A Better Chicago

Financial Statements and Independent Auditors' Report

December 31, 2021 and 2020

Miller Cooper & Co., Ltd.

CONTENTS

MILLER COOPER & Co., Ltd
ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
A Better Chicago
Chicago, Illinois

Opinion

We have audited the financial statements of A Better Chicago (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Financial Statements

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

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

(Continued)

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’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.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., LTD.

Certified Public Accountants

Deerfield, Illinois
June 30, 2022

FINANCIAL STATEMENTS

A Better Chicago

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	$ 16,410,920	$ 8,098,785
Pledges receivable, net	4,804,757	4,008,302
Prepaid and other assets	104,504	158,771
Property and equipment, net	22,537	40,357
	$ 21,342,718	$ 12,306,215
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 292,443	$ 110,941
Grants payable	3,905,000	1,270,000
Total liabilities	4,197,443	1,380,941
NET ASSETS		
Without donor restrictions	5,798,848	5,835,991
With donor restrictions	11,346,427	5,089,283
Total net assets	17,145,275	10,925,274
	$ 21,342,718	$ 12,306,215

The accompanying notes are an integral part of these statements.

A Better Chicago

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	$ 4,989,994	$ 9,739,500	$ 14,729,494	$ 6,104,030	$ 896,345	$ 7,000,375
Contributed services and gifts in-kind	86,083	-	86,083	294,286	-	294,286
Investment return (loss), net	(2,062)	-	(2,062)	65,911	-	65,911
Net assets released from donor restrictions	3,482,356	(3,482,356)	-	968,153	(968,153)	-
Total revenues	8,556,371	6,257,144	14,813,515	7,432,380	(71,808)	7,360,572
Expenses						
Program	6,937,618	-	6,937,618	7,113,760	-	7,113,760
Fundraising	851,915	-	851,915	1,104,069	-	1,104,069
General and administrative	803,981	-	803,981	818,203	-	818,203
Total expenses	8,593,514	-	8,593,514	9,036,032	-	9,036,032
CHANGE IN NET ASSETS	(37,143)	6,257,144	6,220,001	(1,603,652)	(71,808)	(1,675,460)
Net assets, beginning of year	5,835,991	5,089,283	10,925,274	7,439,643	5,161,091	12,600,734
Net assets, end of year	$ 5,798,848	$ 11,346,427	$ 17,145,275	$ 5,835,991	$ 5,089,283	$ 10,925,274

The accompanying notes are an integral part of these statements.

Miller Cooper & Co., Ltd.

A Better Chicago

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 6,220,001	$ (1,675,460)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	33,757	60,269
Provision for bad debts	500	3,690
Forgiveness of Paycheck Protection Program loan	(290,676)	(219,332)
(Increase) decrease in assets		
Pledges receivable	(796,955)	1,392,847
Prepaid and other assets	54,267	(125,098)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	181,502	(60,251)
Grants payable	2,635,000	307,000
Proceeds from Paycheck Protection Program loan	290,676	219,332
Net cash provided by (used in) operating activities	8,328,072	(97,003)
Cash flows from investing activities		
Purchases of property and equipment	(15,937)	(15,504)
Net cash used in investing activities	(15,937)	(15,504)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,312,135	(112,507)
Cash and cash equivalents, beginning of year	8,098,785	8,211,292
Cash and cash equivalents, end of year	$ 16,410,920	$ 8,098,785

The accompanying notes are an integral part of these statements.

NOTE A - ORGANIZATION AND NATURE OF THE BUSINESS

A Better Chicago (the "Organization") was incorporated on January 4, 2011 as an Illinois nonprofit organization. The Organization's mission is to provide funding and management support to a portfolio of high-performing nonprofit organizations that are dramatically increasing the number of Chicago youth that are economically mobile and thriving in education, career, and life.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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

2. Cash and Cash Equivalents

The Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management monitors the collection of these receivables on a routine basis. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of estimated future cash flows, at the date the contribution or pledge is received, to the extent estimated to be collectible by the Organization. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, are included in contribution revenue.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes pledges receivable are fully collectible at December 31, 2021 and 2020.

4. Property and Equipment

Equipment is recorded at cost, if purchased, or fair value as of the date of donation.

Depreciation is computed using the straight-line method over the estimated useful life of the asset as follows:

	Years
Computers	3 - 5
Website	3
Furniture	5

Leasehold improvements are amortized over the shorter of the lease term or its estimated useful life.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Grants Payable

Grants are recorded once they have been approved by the Organization's investment committee(s). It is the Organization's intent that amounts reflected as grants payable at December 31, 2021 will be fulfilled in 2022.

6. Income Taxes

The Organization has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purposes, under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3). As an exempt organization, the Organization is subject to federal and state income taxes on income determined to be unrelated business taxable income, if any.

US GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Contributions (Continued)

Contributions received are recorded as net assets without donor restriction or with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

8. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Contributed Services and Gifts In-Kind

In-kind contributions are recorded at their estimated fair value as both revenue and expense in the statements of activities. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization records the estimated fair value of contributed services which meet these criteria (Note J).

10. Functional Expense Allocation

The cost of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one program have been allocated among the programs and supporting services benefited based on a systematic and rational method.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Functional Expense Allocation (Continued)

All expenses are charged directly to that program except office administration, travel and depreciation which are allocated based on full time equivalents and salaries and related benefits and expenses which are allocated based on time and effort.

11. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, accounts payable and accrued expenses, and grants payable, approximate fair value due to the short maturity of these instruments. See Note B-3 for valuation of pledges receivable.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to the financial statements.

12. Significant Accounting Standards Applicable in Future Years

Presentation and Disclosures for Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 is intended to clarify the presentation and disclosure of contributed nonfinancial assets. ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. ASU 2020-07 is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Significant Accounting Standards Applicable in Future Years (Continued)

Presentation and Disclosures for Contributed Nonfinancial Assets (Continued)

ASU 2020-07 is effective for the Organization’s December 31, 2022 financial statements and thereafter. Management is currently evaluating the effect that ASU 2020-07 will have on the Organization’s financial statements.

Leases

The FASB issued ASU 2016-02, *Leases*, (Topic 842) (ASU 2016-02), in February 2016. ASU 2016-02 will require lessees to recognize, at commencement date, a lease liability representing the lessee’s obligation to make payments arising from the lease and a right-of-use asset representing the lessee’s right to use or control the use of a specific asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. ASU 2016-02 was to be effective for annual financial statements of not-for-profit organizations issued for fiscal years beginning after December 15, 2019, however the implementation date has been deferred. The new guidance is now effective for annual financial statements of not-for-profit organizations issued for fiscal years beginning after December 15, 2021.

Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements, and will implement ASU 2016-02 in the Organization’s December 31, 2022 financial statements using a modified retrospective approach.

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 16,410,920	$ 8,098,785
Pledges receivable, net	4,804,757	4,008,302
Total financial assets	21,215,677	12,107,087
Less amounts not available to be used within one year:		
Pledges receivable, net - due after one year (Note D)	2,152,727	1,796,123
Grants payable (Note F)	3,905,000	1,270,000
	6,057,727	3,066,123
Financial assets available to meet general expenditures over the next twelve months	$ 15,157,950	$ 9,040,964

The Organization’s goal is generally to maintain financial assets to meet six months of operating expenses as well as cash on hand at the end of the year to fully fund the coming year’s expected grants. The Organization's administrative and fundraising expenses are fully underwritten by the Board of Directors, Leadership Council, and certain restricted contributions. Administrative and fundraising expenses are estimated at $2.22 million for the year ending December 31, 2022. Support for grantees in the form of grants and management support is funded through donations. For programs existing at December 31, 2021, grants and management support is estimated by management at $5.86 million for the year ending December 31, 2022.

The Organization's program team meets regularly to identify and evaluate current and potential grantees using its investment model, testing for strength in the areas of program impact, leadership, operations, and scale. It is the Organization's goal under its current strategic plan to grow its annual level of grant making over the next 3 to 5 years. In 2021, the Organization launched a new multi-year program to identify and invest in Chicago’s most promising innovations designed to accelerate learning recovery and well-being in communities disproportionately affected by the pandemic.

NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization has a $500,000 line of credit available to meet cash flow needs. Historically, the Organization has not had to draw on the line of credit.

NOTE D - PLEDGES RECEIVABLE

Pledges receivable represent outstanding unconditional pledges made by donors to the Organization as of December 31, 2021 and 2020, and are due as follows:

	2021	2020
Less than one year	$ 2,652,030	$ 2,212,179
Between one and three years	2,250,000	1,862,500
	4,902,030	4,074,679
Unamortized discount	(97,273)	(66,377)
	$ 4,804,757	$ 4,008,302

Pledges receivable have been reduced by a discount rate ranging from 1.17% to 2.69% for the years ending December 31, 2021 and 2020.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 and 2020 are as follows:

	2021	2020
Computers	$ 63,496	$ 47,559
Website	315,668	315,668
Furniture	52,347	52,347
Leasehold improvements	1,259	1,259
	432,770	416,833
Less accumulated depreciation	410,233	376,476
	$ 22,537	$ 40,357

NOTE F - GRANTS PAYABLE

The following table summarizes the changes in grants payable during the years ended December 31, 2021 and 2020.

	2021	2020
Balance, beginning of the year	$ 1,270,000	$ 963,000
Grants authorized	5,230,000	5,930,482
Payments made	(2,595,000)	(5,623,482)
Balance, end of the year	$ 3,905,000	$ 1,270,000

Grants authorized but unpaid at December 31, 2021, are payable in 2022. At December 31, the Organization had awarded additional grants totaling $4,150,000, which were conditional on the investment committee(s) approval. These conditional grants were not reflected in the financial statements as of December 31, 2021.

NOTE G - REVOLVING LINE OF CREDIT

The Organization had a credit agreement with a financial institution for a line of credit that allowed for borrowings up to $500,000 and matured on May 31, 2021.

In May 2021, the Organization entered into a new credit agreement with the same financial institution for a line of credit facility. The line of credit facility allows for borrowings up to $500,000, matures on May 31, 2023, and is unsecured. Interest is charged at the borrower's option at the Prime Based Rate, Bank Offered Rate, or the London InterBank Offered Rate (LIBOR), as defined in the agreement.

There were no outstanding borrowings on the lines of credit as of and during the years ending December 31, 2021 and 2020.

NOTE H - PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization entered into a Paycheck Protection Program (PPP) loan agreement that totaled $219,332, bore interest at 1.00%, was set to mature in April 2022, was not collateralized, and was eligible for forgiveness subject to provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Organization has accounted for the advance under the guidance provided by FASB ASC 958-605, in which the advance is treated as a conditional contribution, which is an acceptable treatment under US GAAP. The Organization has chosen this approach as the advance represents, in substance, a grant. Under this accounting method, the funds received are initially recorded as a refundable advance and then recharacterized as contribution revenue when the criteria for forgiveness is "substantially met", as defined by the FASB. The Organization received forgiveness in December 2020. Accordingly, the Organization has recorded the full amount of the advance as contribution revenue in 2020 as the criteria for forgiveness was substantially met. The full forgiveness of the loan has been included in contribution revenues on the accompanying statement of activities for the year ended December 31, 2020.

NOTE H - PAYCHECK PROTECTION PROGRAM (Continued)

In April 2021, the Organization entered into a second PPP loan agreement that totaled $290,676, bore interest at 1.00%, was set to mature in April 2026, was not collateralized, and was eligible for forgiveness subject to provisions of the CARES Act. The Organization has accounted for the advance in accordance with ASC 958-605, in which the advance is treated as a conditional contribution. The Organization received forgiveness in October 2021. Accordingly, the Organization has recorded the full amount of the advance as contribution revenue in 2021 as the criteria for forgiveness was substantially met. The full forgiveness of the loan has been included in contribution revenues on the accompanying statement of activities for the year ended December 31, 2021.

As part of the PPP, the Organization is required to retain all records relating to the loans for six years from the date the loans were forgiven and permit authorized representatives of the Small Business Administration (SBA) to access such records upon request. Although forgiveness of the loans have been granted, the SBA may undertake a review at any time at the SBA’s discretion.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2021 and 2020:

	2021	2020
Time restrictions	$ 2,567,500	$ 1,220,000
Catalyst fund	2,835,589	3,289,283
Chicago Design Challenge	5,290,338	30,000
West Side Initiative	450,000	550,000
Special event	203,000	-
	$ 11,346,427	$ 5,089,283

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from restrictions by incurring costs satisfying the restricted purpose specified by donors or by the passage of time during the years ended December 31, 2021 and 2020:

	2021	2020
Time restrictions	$ 837,500	$ 581,091
Catalyst fund	503,694	262,062
Chicago Design Challenge	2,041,162	-
West Side Initiative	100,000	125,000
	$ 3,482,356	$ 968,153

NOTE J - CONTRIBUTED SERVICES AND GIFTS IN-KIND

The Organization receive donated services related to legal services during the years ended December 31, 2021 and 2020. The fair value of these donations were $86,083 and $294,286 in 2021 and 2020, respectively. These amounts were recorded as both revenues and expenses in the accompanying statements of activities.

NOTE K - FUNCTIONAL EXPENSES

The Organization provides funding and management support to high-performing nonprofit organizations. Expenses related to this function for the years ended December 31, 2021 and 2020 are as follows:

	Year ended December 31, 2021			
	Program	Fundraising	General and Administrative	Total
Grant expense and management support	$ 5,606,950	$ -	$ -	$ 5,606,950
Donor events	-	40,248	-	40,248
Professional services	149,710	-	200,880	350,590
Office administration	168,435	61,709	88,653	318,797
Travel	1,413	872	1,010	3,295
Salaries and related benefits and expenses	993,323	742,536	504,018	2,239,877
Depreciation	17,787	6,550	9,420	33,757
	$ 6,937,618	$ 851,915	$ 803,981	$ 8,593,514

	Year ended December 31, 2020			
	Program	Fundraising	General and Administrative	Total
Grant expense and management support	$ 6,041,040	$ -	$ -	$ 6,041,040
Donor events	-	107,264	-	107,264
Professional services	143,065	-	383,479	526,544
Office administration	130,227	135,391	35,653	301,271
Travel	3,057	2,924	1,668	7,649
Salaries and related benefits and expenses	768,981	833,032	389,982	1,991,995
Depreciation	27,390	25,458	7,421	60,269
	$ 7,113,760	$ 1,104,069	$ 818,203	$ 9,036,032

NOTE L - LEASE COMMITMENTS

During 2020, the Organization leased its office space in accordance with the terms of an operating lease set to expire in June 2021. The lease provided for escalating base rental installments as defined in the agreement. The Organization terminated this lease in February 2020. The Organization did not incur an early termination fee.

In March 2020, the Organization relocated its office space and entered into an operating lease agreement through February 2023, with an option to extend as defined in the agreement. The lease began March 2020 and requires monthly rental payments ranging from $16,473 to $17,476. For financial reporting purposes, lease expense is recognized on a straight-line basis over the term of the lease. The excess of straight-line over cash paid approximates $6,000 and $5,000 at December 31, 2021 and 2020, respectively, and is included in accounts payable and accrued expenses on the statements of financial position. The Organization paid a security deposit approximating $49,000 in 2020 and is included in prepaid and other assets on the accompanying statements of financial position as of December 31, 2021 and 2020. Rent expense for the years ended December 31, 2021 and 2020 was approximately $204,000 and $172,000, respectively.

Future minimum lease payments required under the operating lease in place at December 31, 2021 are as follows:

2022	$	208,696
2023		34,952
	$	243,648

NOTE M - EMPLOYEE BENEFITS

The Organization has adopted a Safe Harbor 401(k) Plan (the "plan") covering all employees, subject to certain eligibility requirements. The Organization provides a safe harbor contribution of 3%, as described in the plan agreement. Employer contributions to the plan approximate $152,000 and $145,000 for the years ending December 31, 2021 and 2020, respectively.

NOTE N - RISKS AND UNCERTAINTIES

1. Uninsured Cash and Cash Equivalents

The Organization maintains cash and cash equivalent balances in financial institutions in Illinois. Certain accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of insured deposit limits.

2. Concentrations of Funding Sources

Approximately 48% and 27% of the Organization's contribution revenue was received from three donors in 2021 and 2020, respectively. One of the three donors in 2021 and 2020 was a member of the Board of Directors. Approximately 37% and 58% of the Organization's pledge receivable balance at December 31, 2021 and 2020, respectively, are from two donors and four donors, respectively. One of the two donors in 2021 and one of the four donors in 2020 is a member of the Board of Directors. Contributions may vary significantly from year to year.

3. COVID-19

The direct and indirect impacts of the current COVID-19 outbreak on the Organization's donors, vendors, and operations are currently unknown, except as noted below, as is the duration and severity of any impacts that the Organization may experience. The most notable effect is the Organization's receipt of the PPP loans (Note H) to assist with funding operations. Management is currently unable to quantify the effects that this situation will have on its operations and financial position; however, they may be significant. No adjustments relating to the effects of COVID-19 have been recorded in these financial statements.

NOTE O - RECLASSIFICATIONS

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications have no effect on net assets or the changes in net assets in the financial statements.

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2022, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require additional disclosure in the financial statements.