

# **The Chicago Public Education Fund**

Financial Report  
December 31, 2021

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## Independent Auditor's Report

RSM US LLP

Board of Directors  
The Chicago Public Education Fund

### Report on the Financial Statements

We have audited the financial statements of The Chicago Public Education Fund, which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chicago Public Education Fund's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Chicago Public Education Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chicago Public Education Fund's ability to continue as a going concern for a reasonable period of time.

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

*RSM US LLP*

Chicago, Illinois  
May 4, 2022

**The Chicago Public Education Fund**

**Statements of Financial Position  
December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash	\$ 1,368,103	\$ 1,542,221
Unconditional promises to give, net	5,152,411	8,126,658
Accrued interest receivable	63,833	63,323
Prepaid expenses and deposits	176,163	208,896
Investments in marketable securities	13,070,982	10,960,035
Endowment Fund investments	1,003,623	-
Investments held for others as fiscal agent	-	171,800
Property and equipment, net	891,907	100,169
	<u>\$ 21,727,022</u>	<u>\$ 21,173,102</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 113,421	\$ 71,234
Amounts held for others as fiscal agent	-	171,800
Deferred rent obligation	957,817	42,083
	<u>1,071,238</u>	<u>285,117</u>
Net assets:		
Without donor restrictions:		
Undesignated	13,202,574	12,310,446
Board-designated Endowment Fund	1,003,623	-
	<u>14,206,197</u>	<u>12,310,446</u>
With donor restrictions	6,449,587	8,577,539
	<u>20,655,784</u>	<u>20,887,985</u>
	<u>\$ 21,727,022</u>	<u>\$ 21,173,102</u>

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

**The Chicago Public Education Fund**

**Statement of Activities  
Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 1,534,491	\$ 3,825,686	\$ 5,360,177
In-kind contributions	5,845	-	5,845
Investment return, net	(72,438)	-	(72,438)
Net assets released from restrictions	5,953,638	(5,953,638)	-
	<u>7,421,536</u>	<u>(2,127,952)</u>	<u>5,293,584</u>
Operating expenses:			
Program investments and services:			
Educational leadership	4,847,345	-	4,847,345
Supporting services:			
Management and general	496,652	-	496,652
Fundraising	178,888	-	178,888
	<u>5,522,885</u>	<u>-</u>	<u>5,522,885</u>
<b>Change in net assets before nonoperating expenses</b>	<b>1,898,651</b>	<b>(2,127,952)</b>	<b>(229,301)</b>
Nonoperating expenses:			
Loss on uncollectable pledges	2,900	-	2,900
<b>Change in net assets</b>	<b>1,895,751</b>	<b>(2,127,952)</b>	<b>(232,201)</b>
Net assets:			
Beginning of year	<u>12,310,446</u>	<u>8,577,539</u>	<u>20,887,985</u>
End of year	<u>\$ 14,206,197</u>	<u>\$ 6,449,587</u>	<u>\$ 20,655,784</u>

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

**The Chicago Public Education Fund**

**Statement of Activities  
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 982,181	\$ 1,601,610	\$ 2,583,791
In-kind contributions	4,458	-	4,458
Investment return, net	345,421	-	345,421
Net assets released from restrictions	4,351,814	(4,351,814)	-
	<u>5,683,874</u>	<u>(2,750,204)</u>	<u>2,933,670</u>
Operating expenses:			
Program investments and services:			
Educational leadership	4,121,805	-	4,121,805
Supporting services:			
Management and general	389,616	-	389,616
Fundraising	190,250	-	190,250
	<u>4,701,671</u>	<u>-</u>	<u>4,701,671</u>
<b>Change in net assets</b>	982,203	(2,750,204)	(1,768,001)
Net assets:			
Beginning of year	<u>11,328,243</u>	<u>11,327,743</u>	<u>22,655,986</u>
End of year	<u>\$ 12,310,446</u>	<u>\$ 8,577,539</u>	<u>\$ 20,887,985</u>

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

**The Chicago Public Education Fund**

**Statement of Functional Expenses  
Years Ended December 31, 2021**

	<b>Program Investments and Services</b>	<b>Supporting Services</b>			<b>2021 Total</b>
	<b>Educational Leadership</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Personnel expenses	\$ 2,140,266	\$ 200,562	\$ 154,738	\$ 355,300	\$ 2,495,566
Consultants	54,226	186,078	5,558	191,636	245,862
Occupancy	216,345	29,488	6,921	36,409	252,754
Equipment	73,553	10,025	2,354	12,379	85,932
Other office expense	64,147	67,156	1,813	68,969	133,116
Communications	42,295	3,343	7,504	10,847	53,142
Program grants and related costs	2,250,668	-	-	-	2,250,668
In-kind expenses	5,845	-	-	-	5,845
	<b>\$ 4,847,345</b>	<b>\$ 496,652</b>	<b>\$ 178,888</b>	<b>\$ 675,540</b>	<b>\$ 5,522,885</b>

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

**The Chicago Public Education Fund**

**Statement of Functional Expenses  
Years Ended December 31, 2020**

	Program Investments and Services	Supporting Services			2020 Total
	Educational Leadership	Management and General	Fundraising	Total Supporting Services	
Personnel expenses	\$ 2,018,161	\$ 201,689	\$ 161,451	\$ 363,140	\$ 2,381,301
Consultants	7,025	109,783	-	109,783	116,808
Occupancy	256,298	24,531	15,587	40,118	296,416
Equipment	68,777	6,583	4,183	10,766	79,543
Other office expense	44,379	41,843	2,418	44,261	88,640
Communications	32,624	5,187	6,611	11,798	44,422
Program grants and related costs	1,690,083	-	-	-	1,690,083
In-kind expenses	4,458	-	-	-	4,458
	<u>\$ 4,121,805</u>	<u>\$ 389,616</u>	<u>\$ 190,250</u>	<u>\$ 579,866</u>	<u>\$ 4,701,671</u>

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

**The Chicago Public Education Fund**

**Statements of Cash Flows  
Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Change in net assets	\$ (232,201)	\$ (1,768,001)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	132,098	36,408
Stock donations received	-	(85,148)
Realized/unrealized (gains) losses on marketable securities, net	294,378	(106,099)
Realized/unrealized gains on Endowment Fund investments, net	(3,623)	-
Change in operating assets and liabilities:		
Unconditional promises to give	2,974,247	2,980,050
Accrued interest receivable	(510)	(17,603)
Prepaid expenses and deposits	32,733	(149,354)
Accounts payable and accrued expenses	42,187	(152,011)
Deferred rent obligation	915,734	(18,693)
Amounts held for others as fiscal agent	(171,800)	66,800
<b>Net cash provided by operating activities</b>	<b>3,983,243</b>	<b>786,349</b>
Cash flows from investing activities:		
Purchases of property and equipment	(923,836)	(86,643)
Purchases of investments	(13,144,947)	(10,632,808)
Proceeds from sale of investments	9,911,422	10,442,099
<b>Net cash used in investing activities</b>	<b>(4,157,361)</b>	<b>(277,352)</b>
<b>Net (decrease) increase in cash</b>	<b>(174,118)</b>	<b>508,997</b>
Cash:		
Beginning of year	1,542,221	1,033,224
End of year	<b>\$ 1,368,103</b>	<b>\$ 1,542,221</b>

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

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

The Chicago Public Education Fund (The Fund) is a nonprofit organization incorporated in the State of Illinois in 1999. The Fund is committed to improving public schools in Chicago by investing in the strong educators who lead them. The Fund advocates for and invests in organizations and ideas that support strong school leaders citywide. The Fund develops and supports programs and policies that enable Chicago's best educators to reimagine teaching and learning.

Founded by civic, business, and philanthropic leaders committed to our vision, The Fund is an active collaborator with leaders in Chicago Public Schools, the City of Chicago, the charter community, and many local nonprofits. Over two decades, The Fund has raised over \$100 million to support educator excellence and served as a convener and catalyst for citywide efforts to improve public schools.

Periodically, The Fund engages stakeholders to identify specific and measurable goals that can be achieved through targeted grants of strategic financial support. For each funding cycle, The Fund then raises a pre-established amount of money and the Board of Directors approves the allocation of funds into high-level categories of program investments. Each category is designed to help The Fund pursue the goals associated with the funding cycle. New investments within these categories are vetted and approved by assigned working committees of members of the Board of Directors, in conjunction with The Fund team.

The Fund's last two cycles have been leadership-focused. Since 2013, The Fund has raised over \$45 million to support the growth of strong principals in schools across Chicago and to retain great leaders citywide. During that time, the number of principals recognized as strong by the University of Chicago Consortium on School Research has doubled, and the percentage of strong leaders has grown substantially. In 2022, The Fund will begin raising for its next funding cycle, which will extend through 2030 and will remain focused on strong leadership in all of Chicago's public schools.

Significant accounting policies are as follows:

**Basis of accounting:** The financial statements of The Fund have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Accounting policies:** The Fund follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial position, results of activities, and cash flows. References to generally accepted accounting principles in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification.

**Use of estimates:** In preparing financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Functional allocation of expenses:** The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of The Fund. Those expenses, which include personnel, occupancy, equipment, and certain communications-related expenses, are allocated based on management's estimates of time and effort. Specifically, personnel expenses are allocated between program or supporting services based on estimates of the employee's time spent in each category. The percentages are then applied to each employee's year-to-date compensation to determine the amounts allocated to each category. The allocation of occupancy costs is calculated by applying a weighted time allocation for each category to occupancy costs.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

##### **Classification of net assets:**

**Net assets without donor restrictions:** Net assets that are available for support of The Fund's operations that are not subject to donor-imposed restrictions. Net assets that are without donor restrictions which the Board has set aside to support longer-term objectives are reflected as Board-Designated endowment funds.

**Net assets with donor restrictions:** Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of The Fund or the passage of time. Net assets with donor restrictions are released and reclassified to net assets without donor restrictions when the restrictions are met or have expired. Amounts received in the same period in which donor restrictions are satisfied are recorded in net assets without donor restrictions.

**Support and revenues:** The Fund receives a significant portion of its operating funds from grants and contributions which are recognized when the grantor or donor makes a promise to give to The Fund that is, in substance, unconditional.

**Investments:** Investments are recorded at fair value. Investment return includes realized gains and losses and any unrealized appreciation or depreciation of the investments and is net of investment expenses. Investment return is reported as unrestricted revenue unless the income is restricted by donor or law. Donated securities are recorded at fair value on the date received.

**Promises to give:** Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment.

Unconditional promises to give or pledges made which have not been collected by year-end are recorded as an increase in net assets with a time restriction until the point in time that collections are due or received from the donor. Unconditional promises to give which are donor-restricted for purpose are recorded as an increase in net assets with donor restrictions until the purpose restriction is accomplished.

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 uncollectable amounts as of December 31, 2021 or 2020.

**Property and equipment:** The Fund capitalizes property, equipment and leasehold improvements with a cost of \$1,000 or more. The cost of property and equipment is depreciated over the estimated lives of the respective assets using the straight-line method. Furniture, fixtures and equipment are depreciated over an estimated useful life of three years. Leasehold improvements are amortized using the straight-line method over the remaining life of the lease term as of the date placed in service, assuming the remaining lease term is less than the useful life of the asset. Fully depreciated or amortized assets that have been retired from use are removed from the accounting records.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Amounts held for others as fiscal agent:** From time to time, The Fund enters into agreements to serve as fiscal agent for other organizations. Under these agreements, The Fund receives money on behalf of these organizations and issues payment for expenses incurred by the organizations from those monies. No revenues or expenses are reflected on the statements of activity for these transactions as The Fund does not have variance power over the monies received and does not have control over the organizations who are parties to these agreements. Accordingly, the amount of cash The Fund holds under these agreements is reported as both an asset and a liability on the statements of financial position.

**Deferred rent:** Rent expense is recognized on a straight-line basis over the lease term. Deferred rent is recorded for the difference between cash paid and straight-line rent expense. Improvements funded by the landlord as a rental incentive are capitalized as leasehold improvements, with an equivalent amount included in the deferred rent obligation; each is amortized over the term of the lease and included in amortization expense and rent expense.

**Program grants:** The maximum total amounts payable under grants are approved by The Fund's Board of Directors. Grants authorized but unpaid at year-end are reported as liabilities. Conditional grant commitments are not recorded as liabilities or expenses until the time when the conditions on which they depend are substantially met. Conditions are based on meeting certain benchmarks.

**Income taxes:** The Fund is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state 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 accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed on a tax return should be recorded in the financial statements. Under this guidance, The Fund may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of The Fund and the various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Fund does not believe that there are any unrecognized tax benefits or tax liabilities that should be recorded for the reporting periods presented in these financial statements.

**Accounting pronouncement adopted:** In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides guidance surrounding the categorization of certain transactions as contributions or exchange transactions. It further clarifies when contributions should be deemed conditional. The Fund adopted the new standard with respect to contributions received in 2019 and with respect to contributions paid in 2020, without significant effect to The Fund's financial statements.

**Pending accounting pronouncement:** In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for The Fund's 2022 financial statements.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Subsequent events:** The Fund has evaluated subsequent events for potential recognition and/or disclosures through May 4, 2022, the date the financial statements were available to be issued.

As a result of the spread of coronavirus, economic uncertainties have arisen that may have a financial impact on The Fund, although no such effects have been identified as of May 4, 2022. Management continues to closely monitor developments in this area and will take steps to mitigate any future impact.

#### **Note 2. Program Investments and Services**

The Fund provides program services, which include investments of dollars, time, and expertise to support principal-led educator teams in transforming student learning. Our work prioritizes the leaders in schools most burdened by historic inequity and leaders who identify with the life experiences of the students most frequently served in Chicago. Specifically, The Fund:

**Offers direct support to principals, aspiring principals and educator teams.** We provide opportunities for top principals to expand their leadership beyond their school communities, for all principals to improve, and for aspiring school leaders to receive timely preparation. Our investments in leadership enable educator teams to address leadership, talent and management needs, with the goal of accelerating learning in their schools and improving school culture and climate.

**Provides talent management support and high-quality data to a broad range of partners citywide.** We support leadership development, retention of top talent, preparation pathways for school leaders, and managed leadership transitions in Chicago's public schools. Our team works with partners to use data and coordinate efforts that support school communities, especially in times of change.

**Positions principal quality as an enduring priority for the City of Chicago.** We gather feedback from principals through an annual engagement survey and publish subsequent reports and case studies around issues important to principals. Our objective is to make permanent Chicago's commitment to leadership as a sustainable lever for school improvement.

**Fosters conditions in which principals thrive.** We champion principal voice in policymaking, with a focus on aligned growth and accountability systems, on equitable allocation of resources, and on strategies that increase the number of strong educators in the schools that need them most. We believe that principal-centered policies lead to stronger culture and climate in schools and to better academic and life outcomes for students.

**Shares the importance of principal quality work nationwide.** We manage a national community of practice that currently serves more than a dozen organizations from across the country. Together, we are learning about and sharing promising strategies designed to grow principal quality and to improve the student experience in our communities.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 3. Unconditional Promises to Give

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

	2021	2020
Receivable in up to one year	\$ 3,972,926	\$ 4,905,938
Receivable in one to five years	1,261,457	3,427,419
	5,234,383	8,333,357
Less present value discount	(81,972)	(206,699)
	<u>\$ 5,152,411</u>	<u>\$ 8,126,658</u>

Unconditional promises to give are discounted based upon payment terms using present value discount rates. The present value discount is generally 3%.

Conditional pledges, which are not recognized in the financial statements until conditions are satisfied, totaled \$100,000 at December 31, 2020.

#### Note 4. Fair Value of Financial Instruments

As described in Note 1, The Fund records its investments at fair value. The fair value measurements and disclosures topic (the Topic) of the Codification 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 under the Topic are described below:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs that are unobservable for the asset or liability and which include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

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

The Fund assesses the levels of the investments at each measurement date and transfers between levels are recognized on the actual date of the event or change in circumstance that caused the transfer in accordance with The Fund's accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers for the years ended December 31, 2021 and 2020.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 4. Fair Value of Financial Instruments (Continued)

As of December 31, 2021 and 2020, The Fund's investments in money market funds, U.S. government agencies securities and corporate bonds are classified as Level 1, while the taxable municipal bonds are classified as Level 2. The assets of the board-designated endowment fund are invested in money market and global public equities mutual funds which are classified as Level 1.

#### Note 5. Investments

Investments in marketable securities at December 31, 2021 and 2020, including \$171,800 held for others as fiscal agent, at December 31, 2020, consist of:

	2021	2020
Money market funds	\$ 43,996	\$ 601,776
U.S. government agencies securities	7,971,250	6,267,080
Taxable municipal bonds	733,620	946,907
Corporate bonds	4,322,116	3,316,072
	<u>\$ 13,070,982</u>	<u>\$ 11,131,835</u>

Board-designated endowment fund investments at December 31, 2021 and 2020, consist of:

	2021	2020
Money market fund	\$ 200,004	\$ -
Global public equities fund	803,619	-
	<u>\$ 1,003,623</u>	<u>\$ -</u>

#### Note 6. Liquidity and Availability

The following presents The Fund's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for use within one year of the statement of financial position date because of donor-imposed restrictions:

	2021	2020
Financial assets at year-end:		
Cash	\$ 1,368,103	\$ 1,542,221
Unconditional promises to give, net	5,152,411	8,126,658
Accrued interest receivable	63,833	63,323
Investments in marketable securities	13,070,982	10,960,035
Endowment Fund investments	1,003,623	-
	<u>20,658,952</u>	<u>20,692,237</u>
Less amounts not available within one year due to:		
Donor time restrictions	1,179,485	4,220,720
Purpose restrictions	771,364	-
Board-designated Endowment Fund	1,003,623	-
	<u>2,954,472</u>	<u>4,220,720</u>
	<u>\$ 17,704,480</u>	<u>\$ 16,471,517</u>

Cash in excess of amounts needed to support near-term general operating expenses is invested in marketable securities.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 7. Property and Equipment

Property and equipment at December 31 consist of the following:

	2021	2020
Furniture and fixtures	\$ 180,508	\$ 197,910
Leasehold improvements	822,833	228,916
Equipment	141,103	122,365
	<u>1,144,444</u>	<u>549,191</u>
Less accumulated depreciation and amortization	(252,537)	(449,022)
	<u>\$ 891,907</u>	<u>\$ 100,169</u>

Fully amortized leasehold improvements with a cost of \$224,916 were written off during 2021 in connection with the expiration of The Fund's office space lease and relocation to new office space, and a corresponding reduction was made to accumulated amortization. Furniture, fixtures and equipment that were fully depreciated and retired from use having a cost of \$103,667 and \$37,086 as of the end of 2021 and 2020, respectively, were removed from the balances above, with a corresponding reduction in accumulated depreciation. Leasehold improvement additions were funded by the Fund's landlord in 2021.

#### Note 8. Amounts Held for Others as Fiscal Agent

During 2020, The Fund entered into the COVID-19 Comeback Fund fiscal agency agreement with Chicago Public Schools and various funders. Under this agreement, The Fund disbursed up to \$10,000 to each school determined by Chicago Public Schools to be eligible for a flexible grant to support projects that supplemented learning during the pandemic environment. A total of \$2,150,000 was received from nine funders as of the end of 2020 and \$1,978,200 in grants was disbursed during 2020. The remaining amount of \$171,800 at December 31, 2020, which was reported as an asset and liability on the statement of financial position, was disbursed during 2021.

#### Note 9. Board-Designated Endowment Fund

At the end of 2020, The Fund established a board-designated Endowment Fund (the Endowment) to support the operations and initiatives of The Fund and its programmatic activity over the long term. It is expected that during the early years of the Endowment there will be no regular distributions; however, with the approval of the Board, the Endowment may make distributions on an exceptional basis for emergencies or to support new and specific programmatic activity.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following reasons as of December 31:

	2021	2020
Subject to expenditure for specified purpose:		
Summer Design Program	\$ 1,301,476	\$ -
Professional Learning Communities	37,500	139,500
Executive Principal Program	-	82,500
The Chicago Principal Partnership	-	320,112
Executive Principal Program Codification	-	63,000
	<u>1,338,976</u>	<u>605,112</u>
Subject to the passage of time	5,110,611	7,972,427
	<u>\$ 6,449,587</u>	<u>\$ 8,577,539</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors for the years ended December 31 for the following reasons:

	2021	2020
Purpose restrictions accomplished:		
Summer Design Program	\$ 626,024	\$ -
Professional Learning Communities	102,000	-
Executive Principal Program	82,500	82,500
The Chicago Principal Partnership	320,112	386,763
Executive Principal Program Codification	63,000	-
	<u>1,193,636</u>	<u>469,263</u>
Passage of specified time	4,760,002	3,882,551
	<u>\$ 5,953,638</u>	<u>\$ 4,351,814</u>

#### Note 11. Operating Leases

The Fund leases its office facility under an operating lease that was renewed for an eight-year term beginning March 1, 2021. The lease provided for rental abatement and lease incentives for the build-out of the space. The rent abatement and lease incentives have been recorded as deferred rent obligations and are being recognized on a straight-line basis over the term of the lease as a reduction to rent expense.

Monthly base rentals range from \$14,383 to \$17,097 over the term of the lease.

## The Chicago Public Education Fund

### Notes to Financial Statements

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#### Note 11. Operating Leases (Continued)

The Fund also leases certain equipment under operating leases. Annual future minimum rental payments under the office and equipment lease agreements are as follows:

2022	\$	179,478
2023		183,883
2024		185,113
2025		189,741
2026		194,484
2027 to 2029		437,871
	\$	<u>1,370,570</u>

In addition to monthly base rentals, The Fund is required to pay allocated building operating and maintenance costs and taxes. Rent expense and share of building operating, maintenance and taxes under the office lease totaled \$111,461 in 2021 and \$252,005 in 2020.

#### Note 12. Program Grants

The maximum amounts payable under grants are approved by The Fund's Board of Directors. Grant payments made by The Fund under various program initiatives totaled \$1,994,681 and \$1,427,963 in 2021 and 2020, respectively. These grant payments are included in program grants and related costs on the statements of functional expenses.

Grants authorized but unpaid at year-end are reported as liabilities. Conditional grant commitments are not recorded as liabilities or expenses until the time when the conditions on which they depend are substantially met. As of December 31, 2021, grants that have not met all of the conditions for recognition established at the time of the grant approval totaled \$964,182, all of which is scheduled to be paid in 2022 if all conditions are met.

As of December 31, 2020, grants that had not met the conditions for recognition established at the time of the grant approval by The Fund's Board of Directors totaled \$1,120,457, of which \$884,633 was paid in 2021, \$101,500 will be paid in 2022 and \$134,324 will not be paid.

#### 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 \$19,500 of their annual compensation. The Fund makes a contribution for all eligible employees up to a maximum of 4% of their annual compensation. The Fund's contribution to the plan was \$71,394 and \$73,886 for the years ended December 31, 2021 and 2020, respectively.

#### Note 14. Contributed Services

The Fund received in-kind contributions valued at \$5,845 and \$4,458 during 2021 and 2020, respectively, for sponsorship of several of The Fund's events. Contributed services are recorded at their estimated fair values in the statements of activities as revenue (in-kind contributions) and related program investments and services expense.