

CHICAGO PUBLIC LIBRARY FOUNDATION

Chicago, Illinois

FINANCIAL STATEMENTS
Including Independent Auditors' Report

As of and for the years ended December 31, 2018 and 2017

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CHICAGO PUBLIC LIBRARY FOUNDATION

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Cash Flows	6
Statements of Functional Expenses	7 - 8
Notes to Financial Statements	9 - 22
Supplemental Information	
Changes in Net Assets With Donor Restrictions – Purpose Restrictions (Schedule 1)	23
Changes in Net Assets With Donor Restriction – Perpetual in Nature and Net Assets Without Donor Restrictions Designated by the Board (Schedule 2)	24
Allocation of 4.5% Spending Policy as Designated by the Board (Schedule 3)	25

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Chicago Public Library Foundation
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago Public Library Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 23-25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Chicago, Illinois
June 18, 2019

CHICAGO PUBLIC LIBRARY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,976,601	\$ 3,781,245
Pledges receivable, net	1,843,074	1,738,930
Accrued interest/dividends receivable	27,968	22,750
Investments	23,943,691	27,039,742
Prepaid expenses	42,807	40,207
Property, equipment and collections	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 28,834,142</u>	<u>\$ 32,622,875</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	<u>\$ 376,201</u>	<u>\$ 281,208</u>
Net Assets		
Without donor restrictions		
Undesignated	13,502,754	13,723,935
Designated by the Board	<u>952,400</u>	<u>1,215,750</u>
Total without donor restrictions	<u>14,455,154</u>	<u>14,939,685</u>
With donor restrictions		
Perpetual in nature	8,641,882	8,641,882
Endowment earnings subject to appropriations	1,420,411	4,202,753
Purpose restrictions	<u>3,940,494</u>	<u>4,557,347</u>
Total with donor restrictions	<u>14,002,787</u>	<u>17,401,982</u>
Total Net Assets	<u>28,457,941</u>	<u>32,341,667</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,834,142</u>	<u>\$ 32,622,875</u>

CHICAGO PUBLIC LIBRARY FOUNDATION

STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2018
with Comparative Totals for the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Operating				
Support and revenue				
Contributions	\$ 505,631	\$ 2,330,998	\$ 2,836,629	\$ 3,935,196
Special event revenue, net of expenses	1,446,723	340,000	1,786,723	1,607,817
Endowment income	1,094,444	-	1,094,444	1,341,052
Other income	12,315	-	12,315	9,794
Donated services and materials	94,690	-	94,690	264,248
Net assets released from restrictions	3,287,851	(3,287,851)	-	-
Total Support and Revenue	6,441,654	(616,853)	5,824,801	7,158,107
Expenses				
Program Services - Library	4,855,834	-	4,855,834	7,055,577
Supporting Services				
Management and general	653,473	-	653,473	562,727
Fundraising	1,153,528	-	1,153,528	1,237,851
Total Expenses	6,662,835	-	6,662,835	8,856,155
Change in Net Assets from Operating Activities	<u>(221,181)</u>	<u>(616,853)</u>	<u>(838,034)</u>	<u>(1,698,048)</u>
Nonoperating				
Net gains (losses) on investments	346,861	(2,782,342)	(2,435,481)	3,504,069
Deficit of income earned over withdrawal under spending policy, net of investment expenses	<u>(610,211)</u>	<u>-</u>	<u>(610,211)</u>	<u>(656,104)</u>
Change in Net Assets from Nonoperating Activities	<u>(263,350)</u>	<u>(2,782,342)</u>	<u>(3,045,692)</u>	<u>2,847,965</u>
Change in Net Assets	<u>(484,531)</u>	<u>(3,399,195)</u>	<u>(3,883,726)</u>	<u>1,149,917</u>
Net Assets-Beginning of Year	14,939,685	17,401,982	32,341,667	31,191,750
Net Assets-End of Year	<u>\$ 14,455,154</u>	<u>\$ 14,002,787</u>	<u>\$ 28,457,941</u>	<u>\$ 32,341,667</u>

CHICAGO PUBLIC LIBRARY FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Support and revenue			
Contributions	\$ 579,833	\$ 3,355,363	\$ 3,935,196
Special event revenue, net of expenses	1,079,317	528,500	1,607,817
Endowment income	1,341,052	-	1,341,052
Other income	9,794	-	9,794
Donated services and materials	264,248	-	264,248
Net assets released from restrictions	5,841,951	(5,841,951)	-
Total Support and Revenue	<u>9,116,195</u>	<u>(1,958,088)</u>	<u>7,158,107</u>
Expenses			
Program Services - Library	7,055,577	-	7,055,577
Supporting Services			
Management and general	562,727	-	562,727
Fundraising	1,237,851	-	1,237,851
Total Expenses	<u>8,856,155</u>	<u>-</u>	<u>8,856,155</u>
Change in Net Assets from Operating Activities	<u>260,040</u>	<u>(1,958,088)</u>	<u>(1,698,048)</u>
Nonoperating			
Net gains on investments	902,357	2,601,712	3,504,069
Deficit of income earned over withdrawal under spending policy, net of investment expenses	(656,104)	-	(656,104)
Change in Net Assets from Nonoperating Activities	<u>246,253</u>	<u>2,601,712</u>	<u>2,847,965</u>
Change in Net Assets	506,293	643,624	1,149,917
Net Assets-Beginning of Year	<u>14,433,392</u>	<u>16,758,358</u>	<u>31,191,750</u>
Net Assets-End of Year	<u>\$ 14,939,685</u>	<u>\$ 17,401,982</u>	<u>\$ 32,341,667</u>

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CHICAGO PUBLIC LIBRARY FOUNDATION

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,883,726)	\$ 1,149,917
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net (gains) losses on investments	2,435,481	(3,504,069)
Changes in assets and liabilities		
Pledges receivable	(104,144)	(760,247)
Accrued interest/dividends receivable	(5,218)	(15,853)
Prepaid expenses	(2,600)	12,203
Accounts payable	94,993	(76,779)
Net Cash Flows from Operating Activities	(1,465,214)	(3,194,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(29,009,326)	(5,679,784)
Sales of investments	29,669,896	12,042,299
Net Cash Flows from Investing Activities	660,570	6,362,515
Net Change in Cash and Cash Equivalents	(804,644)	3,167,687
CASH AND CASH EQUIVALENTS - Beginning of Year	3,781,245	613,558
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,976,601	\$ 3,781,245

CHICAGO PUBLIC LIBRARY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018 with Comparative Totals for the Year Ended December 31, 2017

	Program Services						Supporting Services		2018 Total	2017 Total	
	Children's Programs	Teen Programs	Technology Access	Collections and Cultural Programs	Branch Programs	Other Library Programs	Total Library	Management and General			Fund- Raising
Books, subscriptions and publications	\$ 23,924	\$ -	\$ -	\$ 105,490	\$ 8,311	\$ -	\$ 137,725	\$ 137	\$ 641	\$ 138,503	\$ 243,496
Computer hardware, software, supplies and amortization	85,328	54,741	11,820	-	2,080	-	153,969	12,461	46,793	213,223	273,584
Conferences, meetings and training	3,154	1,108	-	-	-	500	4,762	-	3,852	8,614	10,095
Copier lease and supplies	-	-	-	-	-	-	-	2,844	5,013	7,857	6,036
Donated services/materials	2,277	12,765	-	650	1,072	-	16,764	15,838	62,088	94,690	264,248
Dues, fees and memberships	-	-	-	-	-	-	-	9,724	16,526	26,250	23,899
Honoraria	152,818	89,246	9,777	41,698	24,680	-	318,219	-	-	318,219	355,960
Insurance	-	-	-	-	-	-	-	3,940	6,839	10,779	10,569
Marketing and promotion	37,328	19,791	1,000	2,223	105	-	60,447	-	106,119	166,566	170,488
Office supplies	-	-	-	-	-	-	-	6,378	10,359	16,737	15,042
Postage, shipping and messengers	-	98	-	-	-	-	98	1,149	11,067	12,314	12,468
Printing and design	108,036	412	-	25,413	-	-	133,861	-	189	134,050	115,836
Professional fees:											
Audit and tax returns	-	-	-	-	-	-	-	46,122	-	46,122	42,145
CyberNavigators and YOUMedia staff	-	629,671	990,915	-	-	-	1,620,586	-	-	1,620,586	1,847,232
Interns and teen book discussion moderators	-	-	-	-	-	-	-	-	-	-	256,437
Investment consultants	-	-	-	-	-	-	-	24,568	-	24,568	20,000
Legal services	-	-	-	-	-	-	-	2,420	-	2,420	5,551
Other services	72,426	14,548	10,590	33,913	167	342,512	474,156	140,480	75,459	690,095	2,537,660
Teachers in the Library	807,856	-	-	-	-	-	807,856	-	-	807,856	715,217
Rent, telephone and utilities	-	-	78,803	-	-	-	78,803	18,928	32,598	130,329	167,552
Salaries, payroll taxes and benefits	-	-	-	-	-	-	-	356,300	729,885	1,086,185	1,089,615
Special events and program materials	756,324	120,453	19,697	4,052	12,367	15,683	928,576	-	20,465	949,041	497,129
Transportation, travel and business	52,181	40,006	3,329	1,895	1,529	21,072	120,012	12,184	25,635	157,831	175,896
Total	\$ 2,101,652	\$ 982,839	\$ 1,125,931	\$ 215,334	\$ 50,311	\$ 379,767	\$ 4,855,834	\$ 653,473	\$ 1,153,528	\$ 6,662,835	\$ 8,856,155

CHICAGO PUBLIC LIBRARY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Program Services							Supporting Services			
	Children's Programs	Teen Programs	Technology Access	Workforce, Financial and Civic Literacy	Collections and Cultural Programs	Branch Programs	Other Library Programs	Total Library	Management and General	Fund-Raising	Total
Books, subscriptions and publications	\$ 115,982	\$ -	\$ -	\$ -	\$ 123,806	\$ 3,112	\$ -	\$ 242,900	\$ -	\$ 596	\$ 243,496
Computer hardware, software, supplies and amortization	66,750	82,516	67,369	-	-	2,140	3,813	222,588	19,135	31,861	273,584
Conferences, meetings and training	2,148	2,308	-	-	-	-	3,097	7,553	25	2,517	10,095
Copier lease and supplies	-	-	-	-	-	-	-	-	2,037	3,999	6,036
Donated services/materials	34,796	9,983	-	-	4,011	187	-	48,977	5,615	209,656	264,248
Dues, fees and memberships	-	-	-	-	-	-	-	-	2,859	21,040	23,899
Honoraria	180,572	76,028	8,864	8,000	62,185	20,311	-	355,960	-	-	355,960
Insurance	-	-	-	-	-	-	-	-	3,740	6,829	10,569
Marketing and promotion	42,449	19,535	-	10,506	4,865	-	-	77,355	-	93,133	170,488
Office supplies	-	-	-	-	-	-	-	-	3,764	11,278	15,042
Postage, shipping and messengers	-	-	-	-	-	-	-	-	607	11,861	12,468
Printing and design	83,779	-	4,662	-	22,624	-	-	111,065	-	4,771	115,836
Professional fees:											
Audit and tax returns	-	-	-	-	-	-	-	-	42,145	-	42,145
CyberNavigators and YOUMedia staff	-	619,616	1,227,616	-	-	-	-	1,847,232	-	-	1,847,232
Interns and teen book discussion moderators	256,437	-	-	-	-	-	-	256,437	-	-	256,437
Investment consultants	-	-	-	-	-	-	-	-	20,000	-	20,000
Legal services	-	-	-	-	-	-	-	-	5,551	-	5,551
Other services	1,880,730	16,788	22,690	2,000	145,283	-	374,704	2,442,195	21,781	73,684	2,537,660
Teachers in the Library	715,217	-	-	-	-	-	-	715,217	-	-	715,217
Rent, telephone and utilities	-	-	116,815	-	-	-	-	116,815	18,660	32,077	167,552
Salaries, payroll taxes and benefits	-	-	-	-	-	-	-	-	398,907	690,708	1,089,615
Special events and program materials	354,369	63,599	26,062	-	4,450	14,179	9,633	472,292	-	24,837	497,129
Transportation, travel and business	30,839	46,158	1,771	-	14,894	2,391	42,938	138,991	17,901	19,004	175,896
Total	\$ 3,764,068	\$ 936,531	\$ 1,475,849	\$ 20,506	\$ 382,118	\$ 42,320	\$ 434,185	\$ 7,055,577	\$ 562,727	\$ 1,237,851	\$ 8,856,155

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CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities - The Chicago Public Library Foundation (“Foundation” or “CPLF”) was created in 1986 by visionary civic leaders who shared a conviction that private resources are essential to keeping the outstanding Chicago Public Library (“Library” or “CPL”) truly world-class. Established in the spirit of a true public/private partnership with the City of Chicago, the Foundation is an independent, non-profit organization. As a publicly-supported entity, gifts to the Foundation are tax-deductible to the extent permitted by law. The Foundation’s mission is to support collection development, programs and technology initiatives that connect Library users to their community and to the world and ensure that all Chicagoans have the freedom to read, to learn and to discover at the Chicago Public Library.

Tax-Exempt Status - The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation for uncertain tax positions as of December 31, 2018 and 2017. The Foundation’s tax returns are subject to review and examination by federal and state authorities.

Cash and Cash Equivalents - The Foundation considers all highly-liquid, short-term investments with a maturity of three months or less at the date of acquisition to be cash equivalents. Cash includes balances held in checking, savings and money market accounts and certificates of deposit with original maturities of three months or less, except that such instruments purchased with endowment assets are classified as investments.

The Foundation maintains cash balances in an institution which exceeds the federally insured limit of \$250,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Pledges Receivable, Net - Irrevocable unconditional promises to give to the Foundation are recorded in the year the pledge is made. The Foundation analyzed historical collection experience and reviewed the current status of pledges and other receivables to determine that no allowance for uncollectibles was required.

Investments - Investments consist of equity funds, hedged equity funds, absolute return funds and fixed income funds. Investments are recorded at fair value based upon quoted market prices, when available. If listed prices or quotes are not available, fair value is based upon externally developed models that are unobservable inputs due to the limited market activity of the instrument. Donated investments are recorded at fair value at the date of donation, or, if sold immediately, at the amount of sales proceeds received, which is considered a fair measure of the value at the date of donation.

Property, Equipment and Collections - The Foundation records property and equipment at cost and amortizes the cost using the straight-line method. The Foundation has adopted a policy of capitalizing collections at a nominal value in its financial statements. Although the financial statements do not disclose the cumulative value of collections, certain artwork received in 1991 as an unrestricted donation has been cataloged and preserved. Since 2003 the artwork has been displayed, on permanent loan, in the Joan W. and Irving B. Harris Theater for Music and Dance. The Theater carries a \$2 million insurance policy on this artwork.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. The board designated funds are for programs at the libraries such as programs at the Lincoln Park branch library, support for the Teacher in the Library and other children programs.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

To ensure the observance of limitations and stipulations placed on the use of available resources, the Foundation maintains its internal financial accounts in accordance with the principles and practices of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established in accordance with their nature or purpose.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Board Designated Net Assets - The governing board has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the governing board at any time. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. The board designated funds are for programs at the libraries such as programs at the Lincoln Park branch library, support for the Teacher in the Library and other children programs.

Operations - The Foundation's change in net assets from operating activities includes all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions designated for long-term investment (the donor-restricted and quasi-endowment) according to the Foundation's spending policy, which is detailed in Note 6. The measure of operations excludes investment return in excess (less than) amounts made available for current support.

Reclassification – For comparability, certain 2017 amounts have been reclassified to conform with classifications adopted in 2018. The reclassifications have no effect on reported amounts of net assets or change in net assets.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Contributions - Contributions, including unconditional pledges to give, represent amounts raised from the public and are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Gifts received for perpetual endowment funds are reported as non-operating revenues in the statement of activities. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions from board members were approximately \$2,149,000 and \$2,775,000 for the years ended December 31, 2018 and 2017, respectively.

Donated Services - Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Such services, as valued by the donors, totaled \$94,690 and \$264,248 on December 31, 2018 and 2017, respectively, and are reflected as support and expense in the statements of activities. In addition, various board members donated personal services to the Foundation. These donated services are not reflected in the financial statements since the services are not required to be recorded.

Endowment Income - The Foundation adopted a spending policy directed at meeting current operational budget requirements. The Foundation's policy has been to expend 4.5% of a four-year rolling average of the market value of the Foundation's investments as of each December 31, as audited.

Endowment yields that are in excess of the spending policy are returned to the endowment and reinvested. However, if endowment yields are not sufficient to support the spending policy, the balance is provided from realized capital gains. The difference between the actual yield on endowment investments and the spending rate is reported as a nonoperating excess or deficit.

Grants to the Library - The Foundation recognizes unconditional promises to make grants to the Library as expenses in the period made. Conditional promises to give, however, are not recognized until the conditions on which they depend are substantially met. Grant obligations are measured at their fair values.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, insurance, printing and publishing, advertising and marketing, and other miscellaneous items. Depreciation and other occupancy costs are allocated based on square footage. Other allocated costs, including salaries and wages, were allocated on estimates of time and effort.

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

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements Adopted in Current Year - In 2018, the Foundation adopted the Financial Accounting Standard Board's (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these financial statements accordingly. ASU No. 2016-14 has been applied retrospectively to all periods presented.

The new standard changes the following aspects of the financial statements:

- The unrestricted net assets class has been renamed Net Assets Without Donor Restrictions;
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called Net Assets with Donor Restrictions;
- The financial statements include a disclosure about liquidity and availability of resources (Note 10).

New Accounting Pronouncements - In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Additional updates defer the effective date of ASU No. 2014-09, clarify the implementation guidance on principal versus agent considerations, clarify the identification of performance obligations and the licensing implementation guidance and affect other narrow aspects of Topic 606. Topic 606 (as amended) is effective for annual periods beginning after December 15, 2018 (2019). The changes may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. Management is currently assessing the effect that Topic 606 (as amended) will have on its financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for contributions received during annual periods beginning after December 15, 2018 (2019) and contributions made during annual periods beginning after December 15, 2019 (2020). Management is currently assessing the effect that ASU No. 2018-08 will have on its financial statements.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. During 2018, additional updates were issued which permit an entity to elect an optional transition practical expedient to not evaluate land easements that existed or expired before the entity's adoption of Topic 842 and were not previously accounted for under ASC 840; address narrow aspects of the guidance originally issued; provide entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of net assets in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component; and address sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and non-lease components. The Foundation will be required to apply the standard for annual periods beginning after December 15, 2019 (2020). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2016-02 will have on its financial statements.

NOTE 2 – Fair Value Measurement

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measure date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) 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 included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

Valuation Techniques and Inputs

Level 1 – Level 1 assets include investments in mutual funds for which quoted prices are readily available.

There have been no changes in techniques and inputs used as of December 31, 2018 and 2017.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 – Fair Value Measurement (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of December 31, 2018 based upon the three-tier hierarchy:

	2018			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
U.S. equity funds	\$ 8,083,901	\$ 8,083,901	\$ -	\$ -
Non U.S. equity funds	4,557,348	4,557,348	-	-
Global equity funds	3,534,118	3,534,118	-	-
Real asset funds	1,191,222	1,191,222	-	-
Credit funds	2,067,134	2,067,134	-	-
Fixed income funds	4,443,014	4,443,014	-	-
Total Assets Recorded at Fair Value	\$ 23,876,737	\$ 23,876,737	\$ -	\$ -
Alternative investments valued at net asset value	46,037			
Total investments at Fair Value	23,922,774			
Cash and cash equivalents at cost	20,917			
Total per Statement of Financial Position	\$ 23,943,691			

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 – Fair Value Measurement (continued)

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of December 31, 2017 based upon the three-tier hierarchy:

	2017			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
U.S. equity funds	\$ 9,522,093	\$ 9,522,093	\$ -	\$ -
Non U.S. equity funds	4,345,420	4,345,420	-	-
Fixed income funds	2,746,310	2,746,310	-	-
Total Assets Recorded at Fair Value	\$ 16,613,823	\$ 16,613,823	\$ -	\$ -
Alternative investments valued at net asset value	7,974,262			
Total investments at Fair Value	24,588,085			
Cash and cash equivalents at cost	2,451,657			
Total per Statement of Financial Position	\$ 27,039,742			

The above table includes \$2,451,657 of investments in transit as of December 31, 2017. See note 4 for investments line item reconciliation.

The fair value of certain alternative investment funds has been estimated using Net Asset Value ("NAV") as reported by the management of the fund.

As of December 31, 2018, the Foundation held two funds that are reported at NAV. The first is a hedged equity fund that is in liquidation mode with a valuation of \$27,296. The second is an absolute return fund that the Foundation sold during 2018 and are awaiting the final distribution from the sale with a valuation of \$18,741.

The liquidity table below presents the redemption notification period required for the funds reported at NAV as of December 31, 2017. The Foundation did not have any additional capital commitments at December 31, 2017.

	2017 NAV	Redemption Frequency	Notice Period
Large cap equity fund	2,961,277	Monthly	10 days
International equity funds	3,431,155	Monthly	30 days
Hedged equity funds	1,275,361	Annually-Dec*	45 days
Hedged equity funds	27,035	Fund in liquidation mode	
Absolute return funds	279,434	Annually	45 days
Total Assets Recorded at NAV	\$ 7,974,262		

* - 3 year lock-up period expires in Dec.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 3 – Pledges Receivable, Net

Promises to give at December 31, 2018 and 2017 are as follows:

	2018	2017
Receivables due in less than one year	\$ 1,363,886	\$ 1,092,817
Receivables due in one to three years	479,188	646,113
Pledges receivable, net	\$ 1,843,074	\$ 1,738,930

NOTE 4 – Investments

The market value of investments held by the Foundation as of December 31, 2018 and 2017 are summarized as follows:

	2018	2017
U.S. equity funds	\$ 8,083,901	\$ 9,522,093
Non U.S. equity funds	4,557,348	7,776,575
Global equity funds	3,534,118	-
Hedged equity funds	46,037	1,581,830
Real asset funds	1,191,222	2,961,277
Credit funds	2,067,134	
Fixed income funds	4,443,014	2,746,310
Cash and cash equivalents	20,917	2,451,657
Total	\$ 23,943,691	\$ 27,039,742

The following schedule summarizes the Foundation's investment return and related expenses on endowment funds and their classification in the statements of activities:

	2018	2017
Investment return		
Dividends and interest	\$ 500,558	\$ 710,159
Less: Investment management fees	16,325	25,211
Net	484,233	684,948
Less: investment yield used to support current operations	1,094,444	1,341,052
Endowment deficit	(610,211)	(656,104)
Net gains (losses) on investments	(2,435,481)	3,504,069
Investment return in excess (deficit) of amounts used to support current operations	\$ (3,045,692)	\$ 2,847,965

Investments, in general, are subject to various risks, including credit, interest rate and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the Foundation's investment balances and the amounts reported on the statements of financial position.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 – Investments (continued)

The Foundation's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the international equity, hedged equity markets and an equity portfolio which participates in a securities lending program. This strategy provides the Foundation with a long-term asset mix that is most likely to meet the Foundation's long-term return goals with the appropriate level of risk.

Alternative investments were entered into to diversify the Foundation's portfolio. The Foundation's management, the Investment Committee of the Board of Directors and the Foundation's external investment consultant review reports provided by the general partners and hedge fund managers on a regular basis and the Foundation's external investment consultant attends meetings of the various general partners and hedge fund managers in order to evaluate the risk associated with these investments. In addition, the Foundation monitors its portfolio mix to ensure that it is in accordance with the Board of Directors' policy.

NOTE 5 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2018	2017
Subject to expenditure for specified purpose:		
Children's programs	\$ 1,243,650	\$ 1,467,911
Teen programs	738,305	1,256,355
Technology access	498,710	531,152
Collections and cultural programs	230,485	425,052
Branch programs	293,366	271,808
Other library programs	478,115	605,069
Frazin innovation fund	142,863	-
General support	315,000	-
	<u>3,940,494</u>	<u>4,557,347</u>
Endowments		
Subject to appropriations and expenditure when a specified event occurs	1,420,411	4,202,753
Restricted in perpetuity	8,641,882	8,641,882
Total endowments	<u>10,062,293</u>	<u>12,844,635</u>
	<u>\$ 14,002,787</u>	<u>\$ 17,401,982</u>

NOTE 6 – Endowment Funds

The Foundation's endowment includes both donor-restricted endowment funds [30 funds] and funds designated by the Board of Directors to function as endowments [3 funds], for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 – Endowment Funds (continued)

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of December 31, 2018 and 2017, there were no such donor stipulations. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The Investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are expected to outperform a custom benchmark (the Allocation Index) consisting of the appropriate indices of each asset class and their proportional weighting in the portfolio.

The Allocation Index is constructed by selecting appropriate indices (e.g., S&P 500, Russell 2000, MSCI EAFE, etc.) and assigning beginning of the quarter weighting by asset class. The total return of the invested assets is expected to exceed the total return of the Allocation Index.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no underwater endowments as of December 31, 2018 and 2017.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 – Endowment Funds (continued)

The Foundation has an endowment distribution policy that determines a maximum spending rate of 4.5% applied to the average of the fair value of endowment investments for the four years ended December 31, 2018 and 2017, respectively. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, the long-term goal is to achieve a rate of growth sufficient to meet the Foundation’s spending needs, while maintaining the inflation-adjusted principal of the endowment funds. If actual earnings for any year are less than the current year spending rule, the deficiency is drawn from prior years’ amounts that have accumulated but not been spent. The amount of investment income included in operating revenues totaled \$1,094,444 and \$1,341,052 for 2018 and 2017, respectively.

As of December 31, 2018 and 2017, we had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
2018			
Board-designated endowment funds	\$ 952,400	\$ -	\$ 952,400
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	8,641,882	8,641,882
Accumulated investment gain	-	1,420,411	1,420,411
	\$ 952,400	\$ 10,062,293	\$ 11,014,693
2017			
Board-designated endowment funds	\$ 1,215,750	\$ -	\$ 1,215,750
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	8,641,882	8,641,882
Accumulated investment gain	-	4,202,753	4,202,753
	\$ 1,215,750	12,844,635	14,060,385

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 – Endowment Funds (continued)

Changes in endowment net assets for December 31, 2018 and 2017 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Year ended December 31, 2018</u>			
Endowment net assets, beginning of year	\$ 1,215,750	\$ 12,844,635	\$ 14,060,385
Investment return, net	119,638	(2,070,886)	(1,951,248)
Appropriation of endowment assets pursuant to spending-rate policy	-	(711,456)	(711,456)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	(382,988)	-	(382,988)
Endowment net assets, end of year	<u>\$ 952,400</u>	<u>\$ 10,062,293</u>	<u>\$ 11,014,693</u>
<u>Year ended December 31, 2017</u>			
Endowment net assets, beginning of year	\$ 969,497	\$ 10,242,923	\$ 11,212,420
Investment return, net	715,538	3,473,479	4,189,017
Appropriation of endowment assets pursuant to spending-rate policy	-	(871,767)	(871,767)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	(469,285)	-	(469,285)
Endowment net assets, end of year	<u>\$ 1,215,750</u>	<u>\$ 12,844,635</u>	<u>\$ 14,060,385</u>

NOTE 7 – Retirement Plan

The Foundation established a 403(b) defined contribution plan covering all employees working 30 hours or more each week, for which it makes discretionary contributions. Contributions to the plan for the years ended December 31, 2018 and 2017 were \$70,368 and \$85,781, respectively.

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 – Special Events

The Foundation holds one significant fund raising event – an annual dinner at which the Carl Sandburg Literary Award pays tribute to a writer whose work has helped enhance the public’s awareness of the written word and reflects the Foundation’s and the Chicago Public Library’s commitment to the freedom of all people to read, to learn and to discover. The following is a financial summary of that event:

	2018	2017
Contributions	\$ 2,197,035	\$ 2,003,755
Donated services	275,008	232,594
Less: Expenses, including costs of direct benefits to donors of \$147,900 (2018) and \$108,290 (2017)	(685,320)	(628,532)
Special event revenue, net of expenses	<u>\$ 1,786,723</u>	<u>\$ 1,607,817</u>

NOTE 9 – Operating Leases

Effective March 1, 2014, the Foundation signed a lease amendment to occupy office space. This lease expires June 30, 2020. Lease expense for the years ended December 31, 2018 and 2017 totaled \$35,444 and \$34,066, respectively. Future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2019	\$ 36,496
2020	18,337
	<u>\$ 54,833</u>

In April 2016, the Foundation leased a new copier for a term of five years that expires in March 2021. Lease expense for the years ended December 31, 2018 and 2017 totaled \$7,857 and \$6,036, respectively. Future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2019	\$ 6,456
2020	6,456
2021	1,614
	<u>\$ 14,526</u>

CHICAGO PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 10 – Liquidity and Funds Available

The Foundation has financial assets available within one year of the statement of financial position date for general expenditures as follows:

	2018	2017
Cash and cash equivalents	\$ 2,976,601	\$ 3,781,245
Accrued interest/dividends receivable	27,968	22,750
Pledges receivable	1,363,886	1,092,817
Investments available for general operations	12,928,998	12,979,357
Financial assets available to meet cash needs for general expenditures for one year	<u>\$ 17,297,453</u>	<u>\$ 17,876,169</u>

It is the Foundations practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Although the Foundation does not intend to spend from its board-designated investments other than amounts appropriated for general expenditures as part of its annual budget approval and appropriations process, amounts from its board-designated investments could be made available, if necessary.

NOTE 11 – Subsequent Events

The Foundation has evaluated subsequent events through June 18, 2019, which is the date the financial statements were approved and available to be issued, for events requiring recording or disclosure in the Foundation's financial statements.

CHICAGO PUBLIC LIBRARY FOUNDATION

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS - PURPOSE RESTRICTIONS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Contributions and Pledges Received	Special Event Revenue	Net Assets Released From Restrictions	Balance December 31, 2018
Children's Programs	\$ 1,467,911	\$ 1,325,068	\$ 75,000	\$ 1,624,329	\$ 1,243,650
Teen Programs	1,256,355	334,870	25,000	877,920	738,305
Technology Access	531,152	342,375	22,500	397,317	498,710
Collections and Cultural Programs	425,052	1,275	-	195,842	230,485
Branch Programs	271,808	70,797	-	49,239	293,366
Other Library Programs	605,069	16,250	-	143,204	478,115
Frazin Innovation Fund	-	50,363	92,500	-	142,863
General Support	-	190,000	125,000	-	315,000
Totals	<u>\$ 4,557,347</u>	<u>\$ 2,330,998</u>	<u>\$ 340,000</u>	<u>\$ 3,287,851</u>	<u>\$ 3,940,494</u>

CHICAGO PUBLIC LIBRARY FOUNDATION

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL IN NATURE AND
NET ASSETS WITHOUT DONOR RESTRICTIONS DESIGNATED BY THE BOARD
For the Year Ended December 31, 2018

	Principal Balance at January 1, 2018	Contributions Received (Expended)	Principal Balance at December 31, 2018	Cumulative Available for Long-Term Investment *	Endowment Balance at December 31, 2018
Net Assets with Donor Restrictions					
Perpetual in Nature (Endowment)					
AON Corporation Fund	\$ 30,000	\$ -	\$ 30,000	\$ 6,053	\$ 36,053
Arthur Andersen Fund I	37,500	-	37,500	7,589	45,089
Arthur Andersen Fund II	37,500	-	37,500	7,589	45,089
Blum-Kovler Foundation Fund	1,000,000	-	1,000,000	202,278	1,202,278
City of Chicago Humanities Fund	138,920	-	138,920	28,174	167,094
CPLF Gala 1998	208,000	-	208,000	38,932	246,932
CPLF Sandburg Awards Dinner 2000	202,000	-	202,000	7,613	209,613
Arie & Ida Crown Memorial Fund	250,000	-	250,000	50,440	300,440
Gaylord & Dorothy Donnelley Foundation	100,000	-	100,000	19,871	119,871
First National Bank of Chicago	80,000	-	80,000	16,190	96,190
Friends of the Chicago Public Library	219,397	-	219,397	32,453	251,850
James S. Kemper Foundation Fund	75,000	-	75,000	15,157	90,157
Chauncey & Marion Deering McCormick Foundation	100,000	-	100,000	19,953	119,953
MacArthur Foundation Fund	1,250,000	-	1,250,000	253,238	1,503,238
NEH Challenge Grant	599,173	-	599,173	121,594	720,767
John Nuveen Fund	30,000	-	30,000	6,078	36,078
Albert Pick, Jr. Fund	750,000	-	750,000	151,341	901,341
Polk Bros. Foundation Fund	60,000	-	60,000	12,158	72,158
Prince Charitable Trusts Fund	150,000	-	150,000	30,380	180,380
Pritzker Foundation Fund I	1,000,000	-	1,000,000	164,466	1,164,466
Pritzker Foundation Fund II	1,000,000	-	1,000,000	(24,847)	975,153
Sagan/Hill Fund	20,000	-	20,000	3,791	23,791
Salomon Foundation Fund	50,000	-	50,000	10,120	60,120
Sears Family Literature Fund	150,000	-	150,000	28,077	178,077
WH Smith Fund	50,000	-	50,000	10,153	60,153
Stone Container Corporation Fund	30,000	-	30,000	6,048	36,048
United Airlines Fund	100,000	-	100,000	20,219	120,219
Madeline Block Willner Fund	50,000	-	50,000	10,134	60,134
Oprah Winfrey Fund	100,000	-	100,000	20,228	120,228
Laura Weber Bequest	774,392	-	774,392	144,941	919,333
Total Net Assets Perpetual in Nature	<u>8,641,882</u>	<u>-</u>	<u>8,641,882</u>	<u>1,420,411</u>	<u>10,062,293</u>
Net Assets Without Donor Restrictions					
Designated by the Board					
Friends of the Lincoln Park Branch Library	130,000	-	130,000	(42,371)	87,629
Gould Foundation	976,571	-	976,571	(280,077)	696,494
Jesse Jones Children's Charitable Remainder Trust	223,907	-	223,907	(55,630)	168,277
Total Net Assets Designated by the Board	<u>1,330,478</u>	<u>-</u>	<u>1,330,478</u>	<u>(378,078)</u>	<u>952,400</u>
Total Endowment Funds	<u>\$ 9,972,360</u>	<u>\$ -</u>	<u>\$ 9,972,360</u>	<u>\$ 1,042,333</u>	<u>\$ 11,014,693</u>

*Board policy is to designate for investment the cumulative excess of actual investment income earned over the 4.5% spending rate in order to preserve the value of the endowment funds.

CHICAGO PUBLIC LIBRARY FOUNDATION

ALLOCATION OF 4.5% SPENDING POLICY AS
DESIGNATED BY THE BOARD
For the Year Ended December 31, 2018

	General	For Books and/or Programs	Total Expendable
Net Assets With Donor Restrictions (Endowment Restricted in Perpetuity)			
AON Corporation Fund	\$ -	\$ 3,582	\$ 3,582
Arthur Andersen Fund I	-	4,480	4,480
Arthur Andersen Fund II	-	4,480	4,480
Blum-Kovler Foundation Fund	-	119,461	119,461
City of Chicago Humanities Fund	-	16,603	16,603
CPLF Gala 1998	-	24,536	24,536
CPLF Sandburg Awards Dinner 2000	18,662	2,166	20,828
Arie & Ida Crown Memorial Fund	-	29,852	29,852
Gaylord & Dorothy Donnelley Foundation	-	11,911	11,911
First National Bank of Chicago	-	9,558	9,558
Friends of the Library	-	25,024	25,024
James S. Kemper Foundation Fund	-	8,958	8,958
Chauncey & Marion Deering McCormick Foundation Fund	-	11,919	11,919
MacArthur Foundation Fund	149,365	-	149,365
NEH Challenge Grant	-	71,617	71,617
John Nuveen Fund	-	3,585	3,585
Albert Pick, Jr. Fund	-	89,559	89,559
Polk Bros. Foundation Fund	-	7,170	7,170
Prince Charitable Trusts Fund	-	17,923	17,923
Pritzker Foundation Fund I	115,704	-	115,704
Pritzker Foundation Fund II	96,893	-	96,893
Sagan/Hill Fund	2,364	-	2,364
Salomon Foundation Fund	-	5,974	5,974
Sears Family Literature Fund	-	17,694	17,694
WH Smith Fund	-	5,977	5,977
Stone Container Corporation Fund	-	3,582	3,582
United Airlines Fund	-	11,945	11,945
Madeline Block Willner Fund	-	5,975	5,975
Oprah Winfrey Fund	-	11,946	11,946
Laura Weber Bequest	-	91,347	91,347
	<u>382,988</u>	<u>616,824</u>	<u>999,812</u>
Board Designated Net Assets Without Donor Restriction			
Friends of Lincoln Park Branch Library	-	8,707	8,707
Gould Foundation	-	69,205	69,205
Jesse O. Jones Children's Charitable Remainder Trust	-	16,720	16,720
	<u>-</u>	<u>94,632</u>	<u>94,632</u>
Total Endowment Income Expendable	<u>\$ 382,988</u>	<u>\$ 711,456</u>	<u>\$ 1,094,444</u>

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