Financial Statements and Report of Independent Certified Public Accountants

Navy Pier, Inc.

December 31, 2022 and 2021

Contents

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601-3370

D +1 312 856 0200
F +1 312 602 8099

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, 2022 and 2021, 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, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our 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 audit. 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, 2022, 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, 2022 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 audit 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

Grant Thornton

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 24, 2023 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 24, 2023

Navy Pier, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,242,493	$ 21,309,024
Short-term investments	14,512,683	883,020
Accounts receivable, net	2,111,991	4,503,509
Pledges receivable, net	1,426,463	3,709,124
Prepaid expenses	932,876	774,378
Current assets	30,226,506	31,179,055
Non-current assets		
Pledges receivable, net	4,407,380	2,364,212
Property and equipment, net	164,117,796	166,003,283
Non-current assets	168,525,176	168,367,495
Total assets	$ 198,751,682	$ 199,546,550
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 8,113,913	$ 5,695,473
Advance deposits	1,554,442	1,057,244
Deferred revenue	709,038	1,185,772
Lease liabilities	881,898	479,909
Bonds and loans payable, net	3,119,000	2,275,000
Total current liabilities	14,378,291	10,693,398
Non-current liabilities		
Deferred revenue	5,959,036	6,253,820
Interest rate swap	-	842,559
Lease liabilities	1,623,440	1,648,242
Bonds and loans payable, net	58,153,362	61,552,114
Total non-current liabilities	65,735,838	70,296,735
Total liabilities	80,114,129	80,990,133
Net assets		
Without donor restrictions	110,264,261	111,800,107
With donor restrictions	8,373,292	6,756,310
Total net assets	118,637,553	118,556,417
Total liabilities and net assets	$ 198,751,682	$ 199,546,550

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

Navy Pier, Inc.

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2022				
	Without Donor Restrictions			With Donor	
	Operating	Non-Operating	Total	Restrictions	Total
Revenues and support					
Contributions of cash	$ 1,772,067	$ 412,363	$ 2,184,430	$ 4,229,944	$ 6,414,374
Sponsorships	2,736,969	-	2,736,969	-	2,736,969
Contributions of nonfinancial assets	63,690	31,470	95,160	-	95,160
Pier Park Amusements	12,061,298	-	12,061,298	-	12,061,298
Programming events	1,976,706	-	1,976,706	-	1,976,706
Retail	12,356,410	102,348	12,458,758	-	12,458,758
Parking	11,680,545	-	11,680,545	-	11,680,545
Facility rental	6,124,567	-	6,124,567	-	6,124,567
Food and beverage	7,838,117	-	7,838,117	-	7,838,117
Investment return, net	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
Facility fees	-	1,172,923	1,172,923	-	1,172,923
Other	157,975	4,500	162,475	-	162,475
Net assets released from donor restriction	1,333,700	1,279,262	2,612,962	(2,612,962)	-
Total revenues and support	66,180,120	3,865,780	70,045,900	1,616,982	71,662,882
Expenses					
Program	52,093,319	12,098,943	64,192,262	-	64,192,262
Administration	5,570,961	126,395	5,697,356	-	5,697,356
Fundraising	1,628,930	63,198	1,692,128	-	1,692,128
Total expenses	59,293,210	12,288,536	71,581,746	-	71,581,746
Change in net assets before transfers	6,886,910	(8,422,756)	(1,535,846)	1,616,982	81,136
Board-designated transfers	(12,753,636)	12,753,636	-	-	-
CHANGE IN NET ASSETS	$ (5,866,726)	$ 4,330,880	(1,535,846)	1,616,982	81,136
Net assets, beginning of year			111,800,107	6,756,310	118,556,417
Net assets, end of year			$ 110,264,261	$ 8,373,292	$ 118,637,553

	2021				
	Without Donor Restrictions			With Donor	
	Operating	Non-Operating	Total	Restrictions	Total
Revenues and support					
Contributions of cash	$ 1,741,958	$ 6,326,025	$ 8,067,983	$ 3,483,485	$ 11,551,468
Sponsorships	1,748,556	-	1,748,556	-	1,748,556
Contributions of nonfinancial assets	177,820	-	177,820	-	177,820
Pier Park Amusements	12,017,224	-	12,017,224	-	12,017,224
Programming events	2,426,136	-	2,426,136	-	2,426,136
Retail	8,371,377	102,348	8,473,725	-	8,473,725
Parking	9,634,769	-	9,634,769	-	9,634,769
Facility rental	1,466,828	-	1,466,828	-	1,466,828
Food and beverage	2,667,441	-	2,667,441	-	2,667,441
Investment return, net	4,670	69	4,739	-	4,739
Change in value of swap	-	871,380	871,380	-	871,380
COVID-19 relief	14,342,500	-	14,342,500	-	14,342,500
Facility fees	-	-	-	-	-
Other	846,009	-	846,009	-	846,009
Net assets released from donor restriction	404,340	225,000	629,340	(629,340)	-
Total revenues and support	55,849,628	7,524,822	63,374,450	2,854,145	66,228,595
Expenses					
Program	34,598,714	12,150,448	46,749,162	-	46,749,162
Administration	4,959,419	126,584	5,086,003	-	5,086,003
Fundraising	938,639	63,292	1,001,931	-	1,001,931
Total expenses	40,496,772	12,340,324	52,837,096	-	52,837,096
Change in net assets before transfers	15,352,856	(4,815,502)	10,537,354	2,854,145	13,391,499
Board-designated transfers	(12,721,558)	12,721,558	-	-	-
CHANGE IN NET ASSETS	$ 2,631,298	$ 7,906,056	10,537,354	2,854,145	13,391,499
Net assets, beginning of year			101,262,753	3,902,165	105,164,918
Net assets, end of year			$ 111,800,107	$ 6,756,310	$ 118,556,417

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

Navy Pier, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,

	2022				2021			
	Program	**Administrative**	**Fundraising**	**Total**	**Program**	**Administrative**	**Fundraising**	**Total**
Salaries and benefits	$ 8,732,399	$ 3,069,699	$ 584,401	12,386,499	$ 7,375,415	$ 2,762,229	$ 246,003	$ 10,383,647
Contracted services	26,606,386	39,917	140,206	26,786,509	13,936,201	8,898	18,742	13,963,841
Professional fees	2,802,181	1,292,028	533,293	4,627,502	1,570,530	1,202,398	537,413	3,310,341
Advertising and promotions	2,922,594	67,229	68,638	3,058,461	2,668,810	38,045	55,230	2,762,085
Utilities	1,847,071	18,752	9,376	1,875,199	1,887,817	20,006	9,583	1,917,406
Maintenance	2,195,025	168,543	24,735	2,388,303	1,733,318	199,626	-	1,932,944
Equipment	786,279	161,908	31,622	979,809	623,777	223,182	34,070	881,029
Supplies	2,312,236	11,371	61,754	2,385,361	1,320,601	4,706	4,398	1,329,705
Insurance	1,498,425	109,618	7,336	1,615,379	1,366,066	97,498	6,691	1,470,255
Information technology	669,735	373,558	23,539	1,066,832	637,246	320,159	21,652	979,057
Office expenses	902,585	108,725	3,288	1,014,598	774,282	34,640	1,301	810,223
Travel and entertainment	71,157	46,849	134,220	252,226	90,305	11,701	2,453	104,459
Miscellaneous	283,396	101,930	6,106	391,432	234,059	35,700	787	270,546
Interest	2,208,683	22,112	11,056	2,241,851	2,200,421	22,339	11,170	2,233,930
Depreciation and amortization	10,354,110	105,117	52,558	10,511,785	10,330,314	104,876	52,438	10,487,628
	$ 64,192,262	$ 5,697,356	$ 1,692,128	$ 71,581,746	$ 46,749,162	$ 5,086,003	$ 1,001,931	$ 52,837,096

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

Navy Pier, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 81,136	$ 13,391,499
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,461,537	10,434,492
Amortization of debt issuance costs	50,248	53,136
Interest expense added to principal	-	1,540,646
Realized and unrealized investment gains	(70,477)	(3,102)
Unrealized gain on interest rate swap	(795,559)	(871,380)
Contributions and grants restricted for capital projects	(1,195,063)	(850,000)
Amortization of discount for pledges receivable	196,627	(13,358)
Payroll Protection Program forgiveness	-	(2,489,500)
In-kind contributions for capitalized equipment	(31,470)	-
Changes in assets and liabilities:		
Accounts receivable	2,491,518	(4,061,633)
Pledges receivable	(57,134)	(2,603,799)
Prepaid expenses	(158,498)	147,021
Accounts payable and accrued expenses	2,464,079	733,341
Advance deposits	497,198	61,960
Deferred revenue	(771,518)	163,574
Operating lease payments	(45,639)	-
Net cash provided by operating activities	13,116,985	15,632,897
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	100,000	110,737
Purchases of investments	(13,659,186)	(69,427)
Purchases of property and equipment	(7,691,325)	(816,492)
Net cash used in investing activities	(21,250,511)	(775,182)
Cash flows from financing activities:		
Bond and loan repayment	(2,605,000)	-
Swap repayments	(47,000)	-
Principal payments on finance lease	(476,068)	(389,325)
Contributions restricted for capital projects	1,195,063	850,000
Net cash (used in) provided by financing activities	(1,933,005)	460,675
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,066,531)	15,318,390
Cash and cash equivalents - beginning of year	21,309,024	5,990,634
Cash and cash equivalents - end of year	$ 11,242,493	$ 21,309,024
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 1,843,265	$ 698,558
Acquisition of property and equipment via finance lease	$ -	$ 299,906
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.

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

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.

	2022	2021
Contractually-restricted	$ 7,548,106	$ 6,373,497
Donor-restricted	2,502,947	1,152,741
Total cash and cash equivalents, restricted	$ 10,051,053	$ 7,526,238

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 $157,000 and $200,000 was recorded as of December 31, 2022 and 2021, respectively, related to tenant and event accounts receivable.

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 was recorded as of December 31, 2022 and 2021 related to pledges receivable.

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

	2022	2021
Within one year	$ 1,526,463	$ 3,809,124
In one to five years	4,533,333	2,258,333
Beyond five years	166,667	200,000
	6,226,463	6,267,457
Less: allowance for doubtful accounts	(100,000)	(100,000)
Less: discount to net present value	(292,620)	(94,121)
	$ 5,833,843	$ 6,073,336

Prepaid Expenses

Prepaid expenses consist primarily of prepayments for insurance coverage, maintenance agreements and expenses for events that will occur in 2023.

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, 2022 and 2021.

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

	2022	2021
Construction in progress	$ 7,464,943	$ 297,010
Leasehold improvements	187,807,072	187,313,211
Equipment and other	35,259,855	35,399,720
Operating lease right-of-use assets	853,255	-
Total property and equipment	231,385,125	223,009,941
Less: accumulated depreciation	(67,267,329)	(57,006,658)
Total property and equipment, net	$ 164,117,796	$ 166,003,283

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 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 the year ended 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 2023 and beyond.

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, waveswinger, the carousel 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.

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 $18,700 and $20,600 for 2022 and 2021, respectively. The Illinois Department of Commerce and Economic Opportunity awarded a grant to NPI in 2021 for $453,750 to support the State's efforts with tourism, specifically to fund a portion of costs associated with the *Chicago Live* event.

The Federal Emergency Management Agency ("FEMA") awarded several grants under the same port security grant program to NPI to support safety upgrades to Navy Pier, of which $412,363 and $2,528 was recorded as revenue in 2022 and 2021, 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 2022 and 2021, which are recorded at estimated fair value.

Contributed nonfinancial assets in 2022 consisted of equipment to be installed in parking garages. 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 2021 and 2022 comprise broadcast acknowledgements and promotional 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:

	2022	2021
Services	$ 63,690	$ 177,820
Equipment	31,470	-
	$ 95,160	$ 177,820

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, 2022 and 2021.

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.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets,* to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The guidance requires contributed nonfinancial assets to be presented as a separate line item on the statement of activities, apart from cash and other financial asset contributions. The guidance also requires disclosure of the types of contributed nonfinancial assets and, for each category, information about whether the assets were monetized or utilized, a description of the policies to monetize or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. Organizations are required to apply the guidance on a retrospective basis. NPI adopted ASU 2020-07 for the year ended December 31, 2022.

In February 2016, the FASB issued 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 is effective for NPI for 2022. NPI adopted ASU 2016-02 effective January 1, 2022 using the current period adjustment method, resulting in the recognition of a right-of-use ("ROU") asset of $853,255 included in property and equipment, net, and a lease liability of $853,255. The statement of activities was not impacted by the adoption of this standard.

Subsequent Events

NPI has performed an evaluation of subsequent events through May 24, 2023, 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 - 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.

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

The operating restrictions imposed by the City of Chicago and State of Illinois, along with 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. In an effort to preserve its liquidity, NPI decided to close the Pier to the general public after Labor Day 2020, and re-opened April 30, 2021. Tenant leases were modified during this closure period, and rent 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.

The CARES Act provided an employee retention tax credit ("ERTC"), which is a refundable tax credit against certain employment taxes. 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 had a $1,046,174 receivable balance of the ERTC, which was subsequently collected in 2022.

On November 2, 2021, NPI received an $8,089,995 Shuttered Venues Operators 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 in 2021. As of the issuance of these financial statements, the SBA has not finalized its final reporting and close-out procedures.

In 2021, the Illinois Department of Commerce and Economic Opportunity awarded NPI a grant under the Coronavirus State and Local Fiscal Recovery Funds program funded by the United States Department of the Treasury through the American Rescue Plan Act in the amount of $8,000,000. The grant funded eligible expenses and is included in COVID-19 relief in the statement of activities in 2022.

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.

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:

	2022	2021
Type of investments:		
Mutual funds	$ 146,041	$ 108,678
Domestic equity securities	16,711	12,342
Corporate bonds:		
Domestic fixed-income securities	662,000	762,000
Commercial paper	13,687,931	-
Total investments, at fair value	$ 14,512,683	$ 883,020

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, 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, 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

	December 31, 2021		
	Level 1	Level 2	Total
Cash equivalents	$ 282,931	$ -	$ 282,931
Investments:			
Mutual funds	108,678	-	108,678
Domestic equity securities	12,342	-	12,342
Corporate bonds:			
Domestic fixed-income securities	-	762,000	762,000
Total investments - at fair value	$ 121,020	$ 762,000	$ 883,020
Liabilities:			
Interest rate swap	$ -	$ 842,559	$ 842,559

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 2022 or 2021.

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:

	2022	2021
Cash and cash equivalents	$ 11,242,493	$ 21,309,024
Short-term investments	14,512,683	883,020
Accounts receivable, net	2,111,991	4,503,509
Pledges receivable, net	1,426,463	3,709,124
Total financial resources available within one year	29,293,630	30,404,677
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time restrictions	(6,974,360)	(4,783,724)
Debt issuance proceeds for capital improvements	-	(185,267)
Total amounts unavailable within one year for general expenditures	(6,974,360)	(4,968,991)
Total financial assets available for general expenditures within one year	$ 22,319,270	$ 25,435,686

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 G - LEASES

Aside from the lease with MPEA which is detailed in Note C, 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:

	2022	2021
Leasehold improvements	$ 763,000	$ 763,000
Equipment and other	2,227,983	2,227,983
Less: accumulated amortization	(1,007,029)	(716,667)
Net capitalized leased property	$ 1,983,954	$ 2,274,316

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

	2022	2021
Current liabilities		
Finance lease liabilities	$ 486,966	$ 479,909
Operating lease liabilities	394,932	-
Total current lease liabiliies	$ 881,898	$ 479,909

	2022	2021
Non-current liabilities		
Finance lease liabilities	$ 1,165,117	$ 1,648,242
Operating lease liabilities	458,323	-
Total non-current lease liabiliies	$ 1,623,440	$ 1,648,242

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
2023	$ 513,626	$ 411,600
2024	471,930	129,600
2025	413,043	129,600
2026	310,589	129,600
2027	-	83,961
Total minimum payments required	1,709,188	884,361
Less: amount representing interest	(57,105)	(31,106)
Present value of lease obligation	$ 1,652,083	$ 853,255

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

	2022
Lease expenses (1)	
Fixed lease expenses - operating	$ 45,639
Fixed lease expenses - finance	326,748
Total lease expenses	$ 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 and finance leases in 2022 were $45,639 and $326,748, respectively.

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

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

NOTE H - DEBT

Debt outstanding at December 31 consisted of the following:

	Interest Rate	Fiscal Year Maturity	2022	2021
Illinois Finance Authority (IFA):				
Series 2014A Bonds [a]	2.90%	2024	$ 23,945,679	$ 23,945,679
Series 2014B-R Bonds [b]	Variable	2024	17,068,643	17,068,643
Bank construction loan 2017[c]	Variable	2024	13,821,113	14,596,113
Bank construction loan 2019[d]	Variable	2026	6,538,000	6,868,000
Line of credit[e]	Variable	2022	-	1,500,000
Total debt			61,373,435	63,978,435
Unamortized debt issuance costs			(101,073)	(151,321)
Bonds and loans payable, net			$ 61,272,362	$ 63,827,114

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 has 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 separate loan modification agreement to purchase the Series 2014 B-R bonds until January 1, 2024 as well as modify the existing debt covenants.

[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. Interest paid on this loan in 2022 and 2021 was $520,819 and $0, 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, 2024.

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 4.90% and 2.10% as of December 31, 2022 and 2021, 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 2022 and 2021 was $359,907 and $0, 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, 2022 through September 2024 with a lump-sum payment due at maturity on September 22, 2024.

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, 2022 and 2021, the stated interest rate on the Construction loan was 6.27% and 1.95%, 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 2022 and 2021 was $328,742 and $0, 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, 2022 and 2021, the stated interest rate on the Bank Construction loan 2019 was 6.27% and 1.98%, respectively. Interest expense paid on this loan was $254,485 and $0 in 2022 and 2021, respectively. The loan modification agreement in 2020 allowed for $132,848 of accrued interest to be added to the outstanding principal balance in 2021.

(e) 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, and entered into subsequent agreements which extended the line of credit until December 19, 2022. The note carried 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, and repaid it in full on September 20, 2022. Interest paid in 2022 and 2021 was $48,031 and $47,415, respectively.

Interest expense for the years ended December 31, 2022 and 2021 was $2,241,851 and $2,105,698, 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, 2022 are as follows:

Year Ending December 31,	
2023	$ 3,119,000
2024	52,046,435
2025	330,000
2026	5,878,000
	$ 61,373,435

NOTE I - 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 October 1, 2017, and originally expiring September 22, 2024, NPI 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 to the 2020 Loan Modification Agreement. The notional amount was $12,400,000 as of December 31, 2021. NPI received a termination payment from the counterparty of $67,000 as consideration for the termination agreement.

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 and $871,380 for the years ended December 31, 2022 and 2021, respectively. Interest expense related to the swap agreements was $136,746 and $608,445 for the years ended December 31, 2022 and 2021, 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 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 $324,839 to the Plan for 66 eligible employees during the year ended December 31, 2022 and $159,539 to the Plan for 44 eligible employees during the year ended December 31, 2021.

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 2022 or 2021. 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 $165,925 and $122,507 at December 31, 2022 and 2021, 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			
2022	$ 119,291	$ 127,578	$ 204,892
2021	70,973	53,184	107,341
Plan year-end of most recent Form 5500 filing	6/30/2021	3/31/2022	12/31/2021
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 $98,096 and $61,987 to three other defined benefit multi-employer plans in 2022 and 2021, respectively. NPI also contributed $173,221 and $99,012 to various defined contribution multi-employer plans in 2022 and 2021, respectively.

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

All net assets with donor restrictions at December 31, 2022 and 2021 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:

	2022	2021
Purpose restricted		
Arts, culture, and engagement programming	$ 4,955,889	$ 2,314,900
Facility improvements	2,415,121	2,387,122
Time restricted	1,002,282	2,054,288
	$ 8,373,292	$ 6,756,310

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:

	2022	2021
Purpose restricted		
Arts, culture, and engagement programming	$ 1,478,350	$ 388,715
Save the Pier Campaign	-	50,000
Facility improvements	27,351	75,000
Time restricted	1,107,261	115,625
	$ 2,612,962	$ 629,340

NOTE M - RELATED PARTY TRANSACTIONS

MPEA procures a pollution insurance policy on behalf of NPI. Costs for services purchased from the MPEA totaled approximately $37,000 and $21,000 for the years ended December 31, 2022 and 2021, respectively.

NPI uses legal services from a firm where a board member is a partner in a different practice area; legal fees paid were approximately $51,000 and $39,000 in 2022 and 2021, 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, 2022

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		$ 412,363
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	8,000,000
Total Expenditures of Federal Awards			$ 8,412,363

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.

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601-3370

D +1 312 856 0200
F +1 312 602 8099

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, 2022, 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 24, 2023.

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 24, 2023

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601-3370

D +1 312 856 0200
F +1 312 602 8099

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, 2022. 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, 2022.

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

GrantThornton

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 24, 2023

Navy Pier, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2022

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
21.027	Coronavirus State and Local Fiscal Recovery Funds

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	8,000,000	0	8,000,000
View		Other grant programs and activities		412,363	103,091	515,453
View		All other costs not allocated			63,066,293	63,066,293
		Totals:	0	8,412,363	63,169,383	71,581,746

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	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):
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	6680415.94	0.00	6,680,415.94
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	1319584.06	0.00	1,319,584.06
Research and Development	0.00	0.00	0.00	0.00

Category	State Amount	Federal Amount	Match Amount	Total
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	0.00	0.00	0.00
Total Direct Expenses	**0.00**	**8,000,000.00**	**0.00**	**8,000,000.00**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**0.00**	**8,000,000.00**	**0.00**	**8,000,000.00**

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

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	412362.75	103090.69	515,453.44
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	0.00	0.00	0.00
Total Direct Expenses	**412,362.75**	**103,090.69**	**515,453.44**

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	63066292.56
Total Direct Expenses	**63,066,292.56**