

ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Illinois Chapter of American Academy of Pediatrics
Chicago, Illinois

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Illinois Chapter of American Academy of Pediatrics, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Illinois Chapter of American Academy of Pediatrics as of June 30, 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 in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Illinois Chapter of American Academy of Pediatrics and to meet our 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 Illinois Chapter of American Academy of Pediatrics' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.


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

- Exercise professional judgement 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 Illinois Chapter of American Academy of Pediatrics' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Illinois Chapter of American Academy of Pediatrics' 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of Illinois Chapter of American Academy of Pediatrics' 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 Illinois Chapter of American Academy of Pediatrics' 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 Illinois Chapter of American Academy of Pediatrics' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Oak Brook, Illinois
March 24, 2023

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,267,323	\$ 356,104
Grants Receivable	340,984	535,732
Membership and Other Receivables	77,532	99,779
Prepaid Expenses and Other Current Assets	14,266	16,507
Total Current Assets	1,700,105	1,008,122
PROPERTY AND EQUIPMENT		
	27,665	46,222
Less: Accumulated Depreciation	15,067	29,796
Property and Equipment, Net	12,598	16,426
OTHER ASSETS		
Security Deposit	20,000	20,000
Total Assets	\$ 1,732,703	\$ 1,044,548
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 395,865	\$ 112,059
Current Maturities of Equipment Loan	3,666	3,419
Deferred Rent	15,236	11,852
Deferred Membership Dues	202,228	230,377
Other Deferred Revenue	348,069	-
Total Current Liabilities	965,064	357,707
LONG-TERM AND OTHER LIABILITIES		
Equipment Loan, Net of Current Maturities	1,441	5,954
Paycheck Protection Program Loan	-	160,700
Total Long-Term and Other Liabilities	1,441	166,654
Total Liabilities	966,505	524,361
NET ASSETS		
Without Donor Restrictions	591,113	426,143
With Donor Restrictions	175,085	94,044
Total Net Assets	766,198	520,187
Total Liabilities and Net Assets	\$ 1,732,703	\$ 1,044,548

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Government Grants	\$ 1,994,386	\$ -	\$ 1,994,386
Foundation Grants	50,470	129,030	179,500
Membership Dues	297,801	-	297,801
Contributions	96,914	-	96,914
Exhibitor Fees	7,050	-	7,050
Registration Fees	1,625	-	1,625
Management Service Fees	160,000	-	160,000
Special Events	14,855	-	14,855
Interest and Miscellaneous Income	176,367	-	176,367
Net Assets Released from Restrictions	47,989	(47,989)	-
Total Revenue, Gains, and Other Support	2,847,457	81,041	2,928,498
EXPENSES			
Program Services	2,242,430	-	2,242,430
Management and General	363,028	-	363,028
Fundraising	77,029	-	77,029
Total Expenses	2,682,487	-	2,682,487
CHANGE IN NET ASSETS	164,970	81,041	246,011
Net Assets - Beginning of Year	426,143	94,044	520,187
NET ASSETS - END OF YEAR	\$ 591,113	\$ 175,085	\$ 766,198

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Government Grants	\$ 767,598	\$ -	\$ 767,598
Foundation Grants	194,314	19,175	213,489
Membership Dues	254,421	-	254,421
Contributions	98,183	-	98,183
Sponsorship	4,750	-	4,750
Exhibitor Fees	7,725	-	7,725
Registration Fees	4,984	-	4,984
Management Service Fees	100,000	-	100,000
Special Events	5,284	-	5,284
Interest and Miscellaneous Income	10,700	-	10,700
Net Assets Released from Restrictions	<u>374,058</u>	<u>(374,058)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	1,822,017	(354,883)	1,467,134
EXPENSES			
Program Services	1,265,364	-	1,265,364
Management and General	272,473	-	272,473
Fundraising	<u>71,504</u>	<u>-</u>	<u>71,504</u>
Total Expenses	<u>1,609,341</u>	<u>-</u>	<u>1,609,341</u>
CHANGE IN NET ASSETS	212,676	(354,883)	(142,207)
Net Assets - Beginning of Year	<u>213,467</u>	<u>448,927</u>	<u>662,394</u>
NET ASSETS - END OF YEAR	<u>\$ 426,143</u>	<u>\$ 94,044</u>	<u>\$ 520,187</u>

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	\$ 776,438	\$ 162,628	\$ 67,771	\$ 1,006,837
Payroll Taxes	52,668	6,543	4,392	63,603
Bank Fees	-	506	12	518
Books	56,188	-	-	56,188
Computer and Software	68,580	26,036	-	94,616
Consulting and Professional Fees	227,571	55,946	-	283,517
Accounting Services	-	60,000	-	60,000
Depreciation	-	3,828	-	3,828
Equipment Lease and Repair	1,227	-	-	1,227
Government Affairs and Advocacy	36,307	-	-	36,307
Grant Subcontracts	647,851	-	-	647,851
Insurance	-	13,274	-	13,274
Interest	-	666	-	666
Memberships and Registration Fees	4,031	2,728	-	6,759
Miscellaneous	13,712	-	87	13,799
Office Supplies	5,678	953	-	6,631
Payroll Service	12,793	1,237	-	14,030
Photocopies	3,594	1,014	-	4,608
Postage	10,218	1,780	1,582	13,580
Printing and Graphic Design	64,964	3,701	3,185	71,850
Professional Development	4,720	30	-	4,750
Publications	-	199	-	199
Rent Expense	78,630	10,722	-	89,352
Speaker Fees	33,225	-	-	33,225
Stipends	115,125	-	-	115,125
Telephone	12,493	7,073	-	19,566
Travel and Meals	11,184	2,356	-	13,540
Maintenance	3,702	1,378	-	5,080
Utilities	1,531	430	-	1,961
Total Functional Expenses	\$ 2,242,430	\$ 363,028	\$ 77,029	\$ 2,682,487

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	\$ 679,712	\$ 105,949	\$ 66,377	\$ 852,038
Payroll Taxes	44,673	6,641	4,327	55,641
Bank Fees	-	282	-	282
Books	22,366	-	-	22,366
Computer and Software	54,454	11,856	-	66,310
Consulting and Professional Fees	189,906	35,945	-	225,851
Accounting Services	-	61,785	-	61,785
Depreciation	-	5,024	-	5,024
Government Affairs and Advocacy	36,307	-	-	36,307
Grant Subcontracts	38,182	-	-	38,182
Insurance	2,374	12,254	-	14,628
Interest	-	972	-	972
Memberships and Registration Fees	989	1,462	-	2,451
Bad Debt Expense	345	364	57	766
Miscellaneous	4,730	1,417	57	6,204
Office Supplies	3,675	2,714	390	6,779
Payroll Service	8,954	2,370	-	11,324
Photocopies	4,551	800	-	5,351
Postage	7,616	975	296	8,887
Printing and Graphic Design	33,270	2,801	-	36,071
Professional Development	6,150	975	-	7,125
Publications	-	256	-	256
Rent Expense	93,743	12,311	-	106,054
Speaker Fees	6,850	-	-	6,850
Stipends	2,395	1,500	-	3,895
Telephone	21,924	2,373	-	24,297
Travel and Meals	828	100	-	928
Maintenance	-	784	-	784
Utilities	1,370	563	-	1,933
Total Functional Expenses	\$ 1,265,364	\$ 272,473	\$ 71,504	\$ 1,609,341

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 246,011	\$ (142,207)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,828	5,024
Paycheck Protection Program Loan Forgiveness	(160,700)	-
Effects of Changes in Operating Assets and Liabilities:		
Grants Receivable	216,995	45,479
Prepaid Expenses and Other Assets	2,241	(4,390)
Accounts Payable and Accrued Expenses	283,806	(19,557)
Deferred Revenue	323,304	9,620
Net Cash Provided (Used) by Operating Activities	915,485	(106,031)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Equipment Loan	(4,266)	(3,132)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	911,219	(109,163)
Cash and Cash Equivalents - Beginning of Year	356,104	465,267
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,267,323	\$ 356,104
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 666	\$ 972

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Illinois Chapter of American Academy of Pediatrics (the Chapter) was incorporated in the state of Illinois on June 18, 1975, as a nonprofit corporation. The Chapter was organized to promote and advocate for optimal child, youth and family well-being and access to quality healthcare while supporting members. The Chapter, a member organization of the American Academy of Pediatrics (AAP), provides educational programs, communications, and limited advocacy for Illinois pediatricians. The primary sources of revenue consist of program and project grants and membership dues. The Chapter's fiscal year ends on June 30.

Significant accounting policies followed by the Chapter are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements requires the Chapter to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The Chapter's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets of the Chapter are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Chapter's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Net asset classifications are defined as follows:

Net Assets Without Donor Restrictions – Those resources over which the board of directors (board) has discretionary control.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Chapter has no net assets with perpetual donor-imposed restrictions.

Cash Equivalents

The Chapter considers all liquid investments with a maturity of three months or less to be used for operating purposes when purchased, to be cash equivalents. At times, the amounts in these accounts may exceed federally insured limits. However, the Chapter has not experienced any losses on these accounts and does not believe it is exposed to significant risk.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

Grants receivable are shown net of an allowance for doubtful amounts. After review of the receivables, no provision for uncollectible accounts was deemed necessary by management as of June 30, 2022 and 2021.

Property and Equipment

Property and equipment are recorded at cost when purchased. The Chapter capitalizes all property and equipment purchases in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office Furniture and Equipment	10 Years
Computer Equipment	5 Years
Leasehold Improvements	5 Years

Impairment of Long-Lived Assets

The Chapter reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Revenue Recognition

Grants and Contributions

All grants and contributions are considered to be available for general use unless specifically restricted by donors. Amounts received that are restricted by the donor are reported as increases in net assets with donor restrictions. When such restrictions are met in the same year as received, the grant or contribution is reported as an increase in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as Net Assets Released from Restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at June 30, 2022 and 2021, contributions approximating \$4,006,000 and \$476,000, respectively, of which no amounts had been received in advance, have not been recognized in the accompanying financial statements because the conditions were not met. Contributions of assets other than cash are recorded at their estimated fair value.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Member Dues

Member dues are on an anniversary-date basis. Performance obligations provided to members include access to continuing education at discounted rates, subscriptions to semi-annual newsletter and weekly e-newsletter, and access to volunteer and advocacy opportunities. Membership dues are recognized ratably over the periods to which the dues relate as the performance obligations to the member are evenly distributed throughout the year.

Sponsorships, Registration, and Exhibitor Fees

Annual conference registration, and booth space exhibit fees are recognized when the conference takes place. Sponsorship revenue is recognized when the sponsored events and activities take place.

Management Service Fees

Management service fees are recognized when services are provided.

Membership dues, sponsorship income, registration fees and exhibitor fees received in advance are recorded as deferred revenue. Management service fees are recognized when services are provided.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort. Other expenses that are allocated include professional fees, supplies, business expenses, facility expenses, and various other expenses which are allocated based on actual asset and expense usage.

Income Taxes

The Chapter is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Chapter evaluates its exposure for uncertain tax positions on an annual basis. As of June 30, 2022 and 2021, there were no liabilities related to uncertain tax positions.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

As part of the Chapter's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other commitments come due with the goal of having cash on hand for 90 days of normal operating expenses, which are, on average, approximately \$275,000. Financial assets available at June 30 to meet cash needs within one year are as follows:

	2022	2021
Cash and Cash Equivalents	\$ 1,267,323	\$ 356,104
Grants Receivable	340,984	535,732
Membership and Other Receivables	77,532	99,779
Subtotal	1,685,839	991,615
Less:		
Net Assets With Donor Restrictions	175,085	94,044
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,510,754	\$ 897,571

Adoption of New Accounting Standard

In September 2020, FASB issued amended guidance for contributed nonfinancial assets, Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The adoption of the new guidance in 2022 did not have a significant effect on the presentation or disclosures within the Chapter's financial statements.

Recent Accounting Pronouncement

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Chapter's leasing activities. The amendments in the guidance are effective for the Chapter for the year ending June 30, 2023. Early adoption is permitted.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 LEASES

Operating Leases

The Chapter has a long-term, noncancellable lease commitment for office space that began May 1, 2019, and requires monthly payments ranging from \$7,480 to \$8,259 over the six-year lease term. In addition, the Chapter is required to pay its proportionate share of building operating expenses. The Chapter also leases certain office equipment requiring monthly lease payments of \$325 through 2025.

Future minimum rental payments under existing lease agreements are summarized as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 99,582
2024	101,452
2025	10,859
Total	<u>\$ 211,893</u>

For the years ended June 30, 2022 and 2021, net rent expense was \$89,352 and \$106,054, respectively.

NOTE 3 GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Illinois Department of Public Health	\$ 66,911	\$ 294,693
Otho S.A. Sprague Memorial Institute	-	75,000
Chicago Department of Public Health	244,709	131,295
American Academy of Pediatrics	20,000	5,000
Illinois Public Health Association	9,364	11,145
Egyptian Health Department	-	18,599
Total Grants Receivable	<u>\$ 340,984</u>	<u>\$ 535,732</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Computers and Equipment	\$ 10,619	\$ 29,176
Furniture and Fixtures	17,046	17,046
Total	27,665	46,222
Less: Accumulated Depreciation	15,067	29,796
Property and Equipment, Net	<u>\$ 12,598</u>	<u>\$ 16,426</u>

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 DEFERRED REVENUE

Deferred revenue of \$202,228, \$230,377, and \$225,856 at June 30, 2022, 2021, and 2020, respectively, consisted of member dues received in advance of the membership period. Other deferred revenue at June 30, 2022 of \$348,069 consisted of \$328,389 of grant funds received in advance and \$19,680 of sponsorships received in advance. There was no other deferred revenue at June 30, 2021 or 2020.

NOTE 6 PROPERTY AND EQUIPMENT LOAN

During the year ended June 30, 2019, the Chapter acquired certain furniture and fixtures under a financing agreement that requires monthly payments of \$326 including interest at 6.98%. The balance due under the agreement at June 30, 2022 and 2021 is \$5,107 and \$9,373, respectively. Principal maturities are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 3,666
2024	1,441
Total	<u>\$ 5,107</u>

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

On May 28, 2020, the Chapter received a loan from a bank in the amount of \$160,700 through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Chapter fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts were forgiven in accordance with the program on September 1, 2021, by the SBA and the revenue is included in interest and miscellaneous income on the accompanying statement of activities and changes in net assets.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Chapter's financial position.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 RETIREMENT PLAN

The Chapter maintains a tax-deferred compensation plan for the benefit of its eligible employees. Participation by eligible employees is voluntary, and the Chapter matches an amount equal to 50% of the elective deferral up to 4% of an individual's compensation. During the years ended June 30, 2022 and 2021, the Chapter paid \$14,570 and \$11,746, respectively, of retirement plan expenses, which is allocated among program services, management and general expense, and fundraising expense.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30:

	2022	2021
Subject to Expenditure for Specified Purpose or Program:		
Food Insecurity	\$ 10,000	\$ -
Housing	106,165	-
Early Childhood Policy	46,055	75,000
Immunization	-	9,869
Project/Firstline	10,000	5,000
Healthy People	-	2,675
Breastfeeding	2,865	1,500
Total Net Assets With Donor Restrictions	\$ 175,085	\$ 94,044

NOTE 10 REVENUE, CONTRACT ASSETS, AND LIABILITIES

The following table shows the Chapter's revenues from contracts with customers disaggregated according to the timing of the transfer of goods and services:

	2022	2021
Revenue Recognized Over Time:		
Membership Dues	\$ 297,801	\$ 254,421
Sponsorships	-	4,750
Exhibitor Fees	7,050	7,725
Registration Fees	1,625	4,984
Management Service Fees	160,000	100,000
Total Revenue Recognized Over Time	\$ 466,476	\$ 371,880

The Chapter's contract liabilities at June 30, 2021 and 2020 consist of deferred member dues received in advance, grant funds received in advance, and sponsorships received in advance. See Note 5. The Chapter had no contract assets at June 30, 2022, 2021, or 2020.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 11 SIGNIFICANT CONCENTRATIONS

The Chapter receives a substantial amount of its revenue from two funders. Funding received from these two funders was approximately 66% and 49% of total revenue for 2022 and 2021, respectively.

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 24, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2022, but prior to March 24, 2023, that provided additional evidence about conditions that existed at June 30, 2022, have been recognized in the financial statements for the year ended June 30, 2022. Events or transactions that provided evidence about conditions that did not exist at June 30, 2022, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2022.



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