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

Robert R. McCormick Foundations

December 31, 2021 and 2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Robert R. McCormick Foundation
Cantigny Foundation

Opinion

We have audited the consolidated financial statements of Robert R. McCormick Foundation and Cantigny Foundation (collectively, the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

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, 2021 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is 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 audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such 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 US GAAS. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
May 24, 2022

Robert R. McCormick Foundations
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31,
(in thousands)

ASSETS	**2021**	**2020**
Cash and cash equivalents	$ 235,046	$ 192,657
Accounts receivable	1,434	9,593
Other assets	1,799	1,871
Investment securities	1,878,092	1,702,137
Land, buildings, equipment and improvements, net	62,714	60,367
TOTAL ASSETS	$ 2,179,085	$ 1,966,625

LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 13,120	$ 20,436
Grants payable	30,092	25,098
Bond debt payable, net	50,321	41,820
Capital lease obligations	269	361
Total liabilities	93,802	87,715
Net assets		
Without donor restrictions	2,077,173	1,872,193
With donor restrictions	8,110	6,717
Total net assets	2,085,283	1,878,910
TOTAL LIABILITIES AND NET ASSETS	$ 2,179,085	$ 1,966,625

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

Robert R. McCormick Foundations
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31,
(in thousands)

	2021	2020
Change in net assets without donor restrictions		
Revenue		
Investment return, net	$ 274,730	$ 181,629
Golf and restaurant operations	10,100	5,775
Contributions	7,021	9,054
Museum and park operations	1,053	506
Net assets released from restrictions	296	452
Other income	39	2,063
Total revenue	293,239	199,479
Expenses		
Employees' salaries and benefits	15,136	16,397
Outside services - golf and food and beverage operations	5,591	4,000
Depreciation	5,368	5,582
Rent and utilities	1,846	1,236
Programs and exhibits	1,677	2,351
Food and retail merchandise	1,608	816
Supplies	1,194	1,096
Real estate taxes and insurance	1,043	957
Maintenance and repairs	1,008	911
Bond interest expense	675	769
Outside services - other	486	475
Professional fees	442	1,449
Directors' fees	385	385
Unrelated business income tax	366	404
Other expenses	307	378
Fundraising and program expenses	171	221
Business meetings and travel	132	256
Total expenses	37,435	37,683
Excess of revenue over expenses	255,804	161,796
Grants approved	(50,824)	(54,846)
Change in net assets without donor restrictions	204,980	106,950
Change in net assets with donor restrictions		
Contributions	1,161	307
Net assets released from restrictions	(296)	(452)
Unrealized gain on endowment	528	577
Change in net assets with donor restrictions	1,393	432
CHANGE IN NET ASSETS	206,373	107,382
Net assets, beginning of year	1,878,910	1,771,528
Net assets, end of year	$ 2,085,283	$ 1,878,910

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

Robert R. McCormick Foundations
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,
(in thousands)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 206,373	$ 107,382
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Gains on investments, net	(253,868)	(164,604)
Depreciation and amortization	5,403	5,617
Changes in assets and liabilities		
Accounts receivables and other assets	8,231	44,475
Grants payable	4,994	4,177
Accounts payable and accrued expenses and capital lease obligation	(7,408)	11,697
Net cash (used in) provided by operating activities	(36,275)	8,744
Cash flows from investing activities		
Proceeds from sale of investment securities	243,593	275,541
Purchases of investment securities	(165,680)	(225,897)
Purchases of equipment and improvements	(7,715)	(7,936)
Net cash provided by investing activities	70,198	41,708
Cash flows from financing activities		
Proceeds received from bond financing	8,468	4,434
Bond issuance costs	(2)	(3)
Net cash provided by financing activities	8,466	4,431
Net change in cash and cash equivalents	42,389	54,883
Cash and cash equivalents, beginning of year	192,657	137,774
Cash and cash equivalents, end of year	$ 235,046	$ 192,657
Supplemental disclosure of cash flow information		
Cash paid for income taxes, net	$ 336	$ -
Cash paid for interest expense	$ 640	$ 739

The accompanying notes are an integral part of these consolidated 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 mission is one that envisions a Chicagoland comprised of thriving communities where all individuals have the resources and opportunities to succeed, without regard to income, race, ethnicity, gender, or ZIP code. McCormick's operations are supported primarily by investment income, contributions from the general public and fundraising programs partners United Way Neighborhood Network Fund, Chicago Sports Alliance and others (see Note J).

- 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 I) 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.

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 consolidated financial statements.

Cash and Cash Equivalents

The Foundations consider all highly liquid investments with a 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, 2021 and 2020, 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 three 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 2021 or 2020.

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, net 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 certain 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 consolidated 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 consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (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 2022. 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 consolidated financial position, results of operations and disclosures.

(in thousands)

NOTE C - INVESTMENT SECURITIES

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

	2021	2020
Investment securities		
Marketable securities		
Fixed income mutual funds	$ 78,880	$ 51,835
Equity mutual funds	196,861	174,580
Domestic equity funds	210,245	239,078
International equity index funds	129,192	147,918
Alternative investments		
International equity funds	310,822	292,649
High-yield credit	99,956	97,191
Hedge funds	498,695	424,737
Private equity	353,441	274,149
Total investment securities	$ 1,878,092	$ 1,702,137

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, 2021, consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Domestic equity funds (a)	$ 210,245	$ -	Semi-monthly	7 - 10 days
International equity index funds (b)	129,192	-	Semi-monthly	7 days
International equity funds (b)	310,822	-	Monthly	30 days
High-yield credit (c)	99,956	-	Monthly - partnership termination	60 days
Hedge funds (d)	498,695	-	Monthly - annual	10 - 90 days
Private equity (e)	353,441	282,861	N/A	N/A
Total investments recorded at NAV	$ 1,602,351			

(in thousands)

Investments valued at NAV or its equivalent as of December 31, 2020, consisted of the following:

	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Domestic equity funds (a)	$ 239,078	$ -	Semi-monthly	7 - 10 days
International equity index funds (b)	147,918	-	Semi-monthly	7 days
International equity funds (b)	292,649	-	Monthly	30 days
High-yield credit (c)	97,191	-	Monthly - partnership termination	60 days
Hedge funds (d)	424,737	-	Monthly - annual	10 - 90 days
Private equity (e)	274,149	223,666	N/A	N/A
Total investments recorded at NAV	$ 1,475,722			

(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. Redemptions are not permitted until the termination of the partnerships and the time at which the redemption restriction might lapse is unknown.

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:

Level 1 - 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.

Level 2 - 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.

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. 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.

(in thousands)

The following table presents the Foundations' fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 217,567	$ -	$ -	$ 217,567
Investments				
Marketable securities				
Fixed income mutual funds	78,880	-	-	78,880
Equity mutual funds	196,861	-	-	196,861
	$ 493,308	$ -	$ -	$ 493,308
Investments, measured at NAV				
Domestic equity funds				210,245
International equity index fund				129,192
Alternative investments, measured at NAV				
International equity funds				310,822
High-yield credit				99,956
Hedge funds				498,695
Private equity				353,441
Total assets at fair value				$ 2,095,659

The following table presents the Foundations' fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 186,075	$ -	$ -	$ 186,075
Investments				
Marketable securities				
Fixed income mutual funds	51,835	-	-	51,835
Equity mutual funds	174,580	-	-	174,580
	$ 412,490	$ -	$ -	412,490
Investments, measured at NAV				
Domestic equity funds				239,078
International equity index fund				147,918
Alternative investments, measured at NAV				
International equity funds				292,649
High-yield credit				97,191
Hedge funds				424,737
Private equity				274,149
Total assets at fair value				$ 1,888,212

(in thousands)

NOTE E - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	$ 1,323	$ 1,323
Buildings and improvements	51,570	51,142
Machinery, equipment, furniture and fixtures	20,919	20,247
Land improvements	50,903	50,806
Other infrastructure	3,479	3,479
Construction in process	10,639	4,251
Total land, buildings, equipment and improvements	138,833	131,248
Less: accumulated depreciation	(76,119)	(70,881)
Land, buildings, equipment and improvements, net	$ 62,714	$ 60,367

Construction in process includes costs incurred for fixed assets that have not yet been placed in service. Total depreciation expense on the property, plant and equipment was $5,368 and $5,582 for the years ended December 31, 2021 and 2020, respectively.

NOTE F - 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, 2021, are scheduled for payment as follows:

Year ending December 31,	Gross amount	Discounted amount
2022	$ 18,008	$ 17,784
2023	6,624	6,460
2024	3,800	3,660
2025	2,300	2,188
	$ 30,732	$ 30,092

(in thousands)

NOTE G - 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. 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. Rent expense pertaining to this lease was $832 and $696 in 2021 and 2020, respectively.

In 2018, Cantigny entered into a three-year operating lease with Blue Peak Tents, Inc. for a tent to host large banquets. In 2019, Cantigny signed a three-year lease extension with Blue Peak Tents, Inc. The new lease supersedes the original 2018 lease. Rent expense pertaining to this lease was $152 for both 2021 and 2020, respectively.

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

Years ending December 31,		
2022	$	995
2023		861
2024		878
2025		896
2026		913
Thereafter		4,415
Total	$	8,958

(in thousands)

Capital Lease Obligation

Cantigny entered into a new capital lease for golf carts on October 20, 2016, requiring annual payments of $94 beginning May 2017 through December 2024. The golf carts are included in Cantigny's equipment and vehicles with a capitalized cost of $690 at December 31, 2021 and 2020. Accumulated depreciation was $432 and $345 at December 31, 2021 and 2020, 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:

Year ending December 31,		
2022	$	94
2023		94
2024		94
Total		282
Amount representing interest at 1.6%		(13)
Present value of net minmum lease payments	$	269

NOTE H - BOND DEBT PAYABLE

Bond debt payable at December 31, 2021 and 2020 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:

	2021		2020		Maturity date
Series 2017, principal outstanding	$	50,715	$	42,247	December 1, 2047
Bond issuance costs		(394)		(427)	
Bond debt payable, net	$	50,321	$	41,820	

On December 27, 2017, Cantigny entered into a 15-year tax-exempt loan with Fifth Third 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 Fifth Third 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 Fifth Third 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 Fifth Third 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, had an outstanding principal balance of $50,715 and $42,247 with an undrawn balance of $7,285 and $15,753 as of December 31, 2021 and 2020, 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 $675 and $769 in 2021 and 2020, 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 1.26% and 1.43% as of December 31, 2021 and 2020, respectively. The Bond and Loan Agreement among Fifth Third 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 Fifth Third Bank, N.A. and Cantigny stipulates financial and other covenants including a minimum level of eligible unrestricted cash and investments. As of December 31, 2021 and 2020, Cantigny was in compliance with these financial covenants.

NOTE I - 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 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 $1,964. 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.

(in thousands)

The table below presents a reconciliation of McCormick's Bioff endowment balances for the year ended December 31, 2021:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Beginning balance, January 1, 2021	$ -	$ 5,006	$ 5,006
Investment return, net	176	528	704
Amounts appropriated for expenditures	(176)	-	(176)
Ending balance, December 31, 2021	$ -	$ 5,534	$ 5,534

The table below presents a reconciliation of McCormick's Bioff endowment balances for the year ended December 31, 2020:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Beginning balance, January 1, 2020	$ -	$ 4,429	$ 4,429
Investment return, net	132	577	709
Amounts appropriated for expenditures	(132)	-	(132)
Ending balance, December 31, 2020	$ -	$ 5,006	$ 5,006

(in thousands)

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

	2021	2020
Net assets restricted by purpose:		
Bioff endowment earnings	$ 3,570	$ 3,042
One Summer Chicago	590	822
McCormick Communities Matching Fund	995	-
WGN Family Fund	64	-
Daily Herald Neighbor In Need	36	-
Impact Englewood	32	32
All Other Funds	20	18
Total net assets restricted by purpose	5,307	3,914
Net assets with perpetual restrictions:		
Colonel McCormick's estate held in trust	839	839
Bioff Trust endowment	1,964	1,964
Total net assets with perpetual restrictions	2,803	2,803
Total net assets with donor restrictions	$ 8,110	$ 6,717

NOTE J - FUNDRAISING PROGRAMS

During 2021 and 2020, 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 2021 and 2020, 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 $3,389 and $2,739 and are included as a component of net assets without donor restrictions in the accompanying consolidated statements of financial position at December 31, 2021 and 2020, respectively.

NOTE K - 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 $286 and $283 for 2021 and 2020, 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 $100 and $96 for 2021 and 2020, 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 ($7 for 2021 and 2020, 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 $903, $542 and $82, respectively, in 2021 and $966, $557 and $89, respectively, in 2020.

NOTE L - GOLF AND FOOD AND BEVERAGE OPERATIONS

In January 2014, Cantigny signed an agreement with Kemper Sports Management, Inc. ("Kemper") to operate and manage the Cantigny golf and food and 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 and beverage operations became Kemper employees. These Kemper expenses are reflected in the consolidated financial statements as outside services - golf and food and beverage operations.

NOTE M - 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.

(in thousands)

Expenses by functional category were as follows for the year ended December 31, 2021:

	McCormick Foundation program services	Cantigny Foundation program services	Management and general	Fundraising	Total
Employee salaries and benefits	$ 3,003	$ 7,495	$ 4,469	$ 169	$ 15,136
Programming and merchandising	128	9,199	36	-	9,363
Depreciation	10	5,358	-	-	5,368
Professional fees and outside services	724	306	809	189	2,028
Office and occupancy	947	1,041	829	-	2,817
Other expenses	1,724	893	106	-	2,723
Total expenses	6,536	24,292	6,249	358	37,435
Grants approved	50,824	-	-	-	50,824
	$ 57,360	$ 24,292	$ 6,249	$ 358	$ 88,259

Expenses by functional category were as follows for the year ended December 31, 2020:

	McCormick Foundation program services	Cantigny Foundation program services	Management and general	Fundraising	Total
Employee salaries and benefits	$ 4,030	$ 7,943	$ 3,950	$ 474	$ 16,397
Programming and merchandising	2,102	5,106	-	-	7,208
Depreciation	5	5,072	505	-	5,582
Professional fees and outside services	90	293	1,689	226	2,298
Office and occupancy	739	2,079	722	56	3,596
Other expenses	320	737	1,517	28	2,602
Total expenses	7,286	21,230	8,383	784	37,683
Grants approved	54,846	-	-	-	54,846
	$ 62,132	$ 21,230	$ 8,383	$ 784	$ 92,529

NOTE N - 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. The Second Circuit Court of Appeals affirmed that judgment twice, once in 2016 and again in December 2019. In April 2021, the U.S. Supreme Court denied the noteholders and retirees' request for review by that 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 then appealed the dismissals and the denial of the motion to amend. In February 2022, the U.S. Supreme Court denied the Trustee's petition for certiorari, which leaves in place the trial court and appellate court's rulings in favor of the defendants. As such, the litigation is over with all claims against the Foundations' dismissed.

(in thousands)

NOTE O - 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:

	2021	2020
Total assets	$ 2,179,085	$ 1,966,625
Less: amounts not available to be used within one year:		
Other assets	1,799	1,871
Private equity investment securities	353,441	274,149
Land, buildings, equipment and improvements, net	62,714	60,367
Financial assets available to meet general expenditures within one year	$ 1,761,131	$ 1,630,238

NOTE P - SUBSEQUENT EVENTS

The Foundations evaluated their December 31, 2021 consolidated financial statements for subsequent events through May 24, 2022, the date the consolidated financial statements were issued. During this period, there were no subsequent events, except for the dismissal of the litigation noted in Note N, that required recognition and/or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Robert R. McCormick Foundations
SCHEDULE OF GRANT APPROVALS
Year ended December 31, 2021
(in thousands, except number of grants)

Program	Number of grants	Total amount of grants approved
Fundraising programs		
United Way Neighborhood Network Fund	1	$ 5,260
Chicago Sports Alliance	2	1,500
Cubs Charities	16	710
Chicago White Sox Community Fund	30	637
Chicago Blackhawks Charities	12	440
McCormick Communities Matching Fund	2	425
Chicago Bulls Community Assist Fund	12	400
Chicago Tribune Holiday Campaign	1	100
All Other Funds	10	95
General Fund	161	40,135
Total program grants approved	247	49,702
Adjustment to present value		(507)
Program grants approved, adjusted to present value		49,195
Direct charitable giving		661
Matching gifts		968
Total grants approved		$ 50,824

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2021
(in thousands)

ASSETS	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Cash and cash equivalents	$ 119,816	$ 115,230	$ -	$ 235,046
Accounts receivable	933	501	-	1,434
Other assets	955	844	-	1,799
Investment securities	1,578,484	299,608	-	1,878,092
Land, buildings, equipment and improvements, net	317	62,397	-	62,714
Due from affiliated organization	-	3,458	(3,458)	-
Total assets	$ 1,700,505	$ 482,038	$ (3,458)	$ 2,179,085

LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 2,243	$ 10,877	$ -	$ 13,120
Grants payable	30,092	-	-	30,092
Bond debt payable, net	-	50,321	-	50,321
Capital lease obligations	-	269	-	269
Due to affiliated organization	3,458	-	(3,458)	-
Total liabilities	35,793	61,467	(3,458)	93,802
Net assets				
Without donor restrictions	1,657,441	419,732	-	2,077,173
With donor restrictions	7,271	839	-	8,110
Total net assets	1,664,712	420,571	-	2,085,283
Total liabilities and net assets	$ 1,700,505	$ 482,038	$ (3,458)	$ 2,179,085

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2020
(in thousands)

ASSETS	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Cash and cash equivalents	$ 92,436	$ 100,221	$ -	$ 192,657
Accounts receivable	2,370	7,223	-	9,593
Other assets	1,010	861	-	1,871
Investment securities	1,426,957	275,180	-	1,702,137
Land, buildings, equipment and improvements, net	107	60,260	-	60,367
Due from affiliated organization	-	5,777	(5,777)	-
Total assets	$ 1,522,880	$ 449,522	$ (5,777)	$ 1,966,625

LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 11,241	$ 9,195	$ -	$ 20,436
Grants payable	25,098	-	-	25,098
Bond debt payable, net	-	41,820	-	41,820
Capital lease obligations	-	361	-	361
Due to affiliated organization	5,777	-	(5,777)	-
Total liabilities	42,116	51,376	(5,777)	87,715
Net assets				
Without donor restrictions	1,474,886	397,307	-	1,872,193
With donor restrictions	5,878	839	-	6,717
Total net assets	1,480,764	398,146	-	1,878,910
Total liabilities and net assets	$ 1,522,880	$ 449,522	$ (5,777)	$ 1,966,625

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2021
(in thousands)

	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Change in net assets without donor restrictions				
Revenue				
Investment return, net	$ 236,336	$ 38,394	$ -	$ 274,730
Golf and restaurant operations	-	10,100	-	10,100
Contributions	7,016	5	-	7,021
Museum and park operations	-	1,053	-	1,053
Net assets released from restrictions	296	-	-	296
Other income	-	39	-	39
Total revenue	243,648	49,591	-	293,239
Expenses				
Employees' salaries and benefits	5,248	9,888	-	15,136
Outside services - golf and food & beverage operations	-	5,591	-	5,591
Depreciation	10	5,358	-	5,368
Rent and utilities	914	932	-	1,846
Programs and exhibits	1,343	334	-	1,677
Food and retail merchandise	-	1,608	-	1,608
Supplies	113	1,081	-	1,194
Real estate taxes and insurance	191	852	-	1,043
Maintenance and repairs	270	738	-	1,008
Bond interest expense	-	675	-	675
Outside services - other	87	399	-	486
Professional fees	317	125	-	442
Directors' fees	245	140	-	385
Unrelated business income tax	366	-	-	366
Other expenses	96	211	-	307
Fundraising and program expenses	171	-	-	171
Business meetings and travel	91	41	-	132
Total expenses	9,462	27,973	-	37,435
Excess of revenue over expenses	234,186	21,618	-	255,804
Grants approved	(51,632)	-	808	(50,824)
Contributions from the Robert R. McCormick Foundation	-	808	(808)	-
Change in net assets without donor restrictions	182,554	22,426	-	204,980
Change in net assets with donor restrictions				
Contributions	1,161	-	-	1,161
Net assets released from restrictions	(296)	-	-	(296)
Unrealized gain on endowment	528	-	-	528
Change in net assets with donor restrictions	1,393	-	-	1,393
CHANGE IN NET ASSETS	183,947	22,426	-	206,373
Net assets, beginning of year	1,480,766	398,144	-	1,878,910
Net assets, end of year	$ 1,664,713	$ 420,570	$ -	$ 2,085,283

Robert R. McCormick Foundations
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2020
(in thousands)

	Robert R. McCormick Foundation	Cantigny Foundation	Eliminations	Consolidated total
Change in net assets without donor restrictions				
Revenue				
Investment return, net	$ 169,031	$ 12,598	$ -	$ 181,629
Golf and restaurant operations	-	5,775	-	5,775
Contributions	9,050	4	-	9,054
Museum and park operations	-	506	-	506
Net assets released from restrictions	452	-	-	452
Other income	2,026	37	-	2,063
Total revenue	180,559	18,920	-	199,479
Expenses				
Employees' salaries and benefits	7,178	9,219	-	16,397
Outside services - golf and food & beverage operations	-	4,000	-	4,000
Depreciation	10	5,572	-	5,582
Rent and utilities	754	482	-	1,236
Programs and exhibits	2,091	260	-	2,351
Food and retail merchandise	-	816	-	816
Supplies	149	947	-	1,096
Real estate taxes and insurance	184	773	-	957
Maintenance and repairs	307	604	-	911
Bond interest expense	-	769	-	769
Outside services - other	110	365	-	475
Professional fees	1,327	122	-	1,449
Directors' fees	245	140	-	385
Unrelated business income tax	404	-	-	404
Other expenses	112	266	-	378
Fundraising and program expenses	221	-	-	221
Business meetings and travel	200	56	-	256
Total expenses	13,292	24,391	-	37,683
Excess of revenue over expenses	167,267	(5,471)	-	161,796
Grants approved	(77,211)	-	22,365	(54,846)
Contributions from the Robert R. McCormick Foundation	-	22,365	(22,365)	-
Change in net assets without donor restrictions	90,056	16,894	-	106,950
Change in net assets with donor restrictions				
Contributions	307	-	-	307
Net assets released from restrictions	(452)	-	-	(452)
Unrealized gain on endowment	577	-	-	577
Change in net assets with donor restrictions	432	-	-	432
CHANGE IN NET ASSETS	90,488	16,894	-	107,382
Net assets, beginning of year	1,390,278	381,250	-	1,771,528
Net assets, end of year	$ 1,480,766	$ 398,144	$ -	$ 1,878,910