A Better Chicago

Financial Statements and Independent Auditors' Report

December 31, 2023 and 2022

Miller Cooper & Co., Ltd.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
A Better Chicago
Chicago, Illinois

Opinion

We have audited the financial statements of A Better Chicago (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., LTD.

Certified Public Accountants

Deerfield, Illinois
May 21, 2024

FINANCIAL STATEMENTS

A Better Chicago

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	2023	2022
Cash and cash equivalents	$ 10,936,057	$ 11,486,082
Contributions receivable, net	4,435,376	2,948,584
Prepaid and other assets	122,756	137,323
Property and equipment, net	51,048	18,378
Right-of-use asset, operating lease	567,982	790,032
	$ 16,113,219	$ 15,380,399
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 244,058	$ 185,397
Grants payable	225,000	375,000
Lease liability, operating lease	606,836	820,559
Total liabilities	1,075,894	1,380,956
NET ASSETS		
Without donor restrictions	7,423,473	6,148,754
With donor restrictions	7,613,852	7,850,689
Total net assets	15,037,325	13,999,443
	$ 16,113,219	$ 15,380,399

The accompanying notes are an integral part of these statements.

A Better Chicago

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 4,225,037	$ 3,608,462	$ 7,833,499
Contributed services and gifts in-kind	77,114	-	77,114
Gross special events revenue	803,580	-	803,580
Less direct expenses	(201,596)	-	(201,596)
Net special events revenue	601,984	-	601,984
Investment return, net	247,526	-	247,526
Net assets released from donor restrictions	3,845,299	(3,845,299)	-
Total revenues	8,996,960	(236,837)	8,760,123
Expenses			
Program	5,725,919	-	5,725,919
Fundraising	1,009,901	-	1,009,901
General and administrative	986,421	-	986,421
Total expenses	7,722,241	-	7,722,241
CHANGE IN NET ASSETS	1,274,719	(236,837)	1,037,882
Net assets, beginning of year	6,148,754	7,850,689	13,999,443
Net assets, end of year	$ 7,423,473	$ 7,613,852	$ 15,037,325

The accompanying notes are an integral part of these statements.

A Better Chicago
STATEMENTS OF ACTIVITIES
For the year ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 3,317,464	$ 1,115,632	$ 4,433,096
Contributed services and gifts in-kind	163,337	-	163,337
Gross special events revenue	749,251	-	749,251
Less direct expenses	(118,012)	-	(118,012)
Net special events revenue	631,239	-	631,239
Investment return, net	17,606	-	17,606
Net assets released from donor restrictions	4,611,370	(4,611,370)	-
Total revenues	8,741,016	(3,495,738)	5,245,278
Expenses			
Program	6,437,459	-	6,437,459
Fundraising	934,605	-	934,605
General and administrative	1,019,046	-	1,019,046
Total expenses	8,391,110	-	8,391,110
CHANGE IN NET ASSETS	349,906	(3,495,738)	(3,145,832)
Net assets, beginning of year	5,798,848	11,346,427	17,145,275
Net assets, end of year	$ 6,148,754	$ 7,850,689	$ 13,999,443

The accompanying notes are an integral part of these statements.

A Better Chicago

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 1,037,882	$ (3,145,832)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	21,897	15,691
Noncash component of operating lease expense	222,050	219,405
Provision for bad debts	-	500
(Increase) decrease in assets		
Contributions receivable	(1,486,792)	1,855,673
Prepaid and other assets	14,567	(32,819)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	58,661	(107,046)
Grants payable	(150,000)	(3,530,000)
Lease liability	(213,723)	(188,878)
Net cash used in operating activities	(495,458)	(4,913,306)
Cash flows from investing activities		
Purchases of property and equipment	(54,567)	(11,532)
Net cash used in investing activities	(54,567)	(11,532)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(550,025)	(4,924,838)
Cash and cash equivalents, beginning of year	11,486,082	16,410,920
Cash and cash equivalents, end of year	$ 10,936,057	$ 11,486,082
Supplemental disclosures of cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating lease	$ 223,839	$ 208,696
Right-of-use assets obtained in exchange for incurring operating lease liability, including remeasurement of existing lease	$ -	$ 1,009,436

The accompanying notes are an integral part of these statements.

NOTE A - ORGANIZATION AND NATURE OF THE BUSINESS

A Better Chicago (the "Organization") was incorporated on January 4, 2011 as an Illinois nonprofit organization. The Organization's mission is to provide funding and management support to a portfolio of high-performing nonprofit organizations that are dramatically increasing the number of Chicago youth that are economically mobile and thriving in education, career, and life.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

2. Cash and Cash Equivalents

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management monitors the collection of these receivables on a routine basis. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of estimated future cash flows, at the date the contribution or pledge is received, to the extent estimated to be collectible by the Organization. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, are included in contribution revenue.

The Organization uses the credit loss reserve method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes contributions receivable are fully collectible at December 31, 2023 and 2022.

4. Property and Equipment

Equipment is recorded at cost, if purchased, or fair value as of the date of donation.

Depreciation is computed using the straight-line method over the estimated useful life of the asset as follows:

	Years
Computers	3 - 5
Website	3
Furniture	5

Leasehold improvements are amortized over the shorter of the lease term or its estimated useful life.

5. Grants Payable

Grants are recorded once they have been approved by the Organization's investment committee(s). It is the Organization's intent that amounts reflected as grants payable at December 31, 2023 will be fulfilled in 2024.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Income Taxes

The Organization has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purposes, under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3). As an exempt organization, the Organization is subject to federal and state income taxes on income determined to be unrelated business taxable income, if any.

US GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as net assets without donor restriction or with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

9. Contributed Services and Gifts In-Kind

In-kind contributions are recorded at their estimated fair value as both revenue and expense in the statements of activities. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization records the estimated fair value of contributed services which meet these criteria (Note I).

10. Functional Expense Allocation

The cost of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one program have been allocated among the programs and supporting services benefited based on a systematic and rational method. All expenses are charged directly to that program except office administration and travel which are allocated based on full time equivalents and salaries and related benefits and expenses which are allocated based on time and effort.

11. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, accounts payable and accrued expenses, and grants payable, approximate fair value due to the short maturity of these instruments. See Note B-3 for valuation of contributions receivable.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to the financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Leases

The Organization follows the guidance under Accounting Standards Codification (ASC) 842, *Leases* , (ASC 842) which requires lessees to recognize, at the commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right of use asset representing the lessee's right to use or control the use of a specific asset for the lease term. The Organization has made an accounting policy election to only apply the standard to lease agreements with terms that are greater than twelve months. ASC 842 distinguishes leases as either a finance lease or an operating lease, which affects how the leases are measured and presented in the statement of income and statements of cash flows.

Topic 842 was effective for annual financial statements of non-public not for profit organizations issued for fiscal years beginning after December 15, 2021 and the Organization adopted Topic 842 as of January 1, 2022, using a transition method that applied Topic 842 to reporting periods beginning on January 1, 2022. The adoption of ASC 842 resulted in recording a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of $1,009,436 and $1,015,475, respectively, as of January 1, 2022, which represents the present value of the remaining lease payments as of the date of adoption. The difference between the operating ROU assets and operating lease liabilities at transition represented existing deferred rent expense that was derecognized upon implementation as a reduction to the ROU asset as of January 1, 2022.

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented in operating lease ROU assets and operating lease liabilities in the accompanying statement of financial position.

Operating lease ROU assets and lease liabilities are initially measured based on the present value of future lease payments over the lease term as determined at each lease's commencement date.

Operating lease cost for operating leases is recognized as lease expense using the straight-line method over the term of the lease, which includes the noncancelable period under the lease, any periods covered by options to extend a lease the Organization is reasonably certain to exercise, any periods covered by an option to terminate a lease the Organization is reasonably certain not to exercise, and any periods covered by an option to extend or not to terminate a lease in which the option is controlled by the lessor. Expenses associated with leases with a lease term of under 12 months are recognized on a straight-line basis over the term of the lease.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Leases (Continued)

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs, less any lease incentives received from the lessor. Real estate leases generally include a lease cost, nonlease reimbursements to the lessor of the proportionate share of common area maintenance, and non-component reimbursements to the lessor of certain of the lessor's costs such as real estate taxes and lessor insurance premiums. Lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants.

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	$ 10,936,057	$ 11,486,082
Contributions receivable, net	4,435,376	2,948,584
Total financial assets	15,371,433	14,434,666
Less amounts not available to be used within one year:		
Contributions receivable, net - due after one year (Note D)	1,478,510	1,044,584
Grants payable (Note F)	225,000	375,000
	1,703,510	1,419,584
Financial assets available to meet general expenditures over the next twelve months	$ 13,667,923	$ 13,015,082

NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses as well as cash on hand at the end of the year to fully fund the coming year's expected grants. The Organization's administrative and fundraising expenses are fully underwritten by the Board of Directors, Leadership Council, and certain restricted contributions. Administrative (i.e., non-grantmaking) and fundraising expenses are budgeted at $2.38 million for the year ending December 31, 2024. Support for grantees in the form of grants and management support is funded through donations. For programs existing at December 31, 2023, grants and management support is budgeted by management at $4.47 million for the year ending December 31, 2024. An additional $1.12 million is budgeted for staffing of the Investments program.

The Organization's program team meets regularly to identify and evaluate current and potential grantees using its investment model, testing for strength in the areas of program impact, leadership, operations, and scale. It is the Organization's goal under its current strategic plan to grow its annual level of grant making over the next 3 to 5 years. In 2021, the Organization launched a new multi-year program, the Chicago Design Challenge, to identify and invest in Chicago's most promising innovations designed to accelerate learning recovery and well-being in communities disproportionately affected by the pandemic.

As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization has a $500,000 line of credit available to meet cash flow needs. Historically, the Organization has not had to draw on the line of credit.

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable represent outstanding unconditional pledges made by donors to the Organization as of December 31, 2023 and 2022, and are due as follows:

	2023	2022
Less than one year	$ 2,956,866	$ 1,904,000
Between one and four years	1,540,000	1,100,000
	4,496,866	3,004,000
Unamortized discount	(61,490)	(55,416)
	$ 4,435,376	$ 2,948,584

NOTE D - CONTRIBUTIONS RECEIVABLE (Continued)

Contributions receivable have been reduced by a discount rate ranging from 1.97% to 5.22% for the years ending December 31, 2023 and 2022.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 are as follows:

	2023	2022
Computers	$ 81,428	$ 74,611
Website	363,418	315,668
Furniture	52,347	52,347
	497,193	442,626
Less accumulated depreciation	446,145	424,248
	$ 51,048	$ 18,378

NOTE F - GRANTS PAYABLE

The following table summarizes the changes in grants payable during the years ended December 31, 2023 and 2022.

	2023	2022
Balance, beginning of the year	$ 375,000	$ 3,905,000
Grants authorized	3,845,000	4,892,500
Payments made	(3,995,000)	(8,422,500)
Balance, end of the year	$ 225,000	$ 375,000

Grants authorized but unpaid at December 31, 2023, are payable in 2024. At December 31, 2023, the Organization had awarded additional grants totaling $500,000, which were conditional on the investment committee's approval. These conditional grants were not reflected in the financial statements as of December 31, 2023.

NOTE G - REVOLVING LINE OF CREDIT

The Organization has a credit agreement with a financial institution for a line of credit facility. The line of credit facility allowed for borrowings up to $500,000 and matured on May 31, 2023, and was unsecured. Interest was charged at the borrower's option at the Prime Based Rate, Bank Offered Rate, or the London InterBank Offered Rate (LIBOR), as defined in the agreement.

In May 2023, the Organization entered into a credit agreement with the same financial institution for a line of credit facility that allows for borrowings up to $500,000, matures on May 31, 2025, and is unsecured. Interest is charged at the borrower's option at the Prime Based Rate, Bank Offered Rate, or the Secured Overnight Financing Rate (SOFR), as defined in the agreement.

There were no outstanding borrowings on the lines of credit as of and during the years ending December 31, 2023 and 2022.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2023 and 2022:

	2023	2022
Time restrictions	$ 2,705,000	$ 1,530,000
Catalyst fund	2,857,583	2,647,439
Chicago Design Challenge	1,433,313	3,227,463
West Side Initiative	291,834	275,167
Special events	145,620	170,620
Youth Opportunity	180,502	-
	$ 7,613,852	$ 7,850,689

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from restrictions by incurring costs satisfying the restricted purpose specified by donors or by the passage of time during the years ended December 31, 2023 and 2022:

	2023	2022
Time restrictions	$ 831,596	$ 1,267,500
Catalyst fund	789,856	988,150
Chicago Design Challenge	1,794,150	2,062,875
West Side Initiative	185,199	174,833
Youth Opportunity	244,498	118,012
	$ 3,845,299	$ 4,611,370

NOTE I - CONTRIBUTED SERVICES AND GIFTS IN-KIND

The Organization received donated legal services during the years ended December 31, 2023 and 2022 in the amount of $77,114 and $163,337, respectively. Contributed legal services is valued using the hourly bill rates that the attorneys would charge for similar services and are reported as general and administrative expenses in the statement of activities.

NOTE J - FUNCTIONAL EXPENSES

The Organization provides funding and management support to high-performing nonprofit organizations. Expenses related to this function for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023			
	Program	Fundraising	General and Administrative	Total
Grant expense and management support	$ 4,319,065	$ -	$ -	$ 4,319,065
Salaries and related benefits and expenses	1,093,954	934,263	697,535	2,725,752
Professional services	91,156	-	171,534	262,690
Office administration	196,414	73,675	114,893	384,982
Travel	3,433	1,963	2,459	7,855
Special event expenses	-	201,596	-	201,596
Depreciation	21,897	-	-	21,897
	5,725,919	1,211,497	986,421	7,923,837
Less expenses included with revenues on the statement of activities				
Special event expenses	-	(201,596)	-	(201,596)
	$ 5,725,919	$ 1,009,901	$ 986,421	$ 7,722,241

NOTE J - FUNCTIONAL EXPENSES (Continued)

	Year ended December 31, 2022			
	Program	Fundraising	General and Administrative	Total
Grant expense and management support	$ 5,179,374	$ -	$ -	$ 5,179,374
Salaries and related benefits and expenses	996,346	850,592	649,776	2,496,714
Professional services	36,926	-	254,654	291,580
Office administration	205,346	81,375	111,697	398,418
Travel	3,776	2,638	2,919	9,333
Special events expenses	-	118,012	-	118,012
Depreciation	15,691	-	-	15,691
	6,437,459	1,052,617	1,019,046	8,509,122
Less expenses included with revenues on the statement of activities				
Special event expenses	-	(118,012)	-	(118,012)
	$ 6,437,459	$ 934,605	$ 1,019,046	$ 8,391,110

NOTE K - LEASES

The Organization leases office space under an operating lease arrangement through July 2026. The leases requires escalating monthly rental payments ranging from $16,473 to $21,218 over the term of the lease. Additionally, the Organization is responsible for its share of common area charges and any direct expenses as defined in the lease agreement. The lease is classified as an operating lease and reported in right-of-use assets in the statements of financial position as of December 31, 2023 and 2022.

NOTE K - LEASES (Continued)

The Organization has elected the practical expedient available to non-public business entities which allows an Organization to use the risk-free rate to discount its leases when the rate implicit in the lease is not readily determinable. The risk-free rate represents the nominal yield at the later of lease inception or the transition date applicable to U.S. Treasury instruments with a maturity of similar length to the lease term. The risk-free rate applied to the operating lease in place at the transition date was 1.36%.

Operating lease cost is recognized on a straight-line basis over the lease term. Operating lease cost for each of the years ended December 31, 2023 and 2022 is $233,185.

Future undiscounted cash flows for the next five years and thereafter and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of December 31, 2023:

Years Ending December 31:	Operating leases
2024	$ 243,600
2025	250,908
2026	127,308
Total lease payments	621,816
Less: imputed interest	14,980
Total present value of lease liabilities	606,836
Less: current lease liabilities	235,365
Non-current lease liabilities	$ 371,471

NOTE L - EMPLOYEE BENEFITS

The Organization has adopted a Safe Harbor 401(k) Plan (the "plan") covering all employees, subject to certain eligibility requirements. The Organization provides a safe harbor contribution of 3%, as described in the plan agreement. Employer contributions to the plan approximate $54,000 and $49,000 for the years ending December 31, 2023 and 2022, respectively.

NOTE M - RISKS AND UNCERTAINTIES

1. Uninsured Cash and Cash Equivalents

   The Organization maintains cash and cash equivalent balances in financial institutions in Illinois. Certain accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of insured deposit limits.

2. Concentrations of Funding Sources

   Approximately 12% and 20% of the Organization’s contribution revenue was received from one donor in 2023 and 2022. Approximately 65% and 46% of the Organization's contributions receivable balance at December 31, 2023 and 2022 comes from three donors. Two of those donors in 2023 and 2022 are members of the Board of Directors. Contributions may vary significantly from year to year.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 21, 2024, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require additional disclosure in the financial statements.