Chicago Horticultural Society

Consolidated Financial Report

December 31, 2024

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 positions, as of December 31, 2024 and 2023 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, 2024 and 2023 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.

Emphasis of Matter

As described in Note 6 to the consolidated financial statements, the consolidated financial statements include investments valued at approximately $176,422,000 and $155,205,000 (60 and 55 percent of net assets, respectively) as of December 31, 2024 and 2023, respectively, whose fair values have been estimated by management using the most recent available consolidated statement adjusted by subsequent contributions and distributions. Because of the inherent uncertainty of valuation, management's estimate of values may differ significantly from values that would have been used had a ready market existed for these securities, and the differences could be material. Our opinion is not modified with respect to this matter.

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.

To the Board of Directors
Chicago Horticultural Society

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.

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 24, 2025 on our consideration of Chicago Horticultural 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 Chicago Horticultural 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 Chicago Horticultural Society's internal control over financial reporting and compliance.

Plante & Moran, PLLC

April 24, 2025

Consolidated Statement of Financial Position

December 31, 2024 and 2023
(000s omitted)

	2024	2023
Assets		
Cash and cash equivalents	$ 15,906	$ 13,441
Investments	191,421	173,493
Receivables - Net:		
Accounts receivable	674	326
Pledges receivable	19,171	23,827
Government grants receivable	3,095	3,375
Tax revenue receivable	133	172
Interest rate swaps	1,067	1,012
Prepaid expenses and other assets	994	763
Beneficial interests in third-party trusts	549	497
Property and equipment - Net	126,212	128,570
Total assets	**$ 359,222**	**$ 345,476**
Liabilities and Net Assets		
Liabilities		
Accounts payable and other current liabilities	$ 6,405	$ 6,962
Contract liabilities	6,673	6,867
Gift annuity obligations	212	218
Other liabilities	1,989	1,542
Bonds payable - Net of unamortized bond issuance costs	49,679	49,652
Total liabilities	64,958	65,241
Net Assets		
Net assets without donor restrictions:		
Undesignated	78,760	81,333
Designated by the board	91,932	83,913
Total net assets without donor restrictions	170,692	165,246
Net assets with donor restrictions	123,572	114,989
Total net assets	294,264	280,235
Total liabilities and net assets	**$ 359,222**	**$ 345,476**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2024 and 2023

(000s omitted)

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue						
Membership	$ 8,399	$ -	$ 8,399	$ 8,161	$ -	$ 8,161
Visitor programs and operations	15,077	-	15,077	15,250	-	15,250
Education fees	2,269	-	2,269	2,236	-	2,236
Contributions	8,628	8,873	17,501	7,743	25,062	32,805
Contributions nonfinancial assets	362	-	362	437	-	437
Sponsorships	468	-	468	670	-	670
Government grants	8,851	-	8,851	3,514	-	3,514
Forest Preserve District of Cook County:						
Tax revenue	11,535	-	11,535	11,267	-	11,267
Personal property replacement tax	278	-	278	278	-	278
Investment income - Net	2,675	3,870	6,545	2,111	3,056	5,167
Fundraising benefits - Net of $315 and $268 of direct expenses in 2024 and 2023, respectively	922	-	922	919	-	919
Contracts and other income	950	-	950	3,085	-	3,085
Net assets released from restrictions	10,477	(10,477)	-	15,481	(15,481)	-
Total operating revenue	70,891	2,266	73,157	71,152	12,637	83,789
Operating Expenses						
Program services:						
Gardens and grounds	20,885	-	20,885	20,105	-	20,105
Visitor programs and operations	13,966	-	13,966	13,776	-	13,776
Education and community programs	8,762	-	8,762	8,898	-	8,898
Scientific affairs	11,988	-	11,988	10,198	-	10,198
Communications	3,418	-	3,418	3,548	-	3,548
Support services:						
Administration	7,832	-	7,832	7,160	-	7,160
Development	6,304	-	6,304	6,065	-	6,065
Total operating expenses	73,155	-	73,155	69,750	-	69,750
(Decrease) Increase in Net Assets - Before nonoperating activities	(2,264)	2,266	2	1,402	12,637	14,039
Nonoperating Activities						
Investment return - Net amount designated for current use	7,655	6,317	13,972	8,952	7,104	16,056
Change in fair value of interest rate swaps	55	-	55	(195)	-	(195)
Total nonoperating activities	7,710	6,317	14,027	8,757	7,104	15,861
Increase in Net Assets	5,446	8,583	14,029	10,159	19,741	29,900
Net Assets - Beginning of year	165,246	114,989	280,235	155,087	95,248	250,335
Net Assets - End of year	**$ 170,692**	**$ 123,572**	**$ 294,264**	**$ 165,246**	**$ 114,989**	**$ 280,235**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

(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	$ 8,931	$ 4,532	$ 4,228	$ 6,190	$ 1,800	$ 25,681	$ 3,415	$ 2,940	$ 32,036
Payroll taxes and fringe benefits	2,074	1,031	880	1,326	355	5,666	793	683	7,142
Professional services	892	1,177	654	314	376	3,413	1,271	430	5,114
Occupancy	535	156	146	157	28	1,022	58	111	1,191
Plants, research, and other supplies	710	3,276	464	213	2	4,665	150	31	4,846
Office services and supplies	42	26	43	28	86	225	152	559	936
Printing	-	53	14	5	225	297	30	216	543
Equipment maintenance and repair	668	77	46	26	1	818	32	1	851
Travel	102	63	79	517	1	762	14	8	784
Vehicle maintenance and repair	62	13	6	6	-	87	-	-	87
Participant and client support	4	-	559	513	-	1,076	-	-	1,076
Event costs and other operating expenses	771	2,726	663	867	276	5,303	739	1,097	7,139
Advertising and marketing	-	-	-	-	21	21	444	-	465
Debt service expenses	371	3	6	525	87	992	503	89	1,584
Depreciation and amortization	5,723	833	974	1,301	160	8,991	231	139	9,361
Total functional expenses	**$ 20,885**	**$ 13,966**	**$ 8,762**	**$ 11,988**	**$ 3,418**	**$ 59,019**	**$ 7,832**	**$ 6,304**	**$ 73,155**

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

(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	$ 8,449	$ 4,464	$ 4,182	$ 5,118	$ 1,684	$ 23,897	$ 2,872	$ 2,952	$ 29,721
Payroll taxes and fringe benefits	1,820	893	868	988	309	4,878	579	641	6,098
Professional services	1,122	424	624	256	680	3,106	1,338	406	4,850
Occupancy	457	169	149	158	29	962	61	118	1,141
Plants, research, and other supplies	804	3,051	535	256	12	4,658	239	115	5,012
Office services and supplies	93	70	191	89	90	533	124	506	1,163
Printing	3	462	10	10	221	706	27	336	1,069
Equipment maintenance and repair	714	40	30	38	-	822	15	-	837
Travel	109	6	118	481	1	715	15	12	742
Vehicle maintenance and repair	78	12	5	5	-	100	-	-	100
Participant and client support	-	-	588	527	-	1,115	-	-	1,115
Event costs and other operating expenses	638	3,358	577	673	253	5,499	763	716	6,978
Advertising and marketing	-	-	-	-	29	29	391	-	420
Debt service expenses	380	3	6	460	89	938	543	91	1,572
Depreciation and amortization	5,438	824	1,015	1,139	151	8,567	193	172	8,932
Total functional expenses	**$ 20,105**	**$ 13,776**	**$ 8,898**	**$ 10,198**	**$ 3,548**	**$ 56,525**	**$ 7,160**	**$ 6,065**	**$ 69,750**

See notes to consolidated financial statements.

Chicago Horticultural Society

Consolidated Statement of Cash Flows

Years Ended December 31, 2024 and 2023
(000s omitted)

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	$ 14,029	$ 29,900
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	9,361	8,932
Expense of bond issue cost	27	27
Realized and unrealized gains on investments	(20,479)	(21,109)
Contributions of securities	(408)	(574)
Change in allowance for doubtful accounts	(3)	5
Change in fair value of beneficial interests in third-party trusts	(52)	(30)
Change in fair value of interest rate swaps	(55)	195
Contributions restricted for long-term investment	(3,173)	(13,111)
Gift annuity obligations	(6)	(45)
Gain on sales of property and equipment	(25)	(3)
Changes in operating assets and liabilities that provided (used) cash:		
Pledges receivable	4,607	(4,159)
Accounts receivable and prepaid expenses	(261)	2,505
Accounts payable, accrued expenses, and deferred revenue	177	820
Net cash provided by operating activities	3,739	3,353
Cash Flows from Investing Activities		
Purchase of property and equipment	(7,471)	(12,231)
Proceeds from sales of property and equipment	12	3
Proceeds from sales of investments	13,368	27,456
Purchase of investments	(10,408)	(16,287)
Net cash and cash equivalents used in investing activities	(4,499)	(1,059)
Cash Flows Provided by Financing Activities - Collections and contributions restricted for investment in endowment	3,225	4,051
Net Increase in Cash	2,465	6,345
Cash and Cash Equivalents - Beginning of year	13,441	7,096
Cash and Cash Equivalents - End of year	**$ 15,906**	**$ 13,441**
Supplemental Cash Flow Information		
Interest paid	$ 1,585	$ 1,574
Noncash property and equipment additions	(303)	(784)

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. (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 for which 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 14). 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 at fair value 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 until they become unconditional. As of December 31, 2024 and 2023, the Society is eligible to receive and recognize $11,838 and $3,017, respectively, 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 2024 represent the amounts appropriated by the District for 2023 property taxes and personal property replacement taxes, which are due for payment from taxpayers in 2024 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.

Contributed nonfinancial assets consist of legal services provided by unrelated parties and contributed goods and services. These services are recorded as contributed services income and as an in-kind expense and are primarily included in administrative expenses as other operating expenses. The value of services provided to the Society is determined based on the estimated fair value. For contributed legal and professional services, amounts are valued based on current rates for similar legal services. For contributed goods, amounts are valued based on an estimate of stated prices used for the sale of these items in a nondonation transaction.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

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 of one or 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.
- *General admissions* - Included in visitor programs and operations revenue on the consolidated statement of activities and changes in net assets, the Society sells general admissions tickets to visitors. Tickets can be purchased in person and online up to two months in advance. Ticket sales are recognized on the admission date.
- *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 and Grants Receivable

Contributions, including unconditional promises, are recognized at fair value 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, including government grants, are recorded when donor stipulations are substantially met.

An allowance for uncollectible pledges is provided when evidence indicates amounts promised by donors may not be collectible.

Cash Deposits

The Society maintains cash balances held in a bank that exceed the federal depository insurance limit. The Society's cash is only insured up to the federal depository insurance limit.

Note 2 - Significant Accounting Policies (Continued)

Cash Equivalents

The Society considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable consist of 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, 2023, accounts receivable of $346 represent 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.

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 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.

Note 2 - Significant Accounting Policies (Continued)

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.

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.

Leases

The Society has operating and finance leases, as described in Note 12. The Society recognizes expense for operating and finance leases on a straight-line basis over the lease term. The Society made a policy election not to separate lease and nonlease components for its leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Society elected to use its incremental borrowing rate the discount rate for calculating the right-of-use asset and lease liability.

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)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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 24, 2025, 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 0.12 percent and 4.79 percent. Unconditional promises to give are expected to be received in the following periods:

	2024	2023
Amounts due in:		
Within one year	$ 4,312	$ 6,588
Two to five years	14,435	14,369
More than five years	2,000	5,000
Less:		
Discount to present value	(1,568)	(2,119)
Allowance for uncollectible promises to give	(8)	(11)
Total	$ 19,171	$ 23,827

Note 4 - Beneficial Interests 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 4.2 percent to 8.2 percent for the discount. Beneficial interests in third-party trusts consist of the following at December 31:

	2024	2023
Gross beneficial interests	$ 929	$ 905
Less fair value discount	(380)	(408)
Total	$ 549	$ 497

(000s omitted)

Note 5 - Investments

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

	2024	2023
Corporate bonds and fixed-income funds	$ 5,548	$ 3,952
Multiasset mutual fund	1,504	1,310
Common stock and equity funds	1,137	1,272
Money market funds	6,810	11,754
Private equity funds	157	432
Real estate funds	120	374
Comprehensive limited partners	176,145	154,399
Total	$ 191,421	$ 173,493

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

	2024	2023
Interest and dividends	$ 542	$ 491
Realized gain (loss) on sale of investments	1,367	(1,800)
Change in unrealized gain on investments	19,147	23,032
Investment management fees	(538)	(500)
Total	$ 20,518	$ 21,223

Investment income included in operations totaled $6,545 and $5,167 for 2024 and 2023, 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.

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.

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

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 multistrategy limited partnerships, private equity funds, and real estate funds were based on net asset value per share of the fund for the years ended December 31, 2024 and 2023.

The following tables present the Society's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2024 and 2023:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2024			
	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, 2024
Assets				
Equity mutual funds:				
U.S. large cap	$ 643	$ -	$ -	$ 643
U.S. mid cap	4,311	-	-	4,311
U.S. small cap	175	-	-	175
International growth	87	-	-	87
Multiasset mutual fund	-	1,504	-	1,504
Fixed-income mutual funds - U.S. core bond	5,518	-	-	5,518
Money market fund	2,761	-	-	2,761
Interest rate swaps	-	1,067	-	1,067
Beneficial interests in third-party trusts	-	-	549	549
Total	$ 13,495	$ 2,571	$ 549	16,615
Investments measured at NAV:				
Multistrategy limited partnerships				176,145
Private equity funds				157
Real estate funds				120
Total investments measured at NAV				176,422
Total assets				$ 193,037

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2023			
	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, 2023
Assets				
Equity mutual funds:				
U.S. large cap	$ 881	$ -	$ -	$ 881
U.S. mid cap	3,671	-	-	3,671
U.S. small cap	137	-	-	137
International growth	78	-	-	78
Multi-asset mutual fund	-	1,310	-	1,310
Fixed-income mutual funds - U.S. core bond	1,563	-	-	1,563
Money market fund	10,648	-	-	10,648
Interest rate swaps	-	1,012	-	1,012
Beneficial interests in third-party trusts	-	-	497	497
Total	$ 16,978	$ 2,322	$ 497	19,797
Investments measured at NAV:				
Multistrategy limited partnerships				154,399
Private equity funds				432
Real estate funds				374
Total investments measured at NAV				155,205
Total assets				$ 175,002

At December 31, 2024, the Society had $92,549 and $83,596 invested in the TIFF Keystone Fund and TIFF Centerstone Fund, respectively. These individual investments represent a significant portion of the Society's investment balance, comprising approximately 48 percent and 44 percent of the total portfolio at December 31, 2024.

At December 31, 2023, the Society had $77,582 and $76,817 invested in the TIFF Keystone Fund and TIFF Centerstone Fund, respectively. These individual investments represent a significant portion of the Society’s investment balance, comprising approximately 45 percent and 44 percent of the total portfolio at December 31, 2023.

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.

The multiasset mutual fund is designed to provide single source, diversified, multiasset class investment exposure. It is constructed with the goal to generate returns of at least 5 percent plus inflation over the long term by investing globally in equities, fixed income, and hedge funds. Equities are used to generate returns, while fixed income is used to provide liquidity and manage volatility. Hedge funds are used to generate returns but have a lower equity market sensitivity than stocks. The fund offers daily liquidity. The underlying investments of the fund include observable exchange-traded sales prices, over-the-counter stocks, or are based on valuations from pricing services that are deemed representative of market values. Valuation is obtained by an independent third-party advisor.

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:

	2024	2023
Assets:		
Beginning balance	$ 497	$ 467
Total gains (realized and change in unrealized) included in change in net assets	52	30
Ending balance	549	497
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	$ 52	$ 30

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

At December 31, 2024 and 2023, 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, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity funds (a)	$ 157	$ -	See below	See below
Real estate funds (b)	120	-	See below	See below
Multistrategy limited partnership - TIFF Keystone fund (c)	92,549	-	Quarterly	180 days
Multistrategy limited partnership - TIFF Centerstone fund (d)	83,596	-	Quarterly	75 days
Total	$ 176,422	$ -		

	Investments Held at December 31, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity funds (a)	$ 432	$ -	See below	See below
Real estate funds (b)	374	-	See below	See below
Multistrategy limited partnership - TIFF Keystone fund (c)	77,582	-	Quarterly	180 days
Multistrategy limited partnership - TIFF Centerstone fund (d)	76,817	-	Quarterly	75 days
Total	$ 155,205	$ -		

(a) 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.

(b) 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.

(c) The TIFF Keystone fund is designed to provide single source, diversified, multiasset class investment exposure. It is constructed with a goal to generate returns of at least 5 percent plus inflation over the long term by investing globally in equities (including private equity funds, venture capital funds, private realty funds, and natural realty funds), fixed income, and hedge funds. Equities (both public and private) are used to generate returns, while fixed income is used to provide liquidity and manage volatility. Hedge funds are used to generate returns but have a lower equity market sensitivity than stocks. The fund provides quarterly liquidity with provisions related to the illiquid assets.

(000s omitted)

Note 6 - Fair Value Measurements (Continued)

(d) The TIFF Centerstone fund is designed to provide single source, diversified, multiasset class investment exposure. It is constructed with a goal to generate returns of at least 5 percent plus inflation over the long term by investing globally in equities, fixed income, and hedge funds. Equities are used to generate returns, while fixed income is used to provide liquidity and manage volatility. Hedge funds are used to generate returns but have a lower equity market sensitivity than stocks. The fund offers quarterly liquidity.

Note 7 - Property and Equipment

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

	2024	2023
Buildings and improvements	$ 159,672	$ 153,850
Land improvements	98,513	98,018
Equipment	25,454	23,193
Museum assets	4,360	4,360
Construction in progress	625	2,261
Total cost	288,624	281,682
Accumulated depreciation - Land improvements	162,412	153,112
Net property and equipment	$ 126,212	$ 128,570

Depreciation and amortization expense for 2024 and 2023 was $9,361 and $8,932, respectively.

Construction in progress as of December 31, 2024 and 2023 consists of expenditures associated primarily with the construction of the shade garden and various other projects.

As of December 31, 2023, the Society had agreements with contractors for approximately $92 for remaining commitments primarily relating to projects for greenhouses. There were no agreements with contractors with remaining commitments as of December 31, 2024.

Note 8 - Contract Liabilities

Contract liabilities consist of the following as of December 31:

	2024	2023
Membership dues	$ 5,630	$ 5,685
Visitor programs and operations	871	1,007
Facility rentals	172	175
Total	$ 6,673	$ 6,867

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

	2024	2023
Opening balance	$ 6,867	$ 7,174
Cash received	20,247	18,855
Less revenue recognized from satisfaction of performance obligations in the current period	(20,441)	(19,162)
Ending balance	$ 6,673	$ 6,867

(000s omitted)

Note 9 - Lines of Credit

The Society has two $5 million lines of credit ($5 million committed and $5 million uncommitted) available in 2024 and 2023. Outstanding amounts bear interest at a prime-based rate or a SOFR-based rate. There were no borrowings outstanding on the lines of credit as of December 31, 2024 and 2023. 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 percent at December 31, 2024 and 2023. The lines of credit matured on December 31, 2024. Management is in the process of seeking a renewal or extension of the agreement.

Note 10 - Bonds Payable

Bonds payable at December 31, 2024 and 2023 consist of the following amounts due to the Illinois Finance Authority, which issued adjustable demand revenue bonds on the Society's behalf:

	2024	2023
Series 2008, payable in 2043	$ 30,000	$ 30,000
Series 1999, payable in 2029	20,000	20,000
Unamortized debt issuance costs	(321)	(348)
Total	$ 49,679	$ 49,652

The Society has obtained a letter of credit from a bank for each bond issue, which provides credit enhancement for the bonds. In 2023, the letters of credit for the Series 1999 bonds and Series 2008 bonds were extended to expire on December 28, 2026.

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 2024 and 2023 averaged 3.49 percent and 3.30 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 2024 and 2023 was $1,363 and $1,279, respectively. The bonds are due in lump-sum payments in the years 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 percent on the combined bond issues as of December 31, 2024 and 2023.

(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, 2024 and 2023:

	2024	2023
Consolidated statement of financial position - Interest rate swaps asset	$ 1,067	$ 1,012
Consolidated statement of activities and changes in net assets:		
Change in fair value of interest rate swaps	55	(195)
Periodic settlement payments recorded as debt service expenses and included in operating expenses	(571)	(529)
Total	$ (516)	$ (724)

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 made a policy election not to separate lease and nonlease components for operating and finance leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

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 as of December 31, 2024 and 2023.

The Society leases the copiers under long-term lease arrangements classified as finance leases. Under the terms of the lease agreements, payments of $3 are due monthly through 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 rates 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, 2024 and 2023:

	Consolidated Statement of Financial Position Classification	2024	2023
Right-of-use assets:			
Operating lease	Prepaid expenses and other assets	$ 122	$ 129
Finance leases	Property and equipment - Net	52	83
Total right-of-use assets		$ 174	$ 212
Lease liabilities:			
Operating lease	Accounts payable and other current liabilities	126	133
Finance leases	Accounts payable and other current liabilities	57	88
Total lease liabilities		$ 183	$ 221

Expenses recognized under these leases for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
Finance leases expense:		
Amortization of right-of-use assets	$ 31	$ 31
Interest on lease liabilities	4	6
Operating lease expense	13	13
Total lease expense	$ 48	$ 50

Future minimum rent on noncancelable leases as of December 31, 2024 for each of the next five years, and in the aggregate, is as follows:

Years Ending December 31	Operating Leases	Finance Leases	Total Payments
2025	$ 12	$ 36	$ 48
2026	12	24	36
2027	12	-	12
2028	13	-	13
2029	13	-	13
Thereafter	106	-	106
Total	168	60	228
Less amount representing interest	42	3	45
Present value of net minimum lease payments	$ 126	$ 57	$ 183

(000s omitted)

Note 13 - Net Assets

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

	2024	2023
Subject to expenditures for a specified purpose:		
Garden construction and improvement projects	$ 3,228	$ 5,295
Educational, research, and garden programs	16,628	15,352
Total subject to expenditures for a specified purpose	19,856	20,647
Subject to the passage of time	397	364
Subject to the Society's spending policy and appropriation	28,416	22,098
Not subject to appropriation or expenditure	74,903	71,880
Total	$ 123,572	$ 114,989

Net assets of $10,477 and $15,481 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time during 2024 and 2023, 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, 2024 and 2023. 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, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 86,843	$ -	$ 86,843
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	61,785	61,785
Accumulated investment gains	-	28,416	28,416
Total	$ 86,843	$ 90,201	$ 177,044

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 79,851	$ 77,925	$ 157,776
Investment return:			
Investment income	91	95	186
Net gain (realized and unrealized)	9,716	10,092	19,808
Total investment return	9,807	10,187	19,994
Contributions	-	2,733	2,733
Collections of pledges restricted for investment in endowment	-	3,225	3,225
Bequests and contributions designated by the board for endowment	872	-	872
Appropriation of endowment assets for expenditure	(3,687)	(3,869)	(7,556)
Endowment net assets - End of year	$ 86,843	$ 90,201	$ 177,044

Not included in the table above is $13,118 of pledges restricted for investment in the donor-restricted endowment and $150 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, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 79,851	$ -	$ 79,851
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	55,827	55,827
Accumulated investment gains	-	22,098	22,098
Total	$ 79,851	$ 77,925	$ 157,776

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 71,834	$ 66,212	$ 138,046
Investment return:			
Investment income	72	70	142
Net appreciation (realized and unrealized)	10,346	10,090	20,436
Total investment return	10,418	10,160	20,578
Contributions	-	558	558
Collections of pledges restricted for investment in endowment	-	4,051	4,051
Bequests and contributions designated by the board for endowment	760	-	760
Appropriation of endowment assets for expenditure	(3,161)	(3,056)	(6,217)
Endowment net assets - End of year	$ 79,851	$ 77,925	$ 157,776

Not included in the table above is $15,920 of pledges restricted for investment in the donor-restricted endowment and $133 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, 2024 and 2023, 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 twelve quarter 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. The Society's return objective is to preserve and enhance the real purchasing power of its investment portfolio over time. 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:

	2024	2023
Cash	$ 15,906	$ 13,441
Accounts receivable	3,902	3,873
Pledges receivable	19,171	23,827
Investments	191,421	173,493
Financial assets - At year end	230,400	214,634
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	4,492	5,369
Restricted by donor with purpose restrictions	15,761	15,643
Restricted by donors with time or purpose restrictions:		
Endowment funds less expected appropriation	83,997	72,669
Capital projects or contractual obligations	277	806
Board designations	91,932	83,913
Total financial assets unavailable for general expenditures within one year	196,459	178,400
Financial assets available to meet cash needs for general expenditures within one year	$ 33,941	$ 36,234

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 2024 and 2023.

Note 15 - Liquidity and Availability of Resources (Continued)

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.

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 2024 and 2023 was $640 and $589, 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 plan assets and liabilities are included within investments and other liabilities, respectively, in the consolidated financial statements. The Society's expense for this plan was $220 and $206 for the years ended December 31, 2024 and 2023, respectively.

Note 17 - 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 $2,232 and $2,082 for 2024 and 2023, respectively. These goods and services were provided at rates consistent with the market rates for not-for-profit organizations. The Society also received $7,326 and $25,685 in contributions from members of the board of directors in 2024 and 2023, respectively. As of December 31, 2024 and 2023, $375 and $19,900, respectively, of these contributions are included as pledges receivable on the consolidated statement of financial position.

Note 18 - Risks and Uncertainties

The Society receives a significant amount of its revenue from government grants, representing approximately 12 percent and 5 percent of total revenue during the years ended December 31, 2024 and 2023, respectively. As disclosed in *Contributions and Grant Revenue* Note 2, conditional contributions in the form of government grants awarded but not yet recognized totaled $11,838 as of December 31, 2024.

Executive orders or congressional acts restricting the availability of federal funds could have a significant impact on the Society. Delayed or stopped payments, termination of existing grant contracts if deemed ineligible under new executive orders, and increased uncertainty surrounding renewal of contracts could lead to challenges in budgeting, planning, and maintaining operations predominately funded by federal grants.