



Financial Statements and Report of Independent
Certified Public Accountants

Field Museum of Natural History

December 31, 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Field Museum of Natural History

Report on the financial statements

We have audited the accompanying financial statements of the Field Museum of Natural History (the Museum), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Museum'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 Museum's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Field Museum of Natural History as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of department expenses for the year ended December 31, 2014, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Chicago, Illinois
May 27, 2015

Field Museum of Natural History
STATEMENT OF FINANCIAL POSITION
December 31, 2014

ASSETS

Cash	\$ 614,910
Interest and dividends receivable	228,084
Accounts receivable	6,327,992
Pledges receivable, net	27,453,828
Inventories	133,101
Investments	354,996,063
Property, net	248,393,618
Other assets	10,143,965
Collections	<u>1</u>
TOTAL ASSETS	<u><u>\$ 648,291,562</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Line of credit	\$ 3,300,000
Accounts payable	2,900,944
Accrued expenses	3,472,731
Deferred revenue	10,632,141
Accrued pension cost	3,180,095
Interest rate swaps	20,230,135
Notes payable	<u>167,000,000</u>
Total liabilities	210,716,046
Net assets	
Unrestricted	244,668,013
Temporarily restricted	85,927,043
Permanently restricted	<u>106,980,460</u>
Total net assets	<u><u>437,575,516</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 648,291,562</u></u>

The accompanying notes are an integral part of this statement.

Field Museum of Natural History
STATEMENT OF ACTIVITIES
Year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenue and other support				
Operating revenues				
Chicago Park District property tax remittances	\$ 5,690,148	\$ -	\$ -	\$ 5,690,148
Government grants	2,390,588	-	-	2,390,588
Private grants and contracts	1,871,547	-	-	1,871,547
Investment return	11,614,502	3,212,498	-	14,827,000
Contributions	8,150,809	5,203,501	-	13,354,310
Sponsorships	1,162,901	-	-	1,162,901
Memberships	2,806,972	-	-	2,806,972
Admissions	12,370,162	-	-	12,370,162
Program service fees	3,193,833	-	-	3,193,833
Business enterprises	8,331,251	-	-	8,331,251
Other	491,974	-	-	491,974
Total operating revenues	58,074,687	8,415,999	-	66,490,686
Net assets released from restrictions for operations	6,800,002	(6,800,002)	-	-
Total revenue and other support	64,874,689	1,615,997	-	66,490,686
Operating expenses				
Science and education	17,431,377	-	-	17,431,377
Public programs	6,568,625	-	-	6,568,625
Business enterprises	3,313,080	-	-	3,313,080
Museum outreach	6,081,411	-	-	6,081,411
Museum services	8,641,494	-	-	8,641,494
General and administrative	5,743,931	-	-	5,743,931
Institutional advancement	3,023,401	-	-	3,023,401
Debt service	7,658,830	-	-	7,658,830
Total operating expenses	58,462,149	-	-	58,462,149
Change in net assets resulting from operating revenues and expenses	6,412,540	1,615,997	-	8,028,537
Non-operating items				
Investment return	302,450	1,308,946	-	1,611,396
Government grants for capital improvements	583,205	-	-	583,205
Private grants and contracts for capital improvements	2,887,461	-	-	2,887,461
Campaign contributions and major gifts	511,380	2,002,969	21,160,905	23,675,254
Unrealized loss on interest rate swaps	(6,919,743)	-	-	(6,919,743)
Depreciation	(12,437,118)	-	-	(12,437,118)
Gain on extinguishment of asset retirement obligation	8,865,740	-	-	8,865,740
Other revenue	896,484	-	-	896,484
Net assets released from restrictions for				
Capital improvements	1,758,806	(1,758,806)	-	-
Capital campaign	20,000	(20,000)	-	-
Pension-related changes other than net periodic pension cost	(537,600)	-	-	(537,600)
Total non-operating items	(4,068,935)	1,533,109	21,160,905	18,625,079
CHANGES IN NET ASSETS	2,343,605	3,149,106	21,160,905	26,653,616
Net assets at beginning of year	242,324,408	82,777,937	85,819,555	410,921,900
Net assets at end of year	<u>\$ 244,668,013</u>	<u>\$ 85,927,043</u>	<u>\$ 106,980,460</u>	<u>\$ 437,575,516</u>

The accompanying notes are an integral part of this statement.

Field Museum of Natural History
STATEMENT OF CASH FLOWS
Year ended December 31, 2014

Cash flows from operating activities	
Changes in net assets	\$ 26,653,616
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation	12,437,118
Gain on extinguishment of asset retirement obligation	(8,865,740)
Net realized/unrealized appreciation on investments	(13,643,706)
Change in fair value of interest rate swap liabilities	6,919,743
Loss on disposal of Museum property	8,429
Contributions permanently restricted for endowment	(21,160,905)
Changes in operating assets and liabilities	
Interest and dividends receivable	5,145
Accounts receivable	(2,570,413)
Pledges receivable	(2,520,221)
Museum inventories	(6,490)
Other assets	(928,302)
Accounts payable	(1,063,546)
Accrued expenses	(871,761)
Deferred revenue	(112,127)
Accrued pension cost	(1,447,066)
	<u>(7,166,226)</u>
Net cash used in operating activities	(7,166,226)
Cash flows from investing activities	
Purchases of investments	(49,694,967)
Proceeds from sales of investments	61,268,993
Purchases of Museum property	(8,467,211)
	<u>3,106,815</u>
Net cash provided by investing activities	3,106,815
Cash flows from financing activities	
Contributions permanently restricted for endowment	5,025,420
Borrowings under line of credit	7,100,000
Repayment of line-of-credit borrowings	(8,200,000)
	<u>3,925,420</u>
Net cash provided by financing activities	3,925,420
NET CHANGE IN CASH	(133,991)
Cash, beginning of year	<u>748,901</u>
Cash, end of year	<u><u>\$ 614,910</u></u>
Supplemental disclosures of cash flow information	
Interest paid	\$ 6,696,769
Income taxes paid	230,799
Accounts payable for construction in progress	384,239

The accompanying notes are an integral part of this statement.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - BASIS OF PRESENTATION

The Field Museum of Natural History (the Museum) is a private institution providing collection-based research, science action, exhibits and public education. The Museum focuses on diversity in the world's physical environments and cultures. The Museum's collections amount to more than 25 million natural objects and man-made artifacts spanning the Museum's four disciplines — Anthropology, Botany, Geology and Zoology.

The financial statements of the Museum have been prepared on the accrual basis of accounting. To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of fund accounting. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into net asset categories. Accordingly, all financial transactions have been recorded by fund and reported by category.

The Museum classifies all business operations as revenues and expenses in the statement of activities, except non-operating items. Operating expenses are classified by administrative areas that reflect Museum operations. Non-operating items include government and private grants for capital improvement reimbursements, the excess of investment earnings under the total return concept (see Note 2), campaign and major gift activity, depreciation, the change in fair value of interest rate swaps, gains on extinguishment of assets, other revenue, and pension-related changes other than net periodic pension cost, as these funds are not available for operating purposes. For purposes of functional expenses, the Museum considers depreciation to be program costs, except for the 2% that is allocated as support services.

Net assets released from restrictions pledged to the capital campaign and for capital improvements, as well as net assets with a change in donor designation, are classified as non-operating items.

Net Assets - Unrestricted net assets include the current operating, management designated, unrestricted long-term investment and property accounts. The current operating accounts consist of revenues available for support of Museum operations and the related expenses, along with related assets and liabilities. The management-designated accounts include assets that have been designated by the Board of Trustees (the Board) or Museum administration for special projects and the changes in net assets related thereto. Unrestricted long-term investment accounts include assets that have been designated by the Board to function as endowments and the related changes in net assets. Property accounts include (a) the building, building improvements, equipment and exhibits, as well as the depreciation thereto, (b) accounts pertaining to Chicago Park District capital improvement reimbursements and (c) accounts related to the Museum's notes payable to the Illinois Finance Authority (see Note 7).

Temporarily restricted net assets consist of contributions and investment income that have been restricted by donors for specified purposes or the existence of time restrictions on gifts. When restrictions have been met, such net assets are reported as net assets released from restrictions. Temporarily restricted net assets are principally restricted for programs and time (see Note 13).

Permanently restricted net assets include assets whose use by the Museum is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Museum. The earnings of permanently restricted net assets are principally restricted for programs and operational support.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash - Cash reflects currency and deposits in checking accounts with a financial institution that may be deposited or withdrawn without restriction or penalty. The Museum maintains cash accounts in excess of the Federal Deposit Insurance Corporation limits. The Museum believes it is not exposed to significant credit risk on cash.

Inventories - Inventories related to the Museum's special event activities are stated at the lower of average cost or market.

Investments - Investments are reported at fair value. Equity securities with readily determinable fair values and debt securities are valued at the last sales price (if quotations are readily available) or at the closing bid price in the principal market in which such securities are normally traded (if no sales price is available). Certain fixed-income securities funds are valued based on dealer-supplied valuations. The investment in limited partnerships is stated at fair value based on the Museum's share of either the appraised value of the partnerships or the value of its capital ownership percentage as of the date of the gift. The fair value would be adjusted, as appropriate, if information becomes available suggesting an alternate estimated fair value. The Museum has one limited partnership investment that is reported at cost using its appraised value as of the gift date. The Museum does not have significant influence over this limited partnership and is unable to determine its fair value. The Museum does not believe this investment is impaired and receives annual dividends from this investment, which is included in the investment return.

The estimated fair values of investments that do not have readily determinable fair values are based on either the net asset value (NAV) per share, or its equivalent such as percentage of capital, or on estimates provided by external investment managers as of the reporting date. These fair values are examined through a valuation review process performed by management. A range of possible values exists for these securities and, therefore, the estimated values may differ from the values that would have been used had a ready market for these securities existed (see Note 3).

Investment Income - The Museum utilizes the total return concept for operations to allocate investment income earned on permanently restricted, temporarily restricted and unrestricted long-term investments. The Board has approved a spending policy at a rate of 5.0% on a three-year moving average, which resulted in a spending amount of approximately \$14,800,000 in 2014. This is first satisfied from interest and dividend income, and the remaining balance is provided from realized capital gains.

Investment income is recorded based on the existence or absence of donor-imposed restrictions, as follows:

- a. Investment income on donor-restricted endowment funds is recorded as restricted based on state law, donor-imposed restrictions or time restrictions.
- b. Investment income on Board-designated funds is recorded as unrestricted.
- c. Investment income on other unrestricted investments is recorded as unrestricted.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

- d. Investment income on other temporarily restricted investments is recorded as unrestricted, unless specified by the donor.

Endowment Funds - Endowment funds are recorded in accordance with the Illinois approved Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board interprets UPMIFA as requiring that the “historic value (corpus)” of the original donor-restricted endowment gift be preserved as of the gift date unless there are explicit donor stipulations to the contrary. Therefore, the Museum classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts, and accumulations to the permanent endowment made in accordance with the applicable donor gift instrument at the time the accumulation was added to the fund. The remaining portion of the donor-restricted endowment fund earnings that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until any donor-imposed restrictions have been satisfied, and those amounts are appropriated for expenditure by the Board in a manner consistent with UPMIFA’s standard of prudence. In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- The mission of the Museum and the purposes of its donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and appreciation of investments.
- Other resources of the Museum.
- The investment policy of the Museum.

Net losses that reduce donor-restricted endowments below the amount to be held in perpetuity are recorded as unrestricted (see Note 4).

Derivative Financial Instruments - The Museum uses interest rate swaps to hedge overall exposure to variable-rate debt. The swap agreements are not designated as a hedge for accounting purposes and are recorded at fair value.

Property - Museum property over \$5,000 is stated at cost and is depreciated on a straight-line basis over estimated useful lives, which range between 5 and 40 years. Interest on borrowings used to fund capital projects is capitalized and amortized over the life of the asset. Maintenance and repair costs are charged to expense as incurred and betterments are capitalized. Cost and the related accumulated depreciation are eliminated from the accounts when an asset is retired.

Deferred Revenue and Charges - The Museum recognizes revenue and expenses of programs and auxiliary activities during the period in which the activity is conducted.

Issuance costs associated with long-term notes payable are deferred and amortized ratably over the life of the related notes.

Asset Retirement Obligations - Asset retirement obligations include those for which the Museum has a legal obligation to perform an asset retirement activity; however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within the Museum’s control. The Museum records all known asset retirement obligations for which the present value of the estimated future liability can be

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

reasonably estimated, including certain obligations relating to regulatory remediation. In 2014, the Museum revised its estimate after determining there was no longer an obligation.

Collections - The Museum's collections are comprised of objects of historical, cultural or scientific significance that are held for educational, research, scientific and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying its existence and assessing its condition are performed continuously. The collections are subject to a policy that requires proceeds from sales of collection items to be deposited in the endowment, with earnings to be used to acquire other items for collections or provide for the direct care of existing collections.

In accordance with the practice generally followed by museums, the value of objects in the collections is excluded from the financial statements; collections are reflected in the accompanying financial statements at a nominal value of \$1. Such collections have been acquired through purchases and contributions since the Museum's inception. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as decreases in temporarily restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in net assets. There were no sales of collection items in 2014.

Contributions and Memberships - Contributions and memberships are recognized as revenue upon the earlier of the receipt of a donor's unconditional written pledge to contribute or upon receipt of the contribution and the membership dues. Contributions of securities are recorded at their estimated fair value at the date of donation. Contributions are classified based on the existence or absence of donor-imposed restrictions. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts (if any) is included in contributions in the statement of activities. An allowance is recorded for estimated uncollectible pledges based on management's judgment and analysis, past collection experience and other relevant factors. The Museum writes off pledges when they are deemed uncollectible.

Contributed Goods and Services - The Museum records various types of in-kind support, including professional services, equipment and supplies, as contribution revenue. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by 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 if they are used. In-kind support is reflected in the accompanying financial statements as contribution revenue totaling \$75,000 for 2014. This revenue is offset by like amounts included in expenses or assets.

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of the Museum's programs. Such services do not meet the criteria for recognition as a contribution, as described above, and, therefore, their value is not reflected in the accompanying financial statements.

Chicago Property Tax Revenues - The Museum receives support from property taxes that are collected by the Chicago Park District. These tax revenues are accrued to match the fiscal year allocation by the Chicago Park District.

Grants and Contracts - Grants and contracts for programs are recognized as unrestricted revenue when the corresponding expenses have been incurred for allowable purposes consistent with the terms of the respective agreements to which they pertain.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

Program Service Fees - Program service fees include revenues from education programs, traveling exhibit rental fees, traveling exhibit licensing fees and research fees. The fees from education programs and research are accrued to match the dates of the programs. The fees from traveling exhibits are accrued to match the term of the rental and licensing agreements.

Income Taxes - The Museum is exempt from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code and a comparable state of Illinois statute. Management believes there are no material uncertain tax positions that require recognition in the accompanying financial statements. The tax years ended 2011, 2012, 2013 and 2014 are still open to audit for both federal and state purposes.

The Museum has a policy to record interest and penalties (if any) related to income tax matters in income tax expense. The Museum has determined that its tax positions satisfy the more likely than not criterion. For the year ended December 31, 2014, no interest and penalties were recorded.

Fair Value of Financial Instruments - The Museum's financial instruments include cash, interest and dividends receivable, accounts receivable, pledges receivable, investments, accounts payable, notes payable, pension assets and interest rate swaps. The fair values of cash, interest and dividends receivable, and pension assets are based on market quotes. Other than the Museum's investment in a limited partnership multi-family portfolio, investments are reported at fair value based on market quotes. The fair value of the interest rate swaps is obtained from a third party as of the measurement date. The fair values of accounts receivable, pledges receivable, accounts payable, accrued expenses, line of credit and notes payable are estimated by management to approximate their carrying values at December 31, 2014.

The investment in the limited partnership multi-family portfolio is stated at its appraised value as of the date of the donation and will be adjusted if information becomes available to support a different value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. There is a three-tiered value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Museum's assumptions (unobservable inputs). Fair value measurements are classified under the following hierarchy:

- Level 1 refers to instruments with quoted prices in an active market.
- Level 2 refers to instruments not traded on an active market but for which observable market inputs are readily available. Some of these instruments are measured using an NAV per share, or its equivalent, that may be redeemed at the NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.
- Level 3 refers to instruments not traded in an active market and for which no significant observable market inputs are available. Some of these instruments are measured using an NAV per share, or its equivalent, that can never be redeemed at the NAV, or for which redemption at NAV is uncertain due to lock-up periods or other restrictions.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

In this regard, the Museum believes that the fair values of these instruments would be under the following levels:

- Cash - Level 1
- Interest and dividends receivable - Level 3
- Accounts receivable and pledges receivable - Level 3
- Line of credit and notes payable - Level 2
- Accounts payable and accrued expenses - Level 2
- Investments and interest rate swaps - see Note 3
- Pension assets - see Note 8

Institutional Advancement - Institutional advancement consists of expenses related to fund-raising activities. Fund-raising expenses were \$3,023,401 in 2014.

Business Enterprises - Business enterprises consist of revenues and expenses of the stores, specials events, 3D theater, food services and group sales.

Functional Allocation of Expenses - The costs of providing Museum programs and administration have been summarized on a functional basis in Note 11. In 2014, the Museum restructured its functional allocation of expenses to reflect the realignment of the Science and Education program into four complementary centers: Collections Center, Integrative Research Center, Science Action Center and Learning Center.

Pension Plan - The Museum recognizes the overfunded or underfunded status of its defined benefit pension plan (the Plan) as an asset or liability in its statement of financial position (see Note 8).

Accounting Pronouncements - In October 2012, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. ASU No. 2012-05 requires not-for-profit entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sales of donated financial assets that, upon receipt, were directed without any not-for-profit imposed limitations for sale and were converted nearly immediately into cash. The amendments in ASU No. 2012-05 are effective prospectively for interim and fiscal periods beginning after June 15, 2013. The adoption of this standard did not materially impact the statement of cash flows.

NOTE 3 - INVESTMENTS

Under the Museum's articles of incorporation and its bylaws, the Investment Committee of the Board has overall responsibility for the establishment of policies and general governance related to investments of the Museum. The Investment Committee reports to the Board and is responsible for recommending, reviewing and monitoring policies and programs affecting the finances of the Museum.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

Investments at December 31, 2014, consist of the following:

Money market funds	\$ 7,785,246
Equity securities funds	169,706,554
Fixed-income securities funds	54,064,687
Hedged equity funds	45,330,524
Absolute return funds	76,146,933
Other funds	37,586
Limited partnership	<u>1,924,533</u>
 Total	 <u><u>\$ 354,996,063</u></u>

Following is a summary of the investment return and its classification for the year ended December 31, 2014, in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Interest and dividends	\$ 2,659,982	\$ 1,149,911	\$ -	\$ 3,809,893
Net realized gains	7,832,938	4,406,465	-	12,239,403
Change in net unrealized gain	700,972	703,331	-	1,404,303
Investment manager fees	(1,015,203)	-	-	(1,015,203)
Release for unrestricted endowment spending	<u>1,738,263</u>	<u>(1,738,263)</u>	-	-
 Total return reported in the statement of activities	 <u><u>\$ 11,916,952</u></u>	 <u><u>\$ 4,521,444</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 16,438,396</u></u>
 Classified as follows				
Operating revenues	\$ 11,614,502	\$ 3,212,498	\$ -	\$ 14,827,000
Non-operating items	<u>302,450</u>	<u>1,308,946</u>	-	<u>1,611,396</u>
 Total	 <u><u>\$ 11,916,952</u></u>	 <u><u>\$ 4,521,444</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 16,438,396</u></u>

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2014:

Assets	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Money market funds	\$ 7,785,246	\$ -	\$ -	\$ 7,785,246
Equity securities funds	66,839,572	86,548,953	16,318,029	169,706,554
Fixed-income securities funds	41,815,430	-	12,249,257	54,064,687
Hedged equity funds	-	-	45,330,524	45,330,524
Absolute return funds	-	-	76,146,933	76,146,933
Other funds	-	37,586	-	37,586
Limited partnership	-	-	164,533	164,533
Total investments, fair value	<u>\$ 116,440,248</u>	<u>\$ 86,586,539</u>	<u>\$ 150,209,276</u>	353,236,063
Limited partnership, cost				<u>1,760,000</u>
Total investments				<u>\$ 354,996,063</u>
Liabilities				
Interest rate swaps	-	\$ 20,230,135	-	\$ 20,230,135
Total	<u>\$ -</u>	<u>\$ 20,230,135</u>	<u>\$ -</u>	<u>\$ 20,230,135</u>

These levels are evaluated on an annual basis, and transfers between levels are recognized as of the end of each fiscal year. For the year ended December 31, 2014, there were no transfers in or out of Level 1, Level 2 or Level 3.

The following table sets forth a rollforward of the Level 3 assets for the year ended December 31, 2014:

	Equity securities funds	Fixed- income securities funds	Hedged equity funds	Absolute return funds	Limited partnership	Total
Balance at beginning						
of year	\$ 14,733,516	\$ 12,230,699	\$ 29,154,036	\$ 74,272,122	\$ 243,402	\$ 130,633,775
Purchases	-	-	16,000,000	-	-	16,000,000
Sales	-	-	(1,386,000)	(91,241)	(78,869)	(1,556,110)
Investment gains	1,584,513	18,558	1,869,602	2,582,213	-	6,054,886
Investment losses	-	-	(307,114)	(616,161)	-	(923,275)
Balance at end of year	<u>\$ 16,318,029</u>	<u>\$ 12,249,257</u>	<u>\$ 45,330,524</u>	<u>\$ 76,146,933</u>	<u>\$ 164,533</u>	<u>\$ 150,209,276</u>

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

The following table discloses additional information about investments recorded at NAV or its equivalent, such as percentage of capital, at December 31, 2014:

	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency limitations</u>	<u>Redemption notice period</u>
Equity securities funds (a)	\$ 102,866,982	\$ -	Quarterly	0 - 60 days
Fixed-income securities funds (b)	12,249,257	-	Quarterly	60 days
Hedged equity funds (c)	45,330,524	-	Quarterly and Annually	45 - 90 days
Absolute return funds (d)	76,146,933	96,279	Annually	45 - 90 days
Other funds (e)	37,586	64,282	None	0 days
Limited partnership (f)	<u>164,533</u>	<u>-</u>	None	0 days
Total investments recorded at NAV	<u>\$ 236,795,815</u>	<u>\$ 160,561</u>		

- (a) This category includes investments in equity securities funds primarily consisting of common stocks, real estate investment trusts, limited partnerships, bonds and depositary receipts that have readily available price data. The NAV or its equivalent, such as percentage of capital, of the funds is determined using the fair value of the underlying securities. These funds have no future capital calls. Some of the funds have redemption frequency limitations, and some do have a redemption notice period.
- (b) This category includes investments in fixed-income securities funds primarily consisting of treasury asset swap agreements and interest rate swap agreements. The NAV of the funds is determined using the fair value of the underlying securities. This category of fund has no future capital calls, but does have a redemption limitation and redemption notice period. The Museum has a limitation on the amount it can withdraw in an annual period. The Museum is allowed to withdraw up to one third of its original capital contribution annually.
- (c) This category includes investments in several hedge funds that invest both long and short term, primarily in global equities with an emphasis on the United States and Europe. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the NAV per share of the investments or its equivalent, such as percentage of capital. The funds have an annual redemption frequency and have a redemption notice period.
- (d) This category includes several multi-strategy absolute return investments focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management initiates long and short positions in various corporate and sovereign securities, debt, currencies and derivatives targeting solid absolute risk-adjusted returns. The fair values of the investments in this category have been estimated using the NAV per share of the investments or its equivalent, such as percentage of capital. The funds can be redeemed on an annual basis at various redemption dates, and less than 1% of the absolute return funds are in redemption.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

- (e) This category includes investments in opportunistic instruments like derivatives, mortgage loans and real estate. The NAV equivalent of the funds (percentage of capital) is determined using the market value (or fair value) of the underlying instruments. The investment term of the partnership shall continue until 2018 and may be extended annually thereafter or until the partnership is dissolved.
- (f) This category represents donated shares in a privately held limited liability partnership. The Museum recorded this investment at fair value at the time of the donation and adjusts the fair value based on the Museum's percentage of capital, as new information is made available. Earnings are recorded as income when received. The Museum is in the process of liquidating this investment.

All investments stated at NAV represent limited partnership and similar interests held by the Museum in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund. The Museum believes that the carrying amount of its investments stated at NAV or its equivalent, such as percentage of capital, is a reasonable estimate of the fair value of such investments as of December 31, 2014. As is typical of investment portfolios of similar types of institutions, investments stated at NAV or its equivalent, such as percentage of capital, are not readily marketable and their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

NOTE 4 - ENDOWMENT

The Museum's endowment is comprised of both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions and time restrictions. The Board has pooled certain donor-restricted funds (without donor-specified restrictions on the earnings of such funds) to be included in the Board-designated endowment balances shown in the following tables.

Funds with Deficiencies - The fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Museum to retain as a fund of perpetual duration. At December 31, 2014, deficiencies of this nature totaled \$3,567 and were reported as unrestricted net assets. These deficiencies resulted from extraordinary market conditions. Management has deemed it prudent to spend from these funds with the expectation that future earnings will offset these deficiencies.

Endowment net asset composition by type of fund is as follows as of December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (3,567)	\$ 45,827,536	\$ 84,818,571	\$ 130,642,540
Board-designated endowment funds	204,071,605	11,878,654	-	215,950,259
Total funds	<u>\$ 204,068,038</u>	<u>\$ 57,706,190</u>	<u>\$ 84,818,571</u>	<u>\$ 346,592,799</u>

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

During 2014, the Museum had the following endowment-related cash activities:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 205,098,998	\$ 56,516,555	\$ 79,793,151	\$ 341,408,704
Investment return				
Investment income	1,118,688	1,149,911	-	2,268,599
Net realized and unrealized appreciation	<u>10,380,758</u>	<u>3,248,234</u>	<u>-</u>	<u>13,628,992</u>
Total investment return	11,499,446	4,398,145	-	15,897,591
Additions				
New cash gifts and pledge payments	13,513	3,988	5,025,420	5,042,921
Appropriation of endowment assets for expenditure	(11,614,502)	(3,212,498)	-	(14,827,000)
Transfers from Board-designated endowment funds	<u>(929,417)</u>	<u>-</u>	<u>-</u>	<u>(929,417)</u>
Endowment net assets, end of year	<u>\$ 204,068,038</u>	<u>\$ 57,706,190</u>	<u>\$ 84,818,571</u>	<u>\$ 346,592,799</u>

The endowment-related cash activities table above represents the endowment pool on a cash basis, consistent with the manner in which management and the Board manage and evaluate the endowment. A portion of the Museum's pledges are permanently restricted and, when received, the payments will be reflected as new cash gifts and pledge payments.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 5 - MUSEUM PROPERTY

Museum property at December 31, 2014, consist of the following:

Building and building improvements	\$ 304,975,080
Exhibit hall improvements (excluding artifacts and historical treasures)	96,875,189
Research and office equipment	<u>22,293,178</u>
 Total property and equipment	 424,143,447
 Less accumulated depreciation	 <u>(181,393,359)</u>
 Net depreciable property and equipment	 242,750,088
 Construction in progress	 <u>5,643,530</u>
 Net property and equipment	 <u><u>\$ 248,393,618</u></u>

At December 31, 2014, the Museum has \$4,506,929 of net capitalized interest included in Museum property.

The Museum operates on land owned by the Chicago Park District, which is made available to the Museum at no charge. The value of this arrangement is not readily determinable and, accordingly, is not reflected in the accompanying financial statements.

It will cost approximately \$6.4 million to complete the Museum's construction in progress as of December 31, 2014.

The Museum is committed to making changes to its fire suppression systems that would result in the Museum being fully covered by 2016. As of December 31, 2014, the building is approximately 95% (unaudited) covered. The estimated remaining cost to complete is \$700,000 and will be capitalized as incurred.

The Museum reviewed its asset retirement obligation in 2014 and determined there was no longer a liability. Therefore, the Museum reduced net property by \$84,649 to remove the liability as of December 31, 2014.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 6 - PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges and revenue of the appropriate net asset category. Pledges are recorded after discounting to the present value of the expected future cash flows using discount rates ranging between 0.76% and 2.69%. Pledges receivable were as follows as of December 31, 2014:

Due within one year	\$ 7,772,511
Due between two to five years	14,820,680
Due after five years	<u>6,620,000</u>
	29,213,191
Allowance for uncollectible accounts	(265,895)
Present value discount	<u>(1,493,468)</u>
Net pledges receivable	<u><u>\$ 27,453,828</u></u>

NOTE 7 - NOTES PAYABLE

Notes payable at December 31, 2014, consist of the following amounts due to the Illinois Finance Authority, which issued bonds on the Museum's behalf:

	<u>Original principal</u>	<u>Principal outstanding December 31, 2014</u>	<u>Maturity date</u>
Series 2002	\$ 90,000,000	\$ 78,000,000	November 1, 2036
Series 2000	30,000,000	29,800,000	November 1, 2034
Series 1998	29,000,000	28,900,000	November 1, 2032
Series 1990	20,000,000	20,000,000	November 1, 2025
Series 1985	<u>17,800,000</u>	<u>10,300,000</u>	November 1, 2025
Total	<u><u>\$ 186,800,000</u></u>	<u><u>\$ 167,000,000</u></u>	

The Adjustable-Rate Demand Revenue Bonds, Series 2000, 1998 and 1990, have adjustable methods of interest rate determination, demand features and interest payment dates. The Series 1990 Bonds are currently in a commercial paper rate mode, and the Series 1998 and Series 2000 Bonds are in a weekly rate mode. As of December 31, 2014, the Series 1990 Bonds bore interest of 0.08%. As of December 31, 2014, the Series 1998 Bonds bore interest of 0.03%. As of December 31, 2014, the Series 2000 Bonds bore interest of 0.03%.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

The Variable-Rate Demand Bonds, Series 1985, are subject to redemption beginning November 1, 2016, with sinking fund payments each year until maturity. These bonds are currently in a weekly rate mode. The Series 1985 Bonds outstanding at December 31, 2014, bore interest of 0.02%.

The Series 1985 Bonds, prior to election to convert to a fixed rate of interest, are secured by credit facilities issued by The Northern Trust Company. In addition, the Series 1985 Bonds are secured by deposits held by the Bond Trustee in a Debt Service Reserve Fund and a Security Fund. The Series 1990 Bonds, prior to election to convert to a fixed rate of interest, are secured by a credit facility issued by The Northern Trust Company. The Series 1998 and 2000 Bonds, prior to conversion to a fixed rate of interest, are secured by credit facilities issued by JPMorgan Chase. The terms of credit facilities require the Museum to maintain unrestricted cash and investments with a market value of at least 90% of the Museum's total indebtedness, and no more than 50% of the unrestricted investments can be held in alternative funds. As of December 31, 2014, the Museum was in compliance with these financial covenants.

The Series 2002 Bonds were issued on September 1, 2002, as Adjustable Medium-Term Revenue Bonds. The Series 2002 Bonds are rated A by Standard & Poor's and A2 by Moody's, and are not secured by a letter of credit. The adjustable rate periods end November 1, 2014 through November 1, 2017, and the Series 2002 Bonds bear interest at a rate of 3.40% to 5.50%, depending on duration. The current blended rate as of December 31, 2014, is 4.56% (weighted), and interest is payable each November 1 and May 1.

On September 1, 2014, the remarketing of an outstanding portion of the Series 2002 Bonds in the amount of \$10,000,000 occurred as required by the mandatory tender on November 1, 2014. The new adjustable interest rate on the outstanding principal amount was set at 4.50%. The new adjustable rate period began on November 1, 2014, and ends on October 31, 2036.

Assets held for debt service totaled \$941,176 at December 31, 2014, and are reported with investments in the accompanying statement of financial position.

The total interest costs incurred on these bonds in 2014 were \$6,685,233. Capitalized interest is classified as a depreciable asset within Museum property.

The Museum entered into two interest rate swap agreements to hedge variable interest rate exposure as follows:

- The first swap, dated September 2005, expires on November 1, 2032, and effectively fixes the interest rate on a notional value of \$45 million at 3.258% through October 31, 2008, 4.369% from November 1, 2008 through October 31, 2010, and 3.769% from November 1, 2010 through November 1, 2032.
- The second swap, dated June 2008, is effective January 1, 2009, and expires on November 1, 2032. This agreement effectively fixes the interest rate on a notional value of \$43 million at 3.43% for the duration of the swap.

These agreements are considered derivative financial instruments and are reported at their fair values as a liability of \$20,230,135 at December 31, 2014. The fair value is recorded in interest rate swaps in the accompanying statement of financial position. The unrealized loss on interest rate swaps for 2014 was \$6,919,743. The net change in fair value of the agreements is reported as a separate line item in the non-operating section of the accompanying statement of activities.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 8 - PENSION PLAN

The Museum sponsors a defined benefit pension plan (the Plan) covering substantially all of its employees, which provides pension benefits based on years of service and average compensation, as determined under the Plan. The Museum's funding policy is to contribute amounts necessary to maintain the long-term stability of the Plan. The Plan was amended to freeze participation and all benefit accruals under the Plan effective December 31, 2014, which resulted in a curtailment gain as of June 30, 2014. The existing contributory defined contribution plan will be amended to include a matching and discretionary component beginning January 1, 2015.

The change in benefit obligation, change in plan assets and the composition of the amounts recognized in the accompanying statement of financial position as of and for the year ended December 31, 2014, are as follows:

Change in benefit obligation	
Benefit obligation — beginning of year	\$ 25,789,193
Service cost	891,799
Interest cost	1,105,558
Actuarial loss	3,181,009
Benefits paid	(1,126,132)
Gain due to curtailment	<u>(3,189,038)</u>
Benefit obligation — end of year	<u>\$ 26,652,389</u>
Change in plan assets	
Fair value of plan assets — beginning of year	\$ 21,162,032
Actual return on plan assets	1,736,394
Employer contribution	1,700,000
Benefits paid	<u>(1,126,132)</u>
Fair value of plan assets — end of year	<u>\$ 23,472,294</u>
Funded status	\$ (3,180,095)

Amounts that have not yet been recognized as a component of net periodic benefit cost consist of the following at December 31, 2014:

Net actuarial loss	\$ 3,382,125
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Net periodic benefits costs expected to be recognized in the next fiscal year are as follows at December 31, 2014:

Net actuarial loss	\$ 21,724
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Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

The following table sets forth the rollforward of the pension liability for the year ended December 31, 2014:

Pension liability - beginning of year	\$ (4,627,161)
Net periodic pension income	284,666
Pension-related changes other than net periodic pension cost	
Net actuarial gain	132,533
Amortization of prior service credit	(670,133)
Employer contribution	<u>1,700,000</u>
Pension liability - end of year	<u><u>\$ (3,180,095)</u></u>

Other changes in pension plan assets and benefit obligation recognized during the year ended December 31, 2014, are as follows:

Net actuarial loss	\$ 3,093,030
Items amortized	
Prior service cost	670,133
Net actuarial gain	<u>(3,225,563)</u>
Total pension-related changes other than net periodic benefit cost	<u><u>\$ 537,600</u></u>

The components of net periodic benefit cost for the year ended December 31, 2014, are as follows:

Service cost	\$ 891,799
Interest cost	1,105,558
Expected return on plan assets	(1,648,415)
Amortization of prior service credit	(35,827)
Amortization of net actuarial loss	36,525
Curtailement gain	<u>(634,306)</u>
Net periodic pension income	<u><u>\$ (284,666)</u></u>

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

The following table presents the key actuarial assumptions used in developing the data for 2014:

Weighted-average assumptions used to determine benefit obligations at December 31	
Discount rate	3.75 %
Rate of compensation increase	N/A
Weighted-average assumptions used to determine net periodic benefit cost for the year beginning January 1	
Discount rate	4.75/4.25
Expected return on plan assets	7.50
Rate of compensation increase	3.00

The Museum determines the long-term expected rate of return on plan assets by examining historic capital market returns, correlations between asset classes and the Plan's normal asset allocation. Current and near-term market factors, such as inflation and interest rates, are then evaluated to arrive at the expected return on Plan assets. Peer group or benchmarking data are also reviewed to ensure a reasonable and appropriate assumption. In 2014, the discount rate to determine net periodic benefit cost was initially set at 4.75%. The rate was revised to 4.25% at the curtailment date of June 30, 2014.

The following table represents the Museum's estimated future benefit payments in each of the next five years and in the aggregate for the five fiscal years thereafter:

Estimated future benefit payments:	
2015	\$ 1,426,000
2016	1,558,000
2017	2,063,000
2018	1,730,000
2019	1,220,000
2020 - 2024	8,100,000

The following table presents the Plan's asset allocation at December 31, 2014, by asset category:

		<u>Range</u>
Money market funds	2 %	0% - 5%
Equity securities	80	50 - 90
Fixed-income securities	18	20 - 40
Total	<u>100 %</u>	

The Museum's investment approach is based on modern portfolio theory. Multiple asset classes are implemented in order to obtain the benefits of diversification and maximize long-term return for a given level of risk. Risk tolerance is developed by reviewing the funded status of the Plan, duration of the Plan's liabilities, the income and liquidity requirements, legal constraints and the financial condition of the Museum. The

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

investment portfolio comprises a diversified combination of cash, equity securities funds, fixed-income securities funds and high-yield funds. The allocation among equity securities funds, fixed-income securities funds, high-yield funds and cash is determined by prevailing market conditions and relative valuations among asset classes. The Plan's financial condition is monitored on an ongoing basis by means of quarterly investment portfolio reviews, an annual independent actuarial valuation and periodic assets/liability studies.

The following represents the Plan's investments measured at fair value on a recurring basis at December 31, 2014:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Money market funds	\$ 345,977	\$ -	\$ -	\$ 345,977
Equity securities funds	3,530,925	15,351,599	-	18,882,524
Fixed-income securities funds	4,243,793	-	-	4,243,793
Total	\$ 8,120,695	\$ 15,351,599	\$ -	\$ 23,472,294

These levels are evaluated on an annual basis, and transfers between levels are recognized as of the end of each fiscal year. For the year ended December 31, 2014, there were no transfers in or out of Level 1, Level 2 or Level 3.

The following table discloses additional information about investments recorded at NAV at December 31, 2014:

	Fair value	Unfunded commitments	Redemption frequency limitations	Redemption notice period
Equity securities funds (a)	\$ 15,351,599	\$ -	None	0 - 5 days
Total investments recorded at NAV	<u>\$ 15,351,599</u>			

(a) This category includes investments in equity securities funds primarily consisting of common stocks that have readily available price data. The NAV of the funds is determined using the fair value of the underlying securities. The funds have no commitments or redemption frequency limitations, but do have a redemption notice period.

The Museum contributed \$1,700,000 to the Plan in 2014. There is no minimum contribution due in 2015.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 9 - LINE OF CREDIT

The Museum has an agreement for an unsecured revolving line of credit for \$20,000,000. The agreement bears interest at the federal funds rate plus 0.50% (0.56% at December 31, 2014). The Museum is not to exceed \$15,000,000 borrowed without Board approval. Total interest costs incurred on the line of credit in 2014 were \$10,450. At December 31, 2014, \$3,300,000 was borrowed against the line of credit.

NOTE 10 - RELATED PARTIES

The Museum Campus Corporation (the Campus) is a tax-exempt organization consisting of the Museum, Shedd Aquarium and the Adler Planetarium, the purpose of which is to attract visitors to the Campus' centrally located facilities. As of December 31, 2014, the Museum has no receivable due from or payable to the Campus.

The Museum receives financial support from individual members of the Board. In 2014, more than 70% of contributions were from members of the Board and 90% of the pledge receivables were due from members of the Board.

NOTE 11 - FUNCTIONAL EXPENSES

The Museum's operating expenses for the year ended December 31, 2014, are classified functionally as follows:

Program	\$ 49,311,876
Supporting services	<u>9,150,273</u>
Total operating expenses	<u><u>\$ 58,462,149</u></u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Museum has an operating lease with a food service provider (Lessee) expiring in 2023, with an option to extend for a five-year term immediately upon expiration and a second option to extend for an additional five years upon expiration of the first extension. As a part of the lease agreement, the Lessee was required to make an initial capital investment of \$3,500,000 to improve the Museum's facilities. The Museum recorded the \$3,500,000 of improvements as other assets and deferred revenue. The Museum is amortizing the other asset and the deferred revenue on a straight-line basis over a 20-year period in accordance with the amortization schedule of the improvement in the agreement.

The Museum has an operating lease with a retail service provider expiring in 2018, with an option to extend for a five-year term immediately upon expiration. As a part of the lease agreement, the Lessee made \$484,000 of improvements to the Museum's facilities. The Museum recorded the \$484,000 of improvements as other assets

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

and deferred revenue. The Museum is amortizing the other asset and the deferred revenue on a straight-line basis over a five-year period in accordance with the amortization schedule of the improvement in the agreement.

In 2014, the Museum amortized \$271,800. The other asset and deferred revenue balances pertaining to the arrangements discussed above at December 31, 2014, were \$3,609,917.

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2014:

Programs	\$ 35,926,278
Time restrictions	<u>50,000,765</u>
Total temporarily restricted net assets	<u><u>\$ 85,927,043</u></u>

Time-restricted net assets include pledges and investment income on endowment funds. Investment income from endowment funds are released upon board approval and satisfying donor-imposed purpose restrictions.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 27, 2015, the date the financial statements were issued, and is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Field Museum of Natural History
SCHEDULE OF DEPARTMENT EXPENSES
Year ended December 31, 2014

	Salaries and wages	Pension and employee benefits	Cost of sales	Supplies	Postage, freight and miscellaneous	Travel, dues and meetings	Printing and publications	Professional and outside services	Utilities	Repairs and maintenance	Interest and amortization	Exhibits and equipment	Total
Science and education													
Action center	\$ 1,427,422	\$ 493,002	\$ -	\$ 111,497	\$ 62,646	\$ 447,619	\$ 84,238	\$ 590,959	\$ 25,071	\$ -	\$ -	\$ -	\$ 3,242,454
Collections center	2,343,844	789,108	-	248,704	41,696	162,835	63,809	150,560	735,003	70	-	-	4,535,629
Integrative research center	3,454,100	1,218,236	-	684,479	429,183	444,900	44,971	615,483	139,150	27,811	-	3,468	7,061,781
Learning center	755,512	248,675	-	119,012	915	38,366	1,037	386,231	45,302	228	-	-	1,595,278
Scientific support	606,533	217,636	-	36,442	16,552	50,078	4,264	44,291	18,302	-	-	2,137	996,235
Total science and education	8,587,411	2,966,657	-	1,200,134	550,992	1,143,798	198,319	1,787,524	962,828	28,109	-	5,605	17,431,377
Public programs													
Exhibitions	2,006,420	730,399	-	389,952	245,188	304,106	17,278	949,181	688,275	8,992	-	11,638	5,351,429
Guest relations	752,850	232,116	-	43,709	4,469	5,467	4,735	146,415	27,435	-	-	-	1,217,196
Total public programs	2,759,270	962,515	-	433,661	249,657	309,573	22,013	1,095,596	715,710	8,992	-	11,638	6,568,625
Business enterprises	739,590	236,623	272,982	37,713	592,118	67,009	5,247	1,280,162	76,486	5,150	-	-	3,313,080
Museum outreach													
Public relations	976,688	312,218	-	31,022	7,830	45,496	36,209	2,484,736	13,945	-	-	-	3,908,144
Auxiliary groups	123,154	45,635	-	1,907	4,619	6,164	16,694	416,723	4,014	-	-	-	618,910
Membership	388,915	116,406	-	14,064	198,686	24,867	90,358	710,754	10,307	-	-	-	1,554,357
Total museum outreach	1,488,757	474,259	-	46,993	211,135	76,527	143,261	3,612,213	28,266	-	-	-	6,081,411
Museum services													
Protection services	1,133,639	417,264	-	44,520	1,179	7,136	260	217,441	8,806	7,362	-	2,216	1,839,823
Housekeeping	437,509	153,715	-	88,212	83	1,772	-	420,718	54,533	-	-	-	1,156,542
Facility, planning and operations	1,204,160	443,815	-	478,962	14,113	9,866	161	1,319,730	141,884	358,322	-	-	3,971,013
Technology	434,367	136,021	-	67,677	101,469	4,030	84	662,525	36,043	-	-	-	1,442,216
General services	113,304	41,747	-	26,520	717	141	70	7,841	4,503	37,057	-	-	231,900
Total museum services	3,322,979	1,192,562	-	705,891	117,561	22,945	575	2,628,255	245,769	402,741	-	2,216	8,641,494
General and administrative													
Administration	1,181,278	609,636	-	26,715	973,799	105,053	7,945	1,086,406	22,080	8,765	10,450	-	4,032,127
Finance	638,573	233,064	-	6,600	1,839	6,349	1,241	24,051	9,828	-	-	-	921,545
Human resources	488,494	163,360	-	13,476	4,029	87,934	619	21,851	7,804	2,692	-	-	790,259
Total general and administrative	2,308,345	1,006,060	-	46,791	979,667	199,336	9,805	1,132,308	39,712	11,457	10,450	-	5,743,931
Institutional advancement	1,618,603	574,749	-	40,384	29,874	64,814	146,975	536,622	11,380	-	-	-	3,023,401
Debt service	-	-	-	-	-	-	1,920	899,571	-	-	6,757,339	-	7,658,830
Total expenses	\$ 20,824,955	\$ 7,413,425	\$ 272,982	\$ 2,511,567	\$ 2,731,004	\$ 1,884,002	\$ 528,115	\$ 12,972,251	\$ 2,080,151	\$ 456,449	\$ 6,767,789	\$ 19,459	\$ 58,462,149