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# Chicago Lights

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**Financial Report  
with Supplemental Information  
December 31, 2022**

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## **Independent Auditor's Report**

To the Board of Directors  
Chicago Lights

### **Opinion**

We have audited the financial statements of Chicago Lights (the "Organization"), which comprise the statement of financial position as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 issued or available to be issued.

### **Auditor's Responsibilities for the Audits of the Financial Statements**

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

To the Board of Directors  
Chicago Lights

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

November 10, 2023

**Statement of Financial Position**

		<b>December 31, 2022 and 2021</b>	
		<u>2022</u>	<u>2021</u>
<b>Assets</b>			
Cash and cash equivalents		\$ 702,312	\$ 903,969
Receivables:			
Contributions receivable		75,000	-
Due from The Congregation of The Fourth Presbyterian Church of Chicago, Illinois (Note 6)		295,736	472,816
Prepaid expenses and other assets		67,887	10,800
Property and equipment - Net (Note 3)		<u>121,769</u>	<u>40,347</u>
Total assets		<u><b>\$ 1,262,704</b></u>	<u><b>\$ 1,427,932</b></u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses		\$ 25,174	\$ 87,165
Contract liabilities		<u>31,589</u>	<u>54,000</u>
Total liabilities		56,763	141,165
<b>Net Assets</b>			
Without donor restrictions		851,842	782,251
With donor restrictions (Note 4)		<u>354,099</u>	<u>504,516</u>
Total net assets		<u>1,205,941</u>	<u>1,286,767</u>
Total liabilities and net assets		<u><b>\$ 1,262,704</b></u>	<u><b>\$ 1,427,932</b></u>

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions	\$ 1,474,121	\$ 340,591	\$ 1,814,712	\$ 1,401,832	\$ 458,734	\$ 1,860,566
Contributed nonfinancial assets (Note 6)	777,976	-	777,976	504,460	-	504,460
Mission Benefit (net of expenses of \$227,282 and \$104,673, respectively)	290,178	-	290,178	259,679	-	259,679
Program activity	24,013	-	24,013	13,346	-	13,346
Net assets released from restrictions	491,008	(491,008)	-	269,859	(269,859)	-
Total revenue and support	3,057,296	(150,417)	2,906,879	2,449,176	188,875	2,638,051
<b>Expenses</b>						
Program services	2,411,199	-	2,411,199	1,777,864	-	1,777,864
Support services:						
Management and general	513,165	-	513,165	603,274	-	603,274
Resource development	268,358	-	268,358	316,470	-	316,470
Total expenses	3,192,722	-	3,192,722	2,697,608	-	2,697,608
<b>(Decrease) Increase in Net Assets - Before equity transfer</b>	(135,426)	(150,417)	(285,843)	(248,432)	188,875	(59,557)
<b>Equity Transfer (Note 6)</b>	205,017	-	205,017	438,659	-	438,659
<b>Increase (Decrease) in Net Assets</b>	69,591	(150,417)	(80,826)	190,227	188,875	379,102
<b>Net Assets - Beginning of year</b>	782,251	504,516	1,286,767	592,024	315,641	907,665
<b>Net Assets - End of year</b>	<b>\$ 851,842</b>	<b>\$ 354,099</b>	<b>\$ 1,205,941</b>	<b>\$ 782,251</b>	<b>\$ 504,516</b>	<b>\$ 1,286,767</b>

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services					Support Services				Total
	Chicago Lights Dance Academy	Elam Davies Social Service Center	Summer Day	Tutoring and Scholarships	Urban Farm	Total Program Services	Management and General	Resource Development	Total Support Services	
Salary and benefits	\$ 221,969	\$ 376,610	\$ 146,969	\$ 455,020	\$ 323,079	\$ 1,523,647	\$ 201,254	\$ 214,460	\$ 415,714	\$ 1,939,361
Professional services	17,350	38,198	15,376	50,537	32,430	153,891	194,491	33,691	228,182	382,073
Grants and dues	-	-	-	106,150	-	106,150	-	-	-	106,150
Meetings, trips, and retreats	1,141	5,092	38,298	25,295	16,653	86,479	1,515	-	1,515	87,994
Supplies	4,925	30,066	3,447	24,046	14,663	77,147	1,006	596	1,602	78,749
Printing and other related services	-	3,949	-	3,496	1,414	8,859	4,600	7,895	12,495	21,354
Occupancy and insurance	36,844	203,005	55,575	99,365	36,696	431,485	84,317	1,225	85,542	517,027
Fundraising	-	-	-	-	-	-	-	10,491	10,491	10,491
Special events	137	3,562	-	5,504	-	9,203	-	-	-	9,203
Interest	-	-	-	-	-	-	25,982	-	25,982	25,982
Depreciation	-	-	-	-	14,338	14,338	-	-	-	14,338
<b>Total functional expenses</b>	<b>\$ 282,366</b>	<b>\$ 660,482</b>	<b>\$ 259,665</b>	<b>\$ 769,413</b>	<b>\$ 439,273</b>	<b>\$ 2,411,199</b>	<b>\$ 513,165</b>	<b>\$ 268,358</b>	<b>\$ 781,523</b>	<b>\$ 3,192,722</b>

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services					Support Services				Total
	Chicago Lights Dance Academy	Elam Davies Social Service Center	Summer Day	Tutoring and Scholarships	Urban Farm	Total Program Services	Management and General	Resource Development	Total Support Services	
Salary and benefits	\$ 222,449	\$ 347,261	\$ 66,786	\$ 339,349	\$ 277,606	\$ 1,253,451	\$ 281,594	\$ 263,391	\$ 544,985	\$ 1,798,436
Professional services	21,516	35,475	13,844	67,118	32,522	170,475	202,601	41,919	244,520	414,995
Grants and dues	-	-	-	114,394	-	114,394	-	-	-	114,394
Meetings, trips, and retreats	607	3,639	892	2,560	7,778	15,476	-	-	-	15,476
Supplies	4,698	19,343	4,896	36,475	15,599	81,011	2,007	-	2,007	83,018
Printing and other related services	-	3,786	-	474	1,380	5,640	6,449	8,804	15,253	20,893
Occupancy and insurance	32,033	57,849	-	3,155	30,309	123,346	85,370	1,703	87,073	210,419
COVID-19	202	1,762	353	-	-	2,317	121	653	774	3,091
Interest	-	-	-	-	-	-	25,132	-	25,132	25,132
Depreciation	-	-	-	-	11,754	11,754	-	-	-	11,754
<b>Total functional expenses</b>	<b>\$ 281,505</b>	<b>\$ 469,115</b>	<b>\$ 86,771</b>	<b>\$ 563,525</b>	<b>\$ 376,948</b>	<b>\$ 1,777,864</b>	<b>\$ 603,274</b>	<b>\$ 316,470</b>	<b>\$ 919,744</b>	<b>\$ 2,697,608</b>



**Statement of Cash Flows**

**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
(Decrease) increase in net assets	\$ (80,826)	\$ 379,102
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	14,338	11,754
Contributions restricted for long-term purposes	(10,000)	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Contributions receivable	(75,000)	-
Prepaid expenses and other assets	(57,087)	14,434
Accounts payable and other accrued expenses	(61,991)	8,432
Contract liabilities	(22,411)	42,500
Change in due from The Congregation of The Fourth Presbyterian Church of Chicago, Illinois	177,080	(367,306)
Net cash and cash equivalents (used in) provided by operating activities	(115,897)	88,916
<b>Cash Flows Used in Investing Activities</b> - Purchase of property and equipment	(95,760)	(12,920)
<b>Cash Flows Provided by Financing Activities</b> - Proceeds from contributions restricted for long-term purposes	10,000	-
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(201,657)	75,996
<b>Cash and Cash Equivalents</b> - Beginning of year	903,969	827,973
<b>Cash and Cash Equivalents</b> - End of year	\$ 702,312	\$ 903,969

December 31, 2022 and 2021

### Note 1 - Nature of Business

Chicago Lights (the "Organization") is an Illinois nonprofit corporation that conducts programs focusing on the educational and social services needs of people living in Chicago communities who are facing systemic economic barriers. The Organization is a community outreach organization of The Congregation of the Fourth Presbyterian Church of Chicago, Illinois (the "Church"). The specific purposes of the Organization are to advance the community outreach and mission activities of the Church in providing programs and resources for youth and adults facing systemic social and economic barriers. The Organization creates, develops, and manages educational, arts, social service, and community building programs and such other purposes as the Church and the board of directors may elect. The Organization annually partners with thousands of individuals of all races, ethnic backgrounds, and religious traditions. The Church is the sole corporate member and includes the activities of the Organization in its consolidated financial statements.

Chicago Lights' financial accounts are organized in program services and support services categories, which are as follows:

*Chicago Lights Dance Academy:* The dance academy fosters self-esteem and academic growth through dance classes taught by professional artists for students attending Chicago schools. The dance academy ceased operations in August 2022.

*Elam Davies Social Service Center:* The social service center helps adults achieve individual goals through case management and enrichment groups, plus appointments for food, clothing, housing case management, and other resources.

*Summer Day:* Summer Day bridges the summer learning and safety gap for students by engaging them in a six-week, full-day program that includes academic and arts classes, outdoor recreation, field trips, and a dynamic final performance written and produced by the students.

*Tutoring:* Tutoring matches students one to one with caring volunteer mentors to help them build academic and social-emotional skills, graduate from high school, and pursue meaningful careers.

*Urban Farm:* The Urban Farm cultivates a thoughtful and engaged community of youth and adults through educational and economic opportunities, hands-on learning experiences, and access to fresh, local, and sustainably grown produce.

### Note 2 - Significant Accounting Policies

#### ***Basis of Presentation***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with nonprofit reporting principles and practices.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include checking and money market accounts. These accounts, from time to time, may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

#### ***Contributions Receivable***

Pledges of cash and other assets, including unconditional promises to give in the future, are reported as revenue when granted or received, measured at fair value. Contributions receivable at December 31, 2022 are expected to be collected within one year. The Organization has not recorded a provision for doubtful accounts since it is the opinion of management that those receivables are collectible in full.

**Note 2 - Significant Accounting Policies (Continued)**

***Prepaid Expenses and Other Assets***

Prepaid expenses and other assets consist of payments made by the Organization for Mission Benefit events, to be held in future periods, as well as miscellaneous receivables. Prepaid items are expensed at the time of the related event.

***Property and Equipment***

Property and equipment are recorded at cost and depreciated over the estimated useful life of the asset using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred.

***Classification of Net Assets***

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

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

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 the donor has stipulated the funds be maintained in perpetuity.

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

***Revenue Recognition***

The Organization derives revenue primarily from the Mission Benefit event and sales from the Urban Farm.

Revenue from the Mission Benefit event is recorded at a point in time when the event takes place. Cash payments received in advance of the event date are recorded as contract liabilities. The benefit has historically taken place in March.

Revenue derived from sales from the Urban Farm, which is labeled program activity on the statement of activities and changes in net assets, are for the specific exchange of goods priced at market value and recognized at the time of sale.

Cash payments received in advance of the Organization satisfying its performance obligations are recorded as contract liabilities on the statement of financial position. Total contract liabilities as of December 31, 2022 and 2021 were \$31,589 and \$54,000, respectively. Total contract liabilities as of January 1, 2022 and 2021 were \$54,000 and \$11,500, respectively.

***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded as contributions receivable at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

December 31, 2022 and 2021

**Note 2 - Significant Accounting Policies (Continued)**

Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements/pledge agreements are overcome. The Organization records cash received in advance of meeting conditions as a refundable advance on the statement of financial position. As of December 31, 2022 and 2021, the Organization had no conditional promises to give.

Contributed services are recognized as contributed nonfinancial assets and contributed nonfinancial expenses if the services received meet certain criteria: the services create or enhance long-lived assets, or the services require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. The Organization records contributed nonfinancial assets and expenses on the statement of activities and changes in net assets related to administrative services and facility space provided by the Church to the Organization, without charge. Refer to Note 6 for the valuation method of contributed services.

Additionally, a substantial number of unpaid volunteers have made significant contributions of their time that do not meet the above criteria. Accordingly, the value of their donated time and services is not reflected in the financial statements.

***Income Taxes***

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

***Functional Allocation of Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Occupancy service expenses are allocated based on actual use of space, based on the established rates. Salaries and benefits are allocated based on management's estimate of time and effort. Professional fees are directly charged to the programs in which they relate. Depreciation expense is allocated based on the actual use of space. Management reviews these allocations annually. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Use of Estimates***

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

***Adoption of New Accounting Pronouncement***

As of January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets are reported by category within the financial statements, and there are additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The standard was applied retrospectively and did not result in a restatement of prior year amounts.

December 31, 2022 and 2021

**Note 2 - Significant Accounting Policies (Continued)**

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including November 10, 2023, which is the date the financial statements were available to be issued.

**Note 3 - Property and Equipment**

Property and equipment are summarized as follows:

	2022	2021	Depreciable Life - Years
Building improvements	\$ 116,448	\$ 116,448	5-30
Furniture, equipment, vehicles, and software	108,680	12,920	3-5
Total cost	225,128	129,368	
Accumulated depreciation	103,359	89,021	
Net property and equipment	<u>\$ 121,769</u>	<u>\$ 40,347</u>	

Depreciation expense for 2022 and 2021 was \$14,338 and \$11,754, respectively.

**Note 4 - Net Assets**

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Funds restricted for use in future years' programming	\$ 85,691	\$ 254,673
Chicago Lights Dance Academy	-	21,096
Elam Davies Social Service Center	9,999	21,547
Summer Day	38,333	15,000
Tutoring	201,252	164,626
Urban Farm	8,824	27,574
To be held in perpetuity	10,000	-
Total net assets with donor restrictions	<u>\$ 354,099</u>	<u>\$ 504,516</u>

Net assets with donor restrictions utilized for their specific purposes during 2022 and 2021 were as follows:

	2022	2021
Time restricted for general operations	\$ 273,090	\$ 129,870
Chicago Lights Dance Academy	21,095	25,373
Summer Day	15,000	12,500
Tutoring	141,526	68,275
Urban Farm	18,750	-
Elam Davies Social Service Center	21,547	33,841
Total net assets with donor restrictions utilized for their specific purposes	<u>\$ 491,008</u>	<u>\$ 269,859</u>

December 31, 2022 and 2021

**Note 5 - Liquidity and Availability of Resources**

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 702,312	\$ 903,969
Receivable from related organization	295,736	472,816
Contributions receivable	<u>75,000</u>	<u>-</u>
Financial assets - At year end	1,073,048	1,376,785
Less those unavailable for general expenditures within one year, due to net assets with donor restrictions to be held in perpetuity	<u>10,000</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,063,048</u>	<u>\$ 1,376,785</u>

The Organization regularly monitors liquidity required to meet annual operating needs and other commitments.

**Note 6 - Related Party Transactions**

Pursuant to a service agreement, the Organization utilizes employees from the Church. The service agreement is for a period of one year and is automatically renewed for successive one-year periods; either party can terminate the automatic renewal with 60 days' written notice. The employees participate in the benefit plans of the Church, as eligible. The Church charges the Organization for direct salary and benefit costs, and the Organization makes periodic reimbursements to the Church.

The Church continues to support the Organization by providing facility space and related utilities for its programs and administration functions. The Church also provides human resources, information technology, and accounting services to the Organization, free of charge. The estimated value of these contributed nonfinancial assets was \$777,976 and \$504,460 in 2022 and 2021, respectively. For the year ended December 31, 2022, the contributed nonfinancial assets consisted of \$296,441 of services related to human resources, information technology, and accounting services, while \$481,535 consisted of use of space. For the year ended December 31, 2021, the contributed nonfinancial assets consisted of \$326,070 of services related to human resources, information technology, and accounting services, while \$178,390 consisted of use of space. These contributed nonfinancial services are valued based on a combination of full-time equivalents (for human resources and information technology-related services), budgeted expenses (for accounting services), and fair value estimates of space rental fees (for facility space and related utilities). Contributed nonfinancial services, including human resource, information technology, and accounting services, are allocated among programmatic, support, and fundraising services based on actual and budgeted usage. Contributed nonfinancial assets revenue with corresponding contributed nonfinancial expenses are recorded on the statement of activities and changes in net assets in 2022 and 2021.

In addition, the Organization contributed \$55,800 and \$53,375 of Mission Benefit proceeds to the Church in 2022 and 2021, respectively, which is included within Mission Benefit on the statement of activities and changes in net assets.

December 31, 2022 and 2021

**Note 6 - Related Party Transactions (Continued)**

The Organization receives contributions from the Church, which are treated as equity transfers in the statement of activities and changes in net assets due to the Church's role as sole corporate member of the Organization. Equity transfers totaling \$205,017 as of December 31, 2022 consist of an investment draw allocation of \$55,017 and sponsorship revenue for the Mission Benefit of \$150,000. Equity transfers totaling \$438,659 as of December 31, 2021 consist of an investment draw allocation of \$54,959 and proceeds from the Church for the Paycheck Protection Program (PPP) in the amount of \$383,700, which was a nonrecurring transfer in nature.

As of December 31, 2022 and 2021, a receivable of \$295,736 and \$472,816, respectively, is due from the Church.

**Note 7 - Donor-restricted and Board-designated Endowments**

The Organization's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

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

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

Notes to Financial Statements

December 31, 2022 and 2021

**Note 7 - Donor-restricted and Board-designated Endowments (Continued)**

	Endowment Net Asset Composition by Type of Fund as of December 31, 2022 <hr/> With Donor Restrictions <hr/>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 10,000
Accumulated investment losses	(255)
Total donor-restricted endowment funds	<u>\$ 9,745</u>
	<hr/> Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022 <hr/> With Donor Restrictions <hr/>
Investment return	\$ (255)
Contributions	10,000
Endowment net assets - End of year	<u>\$ 9,745</u>

***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in the donor-restricted endowment fund, which has an original gift value of \$10,000 and a current fair value of \$9,745 as of December 31, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds.

***Return Objectives and Risk Parameters***

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are to be invested in a diversified portfolio of investment assets to provide for a total return. The overall rate of return objective is a reasonable real rate of return consistent with the risk levels established by the Organization's investment committee.

The objective is a minimum acceptable rate of return over a full market cycle (three years) that equals or exceeds the assumed spending rate plus the rate of inflation.



December 31, 2022 and 2021

**Note 7 - Donor-restricted and Board-designated Endowments (Continued)**

***Strategies Employed for Achieving Objectives***

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

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Organization has a policy of appropriating for distribution each year. The current spending policy is 5 percent of the trailing 12-quarter average balance of its total investment holdings. In establishing this policy, the Organization considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow an average of 5 percent annually. The Organization has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board did not appropriate from the endowment in 2022.

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## Supplemental Information

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### Independent Auditor's Report on Supplemental Information

To the Board of Directors  
Chicago Lights

We have audited the financial statements of Chicago Lights as of and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated November 10, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of support, revenue, and expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

November 10, 2023

Supplemental Statement of Support, Revenue, and Expenses

Year Ended December 31, 2022

	Chicago Lights Dance Academy	Elam Davies Social Service Center	Summer Day	Tutoring	Urban Farm	Other	Total
<b>Revenue and Support</b>							
Contributions	\$ 139,118	\$ 256,405	\$ 54,683	\$ 89,028	\$ 178,788	\$ 1,096,690	\$ 1,814,712
Contributed nonfinancial assets	53,790	231,655	68,818	140,649	27,830	255,234	777,976
Mission Benefit (net of expenses of \$227,282)	35,391	66,397	29,550	97,355	61,485	-	290,178
Program activity	2	-	9,065	550	12,321	2,075	24,013
Total revenue and support	228,301	554,457	162,116	327,582	280,424	1,353,999	2,906,879
<b>Expenses</b>							
Program services	(282,366)	(660,482)	(259,665)	(769,413)	(439,273)	-	(2,411,199)
Management and general	(47,682)	(82,181)	(35,964)	(120,078)	(75,071)	(152,189)	(513,165)
Resource development	(24,936)	(42,976)	(18,807)	(62,794)	(39,258)	(79,587)	(268,358)
Total expenses	(354,984)	(785,639)	(314,436)	(952,285)	(553,602)	(231,776)	(3,192,722)
(Decrease) increase in net assets	<u>\$ (126,683)</u>	<u>\$ (231,182)</u>	<u>\$ (152,320)</u>	<u>\$ (624,703)</u>	<u>\$ (273,178)</u>	<u>\$ 1,122,223</u>	<u>\$ (285,843)</u>