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# The Lincoln Park Zoological Society

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**Financial Report**  
**March 31, 2024**

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## Independent Auditor's Report

To the Board of Trustees  
The Lincoln Park Zoological Society

### Report on the Audits of the Financial Statements

#### **Opinion**

We have audited the 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, 2024 and 2023 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of March 31, 2024 and 2023 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Society and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's Responsibilities for the Audits of the Financial Statements**

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

To the Board of Trustees  
The Lincoln Park Zoological Society

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024 on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



June 11, 2024

## The Lincoln Park Zoological Society

### Statement of Financial Position

March 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash	\$ 6,413,948	\$ 2,932,084
Investments (Note 4)	213,842,238	168,106,530
Investments - Other	31,360,673	37,168,386
Receivables:		
Pledges and grants - Net (Note 6)	8,566,014	13,696,007
Other	640,052	297,690
Inventories	30,756	54,598
Other assets	510,510	405,156
Property and equipment - Net (Notes 2 and 8)	3,500,840	3,224,387
	<u>\$ 264,865,031</u>	<u>\$ 225,884,838</u>
Total assets		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,245,465	\$ 2,211,479
Annuities payable	666,056	623,545
Deferred revenue	903,571	638,399
Accrued expenses - Other	414,092	364,243
Accrued compensation	1,971,128	1,779,253
Bonds payable (Note 9)	70,354,000	70,354,000
	<u>79,554,312</u>	<u>75,970,919</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions	88,537,849	66,330,365
With donor restrictions	96,772,870	83,583,554
	<u>185,310,719</u>	<u>149,913,919</u>
Total net assets		
	<u>\$ 264,865,031</u>	<u>\$ 225,884,838</u>
Total liabilities and net assets		

## The Lincoln Park Zoological Society

# Statement of Activities and Changes in Net Assets

Years Ended March 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>						
Contributions, grants, and development	\$ 6,467,832	\$ 5,832,523	\$ 12,300,355	\$ 6,133,085	\$ 6,897,986	\$ 13,031,071
Bequests	5,924,170	4,044,627	9,968,797	5,055,060	1,159,869	6,214,929
Visitor services	16,074,126	-	16,074,126	12,350,972	-	12,350,972
Chicago Park District subsidy	5,872,522	-	5,872,522	5,862,837	-	5,862,837
Fundraising events	1,779,403	-	1,779,403	2,058,769	-	2,058,769
Membership dues and activities	1,506,453	-	1,506,453	1,511,391	-	1,511,391
Government grants	997,176	-	997,176	2,692,313	-	2,692,313
Contributed nonfinancial assets	627,291	135,700	762,991	843,356	135,700	979,056
Other income	688,604	-	688,604	678,947	-	678,947
Net assets released from restrictions	8,904,076	(8,904,076)	-	8,152,289	(8,152,289)	-
<b>Total revenue, gains, and other support</b>	<b>48,841,653</b>	<b>1,108,774</b>	<b>49,950,427</b>	<b>45,339,019</b>	<b>41,266</b>	<b>45,380,285</b>
<b>Expenses</b>						
Program services:						
Exhibits and grounds	11,553,818	-	11,553,818	11,217,700	-	11,217,700
Animal care and conservation	14,410,887	-	14,410,887	13,257,967	-	13,257,967
Learning and community engagement	5,528,581	-	5,528,581	5,114,780	-	5,114,780
Visitor and member services	6,136,195	-	6,136,195	5,547,239	-	5,547,239
<b>Total program services</b>	<b>37,629,481</b>	<b>-</b>	<b>37,629,481</b>	<b>35,137,686</b>	<b>-</b>	<b>35,137,686</b>
Support services:						
Administration	2,826,644	-	2,826,644	2,547,626	-	2,547,626
Development	3,120,034	-	3,120,034	2,932,049	-	2,932,049
Fundraising	808,335	-	808,335	920,532	-	920,532
<b>Total support services</b>	<b>6,755,013</b>	<b>-</b>	<b>6,755,013</b>	<b>6,400,207</b>	<b>-</b>	<b>6,400,207</b>
<b>Total expenses</b>	<b>44,384,494</b>	<b>-</b>	<b>44,384,494</b>	<b>41,537,893</b>	<b>-</b>	<b>41,537,893</b>
<b>Increase in Net Assets - Before investment income (loss)</b>	<b>4,457,159</b>	<b>1,108,774</b>	<b>5,565,933</b>	<b>3,801,126</b>	<b>41,266</b>	<b>3,842,392</b>
<b>Investment Income (Loss)</b>	<b>17,750,325</b>	<b>12,080,542</b>	<b>29,830,867</b>	<b>(4,748,368)</b>	<b>(3,787,414)</b>	<b>(8,535,782)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>22,207,484</b>	<b>13,189,316</b>	<b>35,396,800</b>	<b>(947,242)</b>	<b>(3,746,148)</b>	<b>(4,693,390)</b>
<b>Net Assets - Beginning of year</b>	<b>66,330,365</b>	<b>83,583,554</b>	<b>149,913,919</b>	<b>67,277,607</b>	<b>87,329,702</b>	<b>154,607,309</b>
<b>Net Assets - End of year</b>	<b>\$ 88,537,849</b>	<b>\$ 96,772,870</b>	<b>\$ 185,310,719</b>	<b>\$ 66,330,365</b>	<b>\$ 83,583,554</b>	<b>\$ 149,913,919</b>

See notes to financial statements.

Statement of Functional Expenses

Year Ended March 31, 2024

	Program Services					Support Services				Total
	Exhibits and Grounds	Animal Care and Conservation	Learning and Community Engagement	Visitor and Member Services	Total Program Services	Administration	Development	Fundraising	Total Support Services	
Salaries and benefits	\$ 2,468,401	\$ 10,856,732	\$ 3,917,040	\$ 1,951,664	\$ 19,193,837	\$ 1,924,553	\$ 2,155,898	\$ 91,690	\$ 4,172,141	\$ 23,365,978
Professional fees	148,033	843,372	456,289	242,968	1,690,662	264,077	254,185	4,747	523,009	2,213,671
Contractual services	1,861,356	160,857	232,102	1,748,599	4,002,914	159,060	69,002	12,192	240,254	4,243,168
Insurance	74,067	320,388	50,578	104,486	549,519	35,111	11,568	119	46,798	596,317
Printing, postage, and shipping	258	52,151	43,022	135,046	230,477	3,538	98,876	10,586	113,000	343,477
Supplies	315,519	1,294,710	284,882	1,050,131	2,945,242	52,419	158,570	624,017	835,006	3,780,248
Professional development and meetings	20,376	376,764	140,843	23,894	561,877	161,449	91,124	22,675	275,248	837,125
Interest and bank fees	3,635,476	12	1,176	381,961	4,018,625	2,379	47,569	26,088	76,036	4,094,661
Software and equipment	257,431	256,930	165,964	275,052	955,377	100,280	126,245	14,715	241,240	1,196,617
Occupancy and improvements	2,521,490	59,265	211,628	116,876	2,909,259	93,183	93,051	304	186,538	3,095,797
Depreciation and amortization	251,411	189,706	25,057	105,518	571,692	30,595	13,946	1,202	45,743	617,435
<b>Total functional expenses</b>	<b>\$ 11,553,818</b>	<b>\$ 14,410,887</b>	<b>\$ 5,528,581</b>	<b>\$ 6,136,195</b>	<b>\$ 37,629,481</b>	<b>\$ 2,826,644</b>	<b>\$ 3,120,034</b>	<b>\$ 808,335</b>	<b>\$ 6,755,013</b>	<b>\$ 44,384,494</b>

Statement of Functional Expenses

Year Ended March 31, 2023

	Program Services					Support Services				Total
	Exhibits and Grounds	Animal Care and Conservation	Learning and Community Engagement	Visitor and Member Services	Total Program Services	Administration	Development	Fundraising	Total Support Services	
Salaries and benefits	\$ 2,204,574	\$ 9,762,491	\$ 3,624,832	\$ 1,651,965	\$ 17,243,862	\$ 1,680,032	\$ 1,787,028	\$ 91,564	\$ 3,558,624	\$ 20,802,486
Professional fees	247,083	843,302	661,593	160,534	1,912,512	267,358	577,026	72,864	917,248	2,829,760
Contractual services	1,855,815	198,124	74,053	1,701,065	3,829,057	144,309	68,891	12,520	225,720	4,054,777
Insurance	67,322	270,518	54,359	68,332	460,531	49,458	17,148	2,114	68,720	529,251
Printing, postage, and shipping	448	65,342	16,819	152,884	235,493	6,322	66,006	13,597	85,925	321,418
Supplies	217,296	1,308,402	262,712	839,155	2,627,565	50,845	137,643	645,488	833,976	3,461,541
Professional development and meetings	15,962	339,097	164,272	22,878	542,209	138,934	50,577	30,634	220,145	762,354
Interest and bank fees	2,281,251	-	11,356	247,988	2,540,595	11,275	37,655	37,786	86,716	2,627,311
Software and equipment	114,216	225,654	136,557	214,139	690,566	87,039	98,784	12,474	198,297	888,863
Occupancy and improvements	3,988,582	81,827	79,052	383,215	4,532,676	83,078	78,800	379	162,257	4,694,933
Depreciation and amortization	225,151	163,210	29,175	105,084	522,620	28,976	12,491	1,112	42,579	565,199
<b>Total functional expenses</b>	<b>\$ 11,217,700</b>	<b>\$ 13,257,967</b>	<b>\$ 5,114,780</b>	<b>\$ 5,547,239</b>	<b>\$ 35,137,686</b>	<b>\$ 2,547,626</b>	<b>\$ 2,932,049</b>	<b>\$ 920,532</b>	<b>\$ 6,400,207</b>	<b>\$ 41,537,893</b>



Statement of Cash Flows

Years Ended March 31, 2024 and 2023

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 35,396,800	\$ (4,693,390)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Realized and unrealized (gain) loss on investments	(26,153,953)	10,877,054
Depreciation	617,435	512,099
Amortization of debt issuance costs	-	53,100
Contributions restricted for perpetual duration	(1,081,571)	(50,422)
Changes in operating assets and liabilities that provided (used) cash:		
Receivables	4,787,631	906,995
Inventories	23,842	(5,673)
Other assets	(105,354)	703,562
Accounts payable and accrued expenses	3,275,710	(6,231,135)
Annuity payable	42,511	53,710
Deferred revenue	265,172	158,472
Net cash provided by operating activities	17,068,223	2,284,372
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(34,012,043)	(7,391,630)
Sale of investments	14,430,287	9,498,353
Purchase of investments - Other	-	(16,017,715)
Sale of investments - Other	5,807,714	-
Capital expenditures	(893,888)	(1,158,309)
Net cash used in investing activities	(14,667,930)	(15,069,301)
<b>Cash Flows from Financing Activities</b>		
Proceeds from restricted contributions	1,081,571	50,422
Payments on line of credit	-	(1,264,175)
Net cash provided by (used in) financing activities	1,081,571	(1,213,753)
<b>Net Increase (Decrease) in Cash</b>	3,481,864	(13,998,682)
<b>Cash - Beginning of year</b>	2,932,084	16,930,766
<b>Cash - End of year</b>	<b>\$ 6,413,948</b>	<b>\$ 2,932,084</b>
<b>Supplemental Cash Flow Information - Cash paid for interest and related fees</b>	\$ 3,621,226	\$ 2,232,523

March 31, 2024 and 2023

### 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 and 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 for which 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, where 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.

#### ***Contribution and Bequest Revenue***

Contributions and bequests 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 resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

**March 31, 2024 and 2023**

**Note 2 - Significant Accounting Policies (Continued)**

***Government Grant Revenue***

Government grant revenue consists of cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable, qualifying expenses. Amounts received are recognized when the Society has incurred expenditures in compliance with specific contract or grant provisions. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. As of March 31, 2024 and 2023, the Society is eligible to receive and recognize \$2,864,500 and \$1,623,457, respectively, of these conditional contributions upon the occurrence of future qualifying expenses.

***Revenue Recognition for Contracts with Customers***

The Society's primary revenue streams that are applicable under contracts with customers include visitor services and event revenue. For each revenue stream, revenue recognition is subject to the completion of performance obligations.

**Visitor Services**

The Society earns revenue from transaction-based fees for daily food and retail operations and special attractions, as well as parking, net of taxes. These transaction-based fees are recognized at the point in time the transaction is executed, which is the point in time that the Society satisfies the performance obligation.

**Event Revenue**

The Society generates revenue from transaction-based ticketed events and private and special events. These ticketed fees are recognized at the point in time the transaction is executed, which is the point in time that the Society satisfies the performance obligation. Funds received in advance of the events are recorded as deferred revenue until the time of the event. In the event of cancellation, payments will be refunded. Event revenue is included in visitor services on the statement of activities and changes in net assets.

***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).

***Pledges and Grants 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, 2024 and 2023.

***Contributed Nonfinancial Assets***

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.

March 31, 2024 and 2023

**Note 2 - Significant Accounting Policies (Continued)**

A substantial number of volunteers have made significant contributions of their time that do not meet the 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.

**Investments**

The Society's investments are reported at fair value. Investment income, including net realized and unrealized losses, is reflected in the statement of activities and changes in net assets as a decrease 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, 2024 and 2023.

**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 Auxiliary Board endowments and are included in Note 12.

**Inventories**

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

**Animals in the Zoo's Care**

In connection with the privatization agreement, ownership of animals in the Zoo's care was transferred to the Society. The Society has established a policy of not capitalizing the animals in the Zoo's care. 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.

**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 program and support services based on estimates 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

**Note 2 - Significant Accounting Policies (Continued)**

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

**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. There was no donated property received in the years ended March 31, 2024 and 2023. Depreciation is computed over the estimated useful lives of the assets, as indicated in Note 8, 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.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including June 11, 2024, which is the date the financial statements were available to be issued.

**Note 3 - Liquidity and Availability of Resources**

The following reflects the Society's financial assets as of March 31, 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:

	2024	2023
Cash	\$ 6,413,948	\$ 2,932,084
Investments	213,842,238	168,106,530
Investments - Other	31,360,673	37,168,386
Pledges and grants receivable	8,566,014	13,696,007
Other receivables	640,052	297,690
Financial assets - At year end	260,822,925	222,200,697
Less those unavailable for general expenditures within one year due to:		
Long-term portion pledges receivable	5,480,000	7,337,709
Restricted by donor with time and purpose restrictions	6,336,392	6,238,631
Subject to appropriation and satisfaction of donor restrictions (less current year appropriation)	81,760,788	71,513,771
Investments held for board-designated endowment (less current year appropriation)	32,812,117	6,198,721
Investments held for capital improvements, debt service, and other (less current year appropriations)	108,204,965	107,895,065
Financial assets available to meet cash needs for general expenditures within one year	\$ 26,228,663	\$ 23,016,800

**March 31, 2024 and 2023**

**Note 3 - Liquidity and Availability of Resources (Continued)**

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 \$32,812,117 and \$6,198,721 as of March 31, 2024 and 2023, respectively, are subject to an annual spending rate of up to 4 percent for 2024 and 2023, as described in Note 12. The Society also maintains board-designated funds that are set aside for purposes of debt service and payback, capital, and general support. Total net assets designated by the board as of March 31, 2024 and 2023 total \$78,100,940 and \$46,222,288, respectively. 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.

The Society also realizes there could be unanticipated liquidity needs.

**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, 2024 and 2023 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 where 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.

March 31, 2024 and 2023

**Note 4 - Fair Value Measurements (Continued)**

The Society has the following recurring fair value measurements as of March 31, 2024:

	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, 2024
Investments:					
Money market funds	\$ 780,553	\$ -	\$ -	\$ -	\$ 780,553
Western Asset Intermediate Bond Fund	14,008,983	-	-	-	14,008,983
Baird Intermediate Fund	16,051,183	-	-	-	16,051,183
Templeton Foreign Small Company Fund	4,646,152	-	-	-	4,646,152
Ballie Gifford Harbor Fund	10,994,075	-	-	-	10,994,075
International stock fund	11,849,680	-	-	-	11,849,680
Extended market index fund	14,052,992	-	-	-	14,052,992
Hedge funds	-	-	-	54,384,075	54,384,075
Bank common trust funds	3,486	-	-	77,424,975	77,428,461
Private equity funds	-	-	-	9,646,084	9,646,084
<b>Total investments</b>	<b>\$ 72,387,104</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 141,455,134</b>	<b>\$ 213,842,238</b>

The Society has the following recurring fair value measurements as of March 31, 2023:

	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, 2023
Investments:					
Money market funds	\$ 845,699	\$ -	\$ -	\$ -	\$ 845,699
Western Asset Intermediate Bond Fund	8,723,028	-	-	-	8,723,028
Baird Intermediate Fund	10,642,290	-	-	-	10,642,290
Templeton Foreign Small Company Fund	4,318,113	-	-	-	4,318,113
Ballie Gifford Harbor Fund	10,636,597	-	-	-	10,636,597
Small-cap mutual fund	4,801,905	-	-	-	4,801,905
International stock fund	10,236,395	-	-	-	10,236,395
Hedge funds	-	-	-	54,156,108	54,156,108
Bank common trust funds	2,111	-	-	57,567,410	57,569,521
Private equity funds	-	-	-	6,176,874	6,176,874
<b>Total investments</b>	<b>\$ 50,206,138</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,900,392</b>	<b>\$ 168,106,530</b>

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, 2024 and 2023, there were no such transfers.

March 31, 2024 and 2023

**Note 4 - Fair Value Measurements (Continued)**

***Investments in Entities That Calculate Net Asset Value per Share***

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

As of March 31, 2024 and 2023 the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	2024	2023	2024		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds:					
Equity long hedge funds (a)	\$ -	\$ 6,116,138	\$ -		
Equity long/short hedge funds (b)	28,803,678	24,186,964	-	Quarterly	15-60 days
Low-volatility hedge funds (c)	13,326,494	12,358,528	-	Quarterly	30-90 days
Multistrategy macro hedge funds (d)	8,839,631	8,757,205	-	Annual	60-90 days
Emerging markets equity strategy (e)	3,414,272	2,737,273	-	Monthly	3-5 days
Bank common trust funds (f):					
Northern Trust S&P 500	67,153,343	49,387,573	-	Daily	N/A
Northern Trust All Country World	10,271,632	8,179,837	-	Daily	N/A
Private equity fund (g)	9,646,084	6,176,874	8,370,655	N/A	N/A
<b>Total investments measured at NAV</b>	<b><u>\$ 141,455,134</u></b>	<b><u>\$ 117,900,392</u></b>	<b><u>\$ 8,370,655</u></b>		

- 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) 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.



March 31, 2024 and 2023

**Note 4 - Fair Value Measurements (Continued)**

- d) 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.
- e) 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.
- f) 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.

- g) Private equity: This category includes private equity funds that invest primarily in buyout, recapitalization, and growth equity transactions. The investments typically involve direct or indirect securities of private companies doing business in the United States and Canada. These funds also include private credit and private equity real estate investments. Private credit refers to debt held by or extended to privately-held companies. The investments typically include loans directly to private companies and are not available through publicly traded markets. They generate returns for investment managers and their private debt fund investors via interest payments. Private equity real estate is an alternative asset class composed of professionally managed pooled private investments in the real estate markets. It involves the acquisition, financing, and ownership, either direct or indirect, of property or properties via the investment fund.

**Note 5 - Investment Income**

The components of investment income (loss) for the years ended March 31, 2024 and 2023 are as follows:

	2024	2023
Without donor restrictions:		
Interest and dividends	\$ 2,626,582	\$ 1,526,619
Realized and unrealized gains (losses)	15,238,316	(6,163,883)
Investment expenses	(114,573)	(111,104)
With donor restrictions:		
Interest and dividends	1,164,905	925,757
Realized and unrealized gains (losses)	10,915,637	(4,713,171)
Total	\$ 29,830,867	\$ (8,535,782)

Notes to Financial Statements

March 31, 2024 and 2023

**Note 6 - Pledges and Grants Receivable**

Pledges and grants receivable as of March 31, 2024 and 2023 are expected to be collected in the following periods:

	2024	2023
Pledges and grants receivable:		
Within one year	\$ 3,471,600	\$ 6,948,707
One to five years	5,480,000	7,337,709
Total	8,951,600	14,286,416
Less discounts	(385,586)	(590,409)
Net pledges and grants receivable	<u>\$ 8,566,014</u>	<u>\$ 13,696,007</u>

Pledges and grants receivable are adjusted to present value using discounted rates between 2.11 percent and 4.38 percent.

**Note 7 - Contributed Nonfinancial Assets**

Contributed nonfinancial assets for the years ended March 31, 2024 and 2023 were composed of the following:

	2024	2023
Utilities	\$ 627,291	\$ 843,356
Airline miles	135,700	135,700
Total	<u>\$ 762,991</u>	<u>\$ 979,056</u>

Utility expenses are covered by the Park District as an extra subsidy pursuant to the operating agreement discussed in Note 1. The fair value of the use of utilities for the years ended March 31, 2024 and 2023 was determined using the Park District's utility meters and an estimated 75 percent share of the Lincoln Park lakefront property.

Airline miles are contributed to the Society in order to subsidize business travel. The fair value of the airline miles is determined by the airline based on market prices at the time of the gift.

There were no donor-imposed restrictions associated with in-kind contributions for the years ended March 31, 2024 and 2023. None of the contributed nonfinancial assets were sold or monetized.

**Note 8 - Property and Equipment**

Property and equipment as of March 31, 2024 and 2023 are summarized as follows:

	2024	2023	Depreciable Life - Years
Land improvements	\$ 2,817,681	\$ 2,700,079	3-32
Machinery and equipment	5,849,836	5,073,549	3-10
Furniture and fixtures	81,998	81,998	3-7
Total cost	8,749,515	7,855,626	
Accumulated depreciation	5,248,675	4,631,239	
Net property and equipment	<u>\$ 3,500,840</u>	<u>\$ 3,224,387</u>	

Depreciation expense for 2024 and 2023 was \$617,435 and \$512,099, respectively.

**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. On October 29, 2019, the Society amended the financing agreement to eliminate the corporate tax multiplier in exchange for a revised variable rate. On November 29, 2022, the Society amended the financing agreement to convert the variable interest rate index to the Secured Overnight Financing Rate (SOFR). The resulting refinanced bond terms are five years with an option for renewal, and the principal balances remained unchanged. The interest rate for the Series 2017A Bonds was 5.110 and 4.582 percent as of March 31, 2024 and 2023, respectively. The interest rate for the Series 2017B Bonds was 5.202 and 4.674 percent as of March 31, 2024 and 2023, 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	<u>30,354,000</u>
Total	<u>\$ 70,354,000</u>

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

Total interest expense incurred in 2024 and 2023 was \$3,620,062 and \$2,215,059, respectively.

**Note 10 - Line of Credit**

In October 2020, the Society entered into a line of credit agreement with a bank with available borrowings of up to \$10,000,000 to fund the construction of the Lion House. Interest is payable monthly at a rate of 1.25 percent plus the one-month LIBOR. The line of credit is collateralized by Lion House campaign pledges. The line of credit agreement was terminated on June 29, 2022.

March 31, 2024 and 2023

**Note 11 - Net Assets**

Net assets with donor restrictions as of March 31, 2024 and 2023 are available for the following purposes:

	2024	2023
Subject to expenditures for a specified purpose:		
Capital expenditures	\$ 1,359,231	\$ 428,465
Programs and operations expenditures	9,296,787	7,770,586
Endowment appropriation	35,160,478	25,124,000
Total subject to expenditures for a specified purpose	45,816,496	33,323,051
Subject to the passage of time - Time restricted	50,000	435,700
Restricted in perpetuity:		
Animal care	19,496,146	19,446,027
Conservation and science	12,273,920	11,255,535
Education	3,000,000	3,000,000
Horticulture and sculpture	3,425,080	3,425,080
General operation	12,711,228	12,698,161
Total restricted in perpetuity	50,906,374	49,824,803
Total	\$ 96,772,870	\$ 83,583,554

**Note 12 - Donor-restricted and Board-designated Endowments**

The Society's endowment consists of 27 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, net assets associated with endowment funds are classified and reported based on the existence 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
- Other resources of the Society
- The investment policies of the Society

Notes to Financial Statements

March 31, 2024 and 2023

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

Endowment Net Asset Composition by Type of Fund as of March 31, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 32,812,117	\$ -	\$ 32,812,117
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	50,393,307	50,393,307
Accumulated investment gains	-	34,716,838	34,716,838
<b>Total</b>	<b>\$ 32,812,117</b>	<b>\$ 85,110,145</b>	<b>\$ 117,922,262</b>
Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 6,198,721	\$ 74,948,804	\$ 81,147,525
Investment return:			
Investment income	118,323	1,164,905	1,283,228
Net appreciation (realized and unrealized)	1,283,262	10,915,637	12,198,899
Total investment return	1,401,585	12,080,542	13,482,127
Contributions	25,474,465	1,081,571	26,556,036
Appropriation of endowment assets for expenditure	(262,654)	(3,000,772)	(3,263,426)
Endowment net assets - End of year	<u>\$ 32,812,117</u>	<u>\$ 85,110,145</u>	<u>\$ 117,922,262</u>
Endowment Net Asset Composition by Type of Fund as of March 31, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,198,721	\$ -	\$ 6,198,721
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	49,394,231	49,394,231
Accumulated investment gains	-	25,554,573	25,554,573
<b>Total</b>	<b>\$ 6,198,721</b>	<b>\$ 74,948,804</b>	<b>\$ 81,147,525</b>

March 31, 2024 and 2023

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

	Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 6,760,919	\$ 81,292,946	\$ 88,053,865
Investment return:			
Investment income	77,426	925,757	1,003,183
Net depreciation (realized and unrealized)	(394,378)	(4,713,171)	(5,107,549)
Total investment return	(316,952)	(3,787,414)	(4,104,366)
Contributions	-	50,422	50,422
Appropriation of endowment assets for expenditure	(245,246)	(2,607,150)	(2,852,396)
Endowment net assets - End of year	\$ 6,198,721	\$ 74,948,804	\$ 81,147,525

***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, 2024, there were no funds with deficiencies. As of March 31, 2023, there was one fund with deficiencies in the amount of \$546,441.

***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 2024 and 2023, there were no amounts appropriated for expenditure from underwater endowments.

**March 31, 2024 and 2023**

**Note 13 - 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, 2024 and 2023 totaled \$729,058 and \$735,085, 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 \$0 and \$20,000 in 2024 and 2023, respectively. 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, 2024 and 2023, total assets of the plan were \$792,766 and \$843,484, respectively, and are included in investments on the statement of financial position.

**Note 14 - Other Cash Flow Information**

During the years ended March 31, 2024 and 2023, pledged receivables of \$2,093,025 and \$1,615,161, respectively, were paid by the donation of common stock, which the Society sold as soon as was practical.

**Note 15 - Related Party Transactions**

The Society received \$4,252,423 and \$4,785,452 in contributions from its board in 2024 and 2023, respectively. Amounts receivable from the board were \$6,000,000 and \$7,400,000 at March 31, 2024 and 2023, respectively.