO) cost or net realizable value.

Animal Collection

In connection with the privatization agreement, ownership of the Zoo's animal collection was transferred to the Society. The Society has established a policy of not capitalizing the animal collection. No gains or losses regarding collection transactions are recognized in the financial statements. All expenses regarding collection transactions are reflected in the accompanying statement of activities and changes in net assets.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment consist of building improvements, equipment and facilities, and furniture and office equipment, which are stated at cost. Donated property is recorded at fair value when received. Depreciation is computed over the estimated useful lives of the assets, as indicated in Note 7, using the straight-line method. The Society's policy is to capitalize all purchases of property and equipment over $10,000 with an estimated useful life of three years or more. Major construction projects are expensed by the Society as a result of its agreement with the Chicago Park District.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs are charged to program services and supporting service on a direct basis when available. Additionally, the following indirect costs have been allocated between the various programs and support services based on estimates, as determined by management:

- Information Technology Services - By headcount per department
- Maintenance - By approximate square footage
- Salaries - By estimates of time and effort
- Interest - Directly assigned based on use of proceeds from related bond issuance

Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 14, 2019, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Society's year ending March 31, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Society plans to apply the standard using the modified retrospective method. Management does not expect the new standard to have a significant impact on the timing of revenue recognition. Management is evaluating the contracts in place to determine the full impact this standard will have and plans to complete this evaluation by the end of fiscal year 2020. There will be new disclosures related to revenue from contracts with customers.

Note 2 - Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Society's year ending March 31, 2020 and will be applied on a modified prospective basis. The Society does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Note 3 - Liquidity and Availability of Resources

The following reflects the Society's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2019	2018
Cash	$ 8,712,718	$ 14,485,061
Investments	136,890,649	127,940,608
Investments - Other	10,305,305	5,250,627
Pledges and grants receivable	19,435,387	26,747,284
Other receivables	94,529	50,821
Financial assets - At year end	175,438,588	174,474,401
Less those unavailable for general expenditures within one year due to:		
Long-term portion pledges receivable	15,710,023	18,121,372
Restricted by donor with purpose restrictions	13,004,568	17,514,779
Subject to appropriation and satisfaction of donor restrictions (less current year appropriation)	55,277,495	50,516,612
Investments held for board-designated endowment (less current year appropriation)	5,416,841	5,442,521
Investments held for capital improvements, debt service, and other (less current year appropriation)	73,690,067	73,240,508
Financial assets available to meet cash needs for general expenditures within one year	$ 12,339,594	$ 9,638,609

The Society's endowment funds consist of both donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general expenditure. Donor-restricted endowment funds are not available for general expenditure. The board-designated endowments totaling $5,561,841 and $5,587,521 as of March 31, 2019 and 2018, respectively, are subject to an annual spending rate of up to 4 percent for 2019 and 2018, as described in Note 11. The Society also maintains board-designated funds that are set aside for purposes of debt service and payback, capital, and general support. The Society does not intend to spend from these board-designated endowment or other board-designated funds (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation); these amounts could be made available if necessary. However, a portion of the board-designated endowments contains investments with lockup provisions that would reduce the total investments that could be made available (see Note 4 for disclosures related to investments). As part of its liquidity management plan, the Society invests in excess of daily requirements in short-term investments and money market funds.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Society's assets measured at fair value on a recurring basis at March 31, 2019 and 2018 and the valuation techniques used by the Society to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Society has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above 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.

The Society has the following recurring fair value measurements as of March 31, 2019:

	Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at March 31, 2019
Investments:					
Money market funds	$ 614,810	$ -	$ -	$ -	$ 614,810
Western Asset Intermediate Bond Fund	6,713,739	-	-	-	6,713,739
Baird Intermediate Fund	10,190,267	-	-	-	10,190,267
Templeton Foreign Small Company Fund	4,884,930	-	-	-	4,884,930
Dimensional Fund	1,308,716	-	-	-	1,308,716
Vanguard Short-term Investment Grade Fund	2,179,093	-	-	-	2,179,093
TCW Emerging Markets Local Income Fund	1,384,140	-	-	-	1,384,140
Ballie Gifford Harbor Fund	8,285,797	-	-	-	8,285,797
Small-cap mutual fund	4,998,066	-	-	-	4,998,066
International stock fund	8,205,927	-	-	-	8,205,927
Hedge funds				51,077,570	51,077,570
Bank common trust fund				37,047,594	37,047,594
Total investments	$ 48,765,485	$ -	$ -	$ 88,125,164	$ 136,890,649

Note 4 - Fair Value Measurements (Continued)

The Society has the following recurring fair value measurements as of March 31, 2018:

	Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at March 31, 2018
Investments:					
Money market funds	$ 504,196	$ -	$ -	$ -	$ 504,196
Western Asset Intermediate Bond Fund	6,454,892	-	-	-	6,454,892
Baird Intermediate Fund	5,293,198	-	-	-	5,293,198
Templeton Foreign Small Company Fund	4,350,525	-	-	-	4,350,525
Dimensional Fund	1,417,955	-	-	-	1,417,955
Vanguard Short-term Investment Grade Fund	2,101,945	-	-	-	2,101,945
TCW Emerging Markets Local Income Fund	701,810	-	-	-	701,810
Ballie Gifford Harbor Fund	8,478,143	-	-	-	8,478,143
Small-cap mutual fund	4,544,482	-	-	-	4,544,482
International stock fund	7,626,566	-	-	-	7,626,566
Hedge funds				46,380,332	46,380,332
Bank common trust funds				40,086,564	40,086,564
Total investments	$ 41,473,712	$ -	$ -	$ 86,466,896	$ 127,940,608

The Society's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period in which the circumstances that caused the transfer occurred.

During the years ended March 31, 2019 and 2018, there were no such transfers.

Investments in Entities that Calculate Net Asset Value per Share

The Society holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

Note 4 - Fair Value Measurements (Continued)

As of March 31, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	2019	2018	2019		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds:					
Equity long hedge funds (a)	$ 5,602,116	$ 5,278,395	$ -	Quarterly	30 Days
Equity long/short hedge funds (b)	19,557,176	17,878,756	-	Quarterly	15-60 Days
Directional hedge funds (c)	106,897	226,969	-	Quarterly	30 Days
Directional hedge funds (c)	4,039,996	4,422,812	-	Biennially	90 Days
Low-volatility hedge funds (d)	10,247,328	10,500,050	-	Quarterly	30-90 Days
Multistrategy macro hedge funds (e)	24,926	48,177	-	Quarterly	30 Days
Multistrategy macro hedge funds (e)	9,957,870	8,025,173	-	Annual	60-90 Days
Emerging markets equity strategy (f)	1,541,261	-	-	Monthly	3-5 Days
Bank common trust funds (g):					
Northern Trust S&P 500	30,168,456	32,884,100	-	Daily	N/A
Northern Trust All Country World	6,878,335	7,202,464	-	Daily	N/A
Total investments measured at NAV	$ 88,124,361	$ 86,466,896	$ -		

a. Long only United States equity: These managers will typically invest at least 80 percent in U.S.-domiciled equities. These managers use fundamental and quantitative analysis to find undervalued and attractive opportunities. These managers will not use leverage in their portfolios.

b. Equity long/short: These managers typically maintain portfolios with exposure between 100 percent and 160 percent net long and 30 percent and 70 percent net short. The securities held in the portfolio will vary along the market capitalization spectrum, with a bias to large-cap companies. These investment managers will invest in global equities, typically with a North American bias in the portfolio. All of these portfolios will maintain exposure to credit when attractive opportunities become available. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors.

c. Directional: The directional strategies are composed of managers with higher expected returns and portfolio risk; the strategies will be part of the capital appreciation allocation in the total portfolio. The strategies will generally have an equity bias, as many of the underlying managers have dedicated equity long/short mandates. Other hedge fund strategies in the portfolio include event-driven equities and credit, merger arbitrage, long/short corporate credit, distressed credit, structured credit, and capital structure arbitrage. The investment managers will generally use fundamental analysis to uncover attractive investment opportunities. These managers typically maintain portfolios with higher net long exposures. The managers' regional allocations will be diversified globally, with a focus in the U.S., Europe, Asia, and some select emerging markets. One hedge fund included in the directional strategies has a rolling two-year lockup. One hedge fund included in the directional strategies has a one-year lockup.

Note 4 - Fair Value Measurements (Continued)

d. Low volatility: The low-volatility strategies are composed of managers with lower expected returns and portfolio risk; the strategies will be part of the capital preservation allocation in the total portfolio. These strategies are expected to be less correlated to the broader markets and provide consistent long-term returns. The strategies will tend to have a market neutral and relative value tilt, as many of the underlying managers will seek to isolate alpha while either directly or indirectly hedging market risk. Other hedge fund strategies in the portfolio will include corporate credit, liquid distressed credit, merger arbitrage, convertible arbitrage, structured credit, and capital structure arbitrage. These managers typically maintain portfolios with lower net long exposures given the underlying strategies employed. The managers' regional allocations will be diversified globally with a focus in the U.S., Europe, Asia, and some select emerging markets.

e. Multistrategy macro: Multistrategy macro hedge funds will take long and short positions in various securities based on top-down economic or political views. The fund will allocate to both discretionary trading and systematic quantitative-based strategies. The correlations of the underlying strategies tend to be low, which has led to low volatility at the portfolio level and performance that has historically been uncorrelated to the broad market. The discretionary strategies in the portfolio include trading interest rates, currency, and sovereign credit in both developed and emerging markets, thematic fixed income, liquid distressed credit, and trade finance. The systematic strategies include trend following and statistical arbitrage. The fund's regional allocations will be diversified globally with a focus in the U.S., Europe, Asia, Australia, and some select emerging markets.

f. Emerging markets equity strategy: These managers invest primarily in equity and equity-linked securities of non-U.S. emerging market companies. These managers may also invest in companies domiciled in the U.S. and non-U.S. developed countries if a portion of their revenue is derived from emerging markets. These managers use fundamental and quantitative analysis to find undervalued and attractive investment opportunities. These managers will not use leverage in their portfolios.

g. Bank common trust funds: The bank common trust funds, which are held at The Northern Trust Company, are described below:

NTGI-QM Common Daily S&P 500 Equity Index Fund - Lending: The primary objective of this fund is to approximate the risk and return characteristics of the S&P 500 index. This index is commonly used to represent the large-cap segment of the U.S. equity market. This fund may participate in securities lending.

NTGI-QM Common Daily All Country World ex U.S. Equity Index Fund - Lending: The primary objective of this fund is to approximate the risk and return characteristics of the MSCI ACWI ex U.S. index. This index is commonly used to represent the performance of non-U.S. emerging and developed markets. This fund may participate in securities lending.

Note 5 - Investments

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

	2019	2018
Without donor restrictions:		
Interest and dividends	$ 1,233,466	$ 967,387
Realized and unrealized gains	1,172,946	6,120,847
Investment expenses	(99,796)	(97,490)
With donor restrictions:		
Interest and dividends	796,534	655,607
Realized and unrealized gains	762,087	4,118,277
Total	$ 3,865,237	$ 11,764,628

Note 6 - Pledges and Grants Receivable

Pledges and grants receivable as of March 31 are expected to be collected in the following periods:

	2019	2018
Pledges and grants receivable:		
Within one year	$ 5,341,086	$ 10,502,572
One to five years	11,610,023	13,121,372
Five to nine years	4,100,000	5,000,000
Total	21,051,109	28,623,944
Less discounts	(1,615,722)	(1,876,660)
Net pledges and grants receivable	$ 19,435,387	$ 26,747,284

Pledges and grants receivable are adjusted to present value using discounted rates between 1.04 percent and 2.89 percent.

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018	Depreciable Life - Years
Land improvements	$ 2,143,039	$ 2,143,039	3-32
Machinery and equipment	2,749,876	2,596,006	3-10
Furniture and fixtures	81,998	81,998	3-7
Total cost	4,974,913	4,821,043	
Accumulated depreciation	2,955,700	2,653,121	
Net property and equipment	$ 2,019,213	$ 2,167,922	

Depreciation expense for 2019 and 2018 was $325,770 and $294,907, respectively.

Note 8 - Commercial Paper

In connection with the Commercial Paper Revenue Notes Pooled Financing Program of the Illinois Educational Facilities Authority (the "Authority"), $23,300,000 was made available to the Society pursuant to the terms and provisions of the security agreement under a trust indenture (the "Indenture"), dated November 1, 1995, between the Authority and JPMorgan Chase & Company (JPMorgan), as trustee (the "Trustee"). In connection therewith, the Society issued a promissory note, dated November 30, 1995, with the principal amount not to exceed $20,000,000 at any one time outstanding under the security agreement. An additional $20,000,000 was made available to the Society pursuant to the terms and provisions of the amended security agreement. In connection therewith, the Society issued a promissory note for $10,000,000, dated March 2, 2002, and an additional note for $10,000,000 on December 18, 2003. An additional $30,000,000 was made available to the Society pursuant to the terms and provisions of the amended security agreement. In connection therewith, the Society issued a promissory note for $15,000,000 on November 1, 2013 and an additional note for $15,000,000 on May 5, 2015. The total principal amount of all such notes was not to exceed $70,000,000 outstanding at any one time under the agreement.

Note 8 - Commercial Paper (Continued)

The proceeds were primarily used to (a) finance, including capitalized interest, the acquisition, construction, renovation, and equipping of certain cultural facilities owned or operated by the Society; (b) pay a portion of the interest on the notes; and (c) pay certain costs related to the issuance of the notes and the borrowing by the Society.

Concurrently with the issuance of the notes, the Society entered into a letter of credit agreement (the "LOC") issued by The Northern Trust Company pursuant to the terms of the reimbursement agreement in the amount of $71,750,000. The Society was subject to certain covenants relative to, among other things, operating performance measures. The LOC secured the payment of the principal and certain interest payments until November 30, 2017, when it was subject to renegotiation. The total balance was subject to a 0.80 percent annual fee.

The interest rates on the notes were variable and determined by JPMorgan, as the remarketing agent, and were defined as tax-exempt rates equal to the lowest rates, which, in the judgment of JPMorgan, would enable the notes to be remarketed at par plus any accrued interest on the date of issuance of such notes, all in accordance with the terms of the indenture. The interest rate on the notes as of March 31, 2018 was $913,860.

In December 2017, the notes were extinguished and the outstanding principal and interest balance paid in full from the proceeds on the issuance of the bonds discussed in Note 9.

Note 9 - Bonds Payable

In December 2017, the Illinois Finance Authority (IFA) issued tax-exempt bonds in the amount of $70,354,000 (the Series 2017A and 2017B Bonds) through private placement. The proceeds from the issuance were loaned to the Society for the purpose of redeeming its commercial paper, which had been previously issued by the Illinois Educational Facilities Authority, and funding the issuance costs. The Series 2017 Bonds carry a variable interest rate based on LIBOR. The interest rate for the Series 2017A Bonds was 2.592 and 2.015 percent as of March 31, 2019 and 2018, respectively. The interest rate for the Series 2017B Bonds was 3.152 and 2.019 percent as of March 31, 2019 and 2018, respectively. Expenses incurred in connection with the Series 2017 bonds were capitalized and are being amortized on a straight-line basis over the bond terms. The bond terms are five years with an option for renewal.

The principal balances are payable as follows:

November 1, 2025	$ 9,000,000
June 1, 2027	4,935,000
November 1, 2028	6,065,000
May 1, 2032	20,000,000
November 1, 2043	30,354,000
Less bond issuance costs	(265,500)
Total	$ 70,088,500

The Society is subject to certain covenants relative to, among other things, operating performance measures.

Total interest costs incurred in 2019 and 2018 were $1,819,757 and $369,503, respectively.

Note 10 - Net Assets

Net assets with donor restrictions as of March 31 are available for the following purposes:

	2019	2018
Subject to expenditures for a specified purpose:		
Capital expenditures	$ 525,000	$ 1,853,781
Programs and operations expenditures	7,260,083	9,208,965
Endowment appropriation	18,503,455	21,248,505
Total subject to expenditures for a specified purpose	26,288,538	32,311,251
Subject to the passage of time - Time restricted	5,512,500	4,000,000
Restricted in perpetuity:		
Animal care	9,570,974	9,569,974
Conservation and science	10,128,359	5,086,712
Education	3,000,000	3,000,000
Horticulture and sculpture	3,425,080	3,425,080
General operation	12,649,627	12,638,374
Total restricted in perpetuity	38,774,040	33,720,140
Total	$ 70,575,078	$ 70,031,391

Note 11 - Donor-restricted and Board-designated Endowments

The Society's endowment consists of 22 individual funds established for a variety of purposes. Its endowment includes donor-restricted funds and funds designated by the board of trustees to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on existences or absences 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 had 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

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

- Other resources of the Society
- The investment policies of the Society

	Endowment Net Asset Composition by Type of Fund as of March 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 5,561,841	$ -	$ 5,561,841
Donor-restricted endowment funds	-	57,277,495	57,277,495
Total	$ 5,561,841	$ 57,277,495	$ 62,839,336

	Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 5,587,521	$ 52,516,612	$ 58,104,133
Investment return:			
Investment income	169,960	796,535	966,495
Net appreciation (realized and unrealized)	-	762,088	762,088
Total investment return	169,960	1,558,623	1,728,583
Contributions	-	5,053,900	5,053,900
Appropriation of endowment assets for expenditure	(195,640)	(1,851,640)	(2,047,280)
Endowment net assets - End of year	$ 5,561,841	$ 57,277,495	$ 62,839,336

	Endowment Net Asset Composition by Type of Fund as of March 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 5,587,521	$ -	$ 5,587,521
Donor-restricted endowment funds	-	52,516,612	52,516,612
Total	$ 5,587,521	$ 52,516,612	$ 58,104,133

	Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 5,238,384	$ 49,245,110	$ 54,483,494
Investment return:			
Investment income	533,622	655,606	1,189,228
Net appreciation (realized and unrealized)	-	4,118,277	4,118,277
Total investment return	533,622	4,773,883	5,307,505
Contributions	-	97,621	97,621
Appropriation of endowment assets for expenditure	(184,485)	(1,600,002)	(1,784,487)
Endowment net assets - End of year	$ 5,587,521	$ 52,516,612	$ 58,104,133

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

Underwater Endowment Funds

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 as a fund of perpetual duration. As of March 31, 2019 and 2018, there were no funds with deficiencies.

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, as well as 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 S&P 500 index while assuming a moderate level of investment risk. The Society expects its endowment funds, over time, to provide an annual real return of 5 percent, net of inflation and expenses. 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 4 percent of assets annually, based on the average market value for the trailing three fiscal years. In establishing this policy, the Society considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow an average of 5 percent annually. This is consistent with the Society's objective to provide additional real growth through new gifts and investment return. 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. During 2019 and 2018, there were no amounts appropriated for expenditure from underwater endowments.

Note 12 - Retirement Plans

The Society provides a defined contribution employee retirement program under which it makes contributions equal to 3 percent of the eligible participant's salary and also matches participant contributions up to an additional 3 percent of the participant's salary. The Society's contribution for the fiscal years ended March 31, 2019 and 2018 totaled $698,620 and $652,326, respectively.

The Society has established 457(b) and 457(f) deferred compensation plans for select employees. The Society may make contributions for the benefit of eligible employees; the Society contributed $290,019 in 2019 and $0 in 2018. Balances in the 457(b) and 457(f) plans are subject to forfeiture until age or certain other requirements are met. The assets in the plans are held in trust but remain property of the Society and are subject to the claims of the Society's general creditors. The Society's liability for benefits under this plan is limited to the balance of assets in the plan. As of March 31, 2019 and 2018, total assets of the plan were $543,446 and $484,334, respectively.

Note 13 - Other Cash Flow Information

During the years ended March 31, 2019 and 2018, pledged receivables of $2,567,796 and $2,884,205, respectively, were paid by the donation of common stock, which the Society sold as soon as was practical.