

**Evanston Community Foundation, Inc.
and Subsidiary**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2021 and 2020

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1-3
Consolidated Financial Statements:	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-26
Supplementary Information	
Consolidating Statements of Financial Position Information	27-28
Consolidating Statements of Activities and Changes in Net Assets Information	29-30



1901 S. Meyers Road, Suite 500 / Oakbrook Terrace, IL 60181

P 630.282.9500 / F 630.282.9495

forvis.com

Independent Auditor's Report

Board of Directors
Evanston Community Foundation, Inc.
and Subsidiary
Evanston, Illinois

Opinion

We have audited the consolidated financial statements of Evanston Community Foundation, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flow for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Evanston Community Foundation, Inc. and Subsidiary as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Evanston Community Foundation, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Evanston Community Foundation, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Evanston Community Foundation, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed on the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional

Board of Directors
Evanston Community Foundation, Inc.
and Subsidiary
Page 3

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 consolidated financial statements as a whole.

FORVIS,LLP

Oakbrook Terrace, Illinois
September 14, 2022

Evanston Community Foundation, Inc. and Subsidiary
Consolidated Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,232,131	\$ 2,689,059
Accounts receivable		
Pledges receivable	156,809	33,750
Investment income receivable	9,886	4,575
Other receivables	77,733	63,363
Investments, at fair value	36,856,969	30,875,583
Prepaid expenses and other assets	17,025	140,760
Leasehold improvements, furniture and equipment, net	<u>9,505</u>	<u>24,020</u>
 Total assets	 <u>\$ 38,360,058</u>	 <u>\$ 33,831,110</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 90,100	\$ 88,460
Deferred revenue	15,450	16,889
Grants payable	199,725	44,765
Charitable gift annuities payable	4,125	5,563
Funds held as organization endowments	<u>7,914,221</u>	<u>6,827,066</u>
 Total liabilities	 <u>8,223,621</u>	 <u>6,982,743</u>
 NET ASSETS		
Without donor restrictions	15,492,037	13,292,974
With donor restrictions	<u>14,644,400</u>	<u>13,555,393</u>
 Total net assets	 <u>30,136,437</u>	 <u>26,848,367</u>
 Total liabilities and net assets	 <u>\$ 38,360,058</u>	 <u>\$ 33,831,110</u>

Evanston Community Foundation, Inc. and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Support revenue						
Board-designated endowment and field of interest contributions	\$ 75,004	\$ 8,520	\$ 83,524	\$ 261,772	\$ 56,855	\$ 318,627
Operating contributions	1,154,215	156,809	1,311,024	843,589	21,500	865,089
Other fund contributions	1,098,993	1,464,261	2,563,254	1,518,268	5,671,131	7,189,399
SBA Paycheck Protection Program - loan forgiveness	-	-	-	184,400	-	184,400
	<u>2,328,212</u>	<u>1,629,590</u>	<u>3,957,802</u>	<u>2,808,029</u>	<u>5,749,486</u>	<u>8,557,515</u>
Program revenue						
Tuition and fees plus event revenue - net	(32,581)	-	(32,581)	(4,072)	-	(4,072)
Investment income						
Interest and dividends	484,795	292,362	777,157	377,504	251,789	629,293
Realized gains on investments, net	515,987	315,440	831,427	98,040	64,272	162,312
Unrealized gains on investments, net	2,162,423	1,078,407	3,240,830	1,779,609	1,028,938	2,808,547
Funds held as organization endowments	(972,981)	-	(972,981)	(721,117)	-	(721,117)
	<u>2,190,224</u>	<u>1,686,209</u>	<u>3,876,433</u>	<u>1,534,036</u>	<u>1,344,999</u>	<u>2,879,035</u>
Net assets released from restrictions	2,226,792	(2,226,792)	-	5,429,959	(5,429,959)	-
	<u>6,712,647</u>	<u>1,089,007</u>	<u>7,801,654</u>	<u>9,767,952</u>	<u>1,664,526</u>	<u>11,432,478</u>
EXPENSES						
Program services	3,956,239	-	3,956,239	7,033,496	-	7,033,496
Supporting services						
Management and general	396,023	-	396,023	343,126	-	343,126
Fund raising	161,322	-	161,322	177,725	-	177,725
	<u>557,345</u>	<u>-</u>	<u>557,345</u>	<u>520,851</u>	<u>-</u>	<u>520,851</u>
Total expenses	4,513,584	-	4,513,584	7,554,347	-	7,554,347
Transfer to funds held as agency endowments	-	-	-	-	(67,749)	(67,749)
CHANGE IN NET ASSETS						
Net assets, beginning of year	2,199,063	1,089,007	3,288,070	2,213,605	1,596,777	3,810,382
	<u>13,292,974</u>	<u>13,555,393</u>	<u>26,848,367</u>	<u>11,079,369</u>	<u>11,958,616</u>	<u>23,037,985</u>
NET ASSETS, END OF YEAR	<u>\$ 15,492,037</u>	<u>\$ 14,644,400</u>	<u>\$ 30,136,437</u>	<u>\$ 13,292,974</u>	<u>\$ 13,555,393</u>	<u>\$ 26,848,367</u>

Evanston Community Foundation, Inc. and Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2021

	Supporting Services				Total
	Program Services	Management and General	Fund Raising	Total	
Personnel					
Salaries	\$ 603,841	\$ 194,501	\$ 82,973	\$ 277,474	\$ 881,315
Payroll taxes and benefits	92,589	33,944	11,470	45,414	138,003
Staff and board expenses	<u>31,521</u>	<u>34,343</u>	<u>6,922</u>	<u>41,265</u>	<u>72,786</u>
Total personnel	727,951	262,788	101,365	364,153	1,092,104
Annual report and publications	23,921	-	5,980	5,980	29,901
Program and community engagement expense	21,035	-	-	-	21,035
Communications	23,870	1,740	29,018	30,758	54,628
Dues and subscriptions	6,683	2,176	2,150	4,326	11,009
Occupancy expenses	76,450	25,589	8,873	34,462	110,912
Office expenses and supplies	13,786	14,914	5,066	19,980	33,766
Postage and printing	4,252	2,003	3,277	5,280	9,532
Professional fees	77,578	83,464	4,432	87,896	165,474
Depreciation and amortization	<u>10,005</u>	<u>3,349</u>	<u>1,161</u>	<u>4,510</u>	<u>14,515</u>
Total operating expenses	<u>985,531</u>	<u>396,023</u>	<u>161,322</u>	<u>557,345</u>	<u>1,542,876</u>
Donor advised grants	568,551	-	-	-	568,551
Foundation grants awarded	1,621,487	-	-	-	1,621,487
Fiscal sponsorship grants and expenses	<u>780,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,670</u>
Total grants and fiscal sponsorship expenses	<u>2,970,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,970,708</u>
Total functional expenses	<u>\$ 3,956,239</u>	<u>\$ 396,023</u>	<u>\$ 161,322</u>	<u>\$ 557,345</u>	<u>\$ 4,513,584</u>

Evanston Community Foundation, Inc. and Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2020

	Supporting Services				Total
	Program Services	Management and General	Fund Raising	Total	
Personnel					
Salaries	\$ 649,994	\$ 178,670	\$ 84,545	\$ 263,215	\$ 913,209
Payroll taxes and benefits	89,462	30,229	12,519	42,748	132,210
Staff and board expenses	4,737	3,779	884	4,663	9,400
Total personnel	744,193	212,678	97,948	310,626	1,054,819
Annual report and newsletters	22,801	-	5,700	5,700	28,501
Program and community engagement expense	20,620	-	-	-	20,620
Communications	27,770	2,398	32,042	34,440	62,210
Dues and subscriptions	7,422	2,466	2,670	5,136	12,558
Occupancy expenses	58,967	22,514	7,862	30,376	89,343
Office expenses and supplies	16,888	29,674	14,053	43,727	60,615
Postage	1,953	1,954	9,171	11,125	13,078
Printing	2,527	4,236	33	4,269	6,796
Professional fees	75,890	63,919	7,098	71,017	146,907
Depreciation and amortization	8,607	3,287	1,148	4,435	13,042
Total operating expenses	987,638	343,126	177,725	520,851	1,508,489
Donor advised grants	390,986	-	-	-	390,986
Foundation grants awarded	4,809,614	-	-	-	4,809,614
Fiscal sponsorship grants and expenses	845,258	-	-	-	845,258
Total grants and fiscal sponsorship expenses	6,045,858	-	-	-	6,045,858
Total functional expenses	\$ 7,033,496	\$ 343,126	\$ 177,725	\$ 520,851	\$ 7,554,347

Evanston Community Foundation, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,288,070	\$ 3,810,382
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net investment gains	(4,072,257)	(2,970,859)
Depreciation and amortization	14,515	13,042
Stock gifts donated to investment account	(1,061,717)	(560,414)
Forgiveness of SBA Paycheck Protection Program loan	-	(184,400)
(Increase) decrease in:		
Pledges receivable	(123,059)	2,184
Investment income receivable	(5,311)	3,196
Other receivables	(14,370)	(7,647)
Prepaid expenses and other assets	123,735	(129,131)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,640	20,905
Deferred revenue	(1,439)	(421)
Grants payable	154,960	(138,535)
Agency funds	(1,438)	640,508
Charitable gift annuities payable	1,087,155	(1,437)
Proceeds from SBA Paycheck Protection Program loan	-	184,400
	<u>(609,516)</u>	<u>681,773</u>
Net cash (used in) provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of leasehold improvements, furniture and equipment	-	(13,436)
Proceeds from investments	5,234,867	5,338,549
Purchase of investments	<u>(6,082,279)</u>	<u>(6,407,559)</u>
	<u>(847,412)</u>	<u>(1,082,446)</u>
Net cash used in investing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,456,928)	(400,673)
Cash and cash equivalents		
Beginning of year	<u>2,689,059</u>	<u>3,089,732</u>
End of year	<u>\$ 1,232,131</u>	<u>\$ 2,689,059</u>

NOTE 1 – ORGANIZATION ACTIVITIES

Evanston Community Foundation, Inc. (“ECF”) was established in 1986 to address our community’s long term challenges and unforeseeable future needs. Our founders saw the opportunity to realize Evanston’s potential to thrive as a vibrant, equitable and inclusive community. Together with our donors, partners and volunteers, we are committed to a better future for Evanston. We listen to the community, respond to the needs of our nonprofit partners, and engage our donors in our work. ECF is an Illinois nonprofit corporation and a federally tax-exempt organization under Section 501c3 of the Internal Revenue Code.

ECF builds endowments for the future, while providing resources for the present. We are a catalyst for growth and change, taking on community issues by collaborating and connecting with partners throughout Evanston and beyond. ECF supports donors in achieving their philanthropic goals, providing expertise, local knowledge and a range of giving options for both the short- and long-term. ECF strengthens Evanston’s nonprofit organizations through innovative grantmaking and ongoing engagement with grantees, adapting our grant offerings and assessing their effectiveness. Our Leadership Evanston programs build leadership capacity for Evanston and expand civic engagement. Through the intersection of these activities, ECF fosters collaborative community leadership and encourages local charitable giving.

Taken together, the Foundation’s programs increase the capacity and impact of our community’s nonprofits and further the commitments articulated in ECF’s strategic plan. We view our work through the lens of “Ubuntu”, which means “I am because you are.” Through this lens and our strategic plan, we will:

- Elevate underrepresented voices in Evanston
- Build a just, resilient, and healthy community in Evanston
- Strengthen the nonprofit sector
- Strengthen ECF for the future

In mid-March 2020, the Foundation radically expanded its fundraising and restructured its grantmaking and programs to respond to the COVID-19 pandemic. With \$100,000 in seed money from endowment and with the support of several lead donors, ECF launched the Evanston Community Rapid Response Fund to foster a unified philanthropic response to the impact of COVID-19 on the Evanston community. Grants from the fund focused on three overlapping phases of response: relief, recovery, and rebuilding. Through deep listening and partnership, new grant opportunities were launched to address immediate basic needs, support collective and enduring initiatives, and provide operating support for nonprofits. In 2020, more than \$4 million was raised and directed back to our community for COVID-19 relief.

Our experience in 2020 with the Evanston Community Rapid Response Fund taught us new ways to think about investing in our community. In 2021, we wound down the Rapid Response Fund grantmaking, and created new grant programs focused on equitable innovation, nonprofit growth and sustainability, cohort learning, and collective and enduring initiatives. In 2021, we distributed \$1.62 million in grants, including \$1.26 million in community-centered and cohort learning grants. As Evanston moves forward toward a more resilient and equitable community, ECF will continue to strategically align its grants and programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Evanston Community Foundation, Inc. and its controlled subsidiary Evanston Cradle to Career, LLC (collectively referred to as the “Foundation”). All material inter-organizational accounts and transactions have been eliminated in consolidation. The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

FUND ACCOUNTING

For internal purposes and in order to comply with restrictions donors place on contributions or designations made by the Board, the principles of fund accounting are used. The Foundation has established separate funds for significant contributions intended for specific use, either as directed by the donor or as determined by the Foundation’s Board of Directors (“the Board”). At the inception of a fund, the Foundation and the donor execute an agreement defining the spending policy and providing for the allocation of investment returns and accounting and investment expenses. In addition, fund agreements provide for the Foundation to assess an annual fee for fund support services.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NET ASSET CLASSIFICATIONS

Net assets are classified according to the Foundation’s governing documents and, depending on the specific terms of fund agreements with the donor, may be recorded as net assets with donor restrictions or without donor restrictions.

Net assets without donor restrictions are those assets that are not subject to donor-imposed stipulations plus those resources for which temporary, donor-imposed stipulations have been satisfied. Net assets without donor restrictions may also be designated for specific purposes by action of the Board.

Donor Advised Funds are established by the Board with contributions received from individual donors and are governed by agreements that allow the donors to recommend distributions to eligible 501(c)(3) charitable organizations. Although donors retain the right to request distributions to specified organizations or organizations to be named in the future, the Board is not obligated to comply with the donor distribution request and therefore these funds are almost always considered without donor restrictions. Donor Advised Funds may also be restricted as to purpose.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions are subject to donor or grantor-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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in financial institutions and money market funds, and includes \$181,095 and \$1,361,293 held in a custodial investment account at December 31, 2021 and 2020, respectively.

RECEIVABLES

Receivables consist of pledges, contributions and accrued investment income, and are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. Unconditional promises to give or pledges expected to be collected within one year are recorded at net realizable value at the date of receipt. To the extent there are any unconditional promises to give expected to be collected in future years, those are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates determined to be applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met. Management considers receivables to be collectible at December 31, 2021 and 2020. Accordingly, no allowance for doubtful accounts is required. The preponderance of pledges receivable at December 31, 2021 and 2020, were due within one year.

INVESTMENTS AND SPENDING POLICY

The Foundation has an Investment and Spending Policy to preserve, in perpetuity, the purchasing power of its assets while providing a growing stream of income to fund grants and programs, and to support its operations (see Note 6). Investments are stated at fair market value primarily based on quoted market prices. Investment income is recorded on the accrual basis; purchases and sales of investments are reflected on a trade-date basis. Unrealized gains or losses are based on the change in market value of the assets from the beginning to the end of the fiscal year. Realized gains or losses are based on the change in market value of the assets from the date acquired to the date of sale. Investment revenues are reported net of related investment expenses in the consolidated statements of activities and changes in net assets.

The Foundation's articles of incorporation and fund agreements provide for distributions from the endowed funds of the Foundation in accordance with the Investment and Spending Policy. The policy provides for spending a maximum of 6% and a minimum of 3.5% of the three-year moving average of the fund market value. The Board determines the percentage to be used for the spending objective as part of the budget process. The policy also provides for the Foundation to spend funds which do not affect the Board-designated endowment funds, such as contributions for current grantmaking, programs or administrative expenses; income from fees and tuition; grants from donor advised funds; distributions from organization funds, and charitable gift annuity payments; as well as other amounts determined by the Board to be allocated to the budget.

LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

Leasehold improvements, furniture and equipment are recorded at cost and depreciated or amortized on a straight-line basis over the estimated useful lives of the assets, except for leasehold improvements which are amortized over the shorter of the term of the lease or estimated useful life. Major renewals and betterments of

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

\$3,500 or more which extend the useful life of an asset are capitalized, while routine maintenance and repairs are expensed as incurred. The estimated useful lives of the various classes of assets are as follows:

Computers, software and website - 3 years
Leasehold improvements - 5 years
Office equipment - 3-5 years
Furniture - 7 years

CONTRIBUTIONS

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

RECOGNITION OF SUPPORT AND REVENUE

Contributions from individuals, corporate donors, donor advised funds, other nonprofits and private foundations are recognized as support revenue. All contributions and private grants are classified as without donor restrictions unless specifically restricted by the donor or by laws and regulations.

Contributions primarily consist of cash and securities received from donors. Securities and other assets received as contributions are recorded at fair market value at the date of gift.

Tuition, fees and events are recognized during the period they are earned and are reflected net of scholarships of \$5,378 in 2021 and \$11,108 in 2020.

CONTRIBUTED GOODS AND SERVICES

The Foundation occasionally receives donated goods and services for its events, meetings and programs. In 2021 and 2020, the Foundation received and recorded in-kind donations with a value of \$14,350 and \$3,600, respectively. In addition, numerous unpaid volunteers and members of the Foundation's Board of Directors make significant contributions of their time to the Foundation and its programs. The value of these services is not reflected in these consolidated financial statements since they do not meet the criteria for recognition.

GRANT EXPENSE

Grants made are recorded in the year that the funds are authorized by the Board of Directors. Funds authorized but not disbursed are reported in the consolidated statements of financial position as grants payable.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Expenses are charged directly to programs, management and general, or fundraising categories based upon specific identification where possible. The majority of other costs, including salaries, benefits, payroll taxes, occupancy and office expenses have been allocated to the programs and supporting services on the basis of time and effort estimates.

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 3 – TAX STATUS

The Foundation is an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the state law. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Foundation recognizes the consolidated financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Foundation has no on-going federal or state income tax audits.

NOTE 4 – FISCAL SPONSORSHIP

On July 1, 2017, the Foundation became the fiscal sponsor for Evanston Cradle to Career (“EC2C”). Evanston Township High School, the former fiscal sponsor for EC2C, transferred the net assets of \$351,405 of EC2C to the Foundation in July 2017 to capitalize Evanston Cradle to Career, LLC. Additionally, all of the employees of EC2C, as well as EC2C’s contracts and agreements, were transferred to the Foundation. There was no consideration transferred for this transaction. This change in control is an effort to fulfill EC2C’s mission under a governance structure that is effective for the collective member organizations.

NOTE 5 – CONCENTRATIONS AND UNCERTAINTIES

In 2021 and 2020, five donors provided approximately 40% and 50%, respectively, of total support revenues.

The Foundation maintains cash in bank deposit and money market accounts which, at times, may exceed insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2021, the Foundation had funds in excess of insured limits of approximately \$550,000.

The invested assets of the Foundation are held in a custodial account of a major financial institution that maintains private insurance in an amount exceeding the Foundation’s assets to cover any potential fiduciary loss. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Foundation and the amounts reported in the consolidated statements of financial position and activities and changes in net assets. The Foundation has a diversified investment portfolio designed to fulfill investment objectives and minimize market risk.

In March 2020, the World Health Organization formally declared the outbreak of a novel strain of coronavirus (COVID-19) to constitute a global pandemic. The pandemic continues to impact organizations and in some cases could result in future financial market volatility, unanticipated declines in interest rates on deposits, declines in contributions, and constraints on liquidity and difficulties obtaining financing. The consolidated financial statements have been prepared using values and information currently available to the Foundation. The overall consolidated financial impact and duration of the COVID-19 pandemic cannot be reasonably estimated at this time.

NOTE 6 – INVESTMENTS

The Foundation’s objective is to achieve over time an annual total return that exceeds budgeted spending plus an amount equal to the increase in the Consumer Price Index during the preceding year. The current spending policy is to distribute an amount equal to 5% of a moving three-year average of the Foundation’s endowed fund balances. The Foundation’s Board of Directors approves the spending policy each year, within the range of 3.5% to 6%.

NOTE 6 – INVESTMENTS (Continued)

The investment policy has guidelines regarding both percentage allocations to asset classes as well as to holdings within asset classes. The Foundation’s Board has adopted the following asset allocation strategy to achieve its investment objective. The 2021 and 2020 portfolios were within policy guidelines.

	Overall Asset Allocation	Intra Asset-Class Allocation		
		Domestic Markets	Foreign Including Emerging Markets	Other Categories
Equities	45-65%	min. 30%	max. 20%	
Fixed income	15-35%	min. 15%	max. 10%	
Other*	0-20%			max. of 10% in any of 4 subcategories*

*Other may include investments in real estate, commodity indexes, hedge funds or private equity; up to 50% of the other segment may be allocated to illiquid alternative investments.

NOTE 7 – FAIR VALUE MEASUREMENTS AND DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1:* Quoted prices in active markets for identical assets or liabilities
- Level 2:* Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3:* Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 7 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

RECURRING MEASUREMENTS

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

	<u>Fair Value Measurements Using</u>				<u>Investments Measured at NAV (A)</u>
	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
December 31, 2021					
Equity mutual funds					
Domestic	\$ 19,099,445	\$ 19,099,445	\$ -	\$ -	\$ -
International	5,726,771	5,726,771	-	-	-
Fixed income mutual funds					
Domestic	5,171,026	5,171,026	-	-	-
U.S. Treasury obligations	3,175,335	3,175,335	-	-	-
Other	<u>3,684,392</u>	<u>3,184,987</u>	<u>-</u>	<u>-</u>	<u>499,405</u>
Total	<u>\$ 36,856,969</u>	<u>\$ 36,357,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,405</u>
December 31, 2020					
Equity mutual funds					
Domestic	\$ 15,746,426	\$ 15,746,426	\$ -	\$ -	\$ -
International	5,400,981	5,400,981	-	-	-
Fixed income mutual funds					
Domestic	4,945,486	4,945,486	-	-	-
International	513,026	513,026	-	-	-
U.S. Treasury obligations	1,518,423	1,518,423	-	-	-
Other	<u>2,751,241</u>	<u>2,356,002</u>	<u>-</u>	<u>-</u>	<u>395,239</u>
Total	<u>\$ 30,875,583</u>	<u>\$ 30,480,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,239</u>

(A) Certain investments measured at fair value using the net asset value per share (or its equivalent) practical expedient, have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2021 and 2020.

NOTE 7 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

INVESTMENTS

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities if any are classified in Level 2 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 fair value measurement at the reporting date.

ALTERNATIVE INVESTMENTS

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	Fair Value Estimated Using NAV (or its Equivalent)			
	Fair Value	Unfunded Commitment*	Redemption Frequency	Redemption Period Notice
December 31, 2021				
Investment in real estate limited partnership	\$ 499,405	\$ 565,776	(A)	(A)
December 31, 2020				
Investment in real estate limited partnership	\$ 395,239	\$ 272,025	(A)	(A)

* Investment period for this initial fund ran through September 22, 2021. The investment term runs through March 22, 2026, subject to two one-year extensions. The investment period for a second fund runs through November 4, 2024. Its investment term runs through May 4, 2029, and subject to two one-year extensions.

- (A) This class comprises two real estate funds that invest primarily in U.S. commercial, hospitality, industrial and residential real estate. The fair values of the investment in this class have been estimated using the net asset value per share of the investment. This investment can never be redeemed. Distributions from the fund will be made as the underlying investments of the fund are liquidated.

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 8 – LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

Leasehold improvements, furniture and equipment consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Computers, software and website	\$ 196,404	\$ 196,404
Leasehold improvements	53,445	53,445
Office equipment	9,666	9,666
Furniture	<u>3,403</u>	<u>3,403</u>
	262,918	262,918
Less: accumulated depreciation and amortization	<u>253,413</u>	<u>238,898</u>
	<u>\$ 9,505</u>	<u>\$ 24,020</u>

Depreciation and amortization expense was \$14,515 in 2021 and \$13,042 in 2020.

NOTE 9 – FUNDS HELD AS ORGANIZATION ENDOWMENTS

Funds held as organization endowments represent assets of other nonprofit organizations that have been conveyed to the Foundation to establish funds for the benefit of the organizations. The assets become a part of the Foundation's investment portfolio, and receive an allocation of investment returns, as well as of investment and accounting expenses. These funds are also assessed an administrative fee.

The Foundation currently holds 37 funds from 21 organizations. The fair value of these funds was \$7,914,221 at December 31, 2021, and \$6,827,066 at December 31, 2020. The Foundation may receive contributions to these funds, and the organizations receive periodic distributions from the funds. Total contributions received were \$226,418 in 2021 and \$29,166 in 2020. Total distributions were \$112,152 in 2021 and \$177,583 in 2020.

In accordance with generally accepted accounting principles, these assets are reported in the consolidated statements of financial position as a liability entitled *Funds held as organization endowments*. Accordingly, such assets received by the Foundation are not included in the consolidated statements of activities and changes in net assets as contributions to the Foundation.

NOTE 10 – ENDOWMENT FUNDS

The composition of Endowment Funds by type of fund as of December 31, 2021 and 2020, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2020			
Board-designated endowments	\$ 8,141,846	\$ -	\$ 8,141,846
Board-directed field of interest endowment funds	-	10,676,160	10,676,160
Donor-designated endowment funds	<u>-</u>	<u>1,170,444</u>	<u>1,170,444</u>
	<u>\$ 8,141,846</u>	<u>\$ 11,846,604</u>	<u>\$ 19,988,450</u>

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 10 – ENDOWMENT FUNDS (Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2021			
Board-designated endowments	\$ 9,076,019	\$ -	\$ 9,076,019
Board-directed field of interest endowment funds	-	11,801,590	11,801,590
Donor-designated endowment funds	<u>-</u>	<u>1,296,541</u>	<u>1,296,541</u>
	<u>\$ 9,076,019</u>	<u>\$ 13,098,131</u>	<u>\$ 22,174,150</u>

Changes in Endowment Net Assets for the years ended December 31, 2021 and 2020, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2019	\$ 7,311,312	\$ 11,038,652	\$ 18,349,964
Contributions	279,277	124,130	403,407
Interest and dividends	157,390	239,728	397,118
Net realized gains	40,767	62,095	102,862
Net unrealized losses	730,898	1,062,073	1,792,971
Amounts released for expenditure	<u>(377,798)</u>	<u>(680,074)</u>	<u>(1,057,872)</u>
December 31, 2020	8,141,846	11,846,604	19,988,450
Contributions	75,254	66,763	142,017
Interest and dividends	183,743	304,368	488,111
Net realized gains	195,565	328,393	523,958
Net unrealized gains	819,585	1,122,691	1,942,276
Amounts released for expenditure	<u>(339,974)</u>	<u>(570,688)</u>	<u>(910,662)</u>
December 31, 2021	<u>\$ 9,076,019</u>	<u>\$ 13,098,131</u>	<u>\$ 22,174,150</u>

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 11 – NET ASSETS

Accounting policies related to Net Assets are presented in Note 2. Information regarding the two categories of net assets is as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at December 31, 2021 and 2020, consist of:

	<u>2021</u>	<u>2020</u>
Endowed Funds		
Board-designated endowed Fund for Evanston	\$ 5,473,711	\$ 4,941,780
Board-designated Endowed Foundation and Leadership Funds	<u>3,602,308</u>	<u>3,200,066</u>
Total Endowed Funds	<u>9,076,019</u>	<u>8,141,846</u>
Unendowed Funds		
General Operating Fund	393,134	170,155
Donor Advised Funds	<u>6,022,884</u>	<u>4,980,973</u>
Total Unendowed Funds	<u>6,416,018</u>	<u>5,151,128</u>
	<u>\$ 15,492,037</u>	<u>\$ 13,292,974</u>

The Board-designated endowed Fund for Evanston, the Foundation Fund, as well as the Leadership Fund, have been designated by the Board to grow in perpetuity while generating annual spending allowances to support Foundation operations, grantmaking and programs. The General Operating Fund, also known as the Annual Fund, was established in 2000 to fund the Foundation's day-to-day operations.

In 2021, the Board approved, as requested, spending from Donor Advised Funds in the amount of \$639,806, with \$568,551 paid to other charitable organizations, and a total of \$71,255 transferred to other funds of the Foundation. In 2020, the Board approved, as requested, spending from Donor Advised Funds in the amount of \$547,836, with \$390,986 paid to other charitable organizations, and a total of \$156,850 transferred to other funds of the Foundation.

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 11 – NET ASSETS (Continued)

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020, are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Donor advised funds		
Friends of the Arts Fund	\$ 34,168	\$ 29,990
Jon Kimmel Memorial Fund	48,994	44,312
Avi Kurganoff Memorial Fund	73,148	64,315
David Mulder Mental Health Fund	379,631	318,609
Hazel E. Smart Memorial Fund	31,285	28,329
Samuel Isaac Wiener Memorial Fund	72,580	61,119
	<u>639,806</u>	<u>546,674</u>
Other restricted funds for specified purpose:		
Acorn Spendable	500	500
Building the Future	10	753
Charitable Gift Annuities	51,062	46,035
Citizens' Greener Evanston Fund for Evanston Trees	25,631	30,377
Climate Action Fund	11,023	10,918
Evanston Community Rapid Response Fund	-	442,168
Evanston Cradle to Career	484,915	453,818
Evanston Gun Buyback Fund	195	4,783
Evanston Children's Savings Fund	16,339	16,339
Evanston Reparations Community Fund	140,048	21,675
Foster Center Our Place Project Fund	6,074	6,093
PTA Equity Project Fund	13,859	97,315
	<u>749,656</u>	<u>1,130,774</u>
	<u>1,389,462</u>	<u>1,677,448</u>
Subject to passage of time:		
Gifts and promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>156,807</u>	<u>31,341</u>
Endowments		
Subject to endowment spending policy and distribution for specified purpose:		
Restricted by donors for		
Beatty Family Scholarship Fund	121,892	110,100
William K. Beatty Medical History Scholarship Fund	103,364	92,173
Virginia L. and William Beatty Volunteer Service Award Fund	82,969	74,567
Chicago Urban Youth Scholarship Fund	503,358	461,798
Evanston Men Promise Award Fund	22,557	12,635
Foster Reading Center Fund	151,759	140,082
Fund for Curt's Café	28,459	24,894

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 11 – NET ASSETS (Continued)

	<u>2021</u>	<u>2020</u>
Grandmother Park Fund	\$ 27,962	\$ 23,945
Susan Willis Heiberger Memorial Garden Fund	34,163	31,027
Bruce E. Mitchell Short Story Fund	36,690	33,413
Chuck Remen Memorial Fund	36,863	33,591
Norman W. Thomas Jr. Scholarship Fund	36,397	32,549
Rose and Andy Thomas Jr. Scholarship Fund	68,652	62,324
YWCA Evanston/North Shore Education Fund	41,456	37,346
	<u>1,296,541</u>	<u>1,170,444</u>

Subject to NFP endowment spending policy and distribution for specified purpose:

Acorn Fund	55,593	48,870
Anderson Fund	29,192	29,192
Shawn Patrick Afryl #56 Shoe Fund	33,837	29,696
All Our Sons Fund	296,742	269,869
Arts in Community Fund	283,130	256,387
Balkcom Family Fund for Literacy and Affordable Housing	62,874	55,549
Communityworks Fund	8,777,458	7,935,059
Cultural Diversity Fund	39,506	35,930
EDN Fund for Early Childhood	329,762	298,867
Leonard Fisher Fund for Nursing Education	101,538	88,349
Fund for Women and Girls	439,760	399,914
Green Communities Fund	58,621	53,312
Leadership Fund	694,186	633,376
Lydia Martin Memorial Fund for Children and the Arts	70,970	64,517
Lorraine Hairston Morton Fund for Youth	46,571	42,344
Sara Schastok Fund for Communityworks	175,440	159,649
Sweers Fund for Children and the Arts	130,452	117,655
YEA! Harvey Pranian Legacy Fund for the Arts	64,728	56,461
Faith Vilas Fund for Youth	111,230	101,164
	<u>11,801,590</u>	<u>10,676,160</u>
Total endowments	<u>13,098,131</u>	<u>11,846,604</u>
Total net assets with donor restrictions	<u>\$ 14,644,400</u>	<u>\$ 13,555,393</u>

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 11 – NET ASSETS (Continued)

NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended December 31, 2021 and 2020, as follows:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ 31,250	\$ 11,253
Satisfaction of purpose restrictions		
Donor advised funds		
Jon Kimmel Memorial Fund	1,650	3,000
Avi Kurganoff Memorial Fund	1,307	2,150
Mickey's Children's Fund	-	7
David Mulder Mental Health Fund	33	15,000
Hazel E. Smart Memorial Fund	1,100	1,000
Samuel Isaac Wiener Memorial Fund	83	-
Other restricted funds for specified purpose		
Building the Future	743	(1,665)
Charitable Gift Annuities, Other	2,000	2,000
Children's Savings Accounts Fund	-	845
Fund for Evanston Trees	6,301	-
Evanston Community Rapid Response Fund	500,879	3,619,585
Evanston Cradle to Career	769,230	853,497
Evanston Gun Buyback Fund	4,728	3,725
Evanston Reparations Community Fund	-	265
Other, including anonymous fund for leadership development	3,277	-
PTA Equity Project Fund	483,574	518,910
	<u>1,774,905</u>	<u>5,018,319</u>
Restricted purpose spending policy distributions		
Beatty Family Scholarship Fund	3,000	3,000
William K. Beatty Medical History Scholarship Fund	1,500	2,000
Virginia L. and William Beatty Volunteer Service Award Fund	2,000	2,000
Chicago Urban Youth Scholarship Fund	12,711	11,570
Evanston Men Promise Award Fund	1,000	1,000
Foster Reading Center Fund	8,642	910
Fund for Curt's Café	2	-
Grandmother Park Fund	1,207	779
Susan Willis Heiberger Memorial Garden Fund	1,135	1,045
Bruce E. Mitchell Short Story Fund	1,200	1,700
Chuck Remen Memorial Fund	2,206	-
Norman W. Thomas Jr. Scholarship Fund	1,000	1,000
Rose and Andy Thomas Jr. Scholarship Fund	2,252	1,500
YWCA Evanston/North Shore Education Fund	1,000	1,000
	<u>38,855</u>	<u>27,504</u>

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 11 – NET ASSETS (Continued)

	<u>2021</u>	<u>2020</u>
Board directed, restricted purpose spending policy distributions		
Shawn Patrick Afryl #56 Shoe Fund	\$ 971	\$ 760
All Our Sons Fund	9,816	9,065
Arts in Community Fund	8,732	8,635
Balkcom Family Fund for Literacy and Affordable Housing	2,037	1,825
Communityworks Fund	240,103	291,646
Cultural Diversity Fund	1,309	1,205
EDN Fund for Early Childhood	10,939	9,780
Fund for Women and Girls	14,631	11,465
Green Communities Fund	1,939	1,791
Leadership Fund	74,116	21,476
Lydia Martin Memorial Fund for Children and the Arts	2,352	2,160
Lorraine Hairston Morton Fund for Youth	1,530	1,375
Sara Schastok Fund for Communityworks	5,897	5,410
Sweers Fund for Children and the Arts	3,723	2,900
Faith Vilas Fund for Youth	3,687	3,390
	<u>381,782</u>	<u>372,883</u>
 Total releases	 <u>\$ 2,226,792</u>	 <u>\$ 5,429,959</u>

TRANSFER TO FUNDS HELD AS ORGANIZATION ENDOWMENTS

During fiscal year 2020, there was \$67,749 transferred from donor designated funds (Rayna and Marvin Miller Fund for Open Communities) to funds held as organization endowments.

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 12 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year as of December 31, 2021 and 2020, comprise the following:

	<u>Financial Assets</u>	<u>Financial Liquidity</u>
December 31, 2021		
Cash and cash equivalents	\$ 1,232,131	\$ 1,232,131
Receivables		
Pledges receivable	156,809	156,809
Investment income receivable	9,886	9,886
Other receivables	77,733	77,733
Investments, at fair value	<u>36,856,969</u>	<u>21,713,164</u>
	<u>\$ 38,333,528</u>	<u>\$ 23,189,723</u>
December 31, 2020		
Cash and cash equivalents	\$ 2,689,059	\$ 2,689,059
Receivables		
Pledges receivable	33,750	24,000
Investment income receivable	4,575	4,575
Other receivables	63,363	63,363
Investments, at fair value	<u>30,875,583</u>	<u>16,924,951</u>
	<u>\$ 33,666,330</u>	<u>\$ 19,705,948</u>

The Foundation regularly monitors liquidity to support spending for operations, grants and other mission related activities, as well as to meet the distribution requirements of net assets with donor restrictions. Significant unrestricted donor contributions for current spending are received annually and are available to meet cash needs for general expenditures. For the years ended December 31, 2021 and 2020, operating contributions of \$1,154,215 and \$843,589, respectively, were added to financial assets available to meet cash needs for general expenditures within one year.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as unrestricted endowments. Annual spending from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

The Board-designated, unrestricted endowment of \$9,076,019 and \$8,141,846 as of December 31, 2021 and 2020, respectively, is subject to an annual spending rate, currently 5% percent of the three-year average fund balances, as described in Note 2 – Investment and Spending Policy. Although the Foundation does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval process), these amounts could be made available if necessary.

The Foundation manages its liquidity by operating within a prudent range of financial soundness and stability. The Foundation maintains adequate cash and short-term investments to fund near-term operating needs and a prudent level of illiquid investment in its portfolio to provide reasonable assurance that longer-term obligations will be discharged.

Evanston Community Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 13 – LEASE

In November 2013, the Foundation signed a new sixty-month lease agreement commencing July 1, 2014, for office space at One Rotary Center in Evanston, Illinois. The lease provided an allowance of \$45,500 for leasehold improvements and specified minimum rental payments of \$5,879 per month plus annual escalation, subject to additional rent for increases in taxes and operating expenses.

A first amendment to the Foundation’s current lease for office space at One Rotary Center was signed in November 2018. The amendment extends the current lease agreement through June 30, 2024, and contains an ‘early out’ provision that becomes effective after June 30, 2022, subject to certain conditions. A second lease amendment and forbearance agreement was signed in October 2020. The amendment deferred base rent payments for the months of October and November 2020 and extended the lease term for an additional two months to August 31, 2024.

Rent expense was \$119,262 in 2021 and \$98,449 in 2020.

Future minimum base rental payments are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ 97,241
2023	100,328
2024	<u>67,914</u>
	<u>\$ 265,483</u>

NOTE 14 – RETIREMENT AND PENSION PLAN

The Foundation has a noncontributory 403(b) plan in place for eligible employees. Employees are eligible to participate on the first of the month following employment. Effective January 1, 2009, the plan was amended to conform to new regulatory requirements. The Foundation elected to make voluntary contributions to the plan of \$12,600 and \$10,600 in 2021 and in 2020, respectively.

NOTE 15 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 16, 2020, the Foundation received a PPP loan established by the CARES Act in the amount of \$184,400. The Foundation has elected to account for the funding as a conditional contribution by applying Accounting Standards Codification (ASC) Topic 958-605, *Revenue Recognition*.

Under ASC Topic 958-605, revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. The Foundation has used all of the proceeds to make eligible payments. The PPP loan was forgiven by the bank on December 29, 2020. Conditions have been met and therefore the \$184,400 has been recognized as contribution revenue in the year ended December 31, 2020. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required.

NOTE 16 – FUTURE CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Leases

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, the long-awaited standard on lease accounting. Under the new standard, lessees will now be required to recognize substantially all leases on the statement of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statement of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard is effective for annual periods beginning after December 15, 2021, and interim periods within annual reporting periods that begin after December 15, 2022. The Foundation expects to first apply the ASU during its fiscal year ending December 31, 2022. The impact of applying the ASU has not yet been determined.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 14, 2022, which is the date the consolidated financial statements were available to be issued.

Evanston Community Foundation, Inc. and Subsidiary
Consolidating Statements of Financial Position Information
December 31, 2021

	<u>Evanston Community Foundation</u>	<u>Evanston Cradle to Career, LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 726,485	\$ 505,646	\$ -	\$ 1,232,131
Accounts receivable				
Pledges receivable	156,809	-	-	156,809
Investment income receivable	9,886	-	-	9,886
Other receivables	25,631	65,314	(13,212)	77,733
Investments, at fair value	36,856,969	-	-	36,856,969
Prepaid expenses and other assets	16,025	1,000	-	17,025
Leasehold improvements, furniture and equipment, net	9,505	-	-	9,505
Investment in Evanston Cradle to Career, LLC	<u>351,405</u>	<u>-</u>	<u>(351,405)</u>	<u>-</u>
Total assets	<u>\$ 38,152,715</u>	<u>\$ 571,960</u>	<u>\$ (364,617)</u>	<u>\$ 38,360,058</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued liabilities	66,267	37,045	\$ (13,212)	\$ 90,100
Deferred revenue	15,450	-	-	15,450
Grants payable	149,725	50,000	-	199,725
Charitable gift annuities payable	4,125	-	-	4,125
Funds held as organization endowments	<u>7,914,221</u>	<u>-</u>	<u>-</u>	<u>7,914,221</u>
Total liabilities	<u>8,149,788</u>	<u>87,045</u>	<u>(13,212)</u>	<u>8,223,621</u>
NET ASSETS				
Without donor restrictions	15,492,037	-	-	15,492,037
With donor restrictions	<u>14,510,890</u>	<u>484,915</u>	<u>(351,405)</u>	<u>14,644,400</u>
Total net assets	<u>30,002,927</u>	<u>484,915</u>	<u>(351,405)</u>	<u>30,136,437</u>
Total liabilities and net assets	<u>\$ 38,152,715</u>	<u>\$ 571,960</u>	<u>\$ (364,617)</u>	<u>\$ 38,360,058</u>

Evanston Community Foundation, Inc. and Subsidiary
Consolidating Statements of Financial Position Information
December 31, 2020

	<u>Evanston Community Foundation</u>	<u>Evanston Cradle to Career, LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,260,041	\$ 429,018	\$ -	\$ 2,689,059
Accounts receivable				
Pledges receivable	33,750	-	-	33,750
Investment income receivable	4,575	-	-	4,575
Other receivables	39,463	70,400	(46,500)	63,363
Investments, at fair value	30,875,583	-	-	30,875,583
Prepaid expenses and other assets	139,317	1,443	-	140,760
Leasehold improvements, furniture and equipment, net	24,020	-	-	24,020
Investment in Evanston Cradle to Career, LLC	<u>351,405</u>	<u>-</u>	<u>(351,405)</u>	<u>-</u>
Total assets	<u>\$ 33,728,154</u>	<u>\$ 500,861</u>	<u>\$ (397,905)</u>	<u>\$ 33,831,110</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 24,417	\$ 110,543	\$ (46,500)	\$ 88,460
Deferred revenue	16,889	-	-	16,889
Grants payable	44,765	-	-	44,765
Charitable gift annuities payable	5,563	-	-	5,563
Funds held as organization endowments	<u>6,827,066</u>	<u>-</u>	<u>-</u>	<u>6,827,066</u>
Total liabilities	<u>6,918,700</u>	<u>110,543</u>	<u>(46,500)</u>	<u>6,982,743</u>
NET ASSETS				
Without donor restrictions	13,292,974	-	-	13,292,974
With donor restrictions	<u>13,516,480</u>	<u>390,318</u>	<u>(351,405)</u>	<u>13,555,393</u>
Total net assets	<u>26,809,454</u>	<u>390,318</u>	<u>(351,405)</u>	<u>26,848,367</u>
Total liabilities and net assets	<u>\$ 33,728,154</u>	<u>\$ 500,861</u>	<u>\$ (397,905)</u>	<u>\$ 33,831,110</u>

Evanston Community Foundation, Inc. and Subsidiary
Consolidating Statements of Activities and Changes
in Net Assets Information
Year Ended December 31, 2021

	<u>Evanston Community Foundation</u>	<u>Evanston Cradle to Career, LLC</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES				
Support revenue				
Board-designated endowment and field of interest contributions	\$ 83,524	\$ -	\$ -	\$ 83,524
Operating contributions	1,311,024	-	-	1,311,024
Other fund contributions	1,680,414	882,840	-	2,563,254
	<u>3,074,962</u>	<u>882,840</u>	<u>-</u>	<u>3,957,802</u>
Program revenue				
Tuition and fees plus event revenue - net	<u>(32,581)</u>	<u>-</u>	<u>-</u>	<u>(32,581)</u>
Investment income				
Interest and dividends	776,931	226	-	777,157
Realized gains on investments, net	831,427	-	-	831,427
Unrealized gains on investments, net	3,240,830	-	-	3,240,830
Funds held as organization endowments	<u>(972,981)</u>	<u>-</u>	<u>-</u>	<u>(972,981)</u>
	<u>3,876,207</u>	<u>226</u>	<u>-</u>	<u>3,876,433</u>
Total revenues	<u>6,918,588</u>	<u>883,066</u>	<u>-</u>	<u>7,801,654</u>
EXPENSES				
Program services	<u>3,167,770</u>	<u>788,469</u>	<u>-</u>	<u>3,956,239</u>
Supporting services				
Management and general	396,023	-	-	396,023
Fund raising	<u>161,322</u>	<u>-</u>	<u>-</u>	<u>161,322</u>
	<u>557,345</u>	<u>-</u>	<u>-</u>	<u>557,345</u>
Total expenses	<u>3,725,115</u>	<u>788,469</u>	<u>-</u>	<u>4,513,584</u>
CHANGE IN NET ASSETS	3,193,473	94,597	-	3,288,070
Net assets, beginning of year	<u>26,809,454</u>	<u>390,318</u>	<u>(351,405)</u>	<u>26,848,367</u>
NET ASSETS, END OF YEAR	<u>\$ 30,002,927</u>	<u>\$ 484,915</u>	<u>\$ (351,405)</u>	<u>\$ 30,136,437</u>

Evanston Community Foundation, Inc. and Subsidiary
Consolidating Statements of Activities and Changes
in Net Assets Information
Year Ended December 31, 2020

	<u>Evanston Community Foundation</u>	<u>Evanston Cradle to Career, LLC</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES				
Support revenue				
Board-designated endowment and field of interest contributions	\$ 318,627	\$ -	\$ -	\$ 318,627
Operating contributions	865,089	-	-	865,089
Other fund contributions	6,326,834	862,565	-	7,189,399
SBA Paycheck Protection Program - loan forgiveness	184,400	-	-	184,400
	<u>7,694,950</u>	<u>862,565</u>	<u>-</u>	<u>8,557,515</u>
Program revenue				
Tuition and fees plus event revenue - net	<u>(3,572)</u>	<u>(500)</u>	<u>-</u>	<u>(4,072)</u>
Investment income				
Interest and dividends	625,721	3,572	-	629,293
Realized gains on investments, net	162,312	-	-	162,312
Unrealized gains on investments, net	2,808,547	-	-	2,808,547
Funds held as organization endowments	<u>(721,117)</u>	<u>-</u>	<u>-</u>	<u>(721,117)</u>
	<u>2,875,463</u>	<u>3,572</u>	<u>-</u>	<u>2,879,035</u>
Total revenues	<u>10,566,841</u>	<u>865,637</u>	<u>-</u>	<u>11,432,478</u>
EXPENSES				
Program services	<u>6,180,494</u>	<u>853,002</u>	<u>-</u>	<u>7,033,496</u>
Supporting services				
Management and general	343,126	-	-	343,126
Fund raising	<u>177,725</u>	<u>-</u>	<u>-</u>	<u>177,725</u>
	<u>520,851</u>	<u>-</u>	<u>-</u>	<u>520,851</u>
Total expenses	<u>6,701,345</u>	<u>853,002</u>	<u>-</u>	<u>7,554,347</u>
Transfer to funds held as agency endowments	<u>(67,749)</u>	<u>-</u>	<u>-</u>	<u>(67,749)</u>
CHANGE IN NET ASSETS	3,797,747	12,635	-	3,810,382
Net assets, beginning of year	<u>23,011,707</u>	<u>377,683</u>	<u>(351,405)</u>	<u>23,037,985</u>
NET ASSETS, END OF YEAR	<u>\$ 26,809,454</u>	<u>\$ 390,318</u>	<u>\$ (351,405)</u>	<u>\$ 26,848,367</u>

