

**THE CHICAGO PUBLIC EDUCATION FUND**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
December 31, 2011 and 2010



**CliftonLarsonAllen**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Cash Flows .....	5
 Notes to Financial Statements .....	 6



**Independent Auditor's Report**

Board of Directors  
The Chicago Public Education Fund  
Chicago, Illinois

We have audited the accompanying statements of financial position of The Chicago Public Education Fund (The Fund) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The Fund's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fund as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

Oak Brook, Illinois  
May 8, 2012

**THE CHICAGO PUBLIC EDUCATION FUND  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2011 and 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
Cash	\$ 1,797,890	\$ 879,534
Prepaid expenses	9,637	11,114
Unconditional promises to give	1,832,513	5,055,661
Amounts held for deferred compensation	69,081	61,433
Investments	7,492,393	8,010,735
Property and equipment, net	73,932	138,431
Deposits	<u>4,596</u>	<u>4,596</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 11,280,042</u>	 <u>\$ 14,161,504</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 67,805	\$ 41,591
Grants payable	31,000	-
Accrued expenses	10,000	12,200
Capital lease obligation	-	3,991
Deferred rent obligation	82,843	138,907
Deferred compensation	<u>69,081</u>	<u>61,433</u>
Total liabilities	<u>260,729</u>	<u>258,122</u>

**NET ASSETS**

Unrestricted	9,874,298	8,922,743
Temporarily restricted	<u>1,145,015</u>	<u>4,980,639</u>
Total net assets	<u>11,019,313</u>	<u>13,903,382</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 11,280,042</u>	<u>\$ 14,161,504</u>
---	----------------------	----------------------

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

**THE CHICAGO PUBLIC EDUCATION FUND  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 399,493	\$ 6,631	\$ 406,124
In-kind contributions	294,000	-	294,000
Investment return	8,764	-	8,764
Net assets released from restrictions:			
Expiration of time restrictions	<u>3,842,255</u>	<u>(3,842,255)</u>	<u>-</u>
Total support and revenue	<u>4,544,512</u>	<u>(3,835,624)</u>	<u>708,888</u>
<b>EXPENSES</b>			
Program investment and services:			
Educational leadership	3,217,439	-	3,217,439
Supporting services:			
Management and general	260,815	-	260,815
Fundraising	<u>114,703</u>	<u>-</u>	<u>114,703</u>
Total expenses	<u>3,592,957</u>	<u>-</u>	<u>3,592,957</u>
<b>CHANGE IN NET ASSETS</b>	951,555	(3,835,624)	(2,884,069)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>8,922,743</u>	<u>4,980,639</u>	<u>13,903,382</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 9,874,298</u>	<u>\$ 1,145,015</u>	<u>\$ 11,019,313</u>

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

**THE CHICAGO PUBLIC EDUCATION FUND**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2010

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 1,226,535	\$ 857,056	\$ 2,083,591
In-kind contributions	4,500	-	4,500
Investment return	22,034	-	22,034
Net assets released from restrictions:			
Expiration of time restrictions	4,958,609	(4,958,609)	-
Total support and revenue	6,211,678	(4,101,553)	2,110,125
 <b>EXPENSES</b>			
Program investment and services:			
Educational leadership	3,054,025	-	3,054,025
Supporting services:			
Management and general	295,101	-	295,101
Fundraising	107,581	-	107,581
Total expenses	3,456,707	-	3,456,707
 <b>CHANGE IN NET ASSETS</b>	 2,754,971	 (4,101,553)	 (1,346,582)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 6,167,772	 9,082,192	 15,249,964
 <b>NET ASSETS, END OF YEAR</b>	 \$ 8,922,743	 \$ 4,980,639	 \$ 13,903,382

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

**THE CHICAGO PUBLIC EDUCATION FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,884,069)	\$ (1,346,582)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	83,281	92,107
Stock donations received	(84,709)	(540,642)
Reinvestment of investment income	(9,311)	(40,970)
Realized and unrealized losses on investments, net	547	18,936
Effects of changes in operating assets and liabilities:		
Prepaid expenses	1,477	(2,558)
Unconditional promises to give	3,223,148	4,026,531
Amounts held for deferred compensation	(7,648)	(18,041)
Accounts payable	26,214	(7,494)
Grants payable	31,000	(55,808)
Accrued expenses	(2,200)	12,200
Deferred rent obligation	(56,064)	(48,758)
Deferred compensation	<u>7,648</u>	<u>18,041</u>
Net cash provided by operating activities	<u>329,314</u>	<u>2,106,962</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(18,782)	(40,447)
Purchases of investments	(13,688,105)	(15,401,549)
Proceeds from sale of securities and matured certificates of deposit	<u>14,299,920</u>	<u>13,895,819</u>
Net cash provided by (used in) investing activities	<u>593,033</u>	<u>(1,546,177)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligation	<u>(3,991)</u>	<u>(6,737)</u>
<b>NET INCREASE IN CASH</b>	918,356	554,048
<b>CASH, BEGINNING OF YEAR</b>	<u>879,534</u>	<u>325,486</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,797,890</u>	<u>\$ 879,534</u>

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

**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Chicago Public Education Fund (The Fund) is a not-for-profit organization incorporated in the State of Illinois on January 29, 1999. The Fund seeks to accelerate achievement for all Chicago public school students, especially the neediest, by building talented teams of principals and teachers. Using an innovative venture capital model, The Fund serves as a catalyst and strategic investment partner to businesses, foundations, civic and community leaders, and the Chicago Public Schools (CPS) in supporting high-impact programs that improve school leadership and student achievement district wide. The Fund makes significant financial contributions to the programs it supports, and it also provides considerable strategic, operational and management assistance, often helping programs create strategic and/or marketing plans, hire management teams, recruit board members, and identify additional sources of financial support, often redirecting public funds to sustain programs and reform efforts.

The Fund launched its third fund (Fund III) in 2008. Fundraising activities for Fund III began prior to its launch and the goals were met during 2011. Grants to The Fund's portfolio programs from the monies raised in support of Fund III will be paid out in 2012, 2013 and possibly thereafter.

**Use of Estimates in Preparing Financial Statements**

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

**Basis of Accounting**

The financial statements of The Fund have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

The Fund prepares its financial statements under provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*. Under ASC No. 958-205, The Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.



**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Support and Revenues**

The Fund receives a significant portion of its operating funds from grants and contributions. The Fund records contributions in accordance with FASB (ASC) No. 958-605, *Not-for-Profit Entities - Revenue Recognition*. Contributions are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or nature of any donor restrictions. There are no permanently restricted net assets.

Contributions are recognized when the donor makes a promise to give to The Fund that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase to unrestricted net assets during the period in which the restriction expires. Unconditional promises to give or pledges made which have not been collected by year-end are recorded as an increase in temporarily restricted net assets as a time restriction until the point in time that collections are due or received from the donor. Investment income and realized and unrealized gains/losses resulting from contributions are reported as unrestricted or temporarily restricted net assets, as designated by the donor.

**Cash Equivalents**

The Fund considers all liquid investments with maturity of three months or less when purchased, to be cash equivalents. Cash equivalents that are maintained within an individual investment portfolio are classified as investments in the Statements of Financial Position.

**Investments**

The Fund accounts for investments in accordance with FASB Accounting Standards Codification (ASC) No. 958-320, *Not-for-Profit Entities - Investments - Debt and Equity Securities*. ASC No. 958-320 requires that investments in equity securities with readily determinable fair values and investments in debt securities be reported at fair value in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

Donated securities are recorded at market value on the date received or at nominal value when the market value is not readily available.

**Promises to Give**

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases in liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Based on management's assessment of the collectability of specific promises to give and the aging of the promises to give, no provision has been made for uncollectible amounts as of December 31, 2011 and 2010.

**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Property and Equipment**

The Fund capitalizes property, equipment and leasehold improvements with a cost of \$1,000 or more. Lesser amounts are expensed.

The cost of property and equipment is depreciated over the estimated lives of the respective assets on a straight-line basis. Property and equipment are depreciated over an estimated useful life of three years. Leasehold improvements are depreciated over the remaining life of the lease term as of the date placed in service.

**Impairment of Long-Lived Assets**

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or the fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Deferred Rent Obligation**

The Fund has entered into an operating lease for its office facility, which contains a provision for periods in which rent payments are abated or reduced. In accordance with GAAP, The Fund records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is charged to deferred rent obligation.

**Income Taxes**

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Illinois law. In addition, The Fund qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Fund has no obligation for unrelated business income tax at December 31, 2011 and 2010.

**THE CHICAGO PUBLIC EDUCATION FUND  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes** (continued)

The Fund evaluates its exposure for uncertain tax positions on an annual basis. As of December 31, 2011 and 2010, there were no liabilities for uncertain tax positions.

The federal returns of The Fund for tax years 2008, 2009, and 2010 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

**Reclassifications**

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statement presentation. These reclassifications had no effect on net assets or change in net assets.

**NOTE 2 - PROGRAM SERVICES**

Fund services provided under the new Fund III goals include:

**Leadership: Create a cadre of transformational school's chiefs and principals who drive high achievement in networks and schools**

Seed a sustainable Leadership Academy, a pioneering effort to create in Chicago the nation's first district-based academy for school's chiefs, one modeled on the Broad Superintendent's Academy. This program will allow for the recruitment, development and mentoring of new chiefs, a critical layer of management at CPS.

**Effective Teachers: Build new student assessments and teacher observations to better measure performance and customize supports**

These investments will focus on the two components required to implement a successful new teacher evaluation system: measuring student growth and gauging effective practice through teacher observation. This includes an investment to help build the CPS Office of Strategy, Research, and Accountability.

**Next Generation Learning Options: Reinvent classrooms so teachers can personalize instruction for maximum learning and engagement**

Identify potential investments and bring to Chicago, in the next couple of years, a nationally recognized instructional model that leverages technology, time, and talent to personalize math instruction. Also, support CPS' innovative approach to determine how to maximize the number of high quality seats for students.

**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, The Fund uses various valuation approaches within the framework provided by FASB ASC No. 820-10, *Fair Value Measurement*. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC No. 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC No. 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The following is a summary of investment assets at fair value by level within the fair value hierarchy as of December 31, 2011 and 2010:

	<b>2011</b>			
	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>Total</b></u>
Money market funds	<u>\$ 7,492,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,492,393</u>
	<b>2010</b>			
	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>Total</b></u>
Money market funds	\$ 3,088,535	\$ -	\$ -	\$ 3,088,535
Domestic equities	<u>152,126</u>	<u>-</u>	<u>-</u>	<u>152,126</u>
<b>Total</b>	<u><b>\$ 3,240,661</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 3,240,661</b></u>

**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 4 - INVESTMENTS**

Investments are stated at fair value. Fair values and unrealized appreciation (depreciation) at December 31 are summarized as follows:

	<b>2011</b>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
UBS select treasury fund	<u>\$ 7,492,393</u>	<u>\$ 7,492,393</u>	<u>\$ -</u>
	<b>2010</b>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
UBS select treasury fund	\$ 2,554,026	\$ 2,554,026	\$ -
UBS certificates of deposit	4,770,000	4,770,074	74
E-Trade financial cash and equivalents	534,509	534,509	-
Domestic common stock	<u>152,100</u>	<u>152,126</u>	<u>26</u>
<b>Total</b>	<u>\$ 8,010,635</u>	<u>\$ 8,010,735</u>	<u>\$ 100</u>

Certificates of deposit at December 31, 2010 consisted of instruments that were held to maturity with due dates that ranged between January 10, 2011 and June 30, 2011, and bore yields between 0.15% and 1.25%. All securities are held to maturity and interest is payable upon maturity.

The following schedules summarize the investment return, which includes interest on cash and cash equivalents and investments, and its classification in the Statements of Activities:

	<b>2011</b>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 9,311	\$ -	\$ 9,311
Net realized and unrealized losses	<u>(547)</u>	<u>-</u>	<u>(547)</u>
<b>Total investment return</b>	<u>\$ 8,764</u>	<u>\$ -</u>	<u>\$ 8,764</u>

**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 4 - INVESTMENTS** (continued)

	<b>2010</b>		
	<b><u>Unrestricted</u></b>	<b><u>Restricted</u></b>	<b><u>Total</u></b>
Interest and dividend income	\$ 40,970	\$ -	\$ 40,970
Net realized and unrealized losses	<u>(18,936)</u>	<u>-</u>	<u>(18,936)</u>
<b>Total investment return</b>	<b><u>\$ 22,034</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,034</u></b>

**NOTE 5 - UNCONDITIONAL PROMISES TO GIVE**

The unconditional promises to give are discounted based upon payment terms using discount rates tied to U.S. Treasury bonds. The discount rates range between 0.9% and 2.1%.

Unconditional promises to give at December 31 consist of the following:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Receivable in less than one year	\$ 1,673,725	\$ 3,967,217
Receivable in one to five years	<u>165,833</u>	<u>1,151,000</u>
Total unconditional promises to give	1,839,558	5,118,217
Less unamortized discount	<u>(7,045)</u>	<u>(62,556)</u>
<b>Net unconditional promises to give</b>	<b><u>\$ 1,832,513</u></b>	<b><u>\$ 5,055,661</u></b>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Furniture and fixtures	\$ 73,214	\$ 73,214
Leasehold improvements	121,341	121,341
Equipment	<u>166,892</u>	<u>148,109</u>
Total, at cost	361,447	342,664
Less accumulated depreciation	<u>(287,515)</u>	<u>(204,233)</u>
<b>Property and equipment, net</b>	<b><u>\$ 73,932</u></b>	<b><u>\$ 138,431</u></b>

**THE CHICAGO PUBLIC EDUCATION FUND  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010**

**NOTE 7 - CAPITAL LEASE OBLIGATION**

During the years ended December 31, 2011 and 2010, equipment included office telephone equipment with a cost of \$20,021, under a capital lease that expired in July 2011. Accumulated depreciation for equipment that was under the capital lease was \$20,021 and \$15,403 at December 31, 2011 and 2010, respectively. Upon expiration of the capital lease during July 2011, The Fund purchased the equipment for \$8,993.

**NOTE 8 - CONTRIBUTED SERVICES**

During the year ended December 31, 2011, The Fund received contributed services from an independent third party to assist in strategic planning related to The Fund's program investments. These services were valued at their estimated fair value of \$294,000 and are recorded in the Statement of Activities as revenue (in-kind contributions) and related program investment and services expense.

**NOTE 9 - GRANTS TO OTHERS**

The maximum amount of a particular grant is approved by the Board of Directors. Grant payments to programs were \$763,962 and \$891,709 in 2011 and 2010, respectively. Grants payable were \$31,000 and \$0 at December 31, 2011 and 2010, respectively.

Grants authorized but unpaid at year-end are reported as liabilities in accordance with FASB (ASC) No. 958-605, *Not-for-Profit Entities - Revenue Recognition*. Conditional grant commitments are recorded as liabilities when the conditions on which they depend are substantially met. As of December 31, 2011, grants which have not met all the conditions for payment established at the time of the grant approval by The Fund's Board of Directors totaled \$616,000, all of which is scheduled to be paid in less than one year.

**NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes and periods as of December 31:

	<u>2011</u>	<u>2010</u>
Time:		
Subsequent years' operations - unconditional promises to give	<u>\$ 1,145,015</u>	<u>\$ 4,980,639</u>

**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors as of December 31 as follows:

	<u>2011</u>	<u>2010</u>
Expiration of time restrictions	<u>\$ 3,842,255</u>	<u>\$ 4,958,609</u>

**NOTE 12 - OPERATING LEASES**

The Fund leases its office facility under an operating lease expiring in February 2013. Under this lease, The Fund is required to share building operating and maintenance costs and taxes. The Fund also leases certain equipment under operating leases. Future minimum rental payments under existing lease agreements for the years ended December 31 are summarized as follows:

2012	\$ 223,966
2013	<u>48,825</u>
<b>Totals</b>	<u>\$ 272,791</u>

Total rent expense and share of building operating, maintenance and taxes under operating leases was \$204,303 in 2011 and \$211,635 in 2010.

**NOTE 13 - RETIREMENT PLAN**

The Fund has a 401(k) plan. Employees who meet age and length of service requirements may elect to make contributions to the plan through a salary reduction arrangement not to exceed the lesser of \$16,500 or 60% of their annual compensation for 2011. The Fund makes a contribution for all participating employees up to a maximum of 4% of their annual compensation. The Fund's contribution to the plan was \$58,657 and \$56,035 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 14 - CASH FLOW DISCLOSURES**

The Fund had no non-cash investing and financing transactions during the years ended December 31, 2011 and 2010.



**THE CHICAGO PUBLIC EDUCATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

**NOTE 15 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

GAAP requires disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

**Major Donors**

Unconditional promises to give from The Fund's seven largest donors totaled \$1.0 million and \$2.6 million at December 31, 2011 and 2010, respectively.

**NOTE 16 - NON-QUALIFIED DEFERRED COMPENSATION PLANS**

The deferred compensation liability at December 31, 2011 and 2010, of \$69,081 and \$61,433, respectively, consists of balances due under two non-qualified plans to benefit the founding president and CEO of The Fund. To ensure funds are available to meet the obligations, management has maintained a separate investment account in an amount equal to the outstanding liability. The founding president left her employment with The Fund effective the end of July 2011, and these deferred compensation benefits were distributed to her during January 2012.

**NOTE 17 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through May 8, 2012, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2011, but prior to May 8, 2012 that provided additional evidence about conditions that existed at December 31, 2011, have been recognized in the financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2011.

This information is an integral part of the accompanying financial statements.