Chicago Zoological Society

Financial Report

March 31, 2021

Contents

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Independent Auditor's Report

To the Board of Trustees
Chicago Zoological Society

We have audited the accompanying financial statements of Chicago Zoological Society (the "Society"), which comprise the statement of financial position as of March 31, 2021 and the related statements of activities, functional expenses, and cash flows for the period from January 1, 2020 through March 31, 2021, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of March 31, 2021 and the changes in its net assets, functional expenses, and cash flows for the period from January 1, 2020 through March 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

July 13, 2021

Statement of Financial Position

March 31, 2021
(in Thousands)

		Total Without Donor Restrictions		Total With Donor Restrictions		Total All Funds
Assets						
Cash	$	882	$	-	$	882
Investments - General fund		18,428		-		18,428
Investments - Board designated and donor restricted		46,503		22,828		69,331
Pledges and grants receivable - Net		2,031		1,879		3,910
Park improvements and equipment - Net of accumulated depreciation		118,928		-		118,928
Other		2,249		9		2,258
Total assets	**$**	**189,021**	**$**	**24,716**	**$**	**213,737**
Liabilities and Net Assets						
Liabilities						
Accounts payable and other accrued expenses	$	2,027	$	-	$	2,027
Payroll-related accrued expenses		2,588		-		2,588
Deferred revenue:				-		
Membership dues		8,759		-		8,759
Advanced tax collections and grants		5,454		-		5,454
Sponsorships and other		776		-		776
Interest rate swaps		586		-		586
Accrued actuarial benefit obligations		2,746		-		2,746
Revenue bonds payable - Net of debt issuance costs		29,816		-		29,816
Other		193		-		193
Total liabilities		52,945		-		52,945
Net Assets						
Without donor restrictions						
Undesignated	$	2,029	$	-	$	2,029
Board designated		134,047		-		134,047
Total without donor restrictions		136,076		-		136,076
With donor restrictions		-		24,716		24,716
Total net assets		136,076		24,716		160,792
Total liabilities and net assets	**$**	**189,021**	**$**	**24,716**	**$**	**213,737**

See notes to financial statements.

Statement of Activities

For the Period January 1, 2020 through March 31, 2021 (in Thousands)

	Total Without Donor Restrictions	With Donor Restrictions	Total All Funds
Revenue, Gains, and Other Support			
Forest Preserve District - Tax collections	$ 18,585	$ -	$ 18,585
Visitor related revenues	8,329	-	8,329
Contributions and grants - General operations	13,567	-	13,567
Contributions and grants - Board designated and donor restricted	817	4,073	4,890
Donated goods and services	1,562	-	1,562
Membership dues	11,634	-	11,634
Paycheck Protection Program grant revenue	6,378	-	6,378
Investment income, net of investment expenses - General operations	40	-	40
Investment income, net of investment expenses - Board designated and donor restricted	4,283	2,863	7,146
Other income	1,135	11	1,146
Net assets released	4,842	(4,842)	-
Total revenue, gains, and other support	71,172	2,105	73,277
Expenses			
Program services:			
Center for Science of Animal Care and Welfare	25,044	-	25,044
Center for Conservation Leadership	6,055	-	6,055
Park operations	25,335	-	25,335
Support services:			
Management and general	10,849	-	10,849
Fundraising	3,289	-	3,289
Total expenses	70,572	-	70,572
Changes in Net Assets Before Change in Postretirement Benefits Not Yet Recognized in Operations	600	2,105	2,705
Change in Postretirement Benefits Not Yet Recognized in Operations	239		239
Changes in Net Assets	839	2,105	2,944
Net Assets - Beginning of period	135,237	22,611	157,848
Net Assets - End of period	**$ 136,076**	**$ 24,716**	**$ 160,792**

See notes to financial statements.

Statement of Functional Expenses

Period from January 1, 2020 through March 31, 2021
(in Thousands)

	Program Services				Support Services			
	Center for Science of Animal Care and Welfare	Center for Conservation Leadership	Park Operations	Total	Management And General	Fundraising	Total	Total
Salaries and benefits	$ 12,672	$ 4,230	$ 13,371	$ 30,273	$ 6,140	$ 2,802	$ 8,942	$ 39,215
Supplies	2,349	38	1,432	3,819	35	113	148	3,967
Operating expenses	1,305	312	2,277	3,894	2,171	147	2,318	6,212
Professional and outside services	1,018	273	2,434	3,725	1,259	94	1,353	5,078
Depreciation	6,025	1,102	3,341	10,468	544	53	597	11,065
Equipment expenses	257	45	1,446	1,748	629	61	690	2,438
Utilities	1,418	55	1,034	2,507	71	19	90	2,597
Total functional expenses	**$ 25,044**	**$ 6,055**	**$ 25,335**	**$ 56,434**	**$ 10,849**	**$ 3,289**	**$ 14,138**	**$ 70,572**

See notes to financial statements.

Statement of Cash Flows

	Period from January 1, 2020 through March 31, 2021 (in Thousands)
Cash Flows from Operating Activities	
Increase in net assets	$ 2,944
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	11,065
Loss on retirement of capital assets	62
Unrealized gain on interest rate swap	153
Net unrealized and realized gain on investments	(6,003)
Donated stock	(5,438)
Donated capital equipment	(77)
Contributions restricted for long-term purposes	(178)
Amortization of bond issuance costs	49
Changes in operating assets and liabilities that provided (used) cash:	
Inventories	595
Pledges and grants receivable	540
Other assets	(944)
Accounts payable and other accrued expenses	(4)
Payroll-related accrued expenses	(865)
Deferred revenue	5,142
Accrued sick pay and postretirement benefits	(775)
Other liabilities	(563)
Net cash provided by operating activities	5,703
Cash Flows from Investing Activities	
Purchase of capital assets	(1,556)
Purchase of investments	(41,181)
Sale of investments	37,272
Net cash used in investing activities	(5,465)
Cash Flows from Financing Activities	
Payments of long-term debt	(4,210)
Proceeds from contributions restricted for long-term purposes	3,041
Net cash used in financing activities	(1,169)
Net Decrease in Cash	(931)
Cash - Beginning of period	1,813
Cash - End of period	**$ 882**
Supplemental Cash Flow Information	
Cash payments for interest	$ 430
Property and equipment purchases included in accounts payable	27

See notes to financial statements.

Note 1 - Nature of Business

The mission of Chicago Zoological Society (the "Society") is to inspire conservation leadership by connecting people with wildlife and nature. The Society (an Illinois not-for-profit corporation) maintains and operates the Brookfield Zoo (the "Zoo") under a contract with the Forest Preserve District of Cook County (the "District") extending through April 2026. The contract provides for an automatic renewal for an additional 20 years unless revoked in writing 12 months prior to the end of the contract by either the Society or the District. Under the contract, the land occupied by the Zoo is provided by the District at no charge. In addition, the District funds a significant portion of the Society's operations under the contract through taxes levied by the District and distributed to the Society. Additional funding for the development and operation of the Zoo by the Society is obtained through private donations, memberships, and various admission and exhibit fees.

During the 2021 fiscal year, the financial year end of the Society was changed from December 31 to March 31. Accordingly, the current financial statements are presented for the 15-month period from January 1, 2020 to March 31, 2021.

As of February 5, 2020, all merchandise, restaurant services, and catering at the Zoo was outsourced to a third party, SSA Group, LLC. The Society entered into an agreement to receive a monthly commission applicable to the gross receipts for items sold during the month based on an agreed-upon commission/ category matrix. SSA Group, LLC in turn has exclusive operations of all food service and retail merchandise facilities only for the purpose of selling food and retail items. The agreement with SSA Group, LLC expires on February 4, 2032.

Note 2 - Significant Accounting Policies

Basis of Presentation

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition

The following revenue streams are applicable under ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, for the period from January 1, 2020 through March 31, 2021:

- Visitor-related revenue
- Membership dues
- Other income

Performance Obligations

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

Visitor-related Revenue

The Society generates revenue from transaction-based fees, concession and merchandise sales, and providing services to customers. Transaction-based fees, which include general admission, parking, special attractions, animal feedings, motor safari, and transportation rentals, are recognized at the time the transaction is executed, as that is the point in time the Society satisfies the performance obligation. Concession and merchandise sales are recognized at the point in time the sale occurs and the visitor takes possession of the food or the merchandise. Service revenue includes catered and special events. The Society recognizes revenue at the point in time the services are provided to its customers. As discussed in Note 1, effective February 5, 2020, all merchandise, restaurant services and catering at the Zoo was outsourced to SSA Group, LLC. The commission revenue received by the Society from SSA Group, LLC is recognized in the month the items are sold or services are provided.

Membership Dues

The Society earns membership dues from its members. Membership dues are earned over the course of one or two years, representing the period over which the Society satisfies the performance obligation.

Other Income

The Society generates revenue from other activities, including sponsorships, educational programs, marketing events, radiology services, advertising, and rental. The Society recognizes revenue at the point in time the services are rendered to its customers, except for certain sponsorships that are recognized over the sponsorship period.

Revenue and Support

See the revenue recognition section above for information regarding revenue streams.

Note 2 - Significant Accounting Policies (Continued)

Tax revenue appropriated and collected by the District partially supports the services provided by the Society under its contract with the District to operate the Zoo. Amounts recognized from the District under the contract for 2021 represent the amounts appropriated by the District for 2019, 2020, and the first quarter of 2021 property taxes and personal property replacement taxes, which are due for payment from taxpayers in the period from January 1, 2020 through March 31, 2021 for ultimate distribution to the Zoo. Tax revenue also includes the Society's share of any amounts remitted to the District by the Cook County, Illinois collector (the “County”) for prior year property tax payments, net of the Society's share of any property tax refunds returned to the taxpayers by the County. Support from the District for any given year is recognized at the net amount reported as collected by the District to operate the Zoo. A receivable is recorded at year end for any amounts reported as collected by the District but not yet remitted to the Society. A liability is recorded at year end for any amounts collected by the Society but not yet spent in accordance with the calendar year budgeted costs. The Society has $2,368 of advanced tax collections that have not yet met the conditions of the incurrence of allowable qualifying expenses.

Cash contributions are recognized in the period received. Pledges are recognized in the period pledged. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. Contributions of cash and other assets, including unconditional promises to give in the future, are reported at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. An allowance for uncollectible pledges receivable is provided based on management's judgment considering factors such as prior collection history, type of contribution, and nature of fundraising activity.

A portion of the Society's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Society has $3,086 of refundable advances as of March 31, 2021.

Government Grants

The Society has elected to account for loan funds received under the Paycheck Protection Program (PPP) as an in-substance government grant. Accounting principles generally accepted in the United States of America (U.S. GAAP) government grants, including certain forgivable government loans, are recognized as income in the period in which the Society has substantially overcome all measurable performance-related barriers necessary to be entitled to keep the grant funds.

Cash

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

Investments

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

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

Note 2 - Significant Accounting Policies (Continued)

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

Park Improvements and Equipment

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

	Depreciable Life - Years
Park improvements	10-40
Equipment	5

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

Tax Status

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

Use of Estimates

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

Donated Services

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

Animal Collection

Animal collections, which were acquired through breeding loans, purchases, and contributions, are not recognized as assets on the statement of financial position. Costs to acquire collection items are recorded as a decrease in net assets without donor restrictions in the year in which the animals are acquired. Proceeds from deaccessions are reflected as an increase in the appropriate net asset class.

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

Note 2 - Significant Accounting Policies (Continued)

Interest Rate Swap

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

Functional Allocation of Expenses

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

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

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

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries implemented measures to combat the outbreak that have impacted global business operations. As a result of the pandemic, the Society has experienced reductions in earned revenue through retail services, visitor services, and membership due to facility closures during 2021. Additionally, the Society has received funding via the Paycheck Protection Program to help with payroll costs; see Note 9 for further information.

No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Society's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 13, 2021, which is the date the financial statements were available to be issued.

In March 2021, the Shuttered Venue Operators Grant program, through the Small Business Administration, opened to organizations who met the stated qualifications. The Society applied for the grant in April 2021 and was awarded a $10,000 grant on June 30, 2021, which was received by the Society on July 5, 2021.

(all amounts in thousands unless otherwise noted)

Note 3 - Liquidity

The table below reflects the Society's financial assets as of March 31, 2021, reduced by the amounts not available for general use within one year of the statement of financial position date because of contractual restrictions, donor-imposed restrictions, or internal board designations. Amounts not available due to internal board designations include amounts set aside for long-term investing in the quasi-endowment fund that could be drawn upon in the event of an unanticipated liquidity need, if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or the quasi endowment in accordance with the Society's spending policy for general expenditures within one year of the statement of financial position date have not been subtracted as unavailable. Amounts not available due to internal board designations also include amounts set aside for conservation granting award programs.

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

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

Cash	$ 882
Investments	87,759
Pledges and grants receivable - Net	3,910
Other receivables - Net	540
Other	120
Total financial assets - At period end	93,211
Less those unavailable for general expenditures within one year due to:	
Contributions receivable - For restricted gifts - Net	1,461
Investments board designated for capital improvements and other (less current year appropriation)*	40,264
Investments held for quasi endowment (less current year appropriation)*	10,301
Investments restricted by donor or time*	6,789
Endowment investments held in perpetuity	10,282
Other	120
Total financial assets not available to be used within one year	69,217
Total financial assets available to meet cash needs for general expenditures within one year	$ 23,994

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

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

(all amounts in thousands unless otherwise noted)

Note 4 - Unconditional Pledges and Grants Receivable

Unconditional pledges and grants receivable as of March 31, 2021 are due to be received as follows:

Within one year	$ 1,994
One to five years	2,085
Less:	
Discounts to net present value	(89)
Allowance for uncollectible pledges	(80)
Net receivable	$ 3,910

The discount rate used in determining the net present value of unconditional pledges and grants receivable ranged from 0.16 to 2.51 percent as of March 31, 2021.

Note 5 - Fair Value Measurements

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

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

The Society has the following recurring fair value measurements as of March 31, 2021:

	Assets and Liabilities 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)	Balance at March 31, 2021
Assets - Investments				
Mutual funds:				
Equity - Emerging markets	$ 2,912	$ -	$ -	$ 2,912
Equity - International	7,275	-	-	7,275
Equity - U.S. large cap	10,599	-	-	10,599
Equity - U.S. small cap	3,282	-	-	3,282
Fixed - High-yield bonds	1,793	-	-	1,793
Fixed - International bonds	1,885	-	-	1,885
Fixed - U.S. intermediate bonds	16,161	-	-	16,161
Fixed - U.S. short-term bonds	9,681	-	-	9,681
U.S. real estate	3,916	-	-	3,916
Total assets	$ 57,504	$ -	$ -	$ 57,504
Liabilities - Interest rate swap	$ -	$ 586	$ -	$ 586

(all amounts in thousands unless otherwise noted)

Note 5 - Fair Value Measurements (Continued)

Not included in the table above is $30,255 of cash and cash equivalents in brokerage accounts as of March 31, 2021.

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

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

There were no Level 3 investments as of March 31, 2021.

Note 6 - Park Improvements and Equipment

Park improvements and equipment are summarized as of March 31, 2021 as follows:

Park improvements	$ 277,771
Equipment	9,649
Construction in progress	60
Total cost	287,480
Less accumulated depreciation	168,552
Net property and equipment	$ 118,928

Depreciation expense for 2021 was $11,065.

Note 7 - Line of Credit

On June 8, 2020, the Society extended its $5,000 unsecured evergreen line of credit demand note with a bank to $10,000. The Society has the option to select the prime rate, the London Interbank Offered Rate (LIBOR) plus 1.1 percent, or the federal funds rate plus 1.1 percent. Any borrowings are secured against the assets of the Society. There were no borrowings outstanding on this line of credit at any time during 2021.

Note 8 - Revenue Bonds

Revenue bonds outstanding as of March 31, 2021 are as follows:

Village of Brookfield, Illinois - Series 2008	$ 28,920
Illinois Educational Facilities Authority (IEFA) - Series 1995B	1,055
Less debt issuance costs - Net of accumulated amortization	(159)
Total	$ 29,816

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

(all amounts in thousands unless otherwise noted)

Note 8 - Revenue Bonds (Continued)

Expenses incurred in connection with the Series 2008 Bond offerings of $297 were deferred and are being amortized on a straight-line basis over the period the bonds are to be outstanding. The debt issuance costs are reported net of the revenue bond payable on the statement of financial position. The Series 2008 Bonds are secured by a letter of credit that expired on June 18, 2021. The letter of credit was extended to October 31, 2023 in May 2021. The Society intends to extend or renew the line of credit. In the event the agent is unable to remarket the bonds, the bonds become a demand note under an irrevocable letter of credit issued by The Northern Trust Company. Should the irrevocable letter of credit not be renewed, an alternative credit facility must be obtained, or the bonds require repayment in 12 equal quarterly installments.

On July 10, 2015, the Society entered into a 10-year interest rate swap agreement for $10,000 of the 2008 Series Bonds with The Northern Trust Company to exchange a variable-rate interest payment equal to the Securities Industry and Financial Markets Association Swap Index (SIFMA) for a fixed interest payment of 1.966 percent. The SIFMA variable interest rate approximates the weekly remarketing variable rate. The swap exposes the Society to basis risk should the relationship between the weekly remarketing rate and SIFMA rate change significantly. The fair value liability for the obligation under this instrument was $586 as of March 31, 2021. This swap agreement will mature on July 10, 2025.

The remaining $18,920 of the Series 2008 Bonds had an effective variable interest rate of 0.52 percent for the period from January 1, 2020 through March 31, 2021.

In December 1995, the Society issued tax-exempt bonds through IEFA. Series 1995B Bonds mature on December 15, 2025, bear interest at a variable rate based on weekly remarketing, and have adjustable methods of demand features, purchase features, redemption provisions, rate determination dates, rate change dates, and interest payment dates. The bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed plus accrued interest to the redemption date on December 15 of the following years and in the following principal amounts:

Years Ending	Amount
2022	$ 535
2023	520
Total	$ 1,055

Expenses incurred in connection with the Series 1995B Bond offerings of $202 were deferred and are being amortized on a straight-line basis over the period the bonds are to be outstanding. The debt issuance costs are reported net of the revenue bond payable on the statement of financial position. The Series 1995B Serial Bonds are secured by a letter of credit that expired on June 18, 2021. The letter of credit was extended to October 31, 2023 in May 2021. The Society intends to extend or renew the line of credit. In the event that the agent is unable to remarket the bonds, the bonds become a demand note under an irrevocable letter of credit issued by The Northern Trust Company. Should the irrevocable letter of credit not be renewed, an alternative credit facility must be obtained or the bonds require repayment in 12 equal quarterly installments.

The remaining $1,055 of Series 1995B Bonds had an effective variable interest rate of 0.55 percent for the period from January 1, 2020 through March 31, 2021.

The letters of credit for the Series 2008 Bonds and the Series 1995B Bonds are subject to certain financial covenants, the most restrictive of which is a restriction concerning unrestricted cash and investments plus leadership campaign pledge receivables as a percentage of total debt.

Total interest expense is $402 for the 15 months ended March 31, 2021.

(all amounts in thousands unless otherwise noted)

Note 8 - Revenue Bonds (Continued)

The following table presents the amounts and the locations of the amounts relating to the Society's interest rate swap in the Society's financial statements as of and for the 15 months ended March 31, 2021:

Statement of financial position information - Interest rate swaps	$ 586
Statement of activities information*:	
Change in the fair value of interest rate swap agreements	(153)
Interest expense	(188)
Total income on interest rate swaps	$ (341)

*Both interest expense and the change in the fair value of the interest rate swaps are classified in the statement of activities and recorded in the Center for Science of Animal Care and Welfare expense line.

Note 9 - Paycheck Protection Program

In April 2020, the Society received a PPP loan in the amount of $6,378. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Society may use the funds on qualifying expenses over a covered period up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of 18 months, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels. In addition, because the Society's loan exceeds $2 million, the SBA will review the Society's loan file, which will include review of the Society's eligibility for the program and the good-faith certification of the necessity of the loan.

As of March 31, 2021, the Society has assessed that all requirements for forgiveness were achieved and, therefore, has recorded grant revenue of approximately $6,378, consistent with generally accepted accounting principles.

The Society received notification from the SBA of forgiveness of the entire loan on June 17, 2021.

The Society has received notice of legal forgiveness of the loan; however, the SBA has the ability to review the Society's loan file for a period subsequent to the date the loan was forgiven and could request additional documentation to support the Society's initial eligibility for the loan and the request for forgiveness. While management considers the likelihood of further action unlikely, in the event the SBA subsequently raises questions about the Society's initial eligibility for the loan and/or subsequent forgiveness, the SBA may pursue legal remedies at its discretion.

Note 10 - Tax Collections

Tax collections received by the Society from the District were made up of the following components:

Real estate taxes - Tax years 2020 and 2019	$ 19,698
Personal property replacement taxes	670
Prior year taxes, refunds, and other - Net	585
Deferred funds received	(2,368)
Total	$ 18,585

(all amounts in thousands unless otherwise noted)

Note 11 - Net Assets

The Society's governing board has designated, from net assets without donor restrictions, net assets for the following purposes as of March 31, 2021:

Board-designated net assets:		
Programs and capital improvements	$	33,247
Quasi endowment		5,898
Other		5,790
Investment in property, plant, and equipment - Net of related debt		89,112
Total board-designated net assets	$	134,047

Net assets with donor restrictions are restricted for the following purposes or periods as of March 31, 2021:

Subject to expenditures for a specified purpose:		
Center for Science of Animal Care and Welfare	$	407
Center for Conservation Leadership		1,359
Capital improvements		3,163
Total		4,929
Subject to the passage of time - Promises to give that are not restricted by donors but that are unavailable for expenditure until due		302
Subject to the Society's spending policy, appropriation, and satisfaction of purpose restriction, if applicable, the income of which is available to support:		
General operating expenditures		1,081
Center for Science of Animal Care and Welfare		5,039
Center for Conservation Leadership		12,656
Capital improvements		2
Other		707
Total		19,485
Total net assets with donor restrictions	$	24,716

Note 12 - Net Assets Released from Restrictions

Net assets were released from donor restrictions during the period from January 1, 2020 through March 31, 2021 by passage of time or incurring expenses satisfying the following restricted purposes:

Center for Science of Animal Care and Welfare	$	1,580
Center for Conservation Leadership		2,180
Capital improvements		68
Time restricted		676
Other		338
Total	$	4,842

Note 13 - Donor-restricted and Board-designated Endowments

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

(all amounts in thousands unless otherwise noted)

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

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

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

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

	Endowment Net Asset Composition by Type of Fund as of March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 5,898	$ -	$ 5,898
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	10,947	10,947
Accumulated investment gains	-	8,538	8,538
Total donor-restricted endowment funds	-	19,485	19,485
Total	$ 5,898	$ 19,485	$ 25,383

(all amounts in thousands unless otherwise noted)

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Period from January 1, 2020 through March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of period	$ 5,133	$ 17,229	$ 22,362
Investment return - Net	887	2,886	3,773
Contributions	10	165	175
Appropriation of endowment assets for expenditure	(132)	(795)	(927)
Endowment net assets - End of period	$ 5,898	$ 19,485	$ 25,383

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Society to retain a fund of perpetual duration. As of March 31, 2021, there were no funds with deficiencies.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

(all amounts in thousands unless otherwise noted)

Note 14 - Retiree Medical Benefits

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

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

The following tables provide information about the Society's postretirement medical and dental benefit plan as of March 31, 2021:

Obligations and Funded Status

Change in benefit obligation:	
Benefit obligation at beginning of period	$ 1,954
Service cost	80
Interest cost	61
Actuarial loss	(438)
Curtailment	(88)
Benefits paid	(27)
Benefit obligation at end of period	1,542
Fair value of plan assets at end of period	-
Funded status at end of period	$ (1,542)

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

Accrued postretirement benefits	$ (1,542)

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

Actuarial losses - Net	$ (1,713)
Prior service credit	(596)
Total	$ (2,309)

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

Change in amounts not yet recognized in postretirement benefits:	
Arising	$ (438)
Recognized	121
Prior year service credit (recognized)	326
Total	$ 9
Amounts recognized in net assets to be recognized in statement of activities in the period from January 1, 2020 through March 31, 2021 - Prior service credit	$ 326

(all amounts in thousands unless otherwise noted)

Note 14 - Retiree Medical Benefits (Continued)

Weighted-average assumptions used to determine benefit obligations at March 31, 2021 are as follows:

Weighted-average assumption as of end of period (benefit obligation) - Discount rate	2.77%
Weighted-average assumption as of beginning of period (net benefit cost) - Discount rate	2.98%

Assumed Health Care Cost Trend Rates at March 31

	Other Postretirement Benefits 2021
Health care cost trend rate assumed for next year	6.50 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %
Year that the rate reaches the ultimate trend rate	2029

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

	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total service and interest cost for 2021	$ 25	$ (20)
Effect on year-end 2021 postretirement benefit obligation	179	(151)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for each of the fiscal years as of March 31, 2021:

Years Ending	Amount
2022	$ 92
2023	106
2024	119
2025	118
2026	116
2027-2031	482

Note 15 - Employee Benefit Plan

The Society sponsors a defined contribution plan available to all regular employees who are 21 years of age and have completed one hour of service. Participants may contribute a portion of their compensation, which is then partially matched by the Society. Only employees who have completed one year of service and met certain minimum hours worked requirements are eligible for the company match. The Society's expense for period from January 1, 2020 through March 31, 2021 was approximately $768.

Note 16 - Sick Leave Benefits

The Society has a sick leave policy where eligible employees may accumulate sick leave days. Upon resignation, retirement, or death, employees are paid 50 percent of their accumulated sick leave days up to 120 days. Retirees age 62 or older are paid 100 percent of their accumulated sick leave days up to 120 days. Beginning on January 1, 2001, new employees continue to accumulate sick leave days according to the current schedule but are not eligible for payment of their accumulated and unused sick leave days upon resignation or retirement. This change did not affect employees hired prior to January 1, 2001. Additionally, effective in 2010, employees hired prior to January 1, 2001 who have current balances of greater than 120 days each December 31 are required to cash out their amount over 120 days, up to 10 days, 5 of which may permanently reduce their future resignation, retirement, or death payout. The actuarially determined present value of the Society's liability for accumulated sick leave was $1,204 as of March 31, 2021, included in accrued actuarial benefit obligations on the statement of financial position. The assumed increase in salary rates was 2.0 percent per annum, compounded annually using a 2021 discount rate of 2.4 percent for the 2021 actuarial valuation.

Note 17 - Charitable Gift Annuity

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

The total assets and total liabilities related to this program as of March 31, 2021 was $442 and $175, respectively. Charitable gift annuity assets and liabilities are included in investments and other liabilities in the statement of financial position.

Note 18 - Beneficial Interest in Trust

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

Note 19 - Contingencies

The Society is a defendant in various litigation matters arising in the normal course of business. In the opinion of management, the ultimate resolution of all such litigation matters will not have a material effect on the financial position or activities of the Society.

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

Note 20 - Related Party Transactions

Certain utility, banking, legal, and investment services are provided by companies with which members of the board of trustees are affiliated. These services are approved by the board of trustees and are provided at rates consistent with the market rates for not-for-profit organizations. Additionally, the board of trustees contributed $7,368 to the Society during the 2021 fiscal year.