



THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidated Financial Statements and Schedules

September 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

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Independent Auditors' Report

The Executive Committee
The Chicago Community Trust:

Opinion

We have audited the consolidated financial statements of The Chicago Community Trust (the Trust), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities and cash flows 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 financial position of the Trust as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Trust 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 U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 the Trust's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 the Trust'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 the Trust'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in schedules 1 through 3 is presented for purposes of additional analysis 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 procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Chicago, Illinois
April 17, 2023

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidated Statements of Financial Position

September 30, 2022 and 2021

| Assets | 2022 | 2021 |
|--|-------------------------|----------------------|
| Cash and cash equivalents (note 2(f)) | \$ 27,230,678 | 22,759,928 |
| Investments (note 5) | 3,916,304,407 | 4,362,387,206 |
| Contributions receivable, net (note 7) | 3,665,994 | 4,751,394 |
| Notes receivable (note 2(h)) | 3,996,205 | 2,949,625 |
| Other assets | 5,754,155 | 1,441,860 |
| Software, office equipment, and leasehold improvements, less accumulated depreciation and amortization of \$1,128,827 and \$2,108,297 in 2022 and 2021, respectively (note 2(j)) | 1,645,481 | 411,354 |
| Beneficial interest in charitable term trusts (note 2(i)) | 264,768,945 | 332,451,706 |
| Beneficial interest in charitable perpetual trusts (note 2(i)) | 45,706,166 | 57,176,088 |
| Total assets | <u>\$ 4,269,072,031</u> | <u>4,784,329,161</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 4,356,356 | 4,469,767 |
| Grants payable (note 8) | 24,100,584 | 35,011,806 |
| Annuity payable | 354,326 | 371,662 |
| Funds held for others | 8,301,487 | 10,500,133 |
| Total liabilities | <u>37,112,753</u> | <u>50,353,368</u> |
| Net assets: | | |
| Without donor restrictions | 3,879,251,348 | 4,290,280,282 |
| With donor restrictions | 352,707,930 | 443,695,511 |
| Total net assets | <u>4,231,959,278</u> | <u>4,733,975,793</u> |
| Total liabilities and net assets | <u>\$ 4,269,072,031</u> | <u>4,784,329,161</u> |

See accompanying notes to consolidated financial statements.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)
Consolidated Statements of Activities
Years ended September 30, 2022 and 2021

| | 2022 | 2021 |
|---|------------------|-----------------|
| Without donor restrictions: | | |
| Operating activities: | | |
| Support, revenue, and transfers: | | |
| Investment payout (note 5) | \$ 149,806,936 | 80,799,133 |
| Contributions of cash and other financial assets | 8,157,989 | 3,189,278 |
| Contributions of nonfinancial assets (note 2(c)) | — | 336 |
| Transfers from nonoperating activities (note 2(e)) | 1,459,930,083 | 1,327,978,777 |
| Other income | 3,083,727 | 641,542 |
| Net assets released from restrictions (note 2(b)) | 38,415,703 | 30,460,786 |
| Total operating support, revenue, and transfers | 1,659,394,438 | 1,443,069,852 |
| Expenses (note 11): | | |
| Grants, net of refunds | 1,464,143,519 | 1,352,486,628 |
| Program-related expenses (note 10) | 15,591,616 | 5,265,722 |
| Investment management and custodian fees | 9,215,918 | 8,490,811 |
| Administrative expenses (note 11) | 21,315,027 | 21,739,604 |
| Other expenses | 114,613 | 243,390 |
| Total operating expenses | 1,510,380,693 | 1,388,226,155 |
| Excess of operating support, revenue, and transfers over expenses | 149,013,745 | 54,843,697 |
| Nonoperating activities: | | |
| Contributions of cash and other financial assets | 1,607,688,694 | 1,774,874,451 |
| Contributions of nonfinancial assets (note 2(c)) | 11,789 | 634,236 |
| Net return on investments after investment payout (note 5) | (689,116,216) | 553,697,523 |
| Investment management and custodian fees (note 11) | (296,920) | (278,140) |
| Change in value of charitable gift annuity and life insurance policy | (33,022) | (30,560) |
| Transfer to operating activities (note 2(e)) | (1,459,930,083) | (1,327,978,777) |
| Other gain (loss) | 45,617 | (143,371) |
| Deconsolidation of a supporting organization (note 2(a)) | (19,182,538) | (37,587,262) |
| Net assets released from restrictions (note 2(b)) | 770,000 | 1,179,489 |
| Net nonoperating activities | (560,042,679) | 964,367,589 |
| Increase (decrease) in net assets without donor restrictions | (411,028,934) | 1,019,211,286 |
| With donor restrictions: | | |
| Operating activities: | | |
| Support and revenue: | | |
| Investment payout (note 5) | 1,093,429 | 1,061,681 |
| Contributions of cash and other financial assets | 50,000 | — |
| Net assets released from restrictions (note 2(b)) | (38,415,703) | (30,460,786) |
| Total operating support and revenue | (37,272,274) | (29,399,105) |
| Expenses: | | |
| Program-related expenses – government grants (note 10) | — | 26,172,916 |
| Investment management and custodian fees | 357,371 | 335,609 |
| Total operating expenses | 357,371 | 26,508,525 |
| Deficiency of operating support and revenue over expenses | (37,629,645) | (55,907,630) |
| Nonoperating activities: | | |
| Contributions of cash and other financial assets | (15,564) | 1,925,513 |
| Government grants and contracts revenue | — | 11,110,000 |
| Net return on investments after investment payout (note 5) | (8,262,587) | 8,367,330 |
| Gain (loss) on beneficial interest in charitable perpetual trusts (note 2(i)) | (11,469,922) | 7,762,524 |
| Gain (loss) on beneficial interest in charitable term trusts (note 2(i)) | (32,839,863) | 89,420,788 |
| Deconsolidation of a supporting organization (note 2(a)) | — | (1,583,825) |
| Net assets released from restrictions (note 2(b)) | (770,000) | (1,179,489) |
| Net nonoperating activities | (53,357,936) | 115,822,841 |
| Increase (decrease) in net assets with donor restrictions | (90,987,581) | 59,915,211 |
| Increase (decrease) in net assets | (502,016,515) | 1,079,126,497 |
| Net assets at beginning of year | 4,733,975,793 | 3,654,849,296 |
| Net assets at end of year | \$ 4,231,959,278 | 4,733,975,793 |

See accompanying notes to consolidated financial statements.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
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Consolidated Statements of Cash Flows

Years ended September 30, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | \$ (502,016,515) | 1,079,126,497 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 544,630 | 274,175 |
| Net loss (gain) on investments | 671,777,203 | (578,536,812) |
| Net loss (gain) on beneficial interest in charitable trusts | 44,309,785 | (97,183,312) |
| Contributed financial assets | (1,416,534,292) | (1,571,728,691) |
| Proceeds from sale of contributed financial assets | 1,350,779,832 | 1,651,993,755 |
| Loss (gain) on sale of contributed financial assets | (800,934) | 103,932 |
| Changes in assets and liabilities: | | |
| Contributions receivable | 1,085,400 | (216,024) |
| Notes receivable | (1,046,580) | 245,792 |
| Other assets | (4,312,295) | 190,752 |
| Beneficial interest in charitable trusts | 34,842,898 | 29,590,680 |
| Accounts payable and accrued expenses (note 2(a)) | (113,411) | 1,380,384 |
| Grants payable (note 2(a)) | (10,911,222) | 16,131,805 |
| Annuity payable | (17,336) | (21,372) |
| Funds held for others (note 2(a)) | (2,198,646) | (29,925,064) |
| Net cash provided by operating activities | 165,388,517 | 501,426,497 |
| Cash flows from investing activities: | | |
| Proceeds from sale of contributed financial assets | 32,497,047 | 1,019,361 |
| Proceeds from sale of investments | 256,966,054 | 493,410,530 |
| Purchase of investments | (468,137,185) | (1,031,410,322) |
| Deconsolidation of a supporting organization (note 2(a)) | 19,535,074 | 36,290,594 |
| Capital expenditures | (1,778,757) | 1,199,224 |
| Net cash used in investing activities | (160,917,767) | (499,490,613) |
| Net increase in cash and cash equivalents | 4,470,750 | 1,935,884 |
| Cash and cash equivalents at beginning of year | 22,759,928 | 20,824,044 |
| Cash and cash equivalents at end of year | \$ 27,230,678 | 22,759,928 |
| Supplemental disclosure of noncash investing activities: | | |
| Contributed financial assets | \$ 31,970,935 | 109,439 |

See accompanying notes to consolidated financial statements.

THE CHICAGO COMMUNITY TRUST
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Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(1) Description of Organization

The Chicago Community Trust (the Trust) is the Chicago region's community foundation, established in 1915 to promote, guide, and manage philanthropy for the benefit of the residents of the greater Chicago area. The mission of the Trust is to lead and inspire philanthropic efforts that measurably improve the quality of life and the prosperity of the region. Over the years, thousands of individuals and families, businesses, and corporations have contributed to the Trust. Today, donors recognizing the importance of the Trust continue to add to these funds with contributions, including provisions for the Trust in their estate planning and establish donor-advised funds to manage their giving during their lifetime. Trust resources are used to respond to the current needs of the community and will be used in the future to respond to the ever-changing needs of the region.

The accompanying consolidated financial statements include all funds held by or created for the benefit of the Trust and its affiliated organizations.

The Trust and its affiliated organizations are recognized as public charities and have received determination letters from the Internal Revenue Service indicating that they are exempt from federal income taxes on related income under Section 501 (a) as organizations described in Section 501 (c)(3) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Trust; The Chicago Community Foundation (the Foundation); The Burrige D. Butler Memorial Trust of Chicago, Illinois (the Butler Trust); The Lavin Family Supporting Foundation; The PERT Foundation; The Lake County Community Foundation; The Community Foundation of Will County; Metropolis Strategies; and The Glasser and Rosenthal Family Foundation. Inter-organizational transactions and balances have been eliminated in consolidation.

The Foundation was incorporated in October 1985 for the purpose of providing additional flexibility to donors with respect to the investment of funds and to broaden the geographic area served.

The Butler Trust was created in 1951 under the provisions of the will of Burrige D. Butler. The net income of the Butler Trust, together with any accumulations of net income, is to be distributed by the Trust. Effective December 7, 2018, the Butler Trust was converted to a Total Return Trust, subject to the provisions of the Illinois Trust and Trustees Act. All net assets are considered to be donor restricted due the conversion to a Total Return Trust.

The Lavin Family Supporting Foundation is a not-for-profit organization incorporated in December 1996 to foster, support, develop, and maintain charitable activities and vital human and educational services by supporting and furthering the charitable objectives of the Trust. During fiscal year 2022, the Lavin Family Supporting Foundation dissolved and the assets totaling \$18,224,255 were transferred to the Chicago Community Foundation, creating a donor-advised fund.

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The PERT Foundation was incorporated in December 2002 and is a supporting organization of the Trust and the Foundation for the purpose of furthering the charitable objectives of the Foundation.

The Lake County Community Foundation was incorporated in September 2005 and is a supporting organization of the Foundation to improve the mental, moral, intellectual, and physical improvement, assistance, and relief of the inhabitants of Lake County, Illinois, by making grants and otherwise working for the betterment of the quality of life of the inhabitants of Lake County.

Starting October 1, 2021, The Lake County Community Foundation ceased to be a supporting organization of the Trust in their efforts to become a stand-alone, independent charitable organization. As a result, the Trust no longer served a governance role to The Lake County Community Foundation. Accordingly, the Trust derecognized related assets and liabilities as follows:

| | <u>October 1, 2021</u> |
|---------------------------------------|-----------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 147,272 |
| Investments | 19,535,074 |
| Liabilities: | |
| Accounts payable and accrued expenses | (209,392) |
| Grants payable | (74,500) |
| Funds held for others | (215,916) |
| Net assets deconsolidated: | |
| Without donor restrictions | \$ <u><u>19,182,538</u></u> |

The Trust did not receive any consideration in the deconsolidation of The Lake County Community Foundation.

Deconsolidation of a supporting organization of \$19,182,538 is reported in the consolidated financial statements in the above categories.

The Community Foundation of Will County was incorporated in February 2006 and is a supporting organization of the Trust and the Foundation to improve the mental, moral, intellectual, and physical improvement, assistance, and relief of the inhabitants of Will County, Illinois, by making grants and otherwise working for the betterment of the quality of life of the inhabitants of Will County.

Metropolis Strategies (formerly, Metropolis 2020; D.B.A Illinois Justice Project) became a supporting organization of the Trust on March 1, 2011. A major goal of Metropolis Strategies is to assist in the advancement of the overall mission of the Trust by leveraging its expertise and program activities to advance opportunities for human and economic development, securing conditions for healthy, safe, just, and caring communities and transforming the region through sustainable development.

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The Glasser and Rosenthal Family Foundation was incorporated in October 2011 and is a supporting organization of the Trust to improve the quality of life in the Chicago area through nurturing organizations related to education, civic affairs, urban problems, and cultural activities with the end goal of helping Chicago thrive. During fiscal year 2021, the Glasser and Rosenthal Family Foundation dissolved and the assets totaling \$1,983,226 were distributed to different charitable organizations including the Foundation.

The Community Foundation for McHenry County was incorporated in May 2001 and became a supporting organization of the Trust and the Foundation on January 1, 2013, to meet the social, cultural, educational, and charitable needs throughout McHenry County, Illinois, by making grants and otherwise working for the betterment of the quality of life of the inhabitants of McHenry County.

Starting October 1, 2020, The Community Foundation for McHenry County ceased to be a supporting organization of the Trust in their efforts to become a stand-alone, independent charitable organization. As a result, the Trust no longer served a governance role to The Community Foundation for McHenry County. Accordingly, the Trust derecognized related assets and liabilities as follows:

| | <u>October 1, 2020</u> |
|---|------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 1,653,129 |
| Investments | 36,290,594 |
| Land and office equipment | 1,213,207 |
| Other assets | 150,517 |
| Beneficial interest in charitable term trusts | 1,583,825 |
| Liabilities: | |
| Accounts payable and accrued expenses | (644,693) |
| Grants payable | (6,000) |
| Funds held for others | (1,069,492) |
| Net assets deconsolidated: | |
| Without donor restrictions | <u>37,587,262</u> |
| With donor restrictions | <u>\$ 1,583,825</u> |

The Trust did not receive any consideration in the deconsolidation of The Community Foundation for McHenry County.

Deconsolidation of a supporting organization of \$39,171,087 is reported in the consolidated financial statements in the above categories.

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Notes to Consolidated Financial Statements

September 30, 2022 and 2021

The net assets presented below and in the accompanying consolidated statements of financial position include the net assets (net of eliminations) of the organizations described above as of September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------------|----------------------|
| The Chicago Community Trust | \$ 1,373,592,471 | 1,638,920,334 |
| The Chicago Community Foundation | 2,810,305,246 | 2,995,648,995 |
| The Burrigge D. Butler Memorial Trust of Chicago, Illinois | 39,180,914 | 49,090,248 |
| The Lavin Family Supporting Foundation | — | 18,041,042 |
| The PERT Foundation | 364,524 | 4,676,174 |
| The Lake County Community Foundation | — | 19,182,538 |
| The Community Foundation of Will County | 7,610,636 | 6,673,536 |
| Metropolis Strategies | 905,487 | 1,742,926 |
| | <u>\$ 4,231,959,278</u> | <u>4,733,975,793</u> |

(b) Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

To ensure the observance of limitations and restrictions placed on the use of available resources, the Trust maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes into funds that are maintained in accordance with activities or objectives of the Trust.

For external reporting purposes, however, the Trust's consolidated financial statements have been prepared to focus on the organization as a whole and to follow the reporting requirements of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations, which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets – without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and related activities are as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

FASB Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities (Topic 958)*, and its interpretations provide that if the governing body of the organization has the ability to remove a donor restriction (i.e. variance power), the contribution should be classified as without donor restrictions.

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Under the Trust's declaration of trust, the assets are held and invested in a manner similar to endowment funds; however, the Trust's Executive Committee has the authority, if it deems it prudent and appropriate, to expend the entirety of the principal or appreciation. Accordingly, all net assets and related activity over which the management of the Trust exercises direct control are classified as net assets without donor restrictions in the accompanying consolidated financial statements.

In addition, the bylaws of the Foundation include a variance power provision giving the board of directors the power, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary, undesirable, impractical, or impossible for literal compliance with the terms of such instrument, to modify any restriction without regard to and freed from any specific restriction, limitation, or direction contained in such instrument. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as net assets without donor restrictions in the accompanying consolidated financial statements.

The Trust and its related organizations solicit a variety of contributions to fund its grants, including donor-advised funds. Donor-advised funds allow for the donor to recommend distributions to various trust programs or other charitable organizations approved by the Trust and its related organizations. Although the donor's recommendations are generally fulfilled, they are subject to the approval of the governing board, and the variance power described above and are, therefore, classified as net assets without donor restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Trust or by the passage of time. Net assets and related activity from term trusts, whereby the Trust has a beneficial interest in a stream of income over a specified period of time, as well as contributions receivable restricted to use in future periods, are recorded as net assets with donor restrictions. These assets are released from their implicit time restriction when cash is collected.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently. Net assets and related activity from perpetual trusts, whereby the Trust has a beneficial interest in a stream of income in perpetuity, are recorded as net assets with donor restrictions.

Net assets released from restrictions, as reported in the consolidated statements of activities, were \$39,185,703 and \$31,640,275 in fiscal years 2022 and 2021, respectively.

FASB Staff Position FAS 117-1 (FAS 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowed Funds* (included in Topic 958), provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FAS 117-1 also improves disclosures about an organization's endowed funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

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Notes to Consolidated Financial Statements

September 30, 2022 and 2021

The State of Illinois enacted UPMIFA effective June 30, 2009. The Executive Committee has determined that the majority of the consolidated assets of the Trust do not meet the definition of endowment under UPMIFA. As discussed above, the Trust is governed subject to The Declaration of Trust creating The Chicago Community Trust and the assets of the Trust are held and managed by Corporate Trustees. In addition, the governing body has determined that the majority of the assets of the unit Foundation are subject to the bylaws of the Foundation, which contain a variance power provision that grants the governing board the ability to distribute the principal or corpus of the fund and thus excludes the assets as endowments as defined under UPMIFA. While the assets of the Trust and Foundation do not meet the definition of endowment as defined under UPMIFA, the assets, with the exception of donor-advised funds, function as endowments and are managed by the Trust and Foundation similar to endowment funds.

(c) Revenue and Expenses

Revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed time or purpose restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is limited by a donor-imposed time restriction. Expirations of temporary restrictions on net assets (i.e. the stipulated time period has elapsed or the cash has been collected) are reported as net assets released from restrictions.

Contributions, including unconditional pledges and government grants and contracts, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value.

Contributions to be received after one year are discounted at an appropriate rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue.

Contributed Nonfinancial Assets

For the years ended September 30, contributed nonfinancial assets recognized within the accompanying consolidated statements of activities included:

| | 2022 | 2021 |
|-------------------|-------------|-------------|
| Real estate | \$ 8,434 | 633,025 |
| Personal property | 3,355 | 1,211 |
| In kind | — | 336 |
| | \$ 11,789 | 634,572 |

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Contributed nonfinancial assets are recognized within revenue and did not have donor-imposed restrictions. It is the Trust's policy to sell any contributed nonfinancial assets at the first reasonable opportunity. Donors who contribute nonfinancial assets are responsible for obtaining a valuation for the contribution. If assets are not sold more than five years after the contribution date, a subsequent valuation may be required.

Grant awards without substantial conditions are recognized in the period in which they are approved by the governing bodies. Grants to be paid after one year are discounted at an appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional grant expense.

(d) Endowment Investment and Spending Policies

The Trust and the Foundation have adopted investment and spending policies for its assets held as funds functioning as endowments that seek to provide a total return that will allow the Trust and the Foundation to provide a predictable stream of resources for current operations while maintaining the purchasing power of the assets. To achieve this investment objective, the Trust and the Foundation have adopted a long-term strategy that invests in cash and short-term investment funds, fixed income securities (domestic and international), domestic equities, international equities, hedge funds, and other assets. Diversification by asset class, investment style, investment manager, etc., is employed to avoid undue risk concentration and as a means to enhance total return.

In line with the total return policy, the Trust and the Foundation have adopted a spending policy that distributes annually an amount in the form of an investment payout that is applied to a moving 12 quarter average of the fair value of the funds functioning as endowments. The payout percentage is reviewed annually by the board of directors and was 4.5% for the fiscal years ended September 30, 2022 and 2021.

All funds of the Trust and the Foundation, exclusive of donor advised funds that are not managed similar to endowment funds and funds that are prohibited because of the gift instrument, are subject to the spending policy.

If investment income received is not sufficient to support the total return objective, the balance is provided from accumulated capital gains. If income received is in excess of the objective, the balance is reinvested in the endowment.

(e) Operations

Operating results in the consolidated statements of activities reflect all transactions increasing or decreasing net assets except those items of a long-term capital nature (classified as nonoperating activities), such as contributions of principal assets, donor-advised funds, reinvested investment income, gains and losses on investments. Operating results also exclude deconsolidation of a supporting organization. Transfers from nonoperating activities to operating activities represent dollars that are transferred to match grants that have been committed from funds previously classified as nonoperating. The transfers are primarily from donor-advised funds.

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(f) Cash Equivalents

Cash equivalents include amounts held in certificates of deposit and money market accounts with original maturities of three months or less, except for such instruments included within the investment portfolio. Cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation insurance.

(g) Investments

Investments are reported in the consolidated financial statements at estimated fair value. Marketable investments, including publicly traded securities and commingled funds, are reported at fair value based on quoted market prices or otherwise observable pricing inputs. Alternative investments, including hedge funds, are reported at fair value based on net asset values (NAVs) provided by the external managers and represented approximately 10% and 11% of the total investments at September 30, 2022 and 2021, respectively.

The valuations for these alternative investments involve estimates, appraisals, and assumptions. To minimize the risk of loss, alternative investments are diversified by strategy, external manager, and number of positions. In addition, the activities of all alternative fund managers are regularly reviewed by their independent auditors, Trust staff, and the Trust's outside investment consultant.

See note 5 for further discussion relating to the classification of the Trust's assets based on the three-tier fair value hierarchy.

(h) Notes Receivable

The Trust has made loans to several nonprofit organizations as part of its impact investing program. These loans are stated at the amount of unpaid principal and accrued interest, are unsecured, and have maturities up to three years. The loans are presented as notes receivables in the accompanying statements of financial position.

(i) Legacies, Bequests, and Beneficial Interest in Trusts

The Trust is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable. In the absence of donor-imposed conditions, the Trust recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

The Trust is also the income beneficiary under various charitable term and perpetual trusts, the corpus of which is not controlled by the management of the Trust. Although the Trust has no control over the administration or investment of the funds held in the charitable term trusts, in accordance with generally accepted accounting principles, the current fair value of the beneficial interest in various charitable term trusts is recognized as an asset in the accompanying consolidated financial statements.

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The beneficial interest in various charitable term trusts at September 30, 2022 and 2021 is reflected in the accompanying consolidated financial statements as \$264,768,945 and \$332,451,706, respectively. During 2022 and 2021, the beneficial interest in various term trusts increased (decreased) by (\$32,839,863) and \$89,420,788, respectively.

In determining the fair value of The Trust's beneficial interest in the various charitable term trusts, the assumed discount rates used in the present value calculations ranged from 4.08% to 6.96% and from 2.02% to 6.32% at September 30, 2022 and 2021, respectively, and the average discount rate was 6.84% and 6.18% at September 30, 2022 and 2021, respectively. Assumed investment returns for the various charitable term trusts that provide payouts based upon the fair value of assets over the life of the trusts range from 5.58% to 6.96% and from 5.50% to 6.32% at September 30, 2022 and 2021, respectively. The fair value of these computations resulted in estimated present values of \$264,768,945 and \$332,451,706 at September 30, 2022 and 2021, respectively. The value reflected on the consolidated statements of financial position at September 30, 2022 and 2021 is the lower of the expected future cash flows or the current fair value of the underlying assets.

The Trust received distributions from various term trusts of \$34,842,898 and \$28,006,855 in 2022 and 2021, respectively, which are reported in the net assets released from restrictions in the accompanying consolidated statements of activities.

In addition to the charitable term trusts noted above, the Trust is also the beneficiary of several charitable perpetual trusts. The beneficial interest in the charitable perpetual trusts is reflected in the consolidated financial statements at the fair value of the underlying assets. The beneficial interest in charitable perpetual trusts at September 30, 2022 and 2021 was \$45,706,166 and \$57,176,088, respectively. The Trust received distributions from various charitable perpetual trusts of \$1,731,466 and \$2,321,226 in 2022 and 2021, respectively, which are reported in the investment payout in the accompanying consolidated statements of activities.

(j) Fixed Assets

Software, office equipment and leasehold improvements are stated at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense was \$194,353 and \$41,944 in 2022 and 2021, respectively. Leasehold improvements are amortized on a straight-line basis over the term of the leases. Software is amortized on a straight-line basis over the estimated useful lives of the asset. Amortization expense was \$350,277 and \$232,231 in 2022 and 2021, respectively. Depreciation and amortization expenses are reported in administrative expenses in the accompanying consolidated statements of activities.

See note 2(l) on the impact of recently adopted accounting standards relating to capitalized software.

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(k) Use of Estimates

In order to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles, management of the Trust has made a number of estimates and assumptions related to the reporting of assets, including investments in hedge funds, absolute return funds, term and perpetual trusts, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reporting of revenue, expenses, gains, and losses during the reporting period. Actual results could differ from the amounts reflected in the consolidated financial statements and the differences could be material.

(l) Recently Adopted Accounting Standards

On October 1, 2021, the Trust adopted ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software and hosting arrangements that include an internal use software license. The adoption of this ASU resulted to capitalized software of \$587,633 reported in the accompanying consolidated statements of financial position and net of amortization expense of \$111,869 reported in the accompanying consolidated statements of activities.

On October 1, 2021, the Trust adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and added certain disclosure requirements. The adoption of this ASU resulted to the Trust presenting contributed nonfinancial assets as a separate line item in the accompanying consolidated statements of activities. The required disclosures are also presented in note 2(c).

(m) Recently Issued Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842), as amended*. This guidance establishes the principles that lessees and lessors shall apply to report useful information to users of the financial statements about the amount, timing, and uncertainty of cash flows arising from a lease for more transparency and comparability among organizations. The core principle of the new guidance is that a lessee should recognize the assets and liabilities that arise from leases. This guidance becomes effective for the Trust in fiscal year 2023, with early adoption permitted. The Trust is evaluating the effect that ASU No. 2016-02 will have on its consolidated financial statements and related disclosures.

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In November 2021, the FASB issued ASU No. 2021-09, *Leases (Topic 842)*. This guidance allows lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The guidance requires that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate rather than a risk-free rate or an incremental borrowing rate, regardless of whether it has made the risk-free rate election. This guidance becomes effective for the Trust in fiscal year 2023, with early adoption permitted. The Trust is evaluating the effect that ASU No. 2021-09 will have on its consolidated financial statements and related disclosures.

In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. This clarifies guidance when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and introduce new disclosure requirements related to contractual sale restrictions. This guidance becomes effective for the Trust in fiscal year 2026, with early adoption permitted. The Trust is evaluating the effect that ASU No. 2022-03 will have on its consolidated financial statements and related disclosures.

(n) Risk Management

In the normal course of business, the Trust encounters economic risk, including credit risk, and market risk. Credit risk is the risk of default on the Trust's loans to nonprofit organizations resulting from the loan recipient's inability or unwillingness to make contractually required payments. Market risk reflects the Trust's exposure to factors that affect performance of the broad financial markets, resulting in changes in the valuation of investments held by the Trust.

(o) Reclassification Disclosure

Certain reclassifications have been made to the 2021 consolidated financial statements to conform to the 2022 presentation.

(3) Income Taxes

The Trust and its affiliates received tax determination letters from the Internal Revenue Service indicating that they are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, are exempt from federal and state income taxes. Income taxes recorded in the accompanying consolidated financial statements for unrelated business income amounted to \$3,100,000 and \$490,000 in 2022 and 2021, respectively.

The Trust accounts for uncertain tax positions in accordance with FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes (included in FASB ASC Subtopic 740-10, Income Taxes – Overall)*. There is no impact on the consolidated financial statements as a result of this pronouncement as the Trust has no significant uncertain tax positions.

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(4) Liquidity and Available Resources

As of September 30, 2022 and 2021, financial assets available within one year of the consolidated statement of financial position are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------|----------------------|
| Cash and cash equivalents | \$ 27,230,678 | 22,759,928 |
| Investments | 3,476,270,284 | 3,861,529,613 |
| Contributions receivable, net | 3,086,324 | 3,986,023 |
| Notes receivable | 3,444,052 | 2,565,338 |
| Distributions from beneficial interest in charitable term trusts | 30,528,663 | 34,204,128 |
| Distributions from beneficial interest in charitable perpetual trusts | 1,731,466 | 2,321,226 |
| | <u>\$ 3,542,291,467</u> | <u>3,927,366,256</u> |

Investments are shown net of those categorized as Level 3 and NAVs in the fair value hierarchy totaling \$440,034,123 and \$500,857,593 respectively.

As of September 30, 2022 and 2021, the Trust and its affiliates' general expenditures, liabilities, and other obligations that come due within one year are estimated to be \$24,347,728 and \$35,153,167, respectively. As part of the Trust's liquidity management, it has a policy to structure its financial assets to be available to pay these obligations.

(5) Investments

The fair value of investments held at September 30, 2022 and 2021 is as follows:

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-------------------------|----------------------|
| Short-term investment funds | \$ 754,191,679 | 814,807,940 |
| Fixed income – domestic | 788,865,620 | 662,463,116 |
| Fixed income – international | 37,478,306 | 29,055,545 |
| Domestic equities | 1,321,963,376 | 1,678,208,543 |
| International equities | 597,283,772 | 732,775,538 |
| Hedge funds | 323,305,906 | 330,454,499 |
| Real estate | 1,205,185 | 1,205,185 |
| Other | 92,010,563 | 113,416,840 |
| | <u>\$ 3,916,304,407</u> | <u>4,362,387,206</u> |

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Return on investments for the years ended September 30, 2022 and 2021 consists of the following (does not include beneficial interest in charitable term trusts):

| | 2022 | 2021 |
|---|------------------|--------------|
| Investment return: | | |
| Investment income | \$ 123,277,030 | 55,232,639 |
| Net realized gain on sale of investments | 119,563,126 | 166,717,955 |
| Unrealized gain (loss) on investments | (789,318,594) | 421,975,073 |
| Total return on investments | (546,478,438) | 643,925,667 |
| Investment payout | (150,900,365) | (81,860,814) |
| Net return on investments after investment payout | \$ (697,378,803) | 562,064,853 |

Fair value is defined as the price that the Trust would receive upon selling an asset in an orderly transaction between market participants.

The Trust has adopted the fair value hierarchy as presented by ASC Subtopic 820-10, *Fair Value Management – Overall*. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices in active markets for identical investments. Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the Trust and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.). Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 – Significant unobservable inputs (including the Trust’s own assumptions in determining the fair value of investments). Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

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The following table summarizes the Trust's investments and other assets by major category in the fair value hierarchy as of September 30, 2022, as well as the related strategy and liquidity.

| | 2022 | | | Total | Redemption or liquidation | Days' notice |
|--|------------------|-------------|-------------|---------------|------------------------------|--------------------|
| | Level 1 | Level 2 | Level 3 | | | |
| Cash and cash equivalents | \$ 27,230,678 | — | — | 27,230,678 | Daily | One |
| Short-term investment funds | 754,191,679 | — | — | 754,191,679 | Daily | One |
| Short-term investment funds – pending settlement | — | — | — | — | | |
| Fixed income – domestic: | | | | | | |
| U.S. Treasuries and agency fixed income (includes funds) | 147,206,653 | — | — | 147,206,653 | Daily | One |
| U.S. corporate and municipal fixed income | — | 146,509,739 | — | 146,509,739 | Daily/None | One/Not applicable |
| U.S. corporate fixed income funds | 495,149,228 | — | — | 495,149,228 | Daily | One |
| Total | 642,355,881 | 146,509,739 | — | 788,865,620 | | |
| Fixed income – international: | | | | | | |
| International bonds | — | 25,341,115 | — | 25,341,115 | Daily | One |
| International fixed income funds | 12,137,191 | — | — | 12,137,191 | Daily | One |
| Total | 12,137,191 | 25,341,115 | — | 37,478,306 | | |
| Equities – domestic and international: | | | | | | |
| Domestic equities and funds | 1,266,885,614 | 39,429,318 | — | 1,306,314,932 | Daily | One |
| International equities and funds | 527,870,691 | 25,144,941 | — | 553,015,632 | Daily to Monthly | One to Ten |
| Total | 1,794,756,305 | 64,574,259 | — | 1,859,330,564 | | |
| Hedge funds and alternative investments: | | | | | | |
| Hedge funds | 33,733,946 | — | 4,186,285 | 37,920,231 | Daily/None | One/Not applicable |
| Real estate property | — | — | 1,205,185 | 1,205,185 | Illiquid | N/A |
| Commodity funds | 2,670,169 | — | — | 2,670,169 | Daily | One |
| Private investments | — | — | 25,573,397 | 25,573,397 | Illiquid | N/A |
| Total | 36,404,115 | — | 30,964,867 | 67,368,982 | | |
| Investments measured at NAV | — | — | — | 409,069,256 | | |
| Total – all investments | 3,239,845,171 | 236,425,113 | 30,964,867 | 3,916,304,407 | | |
| Other assets: | | | | | | |
| Beneficial interest in charitable term trusts | — | — | 264,768,945 | 264,768,945 | Illiquid | N/A |
| Beneficial interest in charitable perpetual trusts | — | — | 45,706,166 | 45,706,166 | Illiquid | N/A |
| Total – other assets | — | — | 310,475,111 | 310,475,111 | | |
| Total – all assets | \$ 3,267,075,849 | 236,425,113 | 341,439,978 | 4,254,010,196 | | |

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The Trust has a position in one fund that calculates net asset value whose terms did not allow for redemptions at September 30, 2022, but subsequent to the date of these financial statements, disclosed updated distribution timetables. These investments were valued at a combined value of \$4,186,285 at September 30, 2022 and the Trust has since received \$0 in distributions from the funds.

The following table summarizes the Trust's investments and other assets by major category in the fair value hierarchy as of September 30, 2021, as well as the related strategy and liquidity.

| | 2021 | | | | Redemption or liquidation | Days' notice |
|--|------------------|-------------|-------------|---------------|------------------------------|--------------------|
| | Level 1 | Level 2 | Level 3 | Total | | |
| Cash and cash equivalents | \$ 22,759,928 | — | — | 22,759,928 | Daily | One |
| Short-term investment funds | 814,698,502 | — | — | 814,698,502 | Daily | One |
| Short-term investment funds – pending settlement | 109,438 | — | — | 109,438 | | |
| Fixed income – domestic: | | | | | | |
| U.S. Treasuries and agency fixed income (includes funds) | 97,174,563 | — | — | 97,174,563 | Daily | One |
| U.S. corporate and municipal fixed income | — | 152,672,724 | — | 152,672,724 | Daily/None | One/Not applicable |
| U.S. corporate fixed income funds | 412,377,519 | 238,310 | — | 412,615,829 | Daily | One |
| Total | 509,552,082 | 152,911,034 | — | 662,463,116 | | |
| Fixed income – international: | | | | | | |
| International bonds | — | 21,798,078 | — | 21,798,078 | Daily | One |
| International fixed income funds | 7,257,467 | — | — | 7,257,467 | Daily | One |
| Total | 7,257,467 | 21,798,078 | — | 29,055,545 | | |
| Equities – domestic and international: | | | | | | |
| Domestic equities and funds | 1,607,445,112 | 55,776,266 | — | 1,663,221,378 | Daily | One |
| International equities and funds | 598,946,096 | 62,548,385 | — | 661,494,481 | Daily to Monthly | One to Ten |
| Total | 2,206,391,208 | 118,324,651 | — | 2,324,715,859 | | |
| Hedge funds and alternative investments: | | | | | | |
| Hedge funds | 27,910,635 | — | 3,688,492 | 31,599,127 | Daily/None | One/Not applicable |
| Real estate property | — | — | 1,205,185 | 1,205,185 | Illiquid | N/A |
| Commodity funds | 2,576,518 | — | — | 2,576,518 | Daily | One |
| Private investments | — | — | 25,573,397 | 25,573,397 | Illiquid | N/A |
| Total | 30,487,153 | — | 30,467,074 | 60,954,227 | | |
| Investments measured at NAV | — | — | — | 470,390,519 | | |
| Total – all investments | 3,568,495,850 | 293,033,763 | 30,467,074 | 4,362,387,206 | | |
| Other assets: | | | | | | |
| Beneficial interest in charitable term trusts | — | — | 332,451,706 | 332,451,706 | Illiquid | N/A |
| Beneficial interest in charitable perpetual trusts | — | — | 57,176,088 | 57,176,088 | Illiquid | N/A |
| Total – other assets | — | — | 389,627,794 | 389,627,794 | | |
| Total – all assets | \$ 3,591,255,778 | 293,033,763 | 420,094,868 | 4,774,774,928 | | |

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The following table presents the Trust's activity for the fiscal year ended September 30, 2022 for investments and other assets measured at fair value using unobservable inputs classified in Level 3:

| | <u>Investments</u> | <u>Beneficial interest in charitable trusts</u> | <u>Total</u> |
|--|----------------------|---|--------------------|
| Balance at September 30, 2021 | \$ 30,467,074 | 389,627,794 | 420,094,868 |
| Investments gains and losses, net | (1,743,692) | — | (1,743,692) |
| Net purchases (sales) | 2,241,485 | — | 2,241,485 |
| Loss on beneficial interest in charitable trusts | — | (44,309,785) | (44,309,785) |
| Distributions from charitable trusts | — | (34,842,898) | (34,842,898) |
| Balance at September 30, 2022 | <u>\$ 30,964,867</u> | <u>310,475,111</u> | <u>341,439,978</u> |

The following table presents the Trust's activity for the fiscal year ended September 30, 2021 for investments and other assets measured at fair value using unobservable inputs classified in Level 3:

| | <u>Investments</u> | <u>Beneficial interest in charitable trusts</u> | <u>Total</u> |
|--|----------------------|---|--------------------|
| Balance at September 30, 2020 | \$ 15,599,390 | 322,035,162 | 337,634,552 |
| Investments gains and losses, net | 14,368,684 | — | 14,368,684 |
| Net purchases (sales) | 499,000 | — | 499,000 |
| Gain on beneficial interest in charitable trusts | — | 97,183,312 | 97,183,312 |
| Distributions from charitable trusts | — | (28,006,855) | (28,006,855) |
| Deconsolidation of a supporting organization (note 2a) | — | (1,583,825) | (1,583,825) |
| Balance at September 30, 2021 | <u>\$ 30,467,074</u> | <u>389,627,794</u> | <u>420,094,868</u> |

Investments in the hedge fund asset class include two alternative investment strategies: long-short equity and absolute return. Long-short equity hedge funds buy stocks that are expected to appreciate and sell short stocks that are expected to decline; they also have the ability to adjust their market exposures over time. These strategies may also have flexibility to adjust their investment strategy by style, market capitalization, and geography, and are not constrained by sector and market cap biases of a market index. Absolute return hedge funds invest across the capital structure of businesses. Investment returns are generated through mispricing of assets or events that will result in the convergence of valuations, rather than by market direction. Examples of absolute return hedge fund strategies include merger arbitrage, distressed debt/credit, convertible arbitrage, and equity restructuring. Hedge fund investments valued at NAV have monthly to annual redemption terms, with varying notice periods. Lock-up provisions are also

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present for certain hedge fund investments. Liquidity provisions of private equity investments are set by the terms of the limited partnership, and generally have fund lives of ten years or more.

Private equity and venture capital investments are generally made through limited partnerships. Under the terms of these agreements, the Trust is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. The Trust has made contractual commitments totaling \$21,103,577 with private equity investment funds. As of September 30, 2022, the Trust's unfunded capital commitments related to these funds total \$3,765,574. These partnerships have a limited existence and, under such agreements, may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Trust cannot anticipate such changes because they are based on unforeseen events, but should they occur, they might result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.

(6) Funds Functioning as Endowments

Changes in the fair value of the funds functioning as endowments (quasi-endowments) for the fiscal years ended September 30, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------|----------------------|
| Quasi-endowment net assets, beginning of year | \$ 1,601,025,019 | 1,358,761,866 |
| Contributions | 37,652,457 | 11,163,274 |
| Interest and dividends | 23,770,773 | 19,680,877 |
| Net realized/unrealized gain (loss) | (305,214,608) | 281,710,639 |
| Amounts appropriated for expenditure | (81,789,127) | (60,943,667) |
| Reclassifications and transfers | (9,377,154) | (9,347,970) |
| Change in quasi-endowment net assets | <u>(334,957,659)</u> | <u>242,263,153</u> |
| Quasi-endowment net assets, end of year | <u>\$ 1,266,067,360</u> | <u>1,601,025,019</u> |

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(7) Contributions Receivable, net

At September 30, 2022, outstanding pledges are expected to be collected as follows:

| | |
|---|---------------------|
| Year ending September 30: | |
| 2023 | \$ 3,713,700 |
| 2024 | 771,600 |
| 2025 | 730,000 |
| 2026 and beyond | <u>813,030</u> |
| | 6,028,330 |
| Less discount | (2,210,336) |
| Less allowance for uncollectable accounts | <u>(152,000)</u> |
| | <u>\$ 3,665,994</u> |

(8) Grants Payable

Grants were approved by the governing bodies of the following organizations as of September 30, 2022 and 2021; however, the grants were not due for payment until after that date:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|-------------------|
| The Chicago Community Trust | \$ 16,570,834 | 27,761,827 |
| The Chicago Community Foundation | 7,398,851 | 7,175,479 |
| The Lake County Community Foundation | — | 74,500 |
| The Community Foundation of Will County | <u>130,899</u> | <u>—</u> |
| | <u>\$ 24,100,584</u> | <u>35,011,806</u> |

These approved grants as of September 30, 2022 are expected to be paid as follows:

| | |
|---------------------------|----------------------|
| Year ending September 30: | |
| 2023 | \$ 18,413,917 |
| 2024 | 4,526,667 |
| 2025 | 680,000 |
| 2026 and beyond | <u>480,000</u> |
| | <u>\$ 24,100,584</u> |

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(9) Commitments

(a) Leases

The Trust lease agreement for the space located at 225 North Michigan Avenue in Chicago, Illinois was terminated effective May 2022 resulting in a penalty payment of \$1,388,674.

The Trust entered into a new lease agreement, under an operating lease, which expires in 2037, for a space located at 33 S. State Street, Chicago Illinois. The minimum lease payments have been abated for the following lease months: the first lease month of lease years 5–10 and the first and second lease months of lease years 11–15 and will not be payable by the Trust unless the Trust defaults by failing to make timely lease payments. The amount abated is \$2,195,298. The following is a schedule by years of future minimum lease payments, net of the abatement, required under these operating leases that have initial or remaining noncancelable lease terms as of September 30, 2022:

| | | |
|------------------------------------|----|-----------------------------|
| Year ending September 30: | | |
| 2023 | \$ | 1,138,949 |
| 2024 | | 1,248,036 |
| 2025 | | 1,283,107 |
| 2026 | | 1,281,601 |
| 2027 | | 1,242,549 |
| Thereafter | | <u>13,153,054</u> |
| Total minimum payments required | | \$ <u><u>19,347,296</u></u> |

The Trust's affiliates also entered into various lease agreements for office space, as reflected on the following schedule as of September 30, 2022:

| | | |
|------------------------------------|----|-------------------------|
| Year ending September 30: | | |
| 2023 | \$ | <u>84,180</u> |
| Total minimum payments required | | \$ <u><u>84,180</u></u> |

Total rental expense for all operating leases was \$465,828 and \$907,657 in fiscal years 2022 and 2021, respectively, which is reported in the administrative expenses in the accompanying consolidated statements of activities. There were no contingent or sublease rentals.

(b) Guarantees

On July 17, 2003, the Trust executed a guaranty to secure a line of credit of \$750,000 on behalf of one of its grantees, toward the purchase and renovation of a new building. At September 30, 2022 and 2021, no amounts have been drawn on the guarantee. The guarantee expires on July 1, 2033.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
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Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(10) Program-Related Expenses

Program-related expenses include costs associated with staff and other related expenses incurred by Operating Funder Collaborative Accounts and affiliated organizations of the Trust. In addition, program-related expenses include expenses incurred in the completion of activities associated with governmental sourced awards.

(11) Expenses by Functional Expense Classification

The Trust's mission is to promote, guide, and manage philanthropy for the benefit of the residents of the greater Chicago area. The Trust's grant making is a significant undertaking toward accomplishing its mission. Administrative expenses included under program are incurred in support of direct program activities. The Trust reports expenses by both natural and functional classification. Expenses associated with a program are charged directly to that program. Indirect expenses are further allocated among function based on employee's time and effort.

The Trust's expenses by functional classification for the year ended September 30, 2022 are as follows:

| | 2022 | | | |
|---|-------------------------|-----------------------------------|--------------------|----------------------|
| | <u>Program</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total</u> |
| Grants | \$ 1,464,143,519 | — | — | 1,464,143,519 |
| Program-related expenses | 15,591,616 | — | — | 15,591,616 |
| Investment management and custodian fees | — | 9,870,209 | — | 9,870,209 |
| Other expenses | — | 114,613 | — | 114,613 |
| Administrative expenses: | | | | |
| Salaries and benefits | 4,519,833 | 6,115,714 | 2,266,313 | 12,901,860 |
| Professional fees | 1,072,830 | 2,908,670 | 510,838 | 4,492,338 |
| Meetings and travel | 74,031 | 119,286 | 51,033 | 244,350 |
| Occupancy, utilities, and insurance | 279,922 | 282,315 | 114,618 | 676,855 |
| Depreciation and amortization | 179,728 | 266,869 | 98,033 | 544,630 |
| Printing and publications | 47,348 | 45,406 | 46,862 | 139,616 |
| Other administrative expenses | 568,831 | 1,095,772 | 650,775 | 2,315,378 |
| Total administrative expenses | 6,742,523 | 10,834,032 | 3,738,472 | 21,315,027 |
| Percentage of administrative expenses | 31.6 % | 50.8 % | 17.6 % | 100.0 % |
| Total expenses | \$ <u>1,486,477,658</u> | <u>20,818,854</u> | <u>3,738,472</u> | <u>1,511,034,984</u> |
| Percentage of total expenses | 98.4 % | 1.4 % | 0.2 % | 100.0 % |

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Notes to Consolidated Financial Statements

September 30, 2022 and 2021

The Trust's expenses by functional classification for the year ended September 30, 2021 are as follows:

| | 2021 | | | |
|---|-------------------------|-----------------------------------|--------------------|----------------------|
| | <u>Program</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total</u> |
| Grants | \$ 1,352,486,628 | — | — | 1,352,486,628 |
| Program-related expenses | 31,438,638 | — | — | 31,438,638 |
| Investment management and custodian fees | — | 9,104,560 | — | 9,104,560 |
| Other expenses | — | 243,390 | — | 243,390 |
| Administrative expenses: | | | | |
| Salaries and benefits | 4,393,828 | 5,583,586 | 2,226,588 | 12,204,002 |
| Professional fees | 826,622 | 2,182,230 | 285,562 | 3,294,414 |
| Meetings and travel | 27,812 | 81,725 | 18,593 | 128,130 |
| Occupancy, utilities, and insurance | 893,732 | 1,134,007 | 452,042 | 2,479,781 |
| Depreciation and amortization | 94,176 | 129,621 | 50,378 | 274,175 |
| Printing and publications | 43,759 | 38,735 | 40,605 | 123,099 |
| Other administrative expenses | 751,633 | 2,021,112 | 463,258 | 3,236,003 |
| Total administrative expenses | 7,031,562 | 11,171,016 | 3,537,026 | 21,739,604 |
| Percentage of administrative expenses | <u>32.3 %</u> | <u>51.4 %</u> | <u>16.3 %</u> | <u>100.0 %</u> |
| Total expenses | <u>\$ 1,390,956,828</u> | <u>20,518,966</u> | <u>3,537,026</u> | <u>1,415,012,820</u> |
| Percentage of total expenses | 98.3 % | 1.5 % | 0.2 % | 100.0 % |

For fiscal years 2022 and 2021, nonoperating investment management and custodian fees of \$296,920 and \$278,140, respectively, are reported in the consolidated statements of activities and are included in the above analysis.

(12) Retirement Plans

The Trust has a 401(k) plan. Eligible employees include full-time employees who are at least 21 years of age and have at least one year of service with the Trust. Employees are 100% vested upon the attainment of normal retirement age, or if earlier, upon the completion of three years of vesting service. Elective employee contributions can be made on the first quarter following their hired date. After one year of service, the Trust provides an employer matching contribution to the 401(k) plan equal to 100% of the employee's elective contribution up to 4% of eligible compensation.

THE CHICAGO COMMUNITY TRUST
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Notes to Consolidated Financial Statements

September 30, 2022 and 2021

The Trust has the sole discretionary right to determine the amount of the employer contribution for a plan year.

Total retirement benefit costs for the years ended September 30, 2022 and 2021 were approximately \$657,822 and \$682,063, respectively, which is included in administrative expenses in the accompanying consolidated statements of activities.

(13) Transactions with Affiliates

During the years ended September 30, 2022 and 2021, the Trust approved grant awards totaling \$35,469,789 and \$11,151,576, respectively, to the Foundation.

During the year ended September 30, 2021, the Trust approved grant awards totaling \$150,000 to The Lake County Community Foundation.

During the years ended September 30, 2022 and 2021, the Trust approved grant awards totaling \$100,000 to The Community Foundation of Will County.

During the years ended September 30, 2022 and 2021, the Trust approved grant awards totaling \$102,500 and \$100,000, respectively, to Metropolis Strategies.

During the years ended September 30, 2022 and 2021, the Foundation approved grant awards totaling \$4,486,553 and \$2,752,623, respectively, to the Trust.

During the year ended September 30, 2021, the Foundation approved grant awards totaling \$46,250 to The Lake County Community Foundation.

During the year ended September 30, 2021, the Foundation approved grant awards totaling \$109,750 to Metropolis Strategies.

During the years ended September 30, 2022 and 2021, The PERT Foundation approved grant awards totaling \$2,125,000 and \$3,225,000, respectively, to the Foundation.

During the years ended September 30, 2022 and 2021, The PERT Foundation approved grant awards totaling \$450,000 and \$1,250,000, respectively, to the Trust.

During the year ended September 30, 2021, The PERT Foundation approved grant awards totaling \$175,000 to The Lake County Community Foundation.

During the year ended September 30, 2021, The Glasser and Rosenthal Family Foundation approved grant awards totaling \$1,270,000 to the Foundation.

During the year ended September 30, 2021, The Glasser and Rosenthal Family Foundation approved grant awards totaling \$890,000 to the Trust.

During the years ended September 30, 2022 and 2021, the Butler Trust approved grants totaling \$2,201,672 and \$2,091,093, respectively, to the Trust.

THE CHICAGO COMMUNITY TRUST
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Notes to Consolidated Financial Statements
September 30, 2022 and 2021

During the year ended September 30, 2021, The Lake County Community Foundation approved grants totaling \$20,000 to the Foundation.

During the year ended September 30, 2022, The Lavin Family Supporting Foundation approved grants totaling \$18,224,255 to the Foundation.

Each of these affiliate transactions have been eliminated in consolidation.

(14) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, the Trust's management evaluated subsequent events after the consolidated statement of financial position date of September 30, 2022 through April 17, 2023, the date the consolidated financial statements were available to be issued, and determined there are no additional items to disclose, except as noted above.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Financial Position

September 30, 2022

| Assets | The Chicago Community Trust | The Chicago Community Foundation | The Burrige D. Butler Memorial Trust of Chicago, Illinois | The Lavin Family Supporting Foundation | The PERT Foundation |
|---|--|---|--|---|------------------------------------|
| Cash and cash equivalents | \$ 11,356,850 | 12,983,799 | 1,336,351 | — | 9,069 |
| Investments: | | | | | |
| Short-term investment funds | 116,015,435 | 637,823,592 | — | — | 5,759 |
| Fixed income – domestic | 224,776,309 | 549,582,204 | 10,977,781 | — | 83,874 |
| Fixed income – international | 19,761,326 | 17,111,811 | 605,169 | — | — |
| Domestic equities | 474,346,145 | 834,974,639 | 9,723,103 | — | 87,150 |
| International equities | 144,461,348 | 451,363,684 | 195,264 | — | 192,240 |
| Hedge funds | 79,459,814 | 226,824,145 | 17,021,947 | — | — |
| Real estate | 900,000 | 305,185 | — | — | — |
| Other | 1,853,403 | 90,157,160 | — | — | — |
| Total investments | 1,061,573,780 | 2,808,142,420 | 38,523,264 | — | 369,023 |
| Contributions receivable | — | 9,412,964 | — | — | — |
| Notes receivable | — | 3,996,205 | — | — | — |
| Other assets | 15,203,241 | 760,000 | — | — | — |
| Software, office equipment, and leasehold improvements, net | 1,645,481 | — | — | — | — |
| Beneficial interest in charitable term trusts | 264,768,945 | — | — | — | — |
| Beneficial interest in charitable perpetual trusts | 45,706,166 | — | — | — | — |
| Total assets | \$ 1,400,254,463 | 2,835,295,388 | 39,859,615 | — | 378,092 |
| | Liabilities and Net Assets | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 3,939,862 | 9,584,758 | 128,283 | — | 13,568 |
| Grants payable | 22,367,804 | 7,398,851 | 550,418 | — | — |
| Annuity payable | 354,326 | — | — | — | — |
| Funds held for others | — | 8,006,533 | — | — | — |
| Total liabilities | 26,661,992 | 24,990,142 | 678,701 | — | 13,568 |
| Net assets: | | | | | |
| Without donor restrictions | 1,062,785,867 | 2,800,892,282 | — | — | 364,524 |
| With donor restrictions | 310,806,604 | 9,412,964 | 39,180,914 | — | — |
| Total net assets | 1,373,592,471 | 2,810,305,246 | 39,180,914 | — | 364,524 |
| Total liabilities and net assets | \$ 1,400,254,463 | 2,835,295,388 | 39,859,615 | — | 378,092 |

(Continued)

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Financial Position

September 30, 2022

| Assets | The Community Foundation of Will County | Metropolis Strategies | Total | Eliminations | Consolidated |
|---|--|----------------------------------|---------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 388,623 | 1,155,986 | 27,230,678 | — | 27,230,678 |
| Investments: | | | | | |
| Short-term investment funds | 346,893 | — | 754,191,679 | — | 754,191,679 |
| Fixed income – domestic | 3,445,452 | — | 788,865,620 | — | 788,865,620 |
| Fixed income – international | — | — | 37,478,306 | — | 37,478,306 |
| Domestic equities | 2,832,339 | — | 1,321,963,376 | — | 1,321,963,376 |
| International equities | 1,071,236 | — | 597,283,772 | — | 597,283,772 |
| Hedge funds | — | — | 323,305,906 | — | 323,305,906 |
| Real estate | — | — | 1,205,185 | — | 1,205,185 |
| Other | — | — | 92,010,563 | — | 92,010,563 |
| Total investments | 7,695,920 | — | 3,916,304,407 | — | 3,916,304,407 |
| Contributions receivable | — | 50,000 | 9,462,964 | (5,796,970) | 3,665,994 |
| Notes receivable | — | — | 3,996,205 | — | 3,996,205 |
| Other assets | — | — | 15,963,241 | (10,209,086) | 5,754,155 |
| Software, office equipment, and leasehold improvements, net | — | — | 1,645,481 | — | 1,645,481 |
| Beneficial interest in charitable term trusts | — | — | 264,768,945 | — | 264,768,945 |
| Beneficial interest in charitable perpetual trusts | — | — | 45,706,166 | — | 45,706,166 |
| Total assets | \$ 8,084,543 | 1,205,986 | 4,285,078,087 | (16,006,056) | 4,269,072,031 |
| | Liabilities and Net Assets | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 48,054 | 300,499 | 14,015,024 | (9,658,668) | 4,356,356 |
| Grants payable | 130,899 | — | 30,447,972 | (6,347,388) | 24,100,584 |
| Annuity payable | — | — | 354,326 | — | 354,326 |
| Funds held for others | 294,954 | — | 8,301,487 | — | 8,301,487 |
| Total liabilities | 473,907 | 300,499 | 53,118,809 | (16,006,056) | 37,112,753 |
| Net assets: | | | | | |
| Without donor restrictions | 7,610,636 | 855,487 | 3,872,508,796 | 6,742,552 | 3,879,251,348 |
| With donor restrictions | — | 50,000 | 359,450,482 | (6,742,552) | 352,707,930 |
| Total net assets | 7,610,636 | 905,487 | 4,231,959,278 | — | 4,231,959,278 |
| Total liabilities and net assets | \$ 8,084,543 | 1,205,986 | 4,285,078,087 | (16,006,056) | 4,269,072,031 |

See accompanying independent auditors' report.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Financial Position

September 30, 2021

| Assets | The Community Foundation of Will County | Metropolis Strategies | The Glasser and Rosenthal Family Foundation | Total | Eliminations | Consolidated |
|---|---|--------------------------|--|---------------|--------------|---------------|
| Cash and cash equivalents | \$ 299,586 | 695,483 | — | 22,759,928 | — | 22,759,928 |
| Investments: | | | | | | |
| Short-term investment funds | 45,790 | — | — | 813,668,200 | 1,139,740 | 814,807,940 |
| Fixed income – domestic | 2,046,100 | — | — | 662,463,116 | — | 662,463,116 |
| Fixed income – international | 67,738 | — | — | 29,055,545 | — | 29,055,545 |
| Domestic equities | 2,526,692 | — | — | 1,678,208,543 | — | 1,678,208,543 |
| International equities | 2,098,506 | — | — | 732,775,538 | — | 732,775,538 |
| Hedge funds | — | — | — | 330,454,499 | — | 330,454,499 |
| Real estate | — | — | — | 1,205,185 | — | 1,205,185 |
| Other | — | — | — | 113,416,840 | — | 113,416,840 |
| Total investments | 6,784,826 | — | — | 4,361,247,466 | 1,139,740 | 4,362,387,206 |
| Contributions receivable | — | 1,190,000 | — | 13,078,528 | (8,327,134) | 4,751,394 |
| Notes receivable | — | — | — | 2,949,625 | — | 2,949,625 |
| Other assets | — | — | — | 4,794,028 | (3,352,168) | 1,441,860 |
| Software, office equipment, and leasehold improvements, net | — | — | — | 411,354 | — | 411,354 |
| Beneficial interest in charitable term trusts | — | — | — | 332,451,706 | — | 332,451,706 |
| Beneficial interest in charitable perpetual trusts | — | — | — | 57,176,088 | — | 57,176,088 |
| Total assets | \$ 7,084,412 | 1,885,483 | — | 4,794,868,723 | (10,539,562) | 4,784,329,161 |
| Liabilities and Net Assets | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 28,359 | 142,557 | — | 6,682,195 | (2,212,428) | 4,469,767 |
| Grants payable | — | — | — | 43,338,940 | (8,327,134) | 35,011,806 |
| Annuity payable | — | — | — | 371,662 | — | 371,662 |
| Funds held for others | 382,517 | — | — | 10,500,133 | — | 10,500,133 |
| Total liabilities | 410,876 | 142,557 | — | 60,892,930 | (10,539,562) | 50,353,368 |
| Net assets: | | | | | | |
| Without donor restrictions | 6,673,536 | 552,926 | — | 4,282,398,148 | 7,882,134 | 4,290,280,282 |
| With donor restrictions | — | 1,190,000 | — | 451,577,645 | (7,882,134) | 443,695,511 |
| Total net assets | 6,673,536 | 1,742,926 | — | 4,733,975,793 | — | 4,733,975,793 |
| Total liabilities and net assets | \$ 7,084,412 | 1,885,483 | — | 4,794,868,723 | (10,539,562) | 4,784,329,161 |

See accompanying independent auditors' report.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Activities – Without Donor Restrictions

Year ended September 30, 2022

| | The Chicago Community Trust | The Chicago Community Foundation | The Burridge D. Butler Memorial Trust of Chicago, Illinois | The Lavin Family Supporting Foundation | The PERT Foundation | The Lake County Community Foundation |
|--|--------------------------------------|---|--|--|---------------------------|---|
| Operating activities: | | | | | | |
| Support, revenue, and transfers: | | | | | | |
| Investment payout | \$ 97,237,892 | 52,319,485 | — | 11,513 | 34,810 | — |
| Contributions of cash and other financial assets | 14,124,907 | — | — | — | — | — |
| Transfer from nonoperating activities | 7,776,050 | 1,450,937,540 | — | 356,382 | — | — |
| Other income | 16,354,149 | 445,868 | — | — | 146 | — |
| Net assets released from restrictions | 34,842,898 | — | 2,382,805 | — | — | — |
| Total operating support, revenue, and transfers | <u>170,335,896</u> | <u>1,503,702,893</u> | <u>2,382,805</u> | <u>367,895</u> | <u>34,956</u> | <u>—</u> |
| Expenses: | | | | | | |
| Grants, net of refunds | 93,723,204 | 1,408,204,046 | 2,201,672 | 18,224,255 | 4,090,000 | — |
| Program-related expenses | 15,330,408 | 4,435,822 | — | — | — | — |
| Investment management and custodian fees | 3,517,245 | 5,671,273 | — | — | 13,227 | — |
| Administrative expenses | 19,531,834 | 9,155,572 | 181,133 | 184,668 | 48,779 | — |
| Other expenses | 36,671 | — | — | 14 | 60 | — |
| Total operating expenses | <u>132,139,362</u> | <u>1,427,466,713</u> | <u>2,382,805</u> | <u>18,408,937</u> | <u>4,152,066</u> | <u>—</u> |
| Excess (deficiency) of operating support, revenue, and transfers over expenses | <u>38,196,534</u> | <u>76,236,180</u> | <u>—</u> | <u>(18,041,042)</u> | <u>(4,117,110)</u> | <u>—</u> |
| Nonoperating activities: | | | | | | |
| Contributions of cash and other financial assets | 27,173,145 | 1,633,006,948 | — | — | — | — |
| Contributions of nonfinancial assets | 8,434 | 3,355 | — | — | — | — |
| Net return on investments after investment payout | (243,984,508) | (443,695,956) | — | 356,382 | (194,540) | — |
| Investment management and custodian fees | (296,920) | — | — | — | — | — |
| Change in value of charitable gift annuity and life insurance policy | (33,022) | — | — | — | — | — |
| Transfer to operating activities | (7,776,050) | (1,450,937,540) | — | (356,382) | — | — |
| Other gain (loss) | (13,211) | 58,828 | — | — | — | — |
| Deconsolidation of a supporting organization | — | — | — | — | — | (19,182,538) |
| Net assets released from restrictions | — | 2,460,000 | — | — | — | — |
| Net nonoperating activities | <u>(224,922,132)</u> | <u>(259,104,365)</u> | <u>—</u> | <u>—</u> | <u>(194,540)</u> | <u>(19,182,538)</u> |
| Increase (decrease) in net assets | <u>(186,725,598)</u> | <u>(182,868,185)</u> | <u>—</u> | <u>(18,041,042)</u> | <u>(4,311,650)</u> | <u>(19,182,538)</u> |
| Net assets at beginning of year | <u>1,249,511,465</u> | <u>2,983,760,467</u> | <u>—</u> | <u>18,041,042</u> | <u>4,676,174</u> | <u>19,182,538</u> |
| Net assets at end of year | <u>\$ 1,062,785,867</u> | <u>2,800,892,282</u> | <u>—</u> | <u>—</u> | <u>364,524</u> | <u>—</u> |

(Continued)

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Activities – Without Donor Restrictions

Year ended September 30, 2022

| | The Community Foundation of Will County | Metropolis Strategies | Total | Eliminations | Consolidated |
|---|--|----------------------------------|----------------------|---------------------|----------------------|
| Operating activities: | | | | | |
| Support, revenue, and transfers: | | | | | |
| Investment payout | \$ 199,321 | 3,915 | 149,806,936 | — | 149,806,936 |
| Contributions of cash and other financial assets | 158,960 | 809,115 | 15,092,982 | (6,934,993) | 8,157,989 |
| Transfer from nonoperating activities | 860,111 | — | 1,459,930,083 | — | 1,459,930,083 |
| Other income | 83,101 | — | 16,883,264 | (13,799,537) | 3,083,727 |
| Net assets released from restrictions | — | 1,190,000 | 38,415,703 | — | 38,415,703 |
| Total operating support, revenue, and transfers | 1,301,493 | 2,003,030 | 1,680,128,968 | (20,734,530) | 1,659,394,438 |
| Expenses: | | | | | |
| Grants, net of refunds | 860,111 | — | 1,527,303,288 | (63,159,769) | 1,464,143,519 |
| Program-related expenses | — | 442,784 | 20,209,014 | (4,617,398) | 15,591,616 |
| Investment management and custodian fees | 14,173 | — | 9,215,918 | — | 9,215,918 |
| Administrative expenses | 137,534 | 1,257,646 | 30,497,166 | (9,182,139) | 21,315,027 |
| Other expenses | 77,829 | 39 | 114,613 | — | 114,613 |
| Total operating expenses | 1,089,647 | 1,700,469 | 1,587,339,999 | (76,959,306) | 1,510,380,693 |
| Excess (deficiency) of operating support, revenue, and transfers over expenses | 211,846 | 302,561 | 92,788,969 | 56,224,776 | 149,013,745 |
| Nonoperating activities: | | | | | |
| Contributions of cash and other financial assets | 3,182,959 | — | 1,663,363,052 | (55,674,358) | 1,607,688,694 |
| Contributions of nonfinancial assets | — | — | 11,789 | — | 11,789 |
| Net return on investments after investment payout | (1,597,594) | — | (689,116,216) | — | (689,116,216) |
| Investment management and custodian fees | — | — | (296,920) | — | (296,920) |
| Change in value of charitable gift annuity and life insurance policy | — | — | (33,022) | — | (33,022) |
| Transfer to operating activities | (860,111) | — | (1,459,930,083) | — | (1,459,930,083) |
| Other gain (loss) | — | — | 45,617 | — | 45,617 |
| Deconsolidation of a supporting organization | — | — | (19,182,538) | — | (19,182,538) |
| Net assets released from restrictions | — | — | 2,460,000 | (1,690,000) | 770,000 |
| Net nonoperating activities | 725,254 | — | (502,678,321) | (57,364,358) | (560,042,679) |
| Increase (decrease) in net assets | 937,100 | 302,561 | (409,889,352) | (1,139,582) | (411,028,934) |
| Net assets at beginning of year | 6,673,536 | 552,926 | 4,282,398,148 | 7,882,134 | 4,290,280,282 |
| Net assets at end of year | \$ 7,610,636 | 855,487 | 3,872,508,796 | 6,742,552 | 3,879,251,348 |

See accompanying independent auditors' report.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Activities – Without Donor Restrictions

Year ended September 30, 2021

| | The Chicago Community Trust | The Chicago Community Foundation | The Burridge D. Butler Memorial Trust of Chicago, Illinois | The Lavin Family Supporting Foundation | The PERT Foundation | The Lake County Community Foundation |
|--|--------------------------------------|---|--|--|---------------------------|---|
| Operating activities: | | | | | | |
| Support, revenue, and transfers: | | | | | | |
| Investment payout | \$ 41,115,732 | 38,820,630 | — | 78,868 | 87,989 | 379,328 |
| Contributions of cash and other financial assets | 15,299,204 | — | — | — | — | 661,541 |
| Contributions of nonfinancial assets | — | — | — | — | — | 336 |
| Transfer from nonoperating activities | 4,988,110 | 1,317,248,376 | — | 2,183,066 | 1,443,811 | 1,742,594 |
| Other income | 13,308,105 | 802,394 | — | 14 | 418 | 139,350 |
| Net assets released from restrictions | 28,031,855 | — | 2,283,931 | — | — | — |
| Total operating support, revenue, and transfers | <u>102,743,006</u> | <u>1,356,871,400</u> | <u>2,283,931</u> | <u>2,261,948</u> | <u>1,532,218</u> | <u>2,923,149</u> |
| Expenses: | | | | | | |
| Grants, net of refunds | 72,084,527 | 1,287,701,112 | 2,091,093 | 2,100,000 | 5,530,000 | 1,714,142 |
| Program-related expenses | 5,556,953 | 5,402,293 | — | — | — | — |
| Investment management and custodian fees | 3,410,122 | 4,942,819 | — | — | 35,177 | 90,815 |
| Administrative expenses | 19,673,520 | 7,803,785 | 192,838 | 161,948 | 90,295 | 651,510 |
| Other expenses | 44,223 | — | — | — | — | 137,382 |
| Total operating expenses | <u>100,769,345</u> | <u>1,305,850,009</u> | <u>2,283,931</u> | <u>2,261,948</u> | <u>5,655,472</u> | <u>2,593,849</u> |
| Excess (deficiency) of operating support, revenue, and transfers over expenses | <u>1,973,661</u> | <u>51,021,391</u> | <u>—</u> | <u>—</u> | <u>(4,123,254)</u> | <u>329,300</u> |
| Nonoperating activities: | | | | | | |
| Contributions of cash and other financial assets | 3,985,637 | 1,774,588,813 | — | — | — | 1,551,209 |
| Contributions of nonfinancial assets | — | 634,236 | — | — | — | — |
| Net return on investments after investment payout | 164,475,335 | 378,198,470 | — | 4,099,911 | 1,443,811 | 4,201,352 |
| Investment management and custodian fees | (278,140) | — | — | — | — | — |
| Change in value of charitable gift annuity and life insurance policy | (30,560) | — | — | — | — | — |
| Transfer to operating activities | (4,988,110) | (1,317,248,376) | — | (2,183,066) | (1,443,811) | (1,742,594) |
| Other loss | (13,700) | (129,671) | — | — | — | — |
| Deconsolidation of a supporting organization | — | — | — | — | — | — |
| Net assets released from restrictions | — | 2,133,239 | — | — | — | — |
| Net nonoperating activities | <u>163,150,462</u> | <u>838,176,711</u> | <u>—</u> | <u>1,916,845</u> | <u>—</u> | <u>4,009,967</u> |
| Increase (decrease) in net assets | <u>165,124,123</u> | <u>889,198,102</u> | <u>—</u> | <u>1,916,845</u> | <u>(4,123,254)</u> | <u>4,339,267</u> |
| Net assets at beginning of year | <u>1,084,387,342</u> | <u>2,094,562,365</u> | <u>—</u> | <u>16,124,197</u> | <u>8,799,428</u> | <u>14,843,271</u> |
| Net assets at end of year | <u>\$ 1,249,511,465</u> | <u>2,983,760,467</u> | <u>—</u> | <u>18,041,042</u> | <u>4,676,174</u> | <u>19,182,538</u> |

(Continued)

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Activities – Without Donor Restrictions

Year ended September 30, 2021

| | The Community Foundation of Will County | Metropolis Strategies | The Glasser and Rosenthal Family Foundation | The Community Foundation for McHenry County | Total | Eliminations | Consolidated |
|--|---|--------------------------|--|--|----------------------|---------------------|----------------------|
| Operating activities: | | | | | | | |
| Support, revenue, and transfers: | | | | | | | |
| Investment payout | \$ 143,774 | 528 | 172,284 | — | 80,799,133 | — | 80,799,133 |
| Contributions of cash and other financial assets | 149,950 | 1,242,299 | — | — | 17,352,994 | (14,163,716) | 3,189,278 |
| Contributions of nonfinancial assets | — | — | — | — | 336 | — | 336 |
| Transfer from nonoperating activities | 372,820 | — | — | — | 1,327,978,777 | — | 1,327,978,777 |
| Other income | 64,727 | — | — | — | 14,315,008 | (13,673,466) | 641,542 |
| Net assets released from restrictions | — | 170,000 | — | — | 30,485,786 | (25,000) | 30,460,786 |
| Total operating support, revenue, and transfers | <u>731,271</u> | <u>1,412,827</u> | <u>172,284</u> | <u>—</u> | <u>1,470,932,034</u> | <u>(27,862,182)</u> | <u>1,443,069,852</u> |
| Expenses: | | | | | | | |
| Grants, net of refunds | 273,820 | — | 4,323,226 | — | 1,375,817,920 | (23,331,292) | 1,352,486,628 |
| Program-related expenses | — | 10,000 | — | — | 10,969,246 | (5,703,524) | 5,265,722 |
| Investment management and custodian fees | 11,878 | — | — | — | 8,490,811 | — | 8,490,811 |
| Administrative expenses | 118,306 | 1,002,680 | 14,664 | — | 29,709,546 | (7,969,942) | 21,739,604 |
| Other expenses | 61,785 | — | — | — | 243,390 | — | 243,390 |
| Total operating expenses | <u>465,789</u> | <u>1,012,680</u> | <u>4,337,890</u> | <u>—</u> | <u>1,425,230,913</u> | <u>(37,004,758)</u> | <u>1,388,226,155</u> |
| Excess (deficiency) of operating support, revenue, and transfers over expenses | <u>265,482</u> | <u>400,147</u> | <u>(4,165,606)</u> | <u>—</u> | <u>45,701,121</u> | <u>9,142,576</u> | <u>54,843,697</u> |
| Nonoperating activities: | | | | | | | |
| Contributions of cash and other financial assets | 1,259,728 | — | — | — | 1,781,385,387 | (6,510,936) | 1,774,874,451 |
| Contributions of nonfinancial assets | — | — | — | — | 634,236 | — | 634,236 |
| Net return on investments after investment payout | 846,637 | — | 432,007 | — | 553,697,523 | — | 553,697,523 |
| Investment management and custodian fees | — | — | — | — | (278,140) | — | (278,140) |
| Change in value of charitable gift annuity and life insurance policy | — | — | — | — | (30,560) | — | (30,560) |
| Transfer to operating activities | (372,820) | — | — | — | (1,327,978,777) | — | (1,327,978,777) |
| Other loss | — | — | — | — | (143,371) | — | (143,371) |
| Deconsolidation of a supporting organization | — | — | — | (37,587,262) | (37,587,262) | — | (37,587,262) |
| Net assets released from restrictions | — | — | — | — | 2,133,239 | (953,750) | 1,179,489 |
| Net nonoperating activities | <u>1,733,545</u> | <u>—</u> | <u>432,007</u> | <u>(37,587,262)</u> | <u>971,832,275</u> | <u>(7,464,686)</u> | <u>964,367,589</u> |
| Increase (decrease) in net assets | 1,999,027 | 400,147 | (3,733,599) | (37,587,262) | 1,017,533,396 | 1,677,890 | 1,019,211,286 |
| Net assets at beginning of year | 4,674,509 | 152,779 | 3,733,599 | 37,587,262 | 3,264,864,752 | 6,204,244 | 3,271,068,996 |
| Net assets at end of year | <u>\$ 6,673,536</u> | <u>552,926</u> | <u>—</u> | <u>—</u> | <u>4,282,398,148</u> | <u>7,882,134</u> | <u>4,290,280,282</u> |

See accompanying independent auditors' report.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Activities – With Donor Restrictions

Year ended September 30, 2022

| | The Chicago Community Trust | The Chicago Community Foundation | The Burridge D. Butler Memorial Trust of Chicago, Illinois | The Lake County Community Foundation | The Community Foundation of Will County | Metropolis Strategies | Total | Eliminations | Consolidated |
|--|--------------------------------------|---|--|---|---|--------------------------|--------------|--------------|--------------|
| Operating activities: | | | | | | | | | |
| Support and revenue: | | | | | | | | | |
| Investment payout | \$ — | — | 1,093,429 | — | — | — | 1,093,429 | — | 1,093,429 |
| Contributions of cash and other financial assets | 550,418 | — | — | — | — | 50,000 | 600,418 | (550,418) | 50,000 |
| Net assets released from restrictions | (34,842,898) | — | (2,382,805) | — | — | (1,190,000) | (38,415,703) | — | (38,415,703) |
| Total operating support and revenue | (34,292,480) | — | (1,289,376) | — | — | (1,140,000) | (36,721,856) | (550,418) | (37,272,274) |
| Expenses: | | | | | | | | | |
| Investment management and custodian fees | — | — | 357,371 | — | — | — | 357,371 | — | 357,371 |
| Total operating expenses | — | — | 357,371 | — | — | — | 357,371 | — | 357,371 |
| Excess (deficiency) of operating support and revenue over expenses | (34,292,480) | — | (1,646,747) | — | — | (1,140,000) | (37,079,227) | (550,418) | (37,629,645) |
| Nonoperating activities: | | | | | | | | | |
| Contributions of cash and other financial assets | — | (15,564) | — | — | — | — | (15,564) | — | (15,564) |
| Net return on investments after investment payout | — | — | (8,262,587) | — | — | — | (8,262,587) | — | (8,262,587) |
| Loss on beneficial interest in charitable perpetual trusts | (11,469,922) | — | — | — | — | — | (11,469,922) | — | (11,469,922) |
| Loss on beneficial interest in charitable term trusts | (32,839,863) | — | — | — | — | — | (32,839,863) | — | (32,839,863) |
| Net assets released from restrictions | — | (2,460,000) | — | — | — | — | (2,460,000) | 1,690,000 | (770,000) |
| Net nonoperating activities | (44,309,785) | (2,475,564) | (8,262,587) | — | — | — | (55,047,936) | 1,690,000 | (53,357,936) |
| Decrease in net assets | (78,602,265) | (2,475,564) | (9,909,334) | — | — | (1,140,000) | (92,127,163) | 1,139,582 | (90,987,581) |
| Net assets at beginning of year | 389,408,869 | 11,888,528 | 49,090,248 | — | — | 1,190,000 | 451,577,645 | (7,882,134) | 443,695,511 |
| Net assets at end of year | \$ 310,806,604 | 9,412,964 | 39,180,914 | — | — | 50,000 | 359,450,482 | (6,742,552) | 352,707,930 |

See accompanying independent auditors' report.

THE CHICAGO COMMUNITY TRUST
(Funds Held by the Trustees or Created for the
Benefit of The Chicago Community Trust)

Consolidating Statement of Activities – With Donor Restrictions
Year ended September 30, 2021

| | The Chicago Community Trust | The Chicago Community Foundation | The Burridge D. Butler Memorial Trust of Chicago, Illinois | The Lake County Community Foundation | The Community Foundation of Will County | Metropolis Strategies | The Community Foundation for McHenry County | Total | Eliminations | Consolidated |
|--|--------------------------------------|---|--|---|---|--------------------------|--|--------------|--------------|--------------|
| Operating activities: | | | | | | | | | | |
| Support and revenue: | | | | | | | | | | |
| Investment payout | \$ — | — | 1,061,681 | — | — | — | — | 1,061,681 | — | 1,061,681 |
| Contributions of cash and other financial assets | — | — | — | — | — | 830,000 | — | 830,000 | (830,000) | — |
| Net assets released from restrictions | (28,031,855) | — | (2,283,931) | — | — | (170,000) | — | (30,485,786) | 25,000 | (30,460,786) |
| Total operating support and revenue | (28,031,855) | — | (1,222,250) | — | — | 660,000 | — | (28,594,105) | (805,000) | (29,399,105) |
| Expenses: | | | | | | | | | | |
| Program-related expenses – government grants | 26,172,916 | — | — | — | — | — | — | 26,172,916 | — | 26,172,916 |
| Investment management and custodian fees | — | — | 335,609 | — | — | — | — | 335,609 | — | 335,609 |
| Total operating expenses | 26,172,916 | — | 335,609 | — | — | — | — | 26,508,525 | — | 26,508,525 |
| Excess (deficiency) of operating support and revenue over expenses | (54,204,771) | — | (1,557,859) | — | — | 660,000 | — | (55,102,630) | (805,000) | (55,907,630) |
| Nonoperating activities: | | | | | | | | | | |
| Contributions of cash and other financial assets | — | 3,752,153 | — | — | — | — | — | 3,752,153 | (1,826,640) | 1,925,513 |
| Government grants and contracts revenue | 11,110,000 | — | — | — | — | — | — | 11,110,000 | — | 11,110,000 |
| Net return on investments after investment payout | — | — | 8,367,330 | — | — | — | — | 8,367,330 | — | 8,367,330 |
| Gain on beneficial interest in charitable perpetual trusts | 7,762,524 | — | — | — | — | — | — | 7,762,524 | — | 7,762,524 |
| Gain on beneficial interest in charitable term trusts | 89,420,788 | — | — | — | — | — | — | 89,420,788 | — | 89,420,788 |
| Deconsolidation of a supporting organization | — | — | — | — | — | — | (1,583,825) | (1,583,825) | — | (1,583,825) |
| Net assets released from restrictions | — | (2,133,239) | — | — | — | — | — | (2,133,239) | 953,750 | (1,179,489) |
| Net nonoperating activities | 108,293,312 | 1,618,914 | 8,367,330 | — | — | — | (1,583,825) | 116,695,731 | (872,890) | 115,822,841 |
| Increase (decrease) in net assets | 54,088,541 | 1,618,914 | 6,809,471 | — | — | 660,000 | (1,583,825) | 61,593,101 | (1,677,890) | 59,915,211 |
| Net assets at beginning of year | 335,320,328 | 10,269,614 | 42,280,777 | — | — | 530,000 | 1,583,825 | 389,984,544 | (6,204,244) | 383,780,300 |
| Net assets at end of year | \$ 389,408,869 | 11,888,528 | 49,090,248 | — | — | 1,190,000 | — | 451,577,645 | (7,882,134) | 443,695,511 |

See accompanying independent auditors' report.