

SHEDD AQUARIUM SOCIETY
December 31, 2015 and 2014
FINANCIAL STATEMENTS

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Board of Trustees
Shedd Aquarium Society

We have audited the accompanying financial statements of Shedd Aquarium Society, which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets 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 Shedd Aquarium Society as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 12, 2016

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

STATEMENTS OF FINANCIAL POSITION

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 16,819,129 | \$ 31,409,826 |
| Accounts receivable | 1,324,947 | 2,079,375 |
| Pledges receivable | 3,006,617 | 1,582,340 |
| Prepaid expenses and other assets | 2,133,547 | 1,228,004 |
| Bond issuance costs, net of accumulated amortization (2015-\$21,355; 2014-\$669,469) | 166,846 | 270,557 |
| Building, improvements and equipment: | | |
| Building | 104,223,519 | 104,223,519 |
| Building improvements and renovations | 127,244,764 | 123,807,396 |
| Machinery and equipment | 53,587,271 | 51,647,874 |
| Construction in progress | 900,105 | 143,551 |
| | <u>285,955,659</u> | <u>279,822,340</u> |
| Less accumulated depreciation | <u>(152,516,617)</u> | <u>(140,789,484)</u> |
| | 133,439,042 | 139,032,856 |
| Investments | 224,038,800 | 210,184,310 |
| Beneficial interest in a perpetual trust | <u>1,264,182</u> | <u>1,332,576</u> |
| | <u>\$ 382,193,110</u> | <u>\$ 387,119,844</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 5,290,211 | \$ 6,266,183 |
| Deferred revenue | 915,491 | 747,050 |
| Bonds payable | 22,945,000 | 24,882,891 |
| Accrued post-retirement benefits | <u>3,995,930</u> | <u>4,100,689</u> |
| | 33,146,632 | 35,996,813 |
| Net assets: | | |
| Unrestricted | 285,731,373 | 287,942,106 |
| Temporarily restricted | 49,099,946 | 48,905,372 |
| Permanently restricted | 14,215,159 | 14,275,553 |
| | <u>349,046,478</u> | <u>351,123,031</u> |
| | <u>\$ 382,193,110</u> | <u>\$ 387,119,844</u> |

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

SHEDD AQUARIUM SOCIETY

For the Years Ended December 31, 2015 and 2014

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

| | 2015 | | | | 2014 | | | |
|--|----------------|------------------------|------------------------|----------------|----------------|------------------------|------------------------|----------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| OPERATING REVENUES | | | | | | | | |
| Admissions | \$ 34,676,820 | | | \$ 34,676,820 | \$ 33,140,667 | | | \$ 33,140,667 |
| Tax appropriations | 4,099,450 | | | 4,099,450 | 4,079,645 | | | 4,079,645 |
| Ancillary services | 4,461,750 | | | 4,461,750 | 4,097,451 | | | 4,097,451 |
| Memberships and contributions | 11,403,744 | 3,811,966 | 8,000 | 15,223,710 | 9,849,217 | 1,071,947 | | 10,921,164 |
| Write off of pledges receivable | - | | | - | | (870,500) | | (870,500) |
| Educational programs and trips | 1,396,455 | | | 1,396,455 | 1,355,876 | | | 1,355,876 |
| Fundraising events | 1,204,038 | | | 1,204,038 | 1,131,051 | | | 1,131,051 |
| Net assets released from restrictions: | | | | | | | | |
| Satisfaction of restrictions | 1,362,756 | (1,362,756) | | - | 5,533,062 | (5,533,062) | | - |
| Miscellaneous | 151,064 | | | 151,064 | 90,199 | | | 90,199 |
| Total operating revenues | 58,756,077 | 2,449,210 | 8,000 | 61,213,287 | 59,277,168 | (5,331,615) | - | 53,945,553 |
| OPERATING EXPENSES | | | | | | | | |
| Conservation education | 23,802,434 | | | 23,802,434 | 23,535,164 | | | 23,535,164 |
| Animal care | 11,352,706 | | | 11,352,706 | 11,577,501 | | | 11,577,501 |
| Conservation science and research | 2,278,926 | | | 2,278,926 | 2,220,156 | | | 2,220,156 |
| Guest services | 5,439,639 | | | 5,439,639 | 4,778,573 | | | 4,778,573 |
| Ancillary services | 1,714,131 | | | 1,714,131 | 1,761,981 | | | 1,761,981 |
| Development and membership | 3,386,299 | | | 3,386,299 | 3,155,642 | | | 3,155,642 |
| Fundraising events | 643,650 | | | 643,650 | 684,478 | | | 684,478 |
| Management and general | 8,839,525 | | | 8,839,525 | 8,961,858 | | | 8,961,858 |
| Total operating expenses | 57,457,310 | - | - | 57,457,310 | 56,675,353 | - | - | 56,675,353 |
| Net revenue (loss) from operations | 1,298,767 | 2,449,210 | 8,000 | 3,755,977 | 2,601,815 | (5,331,615) | - | (2,729,800) |
| NON-OPERATING ITEMS | | | | | | | | |
| Interest and dividends | 434,758 | 206,751 | | 641,509 | 1,250,099 | 821,075 | | 2,071,174 |
| Net realized (losses) gains on sales of investments | (444,697) | (206,007) | (68,394) | (719,098) | 18,039,189 | 7,143,947 | 41,655 | 25,224,791 |
| Unrealized losses on investments | (4,654,883) | (1,814,872) | | (6,469,755) | (16,818,721) | (6,700,315) | | (23,519,036) |
| Appropriations and transfers | 440,508 | (440,508) | | - | 354,008 | (354,008) | | - |
| Actuarial gain (loss) related to retirees medical plan | 253,000 | | | 253,000 | (503,000) | | | (503,000) |
| Support for capital projects | 201,381 | | | 201,381 | 1,949,946 | | | 1,949,946 |
| Gain on extinguishment of debt | 260,433 | | | 260,433 | - | | | - |
| Loss on disposal of certain assets | - | | | - | (212,811) | | | (212,811) |
| Total non-operating items | (3,509,500) | (2,254,636) | (68,394) | (5,832,530) | 4,058,710 | 910,699 | 41,655 | 5,011,064 |
| CHANGE IN NET ASSETS | (2,210,733) | 194,574 | (60,394) | (2,076,553) | 6,660,525 | (4,420,916) | 41,655 | 2,281,264 |
| NET ASSETS AT BEGINNING OF THE YEAR | 287,942,106 | 48,905,372 | 14,275,553 | 351,123,031 | 281,281,581 | 53,326,288 | 14,233,898 | 348,841,767 |
| NET ASSETS AT END OF THE YEAR | \$ 285,731,373 | \$ 49,099,946 | \$ 14,215,159 | \$ 349,046,478 | \$ 287,942,106 | \$ 48,905,372 | \$ 14,275,553 | \$ 351,123,031 |

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

SHEDD AQUARIUM SOCIETY

For the Years Ended December 31, 2015 and 2014

STATEMENTS OF CASH FLOWS

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (2,076,553) | \$ 2,281,264 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,468,976 | 12,806,143 |
| Gain on extinguishment of debt | (260,433) | - |
| Loss on disposal of certain assets | - | 212,811 |
| Write off of pledges receivable | - | 870,500 |
| Permanently restricted contributions | (8,000) | - |
| Interest and dividends on investments | (641,509) | (2,071,174) |
| Net realized and unrealized losses (gains) on investments | 7,188,853 | (1,705,755) |
| Decrease (increase) in beneficial interest in a perpetual trust | 68,394 | (41,655) |
| (Decrease) increase in accrued post-retirement benefit expense | (104,759) | 794,498 |
| Decrease (increase) in accounts receivable | 754,428 | (599,865) |
| (Increase) decrease in pledges receivable | (1,424,277) | 4,837,660 |
| Increase in prepaid expenses and other assets | (1,608,822) | (261,245) |
| Decrease in accounts payable and accrued expenses | (506,670) | (483,591) |
| Increase (decrease) in deferred revenue | 168,441 | (262,671) |
| Net cash provided by operating activities | <u>14,018,069</u> | <u>16,376,920</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales and maturities of investments | 119,724,751 | 180,003,598 |
| Purchases of investments | (140,126,584) | (180,774,222) |
| Additions to building, improvements and equipment | (6,656,731) | (9,596,349) |
| Net cash used by investing activities | <u>(27,058,565)</u> | <u>(10,366,973)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of bond principal | (24,315,000) | (1,305,000) |
| Issuance of bond payable | 22,945,000 | - |
| Bond issuance costs | (188,201) | - |
| Permanently restricted contributions | 8,000 | - |
| Net cash used by financing activities | <u>(1,550,201)</u> | <u>(1,305,000)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (14,590,697) | 4,704,947 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>31,409,826</u> | <u>26,704,879</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 16,819,129</u> | <u>\$ 31,409,826</u> |
| NONCASH INVESTING ACTIVITIES | | |
| Accrued amounts for building, improvements and equipment | \$ 810,025 | \$ 1,279,494 |

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

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

The Shedd Aquarium Society (the Society) is a not-for-profit corporation established to own and operate the John G. Shedd Aquarium in the city of Chicago, Illinois. Under the terms of its organization, the Society owns the aquarium building and its contents; the building, however, is located on land owned by the Chicago Park District, which has been leased in perpetuity to the Society at no cost.

The Society is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, it is not subject to state or Federal taxes on income related to its exempt purposes. The Society is not aware of any potential risk to its tax-exempt status at this time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

Cash equivalents are highly liquid, short-term investments with maturities of 90 days or less at the time of purchase that have not been designated by the Board of Trustees or restricted by donors for long-term investment. The Society maintains its cash and cash equivalents in bank deposit accounts that exceed federally insured limits. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value and a fair value hierarchy based on the inputs used to measure fair value. This guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

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 materially affect the amounts reported in the financial statements.

Net realized gains on the sales of investments and the change in unrealized (losses) gains on investments are reflected in the Statement of Activities and Changes in Net Assets. Gains and losses from sales of securities are recognized upon disposition based on the average historical cost method. Interest and dividends for 2015 and 2014 are reported net of related expenses of \$676,964 and \$1,015,352, respectively.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Live Animal Inventory

The costs of purchasing or collecting live animals are expensed as incurred. Donated specimens are not valued and, therefore, are not reflected in the financial statements.

Pledges Receivable

Pledges receivable represent unconditional promises to give with payments due in future periods. They are reported as either temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities of the current period. Pledges receivable are recorded at the present value of future cash flows less an appropriate allowance for estimated uncollectible amounts. Amortization of the discount is recorded as additional contribution revenue.

Building, Improvements and Equipment

Building, improvements and equipment are recorded at cost and depreciated using the straight-line method based on the following estimated useful lives:

| | |
|---------------------------------------|-------------|
| Original building | 80 years |
| Building additions | 40 years |
| Building improvements and renovations | 10-40 years |
| Machinery and equipment | 3-10 years |

Beneficial Interest in a Perpetual Trust

The Society is the beneficiary of a perpetual trust held and administered by a community foundation. The assets in the perpetual trust are permanently restricted; however, interest earned by the perpetual trust is distributed to the Society annually for support of general operations. The Society's beneficial interest in the perpetual trust is recorded at fair value.

Chicago Park District Support

The Society receives support from the Chicago Park District (the CPD) based upon CPD's annual tax levy ordinance that includes a levy for museums situated on CPD land. This support is recorded by the Society when known, which is approximately 18 months after the assessment period.

Donated Goods and Services

The Society records various types of in-kind support including donated professional services, capital assets and supplies. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. In-kind support of \$337,754 and \$617,359 is reflected in the accompanying financial statements for the years ended December 31, 2015 and 2014, respectively, and is offset by like amounts included in building, improvements and equipment and expenses.

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

Functional Allocation of Expenses

The costs of providing Society programs and administration have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The Society considers all revenues and expenses to be related to operations except investment income; actuarial gains or losses on retirees medical plan; funds received in support of specific capital projects; gain on extinguishment of debt; and loss on disposal of certain assets, which are categorized as non-operating items.

Display of Net Assets by Class

The net assets of the Society are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Temporarily restricted net assets include gifts of cash, pledges, grants and other assets that are subject to donor-imposed restrictions that expire with the passage of time, payment of pledges or other specific actions to be taken by the Society. In addition, appreciation and income on certain donor-restricted endowment funds are classified as temporarily restricted net assets until authorized for spending by the Board of Trustees. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, or amounts are appropriated for spending, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. However, if a donor restriction expires in the same year that the contribution was made, such contribution is reported as unrestricted support in the Statement of Activities and Changes in Net Assets. At December 31, 2015 and 2014, effectively all temporarily restricted net assets were available for general operations on the passage of time or appropriation by the Board of Trustees for expenditure (see Note 3).

Permanently restricted net assets consist of a beneficial interest in a perpetual trust and endowment funds. Donors stipulated that the principal of these funds be invested in perpetuity and only the income be used for operations of the Society. At December 31, 2015 and 2014,

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

permanently restricted net assets were available to fund general operations (\$3,004,890 and \$3,073,284, respectively), educational programs and conservation activities (\$9,902,269), conservation activities (\$1,108,000 and \$1,100,000, respectively) and special projects (\$200,000).

All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (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 December 31, 2018. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Society has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.

Financial Instruments

The Society's financial instruments consist of cash, accounts and pledges receivable, investments, accounts payable and accrued expense, and bonds payable.

The carrying amount of bonds payable approximates their fair value as of December 31, 2015 and 2014, based on the rates currently in effect for bonds issued by similar issuers, with similar terms and average maturities. For the remaining financial instruments other than pledges receivable, the carrying value is a reasonable estimate of the fair value because of the short-term nature of the financial instruments. The fair values of the Society's pledges receivable are estimated based on the current interest rates and the period of collectability. These financial instruments would have been classified as a Level 2 input if they had been included in the fair value measurements table in Note 4.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax liabilities or benefits are recognized at the time such amounts have been incurred and are reasonably estimable. Any potential interest or penalties related to possible future tax liabilities are recorded as income tax expense. The Society believes it has no material unrecognized income tax benefits or liabilities at December 31, 2015 and 2014.

Reclassifications

For comparability, the 2014 financial statements reflect reclassifications to the statement of cash flows and expenses by natural category to conform to the financial statement presentation used in 2015.

Subsequent Events

Management has evaluated subsequent events through April 12, 2016, the date of the issuance of the Society's financial statements. No other material subsequent event has occurred since December 31, 2015 that required recognition or disclosure in these financial statements, other than as disclosed in Note 4.

3. ENDOWMENT

The Society's endowment consists of several individual funds established for a variety of purposes, including donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The Society does not consider its beneficial interest in a perpetual trust to be part of its endowment since it has no control over the assets included in that perpetual trust.

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.

The State of Illinois has enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Board of Trustees has interpreted the State of Illinois' UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor-gift instrument at the time the accumulation is added to the fund.

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

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

3. ENDOWMENT (continued)

- The duration and preservation of the fund;
- The purposes 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; and
- The investment policies of the Society.

Information regarding the endowment net assets as of December 31, 2015 and 2014 and changes in endowment net assets for the years then ended follows.

| | Endowment Net Assets as of December 31, 2015 | | | Total |
|---|--|------------------------|------------------------|-----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Donor-restricted funds | \$ - | \$ 43,721,229 | \$ 12,950,977 | \$ 56,672,206 |
| Board-designated funds | 147,064,205 | | | 147,064,205 |
| | <u>\$ 147,064,205</u> | <u>\$ 43,721,229</u> | <u>\$ 12,950,977</u> | <u>\$ 203,736,411</u> |
| | Changes in Endowment Net Assets Year Ended December 31, 2015 | | | Total |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Endowment net assets beginning of the year | \$ 150,816,070 | \$ 45,975,865 | \$ 12,942,977 | \$ 209,734,912 |
| Investment return: | | | | |
| Investment income | 588,701 | 206,751 | | 795,452 |
| Net change in fair value | (5,138,074) | (2,020,879) | | (7,158,953) |
| Total investment return | <u>(4,549,373)</u> | <u>(1,814,128)</u> | | <u>(6,363,501)</u> |
| Contributions | 357,000 | | 8,000 | 365,000 |
| Appropriation of endowment assets for expenditure | <u>440,508</u> | <u>(440,508)</u> | | <u>-</u> |
| Endowment net assets end of the year | <u>\$ 147,064,205</u> | <u>\$ 43,721,229</u> | <u>\$ 12,950,977</u> | <u>\$ 203,736,411</u> |

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

3. ENDOWMENT (continued)

| Endowment Net Assets as of December 31, 2014 | | | | |
|--|-----------------------|------------------------|------------------------|-----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted funds | \$ - | \$ 45,975,865 | \$ 12,942,977 | \$ 58,918,842 |
| Board-designated funds | 150,816,070 | | | 150,816,070 |
| | <u>\$ 150,816,070</u> | <u>\$ 45,975,865</u> | <u>\$ 12,942,977</u> | <u>\$ 209,734,912</u> |
| Changes in Endowment Net Assets Year Ended December 31, 2014 | | | | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Endowment net assets beginning of the year | \$ 147,243,449 | \$ 45,065,166 | \$ 12,942,977 | \$ 205,251,592 |
| Investment return: | | | | |
| Investment income | 2,068,933 | 821,075 | | 2,890,008 |
| Net change in fair value | <u>1,149,680</u> | <u>443,632</u> | | <u>1,593,312</u> |
| Total investment return | 3,218,613 | 1,264,707 | | 4,483,320 |
| Appropriation of endowment assets for expenditure | 420,458 | (420,458) | | - |
| Transfers | <u>(66,450)</u> | <u>66,450</u> | <u>-</u> | <u>-</u> |
| Endowment net assets end of the year | <u>\$ 150,816,070</u> | <u>\$ 45,975,865</u> | <u>\$ 12,942,977</u> | <u>\$ 209,734,912</u> |

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 UPMIFA requires the Society to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of temporarily-restricted amounts are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2015 or 2014.

The Society's overall investment objective for its endowment is the preservation of the "real" value of the portfolio after expenses, inflation and withdrawals combined with long-term growth through capital appreciation in order to support the Society in perpetuity. As a result, the Society's investment policies are designed to preserve the purchasing power of the Society's portfolio as well as balance present institutional needs with those of the future. To achieve this goal, the Society's investments are broadly diversified among asset classes. The Society expects its endowment funds, over time, to achieve a long-term compound return of approximately 5% (net of related fees) plus the rate of inflation; however, actual returns in any given year may vary from that amount.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

3. ENDOWMENT (continued)

The Society has appropriated for current year operations less than 4% of certain permanently restricted and board-designated funds' average balances over the prior twelve quarters. The amounts appropriated totaled less than \$1 million in each of 2015 and 2014. The Society believes its policy of limiting spending to no more than 4% of the funds' trailing three-year average market value will allow the endowment to grow at an average rate in excess of inflation over the long term.

4. INVESTMENTS

Investments as of December 31, 2015 and 2014 are summarized as follows:

| | 2015 | |
|--------------------------------|-----------------------|-----------------------|
| | Fair Value | Historical Cost |
| Global equities | \$ 64,043,265 | \$ 68,858,377 |
| Global fixed income | 38,803,906 | 40,671,762 |
| Absolute return | 40,926,669 | 42,296,733 |
| Real assets | 20,059,223 | 27,181,551 |
| Private capital | 23,482,193 | 16,727,475 |
| Cash and cash equivalents | 985,610 | 967,981 |
| | <u>188,300,866</u> | <u>196,703,879</u> |
| Cash | 35,727,725 | 35,727,725 |
| Accrued interest and dividends | 10,209 | 10,209 |
| | <u>\$ 224,038,800</u> | <u>\$ 232,441,813</u> |

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

| | 2014 | |
|--------------------------------|-----------------------|-----------------------|
| | Fair Value | Historical Cost |
| Global equities | \$ 105,793,704 | \$ 108,412,035 |
| Global fixed income | 25,006,511 | 25,740,868 |
| Absolute return | 34,773,682 | 34,892,808 |
| Real assets | 29,539,834 | 30,661,784 |
| Private capital | 11,662,781 | 9,276,822 |
| Cash and cash equivalents | 3,374,937 | 3,374,937 |
| | <u>210,151,449</u> | <u>212,359,254</u> |
| Accrued interest and dividends | 32,861 | 32,861 |
| | <u>\$ 210,184,310</u> | <u>\$ 212,392,115</u> |

Investments of the Society are managed by an external management firm, which is overseen by the Society's Board of Trustees. The Society diversifies its investments in both asset class and within asset classes.

Global equities include domestic and international equities, including emerging-market investments, which are invested in either publicly traded equities listed on national exchanges or in limited partnerships or commingled funds. Cash of \$35.7 million in the portfolio as of December 31, 2015 was invested in global equities as of January 1, 2016.

Global fixed income includes US treasuries, agency securities, corporate bonds, loans and notes as well as sovereign debt from other nations.

Absolute return includes hedge funds and other absolute return-oriented investments that are not necessarily hedged. The underlying investments may be publicly traded securities; however the funds have restrictions that make the investment less liquid.

Real assets investments include global energy, natural resources such as oil and gas as well as real estate. Real assets may be publicly traded or illiquid private investments. As of December 31, 2015 and 2014, unfunded commitments to this asset class totaled \$10,532,666 and \$11,990,419, respectively.

Private capital includes investments in private equity and venture capital and distressed investment funds in limited partnerships. As of December 31, 2015 and 2014, unfunded commitments to this asset class totaled \$27,984,678 and \$21,495,580, respectively.

The investment portfolio is sufficiently liquid to meet the Society's needs. As of January 1, 2016, 8.5% of the fair value of the investments was available for withdrawal in less than five

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

days; 10.4% was available for withdrawal in under three months; and 81.1% was available for withdrawal in one year or less.

At December 31, 2015 and 2014, the Society had invested \$116.6 million and \$72.3 million, respectively, through the Agility Comprehensive Solutions Offshore Fund LP and the Agility Comprehensive Solutions Fund LP (collectively, the Funds). These Funds have unlimited lives and each is organized as a “master fund” in a “master/feeder” structure. The Fund’s investments are broadly diversified by asset class and geography. Withdrawals from the fund require 90 days’ written notice. The Society’s investments through the Funds as of December 31, 2015 and 2014 are valued at fair value using the net asset value (NAV) per share as an expedient and were included in the following asset classes:

| | 2015 | |
|---------------------------|-----------------------|-----------------------|
| | Fair Value | Historical Cost |
| Global equities | \$ 40,355,296 | \$ 41,952,371 |
| Absolute return | 40,926,669 | 42,296,733 |
| Real assets | 19,684,713 | 25,968,339 |
| Private capital | 15,464,565 | 11,474,056 |
| Cash and cash equivalents | 198,573 | 198,573 |
| | <u>\$ 116,629,816</u> | <u>\$ 121,890,072</u> |
| | 2014 | |
| | Fair Value | Historical Cost |
| Global equities | \$ 4,636,827 | \$ 4,742,946 |
| Absolute return | 34,773,682 | 34,892,808 |
| Real assets | 29,001,189 | 29,490,865 |
| Private capital | 3,742,316 | 3,738,806 |
| Cash and cash equivalents | 98,626 | 98,626 |
| | <u>\$ 72,252,640</u> | <u>\$ 72,964,051</u> |

In January 2016, the Society invested an additional \$59.1 million in the Funds, which was allocated to global equities. This was comprised of the \$35.7 million cash on hand in the portfolio as of December 31, 2015 and \$23.4 million liquidated from other investments in global equities.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

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 fair value hierarchy is broken down into three levels based on the transparency of inputs, with Level 1 being given the highest priority in the hierarchy and Level 3 the lowest priority. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Inputs to the various levels of the hierarchy are as follows:

Level 1 – Observable inputs, that is, unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which the transactions for the asset and liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. These securities include investments that are traded less frequently but for which quoted prices are available and investments that are presented at fair value on the basis of other securities that are valued based on observable inputs.

Level 3 – Unobservable inputs. These assets or liabilities have little to no pricing observability as of the report date. Such securities are measured using management's best estimate of fair value, where the inputs to the determination of fair value are not observable and require significant management judgment or estimation.

As of December 31, 2015, the Society implemented new guidance that changes the required disclosures for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using the NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investment. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy below. The information for 2014 has been adjusted to conform to the new disclosure requirements.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Society's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect an investment's placement within the fair value hierarchy. The Society's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no transfers during 2015 or 2014.

The following tables present information about the Society's assets and liabilities measured at fair value on a recurring basis at December 31, 2015 and 2014, and the valuation techniques used by the Society to determine those fair values.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

| | 2015 | | | | NAV |
|--|-----------------------|----------------------|-------------|---------------------|-----------------------|
| | Fair Value | Level 1 | Level 2 | Level 3 | |
| Global equities | \$ 64,043,265 | \$ 305,441 | \$ - | \$ - | \$ 63,737,824 |
| Global fixed income | 38,803,906 | 35,111,135 | | | 3,692,771 |
| Absolute return | 40,926,669 | | | | 40,926,669 |
| Real assets | 20,059,223 | | | | 20,059,223 |
| Private capital | 23,482,193 | | | | 23,482,193 |
| Cash and cash equivalents | 985,610 | 787,037 | | | 198,573 |
| Accrued interest and dividends | 10,209 | 10,209 | | | |
| Beneficial interest in a perpetual trust | 1,264,182 | | | 1,264,182 | |
| | <u>\$ 189,575,257</u> | <u>\$ 36,213,822</u> | <u>\$ -</u> | <u>\$ 1,264,182</u> | <u>\$ 152,097,253</u> |

The above table does not include \$35,727,725 of cash in the portfolio at December 31, 2015.

| | 2014 | | | | NAV |
|--|-----------------------|----------------------|-------------|---------------------|-----------------------|
| | Fair Value | Level 1 | Level 2 | Level 3 | |
| Global equities | \$ 105,793,704 | \$ 76,899,801 | \$ - | \$ - | \$ 28,893,903 |
| Global fixed income | 25,006,511 | 15,838,268 | | | 9,168,243 |
| Absolute return | 34,773,682 | | | | 34,773,682 |
| Real assets | 29,539,834 | - | | | 29,539,834 |
| Private capital | 11,662,781 | | | | 11,662,781 |
| Cash and cash equivalents | 3,374,937 | 3,276,311 | | | 98,626 |
| Accrued interest and dividends | 32,861 | 32,861 | | | |
| Beneficial interest in a perpetual trust | 1,332,576 | | | 1,332,576 | - |
| | <u>\$ 211,516,886</u> | <u>\$ 96,047,241</u> | <u>\$ -</u> | <u>\$ 1,332,576</u> | <u>\$ 114,137,069</u> |

The Society's investments included in Level 1 are all marketable securities; their fair values were determined by readily available quoted market prices. As of December 31, 2015 and 2014, the Society had no Level 2 investments.

Investments included in Level 3 are comprised of a beneficial interest in a perpetual trust. Fair value is based on the percentage of the trust designated to the Society applied to the total fair value of the trust, which is based on quoted market prices of the underlying assets when available. Changes in the fair value of the underlying assets, as determined by the trustees that hold and manage these assets, are recognized in the statement of activities and change in net assets in the period in which they occur.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

The following tables summarize the change in value of the Society's Level 3 investments:

| | <u>2015</u> | <u>2014</u> |
|-------------------------|---------------------|---------------------|
| Beginning balance | \$ 1,332,576 | \$ 1,290,921 |
| Distributions | (49,891) | (50,310) |
| Net market value change | <u>(18,503)</u> | <u>91,965</u> |
| Ending balance | <u>\$ 1,264,182</u> | <u>\$ 1,332,576</u> |

5. PLEDGES RECEIVABLE

Various donors have made unconditional pledges of support to the Society. Pledges as of December 31, 2015, are expected to be collected as follows:

| | <u>Total</u> |
|---|---------------------|
| 2016 | \$ 1,718,352 |
| 2017-2024 | <u>1,333,500</u> |
| | 3,051,852 |
| Less discounts, at rates of 0.54 – 2.14% | <u>45,235</u> |
| | <u>\$ 3,006,617</u> |

In 2014, pledged amounts totaling \$855,000 from one donor were deemed uncollectible and written off. Total pledges written off during 2014 were \$870,500.

6. BONDS PAYABLE

Bonds payable outstanding as of December 31, 2015 and 2014 were:

| | <u>2015</u> | <u>2014</u> |
|---------------|----------------------|----------------------|
| Bonds payable | \$ 22,945,000 | \$ 24,315,000 |
| Premium | <u>-</u> | <u>567,891</u> |
| | <u>\$ 22,945,000</u> | <u>\$ 24,882,891</u> |

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

6. BONDS PAYABLE (continued)

In July 2015, the Illinois Finance Authority (IFA) issued a tax-exempt bond in the amount of \$22,945,000 (the Series 2015 Bond) through a private placement. The proceeds were loaned to the Society for the purpose of redeeming its Series 2005 Bonds, which had been issued by the IFA in 2005, carried interest rates of 4.0% to 5.25% and had maturities and mandatory redemptions through July 1, 2027. The Series 2015 Bond carries a fixed interest rate of 2.42%. Expenses incurred in connection with the Series 2015 Bond issue were deferred and are being amortized on a straight-line basis over the period the bond is to be outstanding. As a result of the Series 2005 Bond redemption, a gain on extinguishment of debt of \$260,433 was recognized.

Principal payments are as follows for the Series 2015 bonds as of December 31, 2015:

| Year | Amount |
|-------------|--------------|
| 2016 | \$ 1,440,000 |
| 2017 | 1,510,000 |
| 2018 | 1,590,000 |
| 2019 | 1,665,000 |
| 2020 | 1,750,000 |
| 2021 – 2027 | 14,990,000 |

Under the terms of the Series 2015 Bond agreement, the Society has agreed to maintain liquidity above a minimum level and debt below a designated amount.

Total interest cost incurred and paid in 2015 and 2014 was \$1,015,207 and \$1,205,630, respectively.

7. EMPLOYEE AND RETIREE BENEFITS

The Society maintains a 401(k) defined contribution plan covering all employees who are at least 21 years of age and have at least one year of service. Employees may contribute a percentage of their pre-tax compensation to the plan; the Society has agreed to match employee contributions in an amount equal to 100% of the first 3% of pre-tax contributions and 50% of the next 2% of pre-tax contributions made to the plan by each participant. In addition, the Society has agreed to contribute to the plan an amount equal to 2% of all participants' eligible compensation. Total employer contributions expensed during 2015 and 2014, respectively, were \$851,791 and \$766,301.

Employees retiring on or after attaining the age at which they may retire with full Social Security benefits who meet certain years of service requirements are eligible to continue coverage for group health insurance benefits. Eligible retirees with less than 25 years of service who choose to continue coverage are required to pay periodic premiums based on the retiree's length of service. All participants are required to pay future increases in cost of the coverage. In 2015 and 2014, retirees paid \$49,943 and \$51,313, respectively, toward this coverage. The Society funds these benefit costs on a pay-as-you-go basis; therefore, there are no plan assets. Benefit

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

7. EMPLOYEE AND RETIREE BENEFITS (continued)

payments made by the Society were \$47,738 and \$54,670 in 2015 and 2014, respectively. The Society does not anticipate that the level of benefit payments will be significant to the Society over the next ten years.

The following table sets forth the plan's post-retirement benefit obligation as of December 31:

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Accumulated post-retirement benefit obligation | | |
| Retirees | \$ 488,000 | \$ 530,000 |
| Active employees eligible to retire | 226,000 | 243,000 |
| Active employees not eligible to retire | <u>2,782,000</u> | <u>2,693,000</u> |
| Accrued post-retirement benefit cost | <u>\$ 3,496,000</u> | <u>\$ 3,466,000</u> |

Net periodic post-retirement benefit cost included the following components for the years ended December 31:

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Service costs - benefits earned during the year | \$ 212,000 | \$ 188,000 |
| Interest cost on accumulated post-retirement benefit obligation | 136,000 | 129,000 |
| Amortization of net loss | <u>3,000</u> | <u>-</u> |
| Net periodic post-retirement benefit obligation | <u>\$ 351,000</u> | <u>\$ 317,000</u> |

The assumed health care cost trend rate used in measuring the accumulated post-retirement benefit obligation at December 31, 2015 and 2014 ranged from 7.0% for 2016 to 5.0% for 2024 and beyond, and 7.25% for 2015 to 5.0% for 2024 and beyond, respectively. For 2015 and 2014, the discount rates used in determining annual expenses were 3.95% and 4.82%, respectively, and 4.32% and 3.95%, respectively, for determining disclosure liabilities.

If the health care cost trend rate assumptions were increased by 1%, the accumulated post-retirement benefit obligation as of December 31, 2015 would be increased by \$369,000. The effect of this change on the service and interest cost components of the net periodic post-retirement benefit expense for 2015 would be an increase of \$54,000. If the health care cost trend rate assumptions were decreased by 1%, the accumulated post-retirement benefit obligation as of December 31, 2015 would be decreased by \$307,000. The effect of this change on the service and interest cost components of the net periodic post-retirement benefit

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS (continued)

7. EMPLOYEE AND RETIREE BENEFITS (continued)

expense for 2015 would be a decrease of \$44,000.

The Society has established a Section 457(b) retirement income deferral plan for a select group of management or highly compensated employees that allows eligible employees to defer a percentage of their pre-tax compensation. The Society may make contributions for the benefit of eligible employees; however, no such contributions were made in 2015 or 2014. Under the terms of the plan, amounts deferred by eligible employees are always vested, while separate vesting provisions may be established for amounts related to employer contributions. The assets in the plan are held in trust but remain the property of the Society and are subject to the claims of the Society's general creditors. The Society's liability for benefits under the plan is limited to the balance of assets in the plan. As of December 31, 2015 and 2014, total assets of the plan were \$307,005 and \$449,398, respectively.

8. OPERATING EXPENSES BY NATURAL CATEGORY

Operating expenses incurred by the Society during the years ended December 31, 2015 and 2014 according to their natural categories follow.

SHEDD AQUARIUM SOCIETY

December 31, 2015 and 2014

NOTES TO FINANCIAL STATEMENTS

9. EXPENSES BY NATURAL CATEGORY (continued)

| | 2015 | | | | | | | | |
|------------------------------|-----------------------------------|------------------------|--|---------------------------|-------------------------------|---|-------------------------------|---------------------------------------|----------------------|
| | Conservation Education | Animal Care | Conservation Science and Research | Guest Services | Ancillary Services | Development and Membership | Fundraising Events | Management and General | Total |
| Salaries | \$ 5,852,731 | \$ 4,995,251 | \$ 1,099,649 | \$ 2,517,176 | \$ 79,572 | \$ 1,801,749 | \$ 6,150 | \$ 4,135,583 | \$ 20,487,861 |
| Employee benefits | 1,687,622 | 1,389,269 | 326,646 | 618,974 | 26,280 | 628,701 | 1,275 | 1,314,176 | 5,992,943 |
| Professional development | 77,851 | 54,913 | 57,295 | 13,052 | - | 13,366 | - | 82,735 | 299,212 |
| Professional fees | - | - | - | - | - | - | - | 351,406 | 351,406 |
| Outsourcing fees | 1,361,838 | 315,608 | 18,224 | 152,097 | 175,905 | 12,640 | 8,468 | 54,935 | 2,099,715 |
| Outside contractors | 22,949 | - | 2,400 | - | - | - | 2,049 | 1,399 | 28,797 |
| Contractual services | 1,224,307 | 335,544 | 194,130 | 837,545 | 42,101 | 357,115 | 143,636 | 1,245,475 | 4,379,853 |
| Printing and production | 63,451 | 3,050 | 44,845 | - | - | 55,964 | - | 5,119 | 172,429 |
| Advertising | 1,782,509 | 3,000 | - | - | - | 31,500 | - | - | 1,817,009 |
| Supplies | 766,001 | 930,473 | 93,627 | 129,762 | 5,774 | 74,260 | 91,755 | 186,516 | 2,278,168 |
| Telephone and communications | 59,953 | 22,338 | 7,734 | 7,688 | 8,380 | 19,469 | 511 | 99,610 | 225,683 |
| Postage and shipping | 10,896 | 61,523 | 2,426 | 1,014 | 248 | 127,387 | 6,423 | 16,211 | 226,128 |
| Travel and meetings | 348,701 | 63,706 | 204,070 | 16,654 | 2,853 | 130,586 | 271,621 | 149,624 | 1,187,815 |
| Repairs and maintenance | 985,298 | 216,758 | 10,834 | 80,823 | 92,933 | 6,011 | - | 135,454 | 1,528,111 |
| Occupancy | 1,114,455 | 421,736 | 23,862 | 150,161 | 182,343 | 13,710 | - | 75,548 | 1,981,815 |
| Insurance | 44,130 | 599 | 210 | - | - | - | - | 422,402 | 467,341 |
| Grants and contributions | - | - | 18,000 | - | - | - | - | 50,500 | 68,500 |
| Miscellaneous | 782,849 | 9,588 | 31,478 | 11,708 | 1,226 | 25,572 | 111,762 | 93,891 | 1,068,074 |
| Interest expense | 1,009,383 | - | - | - | - | 5,824 | - | - | 1,015,207 |
| Depreciation | 6,607,510 | 2,529,350 | 143,496 | 902,985 | 1,096,516 | 82,445 | - | 418,941 | 11,781,243 |
| Total operating expenses | <u>\$ 23,802,434</u> | <u>\$ 11,352,706</u> | <u>\$ 2,278,926</u> | <u>\$ 5,439,639</u> | <u>\$ 1,714,131</u> | <u>\$ 3,386,299</u> | <u>\$ 643,650</u> | <u>\$ 8,839,525</u> | <u>\$ 57,457,310</u> |

| | 2014 | | | | | | | | |
|------------------------------|-----------------------------------|------------------------|--|---------------------------|-------------------------------|---|-------------------------------|---------------------------------------|----------------------|
| | Conservation Education | Animal Care | Conservation Science and Research | Guest Services | Ancillary Services | Development and Membership | Fundraising Events | Management and General | Total |
| Salaries | \$ 5,305,765 | \$ 5,144,460 | \$ 947,651 | \$ 2,210,864 | \$ 89,426 | \$ 1,685,703 | \$ 7,269 | \$ 4,352,751 | \$ 19,743,889 |
| Employee benefits | 1,492,340 | 1,378,530 | 269,433 | 454,956 | 28,403 | 588,741 | 1,546 | 1,318,308 | 5,532,257 |
| Professional development | 143,680 | 39,359 | 45,627 | 12,979 | - | 10,388 | - | 75,941 | 327,974 |
| Professional fees | - | - | - | - | - | - | - | 195,925 | 195,925 |
| Outsourcing fees | 1,244,673 | 257,230 | 15,654 | 98,196 | 158,644 | 9,235 | 6,905 | 44,707 | 1,835,244 |
| Outside contractors | 39,436 | - | 1,600 | 500 | - | 1,600 | 3,075 | 740 | 46,951 |
| Contractual services | 1,464,941 | 297,370 | 168,817 | 727,822 | 42,866 | 274,425 | 142,795 | 1,156,716 | 4,275,752 |
| Printing and production | 49,746 | 117 | 115,441 | - | - | 87,108 | - | 5,437 | 257,849 |
| Advertising | 1,692,424 | - | - | - | - | - | 75 | - | 1,692,499 |
| Supplies | 959,220 | 950,529 | 122,941 | 91,394 | 6,444 | 112,232 | 75,842 | 177,371 | 2,495,973 |
| Telephone and communications | 59,131 | 28,483 | 8,778 | 8,890 | 11,313 | 14,541 | 239 | 117,721 | 249,096 |
| Postage and shipping | 7,579 | 206,457 | 4,634 | 4,883 | 448 | 113,446 | 5,155 | 13,518 | 356,120 |
| Travel and meetings | 348,059 | 77,799 | 205,539 | 20,077 | 3,337 | 121,856 | 317,520 | 157,910 | 1,252,097 |
| Repairs and maintenance | 897,117 | 196,841 | 11,661 | 76,111 | 115,530 | 7,096 | - | 191,528 | 1,495,884 |
| Occupancy | 984,262 | 372,687 | 21,071 | 132,596 | 161,015 | 12,528 | - | 68,555 | 1,752,714 |
| Insurance | 53,227 | 586 | - | - | - | - | - | 483,453 | 537,266 |
| Grants and contributions | - | - | 121,500 | - | - | - | - | 25,000 | 146,500 |
| Miscellaneous | 741,432 | 3,926 | 10,993 | 2,841 | 7,386 | 25,256 | 124,057 | 141,804 | 1,057,695 |
| Interest expense | 1,199,645 | - | - | - | - | 5,985 | - | - | 1,205,630 |
| Depreciation | 6,852,487 | 2,623,127 | 148,816 | 936,464 | 1,137,169 | 85,502 | - | 434,473 | 12,218,038 |
| Total operating expenses | <u>\$ 23,535,164</u> | <u>\$ 11,577,501</u> | <u>\$ 2,220,156</u> | <u>\$ 4,778,573</u> | <u>\$ 1,761,981</u> | <u>\$ 3,155,642</u> | <u>\$ 684,478</u> | <u>\$ 8,961,858</u> | <u>\$ 56,675,353</u> |