The Chicago Council on Global Affairs

Financial Statements

December 31, 2023

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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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, 2023, and the changes in net assets and its cash flows for the year 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 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 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 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
March 13, 2025

The Chicago Council on Global Affairs

Statement of Financial Position
December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Cash and cash equivalents	$ 4,361,853	$ 425,024	$ 4,786,877
Investments	28,251	14,280,490	14,308,741
Accounts receivable	9,806	-	9,806
Pledges receivable, net	2,341,831	2,063,689	4,405,520
Prepaid expenses	309,954	-	309,954
Deferred compensation plan assets	160,331	-	160,331
Right-of-use asset, operating lease	5,254,782	-	5,254,782
Property and equipment	883,838	-	883,838
Total assets	$ 13,350,646	$ 16,769,203	$ 30,119,849
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities	$ 775,817	$ -	$ 775,817
Deferred revenue	197,084	-	197,084
Deferred compensation plan liabilities	160,331	-	160,331
Lease liability	6,308,890	-	6,308,890
Interfund balances	95,349	(95,349)	-
Total liabilities	7,537,471	(95,349)	7,442,122
Net Assets			
Net assets without donor restrictions	5,813,175	-	5,813,175
Net assets with donor restrictions	-	16,864,552	16,864,552
Total net assets	5,813,175	16,864,552	22,677,727
Total liabilities and net assets	$ 13,350,646	$ 16,769,203	$ 30,119,849

The Chicago Council of Global Affairs

Statement of Activities
Year Ended December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and Other Support			
Contributed income:			
Membership donations, individual	$ 784,822	$ 20,000	$ 804,822
Membership donations, corporate	460,000	-	460,000
Contributions and grants	3,014,221	1,400,787	4,415,008
Special events	1,205,783	-	1,205,783
Earned income:			
Admission fees	21,020	-	21,020
Emerging Leaders participation fees	88,750	-	88,750
Leadership study mission	454,295	-	454,295
Rental income	16,706	-	16,706
Miscellaneous income	664	-	664
Investment return, net	727,090	1,962,675	2,689,765
Draw from Second Century Campaign	2,033,534	(2,033,534)	-
Net assets released from restrictions	4,245,201	(4,245,201)	-
Total revenues and other support	13,052,086	(2,895,273)	10,156,813
Expenses			
Program services:			
Public programming and engagement	4,096,074	-	4,096,074
Pritzker Center of Global Cities	1,998,798	-	1,998,798
Lester Crown Center on U.S. Foreign Policy	2,833,993	-	2,833,993
Center on Global Food and Agriculture	1,141,997	-	1,141,997
Black Chicago Tomorrow	123,075	-	123,075
Emerging Leaders	275,061	-	275,061
Leadership Study Missions	535,959	-	535,959
Total program services	11,004,957	-	11,004,957
Program related services:			
IT/Database services	776,790	-	776,790
Marketing and communications	500,250	-	500,250
Total program related services	1,277,040	-	1,277,040
Support services:			
Fundraising	2,083,379	-	2,083,379
Special events	347,172	-	347,172
Management and general	1,998,871	-	1,998,871
Total support services	4,429,422	-	4,429,422
Total expenses	16,711,419	-	16,711,419
Change in net assets	(3,659,333)	(2,895,273)	(6,554,606)
Net Assets, Beginning	9,472,508	19,759,825	29,232,333
Net Assets, Ending	$ 5,813,175	$ 16,864,552	$ 22,677,727

See notes to financial statements

The Chicago Council on Global Affairs

Statement of Functional Expenses
Year Ended December 31, 2023

	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	Black Chicago Tomorrow	Emerging Leaders	Leadership Study Missions	IT/Database Services	Marketing and Communications	Fundraising	Special Events	Management and General	Total
Salaries, payroll taxes and employee benefits	$ 2,271,475	$ 947,315	$ 1,085,792	$ 645,432	$ 96,111	$ 165,298	$ 48,267	$ 482,417	$ 301,459	$ 1,508,673	$ 123,168	$ 1,299,043	$ 8,974,450
Consulting fees/contract services	534,803	382,849	355,044	294,140	9,643	15,018	69,945	113,844	73,358	177,902	91,169	382,565	2,500,280
Depreciation and amortization	157,998	31,899	40,475	24,300	2,640	5,496	1,583	18,328	11,322	55,406	4,160	44,288	397,895
Marketing	52,703	52,574	3,150	3,296	-	2,997	-	73,338	49,832	-	4,664	-	242,554
Meetings	43,160	295,369	9,267	25,377	-	31,853	1,489	202	1,169	47,177	100,788	55,725	611,576
Miscellaneous	13,490	616	14,702	286	-	94	356	19,648	451	62	982	1,892	52,579
Occupancy	671,301	114,259	132,420	84,416	12,954	21,420	6,195	59,557	35,891	187,634	16,332	183,994	1,526,373
Office expenses	78,093	15,440	51,024	17,008	1,170	8,879	795	9,456	26,768	60,300	3,021	6,875	278,829
Return of funds	250,000	-	1,072,408	-	-	1,000	-	-	-	42,245	-	-	1,365,653
Travel	23,051	158,477	69,711	47,742	557	23,006	407,329	-	-	3,980	2,888	24,489	761,230
Total	$ 4,096,074	$ 1,998,798	$ 2,833,993	$ 1,141,997	$ 123,075	$ 275,061	$ 535,959	$ 776,790	$ 500,250	$ 2,083,379	$ 347,172	$ 1,998,871	$ 16,711,419

See notes to financial statements

The Chicago Council of Global Affairs

Statement of Cash Flows
Year Ended December 31, 2023

Cash Flows From Operating Activities	
Changes in net assets	$ (6,554,606)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:	
Depreciation and amortization	397,895
Unrealized losses on investments	797,794
Realized gains on investments	(2,797,300)
Noncash lease expense	(51,052)
Changes in operating assets and liabilities:	
Prepaid expenses	161,986
Accounts receivable	64,736
Pledges receivable	1,822,194
Accounts payable and accrued liabilities	394,182
Deferred revenue	93,834
Net cash flows from operating activities	(5,670,337)
Cash Flows From Investing Activities	
Purchases of investments	(3,758,478)
Proceeds from sales of investments	13,096,242
Additions of property and equipment	(68,564)
Net cash flows from investing activities	9,269,200
Net decrease in cash and cash equivalents	3,598,863
Cash and Cash Equivalents, Beginning	1,188,014
Cash and Cash Equivalents, Ending	$ 4,786,877
Supplemental Cash Flow Information	
Cash paid for interest	$ 1,701

See notes to financial statements

1. Description of Organization

Mission

The Chicago Council of Global Affairs (the Council) is an independent, nonpartisan organization that provides insight on critical global issues, advances policy solutions and fosters dialogue on what is happening in the world and why it matters to people in Chicago, the United States, and around the globe.

Goals

As the premier, nonpartisan global affairs organization in America's heartland, we believe an informed, engaged public with access to fact-based and balanced views on global issues helps to ensure effective U.S. engagement and supports a more inclusive, equitable and secure world. Founded in 1922, the Chicago Council on Global Affairs takes no institutional policy positions and is committed to:

- Engaging the informed and interested public in global affairs by curating relevant, timely content on critical issues and providing a balanced forum for challenging, thoughtful dialogues with global leaders, influencers and experts.

- Influencing discourse and decisions on important US foreign policy and national security issues by researching public opinion and producing original policy analysis.

- Elevating global cities as central actors shaping world affairs—politically, economically, socially and culturally—by identifying and advancing city-based solutions and policy recommendations for critical global challenges.

- Advancing a sustainable, safe, nutritious and equitable global food system by building understanding of the challenges facing the most vulnerable producers and consumers and illuminating opportunities to influence policy debates.

- Building a diverse and inclusive community of globally minded members and donors and positioning the next generation to take global leadership roles by engaging them in the Councils mission and all we do.

The Council's primary sources of revenue are membership dues, donations from individuals, corporate contributions, grants from private organizations, special events and program fees.

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

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, 2023.

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 2023, 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 minimus. 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, and
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 other activities. Admission fee and leadership study mission revenue is 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 year ended December 31, 2023:

Recognized over time	$ 88,750
Recognized at a point-in-time	475,315

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, 2023 and December 31, 2023 included advanced payments and deferred revenues of $103,250 and $197,084, 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,

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, or

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, 2023.

Adoption of Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-13, *Measurement of Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Council adopted the ASU using the modified retrospective approach. There was no adjustment to net assets upon adoption.

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 March 13, 2025.

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 expenditure within one year of the statement of financial position date of December 31, 2023, are as follows:

Cash and cash equivalents	$ 4,786,877
Accounts receivable	9,806
Pledges receivable	4,405,520
Investments	14,308,741
Total financial assets	23,510,944
Less amounts unavailable for general expenditures within one year, due to:	
Restrictions by donors	(16,864,552)
Total financial assets available to management for general expenditure within one year	$ 6,646,392

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, 2023 are receivable as follows:

Years ending December 31:	
2024	$ 2,709,865
2025	841,667
2026	766,666
2027	200,000
Total unconditional promises to give	4,518,198
Less discounts of net present value at 4.01%	(112,678)
Net unconditional pledges	$ 4,405,520

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, 2023, 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.

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, 2023, investment return, net consisted of the following components:

Interest and dividends, net	$ 716,194
Realized gains	2,797,300
Unrealized losses	(797,794)
Investment management fees	(25,935)
Total	$ 2,689,765

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 FASB Accounting Standards Codification 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 bare 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.

The following summarizes the classification of investments by classification and methods of valuation in accordance with the requirements of Topic 820 at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Equity mutual funds, emerging markets	$ 515,396	$ -	$ -	$ 515,396
Equity mutual funds, international	2,745,238	-	-	2,745,238
Equity mutual funds, United States	4,583,310	-	-	4,583,310
Equity ETF's, United States	688,112	-	-	688,112
Corporate bond mutual funds	1,894,015	-	-	1,894,015
Fixed income ETF's	2,779,337	-	-	2,779,337
Real estate mutual funds	300,464	-	-	300,464
Total	$ 13,505,872	$ -	$ -	$ 13,505,872
Alternative investments valued at net asset value				
Partnership				175,949
Hedge fund of funds				626,920
Total alternative investments valued at net asset value				802,869
Total per statement of financial position				$ 14,308,741

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 year ended December 31, 2023.

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.

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

Investment Type	Unfunded Commitments	NAV	Redemption Frequency	Redemption Notice Periods	Remaining Life (Years)
Alternative investments:					
Partnership (1)	$ 335,828	$ 175,949	N/A	N/A	2030
Hedge fund of funds (2)	-	626,920	Last day of each calendar quarter	60 days	N/A (indefinite)
Total		$ 802,869			

(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, 2023:

Furniture and equipment	$ 1,812,461
Computer equipment	1,069,971
Leasehold improvements	332,671
	3,215,103
Less accumulated depreciation	(2,331,265)
Total	$ 883,838

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 in 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 non-systematic, 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.

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 non-systematic, 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, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	$ -	$ 12,742,092	$ 12,742,092
Board designed endowment funds	19,836	-	19,836
Total	$ 19,836	$ 12,742,092	$ 12,761,928

Changes in endowment net assets as of December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Beginning of the period	$ 6,739,439	$ 11,675,478	$ 18,414,917
Contributions	-	2,025	2,025
Investment return, net	727,090	1,699,873	2,426,963
Amounts appropriated for expenditure	(7,446,693)	(635,284)	(8,081,977)
End of period	$ 19,836	$ 12,742,092	$ 12,761,928

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, 2023, net assets without donor restrictions consisted of the following:

Undesignated funds	$ 3,579,404
Management designated funds	2,213,935
Board designated funds	19,836
Total	$ 5,813,175

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, 2023, net assets with donor restrictions were restricted as follows:

Amounts subject to expenditure for a specified purpose or period:	
Marshall Bouton Fellowship	$ 1,963,422
Global Food and Agriculture	1,284,597
Global Cities	787,600
Other programs	57,349
Membership	20,000
Time-restricted	77,083
Pledge discount	(67,591)
	4,122,460
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	10,765,005
Gus Hart Fellowship	1,046,408
Emerging Leaders Scholarship	930,679
Internship Program	588,278
	12,742,092
Total net assets with donor restrictions	$ 16,864,552

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 lease provided for a $2,249,920 tenant improvement allowance and the buyout of the Council's prior lease liability valued at $2,020,497, reduced by the market value of actual and potential subleases and discounted to a present value of $983,483. The lease expires June 30, 2031, and includes two extension terms of five years each. 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. A graduated annual reduction in the letter of credit commences July 1, 2019, and continues until July 1, 2027, when it is reduced incrementally based on a schedule set forth in the lease agreement. The balance of the letter of credit was $348,150 at December 31, 2023. See Note 15.

Right-of-use assets represent the Council's right to use an underlying asset for the lease term, while lease liabilities represent the Council's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities 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 finance lease right-of-use assets and finance lease liabilities as of December 31:

	2023
Operating lease right-of-use assets	$ 5,254,782
Operating lease liabilities:	
Current	$ 821,205
Long-term	5,487,685
Total	$ 6,308,890

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

	2023
Operating lease expense	$ 750,124
Variable lease expense	755,532
Total lease expense	$ 1,505,656

The right-of-use asset and lease liability were calculated using a weighted average discount rate of 1.51% at December 31, 2023. As of December 31, 2023, the weighted average remaining lease term was 7.5 years.

The table below summarizes the Council's scheduled future minimum lease payments for years ending after December 31, 2023:

Years ending December 31:	
2024	$ 821,205
2025	841,736
2026	862,779
2027	884,348
2028	906,457
Thereafter	2,363,517
Total undiscounted cash flows	6,680,042
Less present value discount	(371,152)
Total lease liabilities	$ 6,308,890

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30:

	2024
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (801,176)

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 year ended December 31, 2023, the Council contributed $226,880 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 has 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 year ended December 31, 2023, the Council contributed approximately $49,750 to the plan.

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 matures on May 25, 2026. 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, 2023, 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, 2023, the availability on the line was $348,150. The letter of credit automatically renews annually through October 31, 2031, unless the lender notifies the Council ninety days before the expiration date in writing. At December 31, 2023, 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, 2023, pledges receivable from three donors made up approximately 55% of the Council's total pledges receivable. There were no revenue concentrations for the year ended December 31, 2023.

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 percent 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 percent 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.

While management believes that it qualifies for the ERC under the credit's decline in gross receipts provisions, the Council was unable to determine whether it substantially met the ERC eligibility barriers under FASB ASC 958-605. As the Council was unable to determine whether it substantially met the ERC's eligibility barriers, it has not recorded the claimed credits of $1,511,017 as grant income. The Council will record the ERC funds as grant income, if and when it is able to determine that the ERC eligibility barriers have been substantially met or the statute of limitations has expired.

18. Management's Plans

The Council is an events-based organization that offers public and private programming to the general public, members, corporate partners and donors. Programming generates earned and unearned revenue, both of which were negatively impacted over the past four years, as a result of Covid.

During the COVID-19 pandemic, the Council moved its programming online and removed fees for the general public. In addition, the number and type of programs was significantly reduced. The change in programming negatively impacted on the Council's ability to raise philanthropic revenue and renew or acquire new members; however, all financial obligations were met during this time.

In 2024, a new management team reintroduced public and private programs, offering a significant increase in the number of events and networking opportunities. This resulted in an increase in renewing members, as well as a return of lapsed leadership club donors. In addition, a fundraising campaign was launched that successfully raised close to $3,000,000. Momentum from 2024 will carry into the fundraising plans for fiscal year 2025 and ensure the Council meets unearned revenue goals.

In addition, the management team is committed to improving financial controls and will implement new policies and procedures in fiscal year 2025, for monitoring and reviewing financial results, as well as all restricted grant revenues. A new accounting ERP NetSuite was implemented in the second half of 2024, and it is anticipated the Council will realize its full functionalities in fiscal year 2025.

On the expense side, the Council has taken measures over the past two years to reduce fixed expenses and ensure that it has the staff resources needed to operate efficiently and effectively. A significant savings was realized with a reduction of staff in late fiscal year 2023. In 2024, the Council further reduced expenses by renegotiating its lease and moving into a smaller office space, realizing a 50% reduction in occupancy costs. Furthermore, the Council has a strong statement of financial position with assets to meet obligations with no outstanding debt.