

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**



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YEARS ENDED JUNE 30, 2024 AND 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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 18, 2025, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 18, 2025

ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 289,659	\$ -
Grants Receivable	2,041,963	1,797,478
Membership and Other Receivables	72,869	56,919
Prepaid Expenses and Other Current Assets	40,796	21,744
Total Current Assets	2,445,287	1,876,141
PROPERTY AND EQUIPMENT		
Property and Equipment, Net	45,127	45,127
Less: Accumulated Depreciation	17,495	14,290
Property and Equipment, Net	27,632	30,837
OTHER ASSETS		
Security Deposit	20,000	20,000
Right-of-Use Lease Asset	464,973	95,312
Total Other Assets	484,973	115,312
Total Assets	\$ 2,957,892	\$ 2,022,290
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank Overdraft	\$ -	\$ 124,495
Accounts Payable and Accrued Expenses	595,244	271,465
Current Maturities of Equipment Loan	-	2,665
Deferred Membership Dues	170,643	204,283
Other Deferred Revenue	65,982	15,974
Current Lease Liability	79,523	96,060
Total Current Liabilities	911,392	714,942
LONG-TERM AND OTHER LIABILITIES		
Long-Term Lease Liability	395,029	8,203
Total Long-Term and Other Liabilities	395,029	8,203
Total Liabilities	1,306,421	723,145
NET ASSETS		
Without Donor Restrictions	1,392,742	940,423
With Donor Restrictions	258,729	358,722
Total Net Assets	1,651,471	1,299,145
Total Liabilities and Net Assets	\$ 2,957,892	\$ 2,022,290

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, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Government Grants	\$ 5,092,707	\$ -	\$ 5,092,707
Foundation Grants	144,148	150,000	294,148
Membership Dues	301,388	-	301,388
Contributions	96,669	53,964	150,633
In-Kind Contributions	1,050	43,016	44,066
Exhibitor Fees	35,270	-	35,270
Registration Fees	13,950	-	13,950
Management Service Fees	212,996	-	212,996
Special Events	-	40,716	40,716
Interest and Miscellaneous Income	21,238	-	21,238
Net Assets Released from Restrictions	387,689	(387,689)	-
Total Revenue, Gains, and Other Support	6,307,105	(99,993)	6,207,112
EXPENSES			
Program Services	5,352,455	-	5,352,455
Management and General	389,879	-	389,879
Fundraising	112,452	-	112,452
Total Expenses	5,854,786	-	5,854,786
CHANGE IN NET ASSETS	452,319	(99,993)	352,326
Net Assets - Beginning of Year	940,423	358,722	1,299,145
NET ASSETS - END OF YEAR	\$ 1,392,742	\$ 258,729	\$ 1,651,471

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, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Government Grants	\$ 3,621,245	\$ -	\$ 3,621,245
Foundation Grants	62,262	289,738	352,000
Membership Dues	279,433	-	279,433
Contributions	26,796	34,663	61,459
In-Kind Contributions	5,000		5,000
Exhibitor Fees	30,335	-	30,335
Registration Fees	13,050	-	13,050
Management Service Fees	197,557	-	197,557
Special Events	-	58,418	58,418
Interest and Miscellaneous Income	14,447	-	14,447
Net Assets Released from Restrictions	199,182	(199,182)	-
Total Revenue, Gains, and Other Support	<u>4,449,307</u>	<u>183,637</u>	<u>4,632,944</u>
EXPENSES			
Program Services	3,724,792	-	3,724,792
Management and General	303,544	-	303,544
Fundraising	71,661	-	71,661
Total Expenses	<u>4,099,997</u>	<u>-</u>	<u>4,099,997</u>
CHANGE IN NET ASSETS	349,310	183,637	532,947
Net Assets - Beginning of Year	<u>591,113</u>	<u>175,085</u>	<u>766,198</u>
NET ASSETS - END OF YEAR	<u>\$ 940,423</u>	<u>\$ 358,722</u>	<u>\$ 1,299,145</u>

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	\$ 1,815,283	\$ 133,061	\$ 30,652	\$ 1,978,996
Payroll Taxes	114,002	8,261	1,851	124,114
Advertising and Marketing	12,622	-	-	12,622
Bank Fees	50	650	-	700
Reach Out and Read Books	258,868	-	-	258,868
Computer and Software	88,683	10,415	3,627	102,725
Professional Services	1,041,050	78,934	4,566	1,124,550
Accounting Services	-	75,129	-	75,129
Depreciation	-	3,204	-	3,204
Credit Loss Expense	-	650	-	650
Equipment Lease and Repair	22,635	250	1,998	24,883
Government Affairs and Advocacy	36,358	-	-	36,358
Grant Subcontracts	1,080,561	-	-	1,080,561
In-Kind	2,050	-	42,016	44,066
Insurance	-	8,388	-	8,388
Interest	-	374	-	374
Memberships and Registration Fees	2,872	5,159	-	8,031
Miscellaneous	2,165	10,248	609	13,022
Supplies	201,900	6,206	1,573	209,679
Payroll Service	15,448	1,049	237	16,734
Photocopies	3,636	476	-	4,112
Postage	39,727	975	923	41,625
Printing and Graphic Design	100,069	3,994	842	104,905
Professional Development	4,775	8,103	-	12,878
Rent Expense	99,805	7,179	-	106,984
Speaker Fees	38,300	-	-	38,300
Stipends	287,620	-	-	287,620
Telephone	14,792	20,134	8	34,934
Travel and Meals	62,588	6,143	23,550	92,281
Maintenance	3,841	640	-	4,481
Utilities	2,755	257	-	3,012
	<u>\$ 5,352,455</u>	<u>\$ 389,879</u>	<u>\$ 112,452</u>	<u>\$ 5,854,786</u>
Total Functional Expenses	<u>\$ 5,352,455</u>	<u>\$ 389,879</u>	<u>\$ 112,452</u>	<u>\$ 5,854,786</u>

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries, Wages, and Benefits	\$ 1,355,240	\$ 94,126	\$ 35,790	\$ 1,485,156
Payroll Taxes	86,319	4,583	2,185	93,087
Advertising and Marketing	1,844	-	-	1,844
Bank Fees	182	461	38	681
Reach Out and Read Books	132,677	-	-	132,677
Computer and Software	100,409	7,586	3,500	111,495
Professional Services	349,516	54,042	1,760	405,318
Accounting Services	-	74,000	-	74,000
Depreciation	-	3,151	-	3,151
Equipment Lease and Repair	-	1,748	-	1,748
Government Affairs and Advocacy	36,409	-	-	36,409
Grant Subcontracts	1,017,280	-	-	1,017,280
In-Kind	5,000	-	-	5,000
Interest	-	678	-	678
Memberships and Registration Fees	14,672	1,407	-	16,079
Miscellaneous	325	4,509	650	5,484
Supplies	21,156	331	2,036	23,523
Payroll Service	13,194	397	322	13,913
Photocopies	2,106	101	-	2,207
Postage	21,550	753	968	23,271
Printing and Graphic Design	70,194	175	1,690	72,059
Professional Development	5,859	1,931	-	7,790
Rent Expense	86,562	11,804	-	98,366
Speaker Fees	41,680	-	-	41,680
Stipends	307,270	-	-	307,270
Telephone	27,793	789	367	28,949
Travel and Meals	20,896	24,445	22,355	67,696
Maintenance	4,372	348	-	4,720
Utilities	2,287	77	-	2,364
Total Functional Expenses	<u>\$ 3,724,792</u>	<u>\$ 303,544</u>	<u>\$ 71,661</u>	<u>\$ 4,099,997</u>

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 352,326	\$ 532,947
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,204	3,151
Credit Loss Expense	650	-
Noncash Lease Expense	628	(6,285)
Effects of Changes in Operating Assets and Liabilities:		
Grants Receivable	(261,084)	(1,435,881)
Prepaid Expenses and Other Assets	(19,052)	(7,478)
Bank Overdraft	(124,495)	124,495
Accounts Payable and Accrued Expenses	323,779	(124,400)
Deferred Revenue	16,368	(330,040)
Net Cash Provided (Used) by Operating Activities	292,324	(1,243,491)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(21,390)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Equipment Loan	(2,665)	(2,442)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	289,659	(1,267,323)
Cash and Cash Equivalents - Beginning of Year	-	1,267,323
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 289,659	\$ -
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 374	\$ 678

See accompanying Notes to Financial Statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables

Accounts receivables are carried at the original billing amount. The valuation of accounts receivable is based upon management's estimate of the collectability of such receivables. The Chapter uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices has not changed significantly. The Chapter also assess business and economic future conditions. A loss rate is developed for each risk category based on aging. Grants receivables are shown net of an allowance for doubtful amounts. No allowance for credit losses was deemed necessary by management as of June 30, 2024 and 2023, respectively.

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. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. The Chapter records amounts incurred related to ongoing construction project as construction in progress. When construction projects are completed, the amount incurred is transferred to the appropriate fixed asset category and depreciated.

Property and equipment are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives used in the calculation of depreciation are:

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.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024 and 2023, contributions approximating \$875,000 and \$2,892,000, 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.

Contributed Nonfinancial Assets

The Chapter received the following contributions of nonfinancial assets for the years ended June 30:

	2024	2023
Speaker Fees	\$ 2,050	\$ -
Books	30,925	5,000
Auction Items	11,091	-
Total Nonfinancial Assets	\$ 44,066	\$ 5,000

Contributed goods and speaker fees are recorded at fair value at the date of donation. The Chapter receives items to be sold at its annual fundraising event. It is the Chapter's policy to sell all auction items received.

The estimated fair value of books and auction items are based on the original purchase price provided by the donor. Contributed speaker fees are valued based on the contractual agreement with the speaker. Such donations are recorded as increases in net assets without donor restrictions unless the donor has restricted the donated materials to a specific purpose.

Contributions of services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Chapter.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributed Nonfinancial Assets (Continued)

However, many individuals volunteer their time and perform a variety of tasks that assist the Chapter with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized as contributions in the financial statements since the recognition criteria were not met.

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

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.

Special Events

Special events revenue is comprised of an exchange element based upon the direct benefits donors revenue and a contribution element for the difference. The Chapter recognizes special events revenue equal to the fair value of direct benefits to donors when special events are recognized over time as the event is held. The Chapter recognizes the contribution element of special events revenue income immediately, unless there is a right of return of the event does not take place. All goods and services are transferred at point in time.

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.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024 and 2023, there were no liabilities related to uncertain tax positions.

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 \$600,000. Financial assets available at June 30 to meet cash needs within one year are as follows:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 289,659	\$ -
Grants Receivable	2,041,963	1,797,478
Membership and Other Receivables	<u>72,869</u>	<u>56,919</u>
Subtotal	2,404,491	1,854,397
Less:		
Net Assets With Donor Restrictions	<u>258,729</u>	<u>358,722</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,145,762</u>	<u>\$ 1,495,675</u>

Leases

The Chapter leases office space and certain office equipment and determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease liability in the statements of financial position.

ROU assets represent the Chapter's right to use an underlying asset for the lease term and lease liabilities represent the Chapter's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Chapter will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Chapter has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Chapter has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Adoption of New Accounting Standard

During the current fiscal year, the Chapter adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Chapter adopted this new guidance utilizing the modified retrospective transition method. Adoption of this standard had no impact on the Chapter's financial statements.

Reclassifications

Certain amounts have been reclassified for the year ended June 30, 2023, to conform to the presentation for the year ended June 30, 2024. The reclassifications had no impact on the total assets, liabilities, net assets or change in net assets previously reported.

NOTE 2 LEASES

The Chapter has a long-term, noncancellable lease commitment for office space that began May 1, 2019, and requires monthly payments ranging from \$8,103 to \$9,506 over the six-year lease term. The Chapter signed an amended lease agreement on July 6, 2023, which extended the lease term through October 31, 2029 and requires monthly payments ranging from \$8,727 to \$9,506. 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.

Subsequent to year-end, the office copier lease was renewed to extend the maturity date to March 2030.

The following table provides quantitative information concerning the Chapter's leases for the years ended June 30:

Lease Costs:	2024	2023
Operating Lease Cost	\$ 11,351	\$ 89,403
Other Information:		
Operating Cash Flows from Operating Leases	\$ 12,005	\$ 95,682
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	\$ 373,652	\$ 180,611
Weighted-Average Remaining Lease Term - Operating Leases	5.3 Years	1.1 Years
Weighted-Average Discount Rate Operating Leases	4.19%	4.37%

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NOTE 2 LEASES (CONTINUED)

The Chapter classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 89,868
2026	97,552
2027	99,266
2028	110,018
2029	112,044
Thereafter	24,744
Undiscounted Cash Flows	<u>533,492</u>
Less: Imputed Interest	<u>(58,940)</u>
Total Lease Liabilities	<u><u>\$ 474,552</u></u>

NOTE 3 GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Illinois Department of Public Health	\$ 1,471,054	\$ 1,190,736
Ortho S.A. Sprague Memorial Institute	-	100,000
Chicago Department of Public Health	342,444	226,989
Cook County Department of Public Health	12,818	51,184
American Academy of Pediatrics	46,373	20,000
Illinois Public Health Institute	2,431	9,436
University of Illinois Chicago	29,636	149,133
Arie and Ida Crown Memorial	50,000	-
The University of Chicago	37,207	-
Tri-Town YMCA	50,000	50,000
Total Grants Receivable	<u><u>\$ 2,041,963</u></u>	<u><u>\$ 1,797,478</u></u>

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NOTE 4 PROPERTY AND EQUIPMENT

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

	2024	2023
Computers and Equipment	\$ 6,691	\$ 6,691
Furniture and Fixtures	17,046	17,046
Leasehold Improvements	21,390	-
Construction in Progress	-	21,390
Total	<u>45,127</u>	<u>45,127</u>
Less: Accumulated Depreciation	<u>17,495</u>	<u>14,290</u>
Property and Equipment, Net	<u>\$ 27,632</u>	<u>\$ 30,837</u>

Depreciation expense totaled \$3,204 and \$3,151 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 DEFERRED REVENUE

Deferred revenue of \$170,643, \$204,283, and \$202,228 at June 30, 2024, 2023, and 2022, respectively, consisted of member dues received in advance of the membership period. Other deferred revenue at June 30, 2024 and 2023 of \$65,982 and \$15,974, respectively, consists of registration fees received in advance. 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.

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, 2024 and 2023 is \$-0- and \$2,665, respectively. The note matured in 2024.

NOTE 7 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, 2024 and 2023, the Chapter paid \$28,203 and \$19,281, respectively, of retirement plan expenses, which is allocated among program services, management and general expense, and fundraising expense.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
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NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose (and Time):		
Food Insecurity	\$ -	\$ 527
Collaborative on Child Homelessness	-	66,156
Early Childhood Collaborative (and Time)	50,000	50,000
Healthy People (and Time)	12,630	20,000
Collaborative on Child Homelessness (and Time)	100,000	-
Suicide Prevention	-	3,000
Housing Pregnancy Project (and Time)	42,709	177,473
Reach Out and Read	53,390	41,566
Total Net Assets With Donor Restrictions	<u>\$ 258,729</u>	<u>\$ 358,722</u>

Net assets were released from donor restrictions when payments were made in satisfaction of the restrictions during the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Food Insecurity	\$ 527	\$ 10,000
Collaborative on Child Homelessness	66,156	40,009
Early Childhood Policy	50,000	46,055
Healthy People	7,370	-
Suicide Prevention	3,000	-
Housing Pregnancy Project	134,764	-
Project Firstline	-	10,000
Breastfeeding	-	2,865
Reach Out and Read	125,872	90,253
Total Net Assets With Donor Restrictions	<u>\$ 387,689</u>	<u>\$ 199,182</u>

NOTE 9 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:

	<u>2024</u>	<u>2023</u>
Revenue Recognized Over Time:		
Membership Dues	\$ 301,388	\$ 279,433
Exhibitor Fees	35,270	30,335
Registration Fees	13,950	13,050
Special Events	40,716	3,640
Management Service Fees	212,996	197,557
Total Revenue Recognized Over Time	<u>\$ 604,320</u>	<u>\$ 524,015</u>

The Chapter's contract liabilities at June 30, 2024 and 2023 consist of deferred member dues received in advance, grant funds received in advance, and sponsorships received in advance. See Note 5. The Chapter's contract assets consists of membership dues of \$44,512, \$47,962 and \$47,742 at June 30, 2024, 2023, and 2022, respectively.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS
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NOTE 10 SIGNIFICANT CONCENTRATIONS

The Chapter receives a substantial amount of its revenue from two funders. Funding received from these two funders was approximately 75% and 72% of total revenue for 2024 and 2023, respectively. In both 2024 and 2023, these two funders provided funding from multiple departments to support the Chapter's various programs and initiatives.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 18, 2025, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2024, but prior to March 18, 2025, that provided additional evidence about conditions that existed at June 30, 2024, have been recognized in the financial statements for the year ended June 30, 2024. Events or transactions that provided evidence about conditions that did not exist at June 30, 2024, 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, 2024.



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