

The Chicago Council on Global Affairs

Financial Statements

December 31, 2025 and 2024

The Chicago Council on Global Affairs

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December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
The Chicago Council on Global Affairs

Opinion

We have audited the accompanying financial statements of The Chicago Council on Global Affairs (the Council), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of December 31, 2025 and 2024, and the changes in 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 Council 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 Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 Council'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 Council'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.

Baker Tilly US, LLP

Oak Brook, Illinois
September 29, 2026

The Chicago Council on Global Affairs

Statement of Financial Position

December 31, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 2,927,015	\$ 12,745	\$ 2,939,760
Investments	14,874	16,369,143	16,384,017
Accounts receivable	809	-	809
Pledges receivable, net	163,334	487,455	650,789
Prepaid expenses	522,571	-	522,571
Right-of-use asset, operating lease	3,687,966	-	3,687,966
Property and equipment, net	142,352	-	142,352
Total assets	<u>\$ 7,458,921</u>	<u>\$ 16,869,343</u>	<u>\$ 24,328,264</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities	\$ 282,149	\$ -	\$ 282,149
Deferred revenue	149,250	-	149,250
Lease liability	4,474,102	-	4,474,102
Total liabilities	<u>4,905,501</u>	<u>-</u>	<u>4,905,501</u>
Net Assets			
Net assets without donor restrictions	2,553,420	-	2,553,420
Net assets with donor restrictions	-	16,869,343	16,869,343
Total net assets	<u>2,553,420</u>	<u>16,869,343</u>	<u>19,422,763</u>
Total liabilities and net assets	<u>\$ 7,458,921</u>	<u>\$ 16,869,343</u>	<u>\$ 24,328,264</u>

See notes to financial statements

The Chicago Council on Global Affairs

Statement of Financial Position

December 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 3,668,071	\$ 129,732	\$ 3,797,803
Investments	14,795	14,388,408	14,403,203
Accounts receivable	2,582	-	2,582
Pledges receivable, net	1,364,867	335,000	1,699,867
Prepaid expenses	511,736	-	511,736
Deferred compensation plan assets	175,855	-	175,855
Right-of-use asset, operating lease	2,408,335	-	2,408,335
Property and equipment, net	229,317	-	229,317
Total assets	<u>\$ 8,375,558</u>	<u>\$ 14,853,140</u>	<u>\$ 23,228,698</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities	\$ 203,687	\$ -	\$ 203,687
Deferred revenue	447,244	-	447,244
Deferred compensation plan liabilities	175,855	-	175,855
Lease liability	3,242,547	-	3,242,547
Total liabilities	<u>4,069,333</u>	<u>-</u>	<u>4,069,333</u>
Net Assets			
Net assets without donor restrictions	4,306,225	-	4,306,225
Net assets with donor restrictions	-	14,853,140	14,853,140
Total net assets	<u>4,306,225</u>	<u>14,853,140</u>	<u>19,159,365</u>
Total liabilities and net assets	<u>\$ 8,375,558</u>	<u>\$ 14,853,140</u>	<u>\$ 23,228,698</u>

See notes to financial statements

The Chicago Council on Global Affairs

Statement of Activities

Year Ended December 31, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and Other Support			
Contributed income:			
Membership donations, individual	\$ 526,193	\$ -	\$ 526,193
Membership donations, corporate	464,519	-	464,519
Contributions and grants	2,004,654	972,486	2,977,140
Special events	1,131,260	-	1,131,260
Employee retention credit	1,414,586	-	1,414,586
Earned income:			
Emerging Leaders participation fees	160,846	-	160,846
Leadership study mission	427,400	-	427,400
Admission fees	57,896	-	57,896
Investment return, net	6,196	2,470,169	2,476,365
Draw from Second Century Campaign	398,566	(398,566)	-
Net assets released from restrictions	1,027,886	(1,027,886)	-
Total revenues and other support	7,620,002	2,016,203	9,636,205
Expenses			
Program services:			
Public programming and engagement	764,571	-	764,571
Lester Crown Center on U.S. Foreign Policy	1,076,495	-	1,076,495
Public Opinion Surveys	51,827	-	51,827
Emerging Leaders	355,835	-	355,835
Leadership Study Missions	410,398	-	410,398
Total program services	2,659,126	-	2,659,126
Program related services:			
IT/Database services	598,818	-	598,818
Marketing and communications	702,965	-	702,965
Conference center operations	671,010	-	671,010
Total program related services	1,972,793	-	1,972,793
Support services:			
Fundraising	1,790,958	-	1,790,958
Special events	611,823	-	611,823
Management and general	2,338,107	-	2,338,107
Total support services	4,740,888	-	4,740,888
Total expenses	9,372,807	-	9,372,807
Change in net assets	(1,752,805)	2,016,203	263,398
Net Assets, Beginning	4,306,225	14,853,140	19,159,365
Net Assets, Ending	\$ 2,553,420	\$ 16,869,343	\$ 19,422,763

See notes to financial statements

The Chicago Council on Global Affairs

Statement of Activities

Year Ended December 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and Other Support			
Contributed income:			
Membership donations, individual	\$ 472,488	\$ -	\$ 472,488
Membership donations, corporate	865,000	-	865,000
Contributions and grants	4,157,268	544,991	4,702,259
Special events	961,246	75,000	1,036,246
Earned income:			
Emerging Leaders participation fees	196,000	-	196,000
Leadership study mission	185,200	-	185,200
Rental income	24,682	-	24,682
Miscellaneous income	367	-	367
Investment return, net	39,521	1,391,744	1,431,265
Loss on disposal of property and equipment	(352,380)	-	(352,380)
Draw from Second Century Campaign	262,248	(262,248)	-
Net assets released from restrictions	3,760,899	(3,760,899)	-
Total revenues and other support	10,572,539	(2,011,412)	8,561,127
Expenses			
Program services:			
Public programming and engagement	1,093,044	-	1,093,044
Pritzker Center of Global Cities	7,468	-	7,468
Lester Crown Center on U.S. Foreign Policy	156,129	-	156,129
Center on Global Food and Agriculture	68,066	-	68,066
Public Opinion Surveys	1,023,548	-	1,023,548
Emerging Leaders	284,585	-	284,585
Leadership Study Missions	117,613	-	117,613
Total program services	2,750,453	-	2,750,453
Program related services:			
IT/Database services	417,653	-	417,653
Marketing and communications	1,362,208	-	1,362,208
Conference center operations	881,965	-	881,965
Total program related services	2,661,826	-	2,661,826
Support services:			
Fundraising	2,702,276	-	2,702,276
Special events	578,663	-	578,663
Management and general	3,386,271	-	3,386,271
Total support services	6,667,210	-	6,667,210
Total expenses	12,079,489	-	12,079,489
Change in net assets	(1,506,950)	(2,011,412)	(3,518,362)
Net Assets, Beginning	5,813,175	16,864,552	22,677,727
Net Assets, Ending	\$ 4,306,225	\$ 14,853,140	\$ 19,159,365

See notes to financial statements

The Chicago Council on Global Affairs

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services					Program Related Services			Support Services			Total
	Public Programming and Engagement	Lester Crown Center on U.S. Foreign Policy	Public Opinion Surveys	Emerging Leaders	Leadership Study Missions	IT/Database Services	Marketing and Communications	Conference Center Operations	Fundraising	Special Events	Management and General	
Salaries, payroll taxes and employee benefits	\$ 516,973	\$ 641,861	\$ 51,562	\$ 305,735	\$ -	\$ 147,390	\$ 614,413	\$ 269,676	\$ 1,293,627	\$ 1,233	\$ 875,061	\$ 4,717,531
Consulting fees/contract services	168,822	334,898	-	4,526	50,535	389,149	15	80,084	246,899	68,843	272,946	1,616,717
Depreciation and amortization	-	-	-	-	-	-	-	39,806	-	-	110,453	150,259
Marketing	30,040	-	-	-	-	49,034	84,821	21,294	-	8,430	9,023	202,642
Meetings	2,920	9,321	-	22,347	8,955	-	344	71	40,001	462,487	12,714	559,160
Miscellaneous	-	23	-	105	1,400	-	142	-	441	10,557	118,646	131,314
Occupancy	-	-	-	-	-	-	-	208,697	-	-	846,557	1,055,254
Office expenses	1,020	46,109	265	766	237	13,245	333	50,706	45,674	19,161	54,073	231,589
Bad debt expense	-	-	-	-	-	-	-	-	162,337	-	-	162,337
Travel	44,796	44,283	-	22,356	349,271	-	2,897	676	1,979	41,112	38,634	546,004
Total	<u>\$ 764,571</u>	<u>\$ 1,076,495</u>	<u>\$ 51,827</u>	<u>\$ 355,835</u>	<u>\$ 410,398</u>	<u>\$ 598,818</u>	<u>\$ 702,965</u>	<u>\$ 671,010</u>	<u>\$ 1,790,958</u>	<u>\$ 611,823</u>	<u>\$ 2,338,107</u>	<u>\$ 9,372,807</u>

See notes to financial statements

The Chicago Council on Global Affairs

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services							Program Related Services			Support Services			
	Public Programming and Engagement	Pritzker Center on Global Cities	Lester Crown Center on U.S. Foreign Policy	Center on Global Food and Agriculture	Public Opinion Surveys	Emerging Leaders	Leadership Study Missions	IT/Database Services	Marketing and Communications	Conference Center Operations	Fundraising	Special Events	Management and General	Total
Salaries, payroll taxes and employee benefits	\$ 673,643	\$ -	\$ 102,788	\$ -	\$ 526,225	\$ 179,584	\$ -	\$ 246,046	\$ 1,025,991	\$ 124,683	\$ 535,848	\$ -	\$ 1,841,910	\$ 5,256,718
Consulting fees/contract services	185,432	6,012	3,857	16,983	363,452	28,778	40,000	76,853	137,415	147,901	180,926	16,048	957,637	2,161,294
Depreciation and amortization	-	-	-	-	-	-	-	-	-	63,054	-	-	262,052	325,106
Marketing	62,023	-	4,792	-	818	4,514	-	45,005	88,274	29,793	697	5,835	1,438	243,189
Meetings	727	-	11,860	-	3,805	23,647	-	376	64	10,853	26,343	108,655	7,363	193,693
Miscellaneous	-	-	397	-	-	185	653	5,086	293	2,144	265	1,420	118,530	128,973
Occupancy	170,201	-	895	-	89,752	24,445	-	35,067	110,108	248,213	73,205	-	70,682	822,568
Office expenses	24	1,309	157	-	35,038	651	112	9,200	63	34,303	58,914	2,365	93,500	235,636
Return of funds	961	-	-	50,000	-	-	-	-	-	200,000	1,824,496	443,264	4,839	2,523,560
Travel	33	147	31,383	1,083	4,458	22,781	76,848	20	-	21,021	1,582	1,076	28,320	188,752
Total	<u>\$ 1,093,044</u>	<u>\$ 7,468</u>	<u>\$ 156,129</u>	<u>\$ 68,066</u>	<u>\$ 1,023,548</u>	<u>\$ 284,585</u>	<u>\$ 117,613</u>	<u>\$ 417,653</u>	<u>\$ 1,362,208</u>	<u>\$ 881,965</u>	<u>\$ 2,702,276</u>	<u>\$ 578,663</u>	<u>\$ 3,386,271</u>	<u>\$ 12,079,489</u>

See notes to financial statements

The Chicago Council on Global Affairs

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 263,398	\$ (3,518,362)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	150,259	325,106
Loss on disposal of property and equipment	-	352,380
Unrealized gains on investments	(1,842,944)	(710,320)
Realized gains on investments	(216,623)	(64,591)
Noncash lease expense	(48,076)	(219,896)
Changes in operating assets and liabilities:		
Prepaid expenses	(10,835)	(201,782)
Accounts receivable	1,773	7,224
Pledges receivable	1,049,078	2,705,653
Accounts payable and accrued liabilities	78,462	(572,130)
Deferred revenue	(297,994)	250,160
Net cash flows from operating activities	<u>(873,502)</u>	<u>(1,646,558)</u>
Cash Flows From Investing Activities		
Purchases of investments	(4,335,853)	(1,930,478)
Proceeds from sales of investments	4,414,605	2,610,927
Additions of property and equipment	(63,293)	(22,965)
Net cash flows from investing activities	<u>15,459</u>	<u>657,484</u>
Net decrease in cash and cash equivalents	(858,043)	(989,074)
Cash and Cash Equivalents, Beginning	<u>3,797,803</u>	<u>4,786,877</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,939,760</u>	<u>\$ 3,797,803</u>

See notes to financial statements

1. Description of Organization

The Chicago Council on Global Affairs (the Council) is a nonpartisan, nonprofit organization dedicated to convening experts and policymakers and making global affairs more accessible, applicable and actionable. Through our programming and research, we educate the next generation of global leaders, as well as promote informed public discussion and generate policy-relevant ideas and analysis.

The Council came to life in 1922 in a Chicago dominated by isolationism. It led the great debate over American participation in World War II and, after that war, over the nation's role in the world. As an educational and research nonprofit, it struggled to help define America's role in the Cold War and, later, the post-Cold War era. From Vietnam to the Cold War, the War on Terrorism and the period of US unipolar power, the Council led discussions about whether America was served by an active or restrained foreign policy. Today, the Council remains as relevant as ever and is dedicated to fulfilling its mission, for its members, the general public and the foreign policy expert community, through the following signature initiatives:

Lester Crown Center (Crown Center): The Lester Crown Center fosters research and convening on US foreign policy and America's global role. Established in 2018, the Crown Center is driven by the belief that the public plays a critical role in determining the direction of US foreign policy and that an informed and engaged public is critical for effective policymaking. The Crown Center initiatives include:

- Critical research in partnership with leading experts and academics focused on geopolitical issues, including the US commitment to international cooperation, multilateralism and international order.
- Hosting a select group of Council Distinguished Fellows and Non Resident Fellows that contribute to our global reach, convening, research and especially our relevancy.
- Opinion Polling anchored by the annual survey of American public opinion and US foreign policy. Since first conducted in 1974, the Chicago Council Survey has provided the most comprehensive view of American public opinion on critical foreign policy issues, highlighting critical trends and shifts in thinking over time.

High-Level Research Roundtables: Centered on themes anchored by the research expertise of Council Fellows and staff, the roundtable topics include: The Global Economy, Geopolitics and International Order, China and the Indo Pacific, Food Security, Latin America in global context, Geopolitics of the Middle East, Transatlantic Relations and the Future of the West and the Political Economy of North America.

Public Programs, Convenings and Conferences: The Council offers members, the public and foreign policy experts and researchers from around the globe a robust suite of comprehensive programs, convenings and conferences on a wide variety of geopolitical issues.

Emerging Leaders Program: This intensive one-year leadership development program is geared for professionals between the ages of 30 and 45, who have an interest in understanding global and local issues and becoming local or national leaders in the government, nonprofit and for-profit sectors. With more than 300 alums of the program, our mission is to equip rising leaders to shape our shared global future.

Experiential Travel and Field Trips: Private, highly curated experiences to travel with Council leadership, Fellows and staff to national and international locations and meet with policy analysts, government officials and key cultural and civic leaders to examine relevant geopolitical trends impacting the US and nations around the globe.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Classification of Net Assets

Under generally accepted accounting principles, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets of the Council are reported in the two self-balancing groups as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

The Council maintains cash balances which at times may exceed the federally insured limits. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Pledges Receivable

Unconditional promises to give, also referred to as pledges, are recognized as revenues in the period pledged. Pledges are recorded at net realizable value if expected to be collected in more than one year. Conditional pledges are recognized only when the conditions on which they depend are met and the pledges become unconditional. Management provides probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Management did not consider an allowance for doubtful accounts necessary at December 31, 2025 and 2024.

The Chicago Council on Global Affairs

Notes to Financial Statements

December 31, 2025 and 2024

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Council records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method. Estimated useful lives used are three years for computers and software, five and ten years for furniture, equipment and database and term of lease for leasehold improvements.

Impairment of Long-Lived Assets

The Council reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. In 2025 and 2024, no impairment losses were recorded.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Revenue Recognition

Contributions

The Council recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Membership donations are not considered exchange transactions as the value received by the member is de minimis. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, which are deemed material, are not recognized until the conditions on which they depend have been met.

Exchange Transactions

Management recognizes revenue as the Council transfers control of deliverables (products, solutions and services) to the Council's customers in an amount reflecting the consideration to which management expects to be entitled. To recognize revenues, management applies the following five step approach:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenues when a performance obligation is satisfied

The Council accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Management applies judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

While Accounting Standards Codification (ASC) Topic 606 is generally applied to an individual contract with a customer, as a practical expedient, the Council has applied this guidance to a portfolio of contracts (or performance obligations) with similar characteristics. The Council reasonably expects that the effect of applying this guidance to the portfolio would not differ materially from applying the guidance to individual contracts (or performance obligations) within the portfolio.

The Council's earned revenue is derived primarily from the facilitation of various programs and other activities. Admission fees and leadership study mission revenue are recognized when the event or trip occurs. Emerging Leaders fee revenue is recognized as the program occurs. Based on payment terms, all such revenue is collected prior to revenue recognition.

The following summarizes the timing of earned revenue for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Recognized over time	\$ 160,846	\$ 196,000
Recognized at a point-in-time	485,296	185,200

Any amounts not earned at the end of the year are recorded as deferred revenue. Amounts collected in advance of the program period are reflected as advanced payment liabilities. Contracted balances at January 1, 2025 and December 31, 2025 included advanced payments and deferred revenues of \$447,244 and \$149,250, respectively, and balances at January 1, 2024 and December 31, 2024 included advanced payments and deferred revenues of \$197,084 and \$447,244, respectively.

Disclosure is not required for performance obligations that meet any of the following criteria:

1. Contracts with a duration of one year or less as determined under ASC 606.
2. Contracts for which an organization recognizes revenues based on the right to invoice for services performed.

The Chicago Council on Global Affairs

Notes to Financial Statements

December 31, 2025 and 2024

3. Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with ASC 606-10-25-14(b), for which the criteria in ASC 606-10-32-40 have been met.
4. Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Most of the Council's performance obligations meet one or more of these exceptions and therefore are not disclosed.

The incremental costs to obtain a contract should be capitalized if the entity expects to recover those costs (i.e., the net cash flows of the contract and expected renewals will cover the costs). However, an entity may elect a practical expedient that allows it to expense the incremental costs to obtain a contract if the amortization period for those costs would otherwise be one year or less. As a practical expedient, management has elected to expense the incremental costs that would not have been incurred if the contract was not obtained.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort reported by staff on a monthly basis. Expenses allocated include salaries, payroll taxes and benefits, occupancy, depreciation, communications and supplies.

Tax-Exempt Status

The Council has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

The Council follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on the tax return should be recorded in the financial statements. Under this guidance, the Council may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The Council does not believe that it has any uncertain tax positions at December 31, 2025 or 2024.

Subsequent Events

The Council has evaluated subsequent events which occurred after the statement of financial position date through the date the financial statements were available to be issued of September 29, 2026.

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3. Liquidity and Availability of Resources

For purposes of analyzing resources available to meet general expenditures over the next twelve-month period, the Council considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Council's financial assets available for general expenditures within one year of the statements of financial position date of December 31, 2025 and 2024, are as follows:

	2025	2024
Cash and cash equivalents	\$ 2,939,760	\$ 3,797,803
Accounts receivable	809	2,582
Pledges receivable	650,789	1,699,867
Investments	16,384,017	14,403,203
Total financial assets	19,975,375	19,903,455
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors	(16,869,343)	(14,853,140)
Total financial assets available to management for general expenditure within one year	\$ 3,106,032	\$ 5,050,315

The Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and obligations come due. To help manage unanticipated liquidity needs, the Council has a committed line of credit of \$500,000, which it could draw upon. See Note 15.

4. Pledges Receivable

Unconditional pledges at December 31 are receivable as follows:

Years ending December 31:	2025	2024
2025	\$ -	\$ 1,322,702
2026	458,500	200,000
2027	200,000	200,000
Total unconditional promises to give	658,500	1,722,702
Less discounts of net present value at 4.01%	(7,711)	(22,835)
Net unconditional pledges	\$ 650,789	\$ 1,699,867

5. Conditional Pledges Receivable

The Council has been notified that it is the intent of certain individuals to name the Council in their wills or trust instruments for amounts totaling \$600,000. The donors have stipulated that any donations they make to the Council prior to their deaths should reduce the payment upon death. As of December 31, 2025 and 2024, the outstanding commitment was \$300,000. Because the pledge is conditional, and does not yet meet existing revenue recognition criteria, it has not yet been recorded in the financial statements.

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The Council is also the named beneficiary of a donor's retirement account in the amount of \$250,000, payable upon death. The planned gift is intended to be the final payment of an endowment fund established by the donor at the Council. Because the pledge is conditional, and does not yet meet existing revenue recognition criteria, it has not yet been recorded in the financial statements.

6. Investments

At December 31, 2025 and 2024, investment return, net consisted of the following components:

	2025	2024
Interest and dividends	\$ 437,382	\$ 675,767
Realized gains	216,623	64,591
Unrealized gains	1,842,944	710,320
Investment management fees	(20,584)	(19,413)
Total	\$ 2,476,365	\$ 1,431,265

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

7. Fair Value Measurements

Generally accepted accounting principles, as established by the Financial Accounting Standards Board (FASB) ASC Topic 820, define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Council considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

Topic 820 also establishes a fair value hierarchy that requires the Council to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Topic 820 establishes three levels of inputs that may be used to measure fair value:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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The following summarizes the classification of investments by classification and methods of valuation in accordance with the requirements of Topic 820 at December 31, 2025 and 2024:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Equity mutual funds, emerging markets	\$ 730,430	\$ -	\$ -	\$ 730,430
Equity mutual funds, international	4,225,404	-	-	4,225,404
Equity mutual funds, United States	6,056,603	-	-	6,056,603
Equity ETF's, United States	1,293,030	-	-	1,293,030
Corporate bond mutual funds	2,171,317	-	-	2,171,317
Fixed income ETF's	437,221	-	-	437,221
Real estate mutual funds	337,328	-	-	337,328
Total	<u>\$ 15,251,333</u>	<u>\$ -</u>	<u>\$ -</u>	15,251,333
Alternative investments valued at net asset value				
Partnership				415,166
Hedge fund of funds				717,518
Total alternative investments valued at net asset value				<u>1,132,684</u>
Total per statement of financial position				<u>\$ 16,384,017</u>
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Equity mutual funds, emerging markets	\$ 551,986	\$ -	\$ -	\$ 551,986
Equity mutual funds, international	2,847,227	-	-	2,847,227
Equity mutual funds, United States	5,277,752	-	-	5,277,752
Equity ETF's, United States	727,273	-	-	727,273
Corporate bond mutual funds	1,424,085	-	-	1,424,085
Fixed income ETF's	2,204,994	-	-	2,204,994
Real estate mutual funds	308,517	-	-	308,517
Total	<u>\$ 13,341,834</u>	<u>\$ -</u>	<u>\$ -</u>	13,341,834
Alternative investments valued at net asset value				
Partnership				382,018
Hedge fund of funds				679,351
Total alternative investments valued at net asset value				<u>1,061,369</u>
Total per statement of financial position				<u>\$ 14,403,203</u>

A description of the valuation techniques applied to the Council's major categories of assets and liabilities measured at fair value on a recurring basis as follows:

Mutual Funds and Exchange Traded Funds

Investments in mutual funds and exchange traded funds (ETF's) are level 1 as they are valued at quoted prices that are readily available.

The Council measures the fair value for the alternative investments based on net asset value (NAV) as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the Council's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the Council sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. In accordance with ASC Subtopic 820-10, investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There have been no changes in the above valuation techniques for the years ended December 31, 2025 and 2024.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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At year-end, the fair value, unfunded commitments and redemption rules of the investments reported at NAV are as follows:

Investment Type	Unfunded Commitments	2025 NAV	2024 NAV	Redemption Frequency	Redemption Notice Period	Remaining Life (Years)
Alternative investments:						
Partnership (1)	\$ 117,039	\$ 415,166	\$ 382,018	N/A	N/A	2030
Hedge fund of funds (2)	-	717,518	679,351	Last day of each calendar quarter	60 days	N/A (indefinite)
Total		<u>\$ 1,132,684</u>	<u>\$ 1,061,369</u>			

(1) The investment objective of the partnership's underlying investment fund is to build a diverse portfolio of senior secured loans to primarily U.S borrowers. The term of the fund will end within one year after termination of the underlying fund which is scheduled for 2029. No redemptions of the partnership are allowed prior to the dissolution.

(2) The hedge fund of funds invests, directly and indirectly, in a group of funds or other pooled investments vehicles or accounts. The minimum withdrawal amount is \$100,000.

8. Property and Equipment

Property and equipment consisted of the following at December 31, 2025 and 2024:

	2025	2024
Furniture and equipment	\$ 647,867	\$ 735,096
Computer equipment	727,621	801,762
Leasehold improvements	65,355	37,755
	1,440,843	1,574,613
Less accumulated depreciation	(1,298,491)	(1,345,296)
Total	<u>\$ 142,352</u>	<u>\$ 229,317</u>

9. Endowment Policy

The Council's endowment consists of various individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions. The board designated endowment is reported as without donor restrictions.

Interpretation of Relevant Law

Management of the Council has interpreted the State of Illinois' Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies donor-restricted endowment funds (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as a permanent endowment is classified as restricted until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence described by UPMIFA.

In accordance with the UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Council and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. The investment policies of the Council.
7. The direction of the donor.

Return Objectives and Risk Parameters

The Council's investment policy seeks to achieve a long-term rate of return on its investments, sufficient to offset or exceed inflation, required spending, investment management fees, expenses and taxes over a full market cycle. Endowed assets include donor restricted funds that the Council will hold in perpetuity or for a donor specified period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council's investment policy requires the Council's portfolio to be diversified among various asset classes with the goal of reducing volatility of return and among various issues of securities, to reduce nonsystematic, single issuer, principal risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council appropriates distributions based on the direction of the donor and the earnings of the investment, while seeking to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth and investment return.

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Board-Designated Endowment

The Council follows the same investment policy for its board-designated endowment as it does for its permanent endowment. The Council's investment policy seeks to achieve a long-term rate of return on its investments, sufficient to offset or exceed inflation, required spending, investment management fees, expenses and taxes over a full market cycle. To satisfy its long-term rate-of-return objectives, the Council's investment policy requires the Council's portfolio to be diversified among various asset classes with the goal of reducing volatility of return and among various issues of securities, to reduce nonsystematic, single issuer, principal risk. The Council appropriates distributions from its board designated endowment funds at the discretion of its board of directors, who annually review and approve spending rates based on market earnings and the funding needs of the Council.

Endowment net asset composition by type of fund as of December 31, 2025 and 2024 is as follows:

2025			
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 14,050,861	\$ 14,050,861
Board designed endowment funds	420	-	420
Total	\$ 420	\$ 14,050,861	\$ 14,051,281
2024			
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 12,431,911	\$ 12,431,911
Board designed endowment funds	358	-	358
Total	\$ 358	\$ 12,431,911	\$ 12,432,269

Changes in endowment net assets as of December 31, 2025 and 2024 are as follows:

2025			
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Beginning of the period	\$ 358	\$ 12,431,911	\$ 12,432,269
Investment return, net	62	2,119,121	2,119,183
Contributions		259,986	259,986
Amounts appropriated for expenditure	-	(760,157)	(760,157)
End of period	\$ 420	\$ 14,050,861	\$ 14,051,281

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	2024		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Beginning of the period	\$ 19,836	\$ 12,742,092	\$ 12,761,928
Investment return, net	319	1,193,937	1,194,256
Amounts appropriated for expenditure	(19,797)	(1,504,118)	(1,523,915)
End of period	<u>\$ 358</u>	<u>\$ 12,431,911</u>	<u>\$ 12,432,269</u>

10. Net Assets Without Donor Restrictions

Designated funds are net assets without donor restrictions set aside at the discretion of the board or management for a specific purpose and/or timing of use. Upon fulfillment of the designated purpose and/or timing of use, the funds are transferred to undesignated funds. Negative undesignated fund balances represent amounts borrowed from management or board designated funds to fund deficits in prior years.

At December 31, 2025 and 2024, net assets without donor restrictions consisted of the following:

	2025	2024
Undesignated funds	\$ 2,553,000	\$ 4,305,867
Board-designated funds	420	358
Total	<u>\$ 2,553,420</u>	<u>\$ 4,306,225</u>

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted as to purpose and/or timing of use. Upon release of restrictions, the funds are transferred to net assets without donor restrictions. At December 31, 2025 and 2024, net assets with donor restrictions were restricted as follows:

	2025	2024
Amounts subject to expenditure for a specified purpose or period:		
Marshall Bouton Fellowship	\$ 2,331,027	\$ 2,086,229
Special events	-	75,000
Other programs	487,455	260,000
	<u>2,818,482</u>	<u>2,421,229</u>
Amounts restricted by donors to be substantially held in perpetuity, subject to the spending policies of the donor:		
Lester Crown Center on U.S. Foreign Policy	12,441,032	11,315,047
Gus Hart Fellowship	1,290,503	1,100,088
Emerging Leaders Scholarship	319,326	16,776
Total held in perpetuity	<u>14,050,861</u>	<u>12,431,911</u>
Total net assets with donor restrictions	<u>\$ 16,869,343</u>	<u>\$ 14,853,140</u>

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12. Leases

The Council leases office space in Chicago, Illinois under an operating lease. Under this lease, the Council is required to pay base rent payments and its prorated share of certain utilities and expenses. The original lease was to expire on June 30, 2031, and included two extension terms of five years each. In November 2024, the Council renegotiated the lease for a smaller space within the same building and extended the lease to June 30, 2034. The renewal options have not been included in the measurement of the lease liability.

Additionally, the lease agreement requires the Council to deposit a letter of credit with the lessor. The balance of the letter of credit was \$278,528 at December 31, 2025 and 2024. See Note 15.

The right-of-use asset represents the Council's right to use an underlying asset for the lease term, while the lease liability represents the Council's obligation to make lease payments arising from the lease. The right-of-use asset and lease liability are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Council's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Council's sole discretion. The Council regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Council includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Council uses the rate implicit in the lease, or if not readily available, the Council uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Council's long-lived asset policy. The Council reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC Topic 842.

The Council made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Council:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Council obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.

The following table summarizes the lease right-of-use asset and lease liability as of December 31:

	2025	2024
Operating lease right-of-use asset	<u>\$ 3,687,966</u>	<u>\$ 2,408,335</u>
Operating lease liability:		
Current	\$ 450,286	\$ 568,931
Long-term	<u>4,023,816</u>	<u>2,673,616</u>
Total	<u>\$ 4,474,102</u>	<u>\$ 3,242,547</u>

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Below is a summary of expenses incurred pertaining to leases during the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 651,921	\$ 755,532
Variable lease expense	<u>353,646</u>	<u>43,863</u>
Total lease expense	<u>\$ 1,005,567</u>	<u>\$ 799,395</u>

The right-of-use asset and lease liability were calculated using a weighted-average discount rate of 4.48% at December 31, 2025 and 2024. As of December 31, 2025 and 2024, the weighted-average remaining lease term was 8.5 years and 9.5 years, respectively.

The table below summarizes the Council's scheduled future minimum lease payments for years ending after December 31, 2025:

Years ending December 31:	
2026	\$ 638,480
2027	584,157
2028	598,735
2029	613,792
2030	629,137
Thereafter	<u>2,325,956</u>
Total undiscounted cash flows	5,390,257
Less present value discount	<u>(916,155)</u>
Total lease liability	<u>\$ 4,474,102</u>

The following table includes supplemental cash flow and noncash information related to the leases for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating leases	\$ 699,996	\$ 975,428

13. Retirement Agreements

The Council maintains a tax-sheltered annuity retirement plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees who, if they elect to participate, are eligible to participate in employer contributions after one year of service. Employees may make contributions to the plan equal to the maximum amount allowed by the Internal Revenue Code. The Council matches 100% up to 5% of gross salaries for qualified employees. For the years ended December 31, 2025 and 2024, the Council contributed \$118,201 and \$3,305, respectively, to the plan.

In addition, the Council has certain retirement arrangements with certain other key employees, which are nonqualified under the provisions of the Internal Revenue Code. As such, Council contributions for these arrangements are currently taxable to the employees.

14. Deferred Compensation

The Council had a deferred compensation plan under section 457(b) of the Internal Revenue Code for the benefit of a single participant. The Council's monthly contributions to the plans are made according to provisions set forth in the plan documents. During the years ended December 31, 2025 and 2024, the Council did not contribute to the plan. The plan was liquidated in June 2025 with the retirement of the participant. A new deferred compensation plan under section 457(b) will be funded in 2026 for the incoming president of the Council.

15. Other Commitments

The Council has a \$500,000 line of credit with a commercial bank. Interest is payable on a floating rate of 0.5% plus the prime rate. The line matured on May 25, 2026 and was not renewed. The lender retains the right to convert the line to a term loan at any time prior to and at maturity if there are amounts outstanding. At December 31, 2025 and 2024, the entire line of credit was unused and available to borrow.

The Council has a standby irrevocable letter of credit of up to \$900,000 with a commercial bank, as required under the lease agreement dated December 16, 2015 (see Note 12). The letter of credit is gradually reduced over the life of the lease. At December 31, 2025 and 2024, the availability on the line was \$278,528. The letter of credit automatically renews annually through June 30, 2034, unless the lender notifies the Council ninety days before the expiration date in writing. At December 31, 2025 and 2024, no amounts had been drawn.

16. Concentrations

The Council maintains its cash balances at certain financial institutions. The balances may, at times, exceed federally insured credit limits.

As of December 31, 2025 and 2024, pledges receivable from one donor made up approximately 61% and 35%, respectively, of the Council's total pledges receivable. There were no revenue concentrations for each of the years ended December 31, 2025 and 2024.

17. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Council qualified for the ERC as it experienced a significant decline in gross receipts (for 2020, defined as a 50% decline in gross receipts when compared to the same calendar quarter in 2019, and for 2021, defined as a 20% decline in gross receipts when compared to the same quarter in 2019). The Council averaged less than 100 full-time employees (FTEs) during 2019; therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Council's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit for each employee of \$5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee.

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The Council accounts for this federal funding in accordance with FASB ASC 958-605 guidance for conditional contributions and, accordingly, initially records the funds received as a refundable advance and then records revenue in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier (including questions of the Organization's eligibility) and a right of return of the ERC or when such conditions are explicitly waived.

In 2025, the Council received \$1,414,586 and since the barriers to recognition had been met, that amount was recorded as revenue within the statements of activities for the year ended December 31, 2025.