



**METROPOLITAN PLANNING
COUNCIL**

Financial Statements
December 31, 2020 and 2019

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

METROPOLITAN PLANNING COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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To the Board of Governors
Metropolitan Planning Council
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **Metropolitan Planning Council** (an Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Metropolitan Planning Council** as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sasseti LLC

April 6, 2021
Oak Park, Illinois

METROPOLITAN PLANNING COUNCIL
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,071,295	\$ 3,766,598
Grants receivable	298,500	86,228
Unconditional promises to give	474,800	1,115,130
Prepaid expenses	49,739	42,332
Total Current Assets	3,894,334	5,010,288
OTHER ASSETS		
Investments	14,022,501	12,194,277
Property and equipment, net	488,110	469,937
Security deposit	23,745	23,745
Total Other Assets	14,534,356	12,687,959
Total Assets	\$ 18,428,690	\$ 17,698,247
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 71,591	\$ 196,719
Accrued expenses	254,898	186,322
Deferred rent, current portion	21,371	-
Total Current Liabilities	347,860	383,041
LONG-TERM LIABILITIES		
Deferred rent	165,728	-
Total Long-Term Liabilities	165,728	-
NET ASSETS		
Without donor restrictions:		
Board Designated Reserve Fund	5,954,971	5,954,971
Undesignated	6,018,235	5,276,816
With donor restrictions	5,941,896	6,083,419
Total Net Assets	17,915,102	17,315,206
Total Liabilities and Net Assets	\$ 18,428,690	\$ 17,698,247

The accompanying notes are an integral part
of the financial statements.

METROPOLITAN PLANNING COUNCIL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Support						
Contributions and grants	\$ 1,037,441	\$ 2,002,952	\$ 3,040,393	\$ 1,177,182	\$ 2,693,613	\$ 3,870,795
Special events revenue (net of costs of direct benefits to donors of \$0 and \$35,800 in 2020 and 2019, respectively)	1,105,107	-	1,105,107	983,508	-	983,508
In-kind contributions	214,382	-	214,382	448,118	-	448,118
Net assets released from restrictions	2,826,905	(2,826,905)	-	2,529,706	(2,529,706)	-
Total revenue	<u>5,183,835</u>	<u>(823,953)</u>	<u>4,359,882</u>	<u>5,138,514</u>	<u>163,907</u>	<u>5,302,421</u>
EXPENSES						
Program services	4,794,294	-	4,794,294	4,269,248	-	4,269,248
Management and general	176,266	-	176,266	147,947	-	147,947
Fundraising	584,596	-	584,596	567,714	-	567,714
Total expenses	<u>5,555,156</u>	<u>-</u>	<u>5,555,156</u>	<u>4,984,909</u>	<u>-</u>	<u>4,984,909</u>
INVESTMENT INCOME						
Realized gain on investments, net	333,442	175,141	508,583	328,470	145,284	473,754
Unrealized gain on investments	522,726	397,095	919,821	1,142,108	521,044	1,663,152
Dividends and interest income	256,572	110,194	366,766	219,538	94,573	314,111
Total investment income	<u>1,112,740</u>	<u>682,430</u>	<u>1,795,170</u>	<u>1,690,116</u>	<u>760,901</u>	<u>2,451,017</u>
CHANGE IN NET ASSETS	741,419	(141,523)	599,896	1,843,721	924,808	2,768,529
NET ASSETS						
Beginning of year	11,231,787	6,083,419	17,315,206	9,388,066	5,158,611	14,546,677
End of year	<u>\$ 11,973,206</u>	<u>\$ 5,941,896</u>	<u>\$ 17,915,102</u>	<u>\$ 11,231,787</u>	<u>\$ 6,083,419</u>	<u>\$ 17,315,206</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN PLANNING COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Support Services			Total Support Services	Total Expenses
	Program Services	Management and General	Fundraising		
Compensation and related expenses					
Salaries	\$ 2,254,555	\$ 117,561	\$ 364,727	\$ 482,288	\$ 2,736,843
Payroll taxes and employee benefits	423,171	22,535	66,497	89,032	512,203
	<u>2,677,726</u>	<u>140,096</u>	<u>431,224</u>	<u>571,320</u>	<u>3,249,046</u>
Communications and subscriptions	5,495	265	859	1,124	6,619
Consultants and subcontractors	1,224,576	4,911	38,487	43,398	1,267,974
Depreciation and amortization	60,312	2,907	9,449	12,356	72,668
Equipment costs	16,401	790	2,569	3,359	19,760
Events and meetings	16,710	164	13,225	13,389	30,099
In-kind	211,938	575	1,869	2,444	214,382
Miscellaneous	43,874	2,114	6,874	8,988	52,862
Office	29,350	1,414	4,597	6,011	35,361
Office insurance	20,767	1,001	3,257	4,258	25,025
Other direct project	18,746	3,610	5,007	8,617	27,363
Printing and publications	71,796	51	7,477	7,528	79,324
Professional development	9,555	461	1,497	1,958	11,513
Research assistants	37,661	1,815	5,897	7,712	45,373
Rent and utilities	317,784	15,315	49,773	65,088	382,872
Telephone and internet	14,430	695	2,259	2,954	17,384
Travel and meals	17,173	82	276	358	17,531
	<u>\$ 4,794,294</u>	<u>\$ 176,266</u>	<u>\$ 584,596</u>	<u>\$ 760,862</u>	<u>\$ 5,555,156</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN PLANNING COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Support Services			Total Support Services	Total Expenses
	Program Services	Management and General	Fundraising		
Compensation and related expenses					
Salaries	\$ 2,043,106	\$ 85,609	\$ 286,824	\$ 372,433	\$ 2,415,539
Payroll taxes and employee benefits	410,197	16,415	57,071	73,486	483,683
	<u>2,453,303</u>	<u>102,024</u>	<u>343,895</u>	<u>445,919</u>	<u>2,899,222</u>
Bad debt	7,500	-	1,000	1,000	8,500
Communications and subscriptions	5,718	269	740	1,009	6,727
Consultants and subcontractors	473,451	3,200	83,334	86,534	559,985
Depreciation and amortization	61,159	2,878	7,915	10,793	71,952
Equipment costs	17,723	834	2,294	3,128	20,851
Events and meetings	111,606	586	45,054	45,640	157,246
In-kind	445,763	513	1,842	2,355	448,118
Miscellaneous	33,682	1,585	4,359	5,944	39,626
Office	36,633	1,724	4,742	6,466	43,099
Office Insurance	20,523	966	2,657	3,623	24,146
Other direct project	8,667	3,929	2,457	6,386	15,053
Printing and publications	122,161	146	9,213	9,359	131,520
Professional Development	40,471	1,905	5,238	7,143	47,614
Research assistants	30,557	1,438	3,955	5,393	35,950
Rent and utilities	350,586	16,499	45,370	61,869	412,455
Telephone and internet	17,440	821	2,257	3,078	20,518
Travel and business meals	32,305	11	1,392	1,403	33,708
Loss on disposal of assets	-	8,619	-	8,619	8,619
	<u>\$ 4,269,248</u>	<u>\$ 147,947</u>	<u>\$ 567,714</u>	<u>\$ 715,661</u>	<u>\$ 4,984,909</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN PLANNING COUNCIL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 599,896	\$ 2,768,529
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities -		
Depreciation and amortization	72,668	71,952
Deferred rent	187,099	-
Realized gain on investments, net	(508,583)	(473,754)
Unrealized gain on investments	(919,821)	(1,663,152)
Bad debt expense	-	8,500
Loss on disposal of property and equipment	-	8,619
(Increase) decrease in operating assets -		
Grants receivable	(212,272)	65,737
Unconditional promises to give	640,330	504,453
Prepaid expenses	(7,407)	(1,257)
Increase (decrease) in operating liabilities -		
Accounts payable	(125,128)	101,638
Accrued expenses	68,576	(21,394)
Net Cash (Used in) Provided by Operating Activities	(204,642)	1,369,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(90,841)	(432,154)
Proceeds from sale of securities	3,914,141	4,251,228
Purchases of securities	(4,313,961)	(3,904,877)
Net Cash Used in Investing Activities	(490,661)	(85,803)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(695,303)	1,284,068
CASH AND CASH EQUIVALENTS -		
Beginning of year	3,766,598	2,482,530
End of year	\$ 3,071,295	\$ 3,766,598

The accompanying notes are an integral part
of the financial statements.

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Metropolitan Planning Council (the "Council") is an Illinois not-for-profit group of business and civic leaders committed to serving the public interest through the promotion and implementation of sensible planning and development policies necessary for a world-class Chicago region. The Council conducts policy analysis, outreach and advocacy in partnership with public officials and community leaders to improve equity of opportunity and quality of life throughout metropolitan Chicago. The Council receives funds from major foundations, individuals, and corporations around the Chicago metropolitan region and beyond.

Basis of Accounting - Under generally accepted accounting principles, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The net assets of the Council are reported in the two self-balancing groups as follows:

- Net Assets without Donor Restrictions: Net assets without donor restrictions are for use at the discretion of the Board of Governors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.
- Net Assets with Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Council to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Notes 9 and 10 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Cash and Cash Equivalents - The Council considers all liquid investments purchased with a maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Cash Concentrations - The Council maintains its cash in bank deposit accounts which, at times, may exceed federal insured limits. The Council has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Investments - Under generally accepted accounting principles in the United States of America (U.S. GAAP), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized gains and losses are included in the change in net assets.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives generally between 5 to 10 years. Amortization of the cost of leasehold improvements is computed on a straight-line basis over the term of the lease or the estimated service life, depending on circumstances.

Property and equipment purchases and leasehold improvements in excess of \$1,000 per item are capitalized. Purchases below \$1,000 are expensed. Additions to the reference library are expensed as incurred. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Revenue - Program income and interest earned on certain grant funds awarded to the Council must be expended within the respective program and are recognized as deferred revenue when received and recognized as revenue when earned.

Unconditional Promises to Give - Unconditional promises to give (pledges) are recognized as revenue in the period the pledge is received. Pledges are recorded at net realizable value if they are expected to be collected within one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized and recorded as a receivable only when the donor-imposed conditions are substantially met or explicitly waived, at which time the conditional promise to give becomes unconditional. The Council reviews receivables periodically for collectability and an estimated allowance for doubtful accounts is recorded, if necessary. An allowance for uncollectible promises has not been recorded as management is of the opinion that all promises will be collected.

Donor-Restricted Gifts - Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as without donor restriction and reported as net assets released from restrictions in the statement of activities.

Contributed Goods and Services - Volunteers, business firms, government organizations, and others contribute substantial amounts of materials and services toward the fulfillment of the goals of the Council. When appropriate under accounting guidance, the Council recognizes contribution revenue and related assets or expenses for the estimated fair value of such

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

contributed goods and services. In-kind contributions in the amounts of \$214,382 and \$448,118 were recognized for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses - The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Council are reported as expenses of that functional area. Costs that benefit multiple functional areas are allocated across program, management and general, and fundraising expenses based on functional salary expenses. Salary expenses are attributed to a functional area based on actual time and effort reported by personnel each pay period.

Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status - The Council is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). U.S. GAAP requires management to evaluate tax positions taken by the Council and recognize a tax liability if the Council has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by the Council and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Council is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Council is no longer subject to income tax examinations for years prior to 2017.

Subsequent Events - The Council has evaluated subsequent events through April 6, 2021, the date the financial statements were available to be issued.

Revenue Recognition and Change in Accounting Principle - In 2020, the Council adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP. The adoption of the standard did not have a material impact on the consolidated financial statements.

The following discloses the recognition for the Council's most significant revenue streams:

- Contributions and grants: Contributions and grants are recognized when an unconditional promise to give is made (unconditional promises to give) or when conditions to recognize are met (conditional promises to give).

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

- Annual Meeting: Annual meeting registrations and sponsorships are recognized when the event takes place. Registrations and sponsorships for the annual meeting are reflected in special events revenue in the statements of activities.

2. GRANTS AND CONTRACTS RECEIVABLE

At December 31, 2020 and 2019, grants and contracts receivable represent amounts due under grant agreements for services provided primarily due within one year from various contracting parties/government organizations, corporations and various other donors. All amounts are deemed to be collectible by management and no reserves have been recorded.

3. CONDITIONAL GRANTS FROM GOVERNMENTAL AGENCIES

For the year ended December 31, 2020 and 2019, the Council received conditional grants from the various government sources. The grants provide for reimbursement of subsidized projects based on costs approved by the government entity and accrued by the Council.

On June 16, 2020, the Council was awarded a grant from the State of Illinois Department of Natural Resources totaling \$35,733. During the year ending December 31, 2020, the Council has expended and recognized \$15,573 of the total grant amount. The remaining funds are to be recognized during the year ending December 31, 2021 once the conditions of the grant are met.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2020	2019
Furniture, fixtures, and equipment	\$ 342,862	\$ 575,676
Leasehold improvements	397,151	419,378
Construction in progress	-	414,538
	<u>740,013</u>	<u>1,409,592</u>
Accumulated depreciation	<u>(251,903)</u>	<u>(939,655)</u>
	<u>\$ 488,110</u>	<u>\$ 469,937</u>

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

5. INVESTMENTS

Investment income consists of the following during the years ended December 31:

	2020	2019
Interest and dividend income	\$ 366,766	\$ 314,111
Realized and unrealized gains	1,517,733	2,225,883
Less: investment fees	(89,329)	(88,977)
	<u>\$ 1,795,170</u>	<u>\$ 2,451,017</u>

The historical cost and market value of investments at December 31, 2020 and 2019 were as follows:

	2020			2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Investments:						
Unrestricted						
Common stocks	\$ 2,360,005	\$ 3,668,178	\$ 1,308,173	\$ 3,289,835	\$ 4,278,947	\$ 989,112
Bond mutual funds	3,977,009	4,182,178	205,169	3,151,614	3,254,842	103,228
Stock mutual funds	357,089	245,637	(111,452)	380,804	258,402	(122,402)
Stock and bond mutual funds	1,443,377	1,696,433	253,056	698,244	731,353	33,109
Investments:						
Restricted for Endowment						
Common stocks	1,032,888	1,597,112	564,224	1,470,336	1,912,972	442,636
Bond mutual funds	1,688,117	1,796,446	108,329	1,274,011	1,335,503	61,492
Stock mutual funds	128,911	85,856	(43,055)	139,760	93,679	(46,081)
Stock and bond mutual funds	637,533	750,661	113,128	313,706	328,579	14,873
	<u>\$ 11,624,929</u>	<u>\$ 14,022,501</u>	<u>\$ 2,397,572</u>	<u>\$ 10,718,310</u>	<u>\$ 12,194,277</u>	<u>\$ 1,475,967</u>

Investment securities are exposed to various risks including interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Statements of Financial Position.

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6. FAIR VALUE MEASUREMENT

U.S. GAAP defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Council considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles also establish a fair value hierarchy that requires the Council to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities;

- Level 2 inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

- Level 3 unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following summarizes the classification of investments by classification and method of valuation in accordance with generally accepted accounting principles as of December 31, 2020 and 2019:

December 31, 2020	Fair Value Measurements Using Input Type		
	Level 1	Level 2	Level 3
Common stocks	\$ 5,265,290	\$ -	\$ -
Bond mutual funds	5,978,624	-	-
Stock mutual funds	331,493	-	-
Stock and bond mutual funds	2,447,094	-	-
	<u>\$ 14,022,501</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN PLANNING COUNCIL

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December 31, 2019	Fair Value Measurements Using Input Type		
	Level 1	Level 2	Level 3
Common stocks	\$ 6,191,919	\$ -	\$ -
Bond mutual funds	4,590,345	-	-
Stock mutual funds	352,081	-	-
Stock and bond mutual funds	1,059,932	-	-
	<u>\$ 12,194,277</u>	<u>\$ -</u>	<u>\$ -</u>

The Council's valuation methodology used to measure the fair values of equity, bond, real estate mutual funds, and index funds was derived from quoted market prices as all of these instruments have active markets.

7. EMPLOYEE BENEFITS

The Council participates in a defined contribution 401(k) plan under which employees may defer a portion of their annual compensation. Employees who have reached the age of 21 and have completed at least three months of service are eligible to participate in the plan. The Council provides matching contributions on behalf of employees. Employer contributions (net of forfeitures) totaled \$52,610 and \$47,406 for the years ended December 31, 2020 and 2019, respectively. The Council does not participate in a pension plan or any other plan.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for use at the discretion of the Board of Governors (the Board) and/or management for general operating purposes. Board Designated Reserve Fund net assets represent amounts identified by the Board which have been invested for use at management's discretion. Income earned on such balances accrues and, with approval of the Board, may be used to support the Council's activities. Designated funds may also be used for unanticipated future program expenses. During 2019, the Board approved \$245,000 for use from accumulated earnings of the Board Designated Reserve Fund. No amounts were approved for expenditures during 2020.

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

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At December 31, 2020 and 2019, the Board Designated Reserve Fund was comprised of the following:

	<u>2020</u>	<u>2019</u>
General	\$ 5,369,378	\$ 5,369,378
Transportation Fund	53,050	53,050
King W. Harris Housing Fund	111,050	111,050
Jean Allard Fund	111,050	111,050
Fred Kramer and Laura Pollak Fisher Housing Fund	200,145	200,145
Wayfinding Fund	110,298	110,298
	<u>\$ 5,954,971</u>	<u>\$ 5,954,971</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets classified as Research, Policy, and Community Development programs are subject to expenditure for a specific purpose or period, as specified by the donors.

Net assets classified as unappropriated endowment earnings are subject to the Council's spending policy and appropriation. The principal portion of the endowment cannot be expended, and investment income earned on these net assets can be used once the assets are appropriated for expenditure.

At December 31, 2020 and 2019, total net assets with donor restrictions were comprised of the following:

	<u>2020</u>	<u>2019</u>
General operating:		
Unappropriated endowment earnings	\$ 2,499,728	\$ 1,817,298
Research, Policy, and Community		
Development programs	1,419,414	2,243,367
Endowment	2,022,754	2,022,754
	<u>\$ 5,941,896</u>	<u>\$ 6,083,419</u>

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10. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors. As of December 31, 2020 and 2019, net assets released from restrictions were as follows:

	<u>2020</u>	<u>2019</u>
Research, Policy, and Community:		
Development programs	\$ 2,826,905	\$ 2,424,706
Appropriated endowment expenditures	-	105,000
	<u>\$ 2,826,905</u>	<u>\$ 2,529,706</u>

11. ENDOWMENT

The Council's endowment consists of a single fund established to provide income for general operating purposes. As required by U.S. GAAP, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Council follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of June 2009 and its own governing documents. UPMIFA, which replaces the Uniform Management of Institutional Funds Act ("UMIFA") of 1972, eliminates the requirement of preservation of the historical dollar amount of a donor restricted endowment fund, in favor of considering the factors for prudent appropriation of spending of the endowment and would apply in the absence of donor restrictions on the donor endowment (not board designated endowments). The Council's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor restricted endowment funds and, accordingly, investment income and net appreciation is classified as temporarily restricted until the assets are appropriated for expenditure.

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Investment Return Objectives, Risk Parameters and Strategies - The Council has adopted investment policies, approved by the Investment Committee of the Board, for restricted endowment assets:

1. To provide a predictable and steady cash flow to support the Council's general operations from interest and dividends without sacrificing principal.
2. To maintain the purchasing power of the current assets and all future contributions.
3. To expand the fund via investment returns and new contributions.
4. To maximize returns within reasonable and prudent levels of risk.
5. To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.

Spending Policy - The Council has adopted a "Flexible Spending Policy" with regard to its endowment fund earnings. The Board will consider appropriating endowment fund earnings each year as part of the budgeting process and during the year should the need arise for these earnings to be utilized by the Council. During 2019, \$105,000 was appropriated from restricted endowment funds. No amounts were appropriated during 2020.

Endowment net asset composition consists of the following as of December 31, 2020 and 2019:

	2020		
	Unappropriated Endowment Earnings	Donor Restricted: Endowment	Total Endowment Assets
Donor restricted endowment funds, beginning of year	\$ 1,817,298	\$ 2,022,754	\$ 3,840,052
Realized gain, net of fees of \$21,505	175,141	-	175,141
Unrealized gain (change in market value)	397,095	-	397,095
Investment income	110,194	-	110,194
	<u>\$ 2,499,728</u>	<u>\$ 2,022,754</u>	<u>\$ 4,522,482</u>

	2019		
	Unappropriated Endowment Earnings	Donor Restricted: Endowment	Total Endowment Assets
Donor restricted endowment funds, beginning of year	\$ 1,161,397	\$ 2,022,754	\$ 3,184,151
Realized gain, net of fees of \$22,974	145,284	-	145,284
Unrealized gain (change in market value)	521,044	-	521,044
Investment income	94,573	-	94,573
Appropriated for expenditure	(105,000)	-	(105,000)
	<u>\$ 1,817,298</u>	<u>\$ 2,022,754</u>	<u>\$ 3,840,052</u>

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12. LEASE COMMITMENTS

The Council's office space in Chicago is rented pursuant to a lease that expired on January 31, 2020, and was extended through January 31, 2030. Monthly payments on the lease range from \$27,621 to \$34,495 over the term of the lease and are recognized on a straight-line basis. In addition, the Council is liable for its proportionate share of operating expenses as defined in the lease agreement. Rent and operating expenses for the years ended December 31, 2020 and 2019 was \$382,872 and \$412,455, respectively.

The following is a schedule by year of future minimum rent payments required under the operating leases as of December 31, 2020:

2021	\$	339,051
2022		347,527
2023		356,215
2024		365,121
2025		374,249
Thereafter		<u>1,627,421</u>
	\$	<u><u>3,409,584</u></u>

13. NEW ACCOUNTING STANDARD UPDATE

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Council's year ending December 31, 2022, with early application permitted.

Management is evaluating the effects of this pronouncement on its financial statements.

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14. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,071,295	\$ 3,766,598
Grants and promises receivable within one year	773,300	1,201,358
Investments	<u>14,022,501</u>	<u>12,194,277</u>
Total financial assets available within one year	<u>17,867,096</u>	<u>17,162,233</u>
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(1,419,414)	(2,243,367)
Restricted by donors in perpetuity	<u>(2,022,754)</u>	<u>(2,022,754)</u>
Total financial assets unavailable for general expenditures within one year	<u>(3,442,168)</u>	<u>(4,266,121)</u>
Less: amounts unavailable to management without Board approval:		
Unappropriated endowment earnings	(2,499,728)	(1,817,298)
Board Designated Reserve Fund	<u>(5,954,971)</u>	<u>(5,954,971)</u>
Total amounts unavailable to management without Board approval	<u>(8,454,699)</u>	<u>(7,772,269)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 5,970,229</u>	<u>\$ 5,123,843</u>

The Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and obligations become due. The Council also has a Board Designated Reserve Fund that does not have donor restrictions. This fund, with board approval, could be made available for current operations, if necessary.

15. COVID-19 PANDEMIC UNCERTAINTIES

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The Council cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will impact the Council. The magnitude, timing, and duration of any such potential financial impacts cannot be reasonably estimated at this time. The effects of the pandemic are expected to continue into fiscal 2021.