



Benford Brown & Associates

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Bright People  
Brilliant Ideas  
Amazing Results

# *Chicago Humanities Festival*

*Financial Statements as of and for the Years Ended  
February 28, 2022 and 2021  
Independent Auditors' Report*

# CHICAGO HUMANITIES FESTIVAL

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**PART I – FINANCIAL**



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## Independent Auditors' Report

To the Board of Directors  
Chicago Humanities Festival

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Chicago Humanities Festival (the Festival), which comprise the statements of financial position as of February 28, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Humanities Festival as of February 28, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Festival and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

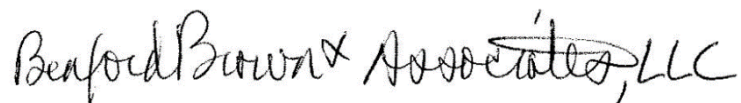
### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, which is required by the as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2022, on our consideration of the Festival's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Festival's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Benford Brown & Associates, LLC". The signature is written in a cursive, flowing style.

Benford Brown & Associates, LLC  
Chicago, IL  
September 14, 2022

# CHICAGO HUMANITIES FESTIVAL

## STATEMENTS OF FINANCIAL POSITION AS OF FEBRUARY 28, 2022 AND FEBRUARY 28, 2021

	<u>2022</u>	<u>2021</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 4,255,827	\$ 2,598,814
Accounts receivable and prepaid expenses	107,172	300,760
Contributions receivable	763,735	971,695
Investments	14,776,706	13,487,862
Property and equipment, net	530,093	324,008
<b>Total assets</b>	<b><u>\$ 20,433,533</u></b>	<b><u>\$ 17,683,139</u></b>
<b>Liabilities and net assets:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 99,236	\$ 47,205
Other liabilities	134,913	451,963
<b>Total liabilities</b>	<b><u>234,149</u></b>	<b><u>499,168</u></b>
<b>Net assets:</b>		
Without donor restrictions	4,374,758	2,644,516
With donor restrictions	15,824,626	14,539,455
<b>Total net assets</b>	<b><u>20,199,384</u></b>	<b><u>17,183,971</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 20,433,533</u></b>	<b><u>\$ 17,683,139</u></b>

See notes to financial statements.

# CHICAGO HUMANITIES FESTIVAL

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED FEBRUARY 28, 2022

	Funds Without Donor Restrictions	Funds With Donor Restrictions	Total
<b>Operating support and revenue:</b>			
Contributions (excluding fundraising events)	\$ 1,206,715	\$ 426,009	\$ 1,632,724
Fundraising events, net	471,123	-	471,123
Program admissions	182,353	-	182,353
Other earned revenue	35,418	-	35,418
Government COVID-19 relief funding	2,548,155	1,008,168	3,556,323
Net assets released from restrictions	500,080	(500,080)	-
Total operating support and revenue	4,943,844	934,097	5,877,941
<b>Expenses:</b>			
Program services	2,715,720	-	2,715,720
Management and general	424,633	-	424,633
Fundraising	713,015	-	713,015
Total expenses	3,853,368	-	3,853,368
<b>Change in net assets from operations</b>	<b>1,090,476</b>	<b>934,097</b>	<b>2,024,573</b>
<b>Nonoperating changes:</b>			
Transfers to board-designated endowment funds	623,225	(623,225)	-
Investment return	16,541	974,299	990,840
<b>Change in net assets</b>	<b>1,730,242</b>	<b>1,285,171</b>	<b>3,015,413</b>
Net assets at the beginning of the year	2,644,516	14,539,455	17,183,971
<b>Net assets at the end of the year</b>	<b>\$ 4,374,758</b>	<b>\$ 15,824,626</b>	<b>\$ 20,199,384</b>

See notes to financial statements.

# CHICAGO HUMANITIES FESTIVAL

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED FEBRUARY 28, 2021

	Funds Without Donor Restrictions	Funds With Donor Restrictions	Total
<b>Operating support and revenue:</b>			
Contributions (excluding fundraising events)	\$ 1,251,071	\$ 1,696,450	\$ 2,947,521
Fundraising events, net	504,607	-	504,607
Program admissions	43,857	-	43,857
Other earned revenue	24,911	-	24,911
Government COVID-19 relief funding	601,789	-	601,789
Net assets released from restrictions	513,973	(513,973)	-
Total operating support and revenue	2,940,208	1,182,477	4,122,685
<b>Expenses:</b>			
Program services	2,126,367	-	2,126,367
Management and general	386,502	-	386,502
Fundraising	427,339	-	427,339
Total expenses	2,940,208	-	2,940,208
<b>Change in net assets from operations</b>	-	<b>1,182,477</b>	<b>1,182,477</b>
<b>Nonoperating changes:</b>			
Investment return	130,318	1,725,367	1,855,685
<b>Change in net assets</b>	<b>130,318</b>	<b>2,907,844</b>	<b>3,038,162</b>
Net assets at the beginning of the year	2,514,198	11,631,611	14,145,809
<b>Net assets at the end of the year</b>	<b>\$ 2,644,516</b>	<b>\$ 14,539,455</b>	<b>\$ 17,183,971</b>

See notes to financial statements.

# CHICAGO HUMANITIES FESTIVAL

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED FEBRUARY 28, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,015,413	\$ 3,038,162
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	67,185	61,928
Loss on disposal of equipment	3,190	-
Investment return	(990,840)	(1,855,685)
Changes in assets and liabilities:		
Accounts receivable and prepaid expenses	193,588	(245,596)
Contributions receivable	207,960	126,024
Accounts payable	52,031	(33,087)
Other liabilities	(317,050)	416,358
<b>Net cash provided by operating activities</b>	<u><b>2,231,477</b></u>	<u><b>1,508,104</b></u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(276,460)	(114,197)
Proceeds from sales of investments	191,286	1,357,100
Purchase of investments	(489,290)	(1,793,312)
<b>Net cash used in investing activities</b>	<u><b>(574,464)</b></u>	<u><b>(550,409)</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,657,013</b>	<b>957,695</b>
Cash and cash equivalents at the beginning of year	<u>2,598,814</u>	<u>1,641,119</u>
<b>Cash and cash equivalents at the end of year</b>	<u><u><b>\$ 4,255,827</b></u></u>	<u><u><b>\$ 2,598,814</b></u></u>

See notes to financial statements.

# CHICAGO HUMANITIES FESTIVAL

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED FEBRUARY 28, 2022

	Program Services	Management and General	Fundraising	Total
<b>Expenses</b>				
Salaries and wages	\$ 1,191,272	\$ 256,582	\$ 384,873	\$1,832,727
Employee benefits and payroll taxes	248,836	53,595	80,393	382,824
Festival expenses				
Marketing and communications	339,366	-	-	339,366
Speakers and performers	71,498	-	-	71,498
Travel and hospitality	46,723	-	-	46,723
Specialty programs and series	116,532	-	-	116,532
Production support	309,761	-	-	309,761
Book purchases	135,959	-	-	135,959
Contracted services	18,947	34,444	57,000	110,391
Supplies and subscriptions	19,258	4,148	49,117	72,523
Travel, meals, and meetings	1,918	413	1,266	3,597
Information technology	26,899	5,794	8,690	41,383
Phone, printing and postage	486	105	48,192	48,783
Maintenance and repairs	7,717	1,662	2,493	11,872
Rent and utilities	100,630	21,674	32,511	154,815
Insurance	5,594	6,466	1,807	13,867
Depreciation and amortization	43,670	9,406	14,109	67,185
Other	30,654	30,344	32,564	93,562
<b>Total expenses</b>	<b>\$ 2,715,720</b>	<b>\$ 424,633</b>	<b>\$ 713,015</b>	<b>\$3,853,368</b>

See notes to financial statements.

# CHICAGO HUMANITIES FESTIVAL

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED FEBRUARY 28, 2021

	Program Services	Management and General	Fundraising	Total
<b>Expenses</b>				
Salaries and wages	\$ 1,272,515	\$ 217,667	\$ 184,180	\$1,674,362
Employee benefits and payroll taxes	238,151	40,736	34,469	313,356
Festival expenses				
Marketing and communications	228,195	-	-	228,195
Speakers and performers	32,591	-	-	32,591
Production support	47,079	-	-	47,079
Book purchases	38,102	-	-	38,102
Contracted services	25,190	62,822	138,520	226,532
Supplies and subscriptions	21,769	3,724	15,555	41,048
Travel, meals, and meetings	3,750	-	2,203	5,953
Information technology	25,573	4,374	3,701	33,648
Phone, printing, and postage	17,331	2,965	23,220	43,516
Maintenance and repairs	6,862	1,174	993	9,029
Rent and utilities	114,945	19,662	16,637	151,244
Insurance	4,677	4,333	677	9,687
Depreciation and amortization	47,066	8,051	6,811	61,928
Other	2,571	20,994	373	23,938
<b>Total expenses</b>	<b>\$ 2,126,367</b>	<b>\$ 386,502</b>	<b>\$ 427,339</b>	<b>\$2,940,208</b>

See notes to financial statements.

# CHICAGO HUMANITIES FESTIVAL

## Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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### 1. NATURE OF OPERATIONS

Chicago Humanities Festival (the “Festival”) is an Illinois nonprofit corporation formed in 1989, and formally incorporated in 1996. The mission of the Festival is to connect people to the ideas that shape and define humanity, and to promote the lifelong exploration of what it means to be human.

Over the past several years, the Festival has grown from a one-day celebration of the humanities into a year-round festival of arts and ideas. The Festival presents more than 100 events annually, in venues across the Chicago area (from Evanston to Englewood, the Loop to the South Shore), including two festivals (Fall Festival, Spring Festival), and partnerships with the region’s most prestigious cultural institutions and universities. For its first three decades, the Festival presented live, in-person events, with videos of most programs posted online, free to the public, as part of an archive; due to the COVID-19 pandemic, the Festival began presenting programs digitally, and will present in a hybrid format moving forward.

The Festival’s programs bring people together to explore ideas that go beyond their personal experiences, enabling them to live more empathetic and connected lives. The Festival events feature thinkers at the heart of contemporary civic and cultural conversations, including authors, artists, journalists, policy makers, and others shaping our understanding of the moment, the past, and the future. The Festival programs intend to leave the audience with thoughtful insights and compelling questions, and often feature Nobel Laureates, Pulitzer Prize winners, MacArthur Fellows, and Oscar, Grammy, and Tony award winners.

The Festival is committed to eliminating barriers to participation related to age, income, race, and physical ability. To this end, the Festival carefully considers the program for their topics, presenters, and areas of interest, the partners it engages with (from neighborhood organizations to universities to major cultural institutions), the program prices (the vast majority are under \$20), and the accommodations and resources offered to audiences.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). A summary of the Festival’s significant accounting policies is set forth below:

**Estimates** – The preparation of financial statements in conformity with US GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Reclassifications** – Certain amounts from previous year reporting may be subject to reclassification in order to conform to the current-year presentation without affecting previously reported net assets or changes in net assets.

**Cash and cash equivalents** – Cash includes currency on hand, as well as demand deposits with banks or financial institutions. The Festival maintains its cash balance in various bank deposit accounts, which, at times, may exceed Federal Deposit Insurance Corporation limits. Management believes it is not exposed to any significant credit risk on cash balances. Cash equivalents are stated at cost and consist of institutional money market funds, certificates of deposit, and short-term fixed income funds. Cash equivalents held within endowment funds are classified as investments. The Festival has a policy to structure its cash and cash equivalents, as well as other financial assets, to be available as its general expenditures, liabilities, and other obligations come due (see Note 3).

**Accounts receivable and prepaid expenses** – Non-cash and non-cash equivalent current assets include accounts receivable and expenditures for prepaid expenses such as venue deposits, rent, and contracted services. The carrying amount approximates fair value because of the short-term maturity of these instruments.

**Contributions receivable** – The receipt of unconditional promises to give with payments due in future periods is reported as support with donor restrictions, unless explicit donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period. Unconditional promises to give are reported at fair value based upon discounted estimated future cash flows, net of the allowance for uncollectible contributions (see Note 4). The discount rate used is a risk-free interest rate based on the yield curve for United States Treasury securities. Amortization of the discount is recorded as additional contribution revenue.

**Investments** – Long-term investing is governed by the Festival's investment policy. The Investment Committee of the Board is responsible for oversight of all investments and compliance with policies. The investment policies attempt to provide a predictable stream of funding to the Festival's programs, while seeking to maintain the purchasing power of the assets. Investments are comprised of a widely diversified portfolio in a manner to promote both growth and current income to achieve the policy's objectives. Diversification of portfolio assets is an integral part of the Festival's investment philosophy to provide reasonable assurance that no single security or class of security will have a disproportionate impact on the total investment pool (see Note 5).

# CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Investments (continued)*

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near future and that such changes could materially affect the amounts reported in the financial statements.

***Property and equipment, net*** – Property and equipment are stated at cost or for donated assets at fair value at the time of receipt, both net of depreciation (see Note 7). Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. These lives range from five to ten years. Additions and improvements to existing property and equipment over \$1,000 during the year are capitalized, while general maintenance and repairs are charged to expense.

***Accounts payable and other liabilities*** – Liabilities consist of accounts payable, accrued operating expenses, retirement plan liability, and a government loan (see Note 8). The carrying amount approximates fair value because of the short-term maturity of these instruments.

***Classification of net assets*** – Resources are classified for accounting and reporting purposes into two categories of net assets, without donor restrictions and with donor restrictions, according to external donor-imposed restrictions and consistent with relevant law (see Note 9):

*Without donor restrictions* – Net assets that are not subject to donor-imposed restrictions of a more specific nature than those that only obligate the Festival to utilize funds in furtherance of its mission. Revenues received and expenses incurred in conducting the programs and services of the Festival are presented in the financial statements as operating funds without donor restrictions that increase or decrease net assets without donor restrictions. By action of the board of trustees of the Festival (the “Board”) or its designee, certain net assets without donor restrictions have been designated for long-term investment or other special purposes.

*With donor restrictions* – Net assets with donor restrictions carry specific donor-imposed restrictions on the expenditure or other use of contributed funds. Such restrictions may expire either because of the passage of time or because the Festival has fulfilled the use restrictions. Restricted amounts received in the same period in which the restrictions are satisfied are recorded in the net assets without donor restrictions class. Expiration of restrictions on net assets with donor restrictions that were received in a previous period are reported as net assets released from restrictions. Also included in net assets with donor restrictions are net assets subject to donor-imposed restrictions that will never lapse and thus are maintained permanently as endowment funds. The permanently restricted portion of the endowment includes the original value of the assets contributed to the permanent endowment funds, subsequent contributions to such funds valued at the date

## CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Classification of net assets-With Donor Restrictions (continued)***

of the contribution, and earnings on such funds that have not been appropriated for expenditure and spent on the restricted purpose of the fund.

***Contributions*** – Contributions primarily include donations from individuals and grants from corporations, foundations, and government entities. Gifts are recognized when received. Contributions received with restrictions imposed by the donor are classified as net assets with donor restrictions. Unconditional promises to give are recorded as contributions receivable when received at the net present value of the amounts expected to be collected.

The Festival also records various types of in-kind support, including contributed furniture and equipment, services, and other property. Contributions of tangible assets, excluding services, are recognized at fair value when received (see Note 10). The amounts reflected in the accompanying financial statements as in-kind support are offset by like amount included in expenses or assets. The Festival receives a significant amount of volunteer time that does not meet the criteria for recognition as a contribution. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

***Fundraising events, net*** – Revenue from fundraising events includes contributions and ticket sales. The direct costs of fundraising events are netted against the associated revenue (see Note 11).

***Program admissions and other earned revenue*** – Earned revenue primarily includes programming event admissions, the cost portion of memberships, and interest income generated from cash equivalents and short-term investments.

***Government COVID-19 relief funding*** – The Festival received funds from Government COVID-19 relief efforts, including funding through the Paycheck Protection Program and the Employee Retention Credit, both via the Coronavirus Aid, Relief, and Economic Security Act.

***Expenses*** – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses. Expenses directly related to a program area or supporting service are charged to that program or supporting service. Other expenses related to more than one program or supporting activity, or to a combination of programs and supporting services, are allocated among the functions based on allocation percentages developed by management. The allocation percentages are based on salaries and wages, which are allocated on the basis of estimated time and effort.

## CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investment return** – Realized and unrealized gains and investment income, net of management fees, are reported as investment return (includes return designated for current use and return in excess of amounts designated for current operations), in the statements of activities. Purchases and sales of investments are recorded on trade dates and realized and unrealized gains and losses are determined on the basis of average cost of securities. Investment return is classified as part of either net assets without donor restrictions or net assets with donor restrictions in accordance with applicable donor and legal requirements.

**Income taxes** – The Festival, an Illinois nonprofit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

**Recently adopted accounting pronouncements** – In May 2014 the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The pronouncement was issued to clarify the principles for recognizing revenue and to develop a common revenue standard and disclosure requirements for US GAAP and International Financial Reporting Standards. The Festival has adopted ASU No. 2014-09 effective in fiscal year 2021, with the financial statements adjusted to this presentation format accordingly.

**Accounting pronouncements not yet adopted** – In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The guidance requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the statement of financial position for both operating and capital leases. The guidance will be effective for fiscal years beginning after December 15, 2021, and early adoption is permitted. The Festival is currently evaluating the impact of adopting this standard.

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updated (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires separate presentation of and additional disclosures about the recognition, valuation and use of contributed nonfinancial assets. The guidance is effective for fiscal years beginning after June 15, 2021 and early adoption is permitted. Management is currently evaluating the impact of adopting this standard.

## CHICAGO HUMANITIES FESTIVAL

### Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

### 3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Festival's financial assets available within one year of the statement of financial position for general expenditure are as follows as of the end of February:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,054,927	\$ 2,258,734
Accounts receivable	-	212,671
Contributions receivable	51,782	35,015
Investments appropriated for current use	<u>                    </u>	<u>500,000</u>
Financial assets available within one year	<u>\$ 3,106,709</u>	<u>\$ 3,006,420</u>

As part of The Festival's liquidity management, management has a goal to maintain financial assets on hand to meet a minimum of six months of normal operating expenditures, which have historically been approximately \$2,000,000. In addition, the Festival invests cash in excess of immediate requirements in money market funds, short-term certificates of deposit, and short-term fixed income funds. To help manage unanticipated liquidity needs, the Festival can also draw upon its investments. Although the Festival does not intend to spend from its investments other than amounts appropriated for general expenditure, additional amounts from its investments could be made available through Board approval.

### 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be realized as follows as of the end of February:

	<u>2022</u>	<u>2021</u>
Collectible during the following periods:		
Year one	\$ 628,210	\$ 446,061
Year two	147,526	457,710
Year three	50,000	122,468
Year four and thereafter	<u>-</u>	<u>-</u>
Gross contributions receivable	825,736	1,026,239
Fair value adjustment	( 20,714)	(3,232)
Allowance for uncollectible contributions	<u>( 41,287)</u>	<u>(51,312)</u>
Contributions receivable	<u>\$ 763,735</u>	<u>\$ 971,695</u>

The discount rates ranged from 1.01% to 1.71% and 0.07% to 0.21% for the years ending February 28, 2022 and 2021, respectively.

## CHICAGO HUMANITIES FESTIVAL

### Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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## 5. INVESTMENTS

Investments consisted of the following as of the end of February:

	<u>2022</u>	<u>2021</u>
Equity mutual funds	\$ 9,941,338	\$ 9,028,118
Fixed income mutual funds	2,827,115	2,877,457
Equity exchange-traded funds	1,603,909	247,454
Fixed income exchange-traded funds	285,635	58,783
Cash equivalents	<u>118,709</u>	<u>1,276,050</u>
Total investments	<u>\$ 14,776,706</u>	<u>\$ 13,487,862</u>

The Festival follows ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. Inputs are broadly defined under ASC 820 as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Unadjusted quoted prices at the measurement date in active markets for identical assets or liabilities that the reporting entity has the ability to access. Investments which are generally included in Level 1 are money market funds, mutual funds, and listed equities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments which are generally included in this category are corporate bonds and institutional commingled funds.

Level 3 – Inputs are unobservable for the asset or liability and include situation where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value may require significant management judgment or estimation.

In accordance with ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)*, investments measured at the net asset value per share (“NAV”) or equivalent are not categorized within the fair value hierarchy. The Festival’s institutional mutual funds are stated at NAV, as determined by the administrator, based on readily determinable market values, and therefore are not categorized within the fair value hierarchy. All other investments are classified as Level 1 within the fair value hierarchy as each investment has readily available pricing in active exchange markets at February 28, 2022 and 2021.

# CHICAGO HUMANITIES FESTIVAL

## Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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### 6. ENDOWMENT FUNDS

The Festival establishes endowment funds for the purpose of investing assets in a manner that preserves the real value of the endowment principal and provides spendable funds that can be used to fulfill the purposes for which the endowments were established. The Festival's endowment funds consist of donor-restricted endowment funds and funds designated by the Board as funds functioning as endowment. The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions, as well as based upon relevant law as further described below.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation that was adopted by the State of Illinois.

The Board has interpreted the State of Illinois's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Festival classifies the following as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Festival considers the following factors in making a determination to appropriate or accumulate endowment funds:

- 1) The duration and preservation of the fund
- 2) The mission of the Festival and the purposes of the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effects of inflation and deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of the Festival
- 7) The investment policies of the Festival

From time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts ("deficit"). When donor endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. As of February 28, 2022 and 2021, no funds were "underwater."

The Festival's endowment net asset composition (including pledges) as of the end of February is as follows:

## CHICAGO HUMANITIES FESTIVAL

### Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

#### 6. ENDOWMENT FUNDS (continued)

	<u>2022</u>	<u>2021</u>
Donor-restricted endowment funds:		
Gifts to be held in perpetuity	\$ 10,339,048	\$ 10,079,529
Term endowments	3,878,987	3,755,199
Board-designated endowment funds	<u>864,932</u>	<u>225,166</u>
Total endowment funds	<u>\$ 15,082,967</u>	<u>\$ 14,059,894</u>

Board-designated endowment funds are designated for future general-purpose use.

Changes in endowment net assets for the years ended February 28, 2022 and 2021 are as follows:

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 225,166	\$ 13,834,728	\$ 14,059,894
Investment return	16,541	974,299	990,840
Contributions	-	32,233	32,223
Transfers to create board-designated endowment funds	<u>623,225</u>	<u>( 623,225)</u>	<u>-</u>
Endowment net assets, end of the year	<u>\$ 864,932</u>	<u>\$ 14,218,035</u>	<u>\$ 15,082,967</u>
	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 817,695	\$ 10,826,039	\$ 11,643,734
Investment return	130,318	1,725,367	1,855,685
Contributions	-	1,403,295	1,403,295
Appropriate of endowment assets for expenditure	<u>( 722,847)</u>	<u>( 119,973)</u>	<u>( 842,820)</u>
Endowment net assets, end of the year	<u>\$ 225,166</u>	<u>\$ 13,834,728</u>	<u>\$ 14,059,894</u>

# CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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## 6. ENDOWMENT FUNDS (continued)

### Relationship of Spending Policy to Investment Objectives

The Festival's Investment Committee considers, among other factors, the standard of prudence prescribed by UPMIFA in determining the method to be used to appropriate endowment funds for expenditure.

The Festival's spending policy permits up to 5% of the trailing 12 quarter average balance of endowment net assets (starting from the most recent reporting period end date).

Endowment spendable amounts are approved by the Board annually and reassessed by the Investment Committee more frequently as conditions warrant. Depending upon market conditions and the needs and available resources of the Festival, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment or in excess of the spending policy as deemed prudent by the Investment Committee. The Board designates endowment funds for future general-purpose use if appropriations for expenditure from individual endowments are suspended for a given year.

## 7. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of the end of February:

	<u>2022</u>	<u>2021</u>
Furniture and office equipment	\$ 163,540	\$ 175,900
Computer equipment	130,848	69,206
Website and software	416,178	201,360
Leasehold improvements	<u>27,843</u>	<u>27,843</u>
Total property and equipment	738,409	474,309
Accumulated depreciation and amortization	<u>( 208,316)</u>	<u>( 150,301)</u>
Property and equipment, net	<u>\$ 530,093</u>	<u>\$ 324,008</u>

Included in website and software is \$130,693 not placed in service as of February 28, 2021. Management anticipates completion of the software project in 2021.

## 8. OTHER LIABILITIES

Included in other liabilities as of February 28, 2021 was a Small Business Administration (SBA) loan in the amount of \$389,118 issued through the Paycheck Protection Program (PPP). The loan had an interest rate of 1.00% with a 5-year maturity schedule. This was the second SBA loan that the Festival received through the PPP in fiscal year 2021 (both the same dollar amount

## CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

### 8. OTHER LIABILITIES (continued)

and terms); the first was fully forgiven within fiscal year 2021 and the second fully forgiven in fiscal year 2022. The revenue is recorded as “Government COVID-19 relief funding” on the statement of activities.

### 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following asset classes at the end of February:

	Subject to Time and/or Purpose Restrictions	2022 To be Maintained in Perpetuity	Total
Cash and cash equivalents	\$ 1,200,900	\$ -	\$ 1,200,900
Contributions receivable	433,594	278,358	711,952
Investments	<u>3,851,084</u>	<u>10,060,690</u>	<u>13,911,774</u>
Net assets with donor restrictions	<u>\$ 4,485,578</u>	<u>\$ 10,339,048</u>	<u>\$ 15,824,626</u>

	Subject to Time and/or Purpose Restrictions	2021 To be Maintained in Perpetuity	Total
Cash and cash equivalents	\$ 340,080	\$ -	\$ 340,080
Contributions receivable	421,025	515,654	936,679
Investments	<u>3,698,821</u>	<u>9,563,875</u>	<u>13,262,696</u>
Net assets with donor restrictions	<u>\$ 4,459,926</u>	<u>\$ 10,079,529</u>	<u>\$ 15,539,455</u>

### 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following summarized purposes as of the end of February:

## CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

### 9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	Subject to Time and/or Purpose Restrictions	2022 To be Maintained in Perpetuity	Total
Program services:			
Festival expenses	\$ -	\$ 3,351,236	\$ 3,264,814
Chair for Artistic Leadership	-	1,229,266	1,197,566
Audience initiative	-	1,233,297	1,233,297
Creative Chicago	-	1,026,471	1,026,471
Digital initiative	1,123,779	-	1,123,779
Lecture series:			
University of Chicago	-	1,649,948	1,649,948
Economic history	1,084,679	-	1,084,679
History	-	565,064	565,064
Women and culture	-	461,388	461,388
Music	-	326,863	326,863
Visual arts	261,273	-	261,273
General purpose	<u>3,015,846</u>	<u>490,516</u>	<u>3,506,362</u>
Net assets with donor restrictions	<u>\$ 5,485,577</u>	<u>\$ 10,339,049</u>	<u>\$ 15,824,626</u>
	Subject to Time and/or Purpose Restrictions	2021 To be Maintained in Perpetuity	Total
Program services:			
Festival expenses	\$ -	\$ 3,264,814	\$ 3,264,814
Chair for Artistic Leadership	-	1,197,566	1,197,566
Audience initiative	-	1,203,656	1,203,656
Creative Chicago	-	1,000,000	1,000,000
Digital initiative	1,094,799	-	1,094,799
Lecture series:			
University of Chicago	-	1,607,399	1,607,399
Economic history	1,056,708	-	1,056,708
History	-	550,492	550,492
Women and culture	-	454,361	454,361
Music	-	318,433	318,433
Visual arts	254,535	-	254,535
General purpose	<u>2,053,884</u>	<u>482,808</u>	<u>2,536,692</u>
Net assets with donor restrictions	<u>\$ 4,459,926</u>	<u>\$ 10,079,529</u>	<u>\$ 14,539,455</u>

## CHICAGO HUMANITIES FESTIVAL

Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

### 9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

The nature of restrictions on net assets released from donor restrictions (includes transfers), are summarized as follows for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Program services:		
Festival expenses	\$ 153,416	\$ 32,686
Chair for Artistic Leadership	56,275	11,989
Audience initiative	45,970	9,794
Creative Chicago	46,991	
Digital initiative	51,446	10,960
Lecture series:		
University of Chicago	75,533	16,092
Economic history	49,656	10,579
History	25,868	5,511
Women and culture	21,351	4,549
Music	14,963	3,188
Visual arts	11,961	2,548
General purpose	<u>569,875</u>	<u>406,077</u>
Net assets with donor restrictions	<u>\$ 1,123,305</u>	<u>\$ 513,973</u>

### 10. CONTRIBUTIONS

Included in contributions is in-kind support is \$26,000 of marketing, production, consulting, traveling services for the year ended February 28, 2022. The Festival did not receive contributed services for the year end February 28, 2021.

### 11. FUNDRAISING EVENTS, NET

Fundraising events consisted of the following for the years ended February 28, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Contributions	\$ 521,193	\$ 531,971
Ticket sales and auction proceeds	<u>53,200</u>	<u>-</u>
Gross fundraising events revenue	574,393	312,397
Direct expenses	<u>( 103,270)</u>	<u>( 27,364)</u>
Fundraising events, net	<u>\$ 471,123</u>	<u>\$ 504,607</u>

# CHICAGO HUMANITIES FESTIVAL

## Notes to Financial Statements

As of and for the Years Ended February 28, 2022 and 2021

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### 12. RETIREMENT BENEFITS

The Festival sponsors a Simplified Employee Pension Individual Retirement Arrangement plan (“SEP IRA”) whereby the Festival may make contributions to eligible employees’ individual accounts on a discretionary basis. Employee eligibility is based upon three consecutive years of service. The Festival SEP IRA contributions were \$ and \$63,045 for the years ended February 28, 2022 and 2021, respectively.

### 13. OPERATING LEASE

The Festival entered into a lease agreement, classified as an operating lease for office space in Chicago, Illinois. Several amendments have been made to the lease, the most recent of which has extended the expiration date to September 30, 2022. The monthly minimum rent increases by 3% each year.

Future minimum lease commitments on this lease are as follows for each fiscal year as of February 28, 2022:

2023	\$ <u>89,089</u>
Total future minimum lease commitments	\$ <u><u>89,089</u></u>

### 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events for potential recognition and/or disclosure through September 14, 2022, the date the financial statements were available to be issued, and has concluded that no subsequent events have occurred that would require recognition and/or disclosure.

**SUPPLEMENTARY INFORMATION**

# CHICAGO HUMANITIES FESTIVAL

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED FEBRUARY 28, 2022

Federal Agency/Program	Pass-through Entity	Federal Assistance Listing Number	Total Federal Expenditures
<b>U.S. Small Business Administration (SBA)</b>			
Shuttered Venue Operators Grant	N/A	59.075	\$ 1,842,798
Total SBA			1,842,798
<b>National Endowment for the Arts (NEA)</b>			
Grants for Art Projects	N/A	45.024	20,000
State and Regional Partnership Agreements	Illinois Arts Council Agency	45.025	19,150
Total NEA			39,150
<b>National Endowment for the Humanities (NEH)</b>			
Funding to State and Jurisdictional Humanities Councils	Illinois Humanities	45.129	5,000
Total NEH			5,000
<b>Total Federal Expenditures</b>			<b>\$ 1,886,948</b>

See notes to Schedule of Expenditures of Federal Awards.

## CHICAGO HUMANITIES FESTIVAL

### Note to Schedule

As of and for the Years Ended February 28, 2022 and 2021

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#### (1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Chicago Humanities Festival (the Festival). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Festival, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Festival. The Schedule includes federal funded projects received directly from federal agencies and the federal amount of passthrough awards received by the Festival through non-federal entities.

#### (2) Basis of Accounting

The Festival's summary of significant accounting policies is presented in Note 2 in the Festival's basic financial statements. Amounts reported in the Schedule are recognized following, as applicable, the cost principles in OMB A-87 or the cost principles contained in the Uniform Guidance, or other regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

##### Sub-recipients

The Festival did not make any disbursements to subrecipients during the fiscal year 2022.

##### Non-cash Assistance

The Festival did not receive any federal non-cash assistance during the fiscal year 2022.

##### Insurance

The Festival used no federal funds to acquire insurance during the fiscal year 2022.

##### Loans

The Festival did not have any federal loans or loan guarantees outstanding as of February 28, 2022.

##### De Minimis Cost Rate

The Festival elected to use the 10% de minimis cost rate during fiscal year 2022.

**PART II – GOVERNMENT AUDITING STANDARDS**



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

To the Board of Directors  
Chicago Humanities Festival:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chicago Humanities Festival (the Festival), which comprise the statement of financial position as of February 28, 2022, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2022.

**Internal Control Over Financial Reporting**

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

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

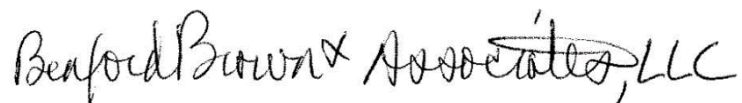
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in cursive script that reads "Benford Brown & Associates, LLC". The signature is written in black ink and is positioned above the printed name of the firm.

Benford Brown & Associates, LLC  
Chicago, IL  
September 14, 2022

**PART III – UNIFORM GUIDANCE**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of [Directors/Trustees or other name of those charged with governance]  
[Client Name]:

**Report on Compliance for Each Major Federal Program**

We have audited the Chicago Humanities Festival's (the Festival) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Festival's major federal programs for the year ended February 28, 2022. The Festival's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Festival's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Festival's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Festival's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Festival complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended February 28, 2022.

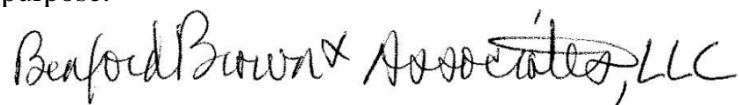
## Report on Internal Control Over Compliance

Management of the Festival is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Festival's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Festival's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Benford Brown & Associates, LLC  
Chicago, IL  
September 14, 2022

# CHICAGO HUMANITIES FESTIVAL

## Schedule of Findings and Questioned Costs

Year ended February 28, 2022

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### Section I - Summary of Auditors' Results

#### *Financial Statements*

Type of report the auditor issue on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

#### *Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of report the auditor issue on compliance for major federal programs: unmodified

Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
------------------------------	--

Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

The dollar threshold used to distinguish between Type A and Type B programs: \$750,000

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
59.075	Shuttered Venue Operators Grant

# CHICAGO HUMANITIES FESTIVAL

Schedule of Findings and Questioned Costs

Year ended February 28, 2022

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## **Section II - Findings Relating to the Financial Statements**

### Internal control

No matters were reported.

### Compliance Findings

No matters were reported.

## **Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards**

### Internal control

No matters were reported.

### Compliance Findings

No matters were reported.