Metropolitan Family Services

Audited Financial Statements
June 30, 2021

Contents

Independent Auditor's Report

Board of Directors
Metropolitan Family Services

Report on the Financial Statements
We have audited the accompanying financial statements of Metropolitan Family Services (the Agency), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Family Services as of June 30, 2021 and 2020, 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.

RSM US LLP

Chicago, Illinois
January 10, 2022

Metropolitan Family Services

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash	**$ 13,511,480**	$ 3,446,278
Receivables (net of allowance):		
Government grants	**12,442,523**	11,304,096
Fund raising pledges	**1,004,418**	1,712,023
Other	**43,087**	303,810
Prepaid expenses	**1,067,146**	1,008,547
Investments	**50,732,098**	40,896,034
Property and equipment, net	**20,683,069**	21,450,116
Beneficial interest in irrevocable perpetual trusts	**19,872,919**	16,603,571
Total assets	**$ 119,356,740**	$ 96,724,475
Liabilities		
Accounts payable and accrued expenses	**$ 11,081,393**	$ 6,800,113
Deferred revenue	**3,495,103**	1,736,926
Unsecured investment bond	**2,500,000**	2,500,000
Lines of credit	**-**	875,894
Notes payable	**-**	1,123,236
Paycheck Protection Program forgivable loan	**9,670,157**	-
Funds held in custody for others	**5,881**	20,825
Interest rate swap	**3,253,410**	4,263,980
Bonds payable	**12,700,000**	12,700,000
Accrued pension expense	**2,749,241**	7,971,668
Total liabilities	**45,455,185**	37,992,642
Net assets:		
Without donor restrictions	**24,349,640**	11,340,588
With donor restrictions	**49,551,915**	47,391,245
Total net assets	**73,901,555**	58,731,833
Total liabilities and net assets	**$ 119,356,740**	$ 96,724,475

See notes to financial statements.

Metropolitan Family Services

Statement of Activities
Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total Agency**
Operating:			
Public support:			
MFS Annual Campaign and the Campaign to M-Power Families	$ 12,416,420	$ 1,047,713	$ 13,464,133
United Way of Metropolitan Chicago	1,558,839	430,817	1,989,656
Government grants	65,526,220	-	65,526,220
In-kind contributions	3,387,746	-	3,387,746
Total public support	82,889,225	1,478,530	84,367,755
Revenue:			
Program service fees	9,234,613	-	9,234,613
Investment payout for operations	850,680	817,320	1,668,000
Income allocations from trusts	854,644	-	854,644
Rent and other income	661,483	-	661,483
Net assets released from restrictions	7,557,947	(7,557,947)	-
Total revenue	19,159,367	(6,740,627)	12,418,740
Total public support and revenue	102,048,592	(5,262,097)	96,786,495
Expenses:			
Program	83,091,261	-	83,091,261
Management and general	9,691,356	-	9,691,356
Fund raising	2,532,407	-	2,532,407
In-kind contributions	3,387,746	-	3,387,746
Total expenses before depreciation and amortization and net periodic benefit income	98,702,770	-	98,702,770
Operating (deficit) surplus	3,345,822	(5,262,097)	(1,916,275)
Other changes from operating activities:			
Depreciation and amortization	(861,647)	-	(861,647)
Net periodic benefit income	77,569	-	77,569
Change in net assets from operating activities	2,561,744	(5,262,097)	(2,700,353)
Nonoperating activities:			
Public support and revenue:			
Gain on disposal of property	588,267	-	588,267
Net investment gains (losses)	4,571,981	7,422,767	11,994,748
Pension related changes other than net periodic pension income	4,276,490	-	4,276,490
Increase (decrease) in market value of interest rate swap	1,010,570	-	1,010,570
Change in net assets from nonoperating activities	10,447,308	7,422,767	17,870,075
Increase (decrease) in net assets	13,009,052	2,160,670	15,169,722
Net assets:			
Beginning of year	11,340,588	47,391,245	58,731,833
End of year	$ 24,349,640	$ 49,551,915	$ 73,901,555

See notes to financial statements.

2020		
Without Donor Restrictions	With Donor Restrictions	Total Agency
$ 18,118,663	$ 4,965,323	$ 23,083,986
2,143,411	423,182	2,566,593
50,281,359	-	50,281,359
2,454,288	-	2,454,288
72,997,721	5,388,505	78,386,226
8,839,418	-	8,839,418
850,680	817,320	1,668,000
858,557	-	858,557
940,365	-	940,365
5,998,208	(5,998,208)	-
17,487,228	(5,180,888)	12,306,340
90,484,949	207,617	90,692,566
75,578,430	-	75,578,430
9,236,537	-	9,236,537
3,047,415	-	3,047,415
2,454,288	-	2,454,288
90,316,670	-	90,316,670
168,279	207,617	375,896
(805,122)	-	(805,122)
224,550	-	224,550
(412,293)	207,617	(204,676)
-	-	-
(996,625)	(1,376,363)	(2,372,988)
(2,294,143)	-	(2,294,143)
(898,711)	-	(898,711)
(4,189,479)	(1,376,363)	(5,565,842)
(4,601,772)	(1,168,746)	(5,770,518)
15,942,360	48,559,991	64,502,351
$ 11,340,588	$ 47,391,245	$ 58,731,833

Metropolitan Family Services

Statement of Functional Expenses
Year Ended June 30, 2021

	Programs				
	Emotional Wellness	Empowerment	Education	Economic Stability	Total Program
Salaries	$ 15,268,580	$ 4,519,632	$ 13,324,875	$ 5,005,783	$ 38,118,870
Payroll taxes and benefits	3,419,089	916,831	2,975,601	1,093,682	8,405,203
Professional fees and subcontractor payments	1,370,322	15,815,872	1,723,769	3,868,149	22,778,112
Financial assistance	1,955,284	117,582	581,055	1,377,983	4,031,904
Occupancy	1,715,634	389,777	1,277,408	471,160	3,853,979
Equipment rental and maintenance	145,348	72,722	145,233	139,437	502,740
Other program expenses	955,950	338,489	1,436,779	416,173	3,147,391
Telephone	1,091,318	195,291	692,076	274,377	2,253,062
	25,921,525	22,366,196	22,156,796	12,646,744	83,091,261
Depreciation and amortization allocation	213,286	213,676	238,532	87,164	752,658
Net periodic benefit income	(24,279)	(17,531)	(17,531)	(9,231)	(68,572)
	$ 26,110,532	$ 22,562,341	$ 22,377,797	$ 12,724,677	$ 83,775,347

See notes to financial statements.

Support Services				
Management and General	Fund Raising	Total Support Services	In-Kind Contributions	2021 Total Agency
$ 5,234,353	$ 1,381,008	$ 6,615,361	$ -	$ 44,734,231
1,189,414	311,124	1,500,538	-	9,905,741
1,589,051	284,126	1,873,177	3,385,648	28,036,937
5,170	5,995	11,165	-	4,043,069
680,991	366,199	1,047,190	-	4,901,169
242,603	9,894	252,497	-	755,237
346,305	64,031	410,336	2,098	3,559,825
403,469	110,030	513,499	-	2,766,561
9,691,356	2,532,407	12,223,763	3,387,746	98,702,770
87,155	21,834	108,989	-	861,647
(7,136)	(1,861)	(8,997)	-	(77,569)
$ 9,771,375	$ 2,552,380	$ 12,323,755	$ 3,387,746	$ 99,486,848

Metropolitan Family Services

Statement of Functional Expenses
Year Ended June 30, 2020

	Programs				
	Emotional Wellness	Empowerment	Education	Economic Stability	Total Program
Salaries	$ 16,436,950	$ 3,866,392	$ 13,571,122	$ 4,551,085	$ 38,425,549
Payroll taxes and benefits	3,696,823	766,480	2,998,083	1,020,788	8,482,174
Professional fees and subcontractor payments	1,285,712	12,527,479	1,673,401	1,234,874	16,721,466
Financial assistance	1,437,800	501,581	43,456	373,990	2,356,827
Occupancy	1,732,362	397,126	1,021,905	479,255	3,630,648
Equipment rental and maintenance	186,803	102,724	69,210	37,979	396,716
Other program expenses	1,070,726	328,386	2,360,713	526,451	4,286,276
Telephone	693,243	97,887	344,395	143,249	1,278,774
	26,540,419	18,588,055	22,082,285	8,367,671	75,578,430
Depreciation and amortization allocation	211,874	178,522	233,911	81,464	705,771
Net periodic benefit income	(67,365)	(47,155)	(56,138)	(22,455)	(193,113)
	$ 26,684,928	$ 18,719,422	$ 22,260,058	$ 8,426,680	$ 76,091,088

See notes to financial statements.

Support Services: Management and General	Support Services: Fund Raising	Support Services: Total Support Services	In-Kind Contributions	2020 Total Agency
$ 4,964,213	$ 1,599,976	$ 6,564,189	$ -	$ 44,989,738
1,123,547	401,535	1,525,082	-	10,007,256
1,386,669	147,100	1,533,769	2,423,326	20,678,561
2,660	12,815	15,475	20,422	2,392,724
470,515	721,037	1,191,552		4,822,200
682,679	25,726	708,405		1,105,121
445,719	73,880	519,599	10,540	4,816,415
160,535	65,346	225,881		1,504,655
9,236,537	3,047,415	12,283,952	2,454,288	90,316,670
76,792	22,559	99,351	-	805,122
(24,701)	(6,736)	(31,437)	-	(224,550)
$ 9,288,628	$ 3,063,238	$ 12,351,866	$ 2,454,288	$ 90,897,242

Metropolitan Family Services

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 15,169,722**	$ (5,770,518)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in market value of interest rate swap	**(1,010,570)**	898,711
Change in market value beneficial interest in perpetual trusts	**(3,518,382)**	418,821
Net realized and unrealized (gain) loss on investments	**(9,035,828)**	1,306,538
Gain on disposal of property	**(588,267)**	-
Depreciation and amortization	**861,647**	805,122
Proceeds from the Paycheck Protection Program forgivable loan	**9,670,157**	-
Changes in operating assets and liabilities:		
Receivables	**(170,099)**	(635,494)
Prepaid expenses	**(58,599)**	802,431
Accounts payable and accrued expenses	**4,281,280**	1,688,960
Accrued pension expense	**(5,222,427)**	1,177,787
Deferred revenue	**1,758,177**	677,359
Funds held in custody for others	**(14,944)**	4,380
Net cash provided by operating activities	**12,121,867**	1,374,097
Cash flows from investing activities:		
Proceeds from the sale of investments	**1,685,168**	4,225,481
Proceeds from sale of property	**835,072**	-
Purchases of investments	**(2,485,404)**	(3,526,785)
Additions of property and equipment, net	**(1,141,405)**	(1,136,374)
Net cash used in investing activities	**(1,106,569)**	(437,678)
Cash flows from financing activities:		
Repayments of line of credit	**(875,894)**	-
Repayments of notes payable	**(323,236)**	(70,708)
Proceeds from closed beneficial interest in perpetual trust	**249,034**	-
Net cash used in financing activities	**(950,096)**	(70,708)
Increase in cash	**10,065,202**	865,711
Cash:		
Beginning of year	**3,446,278**	2,580,567
End of year	**$ 13,511,480**	$ 3,446,278
Supplemental disclosure of operating activity:		
Interest paid	**$ 723,000**	$ 760,568

Supplemental disclosure of non-cash investing and financing activity:
Re-conveyance of property with net book value of $346,805 in exchange for release of obligation under $800,000 purchase money note.

See notes to financial statements.

Note 1. Nature of Activities

Metropolitan Family Services (the Agency), a not-for-profit Illinois corporation, is a nonsectarian human services agency located in metropolitan Chicago, Illinois. The Agency was organized to provide a wide range of programs and services to strengthen low and moderate-income individuals, families and communities. The Agency is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and applicable state law.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The Agency's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as applicable to nonprofit organizations.

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Agency's program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Accounting standards: The Agency follows accounting standards established by the Financial Accounting Standards Board (the FASB) to ensure consistent reporting of financial position, results of activities and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the FASB *Accounting Standards Codification,* sometimes referred to as the Codification or ASC.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

Revenue recognition: The majority of funding for the Agency's activities is provided by governmental agencies. The Agency recognizes program revenues in the fiscal year that the services are rendered. Unconditional contribution revenues and other support are recognized in the fiscal year that the pledges are received. Grant revenue is recognized as qualifying expenditures are incurred and other grant requirements are met. The Agency has elected the simultaneous release policy for government grants, which allows the Agency to recognize restricted conditional contributions directly in net assets without donor restrictions when the condition is met, which is generally when qualifying expenditures have been incurred. Deferred revenue is recorded when cash has been received but qualifying expenditures have not yet been incurred. Those amounts will be subject to recognition as the Agency incurs qualifying expenditures and performs its duties under the terms of the grant agreements. The Agency experienced a significant increase in government grant revenue in the year ended June 30, 2021, as a result of a full year in funding from the City of Chicago and Cook County related to the Agency's Communities Partnering 4 Peace (CP4P) program.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and are presented by natural and functional classification in the statement of functional expenses. The Agency tracks expenses, including salaries and benefits, by department. Departments are allocated to the expense categories listed on the statements of activities. Those departments linked to a program are further analyzed to determine if some aspects of an expense have an administrative or fundraising component. If an expense can be identified with either a fundraising or administrative function, it will be charged directly to that category. Accordingly, management has developed and uses estimates to allocate certain costs among the programs and supporting activities benefited.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash: It is usual and customary for the Agency to have cash on deposit in multiple financial institutions exceeding the federally insured limits. Management does not believe there is a risk of loss associated with these accounts.

Receivables: The Agency has outstanding receivables from various government grants and from fund raising pledges. Management recorded an allowance for doubtful accounts totaling approximately $173,000 and $632,000 at June 30, 2021 and 2020, respectively, based on specific identification of uncollectible accounts and historical collection experience.

Investments: Investments, including the invested assets of irrevocable perpetual trusts, are recorded at fair value. Realized gains and losses are determined based on the average cost method. Changes in fair value are recorded as unrealized gains (losses). Investment fees are netted against investment gains.

The Agency invests in a professionally managed portfolio of mutual funds and alternative investments. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and equipment: Property and equipment are carried at cost, except donated assets which are recorded at fair value at date of donation. All purchases in excess of $5,000 are capitalized, while lesser amounts are charged to expense. Assets retired or otherwise disposed of are removed from the accounts at their net carrying amount. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets or terms of the related leases (40 years for buildings, 5 years for furniture and equipment and 2-7 years for leasehold improvements).

Beneficial interest in irrevocable perpetual trusts: The Agency is an income beneficiary of certain irrevocable perpetual trusts established by donors and administered by certain third-party agencies. Income allocations from such trusts have no restriction on their use and are recognized as revenue when received from the third-party agencies. The Agency's beneficial interest in the assets of irrevocable perpetual trusts are recorded at fair value in the statement of financial position based on the fair value of the underlying trust assets.

Deferred revenue: The Agency recognizes grants as revenue when qualifying expenses are incurred. Amounts received in advance are recorded as deferred revenue when qualifying expenditures are not yet incurred.

Paycheck Protection Program forgivable loan: The Agency applied for and received a loan from the Paycheck Protection Program, a loan program administered through the Small Business Administration, in conjunction with the Coronavirus Aid, Relief and Economy Security Act (CARES Act) in fiscal year 2021. The loan was in the amount of $9,670,157. The loan bears interest at a rate of 1% and is repayable in five years, but may be forgiven if certain conditions are met. Proceeds from this loan have been accounted for as a conditional contribution (liability) at June 30, 2021 and are recognized as a refundable advance until the conditions for forgiveness have been substantially met or explicitly waived. The derecognition of this liability will be reflected as contribution revenue, in a subsequent period, when the Agency has determined it has met the conditions for forgiveness of the loan or the conditions have been explicitly waived.

Derivative financial instruments: The Agency has an interest rate swap agreement with the objective of minimizing the variability of cash flows. This derivative financial instrument is recognized as either an asset or liability at fair value in the statement of financial position (interest rate swap) with the changes in the fair value reported on the statement of activities (change in market value of interest rate swap). For the years ended June 30, 2021 and 2020, the Agency recognized a gain of $1,010,570 and loss of $898,711, respectively, for changes in the fair value of the instrument.

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets: Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets without donor restrictions are resources whose use has no limitations imposed by outside donors.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions that may or will be met by the Agency or the passage of time. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose for which the contributions were restricted is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Agency reports the support as net assets without donor restrictions. In the absence of donor-imposed restrictions on the use of the assets, contributions of long-lived assets are reported as increases in net assets without donor restrictions. The Agency has beneficial interests in certain irrevocable perpetual trusts, for which the principal must remain intact per donor request and related income allocations are classified as without donor restrictions

Contributions: Unconditional promises of others to give cash and other assets to the Agency are recorded at fair value at the date the promise is made and reported as increases in either net assets without donor restrictions or net assets with donor restrictions, if they are received with donor stipulations that limit the use of the contributions. Conditional contributions are not recognized as revenue until conditions are satisfied, which occurs when performance barriers are met.

In-kind contributions: The Agency received contributions of goods and services from outside corporations, including advertising, consulting services and various goods, in the amount of $3,387,746 and $2,454,288 during the years ended June 30, 2021 and 2020, respectively. These contributed services are valued and reported at the estimated fair value in the financial statements based on discounted current market rates for similar services. These amounts are recorded as revenues and expenses in the financial statements.

Income taxes: The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more than likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Agency and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in the financial statements.

The Agency files Form 990 in the U.S. federal jurisdiction and the State of Illinois.

COVID-19: The actions taken to mitigate COVID-19 have had, and are expected to continue to have, a significant impact on the communities in which the Agency operates. It is unknown at this time how long these conditions will last and what the complete financial effect will be to the Agency

Accounting pronouncement adopted: In fiscal year 2021, the Agency adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The adoption of this guidance did not have a significant impact on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: The FASB has issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. The new standard is effective for the Agency's 2022 financial statements.

The FASB has issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This new standard is effective for the Agency's fiscal year 2023 financial statements.

The Agency is currently evaluating the impact of the adoption of these standards on its financial statements.

Subsequent events: The Agency has evaluated all other subsequent events for potential recognition and/or disclosure through January 10, 2022, the date the financial statements were available to be issued.

Note 3. Fund Raising Pledges Receivable

Pledges receivable at June 30, 2021 of $1,204,418 are anticipated to be collected in the following manner: $256,618 in less than one year and $947,800 in the next one to five years. Pledges receivable at June 30, 2020 of $1,716,203 are anticipated to be collected in the following manner: $312,097 in less than one year and $1,404,106 in the next one to five years.

Note 4. Investments and Beneficial Interest in Irrevocable Perpetual Trusts

The Agency's investments at June 30, 2021 and 2020 are as follows:

	2021	2020
Cash and other	$ 2,268,168	$ 4,556,181
Equity securities	26,618,883	19,261,331
Fixed income securities	9,598,125	6,037,523
Alternative investments	12,246,922	11,040,999
	$ 50,732,098	$ 40,896,034

The Agency is also a designated income beneficiary of certain irrevocable perpetual trusts. The terms of the trust agreements provide that the Agency, as an income beneficiary, is to receive its beneficial interest in the income of the trust assets as earned in perpetuity. Such trust assets are held and invested in perpetuity by the third-party trustees, which are financial institutions, principally in marketable equity securities and bonds and notes.

Note 4. Investments and Beneficial Interest in Irrevocable Perpetual Trusts (Continued)

Total return on investments and beneficial interests during 2021 and 2020 is summarized as follows:

2021	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	$ 745,326	$ 716,097	$ 1,461,423
Investment expense	(179,971)	(172,914)	(352,885)
Net realized and unrealized gains	4,857,306	7,696,904	12,554,210
Total gain on investments	$ 5,422,661	$ 8,240,087	$ 13,662,748
As reflected on statement of activities:			
Investment gain designated for:			
Payout for operations	$ 850,680	$ 817,320	$ 1,668,000
Undesignated investment gain	4,571,981	7,422,767	11,994,748
Total	$ 5,422,661	$ 8,240,087	$ 13,662,748
Income allocations from trusts	$ 854,644	$ -	$ 854,644

2020	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	$ 709,733	$ 681,901	$ 1,391,634
Investment expense	(189,343)	(181,921)	(371,264)
Net realized and unrealized losses	(666,335)	(1,059,023)	(1,725,358)
Total loss on investments	$ (145,945)	$ (559,043)	$ (704,988)
As reflected on statement of activities:			
Investment loss designated for:			
Payout for operations	$ 850,680	$ 817,320	$ 1,668,000
Undesignated investment loss	(996,625)	(1,376,363)	(2,372,988)
Total	$ (145,945)	$ (559,043)	$ (704,988)
Income allocations from trusts	$ 858,557	$ -	$ 858,557

Investment return, with donor restrictions, includes appreciation in the value of beneficial interests in irrevocable perpetual trusts.

Note 5. Fair Value Disclosures

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Agency uses various methods including market, income and cost approaches and sets out a fair value hierarchy. Based on these approaches, the Agency often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Agency is required to provide the following information according to the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy under the Topic are described below:

> Level 1. Unadjusted 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. Inputs other than quoted prices within Level 1 that, in markets that are not active or on inputs that are observable either directly or indirectly for the full term of the financial instrument.
>
> Level 3. Valuations are based on pricing or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement of the financial instrument. Such inputs may reflect management's own assumptions about the assumptions a market participant would use in pricing the financial instrument.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the highest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Agency considers factors specific to the investment.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

For the fiscal years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. There were unfunded commitments in the amount of $1,203,744 and $1,222,515 at June 30, 2021 and 2020, respectively. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities
The fair value of publicly traded equity and fixed income securities is based upon market quotations of national security exchanges. These financial instruments are classified as Level 1 in the fair value hierarchy.

Note 5. Fair Value Disclosures (Continued)

Alternative investments: Investments in certain hedge funds and real estate funds are valued at fair value based on the applicable percentage ownership of the underlying companies' net assets as of the measurement date, as determined by the fund manager. In determining fair value, the fund manager utilizes valuations provided by the underlying investment companies. The underlying investment companies value securities and other financial instruments on a fair value basis of accounting. The fair value of the Agency's investments in private investment companies generally represent the amount the Agency would expect to receive if it were to liquidate its investment in the companies excluding any redemption charges that may apply. These investments are measured using the net asset value as the practical expedient.

Beneficial Interest in Perpetual Trusts
The fair value of the Agency's beneficial interest in perpetual trusts were provided by the trustee. The trustee determines fair value based on readily available pricing sources for market transactions involving identical assets for securities. The valuations include certain unobservable inputs and are, therefore, classified as Level 3 in the fair value hierarchy.

Interest Rate Swap
The valuation of this instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity, and used observable market-based inputs, including the SIFMA index. The fair value estimate is classified as Level 2.

The following tables present the Agency's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	2021				
	Total	Level 1	Level 2	Level 3	Valued Using Net Asset Value (a)
Assets:					
Equity securities:					
U.S. equities	$ 13,542,571	$ 13,542,571	$ -	$ -	$ -
Non-U.S. equities	13,076,312	13,076,312	-	-	-
Fixed income securities:					
U.S. fixed income	9,598,125	9,598,125	-	-	-
Alternative investments:					
Hedge fund of funds (b)	7,767,511	-	-	-	7,767,511
Real estate fund (c)	4,479,411	-	-	-	4,479,411
	48,463,930	$ 36,217,008	$ -	$ -	$ 12,246,922
Cash and other	2,268,168				
Total investments	$ 50,732,098				
Beneficial interest in perpetual trusts (d)	$ 19,872,919	$ -	$ -	$ 19,872,919	$ -
Liability:					
Interest-rate swap	$ 3,253,410	$ -	$ 3,253,410	$ -	$ -

Note 5. Fair Value Disclosures (Continued)

	2020				
	Total	Level 1	Level 2	Level 3	Valued Using Net Asset Value (a)
Assets:					
Equity securities:					
U.S. equities	$ 9,747,177	$ 9,747,177	$ -	$ -	$ -
Non-U.S. equities	9,514,154	9,514,154	-	-	-
Fixed income securities:					
U.S. fixed income	6,037,523	6,037,523	-	-	-
Alternative investments:					
Hedge fund of funds (b)	6,702,073	-	-	-	6,702,073
Real estate fund (c)	4,338,926	-	-	-	4,338,926
	36,339,853	$ 25,298,854	$ -	$ -	$ 11,040,999
Cash and other	4,556,181				
Total investments	$ 40,896,034				
Beneficial interest in perpetual trusts (d)	$ 16,603,571	$ -	$ -	$ 16,603,571	$ -
Liability:					
Interest-rate swap	$ 4,263,980	$ -	$ 4,263,980	$ -	$ -

(a) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(b) This category includes investments in hedge funds that invest primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments to meet growth strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. There are no unfunded commitments related to these investments at June 30, 2021 or 2020. The redemption frequency for these funds is quarterly.

(c) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the Agency's ownership interest. There are $1,203,744 and $1,222,515 of unfunded commitments related to these investments at June 30, 2021 and 2020, respectively. The redemption frequency for these funds is quarterly.

(d) This category includes underlying investments in equities, fixed income securities, real estate funds and hedge funds. The fair value of these investments is based on quoted market prices provided by recognized broker-dealers.

The Agency assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Agency's accounting policy regarding the recognition of transfers between levels of the fair vale hierarchy. There were no transfers between Levels 1, 2, or 3 during the years ended June 30, 2021 and 2020.

Note 6. Property and Equipment

Property and equipment are as follows at June 30, 2021 and 2020:

	2021	2020
Land	$ 3,718,766	$ 4,322,597
Buildings and improvements	25,849,809	26,268,895
Leasehold improvements	2,679,516	2,631,686
Furniture and equipment	9,015,655	8,549,496
	41,263,746	41,772,674
Less: accumulated depreciation	20,580,677	20,322,558
	$ 20,683,069	$ 21,450,116

Depreciation expense totaled $852,968 and $796,443 for 2021 and 2020, respectively. A gain on disposal of property of $588,267, recorded in fiscal year 2021, includes $453,195, in connection with a purchase money note and bank financing transaction (Note 8) and $135,072 related to a separate sale of land, with a carrying value of $700,000. The Agency received sale proceeds of $835,072.

Note 7. Short-Term Debt

The Agency had two available revolving credit lines. The first was in the amount of $6,500,000 and was for operating working capital. An additional line was in the amount of $2,000,000 and was for capital projects. Both agreements expired September 22, 2021 and were not renewed. Interest on borrowings was accrued monthly on both facilities at either the prime rate or the LIBOR rate plus 115 basis points. The weighted average interest rate for fiscal years 2021 and 2020 was 1.37% and 1.86%, respectively. The covenants of the revolving credit lines were substantially the same as those of the Illinois Development Finance Authority Variable Rate Demand Revenue Bonds (Note 8). The total balance outstanding on the lines of credit were $0 and $875,894 at June 30, 2021 and June 30, 2020, respectively. Subsequent to year-end, these agreements were replaced with a new revolving line of credit agreement in the amount of $10,000,000. This new agreement was executed on September 21, 2021 and matures on September 21, 2022, with similar terms.

In addition, the Agency has secured additional working capital in the amount of $2,500,000 under a long-term unsecured investment bond. This facility became effective on September 16, 2016 and expired on September 16, 2021. The five-year term and interest is charged at a rate of one-tenth of one percent per annum. The balance outstanding on this agreement was $2,500,000 as of both June 30, 2021 and 2020. This agreement was renewed and extended through October 6, 2026 with similar terms.

The outstanding balance of the Agency’s lines of credit totaled $2,500,000 and $3,375,894 at June 30, 2021 and 2020, respectively.

Note 8. Long-Term Debt

Long-term debt is summarized as follows at June 30, 2021 and 2020:

	2021	2020
Notes payable:		
Purchase money note and bank financing	$ -	$ 800,000
Promissory note	-	323,236
	-	1,123,236
Bonds payable:		
Illinois Development Finance Authority Variable Rate Demand Revenue Bonds, Series 1999, maturing in the aggregate principal amount on January 1, 2029.	12,700,000	12,700,000
	$ 12,700,000	$ 13,823,236

Purchase Money Note and Bank Financing

During 1992, the Agency acquired by means of assignment, a 100% beneficial interest in a certain land trust representing certain property previously leased by the Agency from the seller in exchange for a limited guaranty. This beneficial interest has historically been included within property and equipment. The Agency renewed this agreement in November 2016. Under this agreement, the Agency was required to make scheduled monthly interest payments of $6,667 through November 30, 2021.

In connection with the guaranty and pursuant to the terms of the purchase agreement, the Agency agreed to reimburse and indemnify the seller and provide for timely monthly debt service in connection with an existing $400,000 bank financing and certain other costs associated with the property and delivered to the seller a $400,000 purchase money note due November 30, 2021. The bank financing and purchase money note were secured by a first and second mortgage and collateral assignment of the beneficial interest, respectively.

At any time prior to November 20, 2021, the Agency had the option to opt out and exit the transaction and be relieved of all future obligations under the purchase money note and bank financing, in exchange for a complete re-conveyance to the seller of the premises. The Agency elected to opt out of the transaction effective February 28, 2021. The Agency was released from any obligation related to this agreement on March 1, 2021. The last interest payment was made on January 25, 2021. At this time the obligation related to the purchase money note and bank financing were de-recognized and removed from the Agency's accounting records.

The related book value of the beneficial interest included in the Agency's property and equipment balance, in the amount of $346,805, was de-recognized, as well. A related gain was recorded in the amount of $453,195 and is included within the gain on disposal of property in the nonoperating activities section of the statement of activities.

The Agency re-conveyed the property to the sellers and relocated certain of its activities. The Agency executed a new lease in Merrionette Park, Illinois that commenced on December 1, 2020.

Note 8. Long-Term Debt (Continued)

Promissory Note
In connection with a prior year transaction, the Agency assumed a promissory note from IFF, an Illinois community development finance institution in fiscal year 2019. The note balance was $323,236 at June 30, 2020 and bared interest at 5%. The note was payable in monthly installments of $6,191 with final payment due in May 2025. The note was re-paid in full on June 22, 2021.

Illinois Development Finance Authority Variable Rate Demand Revenue Bonds
In March 1999, the Illinois Development Finance Authority (Authority) on behalf of the Agency issued its Variable Rate Demand Revenue Bonds, Series 1999, in the principal amount of $12,700,000 pursuant to an Indenture of Trust dated as of March 1, 1999, between the Authority and the Trustee. The proceeds of the Series 1999 bonds were used to finance all or a portion of the cost of acquisition, construction, renovation, expansion, restoration, and equipping of certain facilities of the Agency and to reimburse the Agency for certain capital projects, provide a portion of the interest on the bonds, and pay certain expenses incurred in connection with the issuance of the bonds. All other proceeds will be invested by the Trustee as provided in the indenture.

The Series 1999 Bonds bear interest at a variable interest rate determined on a monthly basis. Interest rates ranged from 1.02 to 1.09% and from 1.08 to 2.87% during the years ended June 30, 2021 and 2020, respectively, and was determined on a monthly basis. The Series 1999 Bonds are convertible at the option of the Agency to another variable rate mechanism, as provided in the Indenture of Trust, dated March 1, 1999.

The terms of the long-term debt agreement require, among other things, the maintenance of specific financial ratios and place limitations on additional indebtedness and pledging of assets.

On June 1, 2012, the Agency entered into a re-financing arrangement with a bank in which the bank became the sole holder of the bonds for a period of seven years. This arrangement eliminated the need for a letter of credit. On June 3, 2019, the re-financing arrangement was renewed for a period of five years. All of the terms, conditions, and covenants previously in effect remain unchanged.

The Agency has an interest rate swap agreement (swap agreement) with a bank for a non-amortizing notional amount of $12,700,000 with an objective to minimize the variability of cash flows. Under the terms of the swap agreement, the Agency receives monthly payments based upon a variable rate of interest and makes monthly payments based upon a fixed rate of 4.295% through January 1, 2029. The variable rate of interest is based on the USD-LIBOR-BBA which ranged from 0.09% to 0.17% and from 0.17% to 2.40% during the years ended June 30, 2021 and 2020, respectively, and was determined on a monthly basis. Although the derivative is an interest rate hedge, the Agency has chosen not to account for the derivatives as “cash-flow” hedge instruments, as defined by GAAP, and therefore, the gain or loss on the derivative is recognized in the statement of activities as a component of nonoperating revenue (expense) in the period of change.

Net interest paid or received under the swap agreement is included in interest expense. The net differential paid by the Agency as a result of the swap agreement amounted to $533,155 and $403,556 for the years ended June 30, 2021 and 2020, respectively. The change in fair value of the swap agreement was an unrealized gain of $1,010,570 and unrealized loss of $898,711 in 2021 and 2020, respectively.

Note 8. Long-Term Debt (Continued)

The fair value of the interest rate swap agreement, reflected as a liability on the statements of financial position, was $3,253,410 and $4,263,980 at June 30, 2021 and 2020, respectively.

Interest expense (income) is reported within the financial statements as follows:

	2021	2020
Operating:		
Other program expenses	$ 723,063	$ 760,568
Nonoperating:		
Change in fair value of interest rate swap	(1,010,570)	898,711
	$ (287,507)	$ 1,659,279

Note 9. Restricted Net Assets

Restricted net assets are as follows at June 30, 2021 and 2020:

	2021	2020
Purpose related restrictions:		
Accumulated investment return on endowments	$ 20,973,006	$ 16,819,587
Community services	3,103,898	8,376,432
Financial assistance	15,701	5,264
	24,092,605	25,201,283
To be held in perpetuity:		
Beneficial interest in irrevocable perpetual trusts invested in perpetuity by third-party trustees, the income from which is expendable to support any of the activities of the Agency	19,872,919	16,603,571
Donor endowment invested in perpetuity by the Agency, the income from which is expendable to support any of the activities of the Agency	5,411,375	5,411,375
Donor endowment invested in perpetuity by the Agency, the income from which is expendable to support specific programs as restricted by the donor	175,016	175,016
	25,459,310	22,189,962
	$ 49,551,915	$ 47,391,245

Note 10. Endowment Funds

The Agency's endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the 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 Agency classified as net assets with donor restrictions (a) the original value of gifts donated to the endowment to be held in perpetuity, (b) the original value of subsequent gifts to the endowment to be held in perpetuity, and (c) accumulations to the endowment to be held in perpetuity 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 net assets with donor restrictions (to be held in perpetuity) is classified as net assets with donor restrictions (temporary in nature) until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1) The duration and preservation of the fund;
2) The purpose of the Agency 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) Other resources of the Agency; and
7) The investment policies of the Agency.

The Agency's endowment net asset composition by type of fund is as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Net assets with donor restrictions (temporary in nature)	$ 20,973,006	$ 16,819,587
Net assets with donor restrictions (to be held in perpetuity)	5,586,391	5,586,391
	$ 26,559,397	$ 22,405,978

Note 10. Endowment Funds (Continued)

The changes in endowment net assets for the Agency were as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Endowment net assets, beginning of year	$ 22,405,978	$ 23,363,519
Investment return:		
Dividends and interest income	716,097	681,901
Investment expense	(172,914)	(181,921)
Net realized and unrealized gain (loss)	4,427,556	(640,201)
	4,970,739	(140,221)
Appropriation of endowment assets:		
Payout for operations	(817,320)	(817,320)
Investment return (loss)	4,153,419	(957,541)
Endowment net assets, end of year	$ 26,559,397	$ 22,405,978

The Agency's beneficial interest in irrevocable perpetual trusts is externally managed and is therefore not included in the endowment tables above.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Agency to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

The Agency has adopted investment and spending policies for endowment assets as follows:

Investment Policy
The Agency's endowment fund investments and other investments without donor restrictions continue to be professionally managed in a single investment pool under the oversight of the Agency's Board of Directors and Investment Committee.

The Agency's investment policy is to achieve the highest rate of return possible within an acceptable range of risk and volatility. Based on that objective, the current assumptions are that long-term returns net of expenses will average 7% and long-term inflation will average 3%.

The Agency's Investment Committee has the responsibility to establish the policies that guide the specific investments of the endowment assets. The policies describe the degree of investment risk and diversification that the committee deems appropriate.

The committee, in consultation with its investment consultant, monitors the performance of investment managers and adds, replaces, or eliminates managers as needed.

Spending Policy
Endowment spending is set annually by the Agency's Board of Directors after considering the funding needs of current Agency operations and the desire to preserve the long-term purchasing power of the Endowment. Distributions are authorized by the Board based on recommendations of the Investment Committee and Finance Committee. Payout for operations as reflected on the statement of activities in 2021 of $1,668,000 (2020 - $1,668,000) consists of amounts appropriated from the endowment of $817,320 and amounts funded by other investments without donor restrictions of $850,680 (2020 – $817,320 and $850,680).

Note 11. Pension Plan

The Agency operates a trusted, noncontributory, defined-benefit pension plan (Plan). On December 31, 2012, the Agency implemented a full plan freeze for all employees.

The Projected Benefit Obligation is the actuarial present value of benefits under the plan formula, based on employee service to date and expected future compensation levels.

The Accumulated Benefit Obligation is the actuarial present value of benefits earned to date, based on current and past compensation levels.

A summary of the changes in the projected benefit obligation and plan assets and the resulting funded status of the defined-benefit pension plan are as follows at June 30, 2021 and 2020:

	2021	2020
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 27,357,039	$ 25,332,614
Interest cost	635,810	797,145
Actuarial (gains) losses	(520,305)	2,450,047
Benefits paid	(1,421,334)	(1,222,767)
Projected benefit obligation at year-end	$ 26,051,210	$ 27,357,039
Accumulated benefit obligation	$ 26,051,210	$ 27,357,039
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 19,385,371	$ 18,538,733
Actual return on plan assets	4,469,564	1,177,599
Contributions	868,368	891,806
Benefits paid	(1,421,334)	(1,222,767)
Fair value of plan assets at year-end	$ 23,301,969	$ 19,385,371
Fair value of plan assets	$ 23,301,969	$ 19,385,371
Benefit obligations	26,051,210	27,357,039
Funded status (plan assets less benefit obligations)	$ (2,749,241)	$ (7,971,668)
Amounts recognized on statement of financial position as accrued pension expense liability	$ 2,749,241	$ 7,971,668
Cumulative amounts not yet recognized in net periodic cost, but charged to net assets at June 30, 2021:		
Beginning cumulative amount	$ 9,964,850	$ 7,670,707
Current year (increase) decrease to net assets	(4,276,490)	2,294,143
	$ 5,688,360	$ 9,964,850
Unrecognized actuarial loss not yet recognized in net periodic cost, but charged to net assets at June 30, 2021	$ 5,688,360	$ 9,964,850
Components of net periodic pension (income) cost:		
Interest cost	$ 635,810	$ 797,145
Expected return on plan assets	(996,986)	(1,215,488)
Net amortization and deferrals	283,607	193,793
	$ (77,569)	$ (224,550)

Note 11. Pension Plan (Continued)

The 2021 net pension income was calculated using the January 1, 2020, census data, asset information as of June 30, 2020, and a measurement date of June 30, 2021.

Assumptions

Pension costs are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plan is determined using appropriate assumptions as of each year-end. A summary of the major assumptions follows:

	2021	2020
Funded status:		
Discount rate	2.55%	2.42%
Future salary increases	N/A	N/A
Pension cost:		
Discount rate	2.42%	3.27%
Return on assets in plans	5.30%	6.70%
Future salary increases	N/A	N/A

Plan Assets

The Agency invests the defined benefit plan assets in a professionally managed portfolio of equity and debt securities. The Agency's target asset allocation is approximately 40% fixed income and 60% equity securities. Each year this asset allocation strategy is reviewed to determine the percentage of the fund that is allocated to equity and debt securities. The expected rate of return is based on both historical returns as well as the outlook for future returns given the current economic conditions.

The fair values of the Agency's pension plan assets at June 30, 2021 and 2020 by asset category are as follows:

	2021	Fair Value Measurement Using		
	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities:				
U.S. equities	$ 11,599,647	$ 11,599,647	$ -	$ -
Non-U.S. equities	3,609,290	3,609,290	-	-
Fixed income securities:				
U.S. fixed income	7,902,504	7,902,504	-	-
	23,111,441	$ 23,111,441	$ -	$ -
Cash and other	190,528			
	$ 23,301,969			

Note 11. Pension Plan (Continued)

	2020	Fair Value Measurement Using		
	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities:				
U.S. equities	$ 8,744,615	$ 8,744,615	$ -	$ -
Non-U.S. equities	2,506,975	2,506,975	-	-
Fixed income securities:	-			
U.S. fixed income	7,991,352	7,991,352	-	-
Non-U.S. fixed income	-		-	-
	19,242,942	$ 19,242,942	$ -	$ -
Cash and other	142,429			
	$ 19,385,371			

The asset allocation for the Agency's pension plan by asset category is as follows:

	2021	2020
Equity securities	66 %	59 %
Debt securities	34	41
	100 %	100 %

From time-to-time fluctuations in the market can cause the plan assets to fall outside of the required allocation range. Periodic re-balancing of the portfolio will take place to adjust for any differences.

Contributions
The Agency expects to contribute $731,024 to the pension plan during the year ending June 30, 2022.

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

Years ending June 30:	
2022	$ 1,870,708
2023	1,675,969
2024	1,658,132
2025	1,499,170
2026	1,508,017
2027-2031	7,319,756

Note 12. Operating Leases

The Agency occupies office space used in its activities under operating leases expiring through September 2031. A lease for new administrative office space was executed in May 2021. The initial term of the lease is ten years with a lease commencement date of September 15, 2021 and a lease expiration date of September 15, 2031. A prior lease for certain Chicago office space expired on June 30, 2021 and was not renewed.

In 2021 and 2020, total rental expense recognized under all operating leases amounted to $1,777,180 and $1,688,817, respectively. Future minimum annual lease commitments under non-cancelable operating leases at June 30, 2021, are as follows:

Years ending June 30:	
2022	$ 1,506,950
2023	1,289,404
2024	1,176,375
2025	1,078,542
2026	1,097,591
Thereafter	5,988,112
	$ 12,136,974

Note 13. Fiduciary Arrangements

Included in cash and in funds held in custody for others (a liability) at June 30, 2021 and 2020 are $5,881 and $20,825, respectively, of funds held by the Agency on behalf of certain clients to cover their third-party obligations.

Note 14. Supporting Agencies

The Agency received approximately $65,000,000 and $50,000,000 of its support and revenue from federal and state granting agencies during fiscal years 2021 and 2020, respectively. A significant reduction in this level of support, if it were to occur, could have a significant effect on the Agency's programs and activities. A portion of this support is subject to review and final determination by the granting agencies. The Agency does not anticipate any significant adjustment upon final review and determination.

Note 15. Contingencies

From time to time, the Agency is subject to claims that arise in the ordinary course of conducting its activities. In management's opinion, the resolution of these matters would not have a material effect on the financial position of the Agency.

Note 16. Availability and Liquidity

The Agency's financial assets (cash and receivables) typically are sufficient to cover 3 months of general expenditures. In addition, the Agency has a revolving line of credit with a local bank in the amount of $10,000,000 that is available when expenditures are uneven or receivables are slow in collection.

The Agency is in the final phase of a capital campaign. Spending on projects funded by the campaign are covered by payments on pledges. A separate line of credit in the amount of $2,500,000 is available to bridge any difference in timing between project spend and pledge collections.

Note 16. Availability and Liquidity (Continued)

The Agency had investments as of June 30, 2021 and 2020 in the amount of $50,732,098 and $40,896,034, respectively. Approximately 70% of these amounts are invested in mutual funds with one day liquidity. However, Board policy restricts the use of these assets to the long-term needs of the Agency. Therefore, investments are not included in the financial assets available for general expenditures.

Financial assets as of June 30, 2021 and 2020 available to meet general expenditures over their respective subsequent twelve-month periods consist of:

	2021	2020
Cash	$ 13,511,480	$ 3,446,278
Receivables:		
Government Grants	12,442,523	11,304,096
Fundraising pledges (due in less than 1 year)	256,618	312,097
Other	43,087	303,810
	12,742,228	11,920,003
Expected endowment spending appropriation	1,668,000	1,668,000
Total	$ 27,921,708	$ 17,034,281

Note 17. Subsequent Events

On September 30, 2021, the Agency closed on a new markets tax credit transaction which provides debt and equity financing for the expansion and renovation of its Midway and Jones Centers. The total amount of debt acquired was $11,000,000 and total capitalized expenditures were approximately $3,300,000 at the date of closing. A portion of the debt may be forgiven after a 7-year maturity and compliance period provided the Agency meets certain requirements during that time.

Effective October 29, 2021, the Howard Area Community Center (HACC) agreed to transfer its net assets to the Agency under a mutual agreement, and pending approval of funder compliance for the transaction. As part of the transaction, a demand note was created due to the Agency from HACC in the amount of $769,519, which represents the Agency's payoff of a promissory note to IFF, on behalf of HACC. This new note between the Agency and HACC carries variable interest payable at the applicable federal minimum rate. The note comes due in full after two years if the transaction is not fully executed. HACC is an Illinois not-for-profit 501(c)(3) tax-exempt entity whose mission is to assist low-income individuals and families in the Rogers Park neighborhood of Chicago to stabilize their lives and to help develop the social skills necessary to become effective community members. HACC's programs include early childhood education, adult employment and education, and other health and emergency case management services. HACC has annual revenue of approximately $6,000,000.

Also, effective October 1, 2021, the net assets of I GROW were transferred to the Agency under a similar mutual agreement. I GROW is an Illinois not-for-profit 501(c)(3) tax-exempt entity whose mission is to grow the Englewood neighborhood of Chicago through community connection, skill building and opportunity. I GROW has annual revenue of approximately $1,000,000.