

**THE CHICAGO ACADEMY
OF SCIENCES/
PEGGY NOTEBAERT
NATURE MUSEUM**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditors' Report

Board of Trustees
The Chicago Academy of Sciences/
Peggy Notebaert Nature Museum

We have audited the accompanying financial statements of The Chicago Academy of Sciences/Peggy Notebaert Nature Museum (CAS/PNNM), which comprise the statements of financial position as June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Chicago Academy of Sciences/Peggy Notebaert Nature Museum as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, CAS/PNNM has adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and ASU 2017-07, *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. Note 3 discloses the effects of the COVID-19 pandemic on the results of CAS/PNNM including the closure of its facility in March 2020. Our opinion is not modified with respect to these matters.

Ostrow Reisin Berk & Abrams, Ltd.

October 29, 2020

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF FINANCIAL POSITION

June 30,	2020	2019
ASSETS		
Cash	\$ 2,406,426	\$ 2,139,654
Investments	497,672	382,996
Receivable from Chicago Park District	960,000	1,096,000
Accounts receivable	42,457	118,208
Contributions receivable	251,138	348,340
Prepaid expenses and other assets	87,480	139,019
Restricted cash - debt service reserve fund	787,460	775,782
Investments restricted for endowment funds	582,898	602,114
Beneficial interest in charitable remainder trust	260,070	259,025
Beneficial interest in perpetual trust	1,001,012	1,040,712
Property, equipment and exhibits, net	9,807,156	10,331,423
Total assets	\$ 16,683,769	\$ 17,233,273

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

June 30,	2020	2019
LIABILITIES AND NET ASSETS		
Liabilities:		
Bonds payable, net of unamortized bond costs	\$ 4,420,369	\$ 4,413,131
Capital lease obligations	92,048	162,237
Note payable	691,000	
Accounts payable	35,935	81,442
Accrued expenses and other liabilities	371,028	284,461
Deferred revenue	146,118	373,329
Defined benefit pension liability	697,080	1,723
Total liabilities	6,453,578	5,316,323
Net assets:		
Without donor restrictions:		
Undesignated	7,068,210	8,377,655
Board-designated	617,273	617,273
Total net assets without donor restrictions	7,685,483	8,994,928
With donor restrictions:		
Purpose and time restricted	1,025,219	1,362,833
Permanently restricted	1,519,489	1,559,189
Total net assets with donor restrictions	2,544,708	2,922,022
Total net assets	10,230,191	11,916,950
Total liabilities and net assets	\$ 16,683,769	\$ 17,233,273

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF ACTIVITIES

Years ended June 30,	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenue, gains and other support:						
Chicago Park District property tax remittances	\$ 1,182,247		\$ 1,182,247	\$ 1,252,898		\$ 1,252,898
Contributions	1,429,148	\$ 52,271	1,481,419	967,796	\$ 45,600	1,013,396
Special events, net of direct benefits to donors of \$-0- and \$81,000 for the years ended June 30, 2020 and 2019, respectively	1,423,745		1,423,745	1,526,145	407,569	1,933,714
Memberships	144,933		144,933	193,804		193,804
Admissions	228,522		228,522	361,991		361,991
Gift shop, less cost of food and merchandise of \$80,392 and \$127,855 for the years ended June 30, 2020 and 2019, respectively	62,354		62,354	122,235		122,235
Grants, contracts and program fees	759,434	216,625	976,059	1,102,231	217,500	1,319,731
Private events and other income	111,780		111,780	179,107		179,107
Net investment income	14,111	5,511	19,622	32,270	4,681	36,951
Net assets released from restrictions	651,721	(651,721)		916,338	(916,338)	
Total operating revenue, gains and other support	6,007,995	(377,314)	5,630,681	6,654,815	(240,988)	6,413,827
Expenses:						
Program services	4,696,532		4,696,532	4,800,717		4,800,717
Management and general	1,380,005		1,380,005	1,423,628		1,423,628
Fundraising	531,846		531,846	832,501		832,501
Total expenses	6,608,383		6,608,383	7,056,846		7,056,846
Change in net assets from operations	(600,388)	(377,314)	(977,702)	(402,031)	(240,988)	(643,019)

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
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STATEMENTS OF ACTIVITIES (CONTINUED)

Years ended June 30,	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Non-operating revenue (expense):						
Capital projects grant				\$ 93,390		\$ 93,390
Defined benefit pension plan, net	\$ (709,057)		\$ (709,057)	(88,814)		(88,814)
Total non-operating revenue (expense)	(709,057)		(709,057)	4,576		4,576
Change in net assets	(1,309,445)	\$ (377,314)	(1,686,759)	(397,455)	\$ (240,988)	(638,443)
Net assets:						
Beginning of year	8,994,928	2,922,022	11,916,950	9,392,383	3,163,010	12,555,393
End of year	\$ 7,685,483	\$ 2,544,708	\$ 10,230,191	\$ 8,994,928	\$ 2,922,022	\$ 11,916,950

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2020	Program Services				Supporting Services		Total expenses
	Education, exhibits and biology	Museum operations and guest services	Private events and other	Total	Management and general	Fundraising	
Cost of food and merchandise		\$ 80,392		\$ 80,392			\$ 80,392
Depreciation and amortization	\$ 493,877	17,230		511,107	\$ 18,161	\$ 1,195	530,463
Exhibits	345,582			345,582			345,582
Interest	97,697	3,408		101,105	3,592	236	104,933
Occupancy	228,450	21,673		250,123	17,106	6,341	273,570
Office and administrative	169,207	59,069	\$ 4,437	232,713	68,131	36,065	336,909
Outside services	131,749	371,239	8,258	511,246	411,274	26,010	948,530
Personnel	2,010,129	584,177	160	2,594,466	857,250	366,747	3,818,463
Special events						93,774	93,774
Supplies	112,786	37,186	218	150,190	4,491	1,478	156,159
Total expenses	3,589,477	1,174,374	13,073	4,776,924	1,380,005	531,846	6,688,775
Less expenses included with revenues on the statements of activities:							
Cost of food and merchandise		(80,392)		(80,392)			(80,392)
Total expenses included in the expense section of the statements of activities	\$ 3,589,477	\$ 1,093,982	\$ 13,073	\$ 4,696,532	\$ 1,380,005	\$ 531,846	\$ 6,608,383

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended June 30, 2019	Program Services				Supporting Services		Direct benefits to donors	Total expenses
	Education, exhibits and biology	Museum operations and guest services	Private events and other	Total	Management and general	Fundraising		
Cost of food and merchandise		\$ 127,855		\$ 127,855				\$ 127,855
Depreciation and amortization	\$ 531,631	18,547		550,178	\$ 19,549	\$ 1,286		571,013
Exhibits	243,522			243,522				243,522
Interest	153,054	5,340		158,394	5,628	370		164,392
Occupancy	230,895	18,540		249,435	19,820	4,476		273,731
Office and administrative	151,905	59,120	\$ 3,339	214,364	91,340	57,161		362,865
Other	28,690	23,570	858	53,118	1,783	11,087		65,988
Outside services	270,910	364,150	34,557	669,617	426,333	27,436		1,123,386
Personnel	1,880,904	600,709	1,248	2,482,861	852,068	288,398		3,623,327
Special events						440,372	\$ 81,000	521,372
Supplies	129,865	48,926	437	179,228	7,107	1,915		188,250
Total expenses	3,621,376	1,266,757	40,439	4,928,572	1,423,628	832,501	81,000	7,265,701
Less expenses included with revenues on the statements of activities:								
Cost of food and merchandise		(127,855)		(127,855)				(127,855)
Direct benefits to donors							(81,000)	(81,000)
Total expenses included in the expense section of the statements of activities	\$ 3,621,376	\$ 1,138,902	\$ 40,439	\$ 4,800,717	\$ 1,423,628	\$ 832,501	\$ -	\$ 7,056,846

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF CASH FLOWS

Years ended June 30,	2020	2019 (As restated)
Cash flows from operating activities:		
Change in net assets	\$ (1,686,759)	\$ (638,443)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	530,463	571,013
Amortization of bond costs	9,238	8,578
Net realized and unrealized gains on investments	(4,323)	(13,160)
Change in value of beneficial interest in charitable remainder trust	(1,045)	389
Change in value of beneficial interest in perpetual trust	39,700	19,699
Loss on disposal of property, equipment and exhibits		16,143
(Increase) decrease in operating assets:		
Receivable from Chicago Park District	136,000	
Accounts receivable	75,751	8,386
Contributions receivable	97,202	59,322
Prepaid expenses and other assets	51,539	(62,874)
Defined benefit pension asset		80,601
Increase (decrease) in operating liabilities:		
Accounts payable	(45,507)	(45,387)
Accrued expenses and other liabilities	86,567	6,259
Deferred revenue	(227,211)	(83,278)
Defined benefit pension liability	695,357	1,723
Net cash used in operating activities	(243,028)	(71,029)
Cash flows from investing activities:		
Purchase of investments	(352,043)	(305,360)
Proceeds from sale of investments	260,906	190,810
Acquisitions of property, equipment and exhibits	(6,196)	(146,736)
Net cash used in investing activities	(97,333)	(261,286)

See notes to financial statements.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended June 30,	2020	2019 (As restated)
Cash flows from financing activities:		
Bonds issuance costs	\$ (2,000)	\$ (25,130)
Principal payment on bonds payable		(1,000,000)
Proceeds from note payable	691,000	
Principal payments on capital lease obligations	(70,189)	(92,225)
Net cash provided by (used in) financing activities	618,811	(1,117,355)
Net change in cash and restricted cash	278,450	(1,449,670)
Cash and restricted cash:		
Beginning of year	2,915,436	4,365,106
End of year	\$ 3,193,886	\$ 2,915,436
Supplemental disclosure of cash flow information:		
Interest paid	\$ 113,588	\$ 159,312
Supplemental disclosure of non-cash investing and financing activity:		
Acquisition of property and equipment with capital lease		\$ 103,280
Reconciliation of cash and restricted cash within the statements of financial position to the statements of cash flows:		
Cash	\$ 2,406,426	\$ 2,139,654
Restricted cash - debt service reserve fund	787,460	775,782
Total cash and restricted cash	\$ 3,193,886	\$ 2,915,436

See notes to financial statements.

THE CHICAGO ACADEMY OF SCIENCES/ PEGGY NOTEBAERT NATURE MUSEUM

NOTES TO FINANCIAL STATEMENTS

1. Nature of activities

The Chicago Academy of Sciences/Peggy Notebaert Nature Museum (CAS/PNNM) is Chicago's oldest museum, founded in 1857 by a group of local natural history enthusiasts. CAS/PNNM's mission is to create a positive relationship between people and nature through collaborations, education, research and collections, exhibits and public forums that fosters urban connections to the region's nature and science. Operating support is primarily derived from contributions, support from the Chicago Park District and grants and fee-based programs.

2. Summary of significant accounting policies

The significant accounting policies of CAS/PNNM are summarized below:

Basis of accounting:

CAS/PNNM's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Recent accounting pronouncements:

Effective July 1, 2019, CAS/PNNM adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This guidance requires a statement of cash flows to explain the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents and any internal transfers between cash, cash equivalents, restricted cash and restricted cash equivalents are no longer presented in the statements of cash flows. This standard has been applied retrospectively to all periods presented. CAS/PNNM has adjusted and restated the presentation in the statements of cash flows accordingly.

Effective July 1, 2019, CAS/PNNM adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The adoption of this standard did not materially impact the financial statements of CAS/PNNM.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Recent accounting pronouncements: (continued)

Effective July 1, 2019, CAS/PNNM adopted ASU 2017-07, *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This guidance requires that an employer report the service cost component separately from the other components of net benefit cost. The service cost component is reported in the same line(s) on the statements of activities as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are reported as non-operating activities. CAS/PNNM's defined benefit plan (Note 11) is frozen and has no annual service cost component for the years ended June 30, 2020 and 2019; therefore, the adoption of this standard did not materially impact the financial statements of CAS/PNNM.

Intermediate measure of operations:

CAS/PNNM classifies all recurring museum revenues, gains and other support and expenses as operating activities except for non-operating items, which include contributions for capital projects and changes in the defined benefit pension plan asset or liability.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Basis of presentation:

CAS/PNNM reports information regarding its financial position and activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets without donor restrictions are available to finance the general operations of CAS/PNNM. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of CAS/PNNM, the environment in which it operates and the purposes specified in its Articles of Incorporation, Constitution and By-Laws. Voluntary resolutions by the Board of Trustees to designate a portion of CAS/PNNM’s net assets without donor restrictions for specified purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board of Trustees at any time, designated net assets are included under the caption “net assets without donor restrictions.” Board-designated net assets include assets over which the Board of Trustees retains control and may, at their discretion, subsequently be used for other purposes. The Board of Trustees has designated net assets without donor restrictions of \$617,273 at June 30, 2020 and 2019 for operations or capital projects to be approved by the Board of Trustees.

Net assets with donor restrictions – Net assets with donor restrictions result (a) from contributions and other inflows of assets, the use of which by CAS/PNNM is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of CAS/PNNM pursuant to those stipulations, (b) from contributions and other inflows of assets with donor-imposed stipulations that the contributed resources be maintained permanently but permit CAS/PNNM to utilize or expend part or all of the income or other economic benefits derived from the donated assets and (c) from other asset enhancements and diminishments subject to the same kinds of stipulations.

Investments:

Investments are carried at fair value. Realized and unrealized investment gains and losses and other investment income are reflected in the statements of activities.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Receivable from Chicago Park District:

CAS/PNNM receives support from property taxes that are collected by the Chicago Park District. CAS/PNNM also receives support from the Chicago Park District replacement tax levy assessed on capital stock and business income. These tax revenues are recognized on the accrual basis as earned (when levied by the City of Chicago) and a corresponding receivable is included in the statements of financial position. Management expects this receivable to be collected within the next year.

Accounts receivable:

Accounts receivable primarily represents amounts due for various programs and contracts. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. CAS/PNNM provides an allowance for estimated uncollectible accounts receivable, as needed, based upon management's judgment including such factors as prior collection history and general economic conditions. As of June 30, 2020 and 2019, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Contributions receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included in revenue until the conditions are substantially met. CAS/PNNM provides an allowance for estimated uncollectible contributions, as needed, based upon management's judgment including such factors as prior collection history, specific donor circumstances and general economic conditions. As of June 30, 2020 and 2019, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Bond costs:

Cost incurred for bond financing are capitalized and amortized over the life of the bonds payable. Unamortized bond costs are reported on the statements of financial position as a direct deduction from the face amount of the bonds payable. CAS/PNNM reflects amortization of bond costs as interest expense.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Financial instruments:

CAS/PNNM carries its financial instruments including investments, beneficial interest in charitable remainder trust, and beneficial interest in perpetual trust at fair value. Changes in the fair value of the beneficial interest in charitable remainder trust are recognized as gains and losses in net assets with donor restrictions. In accordance with the terms of the charitable perpetual trust agreement, the trustee makes annual distributions of trust income which are recognized as unrestricted income. Changes in the value of beneficial interest in perpetual trust assets are recognized as gains and losses with donor restrictions.

Property, equipment and exhibits:

Property, equipment and exhibits are reported at cost and are depreciated on a straight-line basis over their estimated useful lives, which range between 3 and 40 years. Maintenance and repair costs are charged to expense as incurred and betterments are capitalized. The land on which CAS/PNNM is situated is owned by the Chicago Park District. The sole and permanent right to the use and occupancy of the land, including any future improvements, was vested at no cost to CAS/PNNM as long as CAS/PNNM uses the property for the purpose for which it was founded.

Management reviews the carrying values of property, equipment and exhibits for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019.

Collections:

CAS/PNNM holds a collection of natural history items for education, research and public exhibition. CAS/PNNM's collections are not recognized or capitalized.

Deferred revenue:

Cash collected for future programs, facility and exhibit rentals and events is recorded as deferred revenue until earned.

**THE CHICAGO ACADEMY OF SCIENCES/
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Revenue and support:

Contributions received are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support with donor restrictions is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. CAS/PNNM reports contributions and investment income with donor restrictions for which restrictions are met in the same reporting period as received as contributions and investment income without donor restrictions.

Admissions and membership revenue:

Admissions and membership fees are recognized in the period received.

Grants, contracts and program fees revenue and private events and other income:

Revenue from grants, contracts, program fees, private events and other income is recognized as it is earned in accordance with the applicable agreements.

Contributed goods and services:

CAS/PNNM recognizes as revenue the fair value of contributed (donated) goods and services if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed goods and services are recognized at their estimated fair value at the date of the gift.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Contributed goods and services: (continued)

During the years ended June 30, 2020 and 2019, \$155,749 and \$165,503, respectively, was recorded as contribution revenue and expense for contributed marketing services, legal services, and other donations.

Year ended June 30, 2020	Program services	Management and general	Fundraising	Total
Outside services		\$ 155,134		\$ 155,134
Supplies	\$ 615			615
	\$ 615	\$ 155,134		\$ 155,749
Year ended June 30, 2019	Program services	Management and general	Fundraising	Total
Outside services	\$ 1,000	\$ 98,807		\$ 99,807
Special events			\$ 60,869	60,869
Supplies	3,838	989		4,827
	\$ 4,838	\$ 99,796	\$ 60,869	\$ 165,503

A substantial number of volunteers have donated significant amounts of their time to CAS/PNNM's programs and supporting services, but no amounts have been recorded during the years ended June 30, 2020 and 2019 because the services do not meet the criteria for recognition under generally accepted accounting principles.

Functional expenses:

The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses directly identifiable with a functional area are charged to that area. Personnel expenses are allocated on the basis of estimates of time and effort. Other expenses including depreciation and amortization and interest are allocated based on square footage utilized for program and supporting services. All other expenses are reported using the direct allocation method.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Taxes:

CAS/PNNM, an Illinois nonprofit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and applicable state law, except for taxes pertaining to unrelated business income, if any. In addition, CAS/PNNM qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) of the Code.

Management has determined that CAS/PNNM was not required to record a liability related to uncertain tax positions as of June 30, 2020 and 2019.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management of CAS/PNNM has reviewed and evaluated subsequent events through October 29, 2020, the date the financial statements were available to be issued.

3. COVID-19

Amid the COVID-19 global pandemic, in March 2020, the State of Illinois and City of Chicago implemented various preventative and protective measures, such as travel and business restrictions and wide-sweeping quarantines and stay-at-home orders. These actions included ordering all places of public amusement, including museums, to close to the public. As a result, CAS/PNNM closed its museum facility on March 13, 2020.

Museums were allowed to re-open by the City of Chicago on June 26, 2020, but with limitations on attendance and operations. However, CAS/PNNM elected to not re-open its museum facility due to various financial and operational issues, and the facility remains closed as of October 29, 2020. During this time, CAS/PNNM has continued to serve its audiences virtually through digital programming.

**THE CHICAGO ACADEMY OF SCIENCES/
PEGGY NOTEBAERT NATURE MUSEUM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. COVID-19 (continued)

While the ultimate economic impact of the COVID-19 pandemic is highly uncertain, CAS/PNNM expects that its operations and financial results, including revenues, changes in net assets, and cash flows, will be materially impacted for the foreseeable future, as the result of the closure of the museum facility. This closure has resulted in the loss of admissions, gift shop, programming, rental and other revenues and a reduction in special events revenues due to the inability to hold fundraising events.

CAS/PNNM is focused on preserving liquidity and managing cash flows during these unprecedented conditions. CAS/PNNM has taken actions to mitigate the effect of COVID-19 by reducing payroll costs through a combination of pay reductions, employee furloughs, and staff reductions. CAS/PNNM has also reduced other discretionary operating and capital spending.

CAS/PNNM continues to seek new funding related to pandemic relief and received a \$691,000 loan pursuant to the Paycheck Protection Program. See Note 10.

The extent to which the COVID-19 pandemic continues to impact CAS/PNNM's future operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. Therefore, CAS/PNNM cannot reasonably estimate the impact for the year ending June 30, 2021.

4. Cash

CAS/PNNM maintains a portion of its cash in bank accounts which exceed Federal Deposit Insurance Corporation (FDIC) insured limits. At June 30, 2020 and 2019, cash in excess of these limits totaled approximately \$2,980,000 and \$2,790,000, respectively. CAS/PNNM maintained cash at June 30, 2020 and 2019 totaling approximately \$23,000 and \$16,000, respectively, in money market funds which are not insured nor guaranteed by the FDIC. Management believes that CAS/PNNM is not exposed to any significant credit risk on cash.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Liquidity and availability

The sources of liquidity available to CAS/PNNM are cash, investments, and receivables. CAS/PNNM manages available cash to meet general expenditures. To facilitate this, CAS/PNNM prepares monthly budgetary projections for the upcoming year. Known expenditures are accounted for in preparing the budget. Management and the Board of Trustees monitor liquidity measures on an ongoing basis.

The following represents CAS/PNNM's financial assets available to meet general expenditures within one year:

June 30,	2020	2019
Financial assets at year-end:		
Cash	\$ 2,406,426	\$ 2,139,654
Investments	497,672	382,996
Receivables:		
Chicago Park District	960,000	1,096,000
Accounts receivable	42,457	118,208
Contributions	251,138	348,340
Total financial assets at year-end	4,157,693	4,085,198
Less amounts not available to be used within one year:		
Purpose restricted net assets held in cash not expected to be spent in one year	(339,977)	(253,478)
Board-designated funds not expected to be spent in one year	(506,090)	(617,273)
Contributions receivable due in over one year	(70,000)	(136,490)
Total amounts not available to be used within one year	(916,067)	(1,007,241)
Plus endowment appropriation for operations in the next twelve months	24,000	24,000
Less required funding of debt service in the next twelve months	(250,000)	(250,000)
Financial assets available to meet general expenditures within one year	\$ 3,015,626	\$ 2,851,957

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Liquidity and availability (continued)

Board-designated net assets of \$617,273 held in cash as of June 30, 2020 and 2019 can be used with approval by the Board of Trustees. As of June 30, 2020, and 2019, the Board of Trustees has not designated any amount of these net assets for use during the year ending June 30, 2021 and year ended June 30, 2020.

Subsequent to year-end, the Board of Trustees designated \$111,183 to be used for general expenditures during the year ending June 30, 2021.

6. Fair value measurements

There are three levels of inputs used to measure fair value. The definition of each input is described below:

Level 1 Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CAS/PNNM has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs that are unobservable inputs for the asset or liability.

CAS/PNNM assesses the levels of financial instruments at each measurement date and transfers between levels are recognized on the actual date of the event of change in circumstances that caused the transfer in accordance with CAS/PNNM's accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers for the years ended June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Fair value measurements (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CAS/PNNM's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

For the years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets has been consistent with techniques used in previous years. The valuation methodologies used for instruments at fair value are described below:

Mutual and exchange-traded funds: Valued at fair value based on quoted market prices.

Beneficial interest in charitable remainder trust: CAS/PNNM is named as beneficiary of an irrevocable trust. Upon death of the donor, CAS/PNNM will receive 40% of the value of the trust. The charitable remainder trust is recorded at estimated fair value. The amounts ultimately received could differ from the amounts reflected in the historical financial statements.

Beneficial interest in perpetual trust: CAS/PNNM is a beneficiary of a charitable perpetual trust held by The Chicago Community Trust. The beneficial interest in perpetual trust is recorded at estimated fair value based on the fair value of the assets held in the trust reported by the trustee. CAS/PNNM considers the measurement of its beneficial interest in perpetual trust to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, CAS/PNNM will never receive those assets or have the ability to direct the trustee to redeem them.

The following tables set forth by level, within the fair value hierarchy, CAS/PNNM's assets at fair value. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

June 30, 2020	Level 1	Level 3
Recurring fair value measurements:		
Assets:		
Mutual and exchange-traded funds	\$ 1,080,570	
Beneficial interest in charitable remainder trust		\$ 260,070
Beneficial interest in perpetual trust		1,001,012
Total recurring fair value measurements	\$ 1,080,570	\$ 1,261,082

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Fair value measurements (continued)

June 30, 2019	Level 1	Level 3
Recurring fair value measurements:		
Assets:		
Mutual and exchange-traded funds	\$ 985,110	
Beneficial interest in charitable remainder trust		\$ 259,025
Beneficial interest in perpetual trust		1,040,712
Total recurring fair value measurements	\$ 985,110	\$ 1,299,737

7. Contributions receivable

Unconditional promises to give are as follows:

June 30,	2020	2019
Receivable due in one year	\$ 181,138	\$ 211,850
Receivable due in two to five years	70,000	140,000
Total contributions receivable	251,138	351,850
Less discount to net present value		(3,510)
Total contributions receivable, net	\$ 251,138	\$ 348,340

Unconditional promises to give were discounted at a rate of 1.71% as of June 30, 2019.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Property, equipment and exhibits

Property, equipment and exhibits consist of the following:

June 30,	2020	2019
Land	\$ 900,000	\$ 900,000
Building	17,136,970	17,136,970
Exhibits	10,241,805	10,241,805
Equipment and furniture	2,090,696	2,093,209
Building improvements	2,228,326	2,228,326
	32,597,797	32,600,310
Less accumulated depreciation	(22,790,641)	(22,268,887)
Property, equipment and exhibits, net	\$ 9,807,156	\$ 10,331,423

9. Bonds payable

Bonds payable consists of:

June 30,	2020	2019
Illinois Finance Authority Revenue Bonds (The Chicago Academy of Sciences Project), Series 2013	\$ 4,519,750	\$ 4,519,750
Unamortized bond costs	(99,381)	(106,619)
Bonds payable, net of unamortized bond costs	\$ 4,420,369	\$ 4,413,131

In January 2013, CAS/PNNM entered into a Bond and Loan Agreement with the Illinois Finance Authority (the Authority) and PNC Bank, National Association (the Bank), under which the Authority issued \$5,519,750 of Revenue Bonds (The Chicago Academy of Sciences Project), Series 2013, tax-exempt variable rate bonds (the 2013 Bonds). Proceeds from the 2013 Bonds were loaned to CAS/PNNM and were used to refund the outstanding Illinois Development Finance Authority Adjustable Demand Revenue Bonds, Series 1998 (The Chicago Academy of Sciences Project) (the 1998 Bonds) and to pay the costs of issuing the 2013 Bonds. As part of this transaction, the Bank purchased the 2013 Bonds from the Authority. In addition, the Authority has assigned a security interest and all rights, title and interest in the 2013 Bonds, with certain exclusions as defined in the Bond and Loan Agreement.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Bonds payable (continued)

The 2013 Bonds mature on January 1, 2033. The 2013 Bonds are subject to optional redemptions, in whole or in part, at each quarterly interest payment date at the discretion of CAS/PNNM. Mandatory principal redemptions of \$600,000 are required annually, beginning on June 1, 2023 through maturity. Optional redemptions are applied against mandatory redemption requirements.

In September 2018, CAS/PNNM amended its Bond and Loan Agreement with the Authority and the Bank. Under this amendment, the Bank's original optional tender date of December 31, 2019 was extended to December 31, 2021. In addition, the original variable interest rate of 70% of one month LIBOR plus designated basis points ranging from 125 to 165 basis points was changed to 80% of one month LIBOR plus 85 basis points through December 31, 2021. The variable interest rate is pre-determined monthly and interest is payable quarterly. Subsequent to December 31, 2021, the 2013 Bonds shall bear interest at a rate to be determined as provided in the Bond and Loan Agreement.

The effective interest rate was 0.99% and 2.79% at June 30, 2020 and 2019, respectively.

Under a Continuing Covenants Agreement with the Bank, CAS/PNNM is required to meet certain financial and operational covenants which include, among other things, funding a debt service reserve fund, providing a negative pledge for property and restricting various future financial transactions. CAS/PNNM is required to make annual payments of \$250,000 into a debt service reserve fund which may only be used to redeem, on an interest payment date or on the maturity date, a portion of the 2013 Bonds. The Bank waived the annual payment requirement for the year ended June 30, 2020. The Bank also consented for CAS/PNNM to incur additional debt pursuant to the Paycheck Protection Program (see Note 10) and waived any event of default under the Continuing Covenants Agreement caused by CAS/PNNM borrowing additional debt. CAS/PNNM was in compliance with all other financial and operational covenants as of June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Note payable

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the Paycheck Protection Program (PPP) which provides businesses with funding to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (SBA) with support from the Department of the Treasury. PPP funds can be used for payroll costs, mortgage interest, rent, and utilities. CAS/PNNM applied for and received \$691,000. The loan is a two-year loan with a maturity date of April 17, 2022. The loan bears an annual interest rate of 1%. It is CAS/PNNM's intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the approval of the lender and the SBA. CAS/PNNM is eligible for loan forgiveness in an amount equal to payments made during either an 8-week or 24-week period selected at the option of CAS/PNNM, beginning on the loan disbursement date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses.

CAS/PNNM has accounted for the PPP loan under the debt model in which the loan will remain a liability of CAS/PNNM until such time that CAS/PNNM's application for forgiveness is approved by the SBA. At the time the application for forgiveness is approved, CAS/PNNM will recognize revenue to the extent of the amount forgiven. CAS/PNNM has up to 10 months after the end of the selected 8-week or 24-week period following the loan disbursement date to apply for loan forgiveness. To the extent that all or part of the PPP loan is not forgiven, principal and interest payments are deferred until such time that the SBA remits the loan forgiveness amount to the lender or, if the application for loan forgiveness is not submitted within 10 months after the end of the 8-week or 24-week period following disbursement date, then payments are to begin at that time.

The two-year maturity date could be extended to five years if approved by the lender. If CAS/PNNM selects the 8-week period and were to not submit an application for forgiveness by 10 months after the end of the 8-week covered period and assuming no change in the two-year maturity date, principal payments due on the PPP loan would be \$115,167 for the year ending June 30, 2021 and \$575,833 for the year ending June 30, 2022. If CAS/PNNM selects the 24-week period and were to not submit an application for forgiveness by 10 months after the end of the 24-week covered period and assuming no change in the two-year maturity date, principal payments due on the PPP loan would be \$-0- for the year ending June 30, 2021 and \$691,000 for the year ending June 30, 2022.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Benefit plans

CAS/PNNM has a defined benefit plan (the Plan). CAS/PNNM amended the Plan to freeze pension benefits as of December 31, 2003. After that date, no individual shall become a participant in the Plan and no further benefits shall accrue under the Plan. Provisions have been made for normal cost and amortization of unfunded prior service cost over 30 years. CAS/PNNM's annual contribution to the Plan is approximately equal to the provision for expense.

CAS/PNNM uses a June 30 measurement date for its Plan.

The following table sets forth the Plan's funded status at June 30 and amounts recognized in CAS/PNNM's statements of financial position:

June 30,	2020	2019
Change in benefit obligation:		
Benefit obligation, July 1	\$ 1,268,987	\$ 1,183,703
Interest cost	33,352	40,379
Actuarial loss	784,752	104,961
Benefits paid	(67,448)	(60,056)
Benefit obligation, June 30	\$ 2,019,643	\$ 1,268,987
Change in plan assets:		
Fair value of plan assets, July 1	\$ 1,267,264	\$ 1,264,304
Actual return on plan assets	109,047	56,526
Employer contributions	13,700	6,490
Benefits paid	(67,448)	(60,056)
Fair value of plan assets, June 30	\$ 1,322,563	\$ 1,267,264
Funded status	\$ (697,080)	\$ (1,723)

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Benefit plans (continued)

Amounts recognized in the statements of financial position consist of:

June 30,	2020	2019
Liabilities:		
Defined benefit pension liability	\$ (697,080)	\$ (1,723)

Amounts recognized in the statements of activities consist of:

Years ended June 30,	2020	2019
Net actuarial loss	\$ (702,904)	\$ (97,873)
Net periodic pension benefit (cost) recovery	(6,153)	9,059
Total	\$ (709,057)	\$ (88,814)

Amounts that have not yet been recognized as a component of net periodic benefit cost consist of the following:

June 30,	2020	2019
Net actuarial loss	\$ 1,113,150	\$ 410,246

The components of net periodic benefit (cost) recovery are as follows:

Years ended June 30,	2020	2019
Interest cost	\$ (33,352)	\$ (40,379)
Expected return on plan assets	74,423	86,626
Amortization of net actuarial loss	(47,224)	(37,188)
Net periodic pension benefit (cost) recovery	\$ (6,153)	\$ 9,059

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Benefit plans (continued)

The key actuarial assumptions used in developing the data were as follows:

June 30,	2020	2019
Weighted average assumptions used in computing ending obligations and net cost:		
Discount rate	2.70%	3.50%
Expected return on plan assets	6.00%	7.00%

CAS/PNNM’s investment strategy is to meet its obligation to retired employees. To achieve this objective, CAS/PNNM invests in mutual funds. The asset allocation is regularly reviewed in order to provide the most favorable total return.

The following table presents CAS/PNNM’s Plan assets using the fair value hierarchy. Substantially all of CAS/PNNM’s Plan assets are invested in mutual funds, which are traded in active exchange markets. The fair values of CAS/PNNM’s Plan assets by asset category, which are considered all Level 1 assets, are as follows:

June 30,	2020	2019
Invested cash	\$ 4,562	\$ 4,466
Mutual funds	1,318,001	1,262,798
Total Plan assets	\$ 1,322,563	\$ 1,267,264

Future benefits under the Plan are expected to be paid as follows:

Year ending June 30:	Amount
2021	\$ 96,054
2022	99,309
2023	97,357
2024	98,664
2025	103,287
2026 through 2030	535,422
Total	\$ 1,030,093

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Benefit plans (continued)

CAS/PNNM expects to make contributions of \$14,050 to the Plan during the year ending June 30, 2021.

CAS/PNNM sponsors a 401(k) retirement savings plan covering all eligible employees, which provides for optional matching contributions of up to 3% of employees' salaries. There were no employer contributions to the 401(k) plan during the years ended June 30, 2020 and 2019.

12. Special events

CAS/PNNM holds one significant fundraising event, the Butterfly Ball, on an annual basis. As a result of the COVID-19 pandemic, the Butterfly Ball was a virtual online event during the year ended June 30, 2020. The following table reflects the revenues and expenses incurred related to that event:

Years ended June 30,	2020	2019
Special event revenue, net of direct benefits to donors of \$-0- and \$81,000 for the years ended June 30, 2020 and 2019, respectively, including donated goods and services of \$-0- and \$60,869 for the years ended June 30, 2020 and 2019, respectively	\$ 1,423,745	\$ 1,933,714
Special event expenses, less direct benefits to donors of \$-0- and \$81,000 for the years ended June 30, 2020 and 2019, respectively	(93,774)	(440,372)
Total special event revenue, net of expenses	\$ 1,329,971	\$ 1,493,342

13. Lease commitments

CAS/PNNM leases equipment under a capital lease. The total capitalized cost of the leased property at June 30, 2020 and 2019 was \$362,080, which is included in property, equipment and exhibits in the statements of financial position. Accumulated amortization on capitalized assets was \$138,390 and \$93,711 as of June 30, 2020 and 2019, respectively. Amortization expense on capital leases is included in depreciation and amortization expense and was \$44,679 and \$40,598 for the years ended June 30, 2020 and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13. Lease commitments (continued)

The following is a schedule of future minimum payments due under the leases:

Year ending June 30:	Amount
2021	\$ 29,861
2022	24,180
2023	24,180
2024	24,180
2025	11,109
	113,510
Imputed interest	(21,462)
Total	\$ 92,048

CAS/PNNM leases office and storage space under an operating lease which expires in May 2024. Rent expense was \$79,224 and \$77,673 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are as follows:

Year ending June 30:	Amount
2021	\$ 80,810
2022	82,241
2023	84,067
2024	78,463
Total	\$ 325,581

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. Net assets with donor restrictions

Net assets with donor restrictions are as follows:

June 30,	2020	2019
Purpose and time restrictions:		
Biology	\$ 13,955	\$ 14,477
Capital improvements	339,977	253,478
Education	200,294	287,922
Guest engagement and experience	6,614	20,614
Time	399,958	702,705
Endowment funds	64,421	83,637
Total purpose and time restrictions	1,025,219	1,362,833
Permanent restrictions:		
Beneficial interest in perpetual trust	1,001,012	1,040,712
Endowment funds	518,477	518,477
Total permanent restrictions	1,519,489	1,559,189
Total net assets with donor restrictions	\$ 2,544,708	\$ 2,922,022

Net assets with donor restrictions were released from donor restrictions by the passage of time and by incurring expenses satisfying the following restrictions specified by donors:

Years ended June 30,	2020	2019
Biology	\$ 15,521	\$ 8,624
Capital	5,472	
Education	283,253	503,041
Guest engagement and experience	20,000	15,067
Time	303,793	366,899
Endowment	23,682	22,707
Total net assets released from restrictions	\$ 651,721	\$ 916,338

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Endowment funds

CAS/PNNM's endowment funds consist of seven individual donor-restricted funds. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

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

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions - permanently restricted is classified as net assets with donor restrictions - purpose and time restricted until those amounts are appropriated for expenditure by CAS/PNNM in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CAS/PNNM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of CAS/PNNM and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of CAS/PNNM
7. The investment policies of CAS/PNNM

All of CAS/PNNM's endowment funds were donor-restricted for the years ended June 30, 2020 and 2019. CAS/PNNM has no Board-designated endowment funds.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Endowment funds (continued)

Interpretation of relevant law: (continued)

Composition of and changes in endowment net assets are as follows:

	With donor restrictions		
	Purpose restricted	Permanently restricted	Total
Endowment net assets as of June 30, 2018	\$ 81,575	\$ 518,477	\$ 600,052
Investment income	24,769		24,769
Appropriation of endowment assets for expenditure	(22,707)		(22,707)
Endowment net assets as of June 30, 2019	83,637	518,477	602,114
Investment income	4,466		4,466
Appropriation of endowment assets for expenditure	(23,682)		(23,682)
Endowment net assets as of June 30, 2020	\$ 64,421	\$ 518,477	\$ 582,898

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by the donor or UPMIFA. There were no deficiencies of this nature for the years ended June 30, 2020 and 2019.

Return objectives and risk parameters:

CAS/PNNM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that CAS/PNNM must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to conserve corpus while assuming a minimal level of investment risk.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Endowment funds (continued)

Strategies employed for achieving objectives:

CAS/PNNM invested all endowment assets in a portfolio of publicly-traded mutual and exchange-traded funds in accordance with an endowment investment policy statement. These strategies will be amended as the investment corpus grows.

Spending policy and how the investment objectives relate to spending policy:

CAS/PNNM's spending policy is limited to earnings on the endowment funds. The spending policy allows CAS/PNNM to spend up to 4% of the market value of the fund's assets based on the previous 12 quarters.