

**Chicago State Foundation**

**Financial Statements and  
Independent Auditor's Report**

**For the Year Ended June 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Chicago State Foundation

### Opinion

We have audited the accompanying financial statements of **Chicago State Foundation (Foundation)**, a nonprofit organization, which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Foundation as of June 30, 2024, and the changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

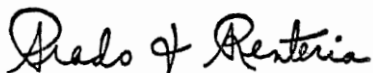
We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2023, except for Note 5, as to which the date is January 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Foundation'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 Foundation's internal control over financial reporting and compliance.



Chicago, Illinois  
January 28, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CHICAGO STATE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

The purpose of this analysis is to provide an objective and easy to read analysis of Chicago State Foundation's (Foundation) financial activities based on currently known facts decisions, and/or conditions. The attached Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and Notes to Financial Statements are required by GASB (Governmental Accounting Standards Board) Statement No. 35 *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*. GASB Statement No 37. *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

These statements are presented in a "business-type activities" format that is a change from a "funds-group" format. The business-type activities format was developed to provide the reader with statements that could better indicate the available economic resources of the entity.

***The Statement of Net Position*** indicates assets available for current use (current assets) and those assets to be held (noncurrent assets). This statement also indicates which liabilities are due within one year (current liabilities) and those due in a year or more (noncurrent liabilities). Net Position, located at the bottom of the statement, is grouped by those assets available for unrestricted uses, assets restricted by the donor (or outside entity) for a certain purpose which can be used for current expenditures (expendable), or are to be held (nonexpendable. i.e., endowments), and those assets which are an investment in capital assets. During this period, the Foundation had an increase in net position of \$1,734,240 as indicated on The Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Statement of Net Position as of June 30, 2024 and 2023:

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current Assets	\$ 2,157,006	\$ 1,738,274
Non-Current Assets	8,514,103	7,732,844
Total Assets	<u>\$ 10,671,109</u>	<u>\$ 9,471,118</u>
<b>Liabilities &amp; Net Position</b>		
Current Liabilities	\$ 648,319	\$ 1,182,568
Total Liabilities	648,319	1,182,568
Net Position	10,022,790	8,288,550
Total Liabilities and Net Position	<u>\$ 10,671,109</u>	<u>\$ 9,471,118</u>

**CHICAGO STATE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

*The Statement of Revenues, Expenses, and Changes in Net Position* basically indicates the activity for the period and its net effect on net position. The activity from operations is shown first. As stated in the Notes to the financial statements, Operating Revenues include activities that have the characteristics of exchange transactions. In an exchange transaction both parties receive a material benefit from the transaction, such as the Foundation receiving contract payments for services. Since the primary purpose of the Foundation is to raise contributions and donations for the benefit of Chicago State University (University), most of its activity is reported in the Operating sections. Nonoperating revenues (expenses) are listed after Operating activities. Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Other nonoperating revenues are defined in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as investment revenues and capital expenditures. Other revenues, expenses, gains and losses are the last grouping of transactions. This grouping indicates contributions received for capital assets (such as equipment and buildings) and additions to permanent endowments as required by GASB Statement No. 34.

Condensed Statement of Revenues, Expenses and Changes in Net Position  
for the years ended June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Total Operating Revenues	\$ 3,838,822	\$ 3,910,870
Total Operating Expenses	<u>3,096,150</u>	<u>3,188,307</u>
Operating Income (loss)	742,672	722,563
 Total Non-Operating Revenues	 <u>991,568</u>	 <u>578,808</u>
 Income Before Other Revenues, Expenses, gain/losses	 <u>1,734,240</u>	 <u>1,301,371</u>
 Increase (Decrease) in Net Position	 <u>1,734,240</u>	 <u>1,301,371</u>
 Net Position, Beginning of Year	 <u>8,288,550</u>	 <u>6,987,179</u>
 Net Position, End of Year	 <u><u>\$ 10,022,790</u></u>	 <u><u>\$ 8,288,550</u></u>



**CHICAGO STATE FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

During fiscal year 2024, the Foundation experienced a \$72,048 decrease in operating revenues compared to fiscal year 2023.

The Foundation had a decrease in scholarships and donations of \$161,252 and recognized \$623,536 for in-kind support and expenses from the University for the fiscal year ended June 30, 2024.

*The Statement of Cash Flows* primary purpose is to provide relevant information about the cash receipts and cash payments of the Foundation during the period. The Foundation is required to use the direct method presentation for this statement, which indicates the cash effects categorized, by operations, noncapital financing transactions, capital and related financing transactions, and investing transactions. For the period ended June 30, 2024, the Foundation had an increase of cash and cash equivalents in the amount of \$669,468.

**FACTS, DECISIONS OR CONDITIONS AFFECTING THE FUTURE**

The Board of Trustees of the University and the Board of Directors of the Foundation have entered into a master contract formalizing cooperation between the entities and authorizing the Foundation to assist the University in achieving its education, research, and service goals and responsibilities. To assist the University, the Foundation has agreed to conduct fundraising activities and to solicit charitable gifts on behalf of the University. To assist the Foundation, the University has agreed to provide facilities, services, and resources in accordance with budgets approved from time to time by the University and the Foundation.

The Foundation has established a spending policy whereas the Foundation may appropriate for spending 1.5 percent of the 12-quarter average market value of each endowment fund measured as of the previous December 31, of the current fiscal year. The amounts computed will represent funds transferable from the restricted expendable fund to the unrestricted fund net position.

## **FINANCIAL STATEMENTS**

**CHICAGO STATE FOUNDATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2024**  
**With Summarized Comparative Totals as of June 30, 2023**

	<u>2024</u>	<u>2023 (restated)</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,507,064	\$ 837,596
Prepaid Expenses	112,442	95,997
Pledges Receivables	537,500	804,681
Total Current Assets	<u>2,157,006</u>	<u>1,738,274</u>
<u>Non-Current Assets</u>		
Endowment Investments	8,512,681	7,727,159
Equipment, Net of Accum. Depreciation of \$19,898	1,422	5,685
Total Non-Current Assets	<u>8,514,103</u>	<u>7,732,844</u>
<b>TOTAL ASSETS</b>	<u>10,671,109</u>	<u>9,471,118</u>
<b>LIABILITIES AND NET POSITION</b>		
<u>Current Liabilities</u>		
Accounts Payable	495,636	915,920
Accrued Expenses	120,470	251,153
Deferred Revenue	31,100	6,270
Capital Lease	1,113	9,225
Total Current Liabilities	<u>648,319</u>	<u>1,182,568</u>
Total Liabilities	<u>648,319</u>	<u>1,182,568</u>
<u>Net Position</u>		
Net investment in capital assets	1,422	5,685
Restricted for:		
Nonexpendable:		
Scholarships, direct programs, and academic support	5,859,309	5,109,650
Expendable:		
Scholarships, direct programs and academic support	4,732,200	3,805,741
Unrestricted	(570,141)	(632,526)
Total unrestricted	<u>(570,141)</u>	<u>(632,526)</u>
Total Net Position	10,022,790	8,288,550
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 10,671,109</u>	<u>\$ 9,471,118</u>

The accompanying notes are an integral part of these financial statements

**CHICAGO STATE FOUNDATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**With Summarized Comparative Totals for the year ended June 30, 2023**

	<u>2024</u>	<u>2023 (restated)</u>
<b>OPERATING REVENUES</b>		
Contributions - Unrestricted	\$ 267,770	\$ 346,295
Other Operating Revenue - Unrestricted	1,330	-
Contributions - Temporarily Restricted	2,190,764	3,005,921
Other Operating Revenue - Temporarily Restricted	755,422	62,188
CSU In-Kind Contribution	623,536	496,466
Total Operating Revenues	<u>3,838,822</u>	<u>3,910,870</u>
<b>OPERATING EXPENSES</b>		
University Programs and Scholarships	1,661,188	1,822,440
Professional Fees	159,114	252,303
Software Subscription & Maintenance	70,156	52,826
Insurance	2,419	474
Supplies	4,616	2,147
Printing	10,266	3,153
Travel & Conferences	24,988	1,097
Catering and Luncheons	3,297	1,763
Special Events	236,694	215,135
Management Fees	241,336	319,084
Depreciation	4,264	15,634
Other Expenses	54,276	5,785
CSU In-Kind Expense	623,536	496,466
Total Expenses	<u>3,096,150</u>	<u>3,188,307</u>
<b>OPERATING GAIN (LOSS)</b>	742,672	722,563
<b>NON OPERATING REVENUE AND (EXPENSES)</b>		
Investment Income, Net of Fees	<u>991,568</u>	<u>578,808</u>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	1,734,240	1,301,371
<b>CHANGE IN NET POSITION</b>	1,734,240	1,301,371
<b>BEGINNING NET POSITION</b>	<u>8,288,550</u>	<u>6,987,179</u>
<b>ENDING NET POSITION</b>	<u><u>\$ 10,022,790</u></u>	<u><u>\$ 8,288,550</u></u>

The accompanying notes are an integral part of these financial statements

**CHICAGO STATE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**With Summarized Comparative Totals for the Year Ended June 30, 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities:</b>		
Grants and donations	\$ 2,709,270	\$ 2,281,727
Event sales and other income	756,752	317,649
Payments to vendors, direct program expenses	(1,341,411)	(596,886)
Payments for scholarships	(1,661,188)	(1,822,440)
<b>Net Cash Provided by Operating Activities</b>	<u>463,423</u>	<u>180,050</u>
<b>Cash Flows from Investing Activities:</b>		
Interest and dividends on investments	172,541	140,144
Proceeds from sales and maturities of investments	1,942,921	2,992,527
Purchase of investments and other	(1,909,417)	(2,636,063)
<b>Net Cash Provided by Investing Activities</b>	<u>206,045</u>	<u>496,608</u>
<b>Net Increase in Cash</b>	669,468	676,658
<b>Cash and Cash Equivalents, Beginning of the Year</b>	<u>837,596</u>	<u>160,938</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u>1,507,064</u>	<u>837,596</u>
<b>Reconciliation of Net Operating Gains(losses) to</b>		
Net Cash used by Operating Activities:		
Operating gains(losses)	742,672	722,563
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Non-cash Depreciation Expense	4,264	15,364
Net change in assets and liabilities included in operating activities:		
Receivables & Prepaid Expenses	250,736	(815,028)
Accounts payable & other liabilities	(534,249)	257,151
<b>Net cash provided by operating activities</b>	<u>\$ 463,423</u>	<u>\$ 180,050</u>

The accompanying notes are an integral part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Chicago State Foundation, (Foundation) formerly The University Foundation at Chicago State, is an Illinois non-profit corporation, incorporated March 24, 2015, and was created for the principal purpose of aiding Chicago State University (University), State Entity 608, in achieving its instruction, research, extension, and public service objectives. The Foundation is a "University Related Organization" under University Guidelines adopted by the State of Illinois Legislative Audit Commission in 1982, as amended in 1997. Note 6 describes related party transactions between the Foundation and the University.

For financial reporting purposes, the Foundation is a discretely presented component unit of the University, which is a component unit of the State of Illinois. The financial balances and activities included in these financial statements are also included in the University's financial statements and the University's financial statements are included in the State's Comprehensive Annual Financial Report. All funds of the Foundation are locally administered and are not subject to the State of Illinois appropriation process nor held in the State Treasury.

**Basis of Presentation**

The Foundation prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, an amendment to GASB Statement No. 34, and subsequent amendments. The statement requires that resources be classified into net position categories and reported in the statement of net position.

**Basis of Accounting**

The Foundations' financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as needed.

**Net Position**

Net position is comprised of three categories: (1) net position unrestricted, (2) net position restricted non-expendable, and (3) net position restricted expendable. Each component of net position is reported separately on the statement of net position.

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***Net Position - Unrestricted***

Net Position - Unrestricted includes resources (unrestricted gifts and investment earnings) that are expendable for any purpose in operating the Foundation.

***Net Position - Restricted (Expendable)***

Net Position - Restricted (Expendable) is used to account for resources that are restricted by parties outside the University for specific current operating purposes.

***Net Position - Restricted (Nonexpendable)***

Net Position - Restricted (Nonexpendable) – represents endowments which contain assets that are subject to the restrictions of donors that require that the principal of such gifts be invested in perpetuity and that only the interest and dividends be utilized.

**Revenue Recognition**

The Foundation classifies its revenues into operating or nonoperating.

Operating revenues include activities that have the characteristics of exchange transactions, such as contract revenue with the University.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

Contributions are recognized as revenue when received or when a commitment is received. Pledges to endowments are recognized when payments are received.

All gifts and contributions are available for unrestricted use unless specifically restricted by the donor. Contributions and grants received with restrictions are recorded as restricted (expendable) or restricted (nonexpendable) revenue depending on the nature of the donor restrictions.



**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less. Restricted assets include cash legally restricted as to their use.

**Equipment**

Furniture, fixtures, and equipment are recorded at cost at the date of acquisition or fair market value at the date of the donation. These purchases or donations, other than certain office equipment, are then transferred to the University at their fair market value and are included as In-kinds to Chicago State University on the Statement of Revenues, Expenses and Changes in Net Position. Office equipment that is retained is capitalized if over \$5,000 and a useful life of greater than one year. Assets are depreciated over their useful life using the straight-line depreciation method, generally 3 to 7 years for office equipment and furniture.

**Accounts Receivable**

Accounts receivable represent gifts, contributions and grants that are collectable beyond one year. All receivables are presented net of an allowance for doubtful collections, as/if determined necessary. Management calculates the allowance based upon collection history of prior contributions receivable or the facts and circumstances of each individual receivable. Allowance for doubtful collections is charged against revenues when estimated or determined to be uncollectible. Management expects to collect all its accounts receivable.

**Prepaid Expenses**

Prepaid expenses include amounts paid in advance for services benefitting future periods.

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Investments**

The Foundation accounts for its investments in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, investments are reported at fair value and the changes in fair value of investments are reported as an increase or decrease to investment assets and a component of investment income or loss in the statement of revenues, expenses and changes in net position.

**Deferred Revenue**

Deferred revenue includes amounts received in exchange for goods or services, including special events, prior to the end of the fiscal year that are related to the subsequent accounting period.

**Income Tax Status**

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. The Foundation had no unrelated business income during fiscal year 2024, and therefore, no provisions for federal or state income taxes have been made in the accompanying financial statements. Contributions made to the Foundation are deductible by donors as provided in Section 170 of the code.

**Comparative Totals**

Comparative totals have been presented in the accompanying basic financial statements to provide an understanding of changes in the Foundation's financial position and operations. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2023, from which the summarized comparative totals were derived.

**Administrative Fees**

The Foundation generally transfers from the Expendable Restricted Funds to the Unrestricted Fund a 10% administrative fee on the Expendable Restricted Fund monetary gifts as they are received. Such fees transferred during the fiscal year 2024 amounted to \$161,558.

**Reclassification**

Certain amounts from the prior year have been reclassified in order to conform to the current year's presentation

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

As of June 30, 2024, the Foundation had cash and cash equivalents totaling \$1,526,201 in deposit accounts. For deposit accounts, custodial credit risk is the risk that in the event of the failure of the bank, the Foundation will not be able to recover the value of its deposits. The Foundation maintains cash balances at a financial institution that spreads deposits across community bank charters allowing for FDIC insurance protection greater than \$250,000. As of June 30, 2024, the Foundation did not have deposit accounts that exceeded FDIC coverage.

The carrying amount and bank balance of the Foundation's deposits at June 30, 2024 were:

<u>Deposit Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash in Bank	<u>\$1,507,064</u>	<u>\$1,526,201</u>
Total Cash & Cash Equivalents	<u>\$1,507,064</u>	<u>\$1,526,201</u>

**NOTE 3 – INVESTMENTS**

The carrying value (and market value) of the investment portfolio of the Foundation at June 30, 2024 is as follows:

	<u><b>Fair Value FY24</b></u>
Cash, BDP, MMFs	\$ 115,734
ETFs & CEFs	2,556,660
Mutual Funds	746,278
US Treasury & Agency Obligations	1,840,886
Common Stock	2,070,984
Corporate Debt Securities	1,082,139
Alternative Investment	100,000
	<u><u>\$ 8,512,681</u></u>

In accordance with GASB Statement No. 72, *Fair Value Measurements and Application*, the fair value of investments is further categorized by levels depending on the type of inputs used for their valuation. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets in active markets that the entity can access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 3 – INVESTMENTS – Continued**

- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Foundation’s mutual funds and equity securities are based on observable unadjusted quoted market prices in an active market. Therefore, these investments have been categorized as Level 1 in the fair value hierarchy. The fair value of corporate debt securities has been categorized as level 2 in the fair value hierarchy.

The following table presents trust investments measured and recorded at fair value on the Foundations Statement of Net Position as of June 30, 2024:

<b>Asset Type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash, BDP, MMFs	\$ 115,734	\$ -	\$ -	\$ 115,734
ETFs & CEFs	2,556,660	-	-	2,556,660
Mutual Funds	746,278	-	-	746,278
US Treasury & Agency Obligations	1,840,886	-	-	1,840,886
Common Stock	2,070,984	-	-	2,070,984
Corporate Debt Securities	-	1,082,139	-	1,082,139
Total Assets at Fair Value	<u>\$ 7,330,542</u>	<u>\$ 1,082,139</u>	<u>\$ -</u>	<u>\$ 8,412,681</u>

*Investments measured at NAV as a practical expedient\*:*

Private Credit Fund	<u>100,000</u>
Total Assets at Fair Value	<u>\$ 8,512,681</u>

*\* In accordance with the Fair Value measurements topic, certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.*

Private credit fund – consists of one perpetually non-traded “evergreen” fund. The fund generates income from originating loans to US middle market companies. Assets are fully invested at onset. There are no capital calls or unfunded balance.

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 3 – INVESTMENTS – Continued**

The following tables summarize the investment strategies and liquidity provisions of investments in the private credit fund valued at the NAV as provided by the fund managers as of June 30, 2024:

June 30, 2024:

Investments <u>Measured at NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private credit fund	\$ 100,000	-	Quarterly	30 days

*Concentration of credit risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of an agency's investment in a single issuer. All investments are insured or registered and held by the Foundation or its agent in the Foundation's name. The Foundation does not have a policy limiting its exposure to concentrations of credit risk.

*Credit risk* - Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligation. The Foundation's statement of investment objectives and guidelines states that investments in non-convertible fixed-income securities other than short-term securities will be restricted to issues with a maximum fixed or expected average maturity of ten years and will be made primarily in (1) securities issued or guaranteed by the U.S government or its agencies (2) marketable issues of non-nuclear utility companies rated at the time of purchase within the three highest grades assigned by Moody's Investor Services, Inc. (Aaa, Aa or A) or by Standard & Poor's (AAA, AA or A) and (3) bond mutual funds which invest primarily in bonds with rating of A and higher.

*Foreign currency risk* – Foreign credit risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. The Foundation does not have a policy limiting its exposure to foreign currency risks. The Foundation has no exposure to foreign currency risk (valued in U.S. dollars).

Details of the Foundation's debt security investment portfolio and their corresponding credit ratings as of June 30, 2024 follow:

	<b>Less than</b>			<b>More than</b>	
	<b>1 year</b>	<b>1-5 years</b>	<b>6-10 years</b>	<b>10 years</b>	<b>Total</b>
Treasury Obligations	\$ 5,972	\$ 1,415,552	\$ 419,362	\$ -	\$ 1,840,886
Corporate	-	733,222	348,917	-	1,082,139
Total Debt Security Investments	\$ 5,972	\$ 2,148,774	\$ 768,279	\$ -	\$ 2,923,025

**CHICAGO STATE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 3 – INVESTMENTS – Continued**

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value (nearest thousand)</b>
Corporate debt securities	AA2	\$ 71
Corporate debt securities	A1	282
Corporate debt securities	A2	142
Corporate debt securities	A3	266
Corporate debt securities	BAA1	139
Corporate debt securities	BAA2	182
U.S. Treasury Notes	AAA	1,697
U.S. Treasury Notes	Not Rated	144
	<b>Total</b>	<b>\$ 2,923</b>

Investment returns for the year ended June 30, 2024 were as follows:

Interest and dividends	\$ 172,541
Net realized and unrealized gains	819,027
<b>Total</b>	<b>\$ 991,568</b>

**NOTE 4 – ENDOWMENT**

The Foundation's endowment consists of donor restricted gifts that require that the principal of such gifts be invested in perpetuity. Endowments' dividend and interest income are used for scholarships and a reasonable amount of dividends and interest may be provided for academic support. Gains or losses on sales of endowment investments are retained and reported as part of the net position restricted expendable. Although not required by law, it is the intent of the Foundation to maintain the corpus of donor restricted endowment funds.

The following is the composition of endowments investments at market value as of June 30, 2024:

<b>Donor-Restricted Endowments</b>	
Nonexpendable	\$ 5,859,310
Expendable	2,653,371
<b>Total</b>	<b>\$ 8,512,681</b>

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 4 – ENDOWMENT – Continued**

Changes in the endowment for the year ended June 30, 2024:

	<u>Nonexpendable</u>	<u>Expendable</u>
Beginning Balance (see note 5):	\$ 5,109,650	\$ 2,617,514
Contributions	-	-
Other Operating Revenue	-	-
Investment income (loss)	10,411	162,127
Expenses	(79,778)	-
Realized/Unrealized Gains and (Losses)	819,027	-
Transfers In (out)	-	(126,268)
Ending Balance:	<u>\$ 5,859,310</u>	<u>\$ 2,653,371</u>

Based on the Foundation's spending policy adopted in September 2019, the Foundation may appropriate for spending 1.5 percent of the 12-quarter average market value of each endowment fund measured as of the previous December 31 of the current fiscal year. There were no appropriations during fiscal year ended June 30, 2024 to be spent in fiscal year 2024.

The Foundation assumes responsibility on behalf of the University for private gifts for scholarships. As of June 30, 2024, \$8,512,681 of endowment trust funds were invested and managed by Morgan Stanley. Investment return for the year ended June 30, 2024 was an average of 12%.

**NOTE 5 – BEGINNING NET POSITION RESTATEMENT**

Revenue categorization, certain corresponding expenses, as well as the resulting net position categorization has been restated for 2023, in accordance with GASB Statement No 100, *Accounting Changes and Error Corrections*, to correct an error in the classification of certain project fund revenues and corresponding expense between restricted and unrestricted. The correction has no effect on the results of 2024. However, the correction changes the 2024 beginning net position for nonexpendable, expendable and unrestricted. The effect of the restatement was to decrease beginning non-expendable net position by 17,003, increase beginning expendable net position by \$1,210,920 and decrease beginning unrestricted net position by \$1,193,917. Previously issued financial statements have been restated to correct this error.

**CHICAGO STATE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 6 – RELATED PARTY**

The University and Foundation under the terms of the “Memorandum of Understanding” (MOU), effective May 14, 2019, specifies the relationship between the two organizations as required by the University Guidelines adopted on November 30, 1982, as amended in 1997 by the Legislative Audit Commission. Under the terms of the MOU the Foundation is to be provided administrative support services by the University, such as maintenance, telephone, personnel, and property control. The Foundation does not directly pay the University for these services that had a fair value of \$623,536 for the year ended June 30, 2024. The Foundation reciprocates by providing fund raising and other services benefiting the University. These services resulted in Foundation expenditures in the amount of \$2,311,056 for the year ended June 30, 2024. Included in that amount were scholarships and stipends benefiting the University and its students totaling \$1,661,188.

**NOTE 7 – NON-CASH TRANSACTIONS**

Non-cash transactions have been excluded on the Statement of Cash Flows. During the year ended June 30, 2024, the Foundation’s investments experienced a net unrealized gain of \$819,027. The Foundation also recognized \$623,536 for in-kind support from the University for the year ended June 30, 2024.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has performed an analysis of activities and transactions subsequent to June 30, 2024, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through January 28, 2025.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Chicago State Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Chicago State Foundation (Foundation)**, which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

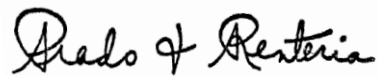
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Shado F. Renteria". The signature is written in a cursive, flowing style.

Chicago, Illinois  
January 28, 2025