Consolidated Financial Statements (and Supplementary Information) and Report of Independent Certified Public Accountants

Robert R. McCormick Foundations

December 31, 2019 and 2018

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Robert R. McCormick Foundation
Cantigny Foundation

We have audited the accompanying consolidated financial statements of the Robert R. McCormick Foundation and Cantigny Foundation (collectively, the Robert R. McCormick Foundations), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Grant Thornton

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Robert R. McCormick Foundations as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of grant approvals for the year ended December 31, 2019 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying consolidating statements of financial position and activities as of and for the years ended December 31, 2019 and 2018 are presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual entities, and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
July 30, 2020

Robert R. McCormick Foundations
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS	2019	2018
Cash and cash equivalents	$ 137,774,283	$ 101,517,680
Receivable for investments sold	52,691,020	-
Accounts receivable	1,120,177	1,791,206
Other assets	2,129,120	1,208,009
Investment securities (notes C and D)	1,587,177,870	1,458,200,716
Land, buildings, equipment and improvements		
Land	1,323,205	1,323,205
Buildings and improvements	49,955,425	49,721,220
Machinery, equipment, furniture and fixtures	19,320,291	18,583,617
Land improvements	38,736,286	38,568,335
Other infrastructure	3,478,551	3,478,551
Construction in process	10,582,594	2,500,439
Total land, buildings, equipment and improvements	123,396,352	114,175,367
Less accumulated depreciation	(65,384,831)	(60,359,973)
Land, buildings, equipment and improvements, net	58,011,521	53,815,394
TOTAL ASSETS	$ 1,838,903,991	$ 1,616,533,005

LIABILITIES AND NET ASSETS	2019	2018
Liabilities		
Accounts payable and accrued expenses	$ 8,656,029	$ 9,716,735
Grants payable (note E)	20,920,445	26,312,189
Bond debt payable, net (note G)	37,352,482	30,815,653
Capital lease obligations (note F)	446,961	517,453
Total liabilities	67,375,917	67,362,030
Net assets		
Without donor restrictions	1,765,243,044	1,543,401,855
With donor restrictions (note H)	6,285,030	5,769,120
Total net assets	1,771,528,074	1,549,170,975
TOTAL LIABILITIES AND NET ASSETS	$ 1,838,903,991	$ 1,616,533,005

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

Robert R. McCormick Foundations
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31,

	2019	2018
Change in net assets without donor restrictions		
Revenue		
Investment return, net	$ 286,822,487	$ (105,863,109)
Contributions (note I)	7,854,988	6,935,571
Golf and restaurant operations	7,938,395	7,394,382
Museum and park operations	1,053,728	1,110,388
Other income	54,951	45,058
Net assets released from restrictions	709,499	1,151,766
Total revenue	304,434,048	(89,225,944)
Expenses		
Employees' salaries and benefits (note J)	16,183,194	16,148,724
Depreciation	5,044,326	5,137,623
Outside services - golf and food & beverage operations (note K)	4,745,508	4,722,918
Professional fees	2,575,419	3,405,503
Programs and exhibits	1,657,255	2,203,137
Food and retail merchandise	1,542,959	1,442,015
Rent and utilities	1,315,172	1,328,517
Bond interest expense	1,153,438	453,454
Supplies	1,139,650	1,182,914
Real estate taxes and insurance	935,065	1,097,678
Maintenance and repairs	886,188	829,458
Other expenses	633,874	583,622
Business meetings and travel	569,282	663,319
Outside services - other	501,418	511,907
Directors' fees	275,000	275,000
Fundraising and program expenses	212,333	530,190
Unrelated business income (benefit) tax	(1,099,990)	45,913
Total expenses	38,270,091	40,561,892
Excess (deficit) of revenue over expenses	266,163,957	(129,787,836)
Grants approved	(44,322,768)	(46,556,546)
Change in net assets without donor restrictions	221,841,189	(176,344,382)
Change in net assets with donor restrictions		
Contributions	520,902	825,652
Net assets released from restrictions	(709,499)	(1,151,766)
Unrealized gain (loss) on endowment	704,507	(195,102)
Change in net assets with donor restrictions	515,910	(521,216)
CHANGE IN NET ASSETS	222,357,099	(176,865,598)
Net assets, beginning of year	1,549,170,975	1,726,036,573
Net assets, end of year	$ 1,771,528,074	$ 1,549,170,975

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

Robert R. McCormick Foundations
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 222,357,099	$ (176,865,598)
Adjustments to reconcile change in net assets to net cash used in operating activities		
(Gains) losses on investments, net	(259,620,979)	129,775,767
Depreciation and amortization	5,079,997	5,172,942
Changes in assets and liabilities		
(Increase) decrease in receivables and other assets	(52,941,102)	469,999
(Decrease) increase in grants payable	(5,391,744)	1,808,339
(Decrease) increase in accounts payable and accrued expenses and capital lease obligation	(1,131,198)	114,874
Net cash used in operating activities	(91,647,927)	(39,523,677)
Cash flows from investing activities		
Proceeds from sale of investment securities	234,412,243	156,662,866
Purchases of investment securities	(103,768,418)	(120,428,719)
Purchases of equipment and improvements	(9,240,453)	(13,089,033)
Net cash provided by investing activities	121,403,372	23,145,114
Cash flows from financing activities		
Proceeds received from bond financing	6,506,439	31,202,276
Bond issuance costs	(5,281)	(10,560)
Net cash provided by financing activities	6,501,158	31,191,716
Net change in cash and cash equivalents	36,256,603	14,813,153
Cash and cash equivalents, beginning of year	101,517,680	86,704,527
Cash and cash equivalents, end of year	$ 137,774,283	$ 101,517,680
Supplemental disclosure of cash flow information		
Cash paid for income taxes, net	$ (249,349)	$ 715,273
Cash paid for interest expense	$ 1,117,768	$ 418,135

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

NOTE A - ORGANIZATION

The Robert R. McCormick Foundations (the Foundations) include the following foundations:

- Robert R. McCormick Foundation (McCormick) was established under provisions in the last will and testament of Colonel Robert R. McCormick and is currently organized under the General Not for Profit Corporation Act of Illinois. McCormick's primary mission is to develop communities of educated, informed and engaged citizens. McCormick's operations are supported primarily by investment income and contributions from the general public in support of its fundraising programs (see Note I).

- Cantigny Foundation (Cantigny) was established under provisions in the last will and testament of Colonel Robert R. McCormick and is currently organized under the General Not for Profit Corporation Act of Illinois. The last will and testament provided that Colonel McCormick's former residence and 500 acres of land (see Note H) in Wheaton, Illinois, be held in trust in perpetuity as a museum and public park. Cantigny's operations are supported primarily by fees from the general public for use of its park and golf facilities, investment income and grants from McCormick.

All members of the board of directors serve on the boards of both foundations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Foundations have been prepared on the accrual basis of accounting. The more significant accounting policies used by the Foundations are as follows:

Basis of Presentation

The consolidated financial statements of the Foundations include McCormick and Cantigny. Significant intercompany balances and transactions between these foundations were eliminated upon consolidation.

The Foundations' consolidated financial statements have been prepared to focus on the organizations as a whole and to present balances and transactions in accordance with the existence or absence of donor-imposed restrictions. The net assets and related activity of the Foundations are classified as without donor restrictions if they are not subject to donor-imposed restrictions. Net assets and related activity subject to donor-imposed restrictions are classified as with donor restrictions, based on the donors' stipulations. Contributions and investment returns expended in the year they are received are presented as revenue without donor restrictions in the financial statements.

Cash and Cash Equivalents

The Foundations consider all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable consist of earned interest and dividend income on investments and amounts owed to the Foundations for services rendered. The allowance for uncollectible accounts is determined based on past collection experience and an analysis of outstanding balances. There was no allowance for uncollectible accounts at December 31, 2019 and 2018, as the amounts are considered fully collectible.

Land, Buildings, Equipment and Improvements

Expenditures for additions to land, buildings, equipment and improvements equal to or greater than $5,000 with an estimated useful life of three years or more are capitalized. Such assets are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 40 years.

Long-lived assets, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments to land, buildings and equipment for fiscal years 2019 or 2018.

Revenue

Revenue without donor restrictions is reported as an increase in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Interest, dividend income, realized gains and losses, and unrealized gains and losses on sales of investments without donor restrictions are reported as investment return. Investment-related expenses are netted against the investment return. Investment return on donor-restricted endowment funds is reported as changes in net assets with donor restrictions.

Contributions, including unconditional promises to give, are recognized in the period in which they are received.

Payments for park and golf operations is received in advance and revenue is recognized as earned when the goods and services are provided to customers.

Collections

The Foundations' permanent collections, which were acquired through purchases and contributions from benefactors since the Foundations' inception, are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired.

The Foundations' collections are made up of artifacts of historical significance and art objects that are held for educational, research and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to the Foundations' policy that allows proceeds from their sales or insurance recoveries to be used to acquire other items for collections or to be recorded as increases in net assets without donor restrictions.

Grants

Unconditional grants are expensed when approved by the board of directors and designated for specific grantees.

Concentration of Credit Risk

The Foundations maintain certain cash accounts, the balances of which, at times, may exceed federally insured limits. The Foundations have not experienced any losses in such accounts. Management believes that the Foundations are not exposed to any significant credit risk on cash.

Tax Positions

The Foundations have received favorable determination letters from the Internal Revenue Service stating that they are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, except for income taxes pertaining to unrelated business income. The Financial Accounting Standards Board (FASB) has issued guidance that requires the tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements. A provision for unrelated business income taxes is included in the consolidated financial statements.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU No. 2014-09 supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, approving a one-year deferral of the effective date for its new revenue standard for public and nonpublic entities reporting under generally accepted accounting principles (GAAP). The Foundations adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method. The impact of adopting ASU 2014-09 did not have a material impact on the financial position, change in net assets, cash flows, business processes or systems of the Foundations.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* The underlying principle of ASU No. 2016-02 is that lessees should be required to recognize the assets and liabilities arising from leases on the balance sheet. The accounting applied by a lessor is largely unchanged from that applied under previous guidelines. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The guidance is currently effective for the Foundations for 2021, and early adoption is permitted for all entities. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Foundations are currently evaluating the impact that the adoption of ASU No. 2016-02 will have on their financial position, results of operations and disclosures.

Reclassification

Certain reclassifications were made to amounts in the 2018 consolidated financial statements to conform to the classifications used in 2019.

NOTE C - INVESTMENT SECURITIES

The following is a summary of fair values of the investment securities as of December 31:

	2019	2018
Investment securities		
Marketable securities		
Fixed income mutual funds	$ 76,253,109	$ 44,008,617
Equity mutual funds	181,179,158	160,009,267
Domestic equity funds	245,209,782	230,334,016
International equity index fund	215,696,708	177,487,810
Alternative investments		
International equity funds	205,675,080	173,548,826
High-yield credit	96,036,952	109,008,308
Hedge funds	366,523,075	386,751,010
Private equity	200,604,006	177,052,862
Total investment securities	$ 1,587,177,870	$ 1,458,200,716

Alternative investments include limited partnerships and hedge funds for which the underlying values cannot be readily determined based on published market prices of the funds or the underlying securities.

Investments valued at net asset value (NAV) or its equivalent as of December 31, 2019, consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Domestic equity funds (a)	$ 245,209,782	$ -	Semi-monthly	7 - 10 days
International equity index fund (b)	215,696,708	-	Semi-monthly	7 days
International equity funds (b)	205,675,080	-	Monthly	30 days
High-yield credit (c)	96,036,952	-	Monthly - partnership termination	60 days
Hedge funds (d)	366,523,075	-	Monthly - annual	10 - 90 days
Private equity (e)	200,604,006	222,883,335	Upon partnership's termination (3 to 15 years)	
Total investments recorded at NAV	$ 1,329,745,603			

Investments valued at net asset value (NAV) or its equivalent as of December 31, 2018, consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Domestic equity funds (a)	$ 230,334,016	$ -	Semi-monthly	7 - 10 days
International equity index fund (b)	177,487,810	-	Semi-monthly	7 days
International equity funds (b)	173,548,826	-	Monthly	30 days
High-yield credit (c)	109,008,308	-	Monthly - partnership termination	60 days
Hedge funds (d)	386,751,010	-	Monthly - annual	10 - 90 days
Private equity (e)	177,052,862	219,173,519	Upon partnership's termination (3 to 15 years)	
Total investments recorded at NAV	$ 1,254,182,832			

(a) This category includes investments in equity security funds primarily consisting of domestic common stocks.

(b) This category includes investments in equity security funds primarily consisting of non-U.S. common stocks.

(c) This category includes investments in limited partnerships with assets consisting of leveraged and unleveraged bank loans, senior debt obligations, and high-yield debt.

(d) This category includes investments in hedge funds that invest both long and short in U.S., European, and emerging market equities, global commodities, global fixed income and multi-strategy funds, distressed corporate credit, and limited partnerships with assets consisting of U.S. equities and global multi-strategy investments.

(e) This category includes investments in limited partnerships with assets consisting of both domestic- and international-based investments in private companies, debt securities, real estate, distressed credit securities, leveraged bank loans and mortgage-backed securities.

The Foundations invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. 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 that such changes could materially affect the amounts reported in the consolidated statements of financial position.

NOTE D - FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundations use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These levels are evaluated on an annual basis and transfers between levels are recognized as of the end of each year. The three levels of the fair value hierarchy are described below:

<u>Level 1</u> - Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

<u>Level 2</u> - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices 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. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments.

<u>Level 3</u> - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments for which fair value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about the Foundations' business, its value or financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed. The carrying value of grants payable and the capital lease obligation have been adjusted to present value, which approximates the fair value of these financial instruments.

Fair values of the money market funds, recorded within cash and cash equivalents on the consolidated statements of financial position, are valued at the closing price of the fund at year-end, which approximates cost.

Fair values for the Foundations' fixed income and equity mutual funds are based on prices provided by their investment managers and their custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market based on the provider's expertise.

Fair value of domestic equity funds, international equity index funds and alternative investments is based on valuations provided by external investment managers; these investments are carried at NAV or its equivalent. Valuations provided by external investment managers include estimates, appraisals, assumptions and methods that are reviewed by the Foundations' independent investment advisor and management.

The following table presents the Foundations' fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 133,803,881	$ -	$ -	$ 133,803,881
Investments				
Marketable securities				
Fixed income mutual funds	76,253,109	-	-	76,253,109
Equity mutual funds	181,179,158	-	-	181,179,158
	$ 391,236,148	$ -	$ -	391,236,148
Investments, measured at NAV				
Domestic equity funds				245,209,782
International equity index fund				215,696,708
Alternative investments, measured at NAV				
International equity funds				205,675,080
High-yield credit				96,036,952
Hedge funds				366,523,075
Private equity				200,604,006
Total assets at fair value				$ 1,720,981,751

The following table presents the Foundations' fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 95,493,300	$ -	$ -	$ 95,493,300
Investments				
Marketable securities				
Fixed income mutual funds	44,008,617	-	-	44,008,617
Equity mutual funds	160,009,267	-	-	160,009,267
	$ 299,511,184	$ -	$ -	299,511,184
Investments, measured at NAV				
Domestic equity funds				230,334,016
International equity index fund				177,487,810
Alternative investments, measured at NAV				
International equity funds				173,548,826
High-yield credit				109,008,308
Hedge funds				386,751,010
Private equity				177,052,862
Total assets at fair value				$ 1,553,694,016

NOTE E - GRANTS PAYABLE

The board of directors of McCormick has approved various unconditional grants, which are payable in annual installments. The commitments outstanding at December 31, 2019, are scheduled for payment as follows:

Years ending December 31,	Gross amount	Discounted amount
2020	$ 11,367,596	$ 11,178,676
2021	6,338,349	6,129,424
2022	2,235,000	2,125,410
2023	1,000,000	935,162
2024	600,000	551,773
Total	$ 21,540,945	$ 20,920,445

NOTE F - LEASES

Operating Lease Commitments

In 2009, McCormick signed an 11-year operating lease with Michigan Plaza LLC for general office space at 205 North Michigan Avenue, Chicago, Illinois. In 2013, McCormick amended the lease to include additional office space. Rent expense pertaining to this lease was $598,590 in both 2019 and 2018. In December 2019, McCormick amended its lease with Michigan Plaza LLC extending the term of the lease to July 31, 2031. The amended lease provides for an additional 1,150 square feet of space to be built out at the discretion of McCormick.

In 2018, Cantigny entered into a 3-year operating lease with Blue Peak Tents, Inc. for a tent to host large banquets. In 2019, Cantigny signed a 3-year lease extension with Blue Peak Tents, Inc. The new lease supersedes the original 2018 lease. Rent expense pertaining to this lease was $150,232 and $148,532 in 2019 and 2018, respectively.

Combined annual lease commitments, including estimated amounts for operating expenses and taxes, are as follows:

Years ending December 31,	
2020	$ 723,818
2021	723,290
2022	919,280
2023	860,572
2024	877,987
Thereafter	6,224,297
Total	$ 10,329,244

Capital Lease Obligation

Cantigny entered into a new capital lease for golf carts on October 20, 2016, requiring annual payments of $93,975 beginning May 2017 through December 2024. The golf carts are included in Cantigny's equipment and vehicles with a capitalized cost of $690,494 at December 31, 2019 and 2018. Accumulated depreciation was $258,935 and $172,623 at December 31, 2019 and 2018, respectively. Amortization is included in depreciation expense in the accompanying consolidated statements of activities. Future minimum lease payments required under the capital lease are as follows.

Years ending December 31,		
2020	$	93,975
2021		93,975
2022		93,975
2023		93,975
2024		93,975
Total		469,875
Amount representing interest at 1.7%		(22,914)
Present value of net minimum lease payments	$	446,961

NOTE G - BOND DEBT PAYABLE

Bond debt payable at December 31, 2019 and 2018, respectively, consists of the following amounts due to MB Financial Bank, N.A. (n/k/a Fifth Third Bank NA, successor by merger), which purchased bonds issued on behalf of Cantigny:

		2019		2018	Maturity date
Series 2017, principal outstanding	$	37,813,667	$	31,307,228	December 1, 2047
Bond issuance costs		(461,185)		(491,575)	
Bond debt payable, net	$	37,352,482	$	30,815,653	

On December 27, 2017, Cantigny entered into a 15-year tax-exempt loan with MB Financial Bank, N.A. As part of the financing structure, the Illinois Finance Authority (the IFA) served as the conduit issuer for the Series 2017 Bonds. IFA issued the Series 2017 Bonds which were purchased by MB Financial Bank, N.A. and the proceeds were then loaned by IFA to Cantigny. Cantigny was the borrower and McCormick provided a guaranty of the obligations of Cantigny to MB Financial Bank, N.A. The IFA has no obligation regarding the repayment of debt service under the 2017 financing. The Series 2017 Bonds mature on December 1, 2047; however, the Series 2017 Bonds are subject to mandatory tender in 2032 unless MB Financial Bank, N.A., at its sole discretion, exercises its right to continue to own the Series 2017 Bonds.

The Series 2017 Bonds, in the original aggregate par amount of $58,000,000, had an outstanding principal balance of $37,813,667 and $31,307,228 with an undrawn balance of $20,186,333 and $26,692,772 as of December 31, 2019 and 2018, respectively. The undrawn balance is accessible during a six-year draw-down period commencing December 2017. The total interest costs incurred on these bonds were $1,153,438 and $453,454 in 2019 and 2018, respectively, including amortization of bond issuance costs. The purpose of the financing was to fund the costs of land and building improvements at Cantigny Park.

Principal on the Series 2017 Bonds is due at maturity with no regularly required principal payments. The Series 2017 Bonds bear a variable interest rate which resets monthly. The Series 2017 Bonds bore interest at 2.82% and 3.43% as of December 31, 2019 and 2018, respectively. The Bond and Loan Agreement among MB Financial Bank, N.A., Cantigny, and IFA stipulates certain requirements regarding use of financed property and other matters regarding the tax status of the Series 2017 Bonds. The agreement between MB Financial Bank, N.A. and Cantigny stipulates financial and other covenants including a minimum level of eligible unrestricted cash and investments. As of December 31, 2019, Cantigny was in compliance with these financial covenants.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

The last will and testament of Colonel Robert R. McCormick provided that Colonel McCormick's former residence and 500 acres of land in Wheaton, Illinois, be held in trust in perpetuity as a museum and public park, thus establishing what is now the Cantigny Foundation. The original cost basis of $839,000 for the 500 acres of land has been recorded and is reflected in the consolidated financial statements in net assets with donor restrictions.

In 2006, McCormick received a perpetually restricted endowment from the Frances Bioff Trust (Bioff) in the amount of $1,963,961. This amount is maintained by the Foundations as a donor-restricted endowment fund, the principal of which may not be expended. Income from the endowment is to be used for the sole benefit of abandoned and impoverished children and is released from restriction and included in net assets without donor restrictions in the consolidated financial statements. McCormick meets the endowment's spending requirement annually through its Communities Program grant-making activity, which includes contributions to organizations serving abandoned and impoverished children. Unrealized gains and losses on the endowment are included in net assets with donor restrictions and is also to be used for the sole benefit of abandoned and impoverished children.

The table below presents a reconciliation of McCormick's Bioff endowment balances for the year ended December 31, 2019:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Beginning balance, January 1, 2019	$ -	$ 3,724,593	$ 3,724,593
Investment return, net	101,082	704,507	805,589
Amounts appropriated for expenditures	(101,082)	-	(101,082)
Ending balance, December 31, 2019	$ -	$ 4,429,100	$ 4,429,100

The table below presents a reconciliation of McCormick's Bioff endowment balances for the year ended December 31, 2018:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Beginning balance, January 1, 2018	$ -	$ 3,919,695	$ 3,919,695
Investment return, net	86,281	(195,102)	(108,821)
Amounts appropriated for expenditures	(86,281)	-	(86,281)
Ending balance, December 31, 2018	$ -	$ 3,724,593	$ 3,724,593

The following is a summary of net assets with donor restrictions at December 31:

	2019	2018
Net assets restricted by purpose:		
Bioff endowment earnings	$ 2,465,139	$ 1,760,632
One Summer Chicago	608,211	496,674
Chicago Tribune Charities - Holiday	295,677	239,299
Illinois Veterans Fund	67,554	67,554
Englewood Impact Fund	32,272	-
All Other Funds	13,216	89,240
MF Communities Matching Fund	-	312,759
Total net assets restricted by purpose	3,482,069	2,966,159
Net assets with perpetual restrictions:		
Colonel McCormick's estate held in trust	839,000	839,000
Bioff Trust endowment	1,963,961	1,963,961
Total net assets with perpetual restrictions	2,802,961	2,802,961
Total net assets with donor restrictions	$ 6,285,030	$ 5,769,120

NOTE I - FUNDRAISING PROGRAMS

During 2019 and 2018, various fundraising programs were conducted by McCormick. Current programs are designed to enhance the charitable efforts of McCormick by collaborating with various other charitable entities. The purpose of each program is to increase philanthropy and attract contributions from the general public. In 2019 and 2018, the programs primarily focused on charitable activities in local communities. As an incentive to maximize contributions to the programs, challenges are issued by McCormick to the general public. Matching amounts are transferred to the various programs from McCormick's general funds based on the attainment of predetermined goals within a specified period of time. Amounts raised by contributions for these programs are restricted for the specific community and charitable purposes identified for each fund.

McCormick retains complete discretion in determining specific third-party beneficiaries within the grant guidelines of each fund. Undistributed contributions received, including matching amounts transferred to the programs, totaled approximately $3,042,000 and $4,734,000, and are included as a component of net assets without donor restrictions in the accompanying consolidated statements of financial position at December 31, 2019 and 2018, respectively.

NOTE J - EMPLOYEE BENEFITS

All eligible employees and their dependents, as defined, of the Foundations are provided medical benefits under one plan. The plan is partially self-funded, and the administration is provided through a third-party claims administrator. Claims expenses on the self-funded portion for the Foundations' employees totaled approximately $153,000 and $138,000 for 2019 and 2018, respectively.

The Foundations have established a defined contribution pension plan. Annual employer contributions are equal to 8% of each participant's quarterly compensation plus an additional 4.3% of such compensation in excess of $93,030 and $89,880 for 2019 and 2018, respectively. Participants become vested in equal percentages over a three-year period. Permanent forfeitures, as defined, are used to reduce future employer contributions.

All eligible employees are also offered retirement benefits under a 403(b)(7) matching plan. Employer contributions calculated and funded quarterly are based on a specified percentage of amounts invested by employees. Employer contributions under the matching plan will not exceed 6% of any employee's annual salary in any plan year. Participants become vested in equal percentages over a three-year period. Permanent forfeitures, as defined, are used to reduce future employer contributions.

Beginning in 2003, eligible highly compensated employees were offered quarterly retirement benefits under a 457(b) deferred compensation plan. Quarterly employer contributions to the plan match, on a dollar-for-dollar basis, employee investments up to 35% of the applicable 403(b) limit ($6,650 and $6,500 for 2019 and 2018, respectively). Participants are fully vested in employer contributions that have been paid.

Employer contributions for employees of the Foundations under the defined contribution plan, the 403(b)(7) matching plan and the 457(b) deferred compensation plan were approximately $995,000, $567,000 and $86,000 respectively, in 2019 and $954,000, $555,000 and $86,000, respectively, in 2018.

NOTE K - GOLF AND FOOD & BEVERAGE OPERATIONS

In January 2014, Cantigny Foundation signed an agreement with Kemper Sports Management, Inc. (Kemper) to operate and manage the Cantigny golf and food & beverage operations under Cantigny's supervision. The agreement has a five-year initial term with an automatic five-year renewal term which Cantigny and Kemper agreed to exercise. The agreement may be terminated at any time if both parties mutually agree in writing. The golf course and restaurants remain the assets of Cantigny, and the revenues and expenses continue to be Cantigny's; however, the employees of the golf and food & beverage operations became Kemper employees. These Kemper expenses are reflected in the consolidated financial statements as outside services - golf and food & beverage operations.

NOTE L - SCHEDULE OF FUNCTIONAL EXPENSES

Functional expenses contain categories of expenses that are attributable to one or more program or supporting functions of the Foundations. The expense categories that are allocated include professional fees and outside services, office and occupancy, other expenses and depreciation. Each of those categories is allocated based upon time and effort.

Expenses by functional category were as follows for the year ended December 31, 2019:

	McCormick Foundation program services	Cantigny Foundation program services	Management and general	Fundraising	Total
Employee salaries and benefits	$ 4,120,058	$ 7,926,615	$ 3,451,061	$ 685,460	$ 16,183,194
Programming and merchandising	1,059,207	6,978,571	-	-	8,037,778
Depreciation	6,282	4,609,748	427,324	972	5,044,326
Professional fees and outside services	106,322	282,832	3,037,820	224,241	3,651,215
Office and occupancy	651,120	2,277,157	577,531	100,771	3,606,579
Other expenses	400,204	842,514	1,520,841	83,430	2,846,989
Unrelated business income tax benefit	-	-	(1,099,990)	-	(1,099,990)
Total expenses	6,343,193	22,917,437	7,914,587	1,094,874	38,270,091
Grants approved	44,322,768	-	-	-	44,322,768
	$ 50,665,961	$ 22,917,437	$ 7,914,587	$ 1,094,874	$ 82,592,859

Expenses by functional category were as follows for the year ended December 31, 2018:

	McCormick Foundation program services	Cantigny Foundation program services	Management and general	Fundraising	Total
Employee salaries and benefits	$ 4,307,088	$ 7,753,364	$ 3,263,708	$ 824,564	$ 16,148,724
Programming and merchandising	1,587,303	6,883,500	-	-	8,470,803
Depreciation	29,166	4,671,648	431,240	5,569	5,137,623
Professional fees and outside services	134,654	273,564	3,851,822	549,022	4,809,062
Office and occupancy	649,805	2,448,834	525,049	124,065	3,747,753
Other expenses	443,482	832,414	835,718	90,400	2,202,014
Unrelated business income tax	-	-	45,913	-	45,913
Total expenses	7,151,498	22,863,324	8,953,450	1,593,620	40,561,892
Grants approved	46,556,546	-	-	-	46,556,546
	$ 53,708,044	$ 22,863,324	$ 8,953,450	$ 1,593,620	$ 87,118,438

NOTE M - PENDING LITIGATION

McCormick and Cantigny were named as defendants in three lawsuits pending in federal court related to the 2007 leveraged buyout of Tribune Company. The plaintiffs in those lawsuits are Tribune Company noteholders, retired Tribune Company employees, and a Litigation Trustee appointed by the court overseeing the Tribune Bankruptcy. The district court dismissed the noteholder and retiree cases in September 2013. Although that judgment has been affirmed on appeal twice, once in 2016 and again in December 2019, the noteholders and retirees are seeking review by the U.S. Supreme Court. In two orders in the Trustee lawsuit, entered January 2017 and November 2018, the district court dismissed all claims against the Foundations. In 2019, the Trustee filed a motion to amend his dismissed complaint to add a federal constructive fraudulent transfer claim against the Foundations and other defendants, but the court denied that request in April 2019. The Trustee is now appealing the dismissals and the denial of the motion to amend.

The Foundations' management believes the claims asserted against the Foundations are meritless and will continue to oppose Plaintiffs' efforts to revive them. In the opinion of the Foundations' management, any potential loss exposure from this pending litigation is indeterminable at this time.

NOTE N - LIQUIDITY AND AVAILABILITY

The Foundations structure their financial assets to be available and liquid as their grants, general expenditures, and other obligations become due. As part of their investment policy, the Foundations' target allocation for their total cash and fixed income is 15% and equity investment securities is 55%, all of which can be liquidated within 90 days or less. Excess cash is invested in short-term money market funds. The Board approves the annual budget for general expenditures and reviews actual investment asset allocations versus target allocations and actual expenditures versus budget on a quarterly basis. Financial assets available to meet general expenditures within one year, as of December 31, are as follows:

	2019	2018
Total assets	$ 1,838,903,991	$ 1,616,533,005
Less amounts not available to be used within one year:		
Other assets	2,129,120	1,208,009
Private equity investment securities	200,604,006	177,052,862
Land, buildings, equipment and improvements, net	58,011,521	53,815,394
Financial assets available to meet general expenditures within one year	$ 1,578,159,344	$ 1,384,456,740

NOTE O - SUBSEQUENT EVENTS

The Foundations evaluated their December 31, 2019, consolidated financial statements for subsequent events through July 30, 2020, the date the consolidated financial statements were available to be issued. Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. While the disruption is currently expected to be temporary, there is uncertainty around the extent and duration. Therefore, while the Foundations expect this matter to negatively impact results, the related financial impact cannot be reasonably estimated at this time. Due to the current economic volatility, and the amount of time and judgment involved in the valuation processes, it is impractical to quantify the estimated impact on the fair value of the Foundations' investments. The Foundations are closely monitoring its investment portfolios and its liquidity and are actively working to minimize the impact of these declines. The Foundations' consolidated financial statements do not include adjustments to fair value that have resulted from these declines.

SUPPLEMENTARY INFORMATION

Robert R. McCormick Foundations
SCHEDULE OF GRANT APPROVALS
Year ended December 31, 2019

Program	Number of grants	Total amount of grants approved
Fundraising programs		
United Way Neighborhood Network Fund	1	$ 5,000,000
A Better Chicago	7	1,700,000
McCormick Communities Matching Fund	17	1,580,000
Chicago Sports Alliance	3	1,500,000
Cubs Charities	12	807,300
Chicago White Sox Community Fund	30	694,000
Chicago Blackhawks Charities	8	450,000
Chicago Bulls Community Assist Fund	11	405,000
Chicago Tribune Holiday Campaign	3	370,000
WGN Radio 720 Neediest Kids	2	70,000
All Other Funds	2	34,574
General Fund	235	29,365,967
Total program grants approved	331	41,976,841
Adjustment to present value		494,519
Program grants approved, adjusted to present value		42,471,360
Direct charitable giving		725,103
Matching gifts		1,126,305
Total grants approved		$ 44,322,768

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Cash and cash equivalents	$ 87,918,717	$ 49,855,566	$ -	$ 137,774,283
Receivable for investments sold	52,691,020	-	-	52,691,020
Accounts receivable	622,856	497,321	-	1,120,177
Other assets	1,414,761	714,359	-	2,129,120
Investment securities	1,275,855,684	311,322,186	-	1,587,177,870
Land, buildings, equipment and improvements				
Land	-	1,323,205	-	1,323,205
Buildings and improvements	484,848	49,470,577	-	49,955,425
Machinery, equipment, furniture and fixtures	394,674	18,925,617	-	19,320,291
Land improvements	-	38,736,286	-	38,736,286
Other infrastructure	-	3,478,551	-	3,478,551
Construction in process	-	10,582,594	-	10,582,594
Total land, buildings, equipment and improvements	879,522	122,516,830	-	123,396,352
Less accumulated depreciation	(822,335)	(64,562,496)	-	(65,384,831)
Land, buildings, equipment and improvements, net	57,187	57,954,334	-	58,011,521
Due from affiliated organization	-	6,324,938	(6,324,938)	-
Total assets	$ 1,418,560,225	$ 426,668,704	$ (6,324,938)	$ 1,838,903,991

LIABILITIES AND NET ASSETS

	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Liabilities				
Accounts payable and accrued expenses	$ 1,036,589	$ 7,619,440	$ -	$ 8,656,029
Grants payable	20,920,445	-	-	20,920,445
Bond debt payable, net	-	37,352,482	-	37,352,482
Capital lease obligations	-	446,961	-	446,961
Due to affiliated organization	6,324,938	-	(6,324,938)	-
Total liabilities	28,281,972	45,418,883	(6,324,938)	67,375,917
Net assets				
Without donor restrictions	1,384,832,223	380,410,821	-	1,765,243,044
With donor restrictions	5,446,030	839,000	-	6,285,030
Total net assets	1,390,278,253	381,249,821	-	1,771,528,074
Total liabilities and net assets	$ 1,418,560,225	$ 426,668,704	$ (6,324,938)	$ 1,838,903,991

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Cash and cash equivalents	$ 73,063,007	$ 28,454,673	$ -	$ 101,517,680
Accounts receivable	1,188,799	602,407	-	1,791,206
Other assets	564,110	643,899	-	1,208,009
Investment securities	1,179,818,444	278,382,272	-	1,458,200,716
Land, buildings, equipment and improvements				
Land	-	1,323,205	-	1,323,205
Buildings and improvements	455,343	49,265,877	-	49,721,220
Machinery, equipment, furniture and fixtures	394,674	18,188,943	-	18,583,617
Land improvements	-	38,568,335	-	38,568,335
Other infrastructure	-	3,478,551	-	3,478,551
Construction in process	-	2,500,439	-	2,500,439
Total land, buildings, equipment and improvements	850,017	113,325,350	-	114,175,367
Less accumulated depreciation	(811,500)	(59,548,473)	-	(60,359,973)
Land, buildings, equipment and improvements, net	38,517	53,776,877	-	53,815,394
Due from affiliated organization	-	6,808,898	(6,808,898)	-
Total assets	$ 1,254,672,877	$ 368,669,026	$ (6,808,898)	$ 1,616,533,005

LIABILITIES AND NET ASSETS	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Liabilities				
Accounts payable and accrued expenses	$ 1,336,977	$ 8,379,758	$ -	$ 9,716,735
Grants payable	26,312,189	-	-	26,312,189
Bond debt payable, net	-	30,815,653		30,815,653
Capital lease obligations	-	517,453	-	517,453
Due to affiliated organization	6,808,898	-	(6,808,898)	-
Total liabilities	34,458,064	39,712,864	(6,808,898)	67,362,030
Net assets				
Without donor restrictions	1,215,284,693	328,117,162	-	1,543,401,855
With donor restrictions	4,930,120	839,000	-	5,769,120
Total net assets	1,220,214,813	328,956,162	-	1,549,170,975
Total liabilities and net assets	$ 1,254,672,877	$ 368,669,026	$ (6,808,898)	$ 1,616,533,005

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2019

	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Change in net assets without donor restrictions				
Revenue				
Investment return, net	$ 233,610,539	$ 53,211,948	$ -	$ 286,822,487
Contributions	7,851,212	3,776	-	7,854,988
Golf and restaurant operations	-	7,938,395	-	7,938,395
Museum and park operations	-	1,053,728	-	1,053,728
Other income	14,904	40,047	-	54,951
Net assets released from restrictions	709,499	-	-	709,499
Total revenue	242,186,154	62,247,894	-	304,434,048
Expenses				
Employees' salaries and benefits	7,103,945	9,079,249	-	16,183,194
Depreciation	10,834	5,033,492	-	5,044,326
Outside services - golf and food & beverage operations	-	4,745,508	-	4,745,508
Professional fees	2,458,535	116,884	-	2,575,419
Programs and exhibits	1,008,820	648,435	-	1,657,255
Food and retail merchandise	-	1,542,959	-	1,542,959
Rent and utilities	662,141	653,031	-	1,315,172
Bond interest expense	-	1,153,438	-	1,153,438
Supplies	142,831	996,819	-	1,139,650
Real estate taxes and insurance	135,415	799,650	-	935,065
Maintenance and repairs	267,322	618,866	-	886,188
Other expenses	203,830	430,044	-	633,874
Business meetings and travel	397,887	171,395	-	569,282
Outside services - other	134,797	366,621	-	501,418
Directors' fees	172,000	103,000	-	275,000
Fundraising and program expenses	212,333	-	-	212,333
Unrelated business income benefit	(1,099,990)	-	-	(1,099,990)
Total expenses	11,810,700	26,459,391	-	38,270,091
Excess of revenue over expenses	230,375,454	35,788,503	-	266,163,957
Grants approved	(60,827,924)	-	16,505,156	(44,322,768)
Contributions from the Robert R. McCormick Foundation	-	16,505,156	(16,505,156)	-
Change in net assets without donor restrictions	169,547,530	52,293,659	-	221,841,189
Change in net assets with donor restrictions				
Contributions	520,902	-	-	520,902
Net assets released from restrictions	(709,499)	-	-	(709,499)
Unrealized gain on endowment	704,507	-	-	704,507
Change in net assets with donor restrictions	515,910	-	-	515,910
CHANGE IN NET ASSETS	170,063,440	52,293,659	-	222,357,099
Net assets, beginning of year	1,220,214,813	328,956,162	-	1,549,170,975
Net assets, end of year	$ 1,390,278,253	$ 381,249,821	$ -	$ 1,771,528,074

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Change in net assets without donor restrictions				
Revenue				
Investment return, net	$ (86,367,925)	$ (19,495,184)	$ -	$ (105,863,109)
Contributions	6,933,146	2,425	-	6,935,571
Golf and restaurant operations	-	7,394,382	-	7,394,382
Museum and park operations	-	1,110,388	-	1,110,388
Other income	15	45,043	-	45,058
Net assets released from restrictions	1,151,766	-	-	1,151,766
Total revenue	(78,282,998)	(10,942,946)	-	(89,225,944)
Expenses				
Employees' salaries and benefits	7,276,137	8,872,587	-	16,148,724
Depreciation	48,611	5,089,012	-	5,137,623
Outside services - golf and food & beverage operations	-	4,722,918	-	4,722,918
Professional fees	3,242,036	163,467	-	3,405,503
Programs and exhibits	1,527,692	675,445	-	2,203,137
Food and retail merchandise	-	1,442,015	-	1,442,015
Rent and utilities	660,619	667,898	-	1,328,517
Bond interest expense	-	453,454	-	453,454
Supplies	144,630	1,038,284	-	1,182,914
Real estate taxes and insurance	121,406	976,272	-	1,097,678
Maintenance and repairs	245,094	584,364	-	829,458
Other expenses	133,434	450,188	-	583,622
Business meetings and travel	453,766	209,553	-	663,319
Outside services - other	166,859	345,048	-	511,907
Directors' fees	172,000	103,000	-	275,000
Fundraising and program expenses	530,190	-	-	530,190
Unrelated business income tax expense	45,913	-	-	45,913
Total expenses	14,768,387	25,793,505	-	40,561,892
Deficit of revenue over expenses	(93,051,385)	(36,736,451)	-	(129,787,836)
Grants approved	(46,942,508)	-	385,962	(46,556,546)
Contributions from the Robert R. McCormick Foundation	-	385,962	(385,962)	-
Change in net assets without donor restrictions	(139,993,893)	(36,350,489)	-	(176,344,382)
Change in net assets with donor restrictions				
Contributions	825,652	-	-	825,652
Net assets released from restrictions	(1,151,766)	-	-	(1,151,766)
Unrealized loss on endowment	(195,102)	-	-	(195,102)
Change in net assets with donor restrictions	(521,216)	-	-	(521,216)
CHANGE IN NET ASSETS	(140,515,109)	(36,350,489)	-	(176,865,598)
Net assets, beginning of year	1,360,729,922	365,306,651	-	1,726,036,573
Net assets, end of year	$ 1,220,214,813	$ 328,956,162	$ -	$ 1,549,170,975