Chicago Horticultural Society

Consolidated Financial Report

December 31, 2021

Contents

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Independent Auditor's Report

To the Board of Directors
Chicago Horticultural Society

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Chicago Horticultural Society (the "Society"), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Society and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 audits conducted in accordance with GAAS and *Government 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 the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Chicago Horticultural Society

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Society'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022 on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

Plante & Moran, PLLC

April 28, 2022

Chicago Horticultural Society

Consolidated Statement of Financial Position

December 31, 2021 and 2020
(000s omitted)

	2021	2020
Assets		
Cash	$ 6,879	$ 8,770
Investments	184,078	153,965
Receivables - Net:		
Accounts receivable	1,501	1,246
Pledges receivable	15,444	19,369
Prepaid expenses and other assets	869	488
Beneficial interests in third-party trusts	1,439	1,187
Property and equipment - Net	122,914	126,559
Total assets	**$ 333,124**	**$ 311,584**
Liabilities and Net Assets		
Liabilities		
Accounts payable and other current liabilities	$ 5,555	$ 5,326
Contract liabilities	5,384	5,390
Gift annuity obligations	274	305
Other liabilities	1,354	1,069
Note payable - Paycheck Protection Program	-	5,239
Bonds payable - Net of unamortized bond issuance costs	49,598	49,571
Interest rate swaps	2,961	5,231
Total liabilities	65,126	72,131
Net Assets		
Net assets without donor restrictions:		
Undesignated	73,639	70,464
Designated by the board	83,604	71,488
Total net assets without donor restrictions	157,243	141,952
Net assets with donor restrictions	110,755	97,501
Total net assets	267,998	239,453
Total liabilities and net assets	**$ 333,124**	**$ 311,584**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

(000s omitted)

	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Operating Revenue						
Contributions	$ 8,728	$ 12,373	$ 21,101	$ 14,394	$ 8,031	$ 22,425
Visitor programs and operations	10,486	-	10,486	6,729	-	6,729
Membership	5,404	-	5,404	3,911	-	3,911
Government grants	2,391	-	2,391	1,549	-	1,549
Education fees	1,707	-	1,707	1,229	-	1,229
Sponsorships	809	-	809	715	-	715
In-kind contributions	478	-	478	537	-	537
Forest Preserve District of Cook County:						
Tax revenue	8,869	-	8,869	8,868	-	8,868
Personal property replacement tax	253	-	253	253	-	253
Investment income	3,144	2,787	5,931	1,718	2,347	4,065
Fundraising benefits - Net of $137 and $156 of direct expenses in 2021 and 2020, respectively	959	-	959	876	-	876
Contracts and other income	1,950	-	1,950	2,023	-	2,023
Net assets released from restrictions	8,658	(8,658)	-	10,823	(10,823)	-
Total operating revenue	53,836	6,502	60,338	53,625	(445)	53,180
Operating Expenses						
Program services:						
Gardens and grounds	16,373	-	16,373	14,969	-	14,969
Visitor programs and operations	8,960	-	8,960	7,487	-	7,487
Education and community programs	7,544	-	7,544	6,230	-	6,230
Scientific affairs	7,872	-	7,872	7,246	-	7,246
Communications	2,803	-	2,803	2,319	-	2,319
Support services:						
Administration	5,194	-	5,194	4,524	-	4,524
Development	4,727	-	4,727	3,938	-	3,938
Total operating expenses	53,473	-	53,473	46,713	-	46,713
Increase (Decrease) in Net Assets - Before nonoperating activities	363	6,502	6,865	6,912	(445)	6,467
Nonoperating Activities						
Investment return - Net amount designated for current use	7,671	6,752	14,423	5,868	3,735	9,603
Change in fair value of interest rate swaps	2,270	-	2,270	(1,632)	-	(1,632)
Gain on forgiveness of Paycheck Protection Program note payable	4,987	-	4,987	-	-	-
Total nonoperating activities	14,928	6,752	21,680	4,236	3,735	7,971
Increase in Net Assets	15,291	13,254	28,545	11,148	3,290	14,438
Net Assets - Beginning of year	141,952	97,501	239,453	130,804	94,211	225,015
Net Assets - End of year	**$ 157,243**	**$ 110,755**	**$ 267,998**	**$ 141,952**	**$ 97,501**	**$ 239,453**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021
(000s omitted)

	Program Services						Support Services		
	Gardens and Grounds	Visitor Programs and Operations	Education and Community Programs	Scientific Affairs	Communications	Total Program Services	Administration	Development	Total
Salaries and wages	$ 6,712	$ 2,399	$ 3,648	$ 3,812	$ 1,468	$ 18,039	$ 2,393	$ 2,305	$ 22,737
Payroll taxes and fringe benefits	1,448	499	745	751	290	3,733	426	516	4,675
Professional services	592	418	664	213	443	2,330	393	288	3,011
Occupancy	399	129	120	141	23	812	52	85	949
Plants, research, and other supplies	671	1,890	720	165	49	3,495	144	43	3,682
Office services and supplies	8	11	94	9	46	168	129	412	709
Printing	3	385	12	1	130	531	7	161	699
Equipment maintenance and repair	563	19	41	5	1	629	22	-	651
Travel	20	1	22	130	-	173	1	-	174
Vehicle maintenance and repair	57	23	9	4	-	93	-	-	93
Participant and client support	-	3	116	305	-	424	-	-	424
Other operating expenses	438	2,424	477	491	289	4,119	484	683	5,286
Advertising and marketing	-	-	-	-	-	-	440	-	440
Debt service expenses	250	2	4	817	59	1,132	490	60	1,682
Depreciation and amortization	5,212	757	872	1,028	5	7,874	213	174	8,261
Total functional expenses	**$ 16,373**	**$ 8,960**	**$ 7,544**	**$ 7,872**	**$ 2,803**	**$ 43,552**	**$ 5,194**	**$ 4,727**	**$ 53,473**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

(000s omitted)

	Program Services						Support Services		
	Gardens and Grounds	Visitor Programs and Operations	Education and Community Programs	Scientific Affairs	Communications	Total Program Services	Administration	Development	Total
Salaries and wages	$ 5,517	$ 2,022	$ 2,986	$ 3,520	$ 1,393	$ 15,438	$ 2,024	$ 1,851	$ 19,313
Payroll taxes and fringe benefits	1,383	499	717	729	291	3,619	436	428	4,483
Professional services	608	287	734	175	91	1,895	274	333	2,502
Occupancy	357	160	91	122	22	752	42	82	876
Plants, research, and other supplies	567	1,508	404	140	50	2,669	75	31	2,775
Office services and supplies	5	8	83	23	62	181	137	367	685
Printing	1	390	6	2	53	452	4	148	604
Equipment maintenance and repair	562	241	6	-	1	810	11	-	821
Travel	13	4	15	150	-	182	9	7	198
Vehicle maintenance and repair	42	11	4	2	-	59	-	-	59
Participant and client support	-	-	35	167	-	202	-	-	202
Other operating expenses	406	1,601	347	441	282	3,077	458	446	3,981
Advertising and marketing	-	-	-	-	-	-	326	-	326
Debt service expenses	280	1	2	834	66	1,183	515	66	1,764
Depreciation and amortization	5,228	755	800	941	8	7,732	213	179	8,124
Total functional expenses	**$ 14,969**	**$ 7,487**	**$ 6,230**	**$ 7,246**	**$ 2,319**	**$ 38,251**	**$ 4,524**	**$ 3,938**	**$ 46,713**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended December 31, 2021 and 2020
(000s omitted)

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	$ 28,545	$ 14,438
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	8,261	8,124
Expense of bond issue cost	27	27
Realized and unrealized gains on investments	(18,522)	(12,173)
Contributions of securities	(1,891)	(5,613)
Change in allowance for doubtful accounts	(3)	2
Change in fair value of beneficial interests in third-party trusts	(252)	(88)
Change in fair value of interest rate swaps	(2,270)	1,632
Contributions restricted for long-term investment	(1,655)	1,719
Gift annuity obligations	(31)	(1)
Gain on forgiveness of Paycheck Protection Program note payable	(4,987)	-
Changes in operating assets and liabilities that provided (used) cash:		
Pledges receivable	4,252	2,099
Accounts receivable and prepaid expenses	(635)	1,563
Accounts payable, accrued expenses, and deferred revenue	1,568	(422)
Net cash provided by operating activities	12,407	11,307
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,682)	(10,051)
Proceeds from disposition of property and equipment	6	-
Proceeds from sales of investments	49,717	18,154
Purchase of investments	(60,628)	(30,482)
Net cash used in investing activities	(16,587)	(22,379)
Cash Flows from Financing Activities		
Payments on note payable	(252)	-
Proceeds from the Paycheck Protection Program note payable	-	5,239
Sale of donated financial assets	1,211	5,222
Collections and contributions restricted for investment in endowment	1,330	2,942
Net cash provided by financing activities	2,289	13,403
Net (Decrease) Increase in Cash	(1,891)	2,331
Cash - Beginning of year	8,770	6,439
Cash - End of year	**$ 6,879**	**$ 8,770**
Supplemental Cash Flow Information		
Interest paid	$ 1,261	$ 1,449
Noncash property and equipment additions	(184)	(1,245)

See notes to consolidated financial statements.

Note 1 - Organization

The Chicago Horticultural Society (the "Society") operates the Chicago Botanic Garden on land owned by the Forest Preserve District of Cook County (the “District”) under an agreement expiring in 2055. Such agreement provides for an automatic renewal for 40 years unless either party provides notice of nonrenewal.

The board of directors of the Society has adopted the following mission statement: We cultivate the power of plants to sustain and enrich life.

Note 2 - Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Society and Chicagoland Grows, Inc., of which the Society is the sole member (hereinafter collectively referred to as the Society). There are no significant intercompany transactions between these entities.

Basis of Presentation

The consolidated financial statements of the Society have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAPUSA).

Classification of Net Assets

Net assets of the Society are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Society.

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

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Net assets designated by the board are net assets without donor restrictions and include the change in fair value of interest rate swaps, certain beneficial interest in third-party trusts, and the board-designated endowment fund (see Note 13). These designations are based on board actions, which can be altered or revoked at a future time by the board.

Contributions and Grant Revenue

Contributions are recorded as increases in net assets with donor restrictions or increases in net assets without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions received with donor-imposed restrictions limiting the use of the donated assets are reported as revenue with donor restrictions.

When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Note 2 - Significant Accounting Policies (Continued)

Contributions of donated securities are sold upon receipt unless there are donor restrictions restricting the sale of such securities.

Government grant revenue consists of cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying consolidated financial statements. As of December 31, 2021, the Society is eligible to receive and recognize $3,851 of these conditional contributions upon the occurrence of future qualifying expenses.

Tax revenue appropriated and collected by the District partially supports the services provided by the Society under its agreement with the District to operate the Chicago Botanic Garden. Amounts received from the District under the agreement for 2021 represent the amounts appropriated by the District for 2020 property taxes and personal property replacement taxes, which are due for payment from taxpayers in 2021 for ultimate distribution to the Society. Tax revenue also includes the Society’s share of any amounts remitted to the District by the Cook County Collector (the “County”) for prior year property tax payments, net of the Society’s share of any property tax refunds returned to the taxpayers by the County. Support from the District for any given year is recognized at the net amount reported as collected by the District to operate the Chicago Botanic Garden. A receivable is recorded at year end for any amounts reported as collected by the District but not yet remitted to the Society.

Revenue Recognition for Contracts with Customers

The Society's revenue streams under contracts with customers are composed of events revenue, program-generated revenue, membership dues, and facility room rentals.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Society determined whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether visitors or participants (customers) can benefit from the resources, and whether the resources are readily available. The Society also performs an analysis to determine if membership dues, sponsorship agreements, or special event tickets constitute separate performance obligations. The Society’s revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time.

The Society recognizes the revenue over a period of time if the customer receives and consumes the benefits that the Society provided, or if the Society’s performance does not create an asset with an alternative use and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

The transaction price is calculated as the amount of consideration to which the Society expects to be entitled (such as merchant price, event agreements, price of membership, and course fees set in advance). Payment is typically expected at the point of sale. In some situations (such as course fees for education programs, sponsorship, or security of room rental), the Society bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Society recognizing contract liabilities upon receipt of payment.

Note 2 - Significant Accounting Policies (Continued)

The following explains the performance obligations related to each revenue stream and how they are recognized.

- Membership dues - The Society earns dues from its members for memberships. Membership dues are earned over the course or one of two years, representing the period over which the Society satisfies the performance obligation.
- Visitor programs and operations - The Society generates revenue from transaction-based fees, restaurant sales, merchandise sales, and providing services to customers. Transactions-based fees, which include parking, ticket sales, and plant sales, are recognized at the time the transaction is executed, as that is the point in time when the Society satisfies the performance obligation. Restaurant, merchandise, and plant sales are recognized at the point in time when the sale occurs and the visitor takes possession of the item purchased.
- Facility rental revenue - Included in visitor programs and operations revenue on the consolidated statement of activities and changes in net assets, facility rental revenue consists of room rentals for special events on a specified date. The Society does not have an obligation to issue a refund in the event that facility room rental is canceled by the customer. The Society recognizes revenue at the point in time when services are rendered to the customer.
- Other income - The Society generates revenue from other activities including sponsorships, education programs, tours, transportation, and equipment rentals. The Society recognizes revenue at the point in time the services are rendered to its visitors.

Pledges Receivable

Contributions, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises to give and grants expected to be received over more than one year are recorded at the present value of their estimated future cash flows. Amortization of the discount is recorded as additional contribution revenue. Conditional promises are recorded when donor stipulations are substantially met.

Accounts Receivable

Accounts receivable consist of government grants and other receivables that are carried at original invoice and voucher amount. Management monitors the collection of these receivables on a monthly basis, and amounts are written off when deemed uncollectible. At January 1, 2020, accounts receivable amounted to $2,817, of which $2,564 represents government grants receivable and $253 represents receivables from contracts with customers.

Investments

Investments are measured at fair value in the accompanying consolidated statement of financial position. Investment income or loss (including realized gains and losses on investments, changes in unrealized holding gains and losses, interest, and dividends) on investments is included in investment income and return in the consolidated statement of activities and changes in net assets. Gains and losses on securities transactions are accounted for on the specific identification method. Certain investments require advance notice to sell the Society's share of its investment. The Society's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and will materially affect the amounts reported in the consolidated financial statements.

Note 2 - Significant Accounting Policies (Continued)

In 1996, the Society established a spending policy based on the total return concept and approved an investment payout of 5 percent of the average fair value of the long-term investment pool for allocation to operations, as directed by the board of directors. To the extent the investment income exceeds investment payout, it is reported as a nonoperating activity in the consolidated statement of activities and changes in net assets.

Property and Equipment

All real property of the Society, whether purchased with district tax funds or private funds, is owned by the District. Personal property is owned by the Society. Property and equipment, whether owned by the District or the Society, are capitalized on the Society's books, and depreciation is recorded using the straight-line method based on estimated useful lives of the related assets or the term of the agreement. The useful lives of building and improvements, land improvements, and equipment are 20 to 40 years, 20 years, and 3 to 10 years, respectively.

Museum Assets

Purchased museum assets and rare books are capitalized at the time of purchase and not depreciated. Contributed museum assets are not valued and, thus, are not reflected in the consolidated financial statements.

Interest Rate Swaps

The Society's interest rate swaps are recognized as a liability in the consolidated statement of financial position and measured at fair value. Any change in fair value is recognized immediately in earnings.

In order to present the interest expense at the fixed amount paid, the periodic settlement payments are recorded as interest expense and are included as operating expenses in the consolidated statement of activities and changes in net assets.

The change in the fair value of these financial instruments, net of the periodic settlement payments, has been recorded in nonoperating activities in the consolidated statement of activities and changes in net assets. See Note 11 for further disclosures.

Income Taxes

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended from time to time), as well as similar provisions of state and local revenue laws.

Chicagoland Grows, Inc. is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Chicagoland Grows, Inc. is one of the most innovative plant introduction programs in the horticulture industry. The program's main goal is to develop and promote the use of new plant cultivars that are well adapted to the growing conditions of the Upper Midwest.

The Society's application of GAAPUSA regarding uncertain tax positions had no effect on its financial position, as management believes the Society has no material unrecognized income tax liabilities, including any potential risk of loss of its exempt status. The Society would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax liabilities as income tax expense.

(000s omitted)

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Costs are charged to program services and supporting services on an actual basis when available. In addition, indirect costs have been allocated between the various program and support services on several bases and estimates determined by management:

- Depreciation - By head count per building occupied by all departments and/or building or equipment within each function
- Information technology services - By head count per shared utilization by all departments and/or building within each function (included in professional services; plants, research, and other supplies; and other operating expenses)
- Debt service expenses - By head count based on use of leased equipment, proceeds from bond issuance, and directly assigned
- Occupancy - By head count based on building occupied by all departments and/or building within each function

Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

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

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including April 28, 2022, which is the date the consolidated financial statements were available to be issued.

Note 3 - Pledges Receivable

Contributions are recorded at the present value of their estimated future cash flows. The Society discounted contributions due in more than one year using rates between 0.10 percent and 1.64 percent. Unconditional promises to give are expected to be received in the following periods:

	2021	2020
Amounts due in:		
Within one year	$ 6,239	$ 5,523
Two to five years	8,449	12,510
More than five years	1,000	1,805
Less:		
Discount to present value	(232)	(454)
Allowance for uncollectible promises to give	(12)	(15)
Total	$ 15,444	$ 19,369

(000s omitted)

Note 4 - Beneficial Interest in Third-Party Trusts

Beneficial interests in third-party trusts primarily consist of charitable remainder trusts. These interests are adjusted to fair value using an interest rate between 4.20 percent to 8.20 percent for the discount. Beneficial interest in third-party trusts consist of the following at December 31:

	2021	2020
Gross beneficial interests	$ 1,901	$ 1,795
Less fair value discount	(462)	(608)
Total	$ 1,439	$ 1,187

Note 5 - Investments

The details of the Society's investments at December 31 are as follows:

	2021	2020
Corporate bonds and fixed-income funds	$ 20,008	$ 12,842
Common stock and equity funds	46,723	41,602
Equity commingled fund	4,932	5,965
Money market funds	24,419	18,715
Fixed-income commingled fund	60,820	50,093
Open-ended real estate fund	10,942	9,658
Hedge funds	9,476	13,088
Private equity funds	1,329	1,541
Real estate funds	259	461
Core infrastructure commingled fund	5,170	-
Total	$ 184,078	$ 153,965

Total investment return consists of the following for the years ended December 31:

	2021	2020
Interest and dividends - Net	$ 1,833	$ 1,495
Realized gain on sale of investments	11,061	3,522
Change in unrealized gain on investments	7,462	8,651
Total	$ 20,356	$ 13,668

Investment income included in operations totaled $5,931 and $4,065 for 2021 and 2020, respectively. The total investment return is net of $240 and $223 for investment consulting and custodian fees for 2021 and 2020, respectively.

Note 6 - Fair Value Measurements

GAAPUSA 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 as of the measurement date. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach, and the cost approach. Each approach includes multiple valuation techniques. GAAPUSA does not prescribe which valuation technique should be used when measuring fair value but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy, while Level 3 inputs are given the lowest priority.

Note 6 - Fair Value Measurements (Continued)

Financial assets and liabilities carried at fair value are classified in one of the following three categories based upon the inputs to the valuation technique:

Level 1

Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Investments included in Level 1 include listed equities.

Level 2

Observable market-based inputs or unobservable inputs that are corroborated by market data. Investments generally included in this category include less liquid and certain over-the-counter derivatives. Investments included in this category also include investments in commingled funds and investment partnerships, such as hedge funds and open-ended real estate funds.

Level 3

Unobservable inputs that are not corroborated by market data. These inputs reflect management’s best estimate of fair value using net asset value per share of the funds. Investments included in this category generally include investments in investment partnerships, such as private equity and real estate funds.

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 lowest level of input that is significant to the fair value measurements. The Society’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The following section describes the valuation techniques used by the Society to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Investments measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. The estimated fair values for the fixed-income, hedge, private equity, large-cap equity, and real estate funds were based on net asset value per share of the fund for the years ended December 31, 2021 and 2020.

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

The following tables present the Society's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020:

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Assets				
Equity mutual funds:				
U.S. large cap	$ 828	$ -	$ -	$ 828
U.S. mid cap	9,491	-	-	9,491
U.S. small cap	7,063	-	-	7,063
International growth	19,146	-	-	19,146
Emerging market value	10,497	-	-	10,497
Fixed-income mutual funds - U.S. core bond	19,706	-	-	19,706
Money market fund	24,419	-	-	24,419
Beneficial interests in third-party trusts	-	-	1,439	1,439
Total	$ 91,150	$ -	$ 1,439	92,589
Investments measured at NAV:				
Equity commingled fund				4,932
Fixed-income commingled fund				13,939
Hedged equity fund				9,476
Core infrastructure commingled fund				5,170
Open-ended hedge funds				10,942
Private equity funds				1,329
Real estate funds				259
Large-cap equity funds				46,881
Total assets				$ 185,517
Liabilities - Interest rate swaps	$ -	$ 2,961	$ -	$ 2,961

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Assets				
Equity mutual funds:				
U.S. large cap	$ 620	$ -	$ -	$ 620
U.S. mid cap	8,868	-	-	8,868
U.S. small cap	5,733	-	-	5,733
International growth	18,769	-	-	18,769
Emerging market value	7,808	-	-	7,808
Fixed-income mutual funds - U.S. core bond	12,646	-	-	12,646
Money market fund	18,715	-	-	18,715
Beneficial interests in third-party trusts	-	-	1,187	1,187
Total	$ 73,159	$ -	$ 1,187	74,346
Investments measured at NAV:				
Equity commingled fund				5,965
Fixed-income commingled fund				13,122
Hedged equity fund				8,143
Relative value hedge fund				4,945
Open-ended real estate funds				9,658
Private equity funds				1,541
Real estate funds				461
Large-cap equity fund				36,971
Total assets				$ 155,152
Liabilities - Interest rate swaps	$ -	$ 5,231	$ -	$ 5,231

At December 31, 2021 and 2020, the Society had $46,881 and $36,971, respectively, invested in the Legal & General S&P 500 Fund. This single investment represents a significant portion of the Society's investment balance in each respective year, making up approximately 25 percent of the total portfolio at December 31, 2021 and 24 percent at December 31, 2020.

Level 1

Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation.

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

Level 2

Interest rate swaps are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility, and correlations of such inputs. Valuation adjustments may be made in the determination of fair value, which was obtained by an independent third-party advisor. These adjustments include amounts to reflect counterparty credit quality and liquidity risk. A schedule of potential counterparty risk was also provided by an independent third-party advisor. This schedule assumed the maximum exposure assuming the counterparty had no claims-paying ability and had not posted collateral with a third party.

Level 3

The Society's beneficial interests in third-party trusts are stated at estimated fair value based on the Society's percentage of the trust applied to the total fair value of the trust, which is based primarily on quoted market prices. Changes in fair value of the underlying trust assets, as determined by the trustees that hold and manage these assets, are recognized in the consolidated statement of activities and changes in net assets in the periods in which they occur.

The Society's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the year of the change in circumstances that caused the transfer.

The following table presents a reconciliation of the beginning and ending balances recorded for beneficial interest in third-party trusts classified as Level 3 in the fair value hierarchy as of December 31:

	2021	2020
Assets:		
Beginning balance	$ 1,187	$ 1,099
Total gains (realized and change in unrealized) included in change in net assets	252	88
Ending balance	1,439	1,187
The amount of total gains for the year included in change in net assets attributable to the change in unrealized gains relating to assets still held at December 31	$ 252	$ 88

At December 31, 2021 and 2020, the fair value, unfunded commitments, redemption rules, and investment strategies of investments valued at NAV or its equivalent are as follows:

	Investments Held at December 31, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity commingled fund (a)	$ 4,932	$ -	Quarterly	30 days
Fixed-income commingled fund (b)	13,939	-	Quarterly	30 days
Hedge funds - Hedged equity hedge fund (c)	9,476	-	Monthly	5 days
Open-ended real estate funds (e)	10,942	-	Quarterly	90 days
Private equity fund (f)	1,329	69	See below	See below
Real estate funds (g)	259	-	See below	See below
Large-cap equity fund (h)	46,881	-	Daily	N/A
Core infrastructure commingled fund (i)	5,170	-	Annual	90 days
Total	$ 92,928	$ 69		

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

	Investments Held at December 31, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity commingled fund (a)	$ 5,965	$ -	Quarterly	30 days
Fixed-income commingled fund (b)	13,122	-	Quarterly	30 days
Hedge funds:				
Hedged equity hedge fund (c)	8,143	-	Monthly	5 days
Relative value hedge fund (d)	4,945	-	Quarterly	65 days
Open-ended real estate funds (e)	9,658	-	Quarterly	90 days
Private equity funds (f)	1,541	101	See below	See below
Real estate funds (g)	461	-	See below	See below
Large-cap equity fund (h)	36,971	-	Daily	N/A
Total	$ 80,806	$ 101		

(a) This category invests in a commingled equity fund that includes assets from multiple accounts that are blended together. The portfolio consists of several subportfolios that are actively managed by analysts who have discretion over stock selection and timing of investments within their respective industries. The portfolio construction team keeps the style exposure with 0.2 standard deviations of the benchmark.

(b) This category invests in a commingled fund that seeks a high level of current income by investing in floating rate loans and floating rate debt securities. The fund generally invests at least 80 percent of its assets in floating rate loans and floating rate debt securities. The fund may invest up to 25 percent of its assets in U.S. dollar-denominated foreign investments, principally in developed markets. It may invest up to 20 percent of its assets in certain other types of debt instruments or securities, including non-investment-grade debt instruments.

(c) This category contains a hedge fund that seeks to provide a defensive equity exposure that is expected to provide favorable risk-adjusted performance relative to the S&P 500 Index over the long term and is expected to produce the strongest relative performance when the S&P 500 is experiencing negative returns. The strategy is designed to provide equity exposure and downside protection through core positions in the S&P 500 Index (50 percent) and U.S. Treasury bills (50 percent), combined with fully covered equity index call and put options. The strategy does not utilize leverage.

(d) This category includes a hedge fund that seeks to achieve a substantial return on capital through opportunistic investments primarily in a broad range of public and private credit instruments with an emphasis on corporate credit securities, asset-backed securities, mortgage-backed securities, commercial real estate, structured credit, and collateralized loan obligations.

(e) This category includes a perpetual life, open-end real estate fund that seeks to combine an attractive yield with long-term capital growth by acquiring or otherwise investing in primarily institutional quality real estate assets and real estate-related investments within the United States. The fair value of the investments in this category has been estimated using the net asset value of the Society’s ownership interest in partners’ capital.

(f) This category includes several private equity funds that invest in a wide range of equity and equity-related securities of management buyout transactions and special equity transactions. A characteristic of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These investments may not be redeemed without the prior written consent of the general partner. If these investments were held, it is estimated that the underlying assets of the fund would be liquidated over five to eight years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment in this category will be sold, the fair value of each individual investment has been estimated using the net asset value of the Society’s ownership interest in partners’ capital.

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

(g) 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 Society's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. These investments may not be redeemed without the prior written consent of the general partner. It is estimated that the underlying assets of the fund will be liquidated over the next three to eight years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Society's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management must approve of the buyer before the sale of the investment can be completed.

(h) This category includes a commingled fund that invests primarily is large-cap U.S. equity securities. The fund seeks to match the risk and return characteristics of the S&P 500 Total Return Index. The proportion of securities held is approximate to the weights of the S&P 500 Total Return Index.

(i) This category includes a fund that invests in developed-market infrastructure, with a primary focus on Europe and the Americas. The fund's assets are split across a variety of sectors, including toll roads, airports, gas, water, electricity, and telecom. The fund targets a net portfolio return of 10 percent per year over a rolling three-year period and a cash yield of 6 percent - 8 percent over a longer-term investment horizon.

Note 7 - Property and Equipment

Property and equipment are reflected at cost and consist of the following:

	2021	2020
Buildings and improvements	$ 139,082	$ 139,196
Land improvements	84,371	83,815
Equipment	19,045	17,181
Museum assets	4,342	4,342
Construction in progress	12,054	9,980
Total cost	258,894	254,514
Accumulated depreciation	135,980	127,955
Net property and equipment	$ 122,914	$ 126,559

Depreciation and amortization expense for 2021 and 2020 was $8,261 and $8,124, respectively.

Construction in progress as of December 31, 2021 and 2020 consists of expenditures associated primarily with the construction of the shade garden and various other projects.

As of December 31, 2021 and 2020, the Society had agreements with contractors for approximately $22 and $2,077, respectively, for remaining commitments relating to the shade evaluation garden website platform upgrade, and other various projects.

Note 8 - Contract Liabilities

Contract liabilities consist of the following as of December 31:

	2021	2020
Membership dues	$ 4,047	$ 3,869
Visitor programs and operations	1,057	1,161
Facility rentals	280	360
Total	$ 5,384	$ 5,390

(000s omitted)

Note 8 - Contract Liabilities (Continued)

The following table provides information on the changes in the balance of contract liabilities for the years ended December 31:

	2021	2020
Opening balance	$ 5,390	$ 5,193
Cash received	14,391	11,201
Less revenue recognized from satisfaction of performance obligations in the current period	(14,397)	(11,004)
Ending balance	$ 5,384	$ 5,390

Note 9 - Line of Credit

The Society had two $5 million lines of credit ($5 million committed and $5 million uncommitted) available in 2021 and 2020. Outstanding amounts bear interest at a prime-based rate or a LIBOR-based rate. There were no borrowings outstanding on the lines of credit as of December 31, 2021 and 2020. The Society has agreed to maintain a funded indebtedness (cash, unrestricted investments, and unrestricted pledges to indebtedness) financial ratio of at least 0.85 to 1.0 at December 31, 2021 and 2020.

Note 10 - Bonds Payable

Bonds payable at December 31, 2021 and 2020 consist of the following amounts due to the Illinois Finance Authority, which issued adjustable demand revenue bonds on the Society's behalf:

	2021	2020
Series 2008, payable in 2043	$ 30,000	$ 30,000
Series 1999, payable in 2029	20,000	20,000
Unamortized debt issuance costs	(402)	(429)
Total	$ 49,598	$ 49,571

The Society has obtained a letter of credit from a bank for each bond issue, which provides credit enhancement for the bonds. The letters of credit for the Series 1999 bonds and Series 2008 bonds expire on December 31, 2023.

The bonds' proceeds were used by the Society to finance the costs of construction, to equip new operating facilities and gardens, and to pay certain issuance costs. The bonds' interest rate is adjustable weekly based on a national index of tax-exempt variable-rate bonds. The weekly rates for 2021 and 2020 averaged 0.05 percent and 0.51 percent, respectively.

Total interest expense for all debt, including the interest payments made under the swap agreements (see Note 11) and amortization of bond issuance costs, for 2021 and 2020 was $1,281 and $1,365 respectively. The bonds are due in lump-sum payments in the year 2029 and 2043, as indicated in the table above. In the event that the remarketing agent is unable to remarket the bonds, the bonds become pledged bonds to the bank under the letter of credit. If the letter of credit cannot be renewed and an alternative letter of credit cannot be obtained, so long as certain conditions are satisfied under the reimbursement agreement in effect between the Society and the bank, the bonds shall be repaid according to an amortization schedule consisting of eight quarterly installments of principal, with the first of such installments commencing on the due date, which is 13 months after the date on which the bonds were purchased by the bank pursuant to the letter of credit. The Society has agreed to maintain a funded indebtedness (cash, unrestricted investments, and unrestricted pledges to indebtedness) financial ratio of at least 0.85 to 1.0 on the combined bond issues as of December 31, 2021 and 2020.

(000s omitted)

Note 11 - Interest Rate Swaps

The Society entered into two interest rate swap agreements, which are considered derivative financial instruments. The Society does not utilize interest rate swaps or other similar financial instruments for trading or other speculative purposes. The counterparty for these swap agreements is The Northern Trust Company, a major financial institution with which the Society also has other financial relationships.

The principal objective of these swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in interest rates on floating-rate debt. These swap agreements are a contract to exchange fixed interest payments for the floating-rate interest received over the life of the swap agreements without the exchange of the underlying notional amounts. Effective July 1, 2010, the Society entered into an agreement to limit the interest rate exposure to 3.64 percent on a notional amount of $12,000 that expires on June 1, 2025. Effective December 7, 2018, the Society entered into an agreement to limit the interest rate exposure to 2.176 percent on the notional amount of $38,000 that expires on July 28, 2028. The counterparty for this new agreement is BMO Harris Bank N.A., a major financial institution with which the Society also has other financial relationships. The Society is exposed to credit loss in the event of nonperformance with each bank to the interest rate swap agreements; however, the Society does not anticipate nonperformance by either of the counterparty banks.

The following table presents the amounts and the locations of the amounts relating to the Society's interest rate swaps in the Society's consolidated financial statements as of and for the years ended December 31, 2021 and 2020:

	2021	2020
Consolidated statement of financial position - Interest rate swaps	$ 2,961	$ 5,231
Consolidated statement of activities and changes in net assets:		
Change in fair value of interest rate swaps	2,270	(1,632)
Periodic settlement payments recorded as debt service expenses and included in operating expenses	(1,227)	(1,061)
Total	$ 1,043	$ (2,693)

Note 12 - Leases

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent the Society's right to use an underlying asset for the lease term and lease liabilities represent the Society's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Society uses its incremental borrowing rate at lease commencement to calculate the present value of the lease payments over the lease term.

The Society is obligated under an operating lease primarily for a building and related facilities, expiring on December 31, 2027, with an option to renew for an additional 10 years after expiration. Cash paid under this lease totaled $12 and $13 as of December 31, 2021 and 2020, respectively.

The Society leases the copiers under long-term lease arrangements classified as finance leases. Under the terms of the lease agreements, payments of $3 were due monthly through June 30, 2021. During 2021, the copier leases were extended until August 15, 2026.

(000s omitted)

Note 12 - Leases (Continued)

The right-of-use assets and related lease liabilities for the operating and finance leases have been calculated using the incremental borrowing rate of 4.5 and 6.0 percent, respectively. Right-of-use assets and lease liabilities by lease type and the associated consolidated statement of financial position classifications are as follows as of December 31, 2020 and 2021:

	Consolidated Statement of Financial Position Classification	2021	2020
Right-of-use assets:			
Operating lease	Prepaid expenses and other assets	$ 142	$ 148
Finance leases	Property and equipment - Net	144	18
Total right-of-use assets		$ 286	$ 166
Lease liabilities:			
Operating lease	Accounts payable and other current liabilities	144	149
Finance leases	Accounts payable and other current liabilities	146	20
Total lease liabilities		$ 290	$ 169

Expenses recognized under these leases for the years ended December 31, 2021 and 2020 consist of the following:

	2021	2020
Finance leases expense:		
Amortization of right-of-use assets	$ 28	$ 35
Interest on lease liabilities	3	2
Operating lease expense	13	13
Total lease expense	$ 44	$ 50

Future minimum rent on noncancelable leases as of December 31, 2021 for each of the next five years, and in the aggregate, is as follows:

Years Ending December 31	Operating Leases	Financing Leases	Total Payments
2022	$ 12	$ 36	$ 48
2023	12	36	48
2024	12	36	48
2025	12	36	48
2026	12	24	36
Thereafter	144	-	144
Total	204	168	372
Less present value discount	60	22	82
Long-term obligations under capital leases	$ 144	$ 146	$ 290

(000s omitted)

Note 13 - Net Assets

Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Subject to expenditures for a specified purpose:		
Garden construction and improvement project	$ 16,699	$ 9,455
Educational, research, and garden programs	5,271	12,054
Total subject to expenditures for a specified purpose	21,970	21,509
Subject to the passage of time	1,441	36
Subject to the Society's spending policy and appropriation	29,382	19,649
Not subject to appropriation or expenditure	57,962	56,307
Total	$ 110,755	$ 97,501

Net assets of $8,658 and $10,823 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time during 2021 and 2020, respectively.

Net assets not subject to appropriation of expenditure consist of endowment funds, pledges restricted for investment in endowment, and beneficial interests in third-party trusts as of December 31, 2021 and 2020. The income earned on the investment of net assets restricted in perpetuity is generally available for use in garden maintenance and supporting the Society’s research programs.

Note 14 - Donor-restricted and Board-designated Endowments

The Society's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Society is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Society had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Society has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Society and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation

(000s omitted)

Note 14 - Donor-restricted and Board-designated Endowments (Continued)

- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policies of the Society

	Endowment Net Asset Composition by Type of Fund as of December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 83,541	$ -	$ 83,541
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	44,794	44,794
Accumulated investment gains	-	26,400	26,400
Total	$ 83,541	$ 71,194	$ 154,735

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 74,888	$ 61,485	$ 136,373
Investment return:			
Investment income	1,118	933	2,051
Net appreciation (realized and unrealized)	9,893	8,255	18,148
Total investment return	11,011	9,188	20,199
Contributions	-	1,628	1,628
Collections of pledges restricted for investment in endowment	-	1,330	1,330
Bequests and contributions designated by the board for endowment	711	-	711
Appropriation of endowment assets for expenditure	(3,069)	(2,437)	(5,506)
Endowment net assets - End of year	$ 83,541	$ 71,194	$ 154,735

Not included in the table above is $14,350 of pledges restricted for investment in the donor-restricted endowment and $121 of beneficial interests in third-party trusts restricted for the donor-restricted endowment.

(000s omitted)

Note 14 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 74,888	$ -	$ 74,888
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	41,836	41,836
Accumulated investment gains	-	19,649	19,649
Total	$ 74,888	$ 61,485	$ 136,373

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 60,756	$ 53,090	$ 113,846
Investment return:			
Investment income	901	751	1,652
Net appreciation (realized and unrealized)	6,395	5,330	11,725
Total investment return	7,296	6,081	13,377
Contributions	-	1,719	1,719
Collections of pledges restricted for investment in endowment	-	2,942	2,942
Bequests and contributions designated by the board for endowment	8,573	-	8,573
Appropriation of endowment assets for expenditure	(1,737)	(2,347)	(4,084)
Endowment net assets - End of year	$ 74,888	$ 61,485	$ 136,373

Not included in the table above is $14,350 of pledges restricted for investment in the donor-restricted endowment and $121 of beneficial interests in third-party trusts restricted for the donor-restricted endowment.

Underwater Endowment Funds

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 SPMIFA requires the Society to retain as a fund of perpetual duration. As of December 31, 2021 and 2020, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 5 percent net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

(000s omitted)

Note 14 - Donor-restricted and Board-designated Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year up to 5 percent of the rolling three-year average fair value of the long-term investment pool for allocation to operations, as directed by the board of directors. In establishing this policy, the Society considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow an average of 1.5 percent annually. The Society has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater unless otherwise precluded by donor intent or relevant laws and regulations.

Note 15 - Liquidity and Availability of Resources

The following reflects the Society's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2021	2020
Cash	$ 6,879	$ 8,770
Accounts receivable	1,501	1,246
Pledges receivable	15,444	19,369
Investments	184,078	153,965
Financial assets - At year end	207,902	183,350
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with implied time restrictions - Pledges collectible within one to five years	9,205	13,845
Restricted by donor with purpose restrictions	7,967	7,700
Restricted by donors with time or purpose restrictions:		
Endowment funds less expected appropriation	67,337	57,627
Capital projects or contractual obligations	1,588	2,002
Board designations - Board-designated endowment funds	83,604	71,488
Financial assets available to meet cash needs for general expenditures within one year	$ 38,201	$ 30,688

In addition to financial assets available to meet general expenditures over the next 12 months, the Society operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statement of cash flows, which identifies the sources and uses of the Society's cash and shows positive cash generated by operations for fiscal years 2021 and 2020.

The Society's board of directors has designated a portion of its unrestricted resources for endowment. Those amounts are identified as board designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

Note 15 - Liquidity and Availability of Resources (Continued)

The Society also has two lines of credit totaling $10 million that are available to meet short-term needs. See Note 9 for information about these arrangements. The Society also realizes there could be unanticipated liquidity needs.

Note 16 - Employee Benefit Plan

The Society sponsors an Internal Revenue Code Section 403(b) defined contribution money purchase retirement plan. Participation in the plan is voluntary for all eligible employees who have completed one year of service. The employee and the Society make contributions to the plan trustee. The Society's expense for this plan for 2021 and 2020 was $299 and $276, respectively.

In 2015, the Society established an Internal Revenue Code Section 457(b) retirement plan, the purpose of which is to encourage selected key managerial employees to maintain their employment with the Society by providing retirement benefits for them and preretirement benefits for their survivors. The Society makes contributions to the plan, and participants may voluntarily defer compensation within prescribed limits. Participants are fully vested at all times in both their voluntary deferrals and employer contributions. The Society's expense for this plan was $91 and $35 for the years ended December 31, 2021 and 2020, respectively.

Note 17 - Concentrations

The Society maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Society has not experienced any losses in such accounts. The Society believes it is not exposed to any significant credit risk on cash.

Note 18 - Related Party Transactions

The Society purchases goods and services from several businesses that are associated with the board of directors in its normal course of business. Total expenditures to these related companies amounted to $1,885 and $839 for 2021 and 2020, respectively. These goods and services were provided at rates consistent with the market rates for not-for-profit organizations. The Society also received $1,657 in contributions from members of the board of directors in 2021.

Note 19 - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Society received a Paycheck Protection Program (PPP) loan in the amount of $5,239. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Society may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal and interest payments would be approximately $295 during the repayment period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels. In addition, because the Society's loan exceeds $2 million, the SBA will review the Society's loan file, which will include review of the Society's eligibility for the program and the good-faith certification of the necessity of the loan.

Note 19 - Paycheck Protection Program Loan (Continued)

If the SBA determines the Society was not initially eligible under the program or concludes that the Society did not have an adequate basis for making the good-faith certification of the necessity of the loan at the time of application, the loan could become payable on demand. Furthermore, the SBA has the ability to review the Society's loan file for a period subsequent to the date the loan is forgiven or repaid in full and could request additional documentation to support the Society's initial eligibility for the loan and request for loan forgiveness. In the event the SBA subsequently determines the Society did not meet the initial eligibility requirements for the PPP loan, the Society could be required to repay the PPP loan plus interest.

At December 31, 2020, the outstanding balance on the PPP loan was $5,239, which is classified as debt on the consolidated statement of financial position.

During 2021, the Society applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness in the amount of $4,987 has been recorded as a gain on debt forgiveness in nonoperating activities on the consolidated statement of activities and changes in net assets. The remaining loan principal balance not forgiven by the SBA totaled $252, of which the Society repaid in full, including additional interest of $5, in December 2021.