

THE CHICAGO PUBLIC EDUCATION FUND

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2024 and 2023

And Report of Independent Auditor

THE CHICAGO PUBLIC EDUCATION FUND
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Report of Independent Auditor

To the Board of Directors
The Chicago Public Education Fund
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of The Chicago Public Education Fund (the “Fund”), which comprise the statements of financial position as of December 31, 2024 and 2023 and 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 financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2024 and 2023 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. 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 Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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 Fund’s ability to continue as a going concern within one year after the date the financial statements are 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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 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 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.

Cherry Bekaert LLP

Chicago, Illinois
June 17, 2025

THE CHICAGO PUBLIC EDUCATION FUND
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
Cash (includes \$460,000 and \$35,000 held for others as fiscal agency at December 31, 2024 and 2023, respectively)	\$ 777,722	\$ 713,333
Unconditional promises to give, net	13,138,653	17,649,691
Accrued interest receivable	238,975	101,084
Prepaid expenses and deposits	152,724	147,106
Investments in marketable securities	22,293,287	20,247,833
Investments for Board-designated endowment	2,390,948	2,093,384
Operating lease right-of-use asset, net	210,273	253,399
Property and equipment, net	459,943	613,785
Total Assets	\$ 39,662,525	\$ 41,819,615
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 572,935	\$ 317,322
Amounts held for others as fiscal agent	460,000	35,000
Operating lease liabilities	796,216	967,778
Total Liabilities	1,829,151	1,320,100
Net Assets:		
Without Donor Restrictions:		
Undesignated	22,305,273	19,916,362
Board-designated endowment fund	2,390,948	2,093,384
	24,696,221	22,009,746
With Donor Restrictions	13,137,153	18,489,769
Total Net Assets	37,833,374	40,499,515
Total Liabilities and Net Assets	\$ 39,662,525	\$ 41,819,615

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

THE CHICAGO PUBLIC EDUCATION FUND
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 2,612,318	\$ 372,202	\$ 2,984,520
In-kind contributions	79,094	-	79,094
Investment return, net	1,342,765	-	1,342,765
Net assets released from restrictions	5,724,818	(5,724,818)	-
Total Support and Revenue	9,758,995	(5,352,616)	4,406,379
Operating Expenses:			
Program Investments and Services:			
Educational leadership	6,204,358	-	6,204,358
Supporting Services:			
Management and general	662,428	-	662,428
Fundraising	204,977	-	204,977
Total Operating Expenses	7,071,763	-	7,071,763
Change in Net Assets Before Nonoperating Expenses	2,687,232	(5,352,616)	(2,665,384)
Nonoperating Expenses:			
Loss on uncollectible pledges	757	-	757
Change in net assets	2,686,475	(5,352,616)	(2,666,141)
Net assets, beginning of year	22,009,746	18,489,769	40,499,515
Net assets, end of year	\$ 24,696,221	\$ 13,137,153	\$ 37,833,374

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

THE CHICAGO PUBLIC EDUCATION FUND
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 2,566,380	\$ 3,957,622	\$ 6,524,002
In-kind contributions	44,293	-	44,293
Investment return, net	1,203,264	-	1,203,264
Net assets released from restrictions	4,050,927	(4,050,927)	-
Total Support and Revenue	<u>7,864,864</u>	<u>(93,305)</u>	<u>7,771,559</u>
Operating Expenses:			
Program Investments and Services:			
Educational leadership	5,589,923	-	5,589,923
Supporting Services:			
Management and general	668,825	-	668,825
Fundraising	200,321	-	200,321
Total Operating Expenses	<u>6,459,069</u>	<u>-</u>	<u>6,459,069</u>
Change in Net Assets			
Before Nonoperating Expenses	1,405,795	(93,305)	1,312,490
Nonoperating Expenses:			
Loss on uncollectable pledges	<u>1,309</u>	<u>-</u>	<u>1,309</u>
Change in net assets	1,404,486	(93,305)	1,311,181
Net assets, beginning of year	20,605,260	18,583,074	39,188,334
Net assets, end of year	<u>\$ 22,009,746</u>	<u>\$ 18,489,769</u>	<u>\$ 40,499,515</u>

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

THE CHICAGO PUBLIC EDUCATION FUND
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Investments and Services	Supporting Services			
	Educational Leadership	Management and General	Fundraising	Total Supporting Services	Total
Personnel expenses	\$ 2,831,843	\$ 302,981	\$ 141,827	\$ 444,808	\$ 3,276,651
Consultants	483,238	165,458	17,427	182,885	666,123
Occupancy	319,820	31,482	16,360	47,842	367,662
Equipment	69,434	6,835	3,552	10,387	79,821
Other office expense	19,033	144,260	962	145,222	164,255
Communications	49,618	11,412	24,849	36,261	85,879
Program grants and related costs	2,352,278	-	-	-	2,352,278
In-kind expenses	79,094	-	-	-	79,094
	<u>\$ 6,204,358</u>	<u>\$ 662,428</u>	<u>\$ 204,977</u>	<u>\$ 867,405</u>	<u>\$ 7,071,763</u>

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

THE CHICAGO PUBLIC EDUCATION FUND
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Investments and Services	Supporting Services			
	Educational Leadership	Management and General	Fundraising	Total Supporting Services	Total
Personnel expenses	\$ 2,545,517	\$ 345,216	\$ 148,011	\$ 493,226	\$ 3,038,743
Consultants	475,788	196,627	21,305	217,932	693,720
Occupancy	326,637	41,246	18,195	59,441	386,078
Equipment	91,882	11,602	5,118	16,720	108,602
Other office expense	52,033	70,781	1,767	72,549	124,582
Communications	23,863	3,353	5,925	9,278	33,141
Program grants and related costs	2,029,910	-	-	-	2,029,910
In-kind expenses	44,293	-	-	-	44,293
	<u>\$ 5,589,923</u>	<u>\$ 668,825</u>	<u>\$ 200,321</u>	<u>\$ 869,146</u>	<u>\$ 6,459,069</u>

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

THE CHICAGO PUBLIC EDUCATION FUND
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,666,141)	\$ 1,311,181
Adjustments to reconcile net assets to net cash flows from operating activities:		
Depreciation and amortization	164,259	190,055
Amortization of operating lease right-of-use assets	43,126	40,521
Realized/unrealized gains on marketable securities, net	(424,770)	(424,032)
Realized/unrealized gains on endowment fund investments, net	(297,564)	(330,112)
Change in operating assets and liabilities:		
Unconditional promises to give	4,511,038	415,111
Accrued interest receivable	(137,891)	8,854
Prepaid expenses and deposits	(5,618)	(2,812)
Accounts payable and accrued expenses	255,613	155,844
Amounts held for others as fiscal agent	425,000	(140,000)
Operating lease liabilities	(171,562)	(164,442)
Net cash flows from operating activities	<u>1,695,490</u>	<u>1,060,168</u>
Cash flows from investing activities:		
Purchases of property and equipment	(10,417)	(20,514)
Purchases of investments	(18,325,012)	(13,196,776)
Proceeds from sale of investments	16,704,328	10,390,696
Net cash flows from investing activities	<u>(1,631,101)</u>	<u>(2,826,595)</u>
Net change in cash	64,389	(1,766,427)
Cash, beginning of year	713,333	2,479,760
Cash, end of year	<u>\$ 777,722</u>	<u>\$ 713,333</u>

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

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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 over 20 years, the Fund has worked with our educator, district, nonprofit, and philanthropic partners to elevate strong school leadership in Chicago's public schools. Founded by civic, business, and philanthropic leaders committed to the vision, the Fund has raised over \$140 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 team engages stakeholders to identify specific and measurable goals that can be achieved through targeted financial grants and strategic support. The team raises financial resources to achieve those goals. During each of these cycles, the Fund's Board of Directors 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 identified by stakeholders. 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 and other community leaders 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. In 2022, the Fund began fundraising for its current funding cycle, Chicago Leads. This cycle aims to support Chicago's school leaders as they rebuild from the pandemic and shape the public schools that Chicago's students deserve. This cycle will extend through 2030. The Fund will remain focused on strong leaders in all of Chicago's public schools and seek opportunities to improve the day-to-day conditions under which principals operate in partnership with Chicago's public schools and other stakeholders in the city.

Basis of Accounting – The Fund's financial statements have been prepared on the accrual basis of accounting, per 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 the United States of America ("U.S. GAAP") in these footnotes are to FASB Accounting Standards Codification ("ASC").

Use of Estimates – In preparing financial statements, 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. Results could differ from those estimates.

Functional Allocation of Expenses – The Fund's financial statements report specific categories of expenses attributable broadly to either programs or supporting services. Those expenses, which include personnel, occupancy, equipment, consulting, and certain communications related expenses, are allocated based on management's estimates of time and effort. Personnel expenses are also allocated between program categories or as supporting services based on estimates of the employee's time spent. 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 using a weighted time allocation for each category to occupancy costs.

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1—Nature of activities and significant accounting policies (continued)

Classification of Net Assets – The following classifications are used in the Fund's financial statements:

Net Assets Without Donor Restrictions – Net assets available to support the Fund's operations; not subject to donor-imposed restrictions.

Board-Designated Endowment Funds – Net assets without donor restrictions the board has set aside to support longer-term objectives.

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 limits 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 are unconditional. These revenues are recognized when the grantor or donor donates or makes an unconditional promise to give.

Concentration of Credit Risk – The Fund's financial instruments that are exposed to concentrations of credit risk consist of cash placed with federally insured financial institutions. The Federal Deposit Insurance Corporation ("FDIC") covers all accounts at a single depository institution up to \$250,000. As of December 31, 2024, the Fund had approximately \$277,700 in cash in excess of insured amounts. The Fund has not experienced any losses in such accounts.

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 donor or legislation restricts the income. 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 conditions 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 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 that cost \$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 asset's useful life. Fully depreciated or amortized assets that have been retired from use are removed from the accounting records.

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1—Nature of activities and significant accounting policies (continued)

Amounts Held for Others as Fiscal Agent – 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 an agent for a project with The Boston Consulting Group (“BCG”) directed by three local funders. In 2022 and 2023, \$275,000 was received. The Fund disbursed funds to BCG upon completion of the project in 2023. \$35,000 remained from this fiscal agency to support additional work along these lines.

In 2024, The Fund engaged in a new fiscal agency agreement to explore and potentially support dynamic coalition building among partner organizations and stakeholders in the Chicago education community. \$425,000 was received and is being held as of December 31, 2024 to be paid out in 2025.

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 the Fund may recognize the tax benefit from an uncertain tax position only if it is more likely than not 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 there are any unrecognized tax benefits or tax liabilities that should be recorded for the reporting periods presented in these financial statements.

Leases – The Fund leases certain office space. The determination of whether an arrangement is a lease is made at the lease’s inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (“ROU”) assets, other current liabilities, and operating lease liabilities in the statement of financial positions.

The ROU assets represent the right to use of an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Fund uses the implicit rate when it is readily determinable. Since most of the Fund’s leases do not provide an implicit rate to determine the present value of lease payments, management uses the Fund’s incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Fund’s lease terms may include options to extend or terminate the lease when it is reasonably certain it will exercise the option.

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1—Nature of activities and significant accounting policies (continued)

The Fund has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

Subsequent Events – The Fund has evaluated subsequent events for potential recognition and/or disclosures through June 17, 2025, the date the financial statements were available to be issued.

Note 2—Program investments and services

The Fund provides program services, including investments of dollars, 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 improve continuously, and for aspiring school leaders to receive timely preparation. The Fund's programs enable educator teams to grow leadership and talent. The Fund helps leaders accelerate learning and improve school culture and climate.
- Provides talent management support and high-quality data to partners citywide. The Fund invests in leadership development, retention of top talent, preparation pathways for school leaders, and supports leadership transitions in Chicago's public schools. The Fund's 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 and assistant principals through annual engagement surveys and publishes reports and case studies around issues important to school leaders. The Fund aims to make Chicago's commitment to leadership permanent, 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, equitable allocation of resources, and increasing the number of strong educators in the schools that need them most. The Fund believes principal-centered policies lead to productive 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 with organizations from across the country. Together, they are learning about promising strategies designed to grow principal quality and to improve the student experience in their communities.

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 3—Unconditional promises to give

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

	<u>2024</u>	<u>2023</u>
Receivable in up to one year	\$ 4,250,784	\$ 5,370,210
Receivable in one to five years	10,316,000	14,412,334
	<u>14,566,784</u>	<u>19,782,544</u>
Less present value discount	(1,428,131)	(2,132,853)
	<u>\$ 13,138,653</u>	<u>\$ 17,649,691</u>

Unconditional promises to give are discounted based upon payment terms and present value discount rate. The Fund used the U.S. Department of Treasury rates to establish the discount rates, adjusting for risk. The risk-adjusted discount ranges from 4.48% to 5.25% depending on the funder and terms of the unconditional promise to give.

Outstanding conditional promises to give totaled \$125,000 as of December 31, 2024 compared to \$405,410 as of December 31, 2023. Conditional promises to give 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 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 CHICAGO PUBLIC EDUCATION FUND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 4—Fair value of financial instruments (continued)

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.

As of December 31, 2024	Level 1	Level 2	Total
Money market funds	\$ 3,429,001	\$ -	\$ 3,429,001
U.S. government agencies securities	-	13,050,736	13,050,736
Global public equities fund	1,915,982	-	1,915,982
Corporate bonds	-	6,288,516	6,288,516
	<u>\$ 5,344,983</u>	<u>\$ 19,339,252</u>	<u>\$ 24,684,235</u>

As of December 31, 2023	Level 1	Level 2	Total
Money market funds	\$ 7,345,212	\$ -	\$ 7,345,212
U.S. government agencies securities	-	6,172,006	6,172,006
Taxable municipal bonds	-	498,675	498,675
Global public equities fund	1,699,711	-	1,699,711
Corporate bonds	-	6,625,613	6,625,613
	<u>\$ 9,044,923</u>	<u>\$ 13,296,294</u>	<u>\$ 22,341,217</u>

Note 5—Investments

Investments in marketable securities for the reporting periods presented in these financial statements are summarized below at December 31:

	2024	2023
Money market funds	\$ 2,954,035	\$ 6,951,539
U.S. government agencies securities	13,050,736	6,172,006
Taxable municipal bonds	-	498,675
Corporate bonds	6,288,516	6,625,613
	<u>\$ 22,293,287</u>	<u>\$ 20,247,833</u>

Board-designated endowment fund investments for the reporting periods presented in these financial statements are summarized below at December 31.

	2024	2023
Money market fund	\$ 474,966	\$ 393,673
Global public equities fund	1,915,982	1,699,711
	<u>\$ 2,390,948</u>	<u>\$ 2,093,384</u>

THE CHICAGO PUBLIC EDUCATION FUND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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:

	2024	2023
Financial assets at year-end:		
Cash	\$ 777,722	\$ 713,333
Unconditional promises to give, net	13,138,653	17,649,691
Accrued interest receivable	238,975	101,084
Investments in marketable securities	22,293,287	20,247,833
Investments for Board-designated endowment	2,390,948	2,093,384
	<u>38,839,585</u>	<u>40,805,325</u>
Less amounts not available within one year due to:		
Donor time restrictions	8,887,869	12,279,481
Amounts held for others as fiscal agent	460,000	35,000
Board-designated Endowment Fund	2,390,948	2,093,384
	<u>11,738,817</u>	<u>14,407,865</u>
	<u>\$ 27,100,768</u>	<u>\$ 26,397,460</u>

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:

	2024	2023
Furniture and fixtures	\$ 138,501	\$ 138,501
Leasehold improvements	822,833	822,833
Equipment	166,375	190,012
	<u>1,127,709</u>	<u>1,151,346</u>
Less accumulated depreciation and amortization	(667,766)	(537,561)
	<u>\$ 459,943</u>	<u>\$ 613,785</u>

Furniture, fixtures, and equipment retired from use were removed from the balances above, with a corresponding reduction to depreciation. This included \$34,054 and \$86,351 for the years ended December 31, 2024 and 2023, respectively.

Depreciation and amortization expenses were \$164,259 and \$190,055 for the years ended December 31, 2024 and 2023, respectively.

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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:

	2024	2023
Subject to expenditure for specified purpose:		
Program Professional Learning Communities	\$ -	\$ 125,000
Chicago Leads Policy	-	720,000
	-	845,000
Subject to the passage of time	13,137,153	17,644,769
	<u>\$ 13,137,153</u>	<u>\$ 18,489,769</u>

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:

	2024	2023
Purpose restrictions accomplished:		
COVID-19 Learning Recovery Efforts	\$ -	\$ 339,533
Policy Excellent Principals	-	300,000
Program Professional Learning Communities	125,000	125,000
Chicago Leads Policy	720,000	-
	845,000	764,533
Passage of specified time	4,879,818	3,286,394
	<u>\$ 5,724,818</u>	<u>\$ 4,050,927</u>

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 10—Operating leases

The Fund has one operating lease for its office space. The lease was renewed for eight years, effective March 1, 2021. Beginning in 2022, operating right-of-use assets and liabilities were established to follow U.S. GAAP per FASB ASC 842-20-50-1. As of December 31, 2024 and 2023, the Fund has right-of-use assets and liabilities as follows:

	<u>2024</u>	<u>2023</u>
Right-of-use assets	\$ 210,273	\$ 253,399
Lease liabilities	\$ 796,216	\$ 967,778

Aggregate future minimum lease payments and the present net future minimum payments at December 31, 2024 are as follows:

	<u>Operating Leases</u>
2025	\$ 189,741
2026	194,484
2027	199,347
2028	204,330
2029	34,194
Total lease payments	822,096
Less imputed interest	(25,880)
Total present value of lease liabilities	<u>\$ 796,216</u>

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 \$197,662 and \$185,538 for the years ended December 31, 2024 and 2023, respectively.

Note 11—Program grants

The Fund's Board of Directors approves maximum amounts payable under grants as a part of an annual budgeting process. Grant payments made by the Fund under various program initiatives totaled \$2,001,376 and \$1,570,407 for the years ended December 31, 2024 and 2023, 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 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 \$938,809 as of December 31, 2024. The full amount is scheduled to be paid in 2025, provided all conditions are met.

Grants with unmet conditions, as established at the time of the grant approval, totaled \$843,821 as of December 31, 2023. Of that amount, \$755,627 was paid in 2024; \$16,250 is scheduled to be paid in 2025; and \$71,845 will not be paid because conditions were not met, or costs were less than originally anticipated.

THE CHICAGO PUBLIC EDUCATION FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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 to the plan for all eligible employees up to 4% of their annual compensation. The Fund's contribution to the plan was \$91,100 and \$83,965 for the years ended December 31, 2024 and 2023, respectively.

Note 13—In-kind contributions

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized in the statements of activities included:

	2024	2023
Professional consulting services	\$ 26,117	\$ -
Event contributions	50,852	43,888
Other	2,125	405
	<u>\$ 79,094</u>	<u>\$ 44,293</u>

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

In valuing the contributed services, the Fund recorded the estimated fair value in the financial statements based on current market rates for similar services or contributed items.

Note 14—Related party transactions

During the years ended December 31, 2024 and 2023, the Fund incurred expenses totaling approximately \$341,000 and \$190,000, respectively, paid to a related party. The related party supported up to 30 principals selected as part of the Malott Educator Fellowship on behalf of the Fund, and the expenses are included in the program grants and related costs line on the statements of functional expenses.