NAVY PIER, INC.

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors’ Report Thereon)

NAVY PIER, INC.

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KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Navy Pier, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Navy Pier, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years ended December 31, 2014 and 2013, 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 U.S. generally accepted accounting principles; 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 auditors' 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 Navy Pier, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Chicago, Illinois
July 15, 2015

NAVY PIER, INC.

Statements of Financial Position

December 31, 2014 and 2013

Assets		**2014**	**2013**
Current assets:			
Cash and cash equivalents	$	26,570,616	17,628,982
Cash and cash equivalents – restricted		11,713,526	42,619,944
Investments		91,458	1,087,580
Investments – restricted		7,212,905	796,446
Accounts receivable – net of allowance for doubtful accounts of $47,704 and $20,422 as of December 31, 2014 and 2013, respectively		2,789,394	1,236,768
Promises to give		3,750,000	—
Prepaid expenses		930,123	555,225
Deposit – City of Chicago		207,750	—
Total current assets		53,265,772	63,924,945
Noncurrent assets:			
Cash and cash equivalents – restricted		3,267,945	—
Investments		—	1,058,406
Investments – restricted		10,232,055	—
Deposit – City of Chicago		—	207,750
Deposit for purchase of Observation Wheel		4,357,289	—
Promises to give, net		10,212,180	—
Property and equipment:			
Construction in progress		68,276,866	12,119,615
Leasehold improvements		876,749	435,654
Equipment and other		3,527,424	2,577,590
Total property and equipment		72,681,039	15,132,859
Less accumulated depreciation		(2,381,514)	(1,566,832)
Total property and equipment, net		70,299,525	13,566,027
Total assets	$	151,634,766	78,757,128
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	18,707,430	8,165,177
Advance deposits		1,733,865	829,443
Accrued interest payable		34,505	—
Derivative liability		223,622	—
Note payable to MPEA		2,500,000	2,500,000
Deposit from MPEA for Framework Plan		5,295,153	43,211,146
Total current liabilities		28,494,575	54,705,766
Noncurrent liabilities:			
Bonds payable net of deferred bond issuance costs and accumulated amortization of $432,727 as of December 31, 2014		26,502,417	—
Derivative liability		135,982	—
Note payable to MPEA		—	2,500,000
Total liabilities		55,132,974	57,205,766
Unrestricted		77,539,612	21,551,362
Temporarily restricted		18,962,180	—
Total net assets		96,501,792	21,551,362
Total liabilities and net assets	$	151,634,766	78,757,128

See accompanying notes to financial statements.

NAVY PIER, INC.

Statements of Activities

Years ended December 31, 2014 and 2013

	2014			
	Unrestricted	**Temporarily restricted**	**Total**	**2013**
Revenue:				
Retail	$ 12,476,960	—	12,476,960	13,622,690
Parking	9,541,433	—	9,541,433	9,643,584
Pier park amusements	6,788,833	—	6,788,833	6,296,056
Special events and entertainment	3,085,954	—	3,085,954	3,675,622
Use of exhibition facilities	4,448,435	—	4,448,435	4,751,632
Food and beverage	2,571,764	—	2,571,764	3,035,854
Theater	934,298	—	934,298	1,022,065
Sponsorship	1,630,716	—	1,630,716	2,440,729
Other	13,840	—	13,840	17,349
Total revenue	41,492,233	—	41,492,233	44,505,581
Expenses:				
Program:				
Salaries and benefits	7,763,342	—	7,763,342	8,853,696
Outsourced services	15,489,302	—	15,489,302	14,759,936
Other services	2,293,594	—	2,293,594	2,704,155
Utilities	3,127,437	—	3,127,437	2,909,356
Marketing	2,583,148	—	2,583,148	2,996,514
Equipment and supplies	1,099,651	—	1,099,651	1,279,055
Professional fees	1,097,352	—	1,097,352	1,291,834
Insurance	1,474,483	—	1,474,483	1,421,651
Other	79,660	—	79,660	119,804
Total program expenses	35,007,969	—	35,007,969	36,336,001
Management and general:				
Salaries and benefits	3,439,213	—	3,439,213	3,115,861
Outsourced and other services	381,585	—	381,585	348,480
Utilities	91,492	—	91,492	61,881
Equipment and supplies	411,359	—	411,359	330,417
Professional fees	950,030	—	950,030	981,406
Insurance	206,947	—	206,947	151,667
Other	62,264	—	62,264	59,790
Total management and general	5,542,890	—	5,542,890	5,049,502
Total expenses	40,550,859	—	40,550,859	41,385,503
Excess of revenue over expenses before other changes in net assets	941,374	—	941,374	3,120,078
Development administration expenses	(952,982)	—	(952,982)	(425,682)
Fund-raising expenses	(598,380)	—	(598,380)	(721,153)
Depreciation expense	(814,682)	—	(814,682)	(677,061)
Interest income	43,549	—	43,549	30,515
Investment income	11,230	—	11,230	56,823
Interest expense	(36,922)	—	(36,922)	—
Derivative loss on foreign currency transaction	(129,149)	—	(129,149)	—
Derivative loss on foreign currency transaction – unrealized	(359,604)	—	(359,604)	—
Unrealized loss on investments	(32,177)	—	(32,177)	(2,101)
Contributions	—	18,962,180	18,962,180	—
MPEA reimbursement for Framework Plan expenses	57,915,993	—	57,915,993	12,684,645
Change in net assets	55,988,250	18,962,180	74,950,430	14,066,064
Net assets – beginning of year	21,551,362	—	21,551,362	7,485,298
Net assets – end of year	$ 77,539,612	18,962,180	96,501,792	21,551,362

See accompanying notes to financial statements.

NAVY PIER, INC.

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 74,950,430	14,066,064
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
MPEA reimbursement for Framework Plan expenses	(57,915,993)	(12,684,645)
Depreciation	814,682	677,061
Interest on investments	—	(122,373)
Net realized and unrealized losses on investments	32,855	67,651
Contributions restricted for capital	(5,000,000)	—
Changes in assets and liabilities:		
Accounts receivable	(1,552,626)	405,086
Promises to give	(13,962,180)	—
Prepaid expenses	(374,898)	278,008
Deposit – City of Chicago	—	(207,750)
Accounts payable and accrued expenses	10,542,253	1,359,303
Advance deposits	904,422	590,965
Derivative liability	359,604	—
Accrued interest payable	34,505	—
Net cash provided by operating activities	8,833,054	4,429,370
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	2,866,730	50,402,769
Purchases of investments	(17,493,571)	(53,290,479)
Purchase of property and equipment	(57,548,180)	(11,613,408)
Deposit for purchase of observation wheel	(4,357,289)	—
Net cash used in investing activities	(76,532,310)	(14,501,118)
Cash flows from financing activities:		
Bond proceeds	26,935,144	—
Bond issuance costs	(432,727)	—
Contributions restricted for capital	5,000,000	—
Loan repayment	(2,500,000)	—
Deposit for Framework Plan from MPEA	20,000,000	—
Net cash provided by financing activities	49,002,417	—
Net decrease in cash and cash equivalents	(18,696,839)	(10,071,748)
Cash and cash equivalents – beginning of year	60,248,926	70,320,674
Cash and cash equivalents – end of year	$ 41,552,087	60,248,926

See accompanying notes to financial statements.

(1) Nature of the Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

Navy Pier, Inc. (NPI) is a not-for-profit organization established on January 4, 2011 for the purpose of managing, operating, and redeveloping Navy Pier (the Pier). The Pier is a tourist and leisure destination located in Chicago, Illinois, and provides dining, shopping, cultural events, amusement park rides, and various other entertainment options to its visitors. The Pier is owned by the Metropolitan Pier and Exposition Authority (MPEA), a local government entity established by the Illinois General Assembly. NPI was created to lessen the burden of the government by operating and facilitating the redevelopment of the Pier. The long-term strategic plan for the Pier is to improve the mix of retail, dining, cultural, and entertainment options in an effort to further expand the Pier's customer base to drive an increase in year-round attendance. A key component of the plan is the redevelopment of the infrastructure to update the look and feel of the Pier and improve the overall facility. While MPEA retains ownership of the Pier, NPI has the authority to make key decisions on operations, maintenance, and implementation of the Pier's revitalization.

(b) Basis of Presentation

The financial statements of NPI have been prepared on the accrual basis of accounting. NPI maintains its accounts in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by the donors.

These financial statements have been prepared to focus on NPI as a whole and to present balances and transactions classified according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances into two classes of net assets – unrestricted and temporarily restricted. Descriptions of the two net asset categories are 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 by actions of NPI or the passage of time.

NPI considers operating the Pier as its only program, and reports the operations of the Pier as revenue and expenses before development administration expense, depreciation expense, fund-raising expense, and interest and investment income and contributions. Other changes in unrestricted net assets consist of revenue and expenses associated with the lease agreement, as further described in note 2.

(c) Cash, Cash Equivalents, and Restricted Cash

Cash consists of cash on hand and demand deposits. Cash equivalents consist of highly liquid short-term investments with original maturities of 90 days or less. Restricted cash consists of cash received from MPEA to be used for implementation of the Pier's Framework Plan, contributions restricted for construction projects, funds restricted for the purchase of an observation wheel, and amounts restricted for vendor reserve accounts, as further described in notes 2 and 12.

(d) Accounts Receivable

Accounts receivable consists of rents due from the Pier tenants, trade accounts receivable due for NPI's convention and meeting business, and amounts due from NPI's parking and foodservice contractors. A bad debt reserve of approximately $48,000 and $20,000 was recorded as of December 31, 2014 and 2013, respectively, related to tenant and event accounts receivable.

(e) Prepaid Expenses

Prepaid expenses consist primarily of prepayments for insurance coverage.

(f) Investments

Investments in debt securities are measured at fair value in the accompanying statements of financial position. Interest and realized gains and losses on sales of investments are reported as investment income while unrealized losses are reported separately in the accompanying statements of activities as a component of other changes in unrestricted net assets. Restricted investments consist of amounts held for purchases of an observation wheel.

(g) Deposit for Purchase of Observation Wheel

On December 15, 2014, NPI entered into a purchase contract with Dutch Wheels B. V. to purchase an observation wheel to replace the current Ferris wheel (the Purchase Contract). Under the terms of the Purchase Contract, Dutch Wheels B.V. (the Seller) will manufacture and deliver an observation wheel model DW60/42 (the OW) to NPI. The price also includes testing and commissioning of the ride. The contract price is 11.9 million euros payable in four installments beginning in December 2014 with the final payment to be made in April 2016. The first payment to the Seller of €3,561,513 was made on December 22, 2014. This payment had an equivalent value of $4,357,289 on the date of the transaction, which is recorded as a deposit in the accompanying statements of financial position.

(h) Property and Equipment

Property and equipment consist of leasehold improvements to the real property of the Pier and equipment and other personal property. The leasehold improvements and equipment and other assets are stated at cost and depreciated over their estimated useful lives using the straight-line method. Contributed property and equipment is stated at fair value as of the date of the gift. Useful lives are estimated as follows:

Leasehold improvements (the shorter of the lease term or estimated useful life)	7–25 years
Furniture	7 years
Equipment	2–5 years

The leasehold improvements are legally owned by MPEA. Betterments, improvements, and repairs that extend the useful life of an asset and which have a cost of more than $25,000 are capitalized. Furniture and equipment that have a useful life of more than one year and a unit cost of more than $10,000 are capitalized. Group asset purchases are capitalized when the cost exceeds $50,000. Routine repairs and maintenance are expensed as incurred.

NPI reviews its assets for impairment on an annual basis to determine whether events or changes in circumstances indicate whether the carrying amount of an asset may not be recoverable. In 2014, it was determined that an asset with an expected life of 20 years was demolished in connection with the renovation. Accelerated depreciation was recorded related to this asset of $145,000. NPI did not recognize any impairment charges during the year ended December 31, 2013.

(i) Revenue

Revenue from services is recognized when the related services are provided. Revenue includes tenant rental revenue, parking fee revenue, amusement park and special event revenue, revenue related to the use of exhibition facilities (event revenues), food and beverage revenue primarily related to event revenue, revenue from operation of a seasonal theater, and sponsorship revenue. Advance collections and deposits related to event revenue and sponsorships are recorded as advance deposits and are reflected as current liabilities in the accompanying statements of financial position.

Private gifts including pledges are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value at the date of donation. Contributions to be received subsequent to year-end are discounted at an appropriate rate commensurate with the risks involved. The amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, as the pledge is satisfied. An allowance for uncollectible pledges received is provided based upon management’s judgment and consideration of various factors including prior collection history, type of contribution, and nature of fund-raising activity.

Contributions of land, buildings, and equipment without donor-imposed restrictions concerning the use of such long-lived assets are recognized at fair value and reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with donor restrictions on use are reported as revenue of the temporarily restricted net asset class; the restrictions are considered to be released at the time such long-lived assets are placed in service.

(j) Promises to Give

Promises to give represent unconditional promises to give and are reported at fair value by discounting the expected future payments beyond one year at 5%. The discount rate used to determine the present value of promises to give approximates NPI’s borrowing costs as of the statement of financial position date. Management evaluates payment history and market conditions and has determined that no allowance for doubtful pledges is needed.

Unconditional promises to give are estimated to be collected as follows at December 31, 2014:

Within one year	$	3,750,000
In one to five years		11,250,000
		15,000,000
Less discount to net present value at 5%		(1,037,820)
	$	13,962,180
Promises to give appear as follows in the statements of financial position:		
Promises to give, net – current	$	3,750,000
Promises to give, net – noncurrent		10,212,180
	$	13,962,180

At December 31, 2014, one donor accounted for the total promises to give. There were no promises to give outstanding as of December 31, 2013.

(k) Income Taxes

NPI has received a determination letter from the Internal Revenue Service dated July 24, 2011 indicating that NPI is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. NPI has adopted the requirements for accounting for uncertain tax positions in accordance with Accounting Standards Codification (ASC) 740-10, *Income Taxes — Overall*. NPI is subject to income taxes only on income determined to be unrelated business income. The accompanying financial statements do not include any uncertain tax positions.

(l) Management's Use of Estimates

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

(m) Reclassifications

Certain 2013 financial statement line items have been reclassified to conform to the 2014 presentation.

(n) Subsequent Events

NPI has performed an evaluation of subsequent events through July 15, 2015, which is the date the financial statements were issued.

(Continued)

(2) Lease Agreement

Effective July 1, 2011, NPI entered into a long-term lease agreement (the Lease Agreement) with MPEA to manage, operate and develop the Pier. MPEA retains ownership of the Pier and NPI has the authority to make key decisions related to operations, maintenance, and the implementation of the Pier's revitalization. These activities are defined as "Approved Operations" in the Lease Agreement, and are summarized as follows:

(a) Implementation of the Framework Plan (defined hereafter)

(b) Maintaining, repairing, operating, designing, financing, subleasing, licensing, developing, redeveloping, and/or demolishing the grounds, buildings and facilities consistent with the Framework Plan

(c) Supporting and benefiting MPEA through developing and operating the Pier for the achievement of MPEA's governmental purposes.

The "Framework Plan" is a comprehensive long-term plan to maintain the Pier as a high-profile public attraction and to guide the redevelopment of the Pier. The Framework Plan sets forth business objectives (including the intent to maintain the public nature of the Pier), a master land use plan, investment priorities, development costs, and potential sources of private and public funding along with the conditions to be satisfied by NPI in order to maintain public funding. The Framework Plan was developed during the transition period (from approximately February 2011 until the effective date of the lease of July 1, 2011) and can be amended by the parties throughout the lease term in accordance with the provisions of the Lease Agreement.

Significant terms of the Lease Agreement as amended are as follows:

- The Lease Agreement term is from July 1, 2011 through June 30, 2036, with four renewal options of 20 years each, for a total possible term of 105 years. The Lease Agreement requires NPI to pay MPEA rent of $1 per year and to operate the Pier in accordance with the Framework Plan. NPI has prepaid rent of $1 per year for the initial lease term of 25 years ended June 30, 2036.
- MPEA will give NPI $60,000,000 to be used for Approved Operations as defined in the Lease Agreement. MPEA may also make its bonding capacity available to NPI or to consent to financing the Approved Operations with debt obligations that extend beyond the term of the Lease Agreement.
- MPEA will loan NPI $5,000,000 to help fund the initial operating costs.
- Ownership of all personal property located on the Pier will be transferred to NPI. Accordingly, NPI received parking, food service, theater, computer, and other miscellaneous equipment totaling approximately $1.7 million during the period ended December 31, 2011. Such equipment was recorded at its fair value as a contribution of personal property from MPEA and is depreciated over the estimated remaining useful life of the equipment at the date of transfer.

- NPI can terminate the Lease Agreement at any time. MPEA can terminate the agreement only upon default by NPI. Events of default include (a) failure by NPI to comply in any material respect with the Framework Plan, or with the terms of the Lease Agreement (if failure is not remedied within 90 days after written notice); (b) failure by NPI to pay the Promissory Note when due, and such failure continues for more than 60 days; (c) NPI abandons the premises or (d) NPI is bankrupt or insolvent.
- At termination, all assets, including the premises and revenue from all sources, must be returned to MPEA. If donations cannot be legally transferred due to the intention of the donor, NPI and MPEA must mutually agree to the disposition.

NPI has accounted for the Lease Agreement as an operating lease. NPI received $20,000,000, $0 and $22,500,000 from MPEA during the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014 and 2013, NPI has unspent cash related to the Lease Agreement totaling $5,295,153 and $43,211,146, respectively, which is reflected as restricted cash and investments. Restricted cash also includes amounts received for foodservice contracts totaling $151,762 and $205,244 as of December 31, 2014 and 2013, respectively. NPI has recorded a corresponding deposit liability from MPEA for the Framework Plan in the accompanying statements of financial position totaling $5,295,153 and $43,211,146 as of December 31, 2014 and 2013, respectively. Restricted cash and investments and the corresponding MPEA deposit liability that are expected to be expended in the next year are classified as current. The remaining funds are classified as noncurrent.

Of the amount received from MPEA in 2014, $56,371,175 was spent on leasehold improvements, $946,438 was spent on administrative expenses related to implementation of the Framework Plan, and $598,380 was spent on fund-raising expenses during 2014. Of the amount received from MPEA in 2013, $11,330,060 was spent on leasehold improvements, $399,087 was spent on administrative expenses related to implementation of the Framework Plan, $747,748 was spent on fund-raising expenses, and $207,750 was spent on a refundable landscaping deposit paid to the City of Chicago during 2013. Administrative expenses directly related to implementation of the Framework Plan are recorded in NPI's statements of activities as development administration expense. NPI recorded MPEA reimbursement for Framework Plan expenses totaling $57,915,993 and $12,684,645 for the years ended December 31, 2014 and 2013, respectively, which corresponds to the total of administrative expenses and fund-raising expenses directly related to implementation of the Framework Plan, spending on leasehold improvements and the deposit.

(3) Investments

The following table summarizes the types of investments and total return on investments as of and for the years ended December 31, 2014 and 2013:

		2014	2013
Type of investments:			
U.S. government – guaranteed and agency securities	$	—	1,389,233
Certificates of deposit		3,437,369	—
Domestic municipal bonds		1,385,068	—
Corporate bonds:			
Domestic fixed-income securities		11,682,170	964,272
Foreign fixed-income securities		1,031,811	588,927
Total investments – at fair value	$	17,536,418	2,942,432
Return on investments:			
Interest income	$	11,908	122,373
Realized losses on sale of investments, net		(678)	(65,550)
Net unrealized loss on investments		(32,177)	(2,101)
Total return on investments	$	(20,947)	54,722
Reported as:			
Investment income	$	11,230	56,823
Net unrealized loss on investments		(32,177)	(2,101)
Total return on investments	$	(20,947)	54,722

(4) Fair Value of Financial Instruments

NPI accounts for its financial instruments in accordance with the fair value disclosure requirements of U.S. generally accepted accounting principles, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3).

NPI’s financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued expenses, advance deposits, note payable to MPEA, and the deposit from MPEA for Framework Plan are carried at historical cost, which approximates their fair values because of the short-term nature of these instruments.

The following methods and assumptions are used to estimate the fair value of NPI’s financial instruments:

There has been no change in valuation methodologies between 2013 and 2014.

Cash equivalents are money market funds carried at cost as an approximation of fair value.

Fixed maturity investments including certificates of deposit, municipal bonds and corporate bonds are carried at fair value, based upon quoted market prices on nationally recognized securities exchanges (Level 1 inputs) or on quoted market prices of similar securities by relying on these securities relationship to other benchmark quoted prices (Level 2 inputs). These techniques make use of assumptions that market participants would use in pricing the respective asset and may require some degree of judgment.

The fair value of derivative contracts as of December 31, 2014 was based on the currency spot reference rate for EUR relative to USD according to a leading worldwide provider of currency market values adjusted for forward points and discounted to arrive at the net present value. As the fair value of derivative positions is based on quoted market prices of similar securities and the securities relationship to other benchmark quoted prices, they are classified as Level 2 inputs.

NPI's cash equivalents and investments are accounted for at fair value on a recurring basis, using the fair value hierarchy as follows:

		December 31, 2014	
		Level 1	**Level 2**
Cash equivalents	$	—	14,247,609
Investments:			
Certificates of deposit	$	—	3,437,369
Domestic municipal bonds		—	1,385,068
Corporate bonds:			
Domestic fixed-income securities		—	11,682,170
Foreign fixed-income securities		—	1,031,811
Total investments – at fair value	$	—	17,536,418
Liabilities:			
Derivative contracts – foreign currency exchange positions	$	—	359,604

		December 31, 2013	
		Level 1	**Level 2**
Cash equivalents	$	—	26,608,677
Investments:			
U.S. government:			
Guaranteed and agency securities	$	1,389,233	—
Corporate bonds:			
Foreign fixed-income securities		—	964,272
Domestic fixed-income securities		—	588,927
Total investments – at fair value	$	1,389,233	1,553,199

(Continued)

Transfers between levels of the fair value hierarchy are recognized on the actual date of the event of the change in circumstance, which caused the transfer. There were no transfers between the levels of the fair value hierarchy in 2014 or 2013.

(5) Derivative Instruments

On December 15, 2014, NPI entered into a purchase contract with Dutch Wheels B.V. to purchase an observation wheel to replace the current Ferris wheel (the Purchase Contract). Under the terms of the Purchase Contract, Dutch Wheels B.V. (the Seller) will manufacture and deliver an observation wheel model DW60/42 (the OW) to NPI. The price also includes testing and commissioning of the ride. The contract price is €11.9 million payable in four installments beginning in December 2014 with the final payment to be made in April 2016. The first payment to the Seller of €3,561,513 was made on December 22, 2014. This payment had an equivalent value of $4,357,289 on the date of the transaction and is recorded as a deposit.

NPI utilized derivative instruments (standard forward contracts) to economically hedge its exposure to potential exchange rate increases of the euro (EUR) relative to the U. S. dollar (USD) for the period the OW payments will be made over, from December 2014 to April 2016 (the Exposure Period).

To help ensure the actual cumulative cost of the euro payments did not exceed $15,000,000, on December 15, 2014 (the same day in which the purchase contract was entered), NPI executed four forward contracts to buy euro amounts deliverable on the installment dates during the Exposure Period.

The indicative weighted average EUR-USD forward rate for the Exposure Period prior to entering into the agreement was 1.26 and as such, NPI established an internal budgeted cost for the purchase of the OW of $15,000,000. The total USD equivalent of the four forward EUR contracts purchased amounted to $14,954,793.

The hedges are deemed economic as they do not qualify for hedge accounting treatment and as such, unrealized gains or losses from the derivatives are recognized in income and each corresponding derivative is recorded as an asset or liability on the statements of financial position. Since the execution of the hedges, the EUR-USD exchange rate declined resulting in negative mark-to-market valuations of the outstanding derivatives. The economic impact to NPI remains unchanged as the cost of the underlying exposure has declined predominantly commensurate to the degree of the negative mark-to-market valuations. Should NPI need to offset the hedges prior to their maturity dates at the prevailing market rate, the realized loss generated by the offset of the hedge would be largely negated by the lower cost of purchasing EUR in the spot market. In this regard, the objective of minimizing variables to the financial performance of the contract was successfully met.

In connection with the first payment to the Seller in euros for the Observation Wheel in December 2014, NPI recorded a derivative loss on foreign currency transaction of $129,149. As of December 31, 2014, NPI recorded an unrealized derivative loss on foreign currency transaction of $359,604 for the variance between the market value and contract rate on the three forward contracts for euros related to the three remaining installments in euros payable to the Seller in 2015 and 2016.

(6) Note Payable to MPEA

In connection with the Lease Agreement, MPEA and NPI executed a promissory note dated July 1, 2011 (the Promissory Note) totaling $5,000,000. The Promissory Note bears no interest and was originally due and payable on July 1, 2014. The maturity date may be extended by written agreement between the MPEA and NPI in accordance with the Lease Agreement. The Promissory Note was amended on May 16, 2014 to extend the maturity date to be payable $2,500,000 on or before December 15, 2014 and $2,500,000 on or before June 15, 2015. NPI paid MPEA $2,500,000 on December 15, 2014.

(7) Long-Term Debt

Long-term debt outstanding at December 31, 2014 consists of the following:

	Interest rate	Fiscal year maturity		2014
Illinois Finance Authority (IFA):				
Series 2014A Bonds [a]	2.90%	2024	$	26,500,000
Series 2014B Bonds [b]	Variable	2023		435,144
Total bonds payable			$	26,935,144

[a] In December 2014, NPI issued $26.5 million in IFA general obligation bonds, Series 2014A, which were purchased by Fifth Third Bank (the Lender). The proceeds of the bonds will be used to pay the costs of manufacturing and installing a new Observation Wheel and completing necessary structural improvements to Pier Park (the OW Project). The Series 2014A bonds are interest only through 2017, with principal payments commencing on January 1, 2018, and with a $17,225,000 balloon payment due at maturity on January 1, 2024.

[b] In December 2014, NPI was authorized to issue $20.0 million in IFA general obligation drawdown bonds, Series 2014B. The proceeds of the bonds may be used for capital projects subject to Lender approval, including $15.0 million earmarked for the construction of a live performance theater. As of December 31, 2014, NPI has drawn $435,144 to fund the bond issuance costs of the Series 2014A and Series 2014B bonds, which have a balance of $432,727 as of December 31, 2014. The Series 2014B bonds are interest only through 2016, with principal payments commencing on January 1, 2017 and are fully payable on January 1, 2023.

The Series 2014A and Series 2014B bonds are secured by the general revenue of NPI. There was no long-term debt outstanding at December 31, 2013.

Required principal payments for the IFA bonds are as follows:

		Bonds payable
Year(s) ending December 31:		
2015	$	—
2016		—
2017		435,144
2018		1,295,000
2019		1,306,000
Thereafter		23,899,000
	$	26,935,144

Interest on the Series 2014A bonds is payable quarterly in arrears through January 1, 2024 at a fixed rate of 2.90%.

Interest on the Series 2014B bonds is payable quarterly in arrears through December 31, 2016 at a floating rate of interest of 1.65% plus 65.01% of the London Interbank Offered Rate (LIBOR) interest rate. From January 1, 2017 through January 1, 2023, the floating rate is 1.65% plus 65.01% of the LIBOR interest rate plus 35% of the difference between the Future WAL Swap Rate and 1.29%. For December 16, 2014 to December 31, 2014, the interest rate on the Series 2014B Bonds was 1.8077%.

Interest expense for the year ended December 31, 2014 was $36,922. There was no interest expense for the year ended December 31, 2013.

(8) Employee Benefits and Retirement Plan

NPI offers its employees who have reached the age of 21 and have completed 1,000 hours of continuous service in their anniversary year a Section 401(k) deferred compensation retirement plan (the Plan). NPI contributes to the Plan for eligible nonrepresented employees and the Plan also permits eligible employees to defer a portion of their salaries. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan only allows for voluntary contributions from union employees.

The provisions of the Plan allow employees to contribute a portion of current earnings up to limits established by the Internal Revenue Service. NPI will make a matching contribution equal to 100% of the first 3% of annual salary contributed by the eligible employee. NPI also contributes 3% of earnings for eligible employees for a total maximum employer contribution of 6%.

The 401(k) plan commenced effective August 1, 2013. Prior to the commencement of the 401(k) plan, NPI offered its full-time salaried employees a Section 403(b) deferred compensation retirement plan. The 403(b) plan was terminated effective August 15, 2013. There were no assets remaining in the 403(b) plan as of December 31, 2014 as they were transferred to the 401(k) plan. The terms of the 403(b) plan were similar to the 401(k) plan except NPI made a matching contribution equal to 100% of the first 4% of annual salary contributed by the employee, and contributed 2% of earnings for eligible employees for a total maximum contribution of 6%.

All assets of both plans are held in a trust in the name of the plans and are used exclusively to pay benefits to the participants and their beneficiaries. As such, NPI does not report the assets and liabilities of the retirement plans in the accompanying financial statements.

NPI contributed $296,000 to the 401(k) plan for 77 eligible employees during the year ended December 31, 2014. NPI contributed $253,000 to the two plans for 80 eligible employees during the year ended December 31, 2013.

NPI also contributed to 11 separate multiple-employer pension, retirement, and annuity plans in 2014 and 2013. Contributions under all plans are based on collective bargaining agreements with the various trade unions. Pension and related contributions under the collective bargaining agreements totaled approximately $781,000 and $967,000 for the years ended December 31, 2014 and 2013, respectively.

(9) Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 in the amount of $18,962,180 are restricted by a donor for a building project.

There were no temporarily restricted net assets at December 31, 2013.

(10) Related-Party Transactions

MPEA provided and continues to provide certain services to NPI, including contracted security personnel, utilities, telecommunication services, payroll processing services, copier services, and equipment rental services. Costs for services purchased from the MPEA totaled approximately $5.1 million and $5.2 million for the years ended December 31, 2014 and 2013, respectively, and are included in fees and services expenses in the accompanying statements of activities.

(11) Risk Management

NPI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to customers, employees, contractors, or vendors; and natural disasters. NPI utilizes a comprehensive insurance program for its property and casualty coverage provided by commercial insurance carriers.

NPI is subject to legal proceedings arising in the course of its normal business activities. In the opinion of management, any such matters will be resolved without material adverse effect on NPI's financial position or change in net assets.

(Continued)

(12) Commitments and Contingencies

In connection with its foodservice agreement with its food service manager and caterer, Chicago Signature Services, NPI is required to reserve 3.5% of gross foodservice receipts primarily for the replacement of small wares and equipment used in the foodservice operation. The funds can also be used for funding certain other foodservice-related activities. The balance in the reserve account as of December 31, 2014 and 2013 was approximately $152,000 and $205,000, respectively, and is included in restricted cash.

In December 2014, NPI entered into a purchase contract with Dutch Wheels B.V. to purchase an observation wheel ride to replace the current Ferris wheel. The contract price is €11.9 million, payable in four installments beginning in December 2014 with the final payment to be made in April 2016. As of December 31, 2014, future installments totaled €8.3 million, which are being held as restricted cash and investments.