
Chicago Public Library Foundation

**Financial Report
with Supplemental Information
December 31, 2023**

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Independent Auditor's Report

To the Board of Directors
Chicago Public Library Foundation

Opinion

We have audited the financial statements of the Chicago Public Library Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Chicago Public Library Foundation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Foundation'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 Foundation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

June 20, 2024

Statement of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 4,043,363	\$ 4,238,711
Pledges receivable	1,763,778	980,395
Interest/dividends receivable	103,462	144,960
Investments	32,907,362	28,119,175
Prepaid expenses	79,624	57,399
Property, equipment and collections	1	1
Right-of-use assets - Operating - Net	112,006	206,921
	<u>39,009,596</u>	<u>33,747,562</u>
Total assets	<u>\$ 39,009,596</u>	<u>\$ 33,747,562</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 443,897	\$ 230,140
Lease liabilities - Operating	\$ 115,223	\$ 209,935
	<u>559,120</u>	<u>440,075</u>
Total liabilities	<u>559,120</u>	<u>440,075</u>
Net Assets		
Without donor restrictions:		
Undesignated	17,856,562	15,662,771
Designated by the Board for endowment	1,186,897	1,058,870
Designated by the Board for other	2,650,000	2,650,000
	<u>21,693,459</u>	<u>19,371,641</u>
Total without donor restrictions	<u>21,693,459</u>	<u>19,371,641</u>
With donor restrictions:		
Perpetual in nature	8,841,882	8,641,882
Endowment earnings subject to appropriations	3,897,920	2,545,286
Purpose restrictions	4,017,215	2,748,678
	<u>16,757,017</u>	<u>13,935,846</u>
Total with donor restrictions	<u>16,757,017</u>	<u>13,935,846</u>
Total net assets	<u>38,450,476</u>	<u>33,307,487</u>
Total liabilities and net assets	<u>\$ 39,009,596</u>	<u>\$ 33,747,562</u>

Chicago Public Library Foundation

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023

(with comparative totals for the year ended December 31, 2022)

	Undesignated and Designated by the Board for endowment	Designated by the Board for other	Total Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating						
Support and revenue:						
Contributions	\$ 759,809	\$ -	\$ 759,809	\$ 4,374,352	\$ 5,134,161	\$ 2,104,045
Special event revenue, net of expenses	628,892	-	628,892	15,000	643,892	1,458,484
Appropriation of investment assets	1,350,678	-	1,350,678	-	1,350,678	1,303,704
Other income	21,412	-	21,412	-	21,412	3,724
Contributed nonfinancial assets	89,396	-	89,396	-	89,396	224,761
Transfer to board designated, other	-	-	-	-	-	-
Net assets released from restrictions	2,920,815	-	2,920,815	(2,920,815)	-	-
Total support and revenue	5,771,002	-	5,771,002	1,468,537	7,239,539	5,094,718
Expenses						
Program services	3,510,559	-	3,510,559	-	3,510,559	2,429,671
Supporting services						
Management and general	647,688	-	647,688	-	647,688	664,878
Fundraising	1,334,316	-	1,334,316	-	1,334,316	1,120,520
Total expenses	5,492,563	-	5,492,563	-	5,492,563	4,215,069
Change in Net Assets From Operating Activities	278,439	-	278,439	1,468,537	1,746,976	879,649
Nonoperating						
Net gains (losses) on investments	2,856,080	-	2,856,080	1,890,611	4,746,691	(5,239,993)
Appropriation of investment assets	(812,701)	-	(812,701)	(537,977)	(1,350,678)	(1,303,704)
Change in net assets from nonoperating activities	2,043,379	-	2,043,379	1,352,634	3,396,013	(6,543,697)
Change in net assets	2,321,818	-	2,321,818	2,821,171	5,142,989	(5,664,048)
Net Assets, Beginning	16,721,641	2,650,000	19,371,641	13,935,846	33,307,487	38,971,535
Net Assets, Ending	\$ 19,043,459	\$ 2,650,000	\$ 21,693,459	\$ 16,757,017	\$ 38,450,476	\$ 33,307,487

Chicago Public Library Foundation

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	Undesignated and Designated by the Board for endowment	Designated by the Board for other	Total Without Donor Restrictions	With Donor Restrictions	2022 Total
Operating					
Support and revenue:					
Contributions	\$ 731,683	\$ -	\$ 731,683	\$ 1,372,362	\$ 2,104,045
Special event revenue, net of expenses	803,484	-	803,484	655,000	1,458,484
Endowment income	1,303,704	-	1,303,704	-	1,303,704
Other income	3,724	-	3,724	-	3,724
Donated services and materials	224,761	-	224,761	-	224,761
Transfer to board designated, other	-	-	-	-	-
Net assets released from restrictions	1,777,416	-	1,777,416	(1,777,416)	-
Total support and revenue	4,844,772	-	4,844,772	249,946	5,094,718
Expenses					
Program services, Library	2,429,671	-	2,429,671	-	2,429,671
Supporting services					
Management and general	664,878	-	664,878	-	664,878
Fundraising	1,120,520	-	1,120,520	-	1,120,520
Total expenses	4,215,069	-	4,215,069	-	4,215,069
Change in Net Assets From Operating Activities					
	629,703	-	629,703	249,946	879,649
Nonoperating					
Net gains (losses) on investments	(3,057,165)	-	(3,057,165)	(2,182,828)	(5,239,993)
Appropriation of investment assets	(760,619)	-	(760,619)	(543,085)	(1,303,704)
Change in net assets from nonoperating activities	(3,817,784)	-	(3,817,784)	(2,725,913)	(6,543,697)
Change in net assets	(3,188,081)	-	(3,188,081)	(2,475,967)	(5,664,048)
Net Assets, Beginning	19,909,722	2,650,000	22,559,722	16,411,813	38,971,535
Net Assets, Ending	\$ 16,721,641	\$ 2,650,000	\$ 19,371,641	\$ 13,935,846	\$ 33,307,487

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services					Support Services				
	Closing the Academic Opportunity Gap	Activating Connection & Creativity for All	Bridging the Digital Divide	Branch Programs	Other Library Programs	Total	Management and General	Fundraising	Total	Total
Salaries, payroll taxes, and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454,748	\$ 828,509	\$ 1,283,257	\$ 1,283,257
Books, subscriptions, and publications	22,770	116,737	-	20,979	3,870	164,356	-	360	360	164,716
Computer hardware, software, supplies, and amortization	293	3,258	45,360	980	-	49,891	34,323	50,417	84,740	134,631
Conferences, meetings, and training	-	65	-	-	-	65	199	8,856	9,055	9,120
Donated services/materials	-	-	-	-	-	-	-	89,396	89,396	89,396
Dues, fees, and memberships	-	500	-	-	-	500	15,441	21,162	36,603	37,103
Honoraria	116,360	285,030	900	62,837	450	465,577	-	-	-	465,577
Insurance	-	-	-	-	-	-	6,031	5,159	11,190	11,190
Library program promotion	56,723	13,408	-	1,780	230,960	302,871	-	-	-	302,871
Marketing	-	-	-	-	-	-	-	136,424	136,424	136,424
Office supplies	-	-	-	-	-	-	3,428	6,260	9,688	9,688
Postage, shipping, and messengers	-	-	-	-	-	-	-	6,096	6,096	6,096
Printing and design	70,550	37,583	-	-	927	109,060	-	5,175	5,175	114,235
Audit and tax returns	-	-	-	-	-	-	40,686	-	40,686	40,686
Grant funded positions	384,047	31,036	491,692	-	-	906,775	-	-	-	906,775
Investment consultants	-	-	-	-	-	-	40,218	-	40,218	40,218
Legal services	-	-	-	-	-	-	3,607	-	3,607	3,607
Other professional services	235,567	226,330	21,748	1,100	75,300	560,045	2,642	36,702	39,344	599,389
Rent, telephone, and utilities	-	-	-	-	-	-	37,806	66,933	104,739	104,739
Program materials	387,077	320,587	3,650	105,257	6,669	823,240	-	-	-	823,240
Indirect costs	-	5,000	-	-	-	5,000	-	-	-	5,000
Transportation, travel, and business	6,886	71,663	878	7,715	36,037	123,179	8,559	72,867	81,426	204,605
Total functional expenses	\$ 1,280,273	\$ 1,111,197	\$ 564,228	\$ 200,648	\$ 354,213	\$ 3,510,559	\$ 647,688	\$ 1,334,316	\$ 1,982,004	\$ 5,492,563

Chicago Public Library Foundation

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services					Support Services				
	Closing the Academic Opportunity Gap	Activating Connection & Creativity for All	Bridging the Digital Divide	Branch Programs	Other Library Programs	Total	Management and General	Fundraising	Total	Total
Salaries, payroll taxes, and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,097	\$ 785,664	\$ 1,183,761	\$ 1,183,761
Books, subscriptions, and publications	40,330	127,209	-	3,731	-	171,270	-	352	352	171,622
Computer hardware, software, supplies, and amortization	2,661	6,754	44,809	553	-	54,777	21,537	40,418	61,955	116,732
Conferences, meetings, and training	1,077	214	-	-	-	1,291	1,842	4,847	6,689	7,980
Donated services/materials	167,879	2,878	-	-	-	170,757	-	54,004	54,004	224,761
Dues, fees, and memberships	-	-	-	-	-	-	17,684	15,717	33,401	33,401
Honoraria	75,961	233,054	-	26,109	450	335,574	-	-	-	335,574
Insurance	-	-	-	-	-	-	7,891	3,185	11,076	11,076
Library program promotion	29,728	12,799	-	-	13,000	55,527	-	-	-	55,527
Marketing	-	-	-	-	-	-	-	103,834	103,834	103,834
Office supplies	-	-	-	-	-	-	6,883	4,193	11,076	11,076
Postage, shipping, and messengers	-	-	-	-	-	-	-	8,380	8,380	8,380
Printing and design	88,823	24,250	7,847	-	-	120,920	-	7,327	7,327	128,247
Audit and tax returns	-	-	-	-	-	-	59,168	-	59,168	59,168
Grant funded positions	308,960	33,064	144,386	-	90,568	576,978	-	-	-	576,978
Investment consultants	-	-	-	-	-	-	31,320	-	31,320	31,320
Legal services	-	-	-	-	-	-	1,006	-	1,006	1,006
Other professional services	48,166	90,514	10,065	1,530	52,875	203,150	77,284	2,355	79,639	282,789
Rent, telephone, and utilities	-	-	-	-	-	-	37,179	65,525	102,704	102,704
Program materials	372,552	260,940	2,845	69,803	962	707,102	-	-	-	707,102
Transportation, travel, and business	4,323	23,957	-	3,021	1,024	32,325	4,987	24,719	29,706	62,031
Total functional expenses	\$ 1,140,460	\$ 815,633	\$ 209,952	\$ 104,747	\$ 158,879	\$ 2,429,671	\$ 664,878	\$ 1,120,520	\$ 1,785,398	\$ 4,215,069

Chicago Public Library Foundation

Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 5,142,989	\$ (5,664,048)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Realized and unrealized (gain) loss on investments	(4,127,951)	5,916,529
Noncash operating lease expense	203	3,014
Pledge receivable write-off	20,000	-
Contributions restricted for long-term investment	(200,000)	-
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	-	25,558
Pledges receivable	(803,383)	(536,325)
Interest/dividends receivable	41,498	(40,235)
Prepaid expenses	(22,225)	(19,509)
Accounts payable	213,757	39,902
Net cash and cash equivalents provided by (used in) operating activities	264,888	(275,114)
Cash Flows from Investing Activities		
Purchase of investments	(5,263,524)	(4,098,962)
Sale of investments	4,603,288	3,462,339
Net cash and cash equivalents used in investing activities	(660,236)	(636,623)
Cash Flows Provided by Financing Activities - Collections and contributions restricted for investment in endowment	200,000	-
Net Decrease in Cash and Cash Equivalents	(195,348)	(911,737)
Cash and Cash Equivalents - Beginning of year	4,238,711	5,150,448
Cash and Cash Equivalents - End of year	<u>\$ 4,043,363</u>	<u>\$ 4,238,711</u>

December 31, 2023 and 2022

Note 1 - Nature of Business

The Chicago Public Library Foundation (the "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 (the "Library" or CPL) truly world class. Established in the spirit of a true public/private partnership with the City of Chicago, Illinois, the Foundation is an independent nonprofit 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, learn, and discover at the Chicago Public Library.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers its checking, unrestricted money market, and petty cash to be cash and cash equivalents. Cash balances are maintained at a financial institution and at times may exceed federally insured limits.

Pledges Receivable

Pledges of cash and other assets, including unconditional promises to give in the future, are reported as revenue when granted or received, measured at fair value. Pledges receivable at December 31, 2023 and 2022 are expected to be collected within three years. The Foundation has not recorded a provision for doubtful accounts since it is the opinion of management that those receivables are collectible in full. In addition, conditional promises to give are not included as revenue until conditions are substantially met. There were no conditional promises to give at December 31, 2023 or 2022.

Investments

Investments are reported at their fair values in the statement of financial position. Donated investments are recorded at their fair value as of the date of contribution. Interest and dividend income and unrealized and realized gains and losses are included in the accompanying statement of activities and changes in net assets. The investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term that could materially affect the amounts reported in the financial statements.

Property, Equipment, and Collections

The Foundation records property and equipment at cost and depreciates the cost using the straight-line method. 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. The artwork acquired prior to December 31, 1991 carries a value of \$1. Since 2003, the artwork has been displayed, on permanent loan, in the Joan W. and Irving B. Harris Theater for Music and Dance.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Note 2 - Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board primarily for programs at the libraries, such as programs at the Lincoln Park branch library, support for the Teacher in the Library, and other children's programs. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Contributions

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the period in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements. Net assets with donor restrictions at December 31, 2023 and 2022 are restricted for time and various program purposes.

Contributed Nonfinancial Assets

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. See Note 8 for additional information. 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.

Special Events Revenue

The Foundation records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Grants to the Library

The Foundation recognizes unconditional promises to make grants to the Library as expenses in the period in which the promise is 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.

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Costs have been allocated between the various program and support services based on the basis of actual expense. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Occupancy cost and salaries and wages were allocated on estimates of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 20, 2024, which is the date the financial statements were available to be issued.

Note 3 - Pledges Receivable

Promises to give at December 31, 2023 and 2022 are as follows:

	2023	2022
Receivables due in less than one year	\$ 1,763,778	\$ 650,395
Receivables due in one to three years	-	330,000
Total	\$ 1,763,778	\$ 980,395

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

December 31, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2023 and 2022 and the valuation techniques used by the Foundation to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Assets				
Mutual funds:				
U.S. equity funds	\$ 12,653,252	\$ -	\$ -	\$ 12,653,252
Non-U.S. equity funds	8,842,297	-	-	8,842,297
Global equity	2,275,325	-	-	2,275,325
Real assets	1,485,861	-	-	1,485,861
Credit	1,462,182	-	-	1,462,182
Fixed-income funds	5,982,372	-	-	5,982,372
Total assets	\$ 32,701,289	\$ -	\$ -	\$ 32,701,289
Assets Measured at Fair Value on a Recurring Basis at December 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
Assets				
Mutual funds:				
U.S. equity funds	\$ 10,167,219	\$ -	\$ -	\$ 10,167,219
Non-U.S. equity funds	5,243,242	-	-	5,243,242
Global equity	4,031,133	-	-	4,031,133
Real assets	1,439,275	-	-	1,439,275
Credit	1,360,444	-	-	1,360,444
Fixed-income funds	5,722,504	-	-	5,722,504
Total assets	\$ 27,963,817	\$ -	\$ -	\$ 27,963,817

Not included in the above table is \$206,073 and \$155,358 of an insured deposit account as of December 31, 2023 and 2022, respectively. The Foundation considers the insured deposit account to be comparable to cash, which can be used to buy or sell investments in marketable equity securities or fixed-income securities.

Note 5 - Net Assets

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2023	2022
Subject to expenditures for a specified purpose:		
Closing the Academic Opportunity Gap	\$ 610,438	\$ 876,313
Activating Connection & Creativity for All	2,305,703	167,318
Bridging the Digital Divide	126,028	337,257
Branch programs	422,674	480,418
Other library programs	388,759	688,759
Franzin Innovation Fund	143,613	143,613
General support	20,000	55,000
Total subject to expenditures for a specified purpose	4,017,215	2,748,678
Endowments:		
Subject to appropriations and expenditure when a specified event occurs	3,897,920	2,545,286
Restricted in perpetuity	8,841,882	8,641,882
Total endowments	12,739,802	11,187,168
Total	\$ 16,757,017	\$ 13,935,846

Note 6 - Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. 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.

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 6 - Donor-restricted and Board-designated Endowments (Continued)

Information regarding the endowment net assets as of December 31, 2023 and 2022 and changes in endowment net assets for the years then ended is as follows:

Endowment Net Asset Composition by Type of Fund as of December 31, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,186,897	\$ -	\$ 1,186,897
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	8,841,882	8,841,882
Accumulated investment gains	-	3,897,920	3,897,920
Total	\$ 1,186,897	\$ 12,739,802	\$ 13,926,699
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 1,058,870	\$ 11,187,168	\$ 12,246,038
Investment return - Net	178,947	1,890,610	2,069,557
Contributions	-	200,000	200,000
Appropriation of endowment assets for expenditure	-	(537,976)	(537,976)
Other changes - Distribution from board-designated endowment pursuant to distribution policy	(50,920)	-	(50,920)
Endowment net assets - End of year	\$ 1,186,897	\$ 12,739,802	\$ 13,926,699
Endowment Net Asset Composition by Type of Fund as of December 31, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,058,870	\$ -	\$ 1,058,870
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	8,641,882	8,641,882
Accumulated investment gains	-	2,545,286	2,545,286
Total	\$ 1,058,870	\$ 11,187,168	\$ 12,246,038
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 1,316,879	\$ 13,913,081	\$ 15,229,960
Investment return - Net	(206,606)	(2,182,828)	(2,389,434)
Appropriation of endowment assets for expenditure	-	(543,085)	(543,085)
Other changes - Distribution from board-designated endowment pursuant to distribution policy	(51,403)	-	(51,403)
Endowment net assets - End of year	\$ 1,058,870	\$ 11,187,168	\$ 12,246,038

December 31, 2023 and 2022

Note 6 - Donor-restricted and Board-designated Endowments (Continued)***Return Objectives and Risk Parameters***

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, 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. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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 investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has an endowment distribution policy that determines a maximum spending rate of 4.5 percent applied to a rolling four-year average of the fair value of endowment investments. In establishing this policy, the Foundation considered the long-term expected rate of 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.

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 SPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no underwater endowments as of December 31, 2023 and 2022.

Note 7 - Special Events

The Foundation holds one significant fundraising 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, learn, and discover. The following is a financial summary of that event:

	2023	2022
Contributions	\$ 1,139,631	\$ 1,930,190
Contributed nonfinancial assets	240,841	208,692
Less expenses, including costs of direct benefits to donors of \$120,000 (2023) and \$90,000 (2022)	<u>(736,580)</u>	<u>(680,398)</u>
Special event revenue - Net of expenses	<u>\$ 643,892</u>	<u>\$ 1,458,484</u>

Contributed nonfinancial assets consist of contributed goods and services by unrelated parties for the special event. The value of goods and services provided to the Foundation is determined based on the current rate for similar services.

December 31, 2023 and 2022

Note 8 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized by the Foundation within the statement of activities and changes in net assets consisted of the following for the years ended December 31:

	2023	2022
Goods	\$ 89,396	\$ 81,638
Services	-	143,123
Total in-kind donations	<u>\$ 89,396</u>	<u>\$ 224,761</u>

Contributed goods are recorded at their estimated fair value at the date of donation based on the stated prices used for the sale of these products in a nondonation transaction. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. These donated goods are recorded as contributed income and as an in-kind expense included in program expenses and fundraising expenses.

Contributed services are recorded if they create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. Contributed services consist of services for programs. The value of services provided to the Foundation is determined based on the estimated fair value based on current rate for similar services. These donated services are recorded as contributed income and as an in-kind expense included in program expenses.

Note 9 - Leases

The Foundation is obligated under an operating lease primarily for its office space, expiring on February 28, 2025. The lease agreement does not contain renewal language. The right-of-use asset and related lease liability have been calculated using a discount rate of 1.04 percent.

Future minimum annual commitments under this operating lease are as follows:

Years Ending December 31	Amount
2024	\$ 99,339
2025	16,638
Total	115,977
Less amount representing interest	<u>754</u>
Present value of net minimum lease payments	<u>\$ 115,223</u>

Expenses recognized under these leases consist of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost	\$ 97,364	\$ 96,263
Other information:		
Operating cash flows from operating leases	\$ 96,446	\$ 93,637
Weighted-average remaining lease term - Operating leases	14 months	26 months
Weighted-average discount rate - Operating leases	1.0 %	1.0 %

December 31, 2023 and 2022

Note 10 - Retirement Plans

The Foundation established a 403(b) defined contribution plan covering all employees working 30 hours or more a week to which it makes discretionary contributions. Contributions to the plan for the years ended December 31, 2023 and 2022 were \$104,016 and \$88,635, respectively.

Note 11 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position:

	2023	2022
Cash and cash equivalents	\$ 4,043,363	\$ 4,238,711
Accounts and interest/dividends receivable	103,462	144,960
Pledges receivable	1,763,778	980,395
Investments	32,907,362	28,119,175
	<u>38,817,965</u>	<u>33,483,241</u>
Financial assets - At year end		
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	4,017,215	2,748,678
Subject to appropriation and satisfaction of donor restrictions (lless next year spending allocation)	3,300,234	1,957,059
Endowment funds	8,841,882	8,641,882
Board designations	3,836,897	3,708,870
	<u>18,821,737</u>	<u>16,426,752</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,821,737</u>	<u>\$ 16,426,752</u>

It is the Foundation's practice to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For 2023 and 2022, board-designated funds totaled approximately \$4,000,000. 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 12 - Related Party Transactions

Contributions from board members were approximately \$1,051,000 and \$2,218,000 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the Foundation had pledges receivable from board members of approximately \$431,000 and \$771,000, respectively.

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
Chicago Public Library Foundation

We have audited the financial statements of Chicago Public Library Foundation as of and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated June 20, 2024, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of changes in net assets with donor restrictions, purpose restrictions; changes in net assets with donor restrictions, perpetual in nature and net assets without donor restrictions designated by board; and allocation of 4.5% spending policy as designated by the board are presented for the purpose of additional analysis and are 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 audits 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

June 20, 2024

Chicago Public Library Foundation

Changes in Net Assets with Donor Restrictions, Purpose Restrictions

Year Ended December 31, 2023

	Balance January 1, 2023	Contributions and Pledges Received	Special Event Revenue	Contribution Write-off	Net Assets Released From Restrictions	Balance December 31, 2023
Closing the Academic Opportunity Gap	\$ 876,313	\$ 1,009,399	\$ -	\$ 20,000	\$ 1,255,274	\$ 610,438
Activating Connection & Creativity for All	167,318	2,638,550	-	-	500,165	2,305,703
Bridging the Digital Divide	337,257	330,000	-	-	541,229	126,028
Branch Programs	480,418	165,903	-	-	223,647	422,674
Other Library Programs	688,759	30,500	-	-	330,500	388,759
Frazin Innovation Fund	143,613	-	-	-	-	143,613
General Support	55,000	-	15,000	-	50,000	20,000
Totals	<u>\$ 2,748,678</u>	<u>\$ 4,174,352</u>	<u>\$ 15,000</u>	<u>\$ 20,000</u>	<u>\$ 2,900,815</u>	<u>\$ 4,017,215</u>

Chicago Public Library Foundation

Changes in Net Assets with Donor Restrictions, Perpetual in Nature and Net Assets without Donor Restrictions Designated by Board

Year Ended December 31, 2023

	Principal Balance at January 1, 2023	Contributions Received (Expended)	Principal Balance at December 31, 2023	Cumulative Available for Long-Term Investment *	Endowment Balance at December 31, 2023
Net Assets With Donor Restrictions					
Perpetual in Nature (Endowment)					
AON Corporation Fund	\$ 30,000	\$ -	\$ 30,000	\$ 13,532	\$ 43,532
Arthur Andersen Fund I	37,500	-	37,500	16,915	54,415
Arthur Andersen Fund II	37,500	-	37,500	16,915	54,415
Blum-Kovler Foundation Fund	1,000,000	-	1,000,000	451,050	1,451,050
City of Chicago Humanities Fund	138,920	-	138,920	62,660	201,580
CPLF Gala 1998	208,000	-	208,000	93,818	301,818
CPLF Sandburg Awards Dinner 2000	202,000	-	202,000	91,112	293,112
Arie & Ida Crown Memorial Fund	250,000	-	250,000	112,762	362,762
Gaylord & Dorothy Donnelley Foundation	100,000	-	100,000	45,105	145,105
First National Bank of Chicago	80,000	-	80,000	36,084	116,084
Friends of the Chicago Public Library	219,397	-	219,397	98,959	318,356
Francia E. Harrington Fund	-	200,000	200,000	-	200,000
James S. Kemper Foundation Fund	75,000	-	75,000	33,829	108,829
Chauncey & Marion Deering McCormick Foundation	100,000	-	100,000	45,105	145,105
MacArthur Foundation Fund	1,250,000	-	1,250,000	563,813	1,813,813
NEH Challenge Grant	599,173	-	599,173	270,257	869,430
John Nuveen Fund	30,000	-	30,000	13,532	43,532
Albert Pick, Jr. Fund	750,000	-	750,000	338,288	1,088,288
Polk Bros. Foundation Fund	60,000	-	60,000	27,063	87,063
Prince Charitable Trusts Fund	150,000	-	150,000	67,657	217,657
Pritzker Foundation Fund I	1,000,000	-	1,000,000	451,050	1,451,050
Pritzker Foundation Fund II	1,000,000	-	1,000,000	451,050	1,451,050
Sagan/Hill Fund	20,000	-	20,000	9,021	29,021
Salomon Foundation Fund	50,000	-	50,000	22,552	72,552
Sears Family Literature Fund	150,000	-	150,000	67,657	217,657
WH Smith Fund	50,000	-	50,000	22,552	72,552
Stone Container Corporation Fund	30,000	-	30,000	13,532	43,532
United Airlines Fund	100,000	-	100,000	45,105	145,105
Madeline Block Willner Fund	50,000	-	50,000	22,552	72,552
Oprah Winfrey Fund	100,000	-	100,000	45,105	145,105
Laura Weber Bequest	774,392	-	774,392	349,288	1,123,680
Total net assets perpetual in nature	8,641,882	200,000	8,841,882	3,897,920	12,739,802
Net Assets Without Donor Restrictions					
Designated by the Board					
Friends of the Lincoln Park Branch Library	130,000	-	130,000	(14,030)	115,970
Gould Foundation	976,571	-	976,571	(105,388)	871,183
Jesse Jones Children's Charitable Remainder Trust	223,907	-	223,907	(24,163)	199,744
Total net assets designated by the Board	1,330,478	-	1,330,478	(143,581)	1,186,897
Total endowment funds	\$ 9,972,360	\$ 200,000	\$ 10,172,360	\$ 3,754,339	\$ 13,926,699

* 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

Year Ended December 31, 2023

	<u>General</u>	<u>For Books and/or Programs</u>	<u>Total Expendable</u>
Net Assets With Donor Restrictions			
(Endowment Restricted in Perpetuity)			
AON Corporation Fund	\$ -	\$ 1,868	\$ 1,868
Arthur Andersen Fund I	-	2,334	2,334
Arthur Andersen Fund II	-	2,334	2,334
Blum-Kovler Foundation Fund	-	62,252	62,252
City of Chicago Humanities Fund	-	8,648	8,648
CPLF Gala 1998	-	12,948	12,948
CPLF Sandburg Awards Dinner 2000	11,192	1,383	12,575
Arie & Ida Crown Memorial Fund	-	15,563	15,563
Gaylord & Dorothy Donnelley Foundation	-	6,225	6,225
First National Bank of Chicago	-	4,980	4,980
Friends of the Library	-	13,658	13,658
Francia Harrington Fund	-	-	-
James S. Kemper Foundation Fund	-	4,669	4,669
Chauncey & Marion Deering McCormick Foundation Fund	-	6,225	6,225
MacArthur Foundation Fund	77,815	-	77,815
NEH Challenge Grant	-	37,300	37,300
John Nuveen Fund	-	1,868	1,868
Albert Pick, Jr. Fund	-	46,689	46,689
Polk Bros. Foundation Fund	-	3,735	3,735
Prince Charitable Trusts Fund	-	9,338	9,338
Pritzker Foundation Fund I	62,253	-	62,253
Pritzker Foundation Fund II	62,252	-	62,252
Sagan/Hill Fund	1,245	-	1,245
Salomon Foundation Fund	-	3,113	3,113
Sears Family Literature Fund	-	9,338	9,338
WH Smith Fund	-	3,113	3,113
Stone Container Corporation Fund	-	1,868	1,868
United Airlines Fund	-	6,225	6,225
Madeline Block Willner Fund	-	3,113	3,113
Oprah Winfrey Fund	-	6,225	6,225
Laura Weber Bequest	-	48,208	48,208
	<u>214,757</u>	<u>323,220</u>	<u>537,977</u>
Board-Designated Net Assets Without Donor Restriction			
Friends of Lincoln Park Branch Library	-	4,975	4,975
Gould Foundation	-	37,375	37,375
Jesse O. Jones Children's Charitable Remainder Trust	-	8,569	8,569
	<u>-</u>	<u>50,919</u>	<u>50,919</u>
Total endowment income expendable	<u>\$ 214,757</u>	<u>\$ 374,139</u>	<u>\$ 588,896</u>
Undesignated Net Assets Expendable			<u>\$ 761,782</u>
Total Allocation of Net Assets Expendable			<u>\$ 1,350,678</u>