CHICAGO POLICE MEMORIAL FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

CHICAGO POLICE MEMORIAL FOUNDATION

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O'NEILL & GASPARDO, LLC
Consultants and Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CHICAGO POLICE MEMORIAL FOUNDATION
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of **CHICAGO POLICE MEMORIAL FOUNDATION** (the "Organization"), which comprise the statements of assets, liabilities, and net assets – cash basis as of December 31, 2022 and 2021, and the related statements of support, revenue, and expenses – cash basis, and functional expenses – cash basis for the years then ended, and the related notes to the financial statements. The Organization's cash basis is described in Note 2 of the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Organization as of December 31, 2022 and 2021, and its support, revenue and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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.

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'NEILL & GASPARDO, LLC
Mokena, Illinois
June 6, 2023

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	$ 2,136,322	$ 2,927,832
Investments, undesignated	7,123,663	6,270,564
Investments, designated for education assistance	6,569,179	7,090,674
Accrued interest	31,602	69,611
Total current assets	15,860,766	16,358,681
Fixed assets:		
Memorial Park	3,596,390	3,596,390
Vehicles	5,000	5,000
Construction in progress	165,455	165,455
Right-of-use assets	25,816	-
Less: accumulated depreciation	(1,377,967)	(1,288,057)
Net fixed assets	2,414,694	2,478,788
Noncurrent assets:		
Certificate of deposit	165,764	163,314
Total noncurrent assets	165,764	163,314
Total assets	$ 18,441,224	$ 19,000,783

LIABILITIES AND NET ASSETS

Current liabilities:		
Lease liability - right-of-use asset - current	$ 7,172	$ -
Total current liabilities	7,172	-
Long term liabilities:		
Lease liability - right-of-use asset - noncurrent	18,512	-
Total long term liabilities	18,512	-
Total liabilities	25,684	-
Net assets:		
Net assets without donor restrictions:		
General	11,469,231	11,055,288
Board designated	6,720,228	7,603,366
Total net assets without donor restrictions	18,189,459	18,658,654
Net assets with donor restrictions	226,081	342,129
Total net assets	18,415,540	19,000,783
Total liabilities and net assets	$ 18,441,224	$ 19,000,783

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Receipts:			
Contributions	$ 2,499,950	$ 40,500	$ 2,540,450
In-kind contributions	154,654	-	154,654
Investment income (net of investment expenses)	(1,704,039)	-	(1,704,039)
Merchandise sales	309,642	-	309,642
Less: cost of goods sold	(254,901)	-	(254,901)
Net merchandise sales	54,741	-	54,741
Special events	2,126,120	-	2,126,120
Less: cost of direct benefits to donors	(724,561)	-	(724,561)
Net special events	1,401,559	-	1,401,559
Net assets released from restrictions:			
Purpose restriction	156,548	(156,548)	-
Total receipts	2,563,413	(116,048)	2,447,365
Disbursements:			
Programs:			
Assistance to police officers and families	1,797,645	-	1,797,645
Gold Star Memorial Park maintenance	356,943	-	356,943
Total programs	2,154,588	-	2,154,588
Supporting services:			
Management and general	203,904	-	203,904
Fundraising	776,252	-	776,252
Total supporting services	980,156	-	980,156
Total disbursements	3,134,744	-	3,134,744
Other income:			
Employee retention credit refund	102,136	-	102,136
Total other income	102,136	-	102,136
Change in net assets	(469,195)	(116,048)	(585,243)
Net assets, beginning	18,658,654	342,129	19,000,783
Net assets, ending	$ 18,189,459	$ 226,081	$ 18,415,540

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Receipts:			
Contributions	$ 3,612,022	$ 25,000	$ 3,637,022
In-kind contributions	116,000	-	116,000
Investment income (net of investment expenses)	792,506	-	792,506
Merchandise sales	371,393	-	371,393
Less: cost of goods sold	(220,689)	-	(220,689)
Net merchandise sales	150,704	-	150,704
Special events	1,856,665	-	1,856,665
Less: cost of direct benefits to donors	(591,278)	-	(591,278)
Net special events	1,265,387	-	1,265,387
Net assets released from restrictions:			
Purpose restriction	1,101	(1,101)	-
Total receipts	5,937,720	23,899	5,961,619
Disbursements:			
Programs:			
Assistance to police officers and families	1,182,452	-	1,182,452
Gold Star Memorial Park maintenance	471,968	-	471,968
Total programs	1,654,420	-	1,654,420
Supporting services:			
Management and general	236,425	-	236,425
Fundraising	708,707	-	708,707
Total supporting services	945,132	-	945,132
Total disbursements	2,599,552	-	2,599,552
Other income:			
Loan forgiveness	103,296	-	103,296
Total other income	103,296	-	103,296
Change in net assets	3,441,464	23,899	3,465,363
Net assets, beginning	15,217,190	318,230	15,535,420
Net assets, ending	$ 18,658,654	$ 342,129	$ 19,000,783

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Year Ended December 31, 2022

	Assistance to Police Officers and Families	Gold Star Memorial Park	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	$ 82,664	$ 66,347	$ 149,011	$ 102,839	$ 398,215	$ 650,065
Assistance to police officers and families	1,100,192	-	1,100,192	-	-	1,100,192
Suicide prevention education	156,548	-	156,548	-	-	156,548
Donations to Chicago Police Department						
for bullet proof vests	98,170	-	98,170	-	-	98,170
for bike helmets	29,246	-	29,246	-	-	29,246
for command van	57,170	-	57,170	-	-	57,170
Gold Star Memorial Park maintenance	-	186,354	186,354	-	-	186,354
Insurance	3,720	2,986	6,706	4,628	17,919	29,253
Cell phone	1,184	950	2,134	1,473	5,702	9,309
Postage and delivery	4,169	3,346	7,515	5,186	20,082	32,783
Office space and administrative services	-	-	-	55,614	-	55,614
Donated goods and entertainment events	-	-	-	-	-	-
Merchandise cost of good sold	-	-	-	-	254,901	254,901
Special events	-	-	-	-	1,016,580	1,016,580
Advertising - billboard campaign	255,800	-	255,800	-	-	255,800
Advertising	789	633	1,422	982	3,801	6,205
Office supplies and miscellaneous	7,993	6,417	14,410	9,945	38,514	62,869
Professional services fees	-	-	-	23,237	-	23,237
Depreciation	-	89,910	89,910	-	-	89,910
Total disbursements	$ 1,797,645	$ 356,943	$ 2,154,588	$ 203,904	$ 1,755,714	$ 4,114,206

Expenses reported on the Statement of Support, Revenue, and Expenses - Cash Basis

Merchandise cost of goods sold	$ 254,901
Reduction of special events revenue	724,561
Program services	2,154,588
Supporting services	980,156
Total expenses	$ 4,114,206

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Year Ended December 31, 2021

	Assistance to Police Officers and Families	Gold Star Memorial Park	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	$ 67,576	$ 73,281	$ 140,857	$ 128,387	$ 374,708	$ 643,952
Assistance to police officers and families	661,470	-	661,470	-	-	661,470
Suicide prevention education	1,101	-	1,101	-	-	1,101
Donations to Chicago Police Department						
for bullet proof vests	219,939	-	219,939	-	-	219,939
for riot helmets	12,310	-	12,310	-	-	12,310
Gold Star Memorial Park maintenance	-	295,329	295,329	-	-	295,329
Insurance	2,743	2,974	5,717	5,211	15,207	26,135
Cell phone	549	596	1,145	1,043	3,045	5,233
Postage and delivery	2,313	2,508	4,821	4,394	12,823	22,038
Office space and administrative services	-	-	-	53,475	-	53,475
Donated goods and entertainment events	1,855	-	1,855	-	-	1,855
Merchandise cost of good sold	-	-	-	-	220,689	220,689
Special events	-	-	-	-	856,514	856,514
Advertising - billboard campaign	205,800	-	205,800	-	-	205,800
Advertising	2,303	2,497	4,800	4,375	12,769	21,944
Office supplies and miscellaneous	4,493	4,873	9,366	8,537	24,919	42,822
Professional services fees	-	-	-	19,984	-	19,984
Depreciation	-	89,910	89,910	11,019	-	100,929
Total disbursements	$ 1,182,452	$ 471,968	$ 1,654,420	$ 236,425	$ 1,520,674	$ 3,411,519

Expenses reported on the Statement of Support, Revenue, and Expenses - Cash Basis

Merchandise cost of goods sold	$ 220,689
Reduction of special events revenue	591,278
Program services	1,654,420
Supporting services	945,132
Total expenses	$ 3,411,519

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. NATURE OF ACTIVITIES

The **CHICAGO POLICE MEMORIAL FOUNDATION** (the "Organization") is an Illinois not-for-profit corporation dedicated to providing benefits, educational assistance and suicide prevention programs to the families of Chicago police officers who have sacrificed their lives or have been catastrophically injured in the line of duty. As a tribute to these officers, the Organization has built a permanent memorial east of Soldier Field (named Gold Star Memorial Park) on land donated by the Chicago Park District. The Organization also makes donations to the Chicago Police Department for purchases of safety equipment for police officers (i.e., bullet proof vests). Funding is derived primarily from contributions. The Organization is based in Chicago, Illinois.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Organization uses the cash basis for recording receipts and disbursements for both book and income tax purposes. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenue and the related assets are recorded when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred. The exceptions to this policy are that investments are carried at fair market value, accrued interest earned from investments is recorded, right-of-use assets and liabilities are recorded, and fixed assets are capitalized and depreciated over their useful lives.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Update (ASU) No. 2016-14, *Financial Statements of Not-for-Profits.* Under ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, if applicable.

C. Cash and Cash Equivalents

The Organization considers all highly liquid short term investment instruments purchased with a maturity of three months or less at acquisition date to be cash equivalents.

D. Investments

Investments are carried at the quoted market value of the securities. Realized gains and losses are based on specific identification of the security sold.

E. Fixed Assets

The Organization follows the practice of capitalizing, at cost, all disbursements for fixed assets with a useful life of more than one year. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expenses were $89,910 and $100,929 for the years ended December 31, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Useful lives for each asset category are as follows:

ASSET CATEGORY	LIFE
Memorial Park	40 Years
Vehicles	5 Years

F. Contributions
All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statement of Support, Revenue, and Expenses as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

G. Functional Allocation of Expenses
The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Those expenses include general and administrative expenses necessary to support the Organization's mission. Wherever possible, expenses are charged directly to the program or supporting service that is generating the expense. Certain expenses are allocated to programs and supporting services using varying methods which estimate actual usage. Examples include insurance, cell phone, postage and delivery, advertising, and office expenses which are allocated based on total salary and wages for each function.

H. Leases
In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which superseded existing guidance for accounting for leases under Topic 840, Leases. The FASB subsequently issued additional ASUs, which amended and clarified Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The new standard was required to be adopted by nonpublic companies for fiscal years beginning after December 15, 2021, so the Organization adopted this new standard effective January 1, 2022.

The Company adopted the following accounting policies:

- Leasing arrangements with terms of less than one year will not be recognized as (ROU) assets and lease liabilities.
- Lease and non-lease components of contracts will be recorded separately.
- Lease liabilities will be determined using the implicit rate included in the lease when it is readily determinable.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

- Amortization of right-of-use assets is recognized over the lease term, using the straight-line method.
- The lease term used to value right-of-use assets includes options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the options.

I. Advertising
The Organization charges advertising directly to operations as incurred. Advertising expenses were $262,005 and $227,744 for the years ended December 31, 2022 and 2021, respectively.

J. Income Tax Status
The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(3) and therefore, no provision for federal income taxes has been made on the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2022 and 2021.

The Organization records interest and penalties associated with taxes in management and general expenses. There were no interest or penalties during the years ended December 31, 2022 and 2021.

K. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Organization's significant estimates include:

- Management estimated the value of federal government securities, municipal bonds and corporate bonds investments based on prices provided by their investment managers and their custodian bank.

L. Revenue Recognition Polices
The Organization derives its revenue primarily from contributions, special events, and investment income. Revenue from contributions is recognized when received and is classified based on conditional or nonconditional requirements by the donor. Special events revenue is recognized when collected. Investment income consists of interest and dividend income, realized gains and losses, and unrealized gains and losses, which are calculated based on the fair market value of the investments.

<u>Economic factors</u>
The Organization generates revenue primarily from individuals and companies in the Chicagoland area. The Organization's financial health is therefore impacted by economic conditions in this area.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Variable consideration
The Organization does not typically issue refunds for special events but could issue refunds based on specific circumstances.

If the Organization receives a conditional contribution and does not meet the conditions, the contribution is returned based on the agreement. The Organization has a conditional agreement with the donor who contributed funds for the education assistance and suicide prevention program. Net assets with donor restrictions of $226,081 and $342,129 were recorded at December 31, 2022 and 2021, respectively, for contributions from this donor that had yet been expended for the restricted purpose. The Organization expects to expend these funds for the restricted purpose in future fiscal years.

NOTE 3. FINANCIAL INSTRUMENT RISK

The Organization maintains checking, savings and money market accounts at a credit union. Accounts are insured by the National Credit Union Administration ("NCUA") up to $250,000. Deposits exceeded the NCUA limit by $770,590 and $1,253,790 at December 31, 2022 and 2021, respectively.

The Organization maintains one certificate of deposit at a bank and two money market accounts with an investment company. The Federal Deposit Insurance Corporation ("FDIC") insures the total of the accounts at a single institution up to $250,000. Deposits exceeded the FDIC limit by $759,482 and $353,382 at December 31, 2022 and 2021, respectively.

NOTE 4. FAIR VALUE MEASUREMENTS

VALUATION OF INVESTMENTS – FASB ASC 820, *Fair Value Measurements and Disclosures,* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4. FAIR VALUE MEASUREMENTS - Continued

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used since December 31, 2020.

Equity securities and other fixed income: Valued at the closing price as reported on the active market on which the individual securities are traded (level 1 inputs).

U.S. Treasury notes: These investments are a group of asset-backed securities that are secured by the U.S. government. These investments are valued based upon quoted market prices (level 1 inputs).

Federal bonds, municipal bonds and corporate bonds: These investments are a group of asset-backed securities that are secured by the mortgage securities, collateralized mortgage obligations and corporations. These investments are based on prices provided by their investment managers and their custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations (level 2 inputs).

Methods to determine fair market value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4. FAIR VALUE MEASUREMENTS – Continued

Investments are recorded at market value and summarized as follows:

	2022		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Level 1:			
Equity securities	$ 7,079,426	$ 6,429,531	$ (649,895)
Other fixed income	4,871,949	4,404,575	(467,374)
U.S. Treasury notes	842,866	783,236	(59,630)
Total level 1	12,794,241	11,617,342	(1,176,899)
Level 2:			
Federal bonds	405,127	362,185	(42,942)
Corporate bonds	1,906,462	1,713,315	(193,147)
Total level 2:	2,311,589	2,075,500	(236,089)
Total investments	$ 15,105,830	$ 13,692,842	$ (1,412,988)

	2021		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Level 1:			
Equity securities	$ 6,668,173	$ 7,307,942	$ 639,769
Other fixed income	2,988,371	2,934,382	(53,989)
U.S. Treasury notes	742,972	743,670	698
Total level 1	10,399,516	10,985,994	586,478
Level 2:			
Federal bonds	338,943	341,957	3,014
Corporate bonds	2,042,300	2,033,287	(9,013)
Total level 2:	2,381,243	2,375,244	(5,999)
Total investments	$ 12,780,759	$ 13,361,238	$ 580,479

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5. DONATED LAND

The Chicago Park District donated the use of land for Gold Star Memorial Park. The Organization does not pay rent and has not recognized an asset or contribution for the use of this land. If the Organization no longer needed this land, it would be returned to the Chicago Park District.

NOTE 6. LEASE COMMITMENTS AND RELATED CHANGE IN ACCOUNTING METHOD

As mentioned elsewhere in these notes, the Organization adopted the new lease standard in the year ended December 31, 2022. The Organization utilized an optional transition method in adopting the lease standard, which allowed the recognition of a cumulative effect adjustment to the opening balance of retained earnings on the date of adoption and the application of new disclosure requirements beginning in the period of adoption. The Organization also elected the practical expedients for leases that commenced before the effective date of January 1, 2022, which permitted the Organization to not reassess the Organization's conclusions in prior years about lease identification, lease classification (operating or capital/finance), and initial direct costs for existing and expired leases. Adoption of the new standard did not materially impact the Organization's net income for the year ended December 31, 2022. The following was the impact of adopting this standard as of January 1, 2022:

Right-of-use assets:		
Operating leases	$ 18,745	
Finance leases	-	
		$ 18,745
Lease liabilities:		
Operating leases	18,745	
Finance leases	-	
		18,745
Adjustment to 2022 beginning retained earnings		$ -

The following are descriptions of the leases for which right-of-use assets and lease liabilities were recognized under the new lease standard:

In May 2019, the Organization signed an operating lease agreement for a 2019 Jeep Grand Cherokee. This lease expired in May 2022 and had a monthly payment of $488.

In January 2021, the Organization signed an operating lease agreement for a 2021 Jeep Grand Cherokee. This lease expires in January 2024 and has a monthly payment of $171.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 6. LEASE COMMITMENTS AND RELATED CHANGE IN ACCOUNTING METHOD - Continued

In October 2021, the Organization signed an operating lease agreement for a 2021 Jeep Grand Cherokee. This lease expires in October 2024 and has a monthly payment of $468.

In April 2022, the Organization signed an operating lease agreement for a 2022 Jeep Grand Cherokee. This lease expires in April 2025 and has a monthly payment of $543.

Total lease expenses were $12,413 and $8,674 for the years ended December 31, 2022 and 2021, respectively.

	2022
Operating lease expense:	
Amortization of right-of-use assets	$ 11,509
Interest on lease liabilities	904
Total lease expenses	$ 12,413
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 12,545
Weighted-average remaining lease term (years):	
Operating leases	2.0
Weighted-average discount rate:	
Operating leases	3.39%
Cash obligations of lease liabilities:	
2023	$ 14,174
2024	10,724
2025	1,628
Total future undiscounted lease payments	26,526
Less: interest	(842)
Present value of lease liabilities	25,684
Current liability	(7,172)
Long-term liability	$ 18,512

The above schedule of cash obligations of lease liabilities does not include obligations for lease arrangements with terms of less than one year.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7. IN-KIND CONTRIBUTIONS

In-kind contributions are recognized as contributions in accordance with ASC No. 958-605, *Not-for-Profit Entities Revenue Recognition Contributed Services.* Under ASC No. 958-605, the Organization records the fair market value for donated services and goods if they create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated goods and services recognized on the Statement of Support, Revenue, and Expenses during 2022 and 2021 consisted of the following:

	2022	2021
Maintenance services at Gold Star Memorial Park	$ 57,919	$ 15,424
Office space and administrative services	55,614	53,475
Donated goods	-	1,855
Donated audio and visual equipment and services	41,121	45,246
Total	$ 154,654	$ 116,000

In addition, many individuals volunteer their time and talents in performing a variety of tasks that assist the Organization. No amounts have been reflected in the financial statements for these donated services because the criteria for recognition under ASC No. 958-605 were not met.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of $226,081 and $342,129 at December 31, 2022 and 2021, respectively, were restricted for education assistance and suicide prevention programs.

NOTE 9. BOARD DESIGNATED NET ASSETS

The Organization has designated $6,720,228 and $7,603,366 at December 31, 2022 and 2021, respectively, for future education assistance for families of Chicago police officers who have sacrificed their lives or have been catastrophically injured in the line of duty.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10. EDUCATION CHARTER

It is the mission and responsibility of the Organization to pay for the costs of educating the children of officers who have been slain or catastrophically injured in the line of duty. The Organization provided education assistance of $278,172 and $302,343 for the years ended December 31, 2022 and 2021, respectively. The Organization is currently responsible for the following children as of December 31, 2022:

Eligible for post graduate studies	4
Currently enrolled in college	8
Currently enrolled in high school	8
Currently enrolled in grammar school or pre-school	11
Total children	31

The Organization anticipates the future costs to educate these children to be $9,518,415, with an estimated net present value of $7,078,138 using a discount rate of 5%, as of December 31, 2022.

NOTE 11. EMPLOYEE RETIREMENT PLAN

The Organization sponsors a qualified 403(b) retirement plan covering all employees. The Organization matches 3% of each participant's compensation each year. The Organization's contributions to this plan were $14,181 and $13,891 for the years ended December 31, 2022 and 2021, respectively.

NOTE 12. CONTINGENCY

The Organization approved a deferred compensation plan during the fiscal year ended December 31, 2018. The plan allows specific participants, at their discretion, to defer a minimum of 1% up to a maximum of 75% of their annual compensation. This deferral will not earn any investment income, and participants are 100% vested when enrolled. This amount will not be paid until a participant's resignation, retirement, disability, or death. The deferred liability balances of $176,500 and $160,500 at December 31, 2022 and 2021 are not reflected on these cash basis financial statements and will be expensed when paid. Payroll taxes were paid and expensed when awarded.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 13. LIQUIDITY

The Organization is substantially supported by contributions and fundraising events. The majority of contributions received are unrestricted and available for general expenditures, liabilities and other obligations. Cash in excess of daily requirements is invested in various short-term and long-term investments with maturities designated to meet obligations as they come due. The following financial assets are available to meet general expenditures within one year.

Cash and cash equivalents	$ 2,136,322	
Investments	13,692,842	
Accrued interest	31,602	
Total financial assets		$ 15,860,766
Less amounts not available to be used within one year:		
Board designated	(6,720,228)	
Donor restricted	(226,081)	
Financial assets not available to be used within one year		(6,946,309)
Financial assets available to meet general expenditures within one year		$ 8,914,457

NOTE 14. LOAN FORGIVENESS

On February 2, 2021, the Organization received $103,296 through a second loan from the Small Business Administration's PPP. Under the terms of that program, the amount was originally advanced under a loan agreement dated February 2, 2021 and was subsequently forgiven on July 12, 2021.

Forgiveness of the loan is included in "Other income" on the Statement of Support, Revenue and Expenses – Cash Basis for the year ended December 31, 2021. Additional information may be obtained from management and from the Small Business Administration.

NOTE 15. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to December 31, 2022 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF ASSETS AND NET ASSETS BY FUND - CASH BASIS
December 31, 2022

	Without Donor Restrictions			With Donor Restrictions	
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,634,312	$ 142,022	$ 133,907	$ 226,081	$ 2,136,322
Investments	-	7,123,663	6,569,179	-	13,692,842
Accrued interest	-	14,460	17,142	-	31,602
Total current assets	1,634,312	7,280,145	6,720,228	226,081	15,860,766
Fixed assets:					
Memorial Park	3,596,390	-	-	-	3,596,390
Vehicles	5,000	-	-	-	5,000
Construction in progress	165,455	-	-	-	165,455
Right-of-use assets	25,816	-	-	-	25,816
Less: accumulated depreciation	(1,377,967)	-	-	-	(1,377,967)
Net fixed assets	2,414,694	-	-	-	2,414,694
Noncurrent assets:					
Certificate of deposit	165,764	-	-	-	165,764
Total noncurrent assets	165,764	-	-	-	165,764
Total assets	$ 4,214,770	$ 7,280,145	$ 6,720,228	$ 226,081	$18,441,224
LIABILITIES AND NET ASSETS					
Current liabilities:					
Lease liability - right-of-use asset - current	$ 7,172	$ -	$ -	$ -	$ 7,172
Total current liabilities	7,172	-	-	-	7,172
Long term liabilities:					
Lease liability - right-of-use asset - noncurrent	18,512	-	-	-	18,512
Total long term liabilities	18,512	-	-	-	18,512
Total liabilities	25,684	-	-	-	25,684
Net assets:					
Net assets without donor restrictions:					
General	4,189,086	7,280,145	-	-	11,469,231
Board designated	-	-	6,720,228	-	6,720,228
Total net assets without donor restrictions	4,189,086	7,280,145	6,720,228	-	18,189,459
Net assets with donor restrictions	-	-	-	226,081	226,081
Total net assets	4,189,086	7,280,145	6,720,228	226,081	18,415,540
Total liabilities and net assets	$ 4,214,770	$ 7,280,145	$ 6,720,228	$ 226,081	$18,441,224

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF ASSETS AND NET ASSETS BY FUND - CASH BASIS
December 31, 2021

ASSETS

	Without Donor Restrictions			With Donor Restrictions	
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	Total
Current assets:					
Cash and cash equivalents	$ 1,653,128	$ 456,091	$ 476,484	$ 342,129	$ 2,927,832
Investments	-	6,270,564	7,090,674	-	13,361,238
Accrued interest	-	33,403	36,208	-	69,611
Total current assets	1,653,128	6,760,058	7,603,366	342,129	16,358,681
Fixed assets:					
Memorial Park	3,596,390	-	-	-	3,596,390
Vehicles	5,000	-	-	-	5,000
Construction in progress	165,455	-	-	-	165,455
Less: accumulated depreciation	(1,288,057)	-	-	-	(1,288,057)
Net fixed assets	2,478,788	-	-	-	2,478,788
Noncurrent assets:					
Certificate of deposit	163,314	-	-	-	163,314
Total noncurrent assets	163,314	-	-	-	163,314
Total assets	$ 4,295,230	$6,760,058	$ 7,603,366	$ 342,129	$19,000,783

NET ASSETS

Net assets:					
Net assets without donor restrictions:					
General	$ 4,295,230	$6,760,058	$ -	$ -	$11,055,288
Board designated	-	-	7,603,366	-	7,603,366
Total net assets without donor restrictions	4,295,230	6,760,058	7,603,366	-	18,658,654
Net assets with donor restrictions	-	-	-	342,129	342,129
Total net assets	$ 4,295,230	$6,760,058	$ 7,603,366	$ 342,129	$19,000,783

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES BY FUND - CASH BASIS
Year Ended December 31, 2022

	Without Donor Restrictions			With Donor Restrictions	
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	Total
Receipts:					
Contributions	$ 2,499,950	$ -	$ -	$ 40,500	$ 2,540,450
In-kind contributions	154,654	-	-	-	154,654
Investment income (loss)	9,012	(829,913)	(883,138)	-	(1,704,039)
Merchandise sales	309,642	-	-	-	309,642
Less: cost of goods sold	(254,901)	-	-	-	(254,901)
Net merchandise sales	54,741	-	-	-	54,741
Special events	2,126,120	-	-	-	2,126,120
Less: cost of direct benefits to donors	(724,561)	-	-	-	(724,561)
Net special events	1,401,559	-	-	-	1,401,559
Total receipts	4,119,916	(829,913)	(883,138)	40,500	2,447,365
Disbursements:					
Programs:					
Assistance to police officers and families	1,641,097	-	-	156,548	1,797,645
Gold Star Memorial Park maintenance	356,943	-	-	-	356,943
Total programs	1,998,040	-	-	156,548	2,154,588
Supporting services:					
Management and general	203,904	-	-	-	203,904
Fundraising	776,252	-	-	-	776,252
Total supporting services	980,156	-	-	-	980,156
Total disbursements	2,978,196	-	-	156,548	3,134,744
Other income:					
Employee retention credit refund	102,136	-	-	-	102,136
Total other income	102,136	-	-	-	102,136
Net income (loss)	1,243,856	(829,913)	(883,138)	(116,048)	(585,243)
Transfers	(1,350,000)	1,350,000	-	-	-
Change in net assets	(106,144)	520,087	(883,138)	(116,048)	(585,243)
Net assets, beginning	4,295,230	6,760,058	7,603,366	342,129	19,000,783
Net assets, ending	$ 4,189,086	$ 7,280,145	$ 6,720,228	$ 226,081	$18,415,540

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES BY FUND - CASH BASIS
Year Ended December 31, 2021

	Without Donor Restrictions			With Donor Restrictions	
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	Total
Receipts:					
Contributions	$ 3,612,022	$ -	$ -	$ 25,000	$ 3,637,022
In-kind contributions	116,000	-	-	-	116,000
Investment income	3,359	343,925	445,222	-	792,506
Merchandise sales	371,393	-	-	-	371,393
Less: cost of goods sold	(220,689)	-	-	-	(220,689)
Net merchandise sales	150,704	-	-	-	150,704
Special events	1,856,665	-	-	-	1,856,665
Less: cost of direct benefits to donors	(591,278)	-	-	-	(591,278)
Net special events	1,265,387	-	-	-	1,265,387
Total receipts	5,147,472	343,925	445,222	25,000	5,961,619
Disbursements:					
Programs:					
Assistance to police officers and families	1,181,351	-	-	1,101	1,182,452
Gold Star Memorial Park maintenance	471,968	-	-	-	471,968
Total programs	1,653,319	-	-	1,101	1,654,420
Supporting services:					
Management and general	236,425	-	-	-	236,425
Fundraising	708,707	-	-	-	708,707
Total supporting services	945,132	-	-	-	945,132
Total disbursements	2,598,451	-	-	1,101	2,599,552
Other income:					
Loan forgiveness	103,296	-	-	-	103,296
Total other income	103,296	-	-	-	103,296
Net income (loss)	2,652,317	343,925	445,222	23,899	3,465,363
Transfers	(1,900,000)	(89,877)	1,989,877	-	-
Change in net assets	752,317	254,048	2,435,099	23,899	3,465,363
Net assets, beginning	3,542,913	6,506,010	5,168,267	318,230	15,535,420
Net assets, ending	$ 4,295,230	$6,760,058	$ 7,603,366	$ 342,129	$19,000,783