The Chicago Public Education Fund

Financial Report
December 31, 2022

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
The Chicago Public Education Fund

Opinion
We have audited the financial statements of The Chicago Public Education Fund, which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of a Matter
As discussed in Note 10 of the financials statements, The Chicago Public Education Fund adopted Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*, as amended, in 2022. Our opinion is not modified with respect to this matter.

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 available to be issued.

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 audit.

RSM US LLP

Chicago, Illinois
May 17, 2023

The Chicago Public Education Fund

Statements of Financial Position
Years Ended December 31, 2022 and 2021

	2022	2021
Assets		
Cash (including $175,000 held for others at December 31, 2022)	**$ 2,479,760**	$ 1,368,103
Unconditional promises to give, net	**18,064,802**	5,152,411
Accrued interest receivable	**109,938**	63,833
Prepaid expenses and deposits	**144,293**	176,163
Investments in marketable securities	**17,017,720**	13,070,982
Investments for Board-designated Endowment	**1,763,272**	1,003,623
Operating lease right-of-use assets, net	**293,920**	-
Property and equipment, net	**783,326**	891,907
	$ 40,657,031	$ 21,727,022
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 161,478**	$ 113,421
Amounts held for others	**175,000**	-
Deferred rent obligation	**-**	957,817
Operating lease liabilities	**1,132,220**	-
	1,468,698	1,071,238
Net assets:		
Without donor restrictions:		
Undesignated	**18,841,987**	13,202,574
Board-designated Endowment Fund	**1,763,272**	1,003,623
	20,605,259	14,206,197
With donor restrictions	**18,583,074**	6,449,587
	39,188,333	20,655,784
	$ 40,657,031	$ 21,727,022

See notes to the financial statements.

The Chicago Public Education Fund

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 7,630,760	$ 17,357,140	$ 24,987,900
Contributed services	1,267,336	-	1,267,336
Investment loss, net	(591,966)	-	(591,966)
Net assets released from restrictions	5,223,653	(5,223,653)	-
	13,529,783	12,133,487	25,663,270
Operating expenses:			
Program investments and services:			
Educational leadership	5,948,849	-	5,948,849
Supporting services:			
Management and general	880,484	-	880,484
Fundraising	299,788	-	299,788
	7,129,121	-	7,129,121
Change in net assets before nonoperating expenses	6,400,662	12,133,487	18,534,149
Nonoperating expenses:			
Loss on uncollectable pledges	1,600	-	1,600
Change in net assets	6,399,062	12,133,487	18,532,549
Net assets:			
Beginning of year	14,206,197	6,449,587	20,655,784
End of year	$ 20,605,259	$ 18,583,074	$ 39,188,333

See notes to 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
Contributions of nonfinancial assets	5,845	-	5,845
Investment loss, net	(72,438)	-	(72,438)
Net assets released from restrictions	5,953,638	(5,953,638)	-
	7,421,536	(2,127,952)	5,293,584
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
	5,522,885	-	5,522,885
Change in net assets before nonoperating expenses	1,898,651	(2,127,952)	(229,301)
Nonoperating expenses:			
Loss on uncollectable pledges	2,900	-	2,900
Change in net assets	1,895,751	(2,127,952)	(232,201)
Net assets:			
Beginning of year	12,310,446	8,577,539	20,887,985
End of year	$ 14,206,197	$ 6,449,587	$ 20,655,784

See notes to the financial statements.

The Chicago Public Education Fund

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Investments and Services	Supporting Services			
	Educational Leadership	Management and General	Fundraising	Total Supporting Services	2022 Total
Personnel expenses	$ 2,322,491	$ 288,858	$ 191,144	$ 480,002	$ 2,802,493
Consultants	1,270,404	425,544	61,142	486,686	1,757,090
Occupancy	304,352	50,063	20,905	70,968	375,320
Equipment	75,958	12,494	5,217	17,711	93,669
Other office expense	57,638	93,044	2,831	95,875	153,513
Communications	37,112	10,481	18,549	29,030	66,142
Program grants and related costs	1,877,322	-	-	-	1,877,322
In-kind expenses	3,572	-	-	-	3,572
	$ 5,948,849	$ 880,484	$ 299,788	$ 1,180,272	$ 7,129,121

See notes to the financial statements.

The Chicago Public Education Fund

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Investments and Services	Supporting Services			
	Educational Leadership	Management and General	Fundraising	Total Supporting Services	2021 Total
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
	$ 4,847,345	$ 496,652	$ 178,888	$ 675,540	$ 5,522,885

See notes to the financial statements.

The Chicago Public Education Fund

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	**$ 18,532,549**	$ (232,201)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**181,321**	132,098
Amortization of operating lease right-of-use assets	**38,024**	-
Stock donations received	**-**	-
Realized/unrealized (gains) losses on marketable securities, net	**645,083**	294,378
Realized/unrealized gains on Endowment Fund investments, net	**240,351**	(3,623)
Change in operating assets and liabilities:		
Unconditional promises to give	**(12,912,391)**	2,974,247
Accrued interest receivable	**(46,105)**	(510)
Prepaid expenses and deposits	**31,870**	32,733
Accounts payable and accrued expenses	**48,055**	42,187
Deferred rent obligation	**-**	915,734
Cash paid for operating leases	**(157,541)**	-
Amounts held for others as fiscal agent	**175,000**	(171,800)
Net cash provided by operating activities	**6,776,216**	3,983,243
Cash flows from investing activities:		
Purchases of property and equipment	**(72,741)**	(923,836)
Purchases of investments	**(18,648,544)**	(13,144,947)
Proceeds from sale of investments	**13,056,726**	9,911,422
Net cash used in investing activities	**(5,664,559)**	(4,157,361)
Net increase (decrease) in cash	**1,111,657**	(174,118)
Cash:		
Beginning of year	**1,368,103**	1,542,221
End of year	**$ 2,479,760**	$ 1,368,103

See notes to the financial statements.

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 public schools in Chicago and to investing in the educators who lead them. The Fund's program, policy, and partnership efforts provide Chicago's innovative educators with the time and tools to focus on teaching and learning and to continuously improve schools.

For more than 20 years, The Fund has worked with its educator, district, nonprofit, and philanthropic partners to elevate strong school leadership in Chicago. Founded by civic, business, and philanthropic leaders committed to our vision, The Fund has raised over $131 million to support educator excellence. Through leadership transitions at the state, city, and district levels, The Fund has served as a convener and catalyst for citywide efforts to invest in public schools.

Periodically, The Fund engages stakeholders to identify specific and measurable goals that can be achieved through targeted financial grants and strategic support. For each funding cycle, The Fund raises a pre-established amount of money. The Fund's Board of Directors then works with the team and partners to allocate funding into high-level program investment categories. 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, which consist of members of the Board of Directors and other partners. The work is continuously informed by feedback from educators in The Fund's network.

The Fund's last three cycles have been leadership-focused. Between 2013 and the onset of COVID-19 in 2020, the number and percentage of principals recognized as "strong" grew substantially, as measured by the University of Chicago Consortium on School Research and the percentage of "strong" leaders grew substantially. In 2022, The Fund began fundraising for its next funding cycle, Chicago Leads. This cycle aims to support Chicago's school leaders as they rebuild in the wake of the pandemic and as they shape the strong public schools that Chicago's students deserve. This cycle will extend through 2030. The Fund remains 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 programs 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 multiplied by 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.

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

Classification of net assets: The following classifications are used in Fund financial statements:

> ***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.
>
> ***Board-designated endowment funds***: Net assets that are without donor restrictions that 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: Most of The Fund's operating funds from grants and contributions is, in substance, unconditional. These revenues are recognized when the grantor or donor makes a donation or unconditional promise to give.

Investments: Financial 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 that 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 for the reporting periods presented in these financial statements.

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.

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

Amounts held for others: Periodically, The Fund enters into agreements to serve as an agent for other organizations and act as an intermediary between such organizations and beneficiaries. In 2022, The Fund agreed to serve as agent for a project with The Boston Consulting Group (BCG) directed by three local funders. As of December 31, 2022, $175,000 had been received from two of the funders, with direction to hold the funds for the purposes of payment upon project completion for services performed. The project was not completed in 2022, so no payments were made during the calendar year. The full amount remains on the 2022 statement of financial position. The Fund expects to pay BCG $175,000 upon completion of the project in 2023.

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 conditions on which they depend are substantially met. Conditions are outlined in benchmark schedules, approved by management, and agreed to by the grantees.

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. The Fund qualifies for the charitable contribution deduction under Section 170(b)(1)(A). The Fund has been classified as an organization that is not a private foundation under Section 509(a)(2).

The accounting standard related to uncertainty in income taxes states that 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 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 qualified leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The Fund adopted the standard in 2022. This resulted in the addition of a new liability and right-of-use asset, reflected in the 2022 statement of financial position.

In 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires the presentation of contributed nonfinancial assets as a separate line item from contributions of cash and other financial assets. The ASU also requires additional qualitative disclosures for contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The new standard is effective for the Fund's 2022 financial statements (Note 13).

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

Leases: Prior to January 1, 2022, the Fund followed the lease accounting guidance in FASB ASC Topic 840. Effective January 1, 2022, the Fund follows the lease accounting guidance in FASB ASC Topic 842. The Fund determined if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (i.e., an identified asset) for a period of time in exchange for consideration. The Fund's contracts determined to be or contain a lease include explicitly or implicitly identified assets where the Fund has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Subsequent events: The Fund has evaluated subsequent events for potential recognition and/or disclosures through May 17, 2023, the date the financial statements were available to be issued.

Note 2. Program Investments and Services

The Fund provides program services, which include investments of funding, time, and expertise. Fund programs support principal-led educator teams in meeting student learning needs. Its 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. The Fund provides opportunities for experienced principals to expand their leadership beyond their school communities, for all principals to continuously improve, and for aspiring school leaders to receive timely preparation. Its programs enable educator teams to address leadership, talent, and management needs. It helps leaders accelerate learning in their schools and improve school culture and climate.

Provides talent management support and high-quality data to a broad range of partners citywide. The Fund invest in leadership development, retention of top talent, preparation pathways for school leaders, and supported leadership transitions in Chicago's public schools. Its team works with partners to use data and coordinate efforts that meet the needs of school communities, especially in times of change.

Positions principal quality as an enduring priority for the City of Chicago. The Fund gathers feedback from principals through an annual engagement survey and publish subsequent reports and case studies around issues important to principals. It aim to make permanent Chicago's commitment to leadership as a sustainable lever for school improvement.

Fosters conditions in which principals thrive. The Fund champions principal voice in policymaking, with a focus on local decision-making, on equitable allocation of resources, and on strategies that increase the number of strong educators in the schools that need them most. The Fund believes that principal-centered policies lead to stronger culture and climate in schools and to better academic and life outcomes for the students served.

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

Note 3. Unconditional Promises to Give

Unconditional promises to give for the reporting periods presented in these financial statements are summarized below:

	2022	2021
Receivable in up to one year	**$ 4,148,807**	$ 3,972,926
Receivable in one to five years	**14,060,000**	1,261,457
Receivable in five to ten years	**2,730,000**	-
	20,938,807	5,234,383
Less present value discount	**(2,874,005)**	(81,972)
	$ 18,064,802	$ 5,152,411

Unconditional promises to give are discounted based upon payment terms and a present value discount rate. The Fund used the US Department of Treasury Rates to establish the discount rates, adjusting for risk. The risk-adjusted discount ranges from 3.96% to 5.41% depending on the funder and terms of the unconditional promise to give.

Outstanding conditional pledges totaled $828,500 on December 31, 2022. There were no conditional pledges as of December 31, 2021. Conditional pledges are not recognized until conditions are satisfied.

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 can 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 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.

Note 4. Fair Value of Financial Instruments (Continued)

For the reporting periods presented in these financial statements, The Fund's investments in money market funds are classified as Level 1, while the U.S. government agencies securities, taxable municipal bonds and corporate 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 for the reporting periods presented in these financial statements are summarized below.

	2022	2021
Money market funds	**$ 1,178,000**	$ 43,996
U.S. government agencies securities	**9,426,720**	7,971,250
Taxable municipal bonds	**199,000**	733,620
Corporate bonds	**6,214,000**	4,322,116
	$ 17,017,720	$ 13,070,982

Board-designated Endowment Fund investments for the reporting periods presented in these financial statements are summarized below.

	2022	2021
Money market fund	**$ 285,272**	$ 200,004
Global public equities fund	**1,478,000**	803,619
	$ 1,763,272	$ 1,003,623

Note 6. Liquidity and Availability

The Fund's financial assets for the reporting periods presented in these financial statements are summarized below. Assets reflected here are reduced by amounts not available for use within one year of the statement of financial position date because of donor-imposed restrictions:

	2022	2021
Financial assets at year-end:		
Cash	**$ 2,479,760**	$ 1,368,103
Unconditional promises to give, net	**18,064,802**	5,152,411
Accrued interest receivable	**109,938**	63,833
Investments in marketable securities	**17,017,720**	13,070,982
Board-designated Endowment Fund	**1,763,272**	1,003,623
	39,435,492	20,658,952
Less amounts not available within one year due to:		
Donor time restrictions	**13,915,995**	1,179,485
Purpose restrictions	**-**	771,364
Board-designated Endowment Fund	**1,763,272**	1,003,623
	15,679,267	2,954,472
	$ 23,756,225	$ 17,704,480

Cash beyond what is needed for near-term general operating expenses is invested.

Note 7. Property and Equipment

Property and equipment for the reporting periods presented in these financial statements consist of:

	2022	2021
Furniture and fixtures	**$ 201,431**	$ 180,508
Leasehold improvements	**822,833**	822,833
Equipment	**192,920**	141,103
	1,217,184	1,144,444
Less accumulated depreciation and amortization	**(433,858)**	(252,537)
	$ 783,326	$ 891,907

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 a new space, and a corresponding reduction was made to accumulated amortization. New leasehold improvements were funded by The Fund's landlord in 2021.

Furniture, fixtures, and equipment that were fully depreciated and retired from use were removed from the balances above, with a corresponding reduction to accumulated depreciation. This included $22,771 in 2022 and $103,667 in 2021.

Depreciation expense for the years ended December 31, 2022 and 2021, was $78,467 and $44,368, respectively.

Note 8. Board-Designated Endowment Fund

The Fund established a Board-designated Endowment Fund (the Endowment) in 2020 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 of Directors, the Endowment may make distributions on an exceptional basis for emergencies or to support new and specific programmatic activity.

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions for the reporting periods presented in these financial statements are summarized below:

	2022	2021
Subject to expenditure for specified purpose		
COVID-19 | Summer Design Program (SDP)	**$ -**	$ 1,301,476
COVID-19 | Learning recovery efforts	**339,533**	
Policy | Excellent principals	**300,000**	-
Program | Executive Principal	**-**	37,500
	639,533	1,338,976
Subject to the passage of time	**17,943,541**	5,110,611
	$ 18,583,074	$ 6,449,587

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by the passage of time, or by other events specified by donors. Net assets released in the reporting periods presented in these financial statements are summarized below:

	2022	2021
Purpose restrictions accomplished		
COVID-19 | Summer Design Program (SDP)	**$ 592,180**	$ 626,024
COVID-19 | Learning recovery efforts	**369,763**	-
Policy | Excellent principals	**350,000**	-
Program | Professional Learning Communities (PLC)	**-**	102,000
Program | Executive Principal	**37,500**	145,500
Program | The Chicago Principal Partnership	**-**	320,112
	1,349,443	1,193,636
Passage of specified time	**3,874,210**	4,760,002
	$ 5,223,653	$ 5,953,638

Net assets in the amount of $709,296 reported as subject to expenditure for the COVID-19 SDP at December 31, 2021 were reclassified with donor permission to COVID-19 Learning Recovery in 2022. From this total $369,763 was spent in 2022, leaving $339,533 in net assets restricted for COVID-19 Learning Recovery as of December 31, 2022.

Note 10. Operating Leases

The Fund has one operating lease, for its office space. The lease was renewed for an eight-year term, effective March 1, 2021. Beginning in 2022, operating right-of-use assets and liabilities were established to follow generally accepted accounting principles in accordance with FASB Accounting Standards Codification (ASC) 842-20-50-1. As of December 31, 2022, The Fund has right of use assets and liabilities as follows:

Operating leases:	
Right-of-use assets	$ 293,920
Lease liabilities	$ 1,132,220

The future minimum lease payments for operating leases as of December 31, 2022 are as follows:

	Operating Leases
2023	$ 180,598
2024	185,113
2025	189,741
2026	194,484
2027	199,347
Thereafter	238,524
Total lease payments	1,187,807
Less imputed interest	(55,587)
Total present value of lease liabilities	$ 1,132,220

The present value discount rate related to the lease obligations is the risk-free rate calculated at 1.55%. 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 $184,665 in 2022 and $111,461 in 2021.

Note 11. Program Grants

The maximum amounts payable under grants are approved by The Fund's Board of Directors as a part of an annual budgeting process. Grant payments made by The Fund under various program initiatives totaled $1,586,968 in 2022 and $1,994,681 in 2021. 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 recorded as liabilities only when the conditions on which they depend are substantially met. Grants with unmet conditions, as established at the time of the grant approval, totaled $613,874 on December 31, 2022. The full amount is scheduled to be paid in 2023, provided all conditions are met.

Grants with unmet conditions, as established at the time of the grant approval, totaled $964,182 on December 31, 2021. $883,232 was paid in 2022, $14,500 is scheduled to be paid in 2023, and $66,450 will not be paid because conditions were not met.

Note 12. 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 federal limits.

The Fund contributes for all eligible employees up to a maximum of 4% of their annual compensation. The Fund's contribution to the plan was $56,676 in 2022 and $71,394 in 2021.

Note 13. Contributed Services

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Professional consulting services	**$ 1,263,764**	$ -
Other	**3,572**	5,845
	$ 1,267,336	$ 5,845

The Fund recognized contributed nonfinancial assets within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions.

Nonfinancial consulting services include professional services provided by a global management consulting group. The group advised The Fund on the evolving landscape for education in Chicago and provided strategic recommendations to the Board of Directors. A member of The Fund's Board of Directors of Directors is in a leadership role with the consulting group and helped secure the services. In valuing the contributed services, The Fund recorded the estimated fair value in the financial statements based on current rates for similar services.