Financial Statements and Report of Independent Certified Public Accountants

Navy Pier, Inc.

December 31, 2021 and 2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the 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, 2021 and 2020, 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the 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, 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 report for the year ended December 31, 2021 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 16, 2022, 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 16, 2022

Navy Pier, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 21,309,024	$ 5,990,634
Short-term investments	883,020	921,228
Accounts receivable, net	4,503,509	441,876
Pledges receivable, net	3,709,124	1,163,658
Prepaid expenses	774,378	921,399
Current assets	31,179,055	9,438,795
Non-current assets		
Pledges receivable, net	2,364,212	2,292,521
Property and equipment, net	166,003,283	175,321,377
Non-current assets	168,367,495	177,613,898
Total assets	$ 199,546,550	$ 187,052,693
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 5,695,473	$ 4,962,132
Advance deposits	1,057,244	995,284
Deferred revenue	1,185,772	1,092,364
Lease liabilities	479,909	352,722
Bonds and loans payable, net	2,275,000	1,242,676
Total current liabilities	10,693,398	8,645,178
Non-current liabilities		
Deferred revenue	6,253,820	6,183,654
Interest rate swap	842,559	1,713,939
Lease liabilities	1,648,242	1,864,848
Bonds and loans payable, net	61,552,114	63,480,156
Total non-current liabilities	70,296,735	73,242,597
Total liabilities	80,990,133	81,887,775
Net assets		
Without donor restrictions	111,800,107	101,262,753
With donor restrictions	6,756,310	3,902,165
Total net assets	118,556,417	105,164,918
Total liabilities and net assets	$ 199,546,550	$ 187,052,693

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

Navy Pier, Inc.

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2021					2020				
	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 and grants	$ 1,741,958	$ 6,326,025	$ 8,067,983	$ 3,483,485	$ 11,551,468	$ 1,139,034	$ 419,707	$ 1,558,741	$ 2,985,271	$ 4,544,012
Sponsorships	1,748,556	-	1,748,556	-	1,748,556	2,338,909	-	2,338,909	-	2,338,909
In-kind support	177,820	-	177,820	-	177,820	191,330	-	191,330	-	191,330
Pier Park Amusements	12,017,224	-	12,017,224	-	12,017,224	943,786	-	943,786	-	943,786
Programming events	2,426,136	-	2,426,136	-	2,426,136	935,832	-	935,832	-	935,832
Retail	8,371,377	102,348	8,473,725	-	8,473,725	5,004,354	102,627	5,106,981	-	5,106,981
Parking	9,634,769	-	9,634,769	-	9,634,769	3,232,511	-	3,232,511	-	3,232,511
Facility rental	1,466,828	-	1,466,828	-	1,466,828	1,009,140	-	1,009,140	-	1,009,140
Food and beverage	2,667,441	-	2,667,441	-	2,667,441	1,075,415	-	1,075,415	-	1,075,415
Investment return, net	4,670	69	4,739	-	4,739	67,964	64,436	132,400	-	132,400
Change in value of swap	-	871,380	871,380	-	871,380	-	(741,152)	(741,152)	-	(741,152)
COVID-19 relief	14,342,500	-	14,342,500	-	14,342,500	-	-	-	-	-
Other	846,009	-	846,009	-	846,009	102,880	83,876	186,756	-	186,756
Net assets released from donor restriction	404,340	225,000	629,340	(629,340)	-	73,333	100,000	173,333	(173,333)	-
Total revenues and support	55,849,628	7,524,822	63,374,450	2,854,145	66,228,595	16,114,488	29,494	16,143,982	2,811,938	18,955,920
Expenses										
Program	34,598,714	12,150,448	46,749,162	-	46,749,162	22,970,034	12,261,334	35,231,368	-	35,231,368
Administration	4,959,419	126,584	5,086,003	-	5,086,003	5,130,329	124,242	5,254,571	-	5,254,571
Fundraising	938,639	63,292	1,001,931	-	1,001,931	600,867	62,121	662,988	-	662,988
Total expenses	40,496,772	12,340,324	52,837,096	-	52,837,096	28,701,230	12,447,697	41,148,927	-	41,148,927
Change in net assets before transfers	15,352,856	(4,815,502)	10,537,354	2,854,145	13,391,499	(12,586,742)	(12,418,203)	(25,004,945)	2,811,938	(22,193,007)
Board-designated transfers	(12,721,558)	12,721,558	-	-	-	(12,417,915)	12,417,915	-	-	-
CHANGE IN NET ASSETS	$ 2,631,298	$ 7,906,056	10,537,354	2,854,145	13,391,499	$ (25,004,657)	$ (288)	(25,004,945)	2,811,938	(22,193,007)
Net assets, beginning of year			101,262,753	3,902,165	105,164,918			126,267,698	1,090,227	127,357,925
Net assets, end of year			$ 111,800,107	$ 6,756,310	$ 118,556,417			$ 101,262,753	$ 3,902,165	$ 105,164,918

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

Navy Pier, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,

	2021				2020			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries and benefits	$ 7,375,415	$ 2,762,229	$ 246,003	$ 10,383,647	$ 7,195,599	$ 2,788,452	$ 419,891	$ 10,403,942
Contracted services	13,936,201	8,898	18,742	13,963,841	8,032,071	13,826	6,549	8,052,446
Professional fees	1,570,530	1,202,398	537,413	3,310,341	765,549	1,178,715	68,749	2,013,013
Advertising and promotions	2,668,810	38,045	55,230	2,762,085	1,779,801	944	18,048	1,798,793
Utilities	1,887,817	20,006	9,583	1,917,406	1,532,887	15,982	7,781	1,556,650
Maintenance	1,733,318	199,626	-	1,932,944	844,789	138,395	-	983,184
Equipment	623,777	223,182	34,070	881,029	286,533	134,937	127	421,597
Supplies	1,320,601	4,706	4,398	1,329,705	431,159	7,405	2,459	441,023
Insurance	1,366,066	97,498	6,691	1,470,255	1,603,166	89,150	7,989	1,700,305
Information technology	637,246	320,159	21,652	979,057	156,051	258,875	21,046	435,972
Postage and shipping	17,466	1,912	69	19,447	2,552	2,216	1,056	5,824
Printing	37,562	4,501	-	42,063	22,733	1,055	-	23,788
Travel and entertainment	90,305	11,701	2,453	104,459	24,933	8,966	40,831	74,730
Training	10,537	1,025	-	11,562	5,831	3,182	1,821	10,834
Credit card and bank fees	719,254	28,227	1,232	748,713	219,269	433,263	1,952	654,484
Dues and subscriptions	32,511	18,194	775	51,480	26,009	14,193	1,020	41,222
Miscellaneous	191,011	16,481	12	207,504	71,084	40,839	1,581	113,504
Interest	2,200,421	22,339	11,170	2,233,930	2,104,199	21,362	10,681	2,136,242
Depreciation and amortization	10,330,314	104,876	52,438	10,487,628	10,127,153	102,814	51,407	10,281,374
	$ 46,749,162	$ 5,086,003	$ 1,001,931	$ 52,837,096	$ 35,231,368	$ 5,254,571	$ 662,988	$ 41,148,927

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

Navy Pier, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 13,391,499	$ (22,193,007)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,434,492	10,225,095
Amortization of debt issuance costs	53,136	56,279
Interest expense added to principal	1,540,646	1,568,441
Realized and unrealized investment gains	(3,102)	(13,005)
Unrealized (gain) loss on interest rate swap	(871,380)	741,152
Contributions and grants restricted for capital projects	(850,000)	(200,000)
Amortization of discount for pledges receivable	(13,358)	(8,961)
Payroll Protection Program forgiveness	(2,489,500)	-
Changes in assets and liabilities:		
Accounts receivable	(4,061,633)	1,583,231
Pledges receivable	(2,603,799)	(2,226,492)
Prepaid expenses	147,021	220,859
Accounts payable and accrued expenses	733,341	(4,395,363)
Advance deposits	61,960	(30,589)
Deferred revenue	163,574	(57,597)
Net cash provided by (used in) operating activities	15,632,897	(14,729,957)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	110,737	90,000
Purchases of investments	(69,427)	(37,698)
Purchases of property and equipment	(816,492)	(7,171,460)
Net cash used in investing activities	(775,182)	(7,119,158)
Cash flows from financing activities:		
Loan proceeds	-	3,989,500
Bond and loan repayment	-	(2,316,000)
Principal payments on finance lease	(389,325)	(196,613)
Contributions restricted for capital projects	850,000	200,000
Net cash provided by financing activities	460,675	1,676,887
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,318,390	(20,172,228)
Cash and cash equivalents - beginning of year	5,990,634	26,162,862
Cash and cash equivalents - end of year	$ 21,309,024	$ 5,990,634
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 698,558	$ 925,965
Acquisition of property and equipment via finance lease	$ 299,906	$ 101,943

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:

<u>Net assets without donor restrictions</u>

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 swap, 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.

Board-designated transfers between operating and non-operating net assets without donor restrictions are to fund NPI's depreciation and debt service requirements.

<u>Net assets with donor restrictions</u>

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 less. 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.

	2021	2020
Contractually-restricted	$ 6,373,497	$ -
Donor-restricted	1,152,741	459,741
Total cash and cash equivalents, restricted	$ 7,526,238	$ 459,741

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 $200,000 and $1,030,000 was recorded as of December 31, 2021 and 2020, respectively, related to tenant and event accounts receivable.

Prepaid Expenses

Prepaid expenses consist primarily of prepayments for insurance coverage, maintenance agreements and expenses for events that will occur in 2022.

Investments

Investments are measured at fair value in the accompanying statements of financial position. Investments in debt securities have maturities within one year. 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, 2021 and 2020.

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

	2021	2020
Construction in progress	$ 297,010	$ 404,335
Leasehold improvements	187,313,211	187,013,832
Equipment and other	35,399,720	34,475,376
Total property and equipment	223,009,941	221,893,543
Less: accumulated depreciation	(57,006,658)	(46,572,166)
Total property and equipment, net	$ 166,003,283	$ 175,321,377

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.

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, Pepsi Waveswinger, the carousel and others. Revenue is recognized when access to the amusement is provided.

Programming events includes sales of admissions to events produced by NPI, primarily Light Up the Lake in 2021 and Winter Wonderfest in 2020. 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.

Contributions and programmatic grants, including donations of cash, property, in kind contributions 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 assets other than cash 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.

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 $19,100 for 2020 and was notified of an award of $18,700 for 2021, both of which have been recorded as revenue in 2020. The Illinois Department of Commerce and Economic Opportunity awarded grants to NPI in both 2021 and 2020 for $453,750 and $92,426, respectively, to support the State's efforts with tourism. The 2021 award funded a portion of costs associated with the *Chicago Live Again* event. The Federal Emergency Management Agency ("FEMA") awarded two grants to NPI to support safety upgrades to Navy Pier, of which $2,528 and $294,707 was recorded as revenue in 2021 and 2020, respectively. The FEMA grants required NPI to contribute a match in order to receive the funds.

In-Kind Contributions

NPI received goods and services as in-kind contributions in 2021 and 2020, which are recorded at estimated fair value.

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.

Interest Rate Swap

NPI has 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.

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 2.73%. 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. A bad debt reserve of approximately $100,000 and $0 was recorded as of December 31, 2021 and 2020, respectively, related to pledges receivable.

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

	2021	2020
Within one year	$ 3,809,124	$ 1,163,658
In one to five years	2,258,333	2,166,667
Beyond five years	200,000	233,333
	6,267,457	3,563,658
Less: allowance for doubtful accounts	(100,000)	-
Less: discount to net present value	(94,121)	(107,479)
	$ 6,073,336	$ 3,456,179

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, 2021 and 2020.

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.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for NPI for 2022. Early adoption is permitted.

Subsequent Events

NPI has performed an evaluation of subsequent events through May 16, 2022, 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, except as follows.

On April 14, 2022, the Board of Directors approved a loan modification with its primary lender 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"), and terminate both interest rate swap agreements should the mark-to-market valuations fall within a certain range. As of the issuance of these financial statements, NPI and its lender were finalizing details surrounding these items.

NOTE B - COVID-19 PANDEMIC AND RELATED RELIEF

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

The accompanying financial statements have been prepared assuming that NPI will continue as a going concern.

Out of concern for the safety and health of its guests and employees, NPI temporarily closed the Pier on March 16, 2020. Illinois Governor J.B. Pritzker issued Executive Order 2020-10 on March 20, 2020 which required non-essential businesses to temporarily cease operations. Approximately 80 staff were furloughed or laid-off after March 27, 2020. The Pier remained closed to the public until June 10, 2020, when it reopened per the terms of Executive Order 2020-38.

Pursuant to State of Illinois restrictions, NPI was not able to operate Pier Park amusements, or its convention and meeting facilities after March 16, 2020. Due to the anticipated drop in attendance, each tenant of NPI was offered a rent-relief package in order to ensure the tenants' long-term survival; agreements for rent relief were reached with all but three tenants by the end of 2020.

The operating restrictions and decreased attendance negatively impacted NPI's revenues, liquidity, and net assets without donor restrictions. NPI moved to mitigate the impact by reducing its workforce, reducing salaries, delaying capital expenditures, reducing advertising costs and other discretionary spending, and actively managing cash disbursements, which has allowed NPI to meet its obligations as they become due. NPI's debt obligations were renegotiated with its primary lender and are detailed in Note H. The Board of NPI engaged in a "Save the Pier" fundraising campaign to allow the Pier to re-open, replenish cash reserves and continue to offer rent relief to its tenant partners. Despite these proactive measures, attendance during summer 2020 was approximately 15% of that from the prior year. In an effort to preserve its liquidity, NPI decided to close the Pier to the general public after Labor Day, and re-opened April 30, 2021. Tenant leases were again modified during this closure period, and relief was extended into 2022 for all tenants.

NPI received the proceeds of a Paycheck Protection Program Term Note (“PPP Loan”) in the amount of $2,489,500 through its primary lender on April 20, 2020, allowing furloughed and laid-off staff to return to work in order to prepare for the upcoming summer season. Forgiveness was granted by the Small Business Administration (“SBA”) on September 9, 2021 using a 12-week covered period for salaries, employee benefits, and utility expenses.

NPI received the proceeds of a second PPP Loan in the amount of $1,910,005 through its primary lender on March 23, 2021. Forgiveness was granted by the SBA on September 28, 2021 using a 13-week covered period for salaries, employee benefits and utility expenses. Upon securing each PPP loan, NPI recorded the amounts as bond and loan liabilities on the statement of financial position; upon forgiveness, NPI converted the amounts of the two PPP loans into COVID-19 relief revenues on the statement of activities. Additional information about the terms of the PPP loans is disclosed in Note H.

The CARES Act provides an employee retention tax credit (“ERTC”), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit for 2021 is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. NPI qualified for and claimed $1,853,000 in ERTC during the fiscal year ended December 31, 2021. The ERTC was recorded as COVID-19 relief on the statement of activities. As of December 31, 2021, NPI has a $1,046,174 receivable balance from the United States government related to the CARES Act, which is recorded in "Accounts receivables, net" on the statement of financial position.

On November 2, 2021, NPI received a $8,089,995 Shuttered Venues Operator Grant from the SBA. The grant allowed for NPI to allocate certain costs incurred between March 2020 and December 2021 as it relates to maintaining, operating, and re-opening Navy Pier during the COVID-19 pandemic. The grant is recorded as COVID-19 relief on the statement of activities. As of the issuance of these financial statements, the SBA has not finalized its final reporting and close-out procedures.

No impairments were recorded as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

NOTE C - 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.

NPI has accounted for the Lease Agreement as an operating lease. The contributed fair value of the lease is not presented on the financial statements due to the absence of verifiable measurement criteria.

NOTE D - INVESTMENTS

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

	2021	2020
Type of investments:		
Mutual funds	$ 108,678	$ 51,089
Domestic equity securities	12,342	13,139
Corporate bonds:		
Domestic fixed-income securities	762,000	857,000
Total investments, at fair value	$ 883,020	$ 921,228

NOTE E - 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, domestic equity securities, 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, 2021	
	Level 1	Level 2
Cash equivalents	$ 282,931	$ -
Investments:		
Mutual funds	108,678	-
Domestic equity securities	12,342	-
Corporate bonds:		
Domestic fixed-income securities	762,000	-
Total investments - at fair value	$ 883,020	$ -
Liabilities:		
Interest rate swap	$ -	$ 842,559

	December 31, 2020	
	Level 1	Level 2
Cash equivalents	$ 1,284,229	$ 3,104,328
Investments:		
Mutual funds	51,089	-
Domestic equity securities	13,139	-
Corporate bonds:		
Domestic fixed-income securities	857,000	-
Total investments - at fair value	$ 921,228	$ -
Liabilities:		
Interest rate swap	$ -	$ 1,713,939

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 2021 or 2020.

NOTE F - 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:

	2021	2020
Cash and cash equivalents	$ 21,309,024	$ 5,990,634
Short-term investments	883,020	921,228
Accounts receivable, net	4,503,509	441,876
Pledges receivable, net	3,709,124	1,163,658
Total financial resources available within one year	30,404,677	8,517,396
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time restrictions	(4,783,724)	(1,263,441)
Debt issuance proceeds for capital improvements	(185,267)	(1,159,292)
Total amounts unavailable within one year for general expenditures	(4,968,991)	(2,422,733)
Total financial assets available for general expenditures within one year	$ 25,435,686	$ 6,094,663

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. To help manage liquidity needs during the COVID-19 pandemic, NPI drew on its line of credit of $1,500,000.

NOTE G - CAPITAL LEASES

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

	2021	2020
Leasehold improvements	$ 763,000	$ 763,000
Equipment and other	2,227,983	1,990,693
Less: accumulated amortization	(716,667)	(480,122)
Net capitalized leased property	$ 2,274,316	$ 2,273,571

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

The future minimum lease payments under the capital leases are as follows:

Fiscal Years Ending December 31,	
2022	$ 510,525
2023	510,674
2024	470,470
2025	412,667
2026	310,487
Total minimum payments required	2,214,823
Less: amount representing interest	(86,672)
Present value of capital lease obligation	$ 2,128,151

NOTE H - DEBT

Short-term and long-term debt outstanding at December 31 consisted of the following:

	Interest Rate	Fiscal Year Maturity	2021	2020
Illinois Finance Authority (IFA):				
Series 2014A Bonds [(a)]	2.90%	2024	$ 23,945,679	$ 23,248,822
Series 2014B-R Bonds [(b)]	Variable	2023	17,068,643	16,650,649
Bank construction loan 2017[(c)]	Variable	2024	14,596,113	14,307,858
Bank construction loan 2019[(d)]	Variable	2026	6,868,000	6,730,460
Paycheck Protection Program loan[(e)]	1.0%	2022	-	2,489,500
Line of credit[(f)]	Variable	2022	1,500,000	1,500,000
Total debt			63,978,435	64,927,289
Unamortized debt issuance costs			(151,321)	(204,457)
Bonds and loans payable, net			$ 63,827,114	$ 64,722,832

As a result of the financial and operational effects of 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 has the right to receive interest and/or principal payments prior to the end of the deferral period. In addition, the parking improvements loan and housekeeping equipment loan both had modifications with the respective lender.

(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, 2024. Interest on the Series

2014A bonds is payable quarterly in arrears through January 1, 2024 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.

(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, 2023.

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. The stated interest rate on the Series 2014B-R bonds was 2.0955% and 2.1328% as of December 31, 2021 and 2020, 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.

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%.

(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, 2022 through September 2024 with a lump-sum payment due at maturity on September 22, 2024.

Interest on the Bank Construction loan 2017 is payable quarterly in arrears at a floating rate of the one-month LIBOR rate plus 1.85%. At December 31, 2021 and 2020, the stated interest rate on the Construction loan was 1.94925% and 2.00475%, respectively. The loan modification agreement in 2020 allowed for $276,377 and $357,858 of accrued interest to be added to the outstanding principal balance in 2021 and 2020, 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%.

(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. Interest on the Construction loan 2019 is payable monthly in arrears at a floating rate of the one-month LIBOR rate plus 1.85%. At December 31, 2021 and 2020, the stated interest rate on the Bank Construction loan 2019 was 1.975% and 2.100%, respectively. Interest expense paid on this loan was $0 and $40,310 in 2021 and 2020, respectively. The loan modification agreement in 2020 allowed for $132,848 and $130,460 of accrued interest to be added to the outstanding principal balance in 2021 and 2020, respectively.

(e) On April 20, 2020, NPI received loan proceeds in the amount of $2,489,500 from its primary lender, a Small Business Administration ("SBA") approved lender under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2½ times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, and interest on other debt obligations incurred before February 15, 2020, and maintains its employment and payroll levels.

On March 24, 2021, NPI received loan proceeds in the amount of $1,910,005 from its primary lender, a SBA approved lender under the second round of the PPP. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, and interest on other debt obligations incurred before February 15, 2020, and maintains its employment and payroll levels.

As of December 31, 2021, NPI received notice from the lender and SBA that the PPP proceeds were used for purposes consistent with the PPP guidelines and both loans were fully forgiven. The PPP loan amounts were initially recorded as a loan, and contribution grant revenue was recognized when conditions were explicitly waived in the form of forgiveness application approval by the lender and the SBA.

(f) On August 8, 2017, NPI entered into a line of credit arrangement and revolving note with its primary lender for one year that expired on August 8, 2018. On August 15, 2018, NPI entered into a loan modification agreement that extended the due date of the line of credit arrangement to August 6, 2019. The note carried a maximum balance of $1,500,000 and a variable interest rate of one-month LIBOR plus 1.9%. Effective December 20, 2019, NPI entered into a second loan modification agreement that extended the due date of the line of credit to December 20, 2020. Effective December 19, 2020, NPI entered into a third loan modification agreement that extended the due date of the line of credit to December 20, 2022. The note carries a maximum balance of $1,500,000 and a variable interest rate of one-month LIBOR plus 3.00%. On May 15, 2020, NPI drew $1,500,000 on the line of credit. During the year ended December 31, 2021, NPI made no principal payments on the line of credit. Interest paid in 2021 and 2020 was $47,415 and $20,173, respectively.

Interest expense for the years ended December 31, 2021 and 2020 was $2,105,698 and $2,136,242, 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, 2021 are as follows:

Year Ending December 31,	
2022	$ 2,275,000
2023	19,527,643
2024	35,967,792
2025	330,000
2026	330,000
Thereafter	5,548,000
	$ 63,978,435

NOTE I - DERIVATIVE FINANCIAL INSTRUMENTS

NPI has entered into two interest rate swap agreements with its primary lender in order to hedge overall exposure to variable rate debt.

Effective October 1, 2017, and expiring September 22, 2024, NPI has agreed to pay the lender interest at a fixed rate of 2.3% with the counterparty paying NPI a floating rate based on one-month LIBOR. The notional amount of the interest rate swap decreases annually as principal payments were scheduled to be made prior the 2020 Loan Modification Agreement. The notional amounts were $12,400,000 and $13,175,000 as of December 31, 2021 and 2020, respectively.

Effective July 1, 2018, and expiring January 1, 2023, NPI has 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 amounts were $15,250,000 and $16,250,000 as of December 31, 2021 and 2020, respectively.

The change in net assets related to the two swap agreements was an $871,380 unrealized gain and a $741,152 unrealized loss for the years ended December 31, 2021 and 2020, respectively. Interest expense related to the swap agreements was $608,445 and $497,273 for the years ended December 31, 2021 and 2020, respectively.

NOTE J - 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 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. During the first quarter of 2020 and the fourth quarter of 2021, NPI made a discretionary matching contribution equal to 100% of the first 3% of eligible compensation contributed by the eligible employee.

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 $159,539 to the Plan for 44 eligible employees during the year ended December 31, 2021 and $208,748 to the Plan for 89 eligible employees during the year ended December 31, 2020.

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 2021 or 2020. 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 $122,507 and $90,351 at December 31, 2021 and 2020, respectively.

Multiemployer Retirement Plans

NPI contributes to a number of 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 eight multi-employer defined benefit plans, four of which are material to NPI's financial position. NPI's participation in the plans which cover Carpenter, Engineer, 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	Engineers	Painters	Stagehands
Pension fund	Chicago Regional Council of Carpenters Pension Fund	Central Pension Fund of The IUOE and Participating Employers	Chicago Painters and Decorators Pension Fund	Stagehands Local Two Retirement Plan
EIN/pension plan number	36-6130207/001	36-6052390/001	51-6030238/001	36-6099766/001
Expiration date of collective bargaining agreement	5/31/2024	09/30/2021	5/31/2024	12/31/2024
NPI contributions				
2021	$ 70,973	$ 130,691	$ 53,184	$ 107,341
2020	67,617	159,657	71,261	44,032
Plan year-end of most recent Form 5500 filing	6/30/2021	1/31/2021	3/31/2021	12/31/2020
PPA Zone status				
Most recent year	Green	Green	Green	Green
Two years prior	Green	Green	Green	Green
FIP/RP status	Not applicable	Not applicable	Not applicable	Not applicable
Surcharge imposed	No	No	No	No
NPI contributed more than 5% of total contributions	No	No	No	No

NPI contributed a total of $61,987 and $73,133 to four other defined benefit multi-employer plans in 2021 and 2020, respectively. NPI also contributed $99,012 and $88,073 to various defined contribution multi-employer plans in 2021 and 2020, respectively.

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

All net assets with donor restrictions at December 31, 2021 and 2020 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:

	2021	2020
Purpose restricted		
Arts, culture, and engagement programming	$ 2,314,900	$ 485,684
Save the Pier Campaign	-	50,000
Facility improvements	2,387,122	2,411,822
Time restricted	2,054,288	954,659
	$ 6,756,310	$ 3,902,165

NOTE L - 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:

	2021	2020
Purpose restricted		
Arts, culture, and engagement programming	$ 388,715	$ 40,000
Save the Pier Campaign	50,000	-
Facility improvements	75,000	-
Time restricted	115,625	133,333
	$ 629,340	$ 173,333

NOTE M - RELATED PARTY TRANSACTIONS

MPEA procures a pollution insurance policy on behalf of NPI. Costs for services purchased from the MPEA totaled approximately $21,000 and $45,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE N - 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 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, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Small Business Administration			
Shuttered Venue Operators Grant Program	59.075		$ 8,089,995
Department of Homeland Security			
Federal Emergency Management Agency			
Port Security Grant Program	97.056		2,528
Department of The Treasury			
Illinois Department of Commerce and Economic Opportunity; Illinois Office of Tourism			
Coronavirus State and Local Fiscal Recovery Funds	21.027	21-411001	453,750
Total Expenditures of Federal Awards			$ 8,546,273

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*

To the 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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 16, 2022.

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

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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 16, 2022

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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

To the 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, 2021. 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, 2021.

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.

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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

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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 16, 2022

Navy Pier, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2021

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 major programs:	
• 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 major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes _X_ No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes _X_ 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	420-27-2645	Tourism Attractions & Festivals Grant Program	0	453,750	453,750	907,500
View		Other grant programs and activities		8,092,523	840	8,093,363
View		All other costs not allocated			43,836,233	43,836,233
		Totals:	0	8,546,273	44,290,823	52,837,096

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".
- The grand total must account for all expenditures for the fiscal year and must tie to the audited financials.

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	240760.66	240760.66	481,521.32
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	212989.39	212989.39	425,978.78
Total Direct Expenses	**0.00**	**453,750.05**	**453,750.05**	**907,500.10**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**0.00**	**453,750.05**	**453,750.05**	**907,500.10**

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	805792.85	0.00	805,792.85
Consultant (Professional Services)	0.00	0.00	0.00
Construction	2528.00	840.18	3,368.18
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	7284202.15	0.00	7,284,202.15
Total Direct Expenses	**8,092,523.00**	**840.18**	**8,093,363.18**

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	43836232.72
Total Direct Expenses	**43,836,232.72**

Cancel Save