Financial Statements and Report of Independent Certified Public Accountants and Single Audit Reports

Navy Pier, Inc.

December 31, 2023 and 2022

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Navy Pier, Inc.

Report on the financial statements

Opinion

We have audited the financial statements of Navy Pier, Inc. (a nonprofit organization) (the "Entity"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2023 and 2022, 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 financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 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 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 and *Government 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 US GAAS 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 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 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 financial statements as a whole. The schedule of expenditures of federal awards for the year ended December 31, 2023 as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the consolidated year-end financial report for the year ended December 31, 2023 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary 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 May 7, 2024 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

Chicago, Illinois
May 7, 2024

Navy Pier, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 15,274,834	$ 11,242,493
Short-term investments	5,318,970	14,512,683
Accounts receivable, net	2,607,239	2,111,991
Pledges receivable, net	2,433,504	1,426,463
Prepaid expenses	1,344,569	932,876
Current assets	26,979,116	30,226,506
Non-current assets		
Pledges receivable, net	2,830,077	4,407,380
Right-of-use operating lease asset	458,323	853,255
Property and equipment, net	157,023,078	163,264,541
Non-current assets	160,311,478	168,525,176
Total assets	$ 187,290,594	$ 198,751,682
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 7,200,063	$ 8,113,913
Advance deposits	2,402,883	1,554,442
Deferred revenue	810,351	709,038
Operating lease liabilities	125,642	394,932
Finance lease liabilities	453,756	486,966
Bonds and loans payable, net	3,459,000	3,119,000
Total current liabilities	14,451,695	14,378,291
Non-current liabilities		
Deferred revenue	5,354,156	5,959,036
Operating lease liabilities	332,681	458,323
Finance lease liabilities	711,361	1,165,117
Bonds and loans payable, net	54,741,586	58,153,362
Total non-current liabilities	61,139,784	65,735,838
Total liabilities	75,591,479	80,114,129
Net assets		
Without donor restrictions	104,066,515	110,264,261
With donor restrictions	7,632,600	8,373,292
Total net assets	111,699,115	118,637,553
Total liabilities and net assets	$ 187,290,594	$ 198,751,682

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

Navy Pier, Inc.

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2023					2022				
	Without Donor Restrictions			With Donor		Without Donor Restrictions			With Donor	
	Operating	Non-Operating	Total	Restrictions	Total	Operating	Non-Operating	Total	Restrictions	Total
Revenues and support										
Contributions of cash	$ 3,033,700	$ 886,682	$ 3,920,382	$ 810,230	$ 4,730,612	$ 1,772,067	$ 412,363	$ 2,184,430	$ 4,229,944	$ 6,414,374
Sponsorships	2,205,053	-	2,205,053	-	2,205,053	2,736,969	-	2,736,969	-	2,736,969
Contributions of nonfinancial assets	213,772	394,169	607,941	-	607,941	63,690	31,470	95,160	-	95,160
Pier Park Amusements	14,420,724	-	14,420,724	-	14,420,724	12,061,298	-	12,061,298	-	12,061,298
Programming events	743,828	-	743,828	-	743,828	1,976,706	-	1,976,706	-	1,976,706
Retail	14,776,803	173,393	14,950,196	-	14,950,196	12,356,410	102,348	12,458,758	-	12,458,758
Parking	13,028,041	-	13,028,041	-	13,028,041	11,680,545	-	11,680,545	-	11,680,545
Facility rental	5,680,587	-	5,680,587	-	5,680,587	6,124,567	-	6,124,567	-	6,124,567
Food and beverage	8,859,537	-	8,859,537	-	8,859,537	7,838,117	-	7,838,117	-	7,838,117
Facility fees	-	2,118,777	2,118,777	-	2,118,777	-	1,172,923	1,172,923	-	1,172,923
Investment return, net	374,287	277,642	651,929	-	651,929	78,076	67,355	145,431	-	145,431
Change in value of swap	-	-	-	-	-	-	795,559	795,559	-	795,559
COVID-19 relief	-	-	-	-	-	8,000,000	-	8,000,000	-	8,000,000
Other	186,828	-	186,828	-	186,828	157,975	4,500	162,475	-	162,475
Net assets released from donor restriction	1,222,267	328,655	1,550,922	(1,550,922)	-	1,333,700	1,279,262	2,612,962	(2,612,962)	-
Net assets released from Board designation	3,000,000	(3,000,000)	-	-	-	-	-	-	-	-
Total revenues and support	$67,745,427	1,179,318	68,924,745	(740,692)	68,184,053	66,180,120	3,865,780	70,045,900	1,616,982	71,662,882
Expenses										
Program	53,605,142	13,221,253	66,826,395	-	66,826,395	52,093,319	12,098,943	64,192,262	-	64,192,262
Administration	6,679,174	66,843	6,746,017	-	6,746,017	5,570,961	126,395	5,697,356	-	5,697,356
Fundraising	1,482,512	67,567	1,550,079	-	1,550,079	1,628,930	63,198	1,692,128	-	1,692,128
Total expenses	61,766,828	13,355,663	75,122,491	-	75,122,491	59,293,210	12,288,536	71,581,746	-	71,581,746
CHANGE IN NET ASSETS	$ 5,978,599	$ (12,176,345)	$ (6,197,746)	$ (740,692)	$ (6,938,438)	$ 6,886,910	$ (8,422,756)	$ (1,535,846)	$ 1,616,982	$ 81,136
Net assets, beginning of year			110,264,261	8,373,292	118,637,553			111,800,107	6,756,310	118,556,417
Net assets, end of year			$ 104,066,515	$ 7,632,600	$ 111,699,115			$ 110,264,261	$ 8,373,292	$ 118,637,553

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

Navy Pier, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,

	2023				2022			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries and benefits	$ 9,672,614	$ 3,618,961	$ 871,266	$ 14,162,841	$ 8,732,399	$ 3,069,699	$ 584,401	$ 12,386,499
Contracted services	26,834,395	33,536	67,175	26,935,106	26,606,386	39,917	140,206	26,786,509
Professional fees	3,032,847	1,205,117	187,897	4,425,861	2,802,181	1,292,028	533,293	4,627,502
Advertising and promotions	3,223,123	32,432	17,545	3,273,100	2,922,594	67,229	68,638	3,058,461
Utilities	2,378,868	24,151	12,075	2,415,094	1,847,071	18,752	9,376	1,875,199
Maintenance	2,145,760	283,218	25,033	2,454,011	2,195,025	168,543	24,735	2,388,303
Equipment	781,367	462,345	6,837	1,250,549	786,279	161,908	31,622	979,809
Supplies	1,350,321	23,784	59,305	1,433,410	2,312,236	11,371	61,754	2,385,361
Insurance	1,818,768	120,341	8,865	1,947,974	1,498,425	109,618	7,336	1,615,379
Information technology	772,365	328,665	16,542	1,117,572	669,735	373,558	23,539	1,066,832
Office expenses	1,034,634	20,184	12,961	1,067,779	902,585	108,725	3,288	1,014,598
Travel and entertainment	109,534	74,514	189,168	373,216	71,157	46,849	134,220	252,226
Miscellaneous	201,686	132,257	7,155	341,098	283,396	101,930	6,106	391,432
Bad debt expense	-	250,000	-	250,000	-	-	-	-
Interest	2,920,870	29,413	14,706	2,964,989	2,208,683	22,112	11,056	2,241,851
Depreciation and amortization	10,549,243	107,099	53,549	10,709,891	10,354,110	105,117	52,558	10,511,785
	$ 66,826,395	$ 6,746,017	$ 1,550,079	$ 75,122,491	$ 64,192,262	$ 5,697,356	$ 1,692,128	$ 71,581,746

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

Navy Pier, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (6,938,438)	$ 81,136
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,662,667	10,461,537
Amortization of debt issuance costs	47,224	50,248
Realized and unrealized investment gains	(453,523)	(70,477)
Unrealized gain on interest rate swap	-	(795,559)
Contributions and grants restricted for capital projects	(908,767)	(1,195,063)
Amortization of discount for pledges receivable	125,796	196,627
In-kind contributions for capitalized equipment	-	(31,470)
Changes in assets and liabilities:		
Accounts receivable	(495,248)	2,491,518
Pledges receivable	444,466	(57,134)
Prepaid expenses	(411,693)	(158,498)
Accounts payable and accrued expenses	(913,850)	2,464,079
Advance deposits	848,441	497,198
Deferred revenue	(503,567)	(771,518)
Change in right-of-use asset and lease liability, net	-	(45,639)
Net cash provided by operating activities	1,503,508	13,116,985
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	21,487,370	100,000
Purchases of investments	(11,840,133)	(13,659,186)
Purchases of property and equipment	(4,421,204)	(7,691,325)
Net cash provided by (used in) investing activities	5,226,033	(21,250,511)
Cash flows from financing activities:		
Bond and loan repayment	(3,119,000)	(2,605,000)
Swap repayments	-	(47,000)
Principal payments on finance lease	(486,966)	(476,068)
Contributions restricted for capital projects	908,767	1,195,063
Net cash (used in) financing activities	(2,697,199)	(1,933,005)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,032,342	(10,066,531)
Cash and cash equivalents - beginning of year	11,242,493	21,309,024
Cash and cash equivalents - end of year	$ 15,274,835	$ 11,242,493
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 3,099,198	$ 1,843,265
Supplemental disclosure of noncash transactions:		
Initial recognition of right-of-use assets obtained and operating lease liabilities	$ -	$ 853,255

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

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Navy Pier, Inc. ("NPI") is a not-for-profit organization established on January 4, 2011 for the purpose of managing, operating, and redeveloping Navy Pier (the "Pier"). The Pier is a tourist and leisure destination located in Chicago, Illinois, and provides dining, shopping, cultural events, amusement park rides, and various other entertainment options to its visitors. The Pier is owned by the Metropolitan Pier and Exposition Authority ("MPEA"), a local government entity established by the Illinois General Assembly. NPI was created to lessen the burden of the government by operating and facilitating the redevelopment of the Pier. The long-term strategic plan for the Pier is to improve the mix of retail, dining, cultural, and entertainment options in an effort to further expand the Pier's customer base to drive an increase in year-round attendance. A key component of the plan is the redevelopment of the infrastructure to update the look and feel of the Pier and improve the overall facility. While MPEA retains ownership of the Pier, NPI has the authority to make key decisions on operations, maintenance, and implementation of the Pier's revitalization.

Basis of Presentation

The financial statements of NPI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

These financial statements have been prepared to focus on NPI as a whole and to present balances and transactions classified according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifying transactions into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions. Furthermore, NPI distinguishes activities within net assets without donor restrictions as either operating or non-operating. Descriptions of the two net asset categories are as follows:

Net assets without donor restrictions

Operating - include all operating revenues and expenses, which are an integral part of NPI's programs and supporting activities, as well as net assets released from donor restrictions to support operating activities. NPI considers operating the Pier as its only program.

Non-operating - include all Board-designated funds and related investment returns (not subject to donor restriction), the value of the interest rate swaps, fees and contributions for capital projects, capitalized property and equipment and its related depreciation, debt service, and certain expenses related to the physical re-development of the Pier.

Net assets with donor restrictions

Net assets with donor restrictions include assets whose use is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of highly liquid short-term investments with original maturities of 90 days or fewer. NPI maintains cash in bank deposit accounts, which may exceed federally insured limits. NPI has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

Unrestricted cash and cash equivalents are available for use for the general operations of NPI at the discretion of the board of directors and management. Restricted cash and cash equivalents are either contractually-restricted or donor-restricted. The contractual restrictions are proceeds from the Save the Pier fundraising campaign, which was initiated as a result of the uncertainties of the COVID-19 pandemic and the need to fund specific operating expenses without the clarity of how the operations of NPI would rebound; debt service is explicitly excluded from eligible expenses.

	2023	2022
Contractually-restricted	$ 4,968,830	$ 7,548,106
Donor-restricted	2,493,160	2,502,947
Total cash and cash equivalents, restricted	$ 7,461,990	$ 10,051,053

Accounts Receivable

Accounts receivable consist of rents due from the Pier tenants, trade accounts receivable due for NPI's convention and meeting business, and amounts due from NPI's parking and foodservice contractors. A bad debt reserve of approximately $367,000 and $157,000 was recorded as of December 31, 2023 and 2022, respectively, related to tenant and event accounts receivable. NPI's process to determine the reserve estimate is based on an aging schedule analysis approach. Expected credit losses are determined on the basis of how long a receivable has been outstanding.

Pledges Receivable

Pledges receivable represent unconditional promises to give and are reported at fair value by discounting the expected future payments beyond one year at rates ranging from 0.22% to 4.66%. The discount rate used to determine the present value of pledges receivable represents a risk adjusted rate of return at the date of donation. Management evaluates payment history and market conditions to determine if an allowance for doubtful pledges is needed. An allowance of approximately $35,000 and $100,000 was recorded as of December 31, 2023 and 2022, respectively, related to pledges receivable.

Pledges receivable are estimated to be collected as follows at December 31:

	2023	2022
Within one year	$ 2,468,504	$ 1,526,463
In one to five years	2,858,333	4,533,333
Beyond five years	133,334	166,667
	5,460,171	6,226,463
Less: allowance for doubtful accounts	(35,000)	(100,000)
Less: discount to net present value	(161,590)	(292,620)
	$ 5,263,581	$ 5,833,843

Prepaid Expenses

Prepaid expenses consist primarily of prepayments for insurance coverage, maintenance agreements and expenses for events that will occur in 2024.

Investments

Investments are measured at fair value in the accompanying statements of financial position. Investments in debt securities have maturities within one year. NPI records investment transactions on a trade-date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date. Interest, realized gains and losses on sales of investments, and unrealized gains and losses are reported as investment return, net.

Property and Equipment

Property and equipment consist of leasehold improvements to the real property of the Pier and equipment and other personal property. The leasehold improvements and equipment and other assets are stated at cost and depreciated over their estimated useful lives using the straight-line method. Interest on borrowings used to fund capital projects is capitalized and amortized over the life of the asset. Contributed property and equipment is stated at fair value as of the date of the gift. Useful lives are estimated as follows:

Leasehold improvements (the shorter of the lease term or estimated useful life)	7 - 40 years
Furniture	7 years
Equipment	2 - 20 years

Betterments, improvements, and repairs that extend the useful life of an asset and which have a cost of more than $25,000 are capitalized. Furniture and equipment that have a useful life of more than one year and a unit cost of more than $10,000 are capitalized. Group asset purchases are capitalized when the cost exceeds $50,000. Routine repairs and maintenance are expensed as incurred.

NPI reviews its assets for impairment on an annual basis to determine whether events or changes in circumstances indicate whether the carrying amount of an asset may not be recoverable. NPI did not recognize any impairment charges during the years ended December 31, 2023 and 2022.

Total property and equipment, net is as follows at December 31:

	2023	2022
Construction in progress	$ 2,935,768	$ 7,464,943
Leasehold improvements	195,426,261	187,807,072
Equipment and other	36,591,045	35,259,855
Operating lease right-of-use assets	458,323	853,255
Total property and equipment	235,411,397	231,385,125
Less: accumulated depreciation	(77,929,996)	(67,267,329)
Total property and equipment, net	$ 157,481,401	$ 164,117,796

Leases

A lease component is defined as an asset within the lease contract that a lessee can benefit from the use of and is not highly dependent or interrelated with other assets in the arrangement. A lease contract may contain multiple lease components. A non-lease component is defined as a component of the lease that transfers a good or service for the underlying asset, such as maintenance services. NPI has determined that all of its leases contain one lease component related to either a building or equipment. NPI has determined that treating the land together with the building as one lease component would not result in a significant difference from accounting for them as separate lease components. Additionally, NPI has elected the practical expedient to include both the lease component and the non-lease component as a single component when accounting for each lease and calculating the resulting lease liability and right-of-use ("ROU") asset. Any remaining contract consideration, such as taxes and insurance, that does not meet the definition of a lease component or non-lease component would be allocated to the single lease component based on the election.

The lease liability represents future lease payments for lease and non-lease components discounted for present value. Lease payments that may be included in the lease liability include fixed payments. NPI's operating leases as of and for the years ended 2023 and 2022 do not include variable payments. None of NPI's operating leases contain rent escalation clauses that are specifically stated in the lease. Variable lease payments for lease and non-lease components which are not based on an index or rate are excluded from the calculation of the lease liability and are recognized in the statement of activities during the period incurred.

The ROU asset consists of the amount of the initial measurement of the lease liability and adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the lessee. The ROU asset is amortized over the remaining lease term on a straight-line basis.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusting for any renewal options that NPI is reasonably certain to exercise as well as any period of time that the lessee has control of the space before the stated initial term of the lease.

NPI uses discount rates to determine the net present value of gross lease obligations when calculating the lease liability and related ROU asset. In cases in which the rate implicit in the lease is readily determinable, that discount rate is used for purposes of the net present value calculation. In most cases, lease agreements do not have a discount rate that is readily determinable and therefore an estimate of NPI's incremental borrowing rate is used. The incremental borrowing rate is determined at lease commencement or lease modification and represents the rate of interest NPI would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Advance Deposits

Advance deposits consist of security deposits from retail tenant partners and prepayments for events that will occur in future years.

Interest Rate Swap

NPI entered into interest rate swap agreements as part of its interest rate risk management strategy, not for speculation. NPI records the interest rate swap at fair value. NPI terminated the swap agreements in 2022.

Revenue

Revenue from contracts with customers is recognized when NPI's related performance obligations are satisfied and includes tenant rentals (retail revenue), parking fees, amusement park and programming event revenue, rental of exhibition facilities (facility rental revenue), food and beverage services primarily related to facility rental revenue, and certain sponsorships. Advance collections and deposits related to event revenue are recorded as advance deposits. Advance collections for sponsorship and rental agreements are recorded as deferred revenue. Advance deposits and deferred revenue are reflected as liabilities in the accompanying statements of financial position.

Contributions of cash and nonfinancial assets, including donations of cash, property, and unconditional pledges, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of nonfinancial assets are recorded at estimated fair value at the date of donation. Contributions to be received subsequent to year end are discounted at an appropriate rate commensurate with the risks involved. The amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, as the pledge is satisfied. If a donor restriction is fulfilled in the same period in which the contribution is received, NPI reports the support as without donor restriction.

Sponsorships are exchange transactions whereby NPI provides visibility, recognition and certain other benefits to third parties. Revenue is recognized over time based on when NPI provides benefits.

Pier Park Amusements are the sales of admissions to the Pier's amusement rides, such as the Centennial Wheel, Wave Swinger, the Carousel, Drop Tower, and others. Revenue is recognized when access to the amusement is provided.

Programming events include sales of admissions to events produced by NPI, primarily Light Up the Lake. Revenue is recognized when access to the event is provided.

Retail revenue includes rental income and other revenues from multiple tenants in exchange for NPI providing space for retail, dining, and boat docking business operations. Revenue is recognized as NPI provides access to the tenant in accordance with respective lease terms.

Parking revenues are the fees charged to park in NPI's parking garage. Revenue is recognized as the parking is provided.

Facility rental includes fees received for the use of NPI's convention and meeting facilities, Festival Hall, and the Aon Grand Ballroom. Revenue is recognized as the related events take place.

Food and beverage revenue includes primarily license fees earned on sales of food and beverage related to the facility rental events provided by a third-party caterer. Revenue is recognized as the related events take place.

Facility fee revenues are assessments on paid admissions to attractions and events at the Pier. Revenues are unrestricted, are considered non-operating, and are used to fund capital improvements and deferred maintenance. Revenues are recognized when access to the amusement or event is provided.

Net Assets Released from Board Designation

This line item consists of Board-authorized releases of funds raised from the *Save the People's Pier* fundraising campaign to support current year operations.

Government Support

NPI receives no on-going financial support from any City, State of Federal agency to support its general operations. NPI applies for competitive grants when available, which are recorded as contributions and grants on the statements of activities. The Illinois Arts Council ("IAC") funded NPI's Arts and Cultural programming in the amount of $20,600 and $18,700 for 2023 and 2022, respectively. The Illinois Department of Commerce and Economic Opportunity awarded several grants to NPI in 2023 totaling $850,000 to support the State's efforts with tourism. The Illinois Department of Commerce and Economic Opportunity awarded NPI a grant in 2022 in the amount of $8,000,000 under the Coronavirus State and Local Fiscal Recovery Funds program funded by the federal Department of the Treasury.

The Federal Emergency Management Agency ("FEMA") awarded several grants under a port security grant program to NPI to support safety upgrades to Navy Pier, of which $837,722 and $412,363 was recorded as revenue in 2023 and 2022, respectively. The FEMA grants required NPI to contribute a match in order to receive the funds.

Contributions of Nonfinancial Assets and Services

NPI received contributions of nonfinancial assets and services in 2023 and 2022, which are recorded at estimated fair value. Contributed nonfinancial assets in 2023 consisted of donated supplies and goods for fundraising events, and contributed nonfinancial assets in 2022 consisted of equipment. Contributed nonfinancial assets did not have donor-imposed restrictions. In valuing nonfinancial assets, NPI estimates the fair value based on available information at the time of receipt.

Contributed services in 2023 and 2022 comprise broadcast acknowledgements, promotional services, and other professional services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Both nonfinancial assets and contributed services are reported as "Contributions of nonfinancial assets" on the statements of activities.

For the years ended December 31, contributed nonfinancial assets recognized within the statements of activities included:

	2023	2022
Services	$ 459,094	$ 63,690
Equipment	-	31,470
Supplies and goods	148,847	-
	$ 607,941	$ 95,160

Expenses by Function

Expenses are reductions in net assets without donor restrictions and are recorded as incurred. Expenses related to the operation of the Pier are classified as program expenses on the accompanying statements of functional expenses; this may include, but not be limited to, Arts, Culture and Engagement, maintenance and repairs, facility costs and security services. Administrative expenses include all expenses other than those incurred for the direct conduct of program services or fundraising activities. Fundraising expenses are costs incurred to generate philanthropic contributions to NPI.

Costs which are shared by more than one function include depreciation, interest, and most insurance, and are shared based on approximate square footage associated with staff involved.

Income Taxes

NPI has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under provision of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, except from income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board ("FASB") issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain positions that require recognition in the financial statements. There are no interest or penalties recognized in the financial statements for the years ended December 31, 2023 and 2022.

Management's Use of Estimates

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

Subsequent Events

NPI has performed an evaluation of subsequent events through May 7, 2024, which is the date the financial statements were issued. NPI is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

NOTE B - LEASE AGREEMENT WITH MPEA

Effective July 1, 2011, NPI entered into a long-term lease agreement (the "Lease Agreement") with MPEA to manage, operate, and develop the Pier. MPEA retains ownership of the Pier and NPI has the authority to make key decisions related to operations, maintenance, and the implementation of the Pier's revitalization. MPEA does not provide any ongoing financial subsidy to NPI to support operations of the Pier.

Significant terms of the Lease Agreement as amended are as follows:

> The Lease Agreement term is from July 1, 2011 through June 30, 2036, with four renewal options of 20 years each, for a total possible term of 105 years. The Lease Agreement requires NPI to pay MPEA rent of $1 per year and to operate the Pier in accordance with the Framework Plan, a comprehensive, long-term plan to maintain and guide redevelopment of the Pier. NPI has prepaid rent of $1 per year for the initial lease term of 25 years ending June 30, 2036;
>
> NPI can terminate the Lease Agreement at any time. MPEA can terminate the agreement only upon default by NPI. Events of default include (a) failure by NPI to comply in any material respect with the Framework Plan, or with the terms of the Lease Agreement (if failure is not remedied within 90 days after written notice); (b) NPI abandons the premises; or (c) NPI is bankrupt or insolvent; and
>
> At termination, all assets, including the premises and revenue from all sources, must be returned to MPEA. If donations cannot be legally transferred due to the intention of the donor, NPI and MPEA must mutually agree to the disposition.

The contributed fair value of the lease is not presented on the financial statements due to the absence of verifiable measurement criteria.

NOTE C - INVESTMENTS

The following table summarizes the types of investments as of December 31:

	2023	2022
Type of investments:		
Mutual funds and exchange-traded funds	$ 255,234	$ 146,041
Domestic equity securities	38,966	16,711
U.S. treasuries	1,482,915	-
Corporate bonds:		
Domestic fixed-income securities	562,000	662,000
Commercial paper	2,979,855	13,687,931
Total investments, at fair value	$ 5,318,970	$ 14,512,683

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

NPI evaluates its financial instruments in accordance with the fair value disclosure requirements of U.S. GAAP, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3).

The following methods and assumptions are used to estimate the fair value of NPI’s financial instruments:

Cash equivalents are money market funds carried at cost as an approximation of fair value.

Mutual funds and exchange-traded funds, domestic equity securities, U.S. treasuries, commercial paper, and corporate bonds are carried at fair value, based upon quoted market prices on nationally recognized securities exchanges (Level 1 inputs) or on quoted market prices of similar securities by relying on these securities relationship to other benchmark quoted prices (Level 2 inputs). These techniques make use of assumptions that market participants would use in pricing the respective asset and may require some degree of judgment.

Interest rate swap is computed using the present value of cash flows based on the notional amount, term, and fixed and variable interest rates contained in the contract. The model prices the instrument at an exit value were the agreement terminated at the date of valuation. Significant fair value inputs can be verified and do not involve management judgments (Level 2 inputs). NPI's cash equivalents and investments are accounted for at fair value on a recurring basis, using the fair value hierarchy as follows:

	December 31, 2023		
	Level 1	Level 2	Total
Cash equivalents	$ 9,592,340	$ -	$ 9,592,340
Investments:			
Mutual funds and exchange-traded funds	$ 255,234	$ -	$ 255,234
Domestic equity securities	38,966	-	38,966
U.S. treasuries	1,482,915	-	1,482,915
Corporate bonds:			
Domestic fixed-income securities	-	562,000	562,000
Commercial paper	-	2,979,855	2,979,855
Total investments - at fair value	$ 1,777,115	$ 3,451,855	$ 5,318,970

	December 31, 2022		
	Level 1	Level 2	Total
Cash equivalents	$ 1,562,725	$ -	$ 1,562,725
Investments:			
Mutual funds	$ 146,041	$ -	$ 146,041
Domestic equity securities	16,711	-	16,711
Corporate bonds:			
Domestic fixed-income securities	-	662,000	662,000
Commercial paper	-	13,687,931	13,687,931
Total investments - at fair value	$ 162,752	$ 14,349,931	$ 14,512,683

Transfers between levels of the fair value hierarchy are recognized on the actual date of the event of the change in circumstance, which caused the transfer. There were no transfers between the levels of the fair value hierarchy in 2023 or 2022.

NOTE E - LIQUIDITY AND AVAILABLE RESOURCES

NPI's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31:

	2023	2022
Cash and cash equivalents	$ 15,274,834	$ 11,242,493
Short-term investments	5,318,970	14,512,683
Accounts receivable, net	2,607,239	2,111,991
Pledges receivable, net	2,433,504	1,426,463
Total financial resources available within one year	25,634,547	29,293,630
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time restrictions	(3,317,360)	(2,107,818)
Contractually restricted by board designation	(5,156,330)	(4,866,106)
Total amounts unavailable within one year for general expenditures	(8,473,690)	(6,974,360)
Total financial assets available for general expenditures within one year	$ 17,160,857	$ 22,319,270

As part of NPI’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE F - LEASES

Aside from the lease with MPEA which is detailed in Note B, NPI has operating lease agreements for office equipment and offsite storage expiring in 2023 and 2027, respectively. Certain operating leases provide for renewal options but do not specify a time period. In most cases, NPI is required to make additional payments under facility operating leases for taxes, insurance and other operating expenses incurred during the operating lease period. NPI determines if a contract contains a lease when the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. Upon such identification and commencement of a lease, NPI establishes a ROU asset, which is included in property and equipment, net, in the statements of financial position and as a current and non-current lease liability in the statements of financial position.

Property recorded in property and equipment, net under finance leases included the following amounts at December 31:

	2023	2022
Leasehold improvements	$ 763,000	$ 763,000
Equipment and other	2,227,983	2,227,983
Less: accumulated amortization	(1,297,392)	(1,007,029)
Net capitalized leased property	$ 1,693,591	$ 1,983,954

Lease liabilities are included in the statements of financial position at December 31:

	2023	2022
Current liabilities		
Finance lease liabilities	$ 453,756	$ 486,966
Operating lease liabilities	125,642	394,932
Total current lease liabiliies	$ 579,398	$ 881,898

	2023	2022
Non-current liabilities		
Finance lease liabilities	$ 711,361	$ 1,165,117
Operating lease liabilities	332,681	458,323
Total non-current lease liabiliies	$ 1,044,042	$ 1,623,440

Amortization expense for assets recorded under finance leases is included within depreciation and amortization expense.

The future minimum lease payments under leases are as follows:

Fiscal Years Ending December 31,	Finance Leases	Operating Leases
2024	$ 471,930	$ 129,600
2025	413,043	129,600
2026	310,589	129,600
2027	-	83,961
Total minimum payments required	1,195,562	472,761
Less: amount representing interest	(30,445)	(14,438)
Present value of lease obligation	$ 1,165,117	$ 458,323

Components of lease expense for the year ended December 31, is summarized as follows:

	2023	2022
Lease expenses (1)		
Fixed lease expenses - operating	$ 411,600	$ 45,639
Fixed lease expenses - finance	317,023	326,748
Total lease expenses	$ 728,623	$ 372,387

(1) Lease expense represents the amount recorded within the statement of activities. Variable lease amounts represent expenses recognized as incurred which are not included in the lease liability. Fixed lease expenses and sublease income are recorded on a straight-line basis over the lease term and therefore are not necessarily representative of cash payments during the same period.

Payments made on operating leases in 2023 and 2022 were $411,600 and $45,639, respectively. Payments made on finance leases in 2023 and 2022 were $513,626 and $326,748, respectively.

Supplemental statement of financial position information related to leases at December 31, was as follows:

	2023	2022
Weighted average remaining lease term (in months) - financing leases	32	41
Weighted average discount rate - financing leases	1.80%	3.65%
Weighted average remaining lease term (in months) - operating leases	43	44
Weighted average discount rate - operating leases	3.15%	1.73%

NOTE G - DEBT

Debt outstanding at December 31 consisted of the following:

	Interest Rate	Fiscal Year Maturity	2023	2022
Illinois Finance Authority (IFA):				
Series 2014A Bonds [a]	2.90%	2025	$ 22,601,679	$ 23,945,679
Series 2014B-R Bonds [b]	Variable	2025	16,068,643	17,068,643
Bank construction loan 2017[c]	Variable	2025	13,046,113	13,821,113
Bank construction loan 2019[d]	Variable	2026	6,538,000	6,538,000
Total debt			58,254,435	61,373,435
Unamortized debt issuance costs			(53,849)	(101,073)
Bonds and loans payable, net			$ 58,200,586	$ 61,272,362

As a result of the financial and operational effects of the COVID-19 pandemic, NPI entered into loan modification agreements with its primary lender on December 19, 2020 for the two bond issuances, two construction loans and revolving line of credit. The modifications, outlined below, allowed for certain principal and interest payments to be deferred between April 1, 2020 and March 31, 2022 (the deferral period). In exchange, NPI must provide regular financial updates to the lender on the results of its operations and status of its fundraising efforts. Covenants from original agreements were also suspended to allow for operational flexibility. Should NPI achieve certain revenue or unrestricted cash targets, the lender had the right to receive interest and/or principal payments prior to the end of the deferral period.

In May 2022, NPI and its lender entered into a loan modification agreement to resume interest accruals effective January 1, 2022, change the interest rate benchmark from London Interbank Offered Rate (“LIBOR”) to Secured Overnight Financing Rate (“SOFR”). In December 2022, NPI and its lender entered into a loan modification agreement to purchase the Series 2014 B-R bonds until January 1, 2024 as well as modify the existing debt covenants to include a fixed charge ratio requirement effective for the second quarter of 2023 onward. In December 2023, NPI and its lender entered into a loan modification agreement to purchase the Series 2014A and Series 2014B-R bonds until January 1, 2025, extend the maturity of the 2017 Bank Construction Loan until January 1, 2025, modify the existing debt covenants to replace the fixed charge ratio requirement with a debt service coverage ratio, and modify minimum unrestricted liquid assets covenant.

[a] In December 2014, NPI issued $26,500,000 in IFA general obligation bonds, Series 2014A, which were purchased by the lender. The proceeds of the bonds were designated to pay the costs of manufacturing

and installing a new Observation Wheel and completing necessary structural improvements to Pier Park. The Series 2014A bonds were interest only through 2017, with principal payments commencing on January 1, 2018, and with a lump-sum payment due on January 1, 2025. Interest on the Series 2014A bonds is payable quarterly in arrears through January 1, 2025 at a fixed rate of 2.90%. The loan modification agreement in 2020 allowed for $665,823 of accrued interest to be added to the outstanding principal balance and for principal payments to be suspended until January 1, 2023. Interest paid on this loan in 2023 and 2022 was $665,192 and $520,819, respectively.

(b) In December 2014, NPI issued $20,000,000 in IFA general obligation drawdown bonds, Series 2014B. The proceeds of the bonds were designated for capital projects subject to lender approval, including $15,000,000 for construction of a live performance theater.

In October 2017, the IFA, the lender and NPI entered into the First Amendment to the Bond and Loan Agreement (the First Amendment). The First Amendment issued 2014B-R bonds to replace the prior Series 2014B bonds and the parties agreed to a revised payment schedule and interest rate. Payments on the Series 2014B-R bonds commenced on January 1, 2018 and are payable in a lump sum on January 1, 2025.

Interest on the Series 2014B-R bonds is payable quarterly in arrears at a floating rate of 1.982% plus 65.01% of one-month LIBOR until March 31, 2022. As of April 1, 2022, the floating rate of interest accrued at 2.102% plus 65.01% of the Term SOFR Rate. The stated interest rate on the Series 2014B-R bonds was 5.45% and 4.90% as of December 31, 2023 and 2022, respectively. The loan modification agreement in 2020 allowed for $400,649 of accrued interest to be added to the outstanding principal balance, and principal payments to be suspended until January 1, 2023. Interest paid on this loan in 2023 and 2022 was $810,388 and $359,907, respectively.

In July 2018, NPI and the lender entered into an interest rate swap agreement to fix the interest rate on the Series 2014B-R at 4.175%. The swap agreement was terminated on May 16, 2022.

(c) In September 2017, NPI and the lender entered into a Construction Loan Agreement in the amount of $15,500,000 to complete a renovation construction project (Bank Construction loan 2017). The Bank Construction loan 2017 is being repaid in installments of $775,000 annually beginning October 1, 2018 with a lump-sum payment due at maturity on January 1, 2025.

Under the original terms, interest on the Bank Construction loan 2017 was payable quarterly in arrears at a floating rate of the one-month LIBOR rate plus 1.85%. As of May 17, 2022, interest accrued a floating rate of the one-month SOFR rate plus 1.97%. At December 31, 2023 and 2022, the stated interest rate on the Construction loan was 7.35% and 6.27%, respectively. The loan modification agreement in 2020 allowed for $276,377 of accrued interest to be added to the outstanding principal balance in 2021. Interest paid on this loan in 2023 and 2022 was $1,458,035 and $328,742, respectively.

In September 2017, NPI and the lender entered into an interest rate swap agreement to fix the interest rate on the Construction loan at 4.15%. The swap agreement was terminated on May 16, 2022.

(d) In December 2019, NPI and the lender entered into a Construction Loan Agreement in the amount of $6,600,000 to complete a renovation construction project (Bank Construction loan 2019). The Bank Construction loan 2019 is payable in annual installments of $330,000 commencing on January 1, 2023 with a lump-sum payment due at maturity on December 20, 2026. Under the original terms, interest on the Construction loan 2019 is payable monthly in arrears at a floating rate of the one-month LIBOR rate plus 1.85%. As of May 17, 2022, interest accrued at a floating rate of the one-month SOFR rate plus 1.97%. At December 31, 2023 and 2022, the stated interest rate on the Bank Construction loan 2019 was 7.35% and 6.27%, respectively. Interest expense paid on this loan was $485,065 and $254,485 in

2023 and 2022, respectively. The loan modification agreement in 2020 allowed for $132,848 of accrued interest to be added to the outstanding principal balance in 2021.

Interest expense for the years ended December 31, 2023 and 2022 was $2,964,989 and $2,241,851, respectively.

All bank debt and rate management obligations are secured by the general revenue of NPI. Required principal payments for bonds and loans as of December 31, 2023 are as follows:

Year Ending December 31,	
2024	$ 3,459,000
2025	48,917,435
2026	5,878,000
	$ 58,254,435

NOTE H - DERIVATIVE FINANCIAL INSTRUMENTS

NPI entered into two interest rate swap agreements with its primary lender in order to hedge overall exposure to variable rate debt. Both agreements were terminated on May 16, 2022.

Effective July 1, 2018, and originally expiring January 1, 2023, NPI agreed to pay the lender interest at a fixed rate of 2.193% with the counterparty paying NPI a floating rate based on 65.01% of three-month LIBOR. The notional amount of the interest rate swap decreases annually as principal payments were scheduled to be made prior to the 2020 Loan Modification Agreement. The notional amount was $15,250,000 as of December 31, 2021. NPI remitted a termination payment to the counterparty of $110,000 as consideration for the termination agreement.

The change in net assets related to the two swap agreements was a gain of $795,559 for the year ended December 31, 2022. Interest expense related to the swap agreements was $136,746 for the year ended December 31, 2022. There was no activity related to derivative financial instruments for the year ended December 31, 2023.

NOTE I - EMPLOYEE BENEFITS AND RETIREMENT PLANS

401(k) Plan

NPI offers its employees who have reached the age of 21 and have completed 1,000 hours of continuous service in their anniversary year a Section 401(k) deferred compensation retirement plan (the Plan). The Plan commenced effective August 1, 2013. NPI contributes to the Plan for eligible non-represented employees, and the Plan also permits eligible employees to defer a portion of their salaries. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan only allows for voluntary contributions from union employees.

The provisions of the Plan allow eligible employees to contribute a portion of current earnings up to limits established by the Internal Revenue Service. NPI contributes 3% of earnings for eligible employees. NPI also made a discretionary matching contribution equal to 100% of the first 3% of eligible compensation contributed by the eligible employee, for a total maximum employer contribution of 6%.

The Plan was amended in 2022 to add an auto-enrollment provision upon employees' eligibility. Employees are enrolled at 3% of compensation into the Plan, and have the option to modify contributions on a monthly basis.

All assets of the Plan are held in a trust in the name of the Plan and are used exclusively to pay benefits to the participants and their beneficiaries. As such, NPI does not report the assets and liabilities of the retirement plans in the accompanying financial statements.

NPI contributed $400,390 to the Plan for 79 eligible employees during the year ended December 31, 2023 and $324,839 to the Plan for 66 eligible employees during the year ended December 31, 2022.

457(b) Plan

NPI offers certain senior employees a defined contribution retirement plan (the 457(b) Plan) under Section 457(b) of the IRC. The 457(b) Plan commenced September 1, 2019 and permits eligible employees to contribute up to 100% of their gross earnings on a pretax basis, subject to IRC limitations. Though the 457(b) Plan allows for NPI to make contributions, it did not do so in 2023 or 2022. Employee contributions are remitted to a third-party custodian and are used to purchase investments at the participant's direction. Until paid or made available to the participant or beneficiary, all deferred amounts and investment earnings related to deferral amounts are solely the property of NPI and are subject to claims of NPI's general creditors. Participants' rights under the 457(b) Plan are equal to those of a general creditor of NPI. Assets of the 457(b) Plan are recorded on the accompanying statements of financial position in cash and cash equivalents, and investments. Liabilities under the 457(b) Plan are recorded on the accompanying statements of financial position in accounts payable and accrued expenses. Assets and corresponding liabilities for the 457(b) Plan were $301,582 and $165,925 at December 31, 2023 and 2022, respectively.

Multiemployer Retirement Plans

NPI contributes to several defined benefit multi-employer pension plans under the terms of collective-bargaining agreements which cover its union-represented employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following respects:

a) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers;

b) If a participating employer stops contributing to the plan, the unfunded obligations of the Plan may be borne by the remaining participating employers; and

c) If NPI chooses to stop participating in any of its multi-employer plans, NPI may be required to pay those plans an amount based on NPI's proportionate share of unfunded vested plan benefits, referred to as a withdrawal liability.

NPI participates in six multi-employer defined benefit plans, three of which are material to NPI's financial position. NPI's participation in the plans which cover Carpenter, Painter, and Stagehand employees is outlined in the following table. "EIN/Pension Plan Number" provides the Employee Identification Number ("EIN") and the three-digit plan number. The most recent Pension Protection Act ("PPA") zone status available is for the plan's year-end. The zone status is based on information that NPI received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. "FIP/RP Status" indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

	Carpenters	Painters	Stagehands
Pension fund	Chicago Regional Council of Carpenters Pension Fund	Chicago Painters and Decorators Pension Fund	Stagehands Local Two Retirement Plan
EIN/pension plan number	36-6130207/001	51-6030238/001	36-6099766/001
Expiration date of collective bargaining agreement	5/31/2024	5/31/2024	12/31/2024
NPI contributions			
2023	$ 118,134	$ 138,875	$ 183,758
2022	119,291	127,578	204,892
Plan year-end of most recent Form 5500 filing	6/30/2023	3/31/2023	12/31/2022
PPA Zone status			
Most recent year	Green	Green	Green
Two years prior	Green	Green	Green
FIP/RP status	Not applicable	Not applicable	Not applicable
Surcharge imposed	No	No	No
NPI contributed more than 5% of total contributions	No	No	No

NPI contributed a total of $96,790 and $98,096 to three other defined benefit multi-employer plans in 2023 and 2022, respectively. NPI also contributed $229,028 and $173,221 to various defined contribution multi-employer plans in 2023 and 2022, respectively.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

All net assets with donor restrictions at December 31, 2023 and 2022 are restricted by donors for either purpose or time restriction. Such amounts will be released to net assets without donor restrictions when the long-lived assets are placed in service or at collection of the pledge.

Net assets with donor restrictions as of December 31 are as follows:

	2023	2022
Purpose restricted		
Arts, culture, and engagement programming	$ 4,471,746	$ 4,955,889
Facility improvements	2,318,870	2,415,121
Time restricted	841,984	1,002,282
	$ 7,632,600	$ 8,373,292

NOTE K - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors for the years ended December 31 are as follows:

	2023	2022
Purpose restricted		
Arts, culture, and engagement programming	$ 1,178,100	$ 1,478,350
Facility improvements	100,000	27,351
Time restricted	272,822	1,107,261
	$ 1,550,922	$ 2,612,962

NOTE L - RELATED PARTY TRANSACTIONS

MPEA procures a pollution insurance policy on behalf of NPI. Costs for services purchased from the MPEA totaled approximately $22,000 and $37,000 for the years ended December 31, 2023 and 2022, respectively.

NPI received contributions from board members and life trustees, as well as contributions from foundations and corporations directed by board members and life trustees. Contributions from board members and life trustees totaled approximately $600,000 and $500,000 for the years ended December 31, 2023 and 2022, respectively. Contributions directed by board members and life trustees totaled approximately $1,300,000 and $800,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE M - RISK MANAGEMENT

NPI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to customers, employees, contractors, or vendors; and natural disasters. NPI utilizes a comprehensive insurance program for its property and casualty coverage provided by commercial insurance carriers.

NPI is subject to legal proceedings arising in the course of its normal business activities. In the opinion of management, any such matters will be resolved either through insurance coverage or without material adverse effect on NPI's financial position or change in net assets.

SINGLE AUDIT REPORTS

Navy Pier, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Homeland Security			
Federal Emergency Management Agency			
Port Security Grant Program	97.056		$ 837,722
Department of The Treasury			
Illinois Department of Commerce and Economic Opportunity; Illinois Office of Tourism			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2645-41394	500,000
Coronavirus State and Local Fiscal Recovery Funds	21.027		250,000
Subtotal of Coronavirus State and Local Fiscal Recovery Funds			750,000
Department of Commerce			
Illinois Department of Commerce and Economic Opportunity; Illinois Office of Tourism			
Economic Adjustment Assistance Program	11.307		100,000
National Oceanic and Atmospheric Administration			
Illinois Department of Natural Resources			
National Coastal Zone Management Program	11.419		34,479
Total Expenditures of Federal Awards			$ 1,722,201

The accompanying notes are an integral part of this schedule.

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Navy Pier, Inc. (NPI) and is presented on the accrual basis of accounting. The information in the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

NOTE B - INDIRECT COST RATE

NPI has elected to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance, though the grants for which NPI had expenditures during the year do not allow for indirect costs to be reimbursed. Accordingly, no indirect costs have been attributed to these grants.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Navy Pier, Inc.

We have audited, 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 (*Government Auditing Standards*), the financial statements of Navy Pier, Inc. (the "Entity"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2024

Report on internal control over financial reporting
In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting ("internal control") as a basis for designing 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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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

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

Report on compliance and other matters
As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was

not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity'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 Entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
May 7, 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Navy Pier, Inc.

Report on compliance for each major federal program

Opinion on each major federal program

We have audited the compliance of Navy Pier, Inc. (the "Entity") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended December 31, 2023. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Entity's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Entity's federal programs.

Auditor's responsibilities for the audit of compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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

Grant Thornton

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Entity's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
May 7, 2024

Navy Pier, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	______	yes	X	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	yes	X	none reported
Noncompliance material to financial statements noted?	______	yes	X	no

Federal Awards

Internal control over the major program:				
Material weakness(es) identified?	______	yes	X	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	yes	X	none reported
Type of auditors' report issued on compliance for the major program:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	______	yes	X	no

Identification of the major programs:

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number
Port Security Grant Program	97.056

Dollar threshold used to distinguish between type A and type B programs:		$750,000		
Auditee qualified as low-risk auditee?	X	yes	______	no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUPPLEMENTARY INFORMATION

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR

Add a Program | Certify & Submit

	CSFA #	Program Name	$ State	$ Federal	$ Other	$ Total
View	420-25-2973	Illinois Travel and Tourism Grant Program	0	100,000	100,000	200,000
View	420-27-2645	Tourism Attractions & Festivals Grant Program	0	500,000	500,000	1,000,000
View	503-00-0882	Creative Sector	0	250,000	0	250,000
View		Other grant programs and activities		872,201	279,241	1,151,442
View		All other costs not allocated			72,521,049	72,521,049
		Totals:	0	1,722,201	73,400,290	75,122,491

Please note the following:

- The CYEFR may be pre-populated with programs based on existing awards in the GATA system. These programs cannot be removed. If no spending occurred in a program leave the amounts at zero.
- Any grant expenditures not associated with funding received through the State of Illinois are to be entered in "Other grant programs and activities". The expenditures must be identified as federal (direct or pass-through) or other funding.
- All other expenditures not related to grants are to be entered in "All other costs not allocated".

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Agency	Department Of Commerce And Economic Opportunity (420)
Program	Illinois Travel and Tourism Grant Program (420-25-2973) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	○ Yes ◉ No Identify Limitations (required if Yes)
Mandatory Match %	◉ Yes ○ No Rate (required if Yes): 50
Indirect Cost Rate	0.00 %
Indirect Cost Rate Base	

Category	State Amount	Federal Amount	Match Amount	Total
Contractual Services	0.00	94032.50	94032.50	188,065.00
Miscellaneous Costs	0.00	5967.50	5967.50	11,935.00
Total Direct Expenses	**0.00**	**100,000.00**	**100,000.00**	**200,000.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Agency	Department Of Commerce And Economic Opportunity (420)
Program	Tourism Attractions & Festivals Grant Program (420-27-2645) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	○ Yes ◉ No Identify Limitations (required if Yes)
Mandatory Match %	◉ Yes ○ No Rate (required if Yes): 50
Indirect Cost Rate	0.00 %
Indirect Cost Rate Base	

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	0.00	0.00	0.00	0.00
Fringe Benefits	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Contractual Services	0.00	492896.00	492896.00	985,792.00
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	7104.00	7104.00	14,208.00
Total Direct Expenses	**0.00**	**500,000.00**	**500,000.00**	**1,000,000.00**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**0.00**	**500,000.00**	**500,000.00**	**1,000,000.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Agency	Illinois Arts Council (503)
Program	Creative Sector (503-00-0882) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	○ Yes ● No Identify Limitations (required if Yes)
Mandatory Match %	○ Yes ● No Rate (required if Yes):
Indirect Cost Rate	0.00 %
Indirect Cost Rate Base	

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	0.00	0.00	0.00	0.00
Fringe Benefits	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Contractual Services	0.00	0.00	0.00	0.00
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	250000.00	0.00	250,000.00
Total Direct Expenses	**0.00**	**250,000.00**	**0.00**	**250,000.00**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**0.00**	**250,000.00**	**0.00**	**250,000.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Program	Other grant programs and activities

Category	Direct Federal	Other Amount	Total
Personal Services (Salaries and Wages)	0.00	0.00	0.00
Fringe Benefits	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Equipment	0.00	0.00	0.00
Supplies	0.00	0.00	0.00
Contractual Services	0.00	0.00	0.00
Consultant (Professional Services)	0.00	0.00	0.00
Construction	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00
Miscellaneous Costs	872201.00	279241.00	1,151,442.00
Total Direct Expenses	**872,201.00**	**279,241.00**	**1,151,442.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Program	All other costs not allocated

Category	Other Amount
Personal Services (Salaries and Wages)	0.00
Fringe Benefits	0.00
Travel	0.00
Equipment	0.00
Supplies	0.00
Contractual Services	0.00
Consultant (Professional Services)	0.00
Construction	0.00
Occupancy - Rent and Utilities	0.00
Research and Development	0.00
Telecommunications	0.00
Training and Education	0.00
Direct Administrative Costs	0.00
Miscellaneous Costs	72521049.00
Total Direct Expenses	**72,521,049.00**

Cancel Save