

Financial Statements and Report of
Independent Certified Public
Accountants

Field Museum of Natural History

December 31, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Field Museum of Natural History

Opinion

We have audited the financial statements of Field Museum of Natural History (the "Museum"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Field Museum of Natural History as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

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

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of department expenses for the years ended December 31, 2021 and 2020, are presented for purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
May 12, 2022

Field Museum of Natural History
STATEMENTS OF FINANCIAL POSITION
December 31,

	2021	2020
ASSETS		
Cash	\$ 1,116,562	\$ 787,600
Interest and dividends receivable	329,844	276,275
Accounts receivable	7,495,484	3,828,018
Pledges receivable, net	15,921,212	22,682,661
Inventories	85,241	93,304
Investments	633,647,878	565,415,000
Property, net	209,783,077	214,064,998
Accrued pension asset	690,078	-
Prepaid expenses	2,680,481	4,061,471
Other assets	2,367,704	2,576,609
Collections	1	1
	\$ 874,117,562	\$ 813,785,937
Total assets		
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,360,791	\$ 1,768,175
Accrued expenses	5,006,448	4,072,553
Deferred revenue	6,352,093	6,498,342
Accrued pension cost	-	1,373,502
Interest rate swaps	18,477,479	23,624,485
Notes payable	161,020,715	168,349,502
	193,217,526	205,686,559
Total liabilities		
Net assets		
Without donor restrictions	309,304,653	262,814,094
With donor restrictions	371,595,383	345,285,284
	680,900,036	608,099,378
Total net assets		
Total liabilities and net assets	\$ 874,117,562	\$ 813,785,937

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

Field Museum of Natural History

STATEMENT OF ACTIVITIES

Year ended December 31, 2021, with comparative totals for the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue and other support				
Operating revenues				
Chicago Park District property tax remittances	\$ 5,118,867	\$ -	\$ 5,118,867	\$ 5,455,411
Government grants	10,843,945	-	10,843,945	1,586,027
Private grants and contracts	410,859	-	410,859	170,431
Investment return used in operations	12,868,575	6,543,950	19,412,525	18,684,554
Contributions	8,888,392	5,924,888	14,813,280	16,185,476
Sponsorships	847,510	-	847,510	556,536
Memberships	1,665,378	-	1,665,378	924,044
Admissions	12,310,031	-	12,310,031	2,595,487
Program service fees	1,403,240	-	1,403,240	1,200,865
Business enterprises	3,157,197	-	3,157,197	1,062,960
Gain on extinguishment of debt	6,339,255	-	6,339,255	-
Other	1,104,125	-	1,104,125	451,112
Total operating revenues	64,957,374	12,468,838	77,426,212	48,872,903
Net assets released from restrictions for operations	13,468,109	(13,468,109)	-	-
Total revenue and other support	78,425,483	(999,271)	77,426,212	48,872,903
Operating expenses				
Science and education	19,252,731	-	19,252,731	16,613,877
Public programs	8,263,893	-	8,263,893	7,569,460
Business enterprises	1,303,313	-	1,303,313	1,172,773
Museum outreach	3,432,680	-	3,432,680	3,219,026
Museum services	9,542,204	-	9,542,204	8,239,842
General and administrative	6,100,794	-	6,100,794	5,883,374
Institutional advancement	5,080,752	-	5,080,752	4,888,891
Debt service	6,995,272	-	6,995,272	7,083,877
Total operating expenses	59,971,639	-	59,971,639	54,671,120
Change in net assets resulting from operating revenues and expenses	18,453,844	(999,271)	17,454,573	(5,798,217)
Non-operating items				
Investment return, net	37,085,943	29,620,284	66,706,227	74,906,483
Investment return used in operations	(12,868,575)	(6,543,950)	(19,412,525)	(18,684,554)
Government grants for capital improvements	750,000	-	750,000	-
Campaign contributions and major gifts	3,162,294	9,324,451	12,486,745	8,407,186
Change in fair value of interest rate swaps	5,147,006	-	5,147,006	(4,541,363)
Depreciation	(11,560,815)	-	(11,560,815)	(11,834,928)
Net assets released from restrictions for capital improvements	5,091,415	(5,091,415)	-	-
Pension-related changes other than net periodic pension cost	1,229,447	-	1,229,447	1,389,454
Total non-operating items	28,036,715	27,309,370	55,346,085	49,642,278
CHANGES IN NET ASSETS				
	46,490,559	26,310,099	72,800,658	43,844,061
Net assets at beginning of year	262,814,094	345,285,284	608,099,378	564,255,317
Net assets at end of year	<u>\$ 309,304,653</u>	<u>\$ 371,595,383</u>	<u>\$ 680,900,036</u>	<u>\$ 608,099,378</u>

The accompanying notes are an integral part of this financial statement.

Field Museum of Natural History

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
Revenue and other support			
Operating revenues			
Chicago Park District property tax remittances	\$ 5,455,411	\$ -	\$ 5,455,411
Government grants	1,586,027	-	1,586,027
Private grants and contracts	170,431	-	170,431
Investment return used in operations	12,643,317	6,041,237	18,684,554
Contributions	11,970,529	4,214,947	16,185,476
Sponsorships	556,536	-	556,536
Memberships	924,044	-	924,044
Admissions	2,595,487	-	2,595,487
Program service fees	1,200,865	-	1,200,865
Business enterprises	1,062,960	-	1,062,960
Other	451,112	-	451,112
Total operating revenues	38,616,719	10,256,184	48,872,903
Net assets released from restrictions for operations	12,519,698	(12,519,698)	-
Total revenue and other support	51,136,417	(2,263,514)	48,872,903
Operating expenses			
Science and education	16,613,877	-	16,613,877
Public programs	7,569,460	-	7,569,460
Business enterprises	1,172,773	-	1,172,773
Museum outreach	3,219,026	-	3,219,026
Museum services	8,239,842	-	8,239,842
General and administrative	5,883,374	-	5,883,374
Institutional advancement	4,888,891	-	4,888,891
Debt service	7,083,877	-	7,083,877
Total operating expenses	54,671,120	-	54,671,120
Change in net assets resulting from operating revenues and expenses	(3,534,703)	(2,263,514)	(5,798,217)
Non-operating items			
Investment return, net	40,707,132	34,199,351	74,906,483
Investment return used in operations	(12,643,317)	(6,041,237)	(18,684,554)
Campaign contributions and major gifts	873,091	7,534,095	8,407,186
Change in fair value of interest rate swaps	(4,541,363)	-	(4,541,363)
Depreciation	(11,834,928)	-	(11,834,928)
Net assets released from restrictions for capital improvements	2,776,382	(2,776,382)	-
Pension-related changes other than net periodic pension cost	1,389,454	-	1,389,454
Total non-operating items	16,726,451	32,915,827	49,642,278
CHANGES IN NET ASSETS	13,191,748	30,652,313	43,844,061
Net assets at beginning of year	249,622,346	314,632,971	564,255,317
Net assets at end of year	<u>\$ 262,814,094</u>	<u>\$ 345,285,284</u>	<u>\$ 608,099,378</u>

The accompanying notes are an integral part of this financial statement.

Field Museum of Natural History

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 72,800,658	\$ 43,844,061
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,560,815	11,834,928
Amortization of deferred bond premium	110,468	118,141
Net realized/unrealized appreciation on investments	(62,571,498)	(69,907,782)
Change in fair value of interest rate swap liabilities	(5,147,006)	4,541,363
Contributions permanently restricted for endowment	(5,499,450)	(6,603,642)
Changes in operating assets and liabilities:		
Interest and dividends receivable	(53,569)	88,492
Accounts receivable	(3,667,466)	743,224
Pledges receivable	3,646,094	4,074,437
Museum inventories	8,063	25,164
Other assets and prepaid expense	1,589,895	(281,281)
Accounts payable	592,440	(760,879)
Accrued expenses	933,895	(849,125)
Deferred revenue	(146,249)	(574,744)
Accrued pension cost	(2,063,580)	(1,831,205)
Net cash provided by (used in) operating activities	12,093,510	(15,538,848)
Cash flows from investing activities:		
Purchases of investments	(22,277,584)	(66,722,571)
Proceeds from sales of investments	16,616,204	70,009,718
Purchases of Museum property	(7,278,718)	(4,626,055)
Net cash used in investing activities	(12,940,098)	(1,338,908)
Cash flows from financing activities:		
Repayment of bonds	(7,439,255)	(1,000,000)
Borrowings from issuance of notes payable and loan proceeds	-	6,339,255
Contributions permanently restricted for endowment	8,614,805	9,795,196
Borrowings under line of credit	-	5,000,000
Repayment of line of credit borrowings	-	(5,000,000)
Net cash provided by financing activities	1,175,550	15,134,451
NET CHANGE IN CASH	328,962	(1,743,305)
Cash, beginning of year	787,600	2,530,905
Cash, end of year	\$ 1,116,562	\$ 787,600
Supplemental disclosures of cash flow information:		
Interest paid	\$ 6,865,746	\$ 6,967,813
Income taxes paid	21,419	165,924
Accounts payable for construction in progress	75,083	74,907
Debt forgiveness	6,339,255	-

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

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A - 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 nearly 40 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. 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 the excess of investment earnings under the total return concept (see Note B), government grants for capital improvements, campaign and major gift activity, depreciation, the change in fair value of interest rate swaps, 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, for capital improvements, and investment return for endowment spending, as well as net assets with a change in donor restrictions and net assets, are classified as non-operating items.

Net Assets

Net assets without donor restrictions 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 net assets that have been designated by the Board of Trustees (the Board) or Museum administration for programs 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 G).

Net assets with donor restrictions include contributions and investment income that have been restricted by donors for specified purposes, contributions with time restrictions, and amounts restricted by donors in perpetuity. When restrictions have been met, such net assets are reported as net assets released from restrictions (see Note O).

NOTE B - 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.

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 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 C).

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 as it receives annual dividends from this investment, which are included as a part of investment return.

Investment Income

The Museum utilizes the total return concept for operations to allocate investment income earned on assets with donor restrictions and unrestricted long-term investments. The Board has approved a spending policy at a rate of 4.5% for 2021 and 2020 on a three-year moving average, which resulted in a spending amount of \$19,412,525 in 2021 and \$18,684,554 in 2020. This is first satisfied from interest and dividend income, and the remaining balance is provided from accumulated 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 with donor restrictions based on state law, donor-imposed restrictions or time restrictions.
- b. Investment income on Board-designated funds is recorded as without donor restrictions.
- c. Investment income on other unrestricted investments is recorded as without donor restrictions.

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Endowment Funds

Endowment funds are recorded in accordance with the Illinois approved Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) that extends a donor’s restriction to use of the funds, including investment return, until the funds are appropriated for expenditure by the Board. The Museum classifies gifts to be held in perpetuity and the associated earnings on these funds as net assets with donor restrictions 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.

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.

Museum 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 five 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.

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. Collections care generally includes traditional maintenance, handling inventories, object labeling, object housing and support, housekeeping, environmental control, conservation, integrated pest management, emergency planning, mitigation and response, health and safety, security, and insurance.

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 statements of financial position 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 net assets without donor restrictions in the year in which the items are acquired, or as decreases in net assets with donor restrictions 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 without donor restrictions. There were no sales of collection items in 2021 or 2020.

Revenue Recognition

The Museum recognizes revenue for sponsorships, admissions, program service fees, business enterprises, and other based on the satisfaction of performance obligations. Performance obligations are determined based on the service provided by the Museum. The following explains the performance obligations related to each revenue stream and how those are recognized.

Sponsorships - The Museum receives revenue from contracts and agreements with third parties to sponsor temporary events, exhibits, and other programs. The revenue is recognized over the sponsorship period, as the sponsor receives the benefit.

Admissions - The Museum receives revenue from visitors, which is recognized when redeemed by visitors for entrance to the Museum. Admissions include the Museum's portion of revenue from combined ticket packages with other local institutions.

Program service fees - The Museum receives revenue from third parties to provide lab services, education programs, and rentals and licensing of traveling exhibits. The Museum recognizes revenue for these activities when the related services are provided, when programs are held, and over the term of the rental and licensing agreements.

Business enterprises - The Museum receives revenue for use of space for events and group admissions from visitors. The Museum recognizes revenue for these activities when the event or group admission occurs. The Museum also receives revenue from third parties in connection with leased space and services provided to Museum customers for food services, retail, vending and other services. The Museum recognizes the revenue associated with the leased space ratably over the term of the lease and recognizes the revenue from the services provided to Museum customers by third parties on the date of the customer transaction.

Other - The Museum receives revenue from visitors for services including coat check, stroller rental, event tickets, and other miscellaneous services. The Museum recognizes this revenue on the date the service is provided.

Payments received in advance of the Museum satisfying its performance obligations are recorded within deferred revenues in the accompanying statements of financial position. The changes in deferred revenue were a result of normal timing differences between the satisfaction of performance obligations and customer payments.

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 statements 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. The Museum received no in-kind support in 2021 or 2020.

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 contributions, 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

The Museum records revenue under grant agreements based on their respective terms. Grants and contracts are primarily conditional contributions and are recognized as revenue without donor restrictions when the corresponding expenses have been incurred for allowable purposes consistent with the terms of the respective agreements to which they pertain. The Museum was awarded grants of \$7,070,475 and \$4,257,756 for which revenue has not been recognized because qualifying expenditures had not yet been incurred as of December 31, 2021 and 2020, respectively. Amounts reported as accounts receivable in the accompanying statements of financial position include grant and contract expenses incurred in advance of the receipt of funds. There is no allowance for grants, as collection is reasonably assured based on historical experience. Funds received in advance of incurred grant and contract expenses are reported as deferred revenue in the accompanying statements of financial position.

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 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 years ended December 31, 2021 and 2020, no interest and penalties were recorded.

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 pension assets are based on market quotes as of the reporting date. Other than the Museum's investment in a limited partnership multi-family portfolio, investments are reported at fair value based on market quotes as of the reporting date. The fair value of the interest rate swaps is obtained from a third party as of the measurement date.

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.

Level 3 - refers to instruments not traded in an active market and for which no significant observable market inputs are available.

Functional Allocation of Expenses

The costs of providing Museum programs and administration have been summarized on a functional basis in Note K. The Museum classifies expenses directly to the categories the expense is supporting. In some instances, expenses may be attributable to more than one function. These expenses related to utilities and debt service have been allocated among the program and support services based on square footage and debt uses.

Paycheck Protection Program (PPP) Loan Payable

In April 2020, the Museum received a PPP loan in the amount of \$6,339,255 (see Note G). The Museum recorded the amount received as a debt liability in 2020 and a gain on extinguishment of debt in 2021 when the Museum received loan forgiveness.

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 statements of financial position (see Note H).

COVID-19

The COVID-19 global pandemic continues to impact the Museum's operations. On March 14, 2020, the Museum closed to the public and remained closed until July 17, 2020 in accordance with directives issued by the State of Illinois ("State") and City of Chicago ("City") due to the COVID-19 global pandemic. The Museum reopened on July 17, 2020 and operated at a reduced capacity until November 20, 2020, when the Museum closed again to the public in accordance with directives issued by the State and City. The Museum reopened again on January 21, 2021 at a reduced capacity. The capacity restrictions were lifted on June 11, 2021. These closures and capacity restrictions resulted in reduced revenue related to

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admissions, membership, program service fees and business enterprises. The loss of revenue was mitigated by expense adjustments, including temporary workforce and salary reductions, postponed program expenses, and delayed capital expenditures.

NOTE C - 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.

Investments at December 31, 2021 and 2020, consist of the following:

	2021	2020
Money market funds	\$ 61,828,752	\$ 45,556,205
Equity security funds	383,900,804	336,916,844
Fixed-income securities funds	61,168,135	61,353,966
Hedged equity funds	63,810,266	61,691,671
Absolute return funds	61,179,921	58,136,314
Limited partnership	1,760,000	1,760,000
Total	\$ 633,647,878	\$ 565,415,000

The following tables summarize assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020:

	2021				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Observable Inputs Level 3	Investments Measured at NAV	Total
Assets					
Money market funds	\$ 61,828,752	\$ -	\$ -	\$ -	\$ 61,828,752
Equity security funds	36,874,540	-	-	347,026,264	383,900,804
Fixed-income securities funds	61,168,135	-	-	-	61,168,135
Hedged equity funds	-	-	-	63,810,266	63,810,266
Absolute return funds	-	-	-	61,179,921	61,179,921
Total investments, fair value	\$ 159,871,427	\$ -	\$ -	\$ 472,016,451	
Limited partnership, cost					1,760,000
Total investments					\$ 633,647,878
Liabilities					
Interest rate swaps	\$ -	\$ 18,477,479	\$ -	\$ -	\$ 18,477,479
Total	\$ -	\$ 18,477,479	\$ -	\$ -	\$ 18,477,479

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

	2020				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Observable Inputs Level 3	Investments Measured at NAV	Total
Assets					
Money market funds	\$ 45,556,205	\$ -	\$ -	\$ -	\$ 45,556,205
Equity security funds	34,616,024	-	-	302,300,820	336,916,844
Fixed-income securities funds	61,353,966	-	-	-	61,353,966
Hedged equity funds	-	-	-	61,691,671	61,691,671
Absolute return funds	-	-	-	58,136,314	58,136,314
	<u>\$ 141,526,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,128,805</u>	
Total investments, fair value					
Limited partnership, cost					1,760,000
Total investments					<u>\$ 565,415,000</u>
Liabilities					
Interest rate swaps	\$ -	\$ 23,624,485	\$ -	\$ -	\$ 23,624,485
Total	<u>\$ -</u>	<u>\$ 23,624,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,624,485</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 years ended December 31, 2021 and 2020, there were no transfers in or out of Level 1, Level 2 or Level 3.

The following tables disclose additional information about investments recorded at NAV or its equivalent, such as percentage of capital, at December 31, 2021 and 2020:

	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity security funds ^(a)	\$ 347,026,264	\$ -	Daily - Quarterly	0-60 days
Hedged equity funds ^(b)	63,810,266	-	Quarterly - Annually	45-80 days
Absolute return funds ^(c)	61,179,921	-	Quarterly - Annually	45-100 days
Total investments recorded at NAV	<u>\$ 472,016,451</u>	<u>\$ -</u>		

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity security funds ^(a)	\$ 302,300,820	\$ -	Daily - Quarterly	0-60 days
Hedged equity funds ^(b)	61,691,671	-	Quarterly - Annually	45-80 days
Absolute return funds ^(c)	58,136,314	-	Quarterly - Annually	45-100 days
Total investments recorded at NAV	<u>\$ 422,128,805</u>	<u>\$ -</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. None of these assets are in the process of being redeemed as of December 31, 2021.

(b) 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 redemption frequency limitations and have a redemption notice period, and less than 1% of the hedged equity funds are in redemption as of December 31, 2021.

(c) 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 have a redemption notice period, and less than 1% of the absolute return funds are in redemption as of December 31, 2021.

All investments stated at NAV and described above include terms and conditions, including liquidity provisions, which 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, 2021 and 2020. 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE D - 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 until such time as the net assets are used for their intended donor-stipulated purposes.

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 305,629,032	\$ 305,629,032
Board-designated endowment funds	274,562,253	14,332,191	288,894,444
Total	<u>\$ 274,562,253</u>	<u>\$ 319,961,223</u>	<u>\$ 594,523,476</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 273,937,894	\$ 273,937,894
Board-designated endowment funds	250,385,126	14,329,590	264,714,716
Total	<u>\$ 250,385,126</u>	<u>\$ 288,267,484</u>	<u>\$ 538,652,610</u>

During 2021, the Museum had the following endowment-related cash activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 250,385,126	\$ 288,267,484	\$ 538,652,610
Investment return, net	31,184,897	32,336,216	63,521,113
New cash gifts and pledge payments	-	8,617,405	8,617,405
Appropriation of endowment assets for expenditure	(12,868,575)	(6,543,950)	(19,412,525)
Net assets released for time transfers from Board-approved spending	2,715,932	(2,715,932)	-
Transfers to Board-designated endowment funds	3,144,873	-	3,144,873
Endowment net assets, end of year	<u>\$ 274,562,253</u>	<u>\$ 319,961,223</u>	<u>\$ 594,523,476</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2021 and 2020

During 2020, the Museum had the following endowment-related cash activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 223,164,430	\$ 250,293,575	\$ 473,458,005
Investment return, net	38,056,268	36,710,733	74,767,001
New cash gifts and pledge payments	9,301	9,815,796	9,825,097
Appropriation of endowment assets for expenditure	(12,643,317)	(6,041,237)	(18,684,554)
Net assets released for time transfers from Board-approved spending	2,511,383	(2,511,383)	-
Transfers from Board-designated endowment funds	(712,939)	-	(712,939)
Endowment net assets, end of year	<u>\$ 250,385,126</u>	<u>\$ 288,267,484</u>	<u>\$ 538,652,610</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 for assets to be restricted in perpetuity and, when received, the payments will be reflected as new cash gifts and pledge payments with donor restrictions.

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, 2021 and 2020, there were no deficiencies of this nature.

NOTE E - MUSEUM PROPERTY, NET

Museum property at December 31, 2021 and 2020, consists of the following:

	2021	2020
Building and building improvements	\$ 328,498,536	\$ 326,348,266
Exhibit hall improvements (excluding artifacts and historical treasures)	107,979,816	107,450,146
Research and office equipment	31,045,878	29,857,987
Total property and equipment	467,524,230	463,656,399
Less: accumulated depreciation	(262,669,034)	(251,108,218)
Net depreciable property and equipment	204,855,196	212,548,181
Construction in progress	4,927,881	1,516,817
Museum property, net	<u>\$ 209,783,077</u>	<u>\$ 214,064,998</u>

At December 31, 2021 and 2020, the Museum has \$3,437,900 and \$3,584,287 of net capitalized interest included in Museum property, respectively.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 \$988,000 to complete the Museum's construction in progress as of December 31, 2021.

NOTE F - PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges and revenue with donor restrictions. Pledges are recorded after discounting to the present value the expected future cash flows using discount rates ranging between 0.53% and 2.75%.

Pledges receivable were as follows as of December 31, 2021 and 2020:

	2021	2020
Due within one year	\$ 5,959,793	\$ 11,780,853
Due between two to five years	8,683,484	9,046,190
Due after five years	2,000,000	3,000,000
	16,643,277	23,827,043
Less		
Allowance for uncollectible accounts	(108,181)	(154,876)
Present value discount	(613,884)	(989,506)
Pledges receivable, net	\$ 15,921,212	\$ 22,682,661

NOTE G - PPP LOAN PAYABLE AND NOTES PAYABLE

On April 10, 2020, the Museum received a forgivable PPP loan of \$6,339,255 that was granted by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was signed into law on March 27, 2020. The PPP loan funds were used for eligible purposes and the loan was forgiven by the SBA in 2021.

The Museum recorded the amount received in 2020 as a debt liability as of December 31, 2020. The Museum recognized a gain on extinguishment of debt in 2021.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2021 and 2020

Notes payable at December 31, 2021 and 2020, consist of the following amounts due to the Illinois Finance Authority, which issued bonds on the Museum's behalf:

	2021			Maturity Date
	Original Principal	Principal Paid in 2021	Principal Outstanding December 31, 2021	
Series 2019	\$ 87,160,000	\$ 1,100,000	\$ 84,160,000	November 1, 2034
Series 2002	90,000,000	-	78,000,000	November 1, 2036
Total	<u>\$ 177,160,000</u>	<u>\$ 1,100,000</u>	162,160,000	
Bond issuance costs			<u>(1,139,285)</u>	
Notes payable, net			<u>\$ 161,020,715</u>	
	2020			Maturity Date
	Original Principal	Principal Paid in 2020	Principal Outstanding December 31, 2020	
Series 2019	\$ 87,160,000	\$ 1,000,000	\$ 85,260,000	November 1, 2034
Series 2002	90,000,000	-	78,000,000	November 1, 2036
Total	<u>\$ 177,160,000</u>	<u>\$ 1,000,000</u>	163,260,000	
SBA Loan 2020			6,339,255	
Bond issuance costs			<u>(1,249,753)</u>	
Notes payable, net			<u>\$ 168,349,502</u>	

In 2019, the Museum replaced Series 2015 tax-exempt direct placement bonds with a new Series 2019 tax-exempt bond issue totaling \$87.16 million. The Series 2019 bonds were initially issued as floating rate notes ("FRN").

The Series 2019 FRN bonds are subject to a mandatory tender on September 1, 2022, with sinking fund payments each year until maturity in November 2034. Interest on the Series 2019 Bonds during the initial FRN period are based on 68% of 1-month LIBOR plus an initial FRN spread of 0.50%. The Series 2019 Bonds outstanding at December 31, 2021 bore interest of 0.605%.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 Series 2002 Bonds bear interest at a rate of 3.90% to 5.50%, depending on duration. The current blended rate as of December 31, 2021, is 4.36% (weighted), and interest is payable each November 1 and May 1.

The total interest costs incurred on these bonds in 2021 and 2020 were \$6,865,754 and \$6,944,457, respectively. 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%. The notional amount outstanding at December 31, 2021 was \$38.2 million.

These agreements are considered derivative financial instruments and are reported at their fair values as a liability of \$18,477,479 and \$23,624,485 at December 31, 2021 and 2020, respectively. The fair value is recorded in interest rate swaps in the accompanying statements of financial position. The unrealized gain on interest rate swaps for 2021 was \$5,147,006 and the unrealized loss for 2020 was \$4,541,363. The net change in fair value of the agreements is reported as a separate line item in the non-operating section of the accompanying statements of activities.

NOTE H - 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 and the existing contributory defined contribution plan was amended to include matching, discretionary, and transition components beginning January 1, 2015. In 2021 and 2020, Museum contributions expensed with respect to the defined contribution plan were \$1,573,573 and \$632,968, respectively.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The change in benefit obligation, change in plan assets and the composition of the amounts recognized in the accompanying statements of financial position as of and for the years ended December 31, 2021 and 2020, are as follows:

	2021	2020
Change in benefit obligation		
Benefit obligation - beginning of year	\$ 31,074,369	\$ 29,943,092
Service cost	36,120	69,044
Interest cost	647,337	824,300
Actuarial loss	849,624	2,186,366
Benefits paid	(1,890,318)	(1,948,433)
Benefit obligation - end of year	\$ 30,717,132	\$ 31,074,369
Change in plan assets		
Fair value of plan assets - beginning of year	\$ 29,700,867	\$ 26,738,385
Actual return on plan assets	3,596,661	4,840,915
Employer contribution	-	70,000
Benefits paid	(1,890,318)	(1,948,433)
Fair value of plan assets - end of year	\$ 31,407,210	\$ 29,700,867
Funded status	\$ 690,078	\$ (1,373,502)

Amounts that have not yet been recognized as a component of net periodic benefit cost consist of the following at December 31, 2021 and 2020:

	2021	2020
Prior service credit	\$ (43,254)	\$ (50,463)
Net actuarial loss	2,383,882	3,620,538
Total	\$ 2,340,628	\$ 3,570,075

The following table sets forth the rollforward of the pension asset/liability for the years ended December 31, 2021 and 2020:

	2021	2020
Pension liability - beginning of year	\$ (1,373,502)	\$ (3,204,707)
Net periodic pension income	834,133	371,751
Pension-related changes other than net periodic pension cost		
Net actuarial gain	1,236,656	1,396,663
Amortization of prior service credit	(7,209)	(7,209)
Employer contribution	-	70,000
Pension asset (liability) - end of year	\$ 690,078	\$ (1,373,502)

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Other changes in pension plan assets and benefit obligation recognized during the years ended December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Net actuarial gain	\$ (1,115,572)	\$ (1,186,629)
Items amortized		
Prior service credit	7,209	7,209
Net actuarial loss	<u>(121,084)</u>	<u>(210,034)</u>
Total pension-related changes other than net periodic benefit cost	<u>\$ (1,229,447)</u>	<u>\$ (1,389,454)</u>

The components of net periodic benefit cost (income) for the years ended December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Service cost	\$ 36,120	\$ 69,044
Interest cost	647,337	824,300
Expected return on assets	(1,631,465)	(1,467,920)
Amortization of net actuarial loss	24,528	63,555
Prior service credit	(7,209)	(7,209)
Settlement/curtailment expense	<u>96,556</u>	<u>146,479</u>
Net periodic pension cost (income)	<u>\$ (834,133)</u>	<u>\$ (371,751)</u>

The following table presents the key actuarial assumptions used in developing the data for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	2.50%	2.25%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for the year beginning January 1		
Discount rate	2.25%	3.00%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2021 and 2020

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:

2022	\$ 3,103,000
2023	3,193,000
2024	2,184,000
2025	2,136,000
2026	2,073,000
2027-2031	8,807,000

The following table presents the Plan's asset allocation at December 31, 2021, by asset category:

		<u>Range</u>
Money market funds	0%	0-5%
Equity security funds	43	40-60
Fixed-income securities funds	<u>57</u>	40-60
	<u><u>100%</u></u>	

The following table presents the Plan's asset allocation at December 31, 2020, by asset category:

		<u>Range</u>
Money market funds	1%	0-5%
Equity security funds	78	50-90
Fixed-income securities funds	<u>21</u>	20-40
	<u><u>100%</u></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 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The following represents the Plan's investments measured at fair value on a recurring basis at December 31, 2021:

	2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Investments Measured at NAV	Total
Assets					
Money market funds	\$ -	\$ -	\$ -	\$ 95,836	\$ 95,836
Equity security funds	737,422	-	-	12,729,332	13,466,754
Fixed-income securities funds	17,844,620	-	-	-	17,844,620
Total	<u>\$ 18,582,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,825,168</u>	<u>\$ 31,407,210</u>

The following represents the Plan's investments measured at fair value on a recurring basis at December 31, 2020:

	2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Investments Measured at NAV	Total
Assets					
Money market funds	\$ -	\$ -	\$ -	\$ 255,172	\$ 255,172
Equity security funds	1,744,723	-	-	21,389,606	23,134,329
Fixed-income securities funds	6,311,366	-	-	-	6,311,366
Total	<u>\$ 8,056,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,644,778</u>	<u>\$ 29,700,867</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 years ended December 31, 2021 and 2020, 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, 2021 and 2020:

	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency Limitations	Redemption Notice Period
Assets				
Money market funds ^(a)	\$ 95,836	-	None	0 days
Equity security funds ^(b)	12,729,332	-	None	0-5 days
Total value	<u>\$ 12,825,168</u>			

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency Limitations	Redemption Notice Period
Assets				
Money market funds ^(a)	\$ 255,172	-	None	0 days
Equity security funds ^(b)	21,389,606	-	None	0-5 days
Total value	\$ 21,644,778			

(a) This category includes investments primarily consisting of a broad range of high-quality, U.S. dollar-denominated government, bank and commercial obligations that are available in the money markets. The funds' objective is to maintain a stable NAV of \$1.00 per share and maximize current income to the extent consistent with the preservation of capital and maintaining liquidity. The NAV of the fund is determined using the fair value of the underlying securities. The funds have no commitments, no redemption frequency limitations, and allow for same-day notice for redemption.

(b) 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.

There was no minimum contribution due to the Plan in 2021 or 2020. The Museum contributed \$0 to the in 2021 and \$70,000 in 2020.

NOTE I - LINE OF CREDIT

The Museum has an unsecured uncommitted demand revolving line of credit for \$15,000,000. The agreement bears interest at the federal funds rate plus 0.50%. The Museum incurred interest of \$0 in 2021 and \$23,202 on the line of credit in 2020. At December 31, 2021 and 2020, the Museum had no borrowings against the line of credit.

NOTE J - RELATED PARTIES

The Museum receives financial support from individual members of its Board. In 2021, approximately 27% of contributions were from members of the Board, and approximately 74% of the pledge receivables were due from members of its Board. In 2020, approximately 33% of contributions were from members of the Board, and approximately 73% of the pledge receivables were due from members of its Board.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE K - FUNCTIONAL EXPENSES

The Museum's operating expenses for the years ended December 31, 2021 and 2020, are classified functionally as follows:

2021	Program Services					Total
	Science and Education	Public Programs	Business Enterprises	Museum Outreach	Museum Services	
Compensation	\$ 15,396,220	\$ 4,943,911	\$ 731,228	\$ 2,457,942	\$ 5,050,410	\$ 28,579,711
Supplies	850,141	609,101	14,042	65,981	1,018,287	2,557,552
Cost of goods sold	-	-	53,984	-	-	53,984
Postage, freight, and miscellaneous	381,446	195,754	121,191	88,139	830	787,360
Travel	403,025	245,955	3,589	31,142	10,959	694,670
Outside services	1,223,726	1,459,865	300,242	2,302,580	2,821,711	8,108,124
Utilities	995,819	805,809	79,037	19,030	319,867	2,219,562
Repairs and maintenance	2,354	3,498	-	-	320,140	325,992
Debt service	4,128,108	1,980,366	152,548	17,420	642,817	6,921,259
Total	\$ 23,380,839	\$ 10,244,259	\$ 1,455,861	\$ 4,982,234	\$ 10,185,021	\$ 50,248,214

2021 (continued)	Supporting Services			Total Expenses
	General and Administrative	Fundraising	Total	
Compensation	\$ 3,629,731	\$ 2,846,428	\$ 6,476,159	\$ 35,055,870
Supplies	437,504	58,682	496,186	3,053,738
Cost of goods sold	-	-	-	53,984
Postage, freight, and miscellaneous	540,776	60,032	600,808	1,388,168
Travel	126,263	39,117	165,380	860,050
Outside services	1,315,460	530,715	1,846,175	9,954,299
Utilities	28,801	13,644	42,445	2,262,007
Repairs and maintenance	22,259	-	22,259	348,251
Debt service	25,659	48,354	74,013	6,995,272
Total	\$ 6,126,453	\$ 3,596,972	\$ 9,723,425	\$ 59,971,639

2020	Program Services					Total
	Science and Education	Public Programs	Business Enterprises	Museum Outreach	Museum Services	
Compensation	\$ 13,731,145	\$ 4,307,897	\$ 639,311	\$ 2,497,490	\$ 4,516,632	\$ 25,692,475
Supplies	402,717	385,698	18,174	47,417	784,678	1,638,684
Cost of goods sold	-	-	42,865	-	-	42,865
Postage, freight, and miscellaneous	349,531	197,426	75,438	154,309	2,998	779,702
Travel	223,511	231,044	6,977	27,215	16,362	505,109
Outside services	1,016,659	1,606,027	319,394	1,862,024	2,331,396	7,135,500
Utilities	887,782	732,912	70,614	16,541	303,253	2,011,102
Repairs and maintenance	2,532	108,456	-	40	284,523	395,551
Debt service	4,180,396	2,005,450	154,480	17,641	650,959	7,008,926
Total	\$ 20,794,273	\$ 9,574,910	\$ 1,327,253	\$ 4,622,677	\$ 8,890,801	\$ 45,209,914

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

2020 (continued)	Supporting Services			Total Expenses
	General and Administrative	Fundraising	Total	
Compensation	\$ 3,337,032	\$ 2,983,726	\$ 6,952,937	\$ 32,013,233
Supplies	512,212	30,837	43,613	2,181,733
Cost of goods sold	-	-	-	42,865
Postage, freight, and miscellaneous	589,189	16,597	758,487	1,385,488
Travel	132,215	57,474	196,188	694,798
Outside services	1,275,426	404,352	2,254,787	8,815,278
Utilities	26,828	9,895	43,569	2,047,825
Repairs and maintenance	10,472	-	10,472	406,023
Debt service	25,984	48,967	74,951	7,083,877
Total	\$ 5,909,358	\$ 3,551,848	\$ 9,461,206	\$ 54,671,120

NOTE L - LEASES

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 (“Lessee”) expiring in 2028. As a part of the lease agreement, the Lessee made \$361,280 of improvements to the Museum’s facilities. The Museum recorded the \$361,280 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 10-year period in accordance with the amortization schedule of the improvement in the agreement.

In 2021 and 2020, the Museum amortized \$213,029, respectively. The other asset and deferred revenue balances pertaining to the arrangements discussed above at December 31, 2021 and 2020, were \$2,264,120 and \$2,477,149, respectively.

Lease revenue associated with these two leases for the years ended December 31, 2021 and 2020, was \$982,946 and \$326,579, respectively. Future cash flows vary based on the amount of revenue generated by the service providers and Museum attendance.

Field Museum of Natural History

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE M - AVAILABLE RESOURCES AND LIQUIDITY

The Museum regularly monitors liquidity required to meet its operational needs. The Museum forecasts its future cash flows and strives to budget annual revenue to cover general expenditures and capital expenditures. The Museum considers all expenditures related to its programs, management and fundraising to be general expenditures. As of December 31, 2021 and 2020, the following financial assets could readily be made available within one year to meet general expenditures.

	2021	2020
Cash	\$ 1,116,562	\$ 787,600
Accounts receivable	7,495,484	3,828,018
Contribution pledges for general expenditures due in one year or less	3,158,299	6,567,962
Approved endowment distribution in next 12 months	21,708,000	23,516,252
Short-term investments available in next 12 months	37,694,055	25,278,665
Financial assets available in next 12 months	\$ 71,218,400	\$ 59,978,497

Amounts not available in 2021 include: \$2,801,495 of contribution pledges due within one year to be held in perpetuity, \$186,819,060 of investments held in perpetuity, \$385,996,416 of investments held until approved for spending distribution by the Board, and \$1,430,347 of other investments. The Museum also has a line of credit available to meet short-term needs (see Note I).

NOTE N - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following as of December 31, 2021 and 2020:

	2021	2020
Quasi-endowment	\$ 274,562,253	\$ 250,385,126
Designated	7,677,919	7,960,762
Undesignated	27,064,481	4,468,206
Total	\$ 309,304,653	\$ 262,814,094

Quasi-endowment includes assets with no donor-imposed restrictions that have been designated by the Board to be held as long-term investments. Designated assets include assets with no donor-imposed restriction that have been designated by management for program use.

Field Museum of Natural History
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2021 and 2020

NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	2021	2020
To be held in perpetuity	\$ 186,884,794	\$ 178,204,255
Program restrictions	35,756,645	34,535,143
Time restrictions	148,953,945	132,545,886
Total net assets with donor restrictions	\$ 371,595,384	\$ 345,285,284

Net assets to be held in perpetuity 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. Program-restricted net assets include assets with donor-imposed purpose restrictions. Time-restricted net assets include pledges and long-term investments with donor-imposed restrictions awaiting appropriation and amounts for underwater endowment funds. Investment income from endowment funds are released upon Board approval and satisfying donor-imposed purpose restrictions.

NOTE P - REVENUE RECOGNITION

For the years ended December 31, 2021 and 2020, the Museum recognized revenue of \$2.3 million and \$1.5 million, respectively, from amounts that were included in deferred revenues at the beginning of the year.

At December 31, 2021, deferred revenues totaled \$6,352,093. Of that amount, 64%, 74% and 81%, respectively, of the performance obligation surrounding this liability is expected to be satisfied within one, three and five years, respectively, and the remaining thereafter.

At December 31, 2020, deferred revenues totaled \$6,498,342. Of that amount, 54%, 72% and 78%, respectively, of the performance obligation surrounding this liability is expected to be satisfied within one, three and five years, respectively, and the remaining thereafter.

NOTE Q - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2022, the date the financial statements were issued. The Museum 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, 2021, with comparative totals for the year ended December 31, 2020

	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	2020 Total
Science and education														
Action center	\$ 2,600,855	\$ 656,814	\$ -	\$ 85,123	\$ 13,669	\$ 69,847	\$ 50,116	\$ 452,964	\$ 27,436.00	\$ -	\$ -	\$ -	\$ 3,956,824	\$ 3,270,210
Collections center	3,553,948	846,684	-	193,263	17,846	56,938	83,180	97,929	749,756	-	-	-	5,599,544	5,030,862
Integrative research center	4,192,057	1,360,457	-	476,762	333,499	207,364	49,648	367,106	151,631	2,354	-	-	7,140,898	6,341,826
Learning center	1,174,792	324,690	-	84,918	2,512	13,755	-	89,722	46,734	-	-	-	1,737,123	1,268,140
Scientific support	542,443	143,480	-	10,075	13,920	55,101	19,135	13,926	20,262	-	-	-	816,342	702,639
Total science and education	12,064,095	3,332,125	-	850,141	381,446	403,025	202,079	1,021,647	995,819	2,354	-	-	19,252,731	16,613,877
Public programs														
Exhibitions	2,865,022	654,226	-	368,402	195,651	242,952	262,805	1,126,769	777,620	3,498	-	202,729	6,699,674	6,515,628
Guest relations	1,128,200	296,463	-	37,970	103	3,003	-	70,291	28,189	-	-	-	1,564,219	1,053,832
Total public programs	3,993,222	950,689	-	406,372	195,754	245,955	262,805	1,197,060	805,809	3,498	-	202,729	8,263,893	7,569,460
Business enterprises	559,079	172,149	53,984	14,042	121,191	3,589	577	299,665	79,037	-	-	-	1,303,313	1,172,773
Museum outreach														
Public relations	1,465,613	303,099	-	53,388	32	22,562	170,785	1,405,619	11,582	-	-	-	3,432,680	3,047,854
Science outreach and communication	-	-	-	-	-	-	-	-	-	-	-	-	-	171,172
Total museum outreach	1,465,613	303,099	-	53,388	32	22,562	170,785	1,405,619	11,582	-	-	-	3,432,680	3,219,026
Museum services														
Protection services	1,294,681	325,785	-	44,686	205	3,143	104	261,655	9,618	1,897	-	-	1,941,774	1,688,580
Housekeeping	400,533	83,242	-	80,463	-	-	-	644,208	59,222	-	-	-	1,267,668	1,000,869
Facility, planning and operations	1,460,136	349,271	-	243,702	42	6,726	-	1,413,099	168,249	305,610	-	-	3,946,835	3,364,813
Technology	801,945	243,331	-	635,442	242	1,090	214	502,431	78,012	-	-	-	2,262,707	1,991,224
General services	64,216	27,270	-	13,994	341	-	-	-	4,766	12,633	-	-	123,220	194,356
Total museum services	4,021,511	1,028,899	-	1,018,287	830	10,959	318	2,821,393	319,867	320,140	-	-	9,542,204	8,239,842
General and administrative														
Administration	1,617,025	408,146	-	413,323	531,660	92,676	3,392	1,199,167	10,324	22,259	-	-	4,297,972	4,126,656
Finance	796,562	189,212	-	4,180	1,266	858	4,000	53,050	9,793	-	-	-	1,058,921	1,006,988
Human resources	491,888	126,898	-	20,001	7,850	32,729	-	55,851	8,684	-	-	-	743,901	749,730
Total general and administrative	2,905,475	724,256	-	437,504	540,776	126,263	7,392	1,308,068	28,801	22,259	-	-	6,100,794	5,883,374
Institutional advancement														
Development	2,206,103	640,325	-	58,682	60,032	39,117	148,031	382,684	13,644	-	-	-	3,548,618	3,502,881
Auxiliary groups	225,621	72,526	-	3,608	1,587	7,826	1,551	231,137	3,089	-	-	-	546,945	403,809
Membership	311,737	79,346	-	8,985	86,520	754	160,264	333,224	4,359	-	-	-	985,189	982,201
Total institutional advancement	2,743,461	792,197	-	71,275	148,139	47,697	309,846	947,045	21,092	-	-	-	5,080,752	4,888,891
Debt service	-	-	-	-	-	-	-	19,050	-	-	6,976,222	-	6,995,272	7,083,877
Total 2021 expenses	\$ 27,752,456	\$ 7,303,414	\$ 53,984	\$ 2,851,009	\$ 1,388,168	\$ 860,050	\$ 953,802	\$ 9,019,547	\$ 2,262,007	\$ 348,251	\$ 6,976,222	\$ 202,729	\$ 59,971,639	\$ 54,671,120
Total 2020 expenses	\$ 25,710,832	\$ 6,302,401	\$ 42,865	\$ 2,181,733	\$ 1,385,488	\$ 694,798	\$ 834,103	\$ 7,979,423	\$ 2,047,825	\$ 303,960	\$ 7,085,629	\$ 102,063	\$ 54,671,120	

Field Museum of Natural History
SCHEDULE OF DEPARTMENT EXPENSES
Year ended December 31, 2020

	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	\$ 2,302,864	\$ 588,209	\$ -	\$ 36,097	\$ 9,189	\$ 38,366	\$ 47,310	\$ 226,198	\$ 21,977	\$ -	\$ -	\$ -	\$ 3,270,210
Collections center	3,190,078	811,179	-	116,917	24,060	36,589	66,644	112,659	672,694	42	-	-	5,030,862
Integrative research center	3,964,817	1,209,871	-	202,906	285,891	113,164	22,373	405,716	134,598	2,490	-	-	6,341,826
Learning center	854,262	230,198	-	24,258	64	17,185	277	101,127	40,769	-	-	-	1,268,140
Scientific support	439,972	139,695	-	22,539	30,327	18,207	28,495	5,860	17,744	-	-	-	702,839
Total science and education	10,751,993	2,979,152	-	402,717	349,531	223,511	165,099	851,560	887,782	2,532	-	-	16,613,877
Public programs													
Exhibitions	2,727,680	626,078	-	374,296	197,294	230,556	267,070	1,277,165	707,033	6,393	-	102,063	6,515,628
Guest relations	910,629	43,510	-	11,402	132	488	173	61,619	25,879	-	-	-	1,053,832
Total public programs	3,638,309	669,588	-	385,698	197,426	231,044	267,243	1,338,784	732,912	6,393	-	102,063	7,569,460
Business enterprises	500,794	138,517	42,865	18,174	75,438	6,977	590	318,804	70,614	-	-	-	1,172,773
Museum outreach													
Public relations	1,342,284	358,450	-	32,378	152	19,802	92,211	1,192,882	9,695	-	-	-	3,047,854
Science outreach and communication	135,927	28,650	-	2,263	1,456	914	289	1,633	-	40	-	-	171,172
Total museum outreach	1,478,211	387,100	-	34,641	1,608	20,716	92,500	1,194,515	9,695	40	-	-	3,219,026
Museum services													
Protection services	1,258,117	247,305	-	23,883	258	1,520	-	145,366	10,661	1,470	-	-	1,688,580
Housekeeping	299,942	45,927	-	42,313	-	-	-	559,142	53,545	-	-	-	1,000,869
Facility, planning and operations	1,407,016	130,576	-	216,148	64	6,433	-	1,182,855	154,471	267,250	-	-	3,364,813
Technology	758,444	217,247	-	481,623	1,348	8,409	32	443,868	80,253	-	-	-	1,991,224
General services	126,925	25,133	-	20,711	1,328	-	-	133	4,323	15,803	-	-	194,356
Total museum services	3,850,444	666,188	-	784,678	2,998	16,362	32	2,331,364	303,253	284,523	-	-	8,239,842
General and administrative													
Administration	1,402,013	358,715	-	484,175	583,230	121,546	2,258	1,130,620	10,605	10,472	23,022	-	4,126,656
Finance	723,042	177,952	-	20,999	1,262	771	4,000	70,109	8,853	-	-	-	1,006,988
Human resources	561,699	113,611	-	7,038	4,697	9,898	126	45,291	7,370	-	-	-	749,730
Total general and administrative	2,686,754	650,278	-	512,212	589,189	132,215	6,384	1,246,020	26,828	10,472	23,022	-	5,883,374
Institutional advancement													
Development	2,303,649	680,077	-	30,837	16,597	57,474	97,491	306,861	9,895	-	-	-	3,502,881
Auxiliary groups	181,054	49,871	-	7,765	1,120	4,164	32	157,296	2,507	-	-	-	403,809
Membership	319,624	81,630	-	5,011	151,581	2,335	204,732	212,949	4,339	-	-	-	982,201
Total institutional advancement	2,804,327	811,578	-	43,613	169,298	63,973	302,255	677,106	16,741	-	-	-	4,888,891
Debt service	-	-	-	-	-	-	-	21,270	-	-	7,062,607	-	7,083,877
Total 2020 expenses	\$ 25,710,832	\$ 6,302,401	\$ 42,865	\$ 2,181,733	\$ 1,385,488	\$ 694,798	\$ 834,103	\$ 7,979,423	\$ 2,047,825	\$ 303,960	\$ 7,085,629	\$ 102,063	\$ 54,671,120