

Chicago Engineers' Foundation of the Union League Club

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INDEPENDENT ACCOUNTANT'S REVIEW

To the Board of Directors Of
Chicago Engineers' Foundation of the Union League Club

We have reviewed the accompanying statements of Chicago Engineers' Foundation of the Union League Club (a nonprofit organization) which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year ended June 30, 2020 and the thirteen month period ended June 30, 2019 and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Michael Coglianese CPA

Bloomington, IL
December 15, 2020

Chicago Engineers' Foundation of the Union League Club
Statements of Financial Position
June 30, 2020 and 2019

	June 30, 2020			June 30, 2019		
	Without Donor Restrictons	With Donor Restrictons	Total	Without Donor Restrictons	With Donor Restrictons	Total
ASSETS						
Current Assets						
Cash	\$ 85,460	\$ -	\$ 85,460	\$ 47,961	\$ -	\$ 47,961
Contributions receivable	21,340	5,200	26,540	19,103	5,400	24,503
Total Current Assets	<u>106,800</u>	<u>5,200</u>	<u>112,000</u>	<u>67,064</u>	<u>5,400</u>	<u>72,464</u>
Other assets						
Investments	267,211	25,608	292,819	282,355	28,279	310,634
Long-term contributions receivable	-	8,400	8,400	-	13,600	13,600
Total Other Assets	<u>267,211</u>	<u>34,008</u>	<u>301,219</u>	<u>282,355</u>	<u>41,879</u>	<u>324,234</u>
TOTAL ASSETS	<u>\$ 374,011</u>	<u>\$ 39,208</u>	<u>\$ 413,219</u>	<u>\$ 349,419</u>	<u>\$ 47,279</u>	<u>\$ 396,698</u>
LIABILITIES & NET ASSETS						
Current Liabilities						
Accounts payable	\$ 5,127	\$ -	\$ 5,127	\$ 17,140	\$ -	\$ 17,140
Incentive award commitments	95,000	-	95,000	62,300	-	62,300
Total Current Liabilities	<u>100,127</u>	<u>-</u>	<u>100,127</u>	<u>79,440</u>	<u>-</u>	<u>79,440</u>
Net Assets						
Unrestricted						
Board designated for incentive awards	273,884	-	273,884	269,979	-	269,979
Net assets with donor restrictions	-	39,208	39,208	-	47,279	47,279
Total Net Assets	<u>273,884</u>	<u>39,208</u>	<u>313,092</u>	<u>269,979</u>	<u>47,279</u>	<u>317,258</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 374,011</u>	<u>\$ 39,208</u>	<u>\$ 413,219</u>	<u>\$ 349,419</u>	<u>\$ 47,279</u>	<u>\$ 396,698</u>

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

	June 30, 2020			June 30, 2019		
	Without Donor Restrictons	With Donor Restrictons	Total	Without Donor Restrictons	With Donor Restrictons	Total
Support and Revenue						
Contributions	\$ 135,153	\$ 373	\$ 135,526	\$ 145,261	\$ 21,252	\$ 166,513
Special events						
Gross proceeds	32,539	-	32,539	37,111	-	37,111
Direct expenses	(10,669)	-	(10,669)	(20,074)	-	(20,074)
Total Support and Revenue	157,023	373	157,396	162,298	21,252	183,550
In-kind contributions	1,000	-	1,000	1,083	-	1,083
Net assets released from restrictions	6,800	(6,800)	-	9,988	(9,988)	-
Total Support, Revenue and Releases	164,823	(6,427)	158,396	173,369	11,264	184,633
Functional Expenses						
Incentive awards and program services	120,497	-	120,497	152,850	-	152,850
Supporting services	16,663	-	16,663	18,846	-	18,846
Fund raising	7,586	-	7,586	8,890	-	8,890
Total Functional Expenses	144,746	-	144,746	180,586	-	180,586
Non-Operating Activities						
Net investment returns	(16,172)	(1,644)	(17,816)	670	214	884
Total Non-Operating Activities	(16,172)	(1,644)	(17,816)	670	214	884
Change In Net Assets	3,905	(8,071)	(4,166)	(6,547)	11,478	4,931
Net Assets Beginning of Year	269,979	47,279	317,258	276,526	35,801	312,327
Net Assets End of Year	\$ 273,884	\$ 39,208	\$ 313,092	\$ 269,979	\$ 47,279	\$ 317,258

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club
Statements of Cash Flows
For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (4,166)	\$ 4,931
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contributions restricted for endowment	(172)	(2,132)
(Gain) loss on investments, net	17,816	(884)
(Increase) decrease in:		
Contributions receivable	(2,037)	(8,447)
Increase (decrease) in:		
Accounts payable	(12,014)	13,680
Incentive award commitments	32,700	(60,100)
Net cash used by operating activities	32,127	(52,952)
Cash Flows from Investing Activities		
Transfers from investments	-	36,178
Net cash provided by investing activities	-	36,178
Cash Flows from Financing Activities		
Contributions restricted for endowment	172	2,132
Long-term contributions receivable	5,200	(9,400)
Net cash provided (used) in financing activities	5,372	(7,268)
Net changes in cash	37,499	(24,042)
Beginning cash balances	47,961	72,003
Ending cash balances	\$ 85,460	\$ 47,961

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club
Statements of Functional Expenses
For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

	2020				2019			
	Program Services	Supporting Services	Fund Raising	Total	Program Services	Supporting Services	Fund Raising	Total
Grants and awards	\$ 95,300	\$ -	\$ -	\$ 95,300	\$ 115,100	\$ -	\$ -	\$ 115,100
Executive Director fees	17,700	4,425	7,375	29,500	21,000	5,250	8,750	35,000
Accounting fees	-	8,056	-	8,056	-	10,230	-	10,230
Insurance	-	482	-	482	-	490	-	490
Meeting expenses	-	1,771	-	1,771	7,105	1,444	-	8,549
Occupancy	-	1,000	-	1,000	-	1,083	-	1,083
Office expenses	1,374	529	211	2,114	908	349	140	1,397
Other professional fees	1,335	-	-	1,335	1,575	-	-	1,575
Printing expenses	1,243	-	-	1,243	3,582	-	-	3,582
Public relations	876	-	-	876	1,812	-	-	1,812
Software	2,669	-	-	2,669	1,768	-	-	1,768
Taxes	-	400	-	400	-	-	-	-
Total Functional Expenses	\$ 120,497	\$ 16,663	\$ 7,586	\$ 144,746	\$ 152,850	\$ 18,846	\$ 8,890	\$ 180,586

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

Note 1 — Summary of Significant Accounting Policies

Organization

The Chicago Engineers' Foundation of the Union League Club ("CEF") was established in 1963 to encourage Chicago's young people to pursue careers in engineering. CEF's primary activity is an annual incentive award program for students who live in the city of Chicago or have graduated from high schools in Chicago and who are admitted to accredited college or university engineering programs. CEF also cooperates with local engineering societies, Chicago public schools and private high schools and various student organizations to promote and encourage study in engineering fields.

Basis of Accounting

The financial statements of the CEF have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Use of Estimates

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

Change in Year End

In October 2019, the Board of Directors approved the change in the CEF's year end from May 31, to June 30. Accordingly, these financial statements have been prepared for the 12 and 13 month periods ending June 30, 2020 and 2019, respectively.

Contributions Receivable

Contributions receivable consist of donations from members of the Union League Club of Chicago (ULCC), which the ULCC collects on behalf of CEF and remits 1-3 months after members' billing, amounts pledged by individuals and other organizations and amounts collected from web site solicitations through PayPal. Contributions that are expected to be collected within one year as of June 30, 2020 and 2019 were \$26,540 and \$24,503, respectively. Contributions that are expected to be collected in one to five years as of June 30, 2020 and 2019 were \$8,400 and \$13,600, respectively. No provisions for uncollectible amounts are necessary.

Investments

Investments are stated at their fair value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Interest and dividends are recognized in the period they are earned as unrestricted net assets unless restricted by the donor or by law.

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

Note 1 — Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

CEF values certain assets and liabilities in accordance with provisions of the Fair Value Measurements and Disclosures Topic 820 of the FASB which establishes a framework for measuring fair value.

That framework defines fair value as the exchange price that would be received for an asset or paid for a liability in an orderly transaction between market participants on the measurement date. The framework also provides a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Level 1 investments are at quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 investments are for inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 investments are for unobservable inputs for the asset or liability.

CEF uses no Level 2 or 3 inputs. All investments are valued on Level 1 inputs.

Net Assets

Net assets, revenue and gains are classified based on the existence or absence of donor-imposed restrictions. When the purpose of the restriction is accomplished, net assets with donor restrictions are released from net assets with donor restrictions and recognized as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Accordingly, net assets of CEF and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to explicit or implicit donor-imposed stipulations that may or will be met either by actions of CEF or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restriction.

Other net assets are perpetual in nature. These net assets are subject to donor-imposed stipulations that will be maintained permanently. At June 30, 2020 and 2019, permanently restricted net assets were \$25,608 and \$25,756, respectively.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases donor restricted net assets. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the contributions are made.

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

Note 1 — Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CEF. Donations for use of facilities and temporary staffing are recorded as contributions at their estimated fair market value at date of donation.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and in the Statements of Functional Expenses. Accordingly, costs have been allocated among program, supporting and fund raising services, based on either a direct functional method, when applicable, or on a reasonable basis that is consistently applied. Supporting services include expenses that are not directly identifiable with any specific function but provide for the overall support and direction of CEF. The expenses that are allocated include Executive Director fees and office expenses.

Income Taxes

CEF is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. CEF received a 60 month advance ruling from the IRS beginning June 1, 2014, to be treated as a public charity. Grantors and donors may rely upon this determination that CEF is not a private foundation during this advanced ruling period. CEF has met the requirements of the 60 month advance ruling ending May 31, 2019 and is now classified as a public charity. There were no unrelated business income nor unrecognized tax benefits in the year ended June 30, 2020, nor in the 13 month period ended June 30, 2019. The short period one month return ending June 30, 2019, and each of CEF's annual information returns ending June 30, 2020, and May 31, 2019, 2018 and 2017 remain subject to examination by the Internal Revenue Service. There were no interest or penalties relating to income taxes recognized in the Statements of Activities. Management does not believe that its financial statements need to include any uncertain tax provisions.

Recently Adopted Accounting Standards

During the period ended June 30, 2019, CEF adopted the Financial Accounting Standards Board (FASB) ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The underlying principle of the new standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The adoption of this standard did not have a material impact on the measurement, nor on the recognition of revenue of contracts. Therefore, no cumulative adjustment has been made to the opening balance of net assets at the beginning of the 13 month period ended June 30, 2019.

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

Note 1 — Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards (Continued)

During the period ended June 30, 2019, CEF adopted FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The adoption of this standard did not have a material impact on the measurement, nor on the recognition of revenue from contracts. Therefore, no cumulative adjustment has been made to the opening balance of net assets at the beginning of the 13 month period ended June 30, 2019.

Note 2 — Liquidity and Availability

Financial assets available within one year of the Statement of Financial Position dates for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 85,460	\$ 47,961
Contributions receivable	26,540	24,503
Investments	<u>292,819</u>	<u>310,634</u>
Total financial assets available within one year	404,819	383,098
Less: Amounts unavailable for general expenditures within one year due to net assets with donor restrictions	(30,808)	(33,679)
Less: Amounts unavailable to management without Board approval - Board designated reserve	(273,884)	(269,979)
Total financial assets available to management for general expenditure within one year	<u>\$ 100,127</u>	<u>\$ 79,440</u>

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

Note 3 — Investments

The investments itemized below are considered Level 1 investments which are measured at fair value using the market approach. The market approach values assets at quoted prices in active markets for identical assets. Investments consist primarily of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 10,452	\$ 3,997
Equity mutual funds	162,129	185,268
Fixed income mutual funds	108,564	107,461
Real estate mutual funds	<u>11,674</u>	<u>13,908</u>
Total investments	<u>\$ 292,819</u>	<u>\$ 310,634</u>

Note 4 — Board Designated Net Assets

Board designated net assets are classified as net assets without donor restrictions based on the absence of donor-imposed restrictions. In May 2011, the CEF Board established an endowment fund with initial assets of \$250,000 for the purpose of enhancing funding for its annual incentive awards. The Board also adopted investment and spending policies for endowment assets intended to provide sufficient real returns over the business cycle to contribute additional funding for the annual incentive award program and grow the investment base of the endowment assets over the long term.

Interpretation of Relevant Law

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by Illinois, as requiring the corpus to be maintained at the fair value of the original gift as of the gift date and the original value of subsequent gifts where the donor indicated that a portion of the fund be retained in perpetuity. Any portion of the endowment, including investment income, which is not classified as net assets with donor restrictions - perpetual in nature, is to be classified as net assets without donor restrictions.

Note 5 — Net Assets Released from Donor Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time for the year and 13 months ended June 30, 2020 and 2019, respectively, are as follows:

	<u>2020</u>	<u>2019</u>
Passage of time	\$ -	\$ 8,988
Satisfaction of purpose restrictions	<u>6,800</u>	<u>1,000</u>
Net assets released	<u>\$ 6,800</u>	<u>\$ 9,988</u>

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Year Ended June 30, 2020 and Thirteen Months Ended June 30, 2019

Note 6 — In-Kind Contributions

CEF receives donated facilities and utilities from the ULCC. The estimated annual fair market of the donated rent and utilities is \$1,000 for the year ended June 30, 2020 and \$1,083 for the 13 months ended June 30, 2019. All donated services are reflected in the accompanying financial statements as both revenue and expense.

Note 7 — Incentive Award Commitments

Incentive award commitments and related expense consist of college scholarships granted by CEF to Chicago area students with career aspirations in the engineering field. At June 30, 2020 and 2019, Incentive Award Commitments were \$95,000 and \$62,300, respectively. Related expenses for Incentive Awards for the year ended June 30, 2020 and for the 13 months ended June 30, 2019, were \$94,800 and \$114,800, respectively.

Note 8 — Subsequent Events

Due to the Covid-19 virus the 2020 annual June incentive awards presentation was delayed and held virtually in July. Management has evaluated subsequent events through the date of this report, the date the financial statements were available to be issued and have determined that there are no other subsequent events that require disclosure.