

Chicago Engineers' Foundation of the Union League Club

Table of Contents

	Page
Independent Accountant's Review	1
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses.....	5
Notes to Financial Statements	6-10



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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, 2022 and 2021 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years ended June 30, 2022 and June 30, 2021 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.

Accountant's 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.

Accountant's 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.

Bloomington, IL
November 14, 2022

Chicago Engineers' Foundation of the Union League Club
Statements of Financial Position
June 30, 2022 and 2021

	June 30, 2022			June 30, 2021		
	Without Donor Restrictons	With Donor Restrictons	Total	Without Donor Restrictons	With Donor Restrictons	Total
ASSETS						
Current Assets						
Cash	\$ 77,489	\$ -	\$ 77,489	\$ 22,948	\$ -	\$ 22,948
Contributions receivable	23,529	2,800	26,329	29,136	5,600	34,736
Total Current Assets	<u>101,018</u>	<u>2,800</u>	<u>103,818</u>	<u>52,084</u>	<u>5,600</u>	<u>57,684</u>
Other assets						
Investments	286,499	37,271	323,770	323,202	42,093	365,295
Long-term contributions receivable	-	0	0	-	2,800	2,800
Total Other Assets	<u>286,499</u>	<u>37,271</u>	<u>323,770</u>	<u>323,202</u>	<u>44,893</u>	<u>368,095</u>
TOTAL ASSETS	<u>\$ 387,517</u>	<u>\$ 40,071</u>	<u>\$ 427,588</u>	<u>\$ 375,286</u>	<u>\$ 50,493</u>	<u>\$ 425,779</u>
LIABILITIES & NET ASSETS						
Current Liabilities						
Accounts payable	\$ 12,330	\$ -	\$ 12,330	\$ 130	\$ -	\$ 130
Total Current Liabilities	<u>12,330</u>	<u>-</u>	<u>12,330</u>	<u>130</u>	<u>-</u>	<u>130</u>
Net Assets						
Unrestricted						
Undesignated	88,688	-	88,688	51,954	-	51,954
Board designated for incentive awards	286,499	-	286,499	323,202	-	323,202
Net assets with donor restrictions	-	40,071	40,071	-	50,493	50,493
Total Net Assets	<u>375,187</u>	<u>40,071</u>	<u>415,258</u>	<u>375,156</u>	<u>50,493</u>	<u>425,649</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 387,517</u>	<u>\$ 40,071</u>	<u>\$ 427,588</u>	<u>\$ 375,286</u>	<u>\$ 50,493</u>	<u>\$ 425,779</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 Years Ended June 30, 2022 and 2021

	June 30, 2022			June 30, 2021		
	Without Donor Restrictons	With Donor Restrictons	Total	Without Donor Restrictons	With Donor Restrictons	Total
Support and Revenue						
Contributions	\$ 186,223	\$ -	\$ 186,223	\$ 157,117	\$ 10,500	\$ 167,617
Special events						
Gross proceeds	10,845	-	10,845	9,423	-	9,423
Direct expenses	(5,770)	-	(5,770)	(3,251)	-	(3,251)
Total Support and Revenue	191,298	-	191,298	163,289	10,500	173,789
Contributions of nonfinancial assets	1,000	-	1,000	1,000	-	1,000
Net assets released from restrictions	5,448	(5,448)	-	6,400	(6,400)	-
Total Support, Revenue and Releases	197,746	(5,448)	192,298	170,689	4,100	174,789
Functional Expenses						
Incentive awards and program services	134,843	-	134,843	120,982	-	120,982
Supporting services	13,087	-	13,087	11,747	-	11,747
Fund raising	13,235	-	13,235	9,755	-	9,755
Total Functional Expenses	161,165	-	161,165	142,484	-	142,484
Non-Operating Activities						
Net investment returns	(36,550)	(4,974)	(41,524)	73,067	7,185	80,252
Total Non-Operating Activities	(36,550)	(4,974)	(41,524)	73,067	7,185	80,252
Change In Net Assets	31	(10,422)	(10,391)	101,272	11,285	112,557
Net Assets Beginning of Year	375,156	50,493	425,649	273,884	39,208	313,092
Net Assets End of Year	\$ 375,187	\$ 40,071	\$ 415,258	\$ 375,156	\$ 50,493	\$ 425,649

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (10,391)	\$ 112,557
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Restricted for endowment	(152)	(9,300)
(Gain) loss on investments, net	41,524	(80,252)
(Increase) decrease in:		
Contributions receivable	8,407	(8,196)
Increase (decrease) in:		
Accounts payable	12,201	(4,997)
Incentive award commitments	-	(95,000)
Net cash used by operating activities	<u>51,589</u>	<u>(85,188)</u>
Cash Flows from Investing Activities		
Transfers from investments	-	7,776
Net cash provided by investing activities	<u>-</u>	<u>7,776</u>
Cash Flows from Financing Activities		
Restricted for endowment	152	9,300
Long-term contributions receivable	2,800	5,600
Net cash provided (used) in financing activities	<u>2,952</u>	<u>14,900</u>
Net changes in cash	<u>54,541</u>	<u>(62,512)</u>
Beginning cash balances	22,948	85,460
Ending cash balances	<u>\$ 77,489</u>	<u>\$ 22,948</u>

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club
Statements of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	Supporting Services	Fund Raising	Total	Program Services	Supporting Services	Fund Raising	Total
Grants and awards	\$ 100,700	\$ -	\$ -	\$ 100,700	\$ 98,000	\$ -	\$ -	\$ 98,000
Executive Director fees	21,600	5,400	9,000	36,000	18,000	4,500	7,500	30,000
Accounting fees	-	4,454	-	4,454	-	4,766	-	4,766
Awards celebration	6,794	-	-	6,794	-	-	-	-
Fundraising	-	-	4,127	4,127	-	-	2,135	2,135
Insurance	-	1,438	-	1,438	-	589	-	589
Meeting expenses	-	525	-	525	-	591	-	591
Occupancy	-	1,000	-	1,000	-	1,000	-	1,000
Office expenses	702	270	108	1,080	782	301	120	1,203
Printing expenses	978	-	-	978	1,018	-	-	1,018
Public relations	696	-	-	696	513	-	-	513
Software	3,373	-	-	3,373	2,669	-	-	2,669
Total Functional Expenses	\$ 134,843	\$ 13,087	\$ 13,235	\$ 161,165	\$ 120,982	\$ 11,747	\$ 9,755	\$ 142,484

See accompanying notes to the financial statements

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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.

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, 2022 and 2021 were \$26,328 and \$34,736, respectively. Contributions that are expected to be collected in one to five years as of June 30, 2022 and 2021 were none and \$2,800, 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 Years Ended June 30, 2022 and 2021

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, 2022 and 2021, permanently restricted net assets were \$37,271 and \$42,093, 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 Years Ended June 30, 2022 and 2021

Note 1 — Summary of Significant Accounting Policies (Continued)

Contributions of nonfinancial assets

Donated services are recognized as contributions of nonfinancial assets if the services (a) create or enhance nonfinancial 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 of nonfinancial assets 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 fundraising 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 and is recognized as a public charity. The Organization is also exempt from state income tax. There were no unrelated business income nor unrecognized tax benefits in the year ends June 30, 2022 and 2021. The short period one month return ending June 30, 2019, and each of CEF's annual information returns ending June 30, 2022, 2021 and 2020, and May 31, 2019 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.

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>2022</u>	<u>2021</u>
Cash	\$ 77,489	\$ 22,948
Contributions receivable	26,329	34,736
Investments	<u>323,770</u>	<u>365,295</u>
Total financial assets available within one year	427,588	422,979
Less: Amounts unavailable for general expenditures within one year due to net assets with donor restrictions	(40,071)	(47,693)
Less: Amounts unavailable to management without Board approval - Board designated reserve	(286,499)	(323,202)
Total financial assets available to management for general expenditure within one year	<u>\$ 101,018</u>	<u>\$ 52,084</u>

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 13,136	\$ 6,652
Equity mutual funds	199,196	232,557
Fixed income mutual funds	111,438	110,927
Real estate mutual funds	-	15,159
Total investments	<u>\$ 323,770</u>	<u>\$ 365,295</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 years ended June 30, 2022 and 2021, respectively, are as follows:

	<u>2022</u>	<u>2021</u>
Passage of time	\$ 5,600	\$ 5,200
Satisfaction of purpose restrictions	(153)	1,200
Net assets released	<u>\$ 5,448</u>	<u>\$ 6,400</u>

Chicago Engineers' Foundation of the Union League Club

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

Note 6 — Contributions of nonfinancial assets

CEF receives donated facilities and utilities from the ULCC. The estimated annual fair market of the donated rent and utilities is \$1,000 for each of the years ended June 30, 2022 and 2021. 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 expenses consisted of college scholarships granted by CEF to Chicago area students with career aspirations in the engineering field. There were no Incentive Award Commitments as of June 30, 2022 and June 30, 2021 as all had been disbursed prior to each year end. Related expenses for Incentive Awards for the years ended June 30, 2022 and 2021, were \$100,700 and \$97,500, respectively.

Note 8 — Subsequent Events

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 subsequent events that require disclosure.