ILLINOIS ACTION FOR CHILDREN
(An Illinois Not-For-Profit Corporation)

FINANCIAL STATEMENTS
(Including Single Audit)

Year Ended June 30, 2024

With Summarized Financial Information for June 30, 2023

ILLINOIS ACTION FOR CHILDREN
Chicago, Illinois

FINANCIAL STATEMENTS
Year Ended June 30, 2024
With Summarized Financial Information for June 30, 2023

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Illinois Action for Children
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Illinois Action for Children, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Illinois Action for Children as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Illinois Action for Children 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 Illinois Action for Children's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

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 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 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 Illinois Action for Children'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 Illinois Action for Children'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.

Other Matters

Report on Summarized Comparative Information

We have previously audited Illinois Action for Children's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2025 on our consideration of the Illinois Action for Children'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 Illinois Action for Children'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 Illinois Action for Children's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Chicago, Illinois
March 7, 2025

ILLINOIS ACTION FOR CHILDREN
STATEMENT OF FINANCIAL POSITION
June 30, 2024
(With Summarized Financial Information for June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 126,255	$ 992,308	$ 1,118,563	$ 1,356,235
Interfund	(2,300,118)	2,300,118	-	-
Grants and Contracts Receivable	7,973,891	1,443,000	9,416,891	9,608,052
Prepaid Expenses	79,479	-	79,479	80,586
Total Current Assets	5,879,507	4,735,426	10,614,933	11,044,873
Noncurrent Assets				
Endowment Fund Investments	3,710,919	-	3,710,919	3,299,293
Grants and Contracts Receivable	-	550,000	550,000	-
Lease Security Deposits	196,711	-	196,711	196,711
Right-of-Use Assets	6,830,877	-	6,830,877	7,938,549
Property, Plant, & Equipment	607,401	5,348,920	5,956,321	5,931,142
Less: Accumulated Depreciation	(599,308)	(5,294,401)	(5,893,709)	(5,859,698)
Net Property, Plant, & Equipment	8,093	54,519	62,612	71,444
Total Noncurrent Assets	10,746,600	604,519	11,351,119	11,505,997
Total Assets	$ 16,626,107	$ 5,339,945	$ 21,966,052	$ 22,550,870
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	$ 1,760,751	$ -	$ 1,760,751	$ 2,607,726
Accrued Expenses	2,395,450	-	2,395,450	2,312,382
Refundable Advances	1,465,574	-	1,465,574	1,357,909
Line of Credit	-	-	-	1,500,000
Lease Liabilities, Current	1,908,324	-	1,908,324	1,865,489
Total Current Liabilities	7,530,099	-	7,530,099	9,643,506
Line of Credit	1,500,000	-	1,500,000	-
Lease Liabilities, Net of Current	5,221,159	-	5,221,159	6,271,956
Net Assets				
Without Donor Restrictions				
Designated for Specific Use by the Governing Board:				
Endowment Fund	3,710,919	-	3,710,919	3,299,293
Undesignated	(1,336,070)	-	(1,336,070)	(1,019,662)
With Donor Restrictions	-	5,339,945	5,339,945	4,355,777
Total Net Assets	2,374,849	5,339,945	7,714,794	6,635,408
Total Liabilities And Net Assets	$ 16,626,107	$ 5,339,945	$ 21,966,052	$ 22,550,870

See accompanying notes to financial statements.

ILLINOIS ACTION FOR CHILDREN
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024
(With Summarized Financial Information for June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Support And Revenue				
Support				
Grants	$ 604,381	$ 3,105,882	$ 3,710,263	$ 5,163,847
United Way - Membership	32	-	32	658
Contributions - Other	229,526	-	229,526	195,657
Total Support	833,939	3,105,882	3,939,821	5,360,162
Revenue and Gains (Losses)				
Government Contracts	53,842,867	25,179	53,868,046	52,240,264
Corporate Contracts	341,135	-	341,135	152,454
Conferences and Forums	-	-	-	930
Service Fees	6,840	-	6,840	6,685
Interest Income, Net of Fees	10	-	10	11
Dividends and Capital Gains (Losses)	16,329	-	16,329	(15,843)
Unrealized Gain on Investments	411,626	-	411,626	340,741
Miscellaneous Income	33,010	-	33,010	44,796
Net Assets Released from Restrictions				
Expiration of Time and Purpose Restrictions	2,146,893	(2,146,893)	-	-
Total Revenue and Gains (Losses)	56,798,710	(2,121,714)	54,676,996	52,770,038
Total Support, Revenue, and Gains (Losses)	57,632,649	984,168	58,616,817	58,130,200
Expenses				
Program Services				
Parent Services	9,201,319	-	9,201,319	9,002,080
Provider Services	24,588,051	-	24,588,051	26,460,577
Certificate	18,685,527	-	18,685,527	17,395,768
Public Policy and Advocacy	1,105,708	-	1,105,708	874,315
Supporting Services				
Management and General	3,756,830	-	3,756,830	3,674,638
Fundraising/Marketing/Outreach	199,996	-	199,996	152,671
Total Expenses	57,537,431	-	57,537,431	57,560,049
Change In Net Assets	95,218	984,168	1,079,386	570,151
Net Assets - Beginning Of Year	2,279,631	4,355,777	6,635,408	6,065,257
Net Assets - End Of Year	$ 2,374,849	$ 5,339,945	$ 7,714,794	$ 6,635,408

See accompanying notes to financial statements.

ILLINOIS ACTION FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSE
Year Ended June 30, 2024
(With Summarized Financial Information for June 30, 2023)

	Program Services					Supporting Services			Total	
	Parent Services	Provider Services	Certificate	Public Policy and Advocacy	Total Program Services	Management and General	Fund Raising/ Marketing/ Outreach	Total Supporting Services	2024	2023
EXPENSES										
Salaries	$ 4,944,658	$ 8,340,330	$ 11,411,410	$ 652,343	$ 25,348,741	$ 1,852,835	$ 30,792	$ 1,883,627	$ 27,232,368	$ 26,149,858
Payroll Taxes	367,302	633,516	873,808	49,776	1,924,402	112,618	2,395	115,013	2,039,415	1,958,964
Fringe Benefits	1,081,365	1,893,602	2,891,695	102,320	5,968,982	316,428	7,446	323,874	6,292,856	5,916,804
Presenters	-	77,888	-	-	77,888	-	40,790	40,790	118,678	96,713
Office Supplies and Expenses	512,987	420,993	163,798	70,151	1,167,929	98,390	3,758	102,148	1,270,077	1,282,446
Printing and Promotion	70,980	70,847	-	-	141,827	13,968	-	13,968	155,795	312,576
Telephone	77,527	122,809	143,404	5,439	349,179	19,204	668	19,872	369,051	470,046
Occupancy	924,756	972,819	1,849,402	52,929	3,799,906	138,268	2,972	141,240	3,941,146	3,783,482
Equipment Rental and Maintenance	181,902	325,755	636,600	30,165	1,174,422	262,429	12,037	274,466	1,448,888	1,129,339
Equipment Purchase	14,791	38,512	38,200	-	91,503	21,012	1,069	22,081	113,584	178,119
Professional and Outside Services	524,856	1,340,599	471,123	99,405	2,435,983	753,235	48,034	801,269	3,237,252	3,504,977
Program Improvement Grants	-	1,303,934	-	-	1,303,934	-	-	-	1,303,934	1,314,376
Postage	8,265	18,771	84,627	79	111,742	7,400	1,072	8,472	120,214	87,048
Travel and Lodging	24,310	132,903	5,332	28,711	191,256	28,794	5,489	34,283	225,539	184,435
Subscriptions, Dues, and Publications	38,814	22,808	-	9,492	71,114	19,390	3,956	23,346	94,460	82,837
Meetings and Seminars	62,818	272,869	61,789	3,047	400,523	75,242	39,424	114,666	515,189	668,199
General Insurance	24,332	39,914	54,339	1,851	120,436	3,606	94	3,700	124,136	139,644
Subcontractors' Fees	341,656	1,863,564	-	-	2,205,220	-	-	-	2,205,220	3,195,052
Mini-Grants/Scholarships	-	6,695,618	-	-	6,695,618	-	-	-	6,695,618	7,061,234
Total Before Depreciation	9,201,319	24,588,051	18,685,527	1,105,708	53,580,605	3,722,819	199,996	3,922,815	57,503,420	57,516,149
Depreciation Expense	-	-	-	-	-	34,011	-	34,011	34,011	43,900
Total Expenses Before Management And General	9,201,319	24,588,051	18,685,527	1,105,708	53,580,605	3,756,830	199,996	3,956,826	57,537,431	57,560,049
Management And General	744,274	1,305,503	1,557,145	89,378	3,696,300	(3,696,300)	-	(3,696,300)	-	-
Total Expenses	$ 9,945,593	$ 25,893,554	$ 20,242,672	$ 1,195,086	$ 57,276,905	$ 60,530	$ 199,996	$ 260,526	$ 57,537,431	$ 57,560,049

See accompanying notes to financial statements.

ILLINOIS ACTION FOR CHILDREN
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024
(With Summarized Financial Information for June 30, 2023)

	2024	2023
Cash Flows From Operating Activities		
Change in Net Assets	$ 1,079,386	$ 570,151
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities:		
Depreciation	34,011	43,900
Noncash Operating Lease Expense	1,107,672	1,831,177
Gain on Investments	(427,955)	(324,898)
(Increase) Decrease in Operating Assets:		
Grants and Contracts Receivable	(358,839)	(3,456,752)
Prepaid Expenses	1,107	(31,608)
Lease Security Deposits	-	(192)
(Decrease) Increase in Operating Liabilities:		
Accounts Payable	(846,975)	603,615
Accrued Expenses	83,068	47,658
Refundable Advances	107,665	1,055,243
Changes in Operating Lease Liabilities	(1,007,962)	(1,825,084)
Total Adjustments	(1,308,208)	(2,056,941)
Net Cash From Operating Activities	(228,822)	(1,486,790)
Cash Flows From Investing Activities		
Purchases of Property and Equipment	(25,179)	-
Proceeds from Sale of Investments	228,390	308,900
Purchases of Investments	(212,061)	(324,743)
Net Cash From Investing Activities	(8,850)	(15,843)
Cash Flows From Financing Activities		
Line of Credit Proceeds	5,000,000	4,500,000
Line of Credit Payments	(5,000,000)	(3,000,000)
Net Cash From Financing Activities	-	1,500,000
Net Change In Cash And Cash Equivalents	(237,672)	(2,633)
Cash And Cash Equivalents at Beginning of Year	1,356,235	1,358,868
Cash And Cash Equivalents at End of Year	$ 1,118,563	$ 1,356,235

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Illinois Action for Children (the "Corporation"), formerly Action for Children, is a not-for-profit Corporation established under the laws of the State of Illinois. The Corporation is involved in assisting users and providers of child care activities in Cook County. Additionally, the Corporation has a public policy unit addressing child care issues.

Method of Accounting: The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Financial Statement Presentation: In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the Corporation reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and Net assets with donor restrictions.

- *Net assets without donor restrictions* are not subject to donor-imposed or the donor-imposed restriction has expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objective of the Corporation.

- *Net assets with donor restrictions* are subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity. For the year ended June 30, 2024, the Corporation did not have any donor restrictions that were perpetual in nature.

Contributions received are recognized in the financial statements as net assets with donor restrictions or net assets without donor restrictions support. Such classifications are determined by the existence and/or nature of the restrictions. As restrictions expire, net assets with donor restrictions and support are reclassified to net assets without donor restrictions and support.

The Corporation has elected to report any current period restrictions that have been met within the same period as net assets in the net asset without donor restrictions class.

Non-cash contributions that are required to be recognized when received include the use of facilities or utilities, debt forgiveness, marketable securities, and certain specialized services. All such contributions are recorded at their estimated fair value. There were no non-cash contributions during the year ended June 30, 2024.

The Illinois Department of Human Services (IDHS) allocates federal funding to the Corporation as part of the Child Care Subsidy program. IDHS awards these funds to the beneficiaries (child care providers). The Corporation acts as an agent for IDHS and does not receive or pass through any of these allocated funds. IDHS specifies eligibility criteria and transfers to all who meet those criteria. The Corporation is responsible for determining whether individuals or entities meet those grantor-specified eligibility criteria. In accordance with U.S. GAAP regarding agency transactions, the federal funding allocated to the Corporation is not recognized as a contribution within the statement of activities. Additionally, the Corporation does not report these expenses on their schedule of federal awards and expenditures as required under 2 CFR 200 since the expenditures do not pass through the Corporation.

Comparative Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax: The Corporation is a not-for-profit corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made. Also, the Corporation was determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code.

The Corporation follows guidance issued by the Financial Accounting Standards Board with respect to accounting for uncertainty in income taxes. The Corporation is generally not subject to federal or state income taxes except for certain income derived from unrelated business activities as defined by the IRC. Any such taxes resulting from unrelated business activities are insignificant to the operations of the Corporation. U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2024. The Corporation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Corporation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Corporation has no amounts accrued for interest or penalties as of June 30, 2024.

Use of Estimates: The presentation of the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants and Contracts Revenue: Grants support is reported as increases to net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions. Revenue from government grants and contracts designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor’s restrictions.

Grants and Contracts Receivable: Grants and contracts receivable consists of amounts due from grantors and state and local agencies for whom the Corporation contracts with to provide services. These financial statements contain no allowance for doubtful amounts since in management’s opinion, all amounts are either fully collectible or potential losses are immaterial. Interest is not charged on receivables.

Long-Term Assets: Property, plant, and equipment and other long-term assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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. Management does not believe there are any impairments to long-lived assets at June 30, 2024.

Refundable Advances: Refundable advances represent amounts received by the Corporation under government contracts for activities that have not yet taken place and therefore the earnings process has not been completed.

Capitalization and Depreciation: Leasehold Improvements and furniture and equipment items individually costing $500 or more are capitalized at cost, while items below this amount and expenditures for maintenance and repairs are expensed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives. Leasehold improvements are depreciated over the useful life of the asset or the life of the related lease, whichever is shorter. Depreciation expense for the year ended June 30, 2024 was $34,011.

	Estimated Life	Method
Leasehold Improvements	5 - 15 Years	Straight-Line
Furniture and Equipment	5 - 7 Years	Straight-Line

Contributed property and equipment is recorded at fair value at the date of donation. Donor stipulations regarding how long the contributed assets must be used imply a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all donor stipulated contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support and released from restriction as depreciated.

Leases: The Corporation determines if an arrangement is a lease at inception. Operating leases as a lessee are included in operating lease right-of-use assets and operating lease liabilities in the statement of financial position.

Right-of-use assets represent the Corporation's right to use the underlying asset for the lease term. Operating lease right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using an appropriate rate (our incremental borrowing rate). The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Deferred Lease Incentive: Deferred lease incentive liability accounts for the difference between recognizing rent expense on a straight line basis versus a cash outflow basis. Upon the adoption of Topic 842, deferred lease incentive became a component of lease liability.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

For the purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Corporation maintains cash balances at a financial institution. In the case of deposits, this is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. Additionally, balances held may at times exceed federally insured limits.

The Corporation maintains accounts with a brokerage firm. The accounts contain cash and securities. Balances are insured up to $250,000 (with a limit of $100,000 for cash) by the Security Investor Protection Corporation (SIPC). The brokerage firm provides limited supplementary coverage for balances that exceed SIPC limits.

The Corporation has not experienced any losses in its accounts. The Corporation believes it is not exposed to any significant credit risk on cash, cash equivalents, and investments.

(Continued)

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments held by the Corporation, which are presented at fair value, are invested in money markets, bond mutual funds and stock mutual funds and the approximate breakdown at June 30, 2024 is as follows:

Investments:	
Money Market, included with Cash and Cash Equivalents	$ 126,255
Mutual Funds	3,710,919
Total	$ 3,837,174
Investments return at June 30, 2024 is as follows:	
Dividends and Capital Loses	$ 16,329
Unrealized Gain on Investments	411,626
Total	$ 427,955

NOTE 3 – FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Corporation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of bond and stock mutual fund investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The fair values of money market accounts are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 2 inputs, market approach).

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Assets Measured on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at June 30, 2024 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Money Market	$ 126,255	$ -	$ -
Mutual Funds	3,710,919	-	-
Total	$ 3,837,174	$ -	$ -

NOTE 4 - BOARD DESIGNATED NET ASSETS WITHOUT RESTRICTIONS

The Corporation's endowment consists of funds designated by the Board of Directors.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2024, the Corporation's endowment had no donor-imposed restrictions. Endowment net asset composition by type of fund as of June 30, 2024:

	Net Assets Without Restrictions
Board-designated Funds	$ 3,710,919
Total Funds	$ 3,710,919

Changes in endowment net assets for year ended June 30, 2024:

	Net Assets Without Restrictions
Net assets, Beginning of Year	$ 3,299,293
Net Purchases and Sales of Investments	(16,329)
Investment Return:	
Dividends and Capital Losses	16,329
Unrealized Gain	411,626
Net Assets, End of Year	$ 3,710,919

(Continued)

NOTE 4 - BOARD DESIGNATED NET ASSETS WITHOUT RESTRICTIONS (Continued)

Return Objectives and Risk Parameters: The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets that are board-designated funds that the Corporation will maintain as an emergency reserve. Under this policy, the Corporation expects its endowment funds, over time, to provide an average rate of return exceeding the Consumer Price Index by 3% annually and the Lipper Balanced Index by 1% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation targets a diversified asset allocation that places an emphasis on liquid securities, defined as securities that be transacted quickly and efficiently for the Endowment, with minimal impact on market price.

Spending Policy: The Endowment is a reserve fund accumulated within the Corporation to help insure the continuity of its objectives and programs in the event of alternative funding shortfalls. This is a Board-restricted fund that is intended to provide resources to fulfill the Corporation's mission. There are no specific projects or programs that it is reserved for. Generally, the fund may be used to support public policy and advocacy or other programs that align with the Corporation's mission, including new initiatives.

The Board of Directors may authorize a distribution from the Endowment in an amount not to exceed 3% of the trailing 3-year average balance in any one year as part of the Corporation's annual budgeting process. In addition, if authorized by the Board of Directors at any time during the fiscal year, the endowment fund can be used to support special initiatives or emergency shortfalls of the organization outside of the annual budgeting process. In an emergency, the Board at its discretion may authorize a distribution in any amount of funds available in the fund at that time.

NOTE 5 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Corporation also receives support without donor restrictions.

The Corporation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The Corporation considers cash and endowment investments to be available to meet cash needs for general expenses. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities for program and supporting services expected to be paid in the subsequent year to be general expenses.

At June 30, 2024, the Corporation has $10,535,454 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. These funds consist of a cash and cash equivalents amount of $1,118,563 and grants and contracts receivables of $9,416,891. Restricted cash has been included, as the Corporation views the restricted nature to be a general expenditure which will be incurred in the next 12 months.

The Corporation also has endowment fund investments of $3,710,919. While the primary purpose of the endowment fund is long-term investing, the board can designate for these funds for operations at any time.

Additionally, the Corporation has access to a revolving line of credit with an available balance of $3,000,000 at June 30, 2024, to fund operations, if necessary. See Note 10 for further information on the line of credit.

(Continued)

NOTE 6 – LEASES

The Corporation is presently leasing offices under several operating lease agreements. Certain leases contain options to extend and as of June 30, 2024, management is not reasonably certain that these extensions will be exercised. Thus, these options are not included in the calculation of the operating lease liability.

The following is the components of the lease cost for the year ended June 30, 2024:

Operating Lease Cost	$	1,116,633
Short-term and Variable Lease Cost		1,068,256
Total Lease Cost	$	2,184,889

Other information regarding the leases for the year ended June 30, 2024 is as follows:

Weighted average remaining lease term (in years)	4.09
Weighted average discount rate	3%

Future minimum lease payments for the year ended June 30 are as follows:

2025	$	1,908,324
2026		1,968,257
2027		1,776,207
2028		1,254,566
2029		357,342
Thereafter		227,113
Total		7,491,809
Less Present Value Discount		(362,326)
Operating Lease Liabilities	$	7,129,483

NOTE 7 - EMPLOYEE 401(k) PLAN

As part of the benefit package, the Corporation has adopted a 401(k) Plan, a defined contribution plan, which covers all eligible employees. Contribution expense to the plan for the year ended June 30, 2024 was $600,011.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs which are not directly identifiable have been allocated based on a percentage of direct costs to the respective programs.

(Continued)

NOTE 9 - ECONOMIC DEPENDENCY

The Corporation has a substantial portion of its total support and revenue through the Illinois Department of Human Services. During the fiscal year ended June 30, 2024, the Corporation recognized, through the Illinois Department of Human Services, $28,904,447 or 49% of total support and revenue.

NOTE 10 – LINE OF CREDIT

On December 14, 2021, the Corporation entered into a promissory note agreement with a maturity date of November 30, 2022 and a balance available to be drawn of $4,500,000. On February 22, 2022, the Corporation amended the agreement to extend the maturity date to November 30, 2023 and amended the interest rate. On November 30, 2023, the Corporation entered into a new promissory note agreement with similar terms and a maturity date of November 30, 2025. Interest varies with the Wall Street Journal prime rate minus 0.25%, which was 8.00% at June 30, 2024, and is payable monthly. The line was collateralized by a continuing security interest in all business assets and assignment of all grants and monetary awards of the Corporation. The Corporation had a balance of $1,500,000 on this note at June 30, 2024.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Corporation participates in federal and state-assisted programs, which are subject to audit to ensure compliance with the grant provisions. Resolution of any legal proceedings or the determination of any questioned or disallowed grant costs is not, in the opinion of management, anticipated to have a material adverse effect on the Corporation's financial statements.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available at June 30, 2024 for the following purposes:

Program activities during subsequent year:	
Provider Services	$ 1,328,702
Public Policy and Advocacy	3,947,088
Restrictions on Equipment	64,155
Total	$ 5,339,945

NOTE 13 - NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended June 30, 2024 as follows:

Program restrictions accomplished:	
Provider Services	$ 300,000
Public Policy and Advocacy	1,819,500
Depreciation on Restricted Equipment	27,393
Total	$ 2,146,893

(Continued)

NOTE 14 – INTERFUND

As of June 30, 2024, the Corporation has insufficient amounts of unrestricted cash and cash equivalents to meet operating cost demands causing the Corporation to utilize restricted cash for these purposes. As a result, the Corporation has insufficient amounts of cash and cash equivalents to comply with donor-imposed restrictions. The internal loan of $2,300,118 is expected to be repaid within one year.

NOTE 15 – RELATED PARTY TRANSACTION

During the year ended June 30, 2024, the Corporation recorded government contract contribution revenue of $211,148 passed through an organization that a member of the Corporation's management is a board member.

NOTE 16 - GRANTS RECEIVABLE

Grants receivable at June 30, 2024, expected to be collected in future years are summarized as follows:

Due in		
Less than one year	$	1,443,000
Two to five years		550,000
More than five years		-
		1,993,000
Unamortized discount		-
Total grants receiveable	$	1,993,000

The Corporation has not discounted grants to be received in future periods as that amount is deemed to be immaterial. Grants receivable due within one year are included within grants and contract receivable with donor restrictions on the statement of financial position.

NOTE 17 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through March 7, 2025, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ILLINOIS ACTION FOR CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

	AL #	Grantor's Number	Total Federal Expenditures	Amounts Awarded to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Illinois Department of Human Services				
Maternal, Infant and Early Childhood Homevisiting Grant	93.870	FCSCV06987	$ 153,790	$ -
Child Care and Development Fund Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FCSBI04631 & 04948	18,214,990	1,054,182
Child Care and Development Block Grant	93.575	FCSBI04631	834,729	-
Subtotal for Child Care and Development Fund Cluster			19,049,719	1,054,182
Passed Through Illinois State Board of Education				
Every Student Succeeds Act/PreSchool Development Grants	93.434	4998-PD-15016780P00	191,784	-
Head Start Cluster	93.600	05CH101175102	7,485,168	151,457
Total U.S. Department of Health and Human Services			26,880,461	1,205,639
U.S. Department of Education				
Passed Through Illinois State Board of Education				
COVID-19 - Governor’s Emergency Education Relief Fund	84.425C	4998-RC-15016780P00	52,407	-
U.S. Department of Agriculture				
Passed Through Illinois State Board of Education				
Child & Adult Care Food Program	10.558	4226-00-15016780P00	7,248,931	-
Total Expenditures			$ 34,181,799	$ 1,205,639

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Corporation under programs of the federal government for the year ended June 30, 2024. The information in this 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). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, statements of activities, functional expenses, or cash flows of the corporation.

Basis of Accounting: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Corporation has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients: Of the federal expenditures presented in the schedule, Illinois Action for Children provided the following federal awards to subrecipients:

IDHS – Child Care and Development Fund Cluster	AL# 93.596
Carole Robertson Center	$ 203,280
Centers for New Horizon	187,602
Good Shepherd Center	663,300
Total Subrecipient payments	$ 1,054,182

Head Start	AL# 93.600
A Step Up Career Academy	$ 91,338
Calumet City's Kids Academy	29,157
First Step Child Care Center	30,962
Total Subrecipient payments	$ 151,457

Loans and Loan Guarantees: There were no federal loans outstanding for the year ended June 30, 2024.

Insurance: Illinois Action for Children has no federal insurance for the year ended June 30, 2024.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Illinois Action for Children
Chicago, Illinois

We have audited, in accordance with the 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, the financial statements of Illinois Action for Children (the "Corporation"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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*.

(Continued)

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 Corporation'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 communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Chicago, Illinois
March 7, 2025

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Illinois Action for Children
Chicago, Illinois

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Illinois Action for Children's (the "Corporation") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Corporation's major federal program for the year ended June 30, 2024. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Corporation and to meet our other ethical responsibilities, in accordance with 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 the major federal program. Our audit does not provide a legal determination of the Corporation'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 Corporation's federal programs.

(Continued)

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 Corporation'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 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 Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 Corporation'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 the Corporation's 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 Corporation'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 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

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.

Crowe LLP

Crowe LLP

Chicago, Illinois
March 7, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	*Unmodified*
Internal control over financial reporting:	
Material weakness(es) identified?	______ Yes ✓ No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes ✓ None Reported
Noncompliance material to financial statements noted?	______ Yes ✓ No

Federal Awards

Internal Control over major federal programs:	
Material weakness(es) identified?	______ Yes ✓ No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes ✓ None Reported
Type of auditor's 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 ✓ No

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
93.596, 93.575	Child Care and Development Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,025,454

Auditee qualified as low-risk auditee? ✓ Yes ______ No

(Continued)

Section II - Financial Statement Findings

There were no findings for the year ended June 30, 2024.

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2024.

There were no findings for the year ended June 30, 2023.