Museum of Science and Industry

Financial and Compliance Report
December 31, 2014 and 2013

Contents

McGladrey

Independent Auditor's Report

Board of Trustees
Museum of Science and Industry

Report on the Financial Statements

We have audited the accompanying financial statements of the Museum of Science and Industry (the Museum), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Museum of Science and Industry as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Comparative Information

The financial statements of the Museum of Science and Industry, as of and for the year ended December 31, 2013, were audited by other auditors whose report dated May 29, 2014 expressed an unmodified opinion on those statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

McGladrey LLP

Chicago, Illinois
May 22, 2015

Museum of Science and Industry

Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash	$ 4,943,946	$ 2,945,809
Short-term investments	3,155,375	5,013,155
Accounts and interest receivable, net	1,660,458	1,117,229
Pledges receivable	4,946,363	4,360,130
Inventories and prepaid expenses	1,050,063	1,135,012
Total current assets	15,756,205	14,571,335
Capitalized lease asset, net	-	232,098
Other assets, net	1,683,156	1,674,008
Long-term pledges receivable, net	11,204,450	8,986,153
Long-term investments	82,276,065	84,200,020
Museum properties, net	151,934,466	158,373,860
Total assets	$ 262,854,342	$ 268,037,474

See Notes to Financial Statements.

Museum of Science and Industry

Statements of Financial Condition (Continued)
December 31, 2014 and 2013

	2014	2013
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 2,620,021	$ 1,434,107
Accrued liabilities	3,443,404	2,706,307
Current portion of notes payable	3,155,000	3,350,000
Current portion of capital lease obligation	-	100,983
Other Liabilities And Deferred Revenue	647,243	635,318
Total Current Liabilities	9,865,668	8,226,715
Deferred Revenue, Less Current Portion	969,828	1,202,586
Capital Lease Obligation, Less Current Portion	-	132,741
Pension Liability	781,926	505,729
Interest Rate Swap	1,107,366	829,599
Long-Term Notes Payable, Less Current Portion	61,120,000	62,000,000
Asset Retirement Obligation, Less Current Portion	991,128	568,768
Total Liabilities	74,835,916	73,466,138
Net Assets		
Unrestricted	158,876,068	164,785,375
Temporarily Restricted	23,602,358	24,250,961
Permanently Restricted	5,540,000	5,535,000
Total Net Assets	188,018,426	194,571,336
Total Liabilities And Net Assets	$ 262,854,342	$ 268,037,474

See Notes to Financial Statements.

Museum of Science and Industry

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating income				
Revenue and support				
Admissions	$ 13,569,226	$ -	$ -	$ 13,569,226
Special exhibit	2,260,255	-	-	2,260,255
Ancillary services	7,344,852	-	-	7,344,852
Membership	4,261,650	-	-	4,261,650
Government support	5,690,148	1,516,384	-	7,206,532
Private support	6,173,218	10,658,170	5,000	16,836,388
Investment payout	3,790,540	-	-	3,790,540
Other income	1,069,172	199,774	-	1,268,946
Net assets released from restrictions	13,319,872	(13,319,872)	-	-
Total revenue and support	57,478,933	(945,544)	5,000	56,538,389
Expenses				
Programs				
Public programs	25,180,592	-	-	25,180,592
Education programs	6,133,294	-	-	6,133,294
Program support services	6,243,756	-	-	6,243,756
Ancillary services	3,311,522	-	-	3,311,522
Total programs expenses	40,869,164	-	-	40,869,164
General and administrative				
Management and general	9,642,552	-	-	9,642,552
Marketing	4,758,053	-	-	4,758,053
Development	3,576,143	-	-	3,576,143
Membership	1,324,842	-	-	1,324,842
Total general and administrative expenses	19,301,590	-	-	19,301,590
Total expenses	60,170,754	-	-	60,170,754
Operating (loss) income	(2,691,821)	(945,544)	5,000	(3,632,365)
Non-operating (loss) income				
Change in value of charitable remainder trust	-	13,513	-	13,513
Change in value of life insurance policy	19,807	-	-	19,807
Loss on long-term investments, net, after investment payout	(2,154,467)	107,782	-	(2,046,685)
Change in value of interest rate swap	(277,767)	-	-	(277,767)
Loss on film consortium investment	(4,118)	-	-	(4,118)
Loss on disposal of fixed assets	(2,319)	-	-	(2,319)
Recovery of bad debt	-	175,646	-	175,646
Change in value of the asset retirement obligation	(422,360)	-	-	(422,360)
Total non-operating (loss) income	(2,841,224)	296,941	-	(2,544,283)
Change in net assets before pension-related changes other than net periodic pension cost	(5,533,045)	(648,603)	5,000	(6,176,648)
Pension-related changes other than net periodic pension cost	(376,262)	-	-	(376,262)
Change in net assets	(5,909,307)	(648,603)	5,000	(6,552,910)
Net assets, beginning of year	164,785,375	24,250,961	5,535,000	194,571,336
Net assets, end of year	$ 158,876,068	$ 23,602,358	$ 5,540,000	$ 188,018,426

See Notes to Financial Statements.

Museum of Science and Industry

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating income				
Revenue and support				
Admissions	$ 13,462,115	$ -	$ -	$ 13,462,115
Special exhibit	1,650,260	-	-	1,650,260
Ancillary services	7,469,380	-	-	7,469,380
Membership	3,450,495	-	-	3,450,495
Government support	5,607,427	597,995	-	6,205,422
Private support	5,776,740	8,893,319	50,000	14,720,059
Investment payout	3,570,816	-	-	3,570,816
Other income	631,573	61,163	-	692,736
Net assets released from restrictions	10,845,058	(10,845,058)	-	-
Total revenue and support	52,463,864	(1,292,581)	50,000	51,221,283
Expenses				
Programs				
Public programs	26,509,480	-	-	26,509,480
Education programs	6,535,052	-	-	6,535,052
Program support services	6,286,987	-	-	6,286,987
Ancillary services	3,248,497	-	-	3,248,497
Total programs expenses	42,580,016	-	-	42,580,016
General and administrative				
Management and general	10,146,250	-	-	10,146,250
Marketing	5,101,967	-	-	5,101,967
Development	5,069,725	-	-	5,069,725
Membership	1,265,098	-	-	1,265,098
Total general and administrative expenses	21,583,040	-	-	21,583,040
Total expenses	64,163,056	-	-	64,163,056
Operating (loss) income	(11,699,192)	(1,292,581)	50,000	(12,941,773)
Non-operating income (loss)				
Change in value of charitable remainder trust	44,297	-	-	44,297
Change in value of life insurance policy	19,652	-	-	19,652
Gain on long-term investments, net, after investment	6,825,509	746,022	-	7,571,531
Change in value of interest rate swap	935,901	-	-	935,901
Gain on film consortium investment	39,681	-	-	39,681
Loss on disposal of fixed assets	(2,682,342)	-	-	(2,682,342)
Total non-operating income	5,182,698	746,022	-	5,928,720
Change in net assets before pension-related changes other than net periodic pension cost	(6,516,494)	(546,559)	50,000	(7,013,053)
Pension-related changes other than net periodic pension cost	417,937	-	-	417,937
Change in net assets	(6,098,557)	(546,559)	50,000	(6,595,116)
Net assets, beginning of year	170,883,932	24,797,520	5,485,000	201,166,452
Net assets, end of year	$ 164,785,375	$ 24,250,961	$ 5,535,000	$ 194,571,336

See Notes to Financial Statements.

Museum of Science and Industry

Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ (6,552,910)	$ (6,595,116)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	15,148,498	14,917,061
Change in value of interest rate swap	277,767	(935,901)
Loss on disposal of fixed assets	2,319	2,682,342
Realized gain on investments	(3,400,812)	(2,983,302)
Unrealized (gain) loss on investments	3,578,717	(6,411,847)
Gifts restricted for acquisition of fixed assets	(1,736,818)	(3,950,673)
Gifts restricted for permanent endowment	(5,000)	(50,000)
Changes in operating assets and liabilities		
Accounts and interest receivable	(543,229)	567,770
Pledges receivable, net	(4,501,811)	215,543
Inventories and prepaid expenses	84,949	234,913
Other assets	222,950	(119,371)
Accounts payable and accrued liabilities	2,199,209	(811,376)
Deferred revenue and other liabilities	201,527	76,069
Net cash provided by (used in) operating activities	4,975,357	(3,163,888)
Cash flows from investing activities		
Purchases of investments	(2,095,991)	(2,695,609)
Sales of investments	5,699,819	3,866,943
Purchases of Museum properties	(8,711,424)	(6,621,401)
Net cash used in investing activities	(5,107,596)	(5,450,067)
Cash flows from financing activities		
Principal payments on capital lease obligations	(233,724)	(178,285)
Proceeds from notes payable	1,350,000	7,500,000
Payment on notes payable	(2,425,000)	(9,810,000)
Gifts restricted for permanent endowment	5,000	50,000
Gifts restricted for acquisition of fixed assets	3,434,099	8,740,165
Net cash provided by financing activities	2,130,375	6,301,880
Net change in cash	1,998,136	(2,312,075)
Cash, beginning of year	2,945,809	5,257,884
Cash, end of year	$ 4,943,946	$ 2,945,809
Supplemental disclosure of cash flow information		
Acquisition of capital lease	$ -	$ 232,379
Interest paid, net of amounts capitalized	63,181	99,083

See Notes to Financial Statements.

Note 1. Description of Organization

The Museum of Science and Industry (the Museum), a 501(c)(3) corporation, is the largest science museum in the Western Hemisphere and home to thousands of exhibits and artifacts. For more than 80 years, the Museum has been a premier destination in Chicago, Illinois. The Museum's mission is to inspire the inventive genius in everyone and its vision is to inspire and motivate children to achieve their full potential in science, technology, medicine and engineering. Approximately 340,000 students are among the nearly 1,400,000 guests that visit each year. Through its Center for the Advancement of Science Education (CASE), the Museum reaches thousands of students and teachers through special programs, learning labs, and educator workshops.

World-class permanent exhibitions include *Science Storms*, a 26,000-square-foot exhibit that reveals the extraordinary science behind some of nature's most powerful and compelling phenomena; and *You! The Experience*, a 15,000-square-foot exhibit that explores the human mind, body and spirit. Other favorite experiences include the *U-505 Submarine*, the only German U-boat captured during World War II, surrounded by more than 30,000 square feet of artifacts and interactive activities; the *Coal Mine*, a reproduction of an Illinois coal mine that takes guest down fifty feet in a real hoist to the bottom of a mineshaft; *Future Energy Chicago*, a multi-player visual simulation where teams of guests work together to develop a greener city; *The Great Train Story*, a dynamic model train display that illustrates modern rail operation; and the Omnimax Theater, which features educational films, rich in content and presented on Chicago's only five-story, domed wrap-around movie screen.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements have been prepared using the accrual basis of accounting. The Museum maintains its books and records in accordance with the principles and practices of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established in accordance with their nature or purpose. However, for financial reporting purposes, the Museum classifies its net assets, revenue, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Museum are reported as follows:

Unrestricted: Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted: Net assets subject to donor-imposed restrictions that will be met either by actions of the Museum or the passage of time.

Permanently restricted: Net assets subject to donor-imposed restrictions that are required to be maintained permanently (i.e., in perpetuity) by the Museum. Generally, the donors of those assets permit the Museum to use all or part of the income earned on related investments for specific purposes.

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 may differ from those estimates.

Collections: The Museum's permanent collections, which were acquired since the Museum's inception through purchases and contributions from benefactors, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as decreases in temporarily restricted net assets if the assets used to purchase the items were restricted by donors.

Note 2. Summary of Significant Accounting Policies (Continued)

The Museum's collections are made up of artifacts of historical significance, scientific specimens and art objects that are held for educational, research, scientific and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying the items' existence and assessing their condition are performed continuously. The collections are subject to the Museum's policy that requires proceeds from their sales to be used to acquire other items for collections.

Cash: The Museum had deposits in excess of federally insured limits at December 31, 2014 and 2013. However, the Museum had not experienced any losses in these accounts and believes that it is not exposed to any significant credit risk.

Investments: Investments are presented in the financial statements at fair value in accordance with U.S. GAAP. Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the statements of activities. Investments received as contributions are recorded at fair value at the date of receipt. Investments are classified as either short-term or long-term, based on intended use. Included in the Museum's short-term investments are cash, stocks and money market accounts that are designated as available for sale or liquidation within one year. Investments that are maintained for the long-term use of the Museum are classified as long-term.

The Museum's investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect the Museum's financial statements.

Accounts and Interest Receivable: Accounts receivable are stated at amounts due from customers, the Chicago Park District (the Park District) and other miscellaneous activities, net of an allowance for uncollectible amounts. The Museum determines its allowance for uncollectible amounts by considering a number of factors, including the length of time accounts receivable are past due, previous collection history, the customer's current ability to pay its obligation to the Museum, and the condition of the general economy and industry as a whole. The Museum writes off accounts receivable that have become uncollectible, and any payments subsequently received on such receivables are credited to the allowance for uncollectible amounts.

Inventories: Inventories are carried at average cost, which approximates the lower of cost or market, and primarily consist of items held for resale. Inventories were $398,219 and $414,120 at December 31, 2014 and 2013, respectively.

Asset Retirement Obligations: U.S. GAAP requires the current recognition of a liability when a legal obligation exists relative to an asset retirement in which the timing or method of settlement are conditional and/or based on a future event that may or may not be under the control of the entity. The Illinois Commercial and Public Building Asbestos Abatement Act requires the controlled removal or encapsulation of asbestos by a licensed contractor in commercial and public buildings, including renovation and partial or complete demolition activities.

An asset retirement obligation (ARO) liability was recognized at its net present value, with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to accretion expense. The initially capitalized ARO long-lived asset is depreciated over a period ending at the estimated remediation date. The Museum has estimated its asbestos removal cost to be $1,064,496 and $642,136 at December 31, 2014 and 2013, respectively. The Museum's estimate represents the present value of anticipated costs of asbestos abatement utilizing a discount rate of 5% and the projected year of removal based on the Museum's capital plan or an estimated future date. The short-term portion of the ARO liability consists of estimated removal costs that are expected to take place within one year.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue and Support: Revenue and support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions are recognized in the period received. The Museum recognizes the donors' unconditional promises to give cash and other assets as revenue in the period the promises are made. Conditional pledges are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value.

The Museum receives income from ticket sales, events and group admission in advance of earning this revenue. The advance payments are accounted for as deferred revenue in the accompanying statements of financial position. Revenue is recognized as it is earned, which is the date upon which the event occurs or the date for which general admission is purchased. Revenue from various ancillary services, including commissions for food sales, retail store purchases, special events and membership are also recognized in the period earned.

The Museum receives support from the Chicago Park District based upon the annual tax levy ordinance of the Park District, as well as occasional funding from various federal and state agencies for programming and capital projects. Support from the Park District is recognized on an accrual basis and is classified as unrestricted government support. Funding for specific programs are restricted and classified as temporarily restricted net assets and released from restriction as expenses are incurred. In the case of capital projects involving the construction or development of buildings, exhibits or software, restrictions are met as the asset is constructed or developed provided there are no additional restrictions.

Gains and losses on other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

Donated Services and in-kind contributions: The financial statements reflect amounts for the value of donated services and in-kind contributions for which an objective basis is available to measure their value. The Museum has recorded donated services and in-kind contributions related to consulting activities and exhibits at their estimated fair values of $217,539 and $399,046 in 2014 and 2013, respectively. The amount relating to services is $1,950 and $145,644 in 2014 and 2013, respectively.

Volunteers contributed approximately 43,141 hours and 42,150 hours to the Museum in 2014 and 2013, respectively. The volunteers provided various services throughout the Museum. These services do not meet the criteria for financial statement recognition and, accordingly, the value of these services has not been reported in the financial statements.

Advertising Expense: Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense was $2,646,390 and $2,837,078 for the years ended December 31, 2014 and 2013, respectively.

Income Tax: The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements as the Museum's unrelated business taxable income was offset by unrelated business loss carryovers in both years. There are no tax positions for which a material change in any unrecognized tax benefit or liability is reasonably possible in the next twelve months.

The Museum files forms 990 in the U.S. federal jurisdiction and the State of Illinois. Tax years before 2011 are generally no longer subject to examination by the Internal Revenue Service.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for the Museum's 2017 financial statements. The Museum has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

Note 3. Investments

Short-term investments consisted of the following at December 31:

	2014	2013
Publicly traded securities		
Common and preferred stocks	$ 62,282	$ 64,118
Fixed income fund	336,497	334,494
Money market fund	2,715,149	4,595,171
	3,113,928	4,993,783
Investments held at cost		
Money market account	41,447	19,372
	$ 3,155,375	$ 5,013,155

Long-term investments consisted of the following at December 31:

	2014	2013
Publicly traded securities		
Common and preferred stocks	$ 7,032,551	$ 7,154,315
Equity funds		
Domestic	7,252,533	7,555,105
International	27,860,210	30,308,173
Fixed income funds	27,465,229	25,420,131
Money market fund	18,671	444,689
	69,629,194	70,882,413
Investments held at net asset value		
Equity funds		
Domestic	12,646,871	13,317,607
Total long-term investments	$ 82,276,065	$ 84,200,020

Note 3. Investments (Continued)

Investment return for the years ended December 31, 2014 and 2013, consisted of the following:

	2014	2013
Interest	$ 370,553	$ 602,340
Dividends	1,698,347	1,307,162
Net realized gain on sale of investments	3,400,812	2,983,302
Net unrealized gain (loss) on investments	(3,575,870)	6,394,433
Total long-term investment return, before management fees	1,893,842	11,287,237
Management fees	(153,441)	(165,316)
Investment return, net, after management fees	1,740,402	11,121,921
Amount authorized for investment payout	(3,787,087)	(3,550,390)
Investment return, after amount authorized for unrestricted investment payout	$ (2,046,685)	$ 7,571,531

The trustees of the Museum have authorized an annual draw policy. The current year's draw can be a 2.5% increase over the previous year's draw, but must be between 4% and 6% of the fair value of the investment pool. The amount of the draw is determined as of September 30th of the previous year, and the draws occur on a quarterly basis.

Unrestricted investment payout included in operations in 2014 and 2013 totaled $3,790,540 and $3,570,816, respectively, and is comprised of the $3,787,087 and $3,550,390, respectively, authorized for investment payout, as noted above, and investment income of $3,453 and $20,426, respectively, from short-term investments.

Note 4. Fair Value of Financial Instruments

Fair Value Measurements: The Museum follows the accounting guidance on fair value measurements and disclosures, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but which are traded less frequently and investments that are fairly valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value (NAV) per share, or its equivalent, that may be redeemed at the NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using an NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lock-up periods or other investment restrictions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable data requires significant judgment by the Museum. The Museum considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Museum's perceived risk of that instrument.

Transfers between levels are recognized as of the end of the reporting period. For the years ended December 31, 2014 and 2013, there were no such transfers.

Valuation of Investments: Investments with values that are based on quoted market prices in active markets and are, therefore, classified within Level 1 are publicly traded securities investments in money market funds, stocks, fixed-income funds, and domestic and international equity funds.

Investments classified within Level 2 are certain equity funds held at NAV. These funds are valued at fair value based on the applicable ownership of the funds' net assets as of the measurement date, as determined by the Museum. These funds are described further below.

Note 4. Fair Value of Financial Instruments (Continued)

The following tables summarize financial instruments by fair value levels as of December 31:

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Money market fund	$ 2,733,820	$ -	$ -	$ 2,733,820
Common and preferred stocks	7,094,833	-	-	7,094,833
Fixed income funds	27,801,726	-	-	27,801,726
Equity funds				
Domestic	7,252,533	12,646,871	-	19,899,404
International	27,860,210	-	-	27,860,210
Total short- and long-term investments at fair value	$ 72,743,122	$ 12,646,871	$ -	85,389,993
Short-term investments at cost				41,447
Total short- and long-term investments				$ 85,431,440
Liabilities				
Interest rate swap		$ (1,107,366)		$ (1,107,366)

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Money market fund	$ 5,039,860	$ -	$ -	$ 5,039,860
Common and preferred stocks	7,218,433	-	-	7,218,433
Fixed income funds	25,754,624	-	-	25,754,624
Equity funds				
Domestic	7,555,106	13,317,607	-	20,872,713
International	30,308,173	-	-	30,308,173
Total short- and long-term investments at fair value	$ 75,876,196	$ 13,317,607	$ -	89,193,803
Short-term investments at cost				19,372
Total short- and long-term investments				$ 89,213,175
Liabilities				
Interest rate swap		$ (829,599)		$ (829,599)

Note 4. Fair Value of Financial Instruments (Continued)

Investments valued at NAV as of December 31, 2014 consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity funds - domestic				
Northern Trust US Marketcap	$ 8,061,672	$ -	Daily	2 days
Wellington Fund	4,585,199	-	Monthly	10 days
Balance as of December 31, 2014	$ 12,646,871	$ -		

Investments valued at NAV as of December 31, 2013 consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity funds - domestic				
Northern Trust US Marketcap	$ 7,489,127	$ -	Daily	2 days
Wellington Fund	5,828,480	-	Monthly	10 days
Balance as of December 31, 2013	$ 13,317,607	$ -		

Northern Trust US Marketcap Fund

The Northern Trust US Marketcap Fund invests in U.S.-headquartered equity securities, including common stocks, real estate investment trusts and limited partnerships that have readily available price data. The NAV of the fund is determined daily using the fair value of the underlying securities. This fund allows for daily liquidity with two days' notice required.

Wellington Fund

The Wellington Fund invests primarily in U.S.-listed common stock, depositary receipts and real estate securities. The portfolio will typically invest in any company with a market capitalization between $100 million and $2 billion at the time of initial purchase. The NAV of the fund is determined monthly using the fair value of the underlying securities. This fund allows for monthly liquidity, with notification due by the 22nd of the month for cash flows for the first business day of the following month.

Cash: Cash approximates fair value.

Pledges Receivable: Pledges receivable are shown net of allowance for uncollectible pledges. The value was determined by discounting the expected future cash flows by a risk-adjusted rate of return and approximates fair value (Note 5).

Investments: Short-term investments are recorded primarily at fair value. Long-term investments are recorded in the financial statements at fair value. The fair value of investments in index funds and publicly traded securities is based upon quoted market prices. The fair value of investments in pooled equity investments and pooled fixed income funds is based on the reported NAV per share.

Note 4. Fair Value of Financial Instruments (Continued)

Interest Rate Swap Agreement: The fair value of the interest rate swap agreement is based on a quoted market price, which reflects the present value of the difference between estimated future fixed-rate payments and future variable-rate receipts.

Deferred Revenue: The carrying amount recorded approximates the fair value and is based upon revenue received in advance and not yet deemed to be earned by the Museum.

Notes Payable and Lines of Credit: The fair value of the variable-rate notes payable and lines of credit is presumed to approximate the carrying value.

The following table presents the carrying value and estimated fair values of the financial instruments not measured at fair value as of December 31, 2014 and 2013, and indicates the level of the estimated fair value measurement based on the observability of the inputs used:

	Level 1	Level 2	Level 3	Fair value	Carrying value
December 31, 2014					
Assets					
Pledges receivable	$ -	$ -	$16,150,813	$ 16,150,813	$ 16,150,813
Liabilities					
Deferred revenue	-	-	1,567,152	1,567,152	1,567,152
Notes payable and lines of credit	-	64,275,000	-	64,275,000	64,275,000

	Level 1	Level 2	Level 3	Fair value	Carrying value
December 31, 2013					
Assets					
Pledges receivable	$ -	$ -	$13,346,283	$ 13,346,283	$ 13,346,283
Liabilities					
Deferred revenue	-	-	1,673,475	1,673,475	1,673,475
Notes payable and lines of credit	-	65,350,000	-	65,350,000	65,350,000

Note 5. Pledges Receivable

The Museum has received various pledges from individuals and corporate entities. The largest nine donors accounted for an aggregate of 67% of the gross receivable, and of the remaining balance, no individual donor had a balance in excess of 3.5% of the total. Pledges receivable are recorded in the period during which the pledge is received. Pledges to be collected after one year are discounted using an annual rate of 5%, which is commensurate with the risk involved. Amortization of the discount is recorded as additional private support.

The following is a summary of pledges receivable as of December 31, 2014 and 2013, by expected period of payment:

	2014	2013
Amounts expected to be collected in		
Less than one year	$ 5,335,462	$ 5,356,351
One to five years	7,388,098	4,791,763
More than five years	9,050,000	9,375,000
Total pledges receivable	21,773,560	19,523,114
Less		
Reserve on uncollectible pledges	(1,089,100)	(1,796,221)
Discount	(4,533,647)	(4,380,610)
Pledges receivable, net	16,150,813	13,346,283
Less current pledges receivable, net	(4,946,363)	(4,360,130)
Long-term pledges receivable, net	$ 11,204,450	$ 8,986,153

Conditional Pledges: In 2014, the Museum was awarded a grant in the total of $2,000,000 in support of the 2015 Robot Revolution exhibit. The grant included certain conditions that must be fulfilled prior to payment. As of June 30, 2014, conditions representing $750,000 of the grant had not yet been fulfilled. The revenue will be recorded when the related conditions are met.

Note 6. Funds Held by Chicago Community Trust

In 1995, the Museum was notified that it is the designated beneficiary of the interest income on a $1,000,000 endowment established and maintained by Chicago Community Trust. Chicago Community Trust has variance power over this endowment and, accordingly, the Museum has not included the endowment in the accompanying financial statements.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2014	2013
Time restricted	$ 5,696,979	$ 951,597
Education and cultural programs	9,011,281	7,482,778
Capital additions for exhibit development	8,894,098	15,816,586
	$ 23,602,358	$ 24,250,961

Net assets were released from donor designations by incurring expenditures that satisfy the designated purpose and through the passage of time as defined below:

	2014	2013
Time restricted	$ -	$ 729,706
Education and cultural programs	4,762,936	4,533,020
Capital additions for exhibit development and facilities	8,556,936	5,582,332
	$ 13,319,872	$ 10,845,058

Note 8. Permanently Restricted Net Assets

Permanently restricted net assets are restricted as investments in perpetuity. The Museum's permanent endowment consists of donor-restricted endowment funds, primarily to support the maintenance and upkeep of certain exhibits.

The Museum accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Museum classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations 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 endowment fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, according to donor stipulations, until those amounts are appropriated for expenditure by the Museum for the donor-stipulated purpose. The Museum 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 the Museum 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 the Museum.
7. The investment policies of the Museum.

Note 8. Permanently Restricted Net Assets (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Museum to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. No deficiencies of this nature existed at December 31, 2014 and 2013.

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As of December 31, 2014 and 2013, endowment assets only include those assets of donor-restricted funds that the Museum must hold in perpetuity or for donor-specified periods, as the Museum does not have any Board-designated endowment funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximizing returns on all funds invested and achieving full employment of all available funds as earning assets. The Museum has an active Finance Committee that meets regularly to ensure the objectives of the investment policy are being met, and that strategies used to meet the objectives are in accordance with the Museum’s investment policy.

During 2014 and 2013, the Museum had the following endowment-related activities:

	Unrestricted endowment funds	Temporarily restricted endowment funds	Permanently restricted endowment funds	Total
Endowment net assets, December 31, 2012	$ -	$ 586,608	$ 5,485,000	$ 6,071,608
Private Support	-	-	50,000	50,000
Investment returns				
Interest and dividends	-	127,595	-	127,595
Realized gain on sale of investments	-	198,757	-	198,757
Net unrealized gain on investments	-	419,670	-	419,670
Total investment returns	-	746,022	-	746,022
Appropriation of endowment assets for expenditures	-	(206,071)	-	(206,071)
Total change in endowment net assets	-	539,951	-	539,951
Endowment net assets, December 31, 2013	-	1,126,559	5,535,000	6,661,559
Private Support	-	-	5,000	5,000
Investment returns				
Interest and dividends	-	125,658	-	125,658
Realized gain on sale of investments	-	203,395	-	203,395
Net unrealized loss on investments	-	(221,270)	-	(221,270)
Total investment returns	-	107,783	-	107,783
Appropriation of endowment assets for expenditures	-	(273,595)	-	(273,595)
Total change in endowment net assets	-	(165,812)	-	(165,812)
Endowment net assets, December 31, 2014	$ -	$ 960,747	$ 5,540,000	$ 6,500,747

Note 9. Retirement Plans

Original Employees' Retirement Plan

In May 1989, the Museum terminated its defined benefit retirement plan. Employees who participated in this plan (Original Employees) were automatically eligible to participate in the Original Employees' Retirement Plan (the Old Plan), a non-contributory retirement plan. Original Employees vested based upon completion of five years of continuous service. The employer contribution to the Old Plan was $52,635 and $202,613 in 2014 and 2013, respectively, based upon an actuarially determined calculation.

The following table sets forth the funded status of the Old Plan and amounts recognized in the Museum's financial statements as of December 31:

	2014	2013
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 4,037,370	$ 4,098,153
Service cost	5,500	29,839
Interest cost	177,089	139,327
Benefits paid	(162,987)	(124,539)
Actuarial (gain) loss	333,903	(105,410)
Projected benefit obligation at end of year	4,390,875	4,037,370
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	3,531,641	2,968,719
Actual return on plan assets	194,368	492,864
Employer contributions	52,635	202,613
Benefits paid	(162,987)	(124,539)
Administrative expenses	(6,708)	(8,016)
Fair value of plan assets at end of year	3,608,949	3,531,641
Funded status (accrued pension liability)	$ (781,926)	$ (505,729)
Accumulated benefit obligation	$ 4,390,875	$ 4,037,370

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

	2014	2013
Net actuarial loss	$ 1,091,523	$ 715,261

Note 9. Retirement Plans (Continued)

Net periodic pension benefit (or cost) and other amounts recognized in the statements of activities and changes in net assets are as follows at December 31:

	2014	2013
Service cost	$ 5,500	$ 29,839
Interest cost	177,089	139,327
Recognized actuarial loss	16,704	44,325
Expected return on plan assets	(246,723)	(216,646)
Net periodic pension benefit	$ (47,430)	$ (3,155)

The net periodic pension benefit for the Old Plan for the years ended December 31, 2014 and 2013, included the following components:

	2014	2013
Service cost	$ 5,500	$ 29,839
Interest cost	177,089	139,327
Recognized actuarial loss	16,704	44,325
Expected return on plan assets	(246,723)	(216,646)
Net periodic pension benefit	$ (47,430)	$ (3,155)

The estimated net actuarial loss that will be amortized from unrestricted net assets into net periodic benefit cost within the next fiscal year is $35,382.

Assumptions

The weighted-average assumptions for the years ended December 31, 2014 and 2013, were as follows:

	2014	2013
Discount rate (benefit expense)	4.55%	3.50%
Discount rate (benefit obligations)	3.70%	4.55%
Expected long-term rate of return on plan assets	7.12%	7.25%
Rate of compensation increase	0%	4.00%

Note 9. Retirement Plans (Continued)

Plan Assets

Weighted-average asset allocations by asset category for the years ended December 31, 2014 and 2013, are as follows:

	2014	2013
Domestic public equities	48%	45%
International public equities	20%	22%
Fixed income	31%	30%
Cash reserves	1%	3%
	100%	100%

The long-term expected rate of return on plan assets is based on the Old Plan's target asset allocation and current market conditions. By examining the expected rates of return by asset class, including any appropriate alpha, and long-term inflation expectations, a forward-looking expected return is developed that reflects the weighted average of the expected returns.

Plan assets for the Old Plan are managed through the trustee, Wilmington Trust Company. The target asset allocation of 38% domestic public equities, 27% international public equities and 35% fixed-income securities are meant to result in a favorable long-term rate of return from a diversified portfolio of equity and fixed-income investments.

The Museum does not expect to make a contribution to the Old Plan in fiscal 2015.

Plan assets consisted of the following at December 31:

	2014	2013
Publicly traded securities		
Equity fund		
Domestic	$ 1,196,747	$ 1,101,099
International	727,153	770,590
Money market fund	17,365	117,417
Total publicly traded securities	1,941,265	1,989,106
Investments held at net asset value		
Equity fund - domestic	536,976	477,082
Fixed income fund	1,130,708	1,065,453
Investments held at net asset value	1,667,684	1,542,535
Total plan assets	$ 3,608,949	$ 3,531,641

Note 9. Retirement Plans (Continued)

The following table summarizes plan assets by fair value levels as of December 31, 2014:

	Level 1	Level 2	Total
Equity fund - domestic	$ 1,196,747	$ 536,976	$ 1,733,723
Equity fund - international	727,153	-	727,153
Money market fund	17,365	-	17,365
Fixed income fund	-	1,130,708	1,130,708
	$ 1,941,265	$ 1,667,684	$ 3,608,949

The following table summarizes plan assets by fair value levels as of December 31, 2013:

	Level 1	Level 2	Total
Equity fund - domestic	$ 1,101,099	$ 477,082	$ 1,578,181
Equity fund - international	770,590	-	770,590
Money market fund	117,417	-	117,417
Fixed income fund	-	1,065,453	1,065,453
	$ 1,989,106	$ 1,542,535	$ 3,531,641

Investments valued at net asset value as of December 31, 2014 consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity fund - domestic (a)	$ 536,976	$ -	Daily	2 days
Fixed income fund (b)	1,130,708	-	Daily	2 days
	$ 1,667,684	$ -		

Investments valued at net asset value as of December 31, 2013 consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity fund - domestic (a)	$ 477,082	$ -	Daily	2 days
Fixed income fund (b)	1,065,453	-	Daily	2 days
	$ 1,542,535	$ -		

Note 9. Retirement Plans (Continued)

(a) This is a common fund managed by The Northern Trust Fund, which invests primarily in U.S. equity securities. The primary objective of the fund is to provide diversified exposure representative of the broad U.S. equity market. An index commonly used to represent this market segment is the Dow Jones Wilshire 5000 Composite Index. Primarily all of the securities are marketable; therefore, the values of the underlying securities are traceable to public sources. The fair values have been estimated using the NAV per share of the investments.

(b) This is a common fund managed by The Northern Trust Fund, which invests primarily in U.S. bond securities. The primary objective of the fund is to hold a portfolio representative of the overall U.S. bond and debt market. Primarily all of the securities are marketable; therefore, the values of the underlying securities are traceable to public sources. The fair values have been estimated using the NAV per share of the investments.

The defined benefit pension plan annual benefit payments, which reflect expected future service, are expected to be paid as follows:

2015	$	295,939
2016		293,245
2017		290,332
2018		287,182
2019		283,773
2020 - 2024		1,357,208

Defined Contribution Plan

In 1989, the Museum adopted a defined contribution plan (the New Plan). The New Plan consists of two parts as follows:

Part 1 - The Museum contributes a flat percentage, which is determined annually, of an employee's annual salary, as defined in the New Plan document. Vesting in Part 1 of the New Plan is based on years of service. One-fifth of the contribution is immediately vested and the remaining four-fifths become vested according to the following schedule: 10% after two years, 30% after three years, 60% after four years and 100% after five years.

Part 2 - Each participant may annually defer up to 50% of his or her annual salary or a maximum amount defined by law of $17,500 for 2014 and 2013. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. The Museum makes a matching contribution of 50% of the first 6% contributed by the participant. Vesting is 100% in the employee contribution and Museum match at all times. The Museum matches were $242,378 and $315,430 in 2014 and 2013, respectively.

Original Employees are eligible to participate in Part 2, but not Part 1, of the New Plan. The Museum made year-end contributions to Part 1 of the New Plan of $0 for 2014 and 2013. Forfeiture balances used to fund the contributions were also $0 in 2014 and 2013.

On September 19, 2014, the Museum amended the New Plan to freeze future contributions effective as of the close of business on December 31, 2014. Under the approved amendment, each participant in the New Plan as of December 31, 2014 shall continue as a participant after such date, subject to the terms and conditions of the New Plan, including the Museum's right to amend or terminate the New Plan in the future. Employees who were not participants in the New Plan on December 31, 2014 shall not be eligible to become participants after such date. As part of the amendment, the New Plan will merge with and into the Old Plan, a 401(a) plan, which was amended and restated in the form of a 401(k) plan.

Note 10. Museum Properties

The legal title to the Museum's land and original building is vested with the Park District. The sole and permanent right to the use and occupancy of the land and original building rests with the Museum under an agreement that extends into perpetuity as long as the Museum uses the property for the purposes under which it is incorporated.

Museum properties of $5,000 or greater are recorded at cost and depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Asset description	Life
Building improvements	15 to 30 years
Henry Crown Space Center	40 years
Exhibits	3 to 10 years
Underground garage	40 years
Equipment, including furniture and fixtures	5 to 10 years
Automobiles	3 years

Museum properties consisted of the following at December 31:

	2014	2013
Building improvements	$ 97,436,364	$ 97,268,924
Henry Crown Space Center	12,242,984	12,242,984
Exhibits	168,439,475	163,380,145
Underground garage	54,692,965	54,692,965
Equipment, including furniture and fixtures	14,471,643	13,568,584
Automobiles	144,256	104,923
Construction in progress	8,808,439	6,175,153
Total properties	356,236,126	347,433,678
Less accumulated depreciation	(204,301,660)	(189,059,818)
Properties, net	$ 151,934,466	$ 158,373,860

Depreciation and amortization expense was $15,148,498 and $14,917,061 for the years ended December 31, 2014 and 2013, respectively. Interest of $5,572 and $26,371 was capitalized in 2014 and 2013, respectively.

Note 11. Capital Lease

The Museum entered into capital leases for parking garage equipment and a telephone system and equipment in 2011 and 2013, respectively. As of December 2014, the museum paid off all capital lease obligations.

Note 12. Other Assets

Other Assets balances at December 31:

	2014	2013
Bond issuance costs	$ 1,165,681	$ 1,120,171
Less amortization to date	(184,618)	(146,138)
	981,063	974,033
Charitable remainder trusts	294,203	280,690
Life insurance policy	54,411	34,604
Film consortium investment	335,563	339,681
Flexible spending account deposit	17,916	45,000
Total other assets	$ 1,683,156	$ 1,674,008

Other Assets consists of: (1) Bond issuance costs that are capitalized and amortized over the term of the bonds. (2) The Museum's interest in a private donor's charitable remainder trust. The asset recorded represents the present value of the earnings on the trust. (3) A life insurance policy that was purchased by a donor for the Museum and recorded at its surrender value. (4) The Museum's interest in the Giant Dome Theatre Consortium (the Consortium), whose purpose is to promote and support the development, production, distribution and exhibition of educational films for giant dome theatres. (5) Security deposit with flexible spending account vendor, which represents approximately one month's portion of the Museum's annual election in 2014.

Note 13. Related-party Transactions

The Museum obtains banking and other services, as well as procures products from companies with which certain Museum trustees are associated. The Museum also receives pledges and contributions from its trustees. A summary appears below.

	2014	2013
Investments held by the Museum	$ 23,095,914	$ 22,918,599
Debt held by the Museum	33,275,000	34,350,000
Bank fees	1,502,547	1,771,994
Utilities	100,861	87,066
Other	61,923	259,028
Outstanding pledges	15,212,583	13,881,631
Contributions and pledge payments	5,680,744	6,003,484

Note 14. Notes Payable

Following is a summary of notes payable as of December 31:

	2014			2013
	Current	Long term	Total	Total
Illinois Finance Authority (IFA) secured notes				
Series 2009A - Bank of America, N.A.	$ 220,000	$ 15,280,000	$ 15,500,000	$ 15,500,000
Series 2009B - JPMorgan Chase Bank, N.A.	220,000	15,280,000	15,500,000	15,500,000
Series 2009C - PNC Bank, N.A.	220,000	15,280,000	15,500,000	15,500,000
Series 2009D - The Northern Trust Company	220,000	15,280,000	15,500,000	15,500,000
New project line of credit	2,275,000	-	2,275,000	3,350,000
Total	$ 3,155,000	$ 61,120,000	$ 64,275,000	$ 65,350,000

Aggregate maturities of notes payable at December 31, 2014, are as follows:

2015	$ 3,155,000
2016	1,520,000
2017	1,580,000
2018	1,660,000
2019	1,720,000
2020 and thereafter	54,640,000
Total	$ 64,275,000

Secured Notes, 2009

In December 2009, the Museum issued to the IFA four notes (Series 2009A - Bank of America, N.A.; Series 2009B - JPMorgan Chase Bank, N.A.; Series 2009C - Harris, N.A.; and Series 2009D - The Northern Trust Company) (the 2009 Notes), secured by letters of credit, in the amounts of $16,000,000 each, totaling $64,000,000. The IFA obtained the note proceeds through the issuance and sale of its Adjustable-Rate Demand Revenue Bonds, Museum of Science and Industry. Interest paid in 2014 and 2013 was $34,627 and $61,715, respectively.

In July 2011, the IFA secured note Series 2009C - Harris, N.A. was transferred to PNC Bank, N.A. Outstanding amounts bear interest based on the one-month LIBOR plus the basis points. The 2009 Notes were amended to reduce the interest on outstanding amounts from 125 to 80 basis points.

Note 14. Notes Payable (Continued)

In July 2012, the Museum exercised its right of optional redemption in the amount of $2,000,000 pro rata each of the Series 2009 Bond Indentures reducing the four secured notes to $15,500,000 each, totaling $62,000,000.

There are financial covenants defined in the secured notes requiring (1) a minimum liquidity ratio of at least 85% (cash/investments to bond indebtedness/working capital facility), (2) minimum operating income (as defined) of at least $-0-, (3) maintenance capital expenditures limit of $5,000,000 or operating income (as defined) less capital expenditures to be break even and (4) an eligible pledge ratio of 1.0 (eligible pledges) to outstanding principal loan balance. Operating income as defined in the financial covenants includes interest on indebtedness and maintenance capital expenditures and excludes depreciation expense.

Project Line of Credit

During 2011, the Museum entered into a project line of credit in the amount of $40,000,000. The project line of credit agreement was amended as of June 30, 2014, which reduced the project line of credit available to $10,000,000. The applicable rate is 0.25% and the interest rate for outstanding amounts is the one-month LIBOR rate plus 80 basis points. At December 31, 2014 and 2013, outstanding borrowings were $2,275,000 and $3,350,000 and the one-month LIBOR rate plus 0.80% was 0.9695% and 0.9670% respectively. Interest paid in 2014 and 2013 was $28,554 and $31,047, respectively. The project line of credit agreement expires on August 31, 2017.

General Line of Credit

During 2011, the Museum entered into a working capital line of credit in the amount of $6,000,000 with an applicable rate of 0.25% and an interest rate for outstanding amounts of the one-month LIBOR plus 80 basis points. The working capital line of credit agreement was transitioned into a general line of credit and amended as of June 30, 2014, which increased the credit available to $10,000,000. The applicable rate was reduced to 0.20%. At both December 31, 2014 and 2013, outstanding borrowings were $0. The one-month LIBOR rate plus 0.80% was 0.9695% and 0.9670%, respectively. Interest paid in 2014 and 2013 was $0 and $6,321, respectively. The general line of credit agreement expires on August 31, 2017.

Interest Rate Swap Agreement

In April 2011, the Museum entered into an interest rate swap agreement to convert exactly $15,000,000 of notional principal from floating-rate to fixed-rate instruments on previously issued 2009 adjustable-rate demand revenue bonds. The agreement has annual settlement dates, fixes the interest rate at 2.45% and matures in May 2021. The fair value of the swap for 2014 and 2013 changed due to unrealized (losses) gains of $(277,767) and $935,901, respectively. As of December 31, 2014 and 2013, the accumulative unrealized loss was $1,107,366 and $829,599, respectively, based on the amount that such an instrument could be settled with a third party as determined by the counterparty.

Note 15. Commitments and Contingencies

In its normal course of operations, the Museum has various contracts including food service, janitorial, advertising, and fabrication for exhibits. As of December 31, 2014, the total commitments under those contracts are approximately $6,200,000.

The Museum is a defendant in legal proceedings arising out of the ordinary course of its business. Although the outcome of these proceedings cannot presently be determined; in the opinion of management, disposition of these proceedings would not have a material adverse effect on the financial position of the Museum.

Note 16. Subsequent Events

The Museum evaluated its December 31, 2014, financial statements for subsequent events through May 22, 2015, 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.