

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS  
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Children's Home and Aid Society of Illinois and Affiliate  
Chicago, Illinois

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Children's Home and Aid Society of Illinois and Affiliate (the Agency), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Children's Home and Aid Society of Illinois and Affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis-of-Matter Regarding Significant Estimates***

As discussed in Note 4, the consolidated financial statements include certain investments valued at \$5,391,806 and \$4,234,189 as of June 30, 2021 and 2020, respectively. Valuation of these investments is based either upon information provided by fund managers or on the net asset value of shares held utilizing various pricing techniques. Because of the inherent uncertainty of these valuation techniques, those estimated values may differ significantly from the values that would have been used had readily determinable fair values existed for the investments, and the differences could be material. Our opinion is not modified with respect to that matter.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022, on our consideration of the Agency'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 to solely describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and consolidating schedules of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
February 8, 2022

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,735,298	\$ 1,081,061
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$369,986 and \$385,645 in 2021 and 2020, Respectively	9,182,783	9,300,447
Pledges Receivable	699,243	454,243
Prepaid Expenses and Other Assets	894,914	591,927
Endowment Investments	37,313,298	27,191,002
Beneficial Interest in Trusts	6,089,908	5,015,418
Land, Buildings, Equipment, and Leasehold Improvements, Net of Accumulated Depreciation and Amortization	<u>20,252,698</u>	<u>21,447,495</u>
Total Assets	<u><u>\$ 80,168,142</u></u>	<u><u>\$ 65,081,593</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 2,353,426	\$ 2,181,806
Accrued Salaries and Benefits	5,145,481	3,688,744
Deferred Revenue	4,467,278	1,586,709
Capital Lease Obligation	43,027	119,231
Paycheck Protection Program Loan	925,000	-
Long-Term Debt	<u>1,966,078</u>	<u>3,136,775</u>
Total Liabilities	14,900,290	10,713,265
<b>NET ASSETS</b>		
Without Donor Restrictions	49,084,310	41,123,125
With Donor Restrictions	<u>16,183,542</u>	<u>13,245,203</u>
Total Net Assets	<u>65,267,852</u>	<u>54,368,328</u>
Total Liabilities and Net Assets	<u><u>\$ 80,168,142</u></u>	<u><u>\$ 65,081,593</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 4,772,602	\$ 2,377,919	\$ 7,150,521
Foundations and Trusts	1,214,842	-	1,214,842
Contributions from Associated Fundraising Organizations	580,422	-	580,422
Fees and Grants from Governmental Agencies for Services Rendered to Clients	62,599,289	-	62,599,289
Program Service Fees	2,645,811	-	2,645,811
Investment Income	365,711	78,898	444,609
Net Assets Released from Time and Purpose Restrictions and Other Reclassifications	2,275,070	(2,275,070)	-
Miscellaneous	330,309	-	330,309
Total Revenues and Other Support	<u>74,784,056</u>	<u>181,747</u>	<u>74,965,803</u>
<b>EXPENSES</b>			
Total Program Services	62,291,027	-	62,291,027
Supporting Services:			
Management and General	9,112,615	-	9,112,615
Fundraising	2,141,623	-	2,141,623
Total Expenses	<u>73,545,265</u>	<u>-</u>	<u>73,545,265</u>
<b>INCOME FROM OPERATIONS</b>	1,238,791	181,747	1,420,538
<b>NONOPERATING GAINS</b>			
Net Realized and Unrealized Gains on Investments	<u>6,722,394</u>	<u>2,756,592</u>	<u>9,478,986</u>
<b>CHANGE IN NET ASSETS</b>	7,961,185	2,938,339	10,899,524
Net Assets - Beginning of Year	<u>41,123,125</u>	<u>13,245,203</u>	<u>54,368,328</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 49,084,310</u></u>	<u><u>\$ 16,183,542</u></u>	<u><u>\$ 65,267,852</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 2,957,397	\$ 1,913,290	\$ 4,870,687
Foundations and Trusts	1,196,789	-	1,196,789
Contributions from Associated Fundraising Organizations	750,525	-	750,525
Fees and Grants from Governmental Agencies for Services Rendered to Clients	57,556,566	-	57,556,566
Program Service Fees	1,722,856	-	1,722,856
Investment Income	373,939	94,083	468,022
Net Assets Released from Time and Purpose Restrictions and Other Reclassifications	2,792,876	(2,792,876)	-
Miscellaneous	84,303	-	84,303
Total Revenues and Other Support	<u>67,435,251</u>	<u>(785,503)</u>	<u>66,649,748</u>
<b>EXPENSES</b>			
Total Program Services	55,998,054	-	55,998,054
Supporting Services:			
Management and General	9,010,799	-	9,010,799
Fundraising	1,962,531	-	1,962,531
Total Expenses	<u>66,971,384</u>	<u>-</u>	<u>66,971,384</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	463,867	(785,503)	(321,636)
<b>NONOPERATING GAINS (LOSSES)</b>			
Net Realized and Unrealized Gains (Losses) on Investments	<u>243,303</u>	<u>(123,831)</u>	<u>119,472</u>
<b>CHANGE IN NET ASSETS</b>	707,170	(909,334)	(202,164)
Net Assets - Beginning of Year	<u>40,415,955</u>	<u>14,154,537</u>	<u>54,570,492</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 41,123,125</u></u>	<u><u>\$ 13,245,203</u></u>	<u><u>\$ 54,368,328</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	Program Services					
	Counseling	Child Care	Child Care Resource and Referral	Foster Care	Intact Family Services	Parental Support
Salaries	\$ 3,549,972	\$ 7,809,534	\$ 3,316,725	\$ 7,686,138	\$ 3,164,051	\$ 2,103,727
Employee Health and Retirement Benefits	702,529	1,551,654	658,688	1,495,636	618,182	414,713
Payroll Taxes	256,453	558,533	237,363	558,442	229,691	150,879
Total Salaries and Related Expenses	4,508,954	9,919,721	4,212,776	9,740,216	4,011,924	2,669,319
Professional Fees	72,553	280,571	313,525	487,286	153,918	252,078
Supplies	58,880	786,182	315,860	97,572	59,323	106,301
Telephone	85,187	143,522	69,114	189,984	80,262	46,572
Postage and Shipping	1,298	1,281	22,235	7,207	4,304	1,697
Occupancy	333,347	547,294	384,701	762,630	249,394	115,437
Outside Printing	1,270	3,278	47,519	2,267	2,158	2,156
Local Transportation	37,015	37,054	20,157	354,407	224,828	28,370
Conferences and Meetings	37,456	29,789	27,110	7,357	685	11,907
Subscriptions and Reference	116	6,316	8,233	629	250	3,056
Specific Assistance Including COVID-19 Assistance Expenditures	118,571	35,086	153,904	6,468,576	250,926	119,323
Membership Dues	897	4,768	2,077	1,637	342	15,790
Repairs, Maintenance, and Rental	3,740	52,719	3,617	17,304	5,305	4,365
Miscellaneous	72,569	143,049	64,601	123,275	49,721	50,933
Total Expenses Before Depreciation, Amortization, Interest, and Financing Fees	5,331,853	11,990,630	5,645,429	18,260,347	5,093,340	3,427,304
Depreciation and Amortization	38,677	681,796	29,325	158,033	56,002	49,846
Interest and Financing Fees	1,790	1,791	1,484	3,400	1,040	445
Total Functional Expenses	<u>\$ 5,372,320</u>	<u>\$ 12,674,217</u>	<u>\$ 5,676,238</u>	<u>\$ 18,421,780</u>	<u>\$ 5,150,382</u>	<u>\$ 3,477,595</u>

See accompanying Notes to Consolidated Financial Statements.



**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Program Services (Continued)				Supporting Services			
	Residential Services	Youth Services	Program Services Management	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 3,653,413	\$ 3,268,118	\$ 196,878	\$ 34,748,556	\$ 4,827,125	\$ 1,164,362	\$ 5,991,487	\$ 40,740,043
Employee Health and Retirement Benefits	672,495	654,087	40,828	6,808,812	820,159	224,611	1,044,770	7,853,582
Payroll Taxes	264,165	229,737	14,929	2,500,192	317,664	80,263	397,927	2,898,119
Total Salaries and Related Expenses	4,590,073	4,151,942	252,635	44,057,560	5,964,948	1,469,236	7,434,184	51,491,744
Professional Fees	326,572	65,551	159	1,952,213	1,573,964	165,254	1,739,218	3,691,431
Supplies	393,402	143,472	1,209	1,962,201	273,011	40,930	313,941	2,276,142
Telephone	51,726	105,590	1,626	773,583	78,658	1,947	80,605	854,188
Postage and Shipping	1,393	3,608	64	43,087	15,250	5,492	20,742	63,829
Occupancy	291,011	248,335	3,887	2,936,036	787,567	4,156	791,723	3,727,759
Outside Printing	3,980	2,241	35	64,904	11,389	53,614	65,003	129,907
Local Transportation	27,198	41,111	39	770,179	17,246	1,594	18,840	789,019
Conferences and Meetings	12,311	17,440	-	144,055	5,734	3,884	9,618	153,673
Subscriptions and Reference	312	2,101	-	21,013	16,677	6,180	22,857	43,870
Specific Assistance Including COVID-19 Assistance Expenditures	113,664	154,774	-	7,414,824	604	188,835	189,439	7,604,263
Membership Dues	115	4,067	55	29,748	75,333	910	76,243	105,991
Repairs, Maintenance, and Rental	114,713	3,520	80	205,363	4,903	28	4,931	210,294
Miscellaneous	62,619	59,869	3,285	629,921	167,048	198,271	365,319	995,240
Total Expenses Before Depreciation, Amortization, Interest, and Financing Fees	5,989,089	5,003,621	263,074	61,004,687	8,992,332	2,140,331	11,132,663	72,137,350
Depreciation and Amortization	166,111	60,866	34,110	1,274,766	18,894	1,284	20,178	1,294,944
Interest and Financing Fees	563	1,037	24	11,574	101,389	8	101,397	112,971
Total Functional Expenses	<u>\$ 6,155,763</u>	<u>\$ 5,065,524</u>	<u>\$ 297,208</u>	<u>\$ 62,291,027</u>	<u>\$ 9,112,615</u>	<u>\$ 2,141,623</u>	<u>\$ 11,254,238</u>	<u>\$ 73,545,265</u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services					
	Counseling	Child Care	Child Care Resource and Referral	Foster Care	Intact Family Services	Parental Support
Salaries	\$ 2,905,356	\$ 6,973,721	\$ 2,653,861	\$ 6,645,040	\$ 2,466,683	\$ 1,818,067
Employee Health and Retirement Benefits	547,580	1,340,958	501,962	1,248,958	472,004	343,138
Payroll Taxes	206,252	497,868	187,791	477,889	178,848	129,289
Total Salaries and Related Expenses	3,659,188	8,812,547	3,343,614	8,371,887	3,117,535	2,290,494
Professional Fees	196,045	501,307	563,589	659,891	150,686	291,965
Supplies	92,222	799,713	299,881	258,491	59,885	140,190
Telephone	70,725	130,200	55,881	193,353	70,002	53,524
Postage and Shipping	2,529	1,667	14,943	10,658	2,337	1,814
Occupancy	315,910	685,710	216,618	814,617	242,155	167,581
Outside Printing	1,393	4,074	39,704	2,579	1,397	2,004
Local Transportation	122,056	62,685	59,358	502,899	223,888	68,480
Conferences and Meetings	15,412	49,377	33,947	42,954	25,517	26,607
Subscriptions and Reference	-	6,890	4,153	-	574	2,026
Specific Assistance Including COVID-19 Assistance Expenditures	67,729	54,002	47,735	4,970,793	140,045	46,888
Membership Dues	567	828	271	863	298	14,966
Repairs, Maintenance, and Rental	9,542	47,809	7,340	31,448	10,527	7,861
Miscellaneous	50,752	130,937	56,574	130,620	40,795	42,618
Total Expenses Before Depreciation, Amortization, Interest, and Financing Fees	4,604,070	11,287,746	4,743,608	15,991,053	4,085,641	3,157,018
Depreciation and Amortization	46,352	704,607	25,219	169,694	61,170	69,992
Interest and Financing Fees	1,901	2,037	1,474	3,528	940	714
Total Functional Expenses	<u>\$ 4,652,323</u>	<u>\$ 11,994,390</u>	<u>\$ 4,770,301</u>	<u>\$ 16,164,275</u>	<u>\$ 4,147,751</u>	<u>\$ 3,227,724</u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	Program Services (Continued)				Supporting Services			
	Residential Services	Youth Services	Program Services Management	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 3,217,090	\$ 2,835,467	\$ 213,082	\$ 29,728,367	\$ 4,566,336	\$ 1,154,501	\$ 5,720,837	\$ 35,449,204
Employee Health and Retirement Benefits	553,026	537,163	38,807	5,583,596	967,611	220,711	1,188,322	6,771,918
Payroll Taxes	230,509	199,421	14,831	2,122,698	317,250	80,692	397,942	2,520,640
Total Salaries and Related Expenses	4,000,625	3,572,051	266,720	37,434,661	5,851,197	1,455,904	7,307,101	44,741,762
Professional Fees	446,484	66,793	39	2,876,799	1,302,991	178,182	1,481,173	4,357,972
Supplies	482,068	124,732	1,405	2,258,587	270,226	21,601	291,827	2,550,414
Telephone	47,280	88,947	1,960	711,872	90,774	4,124	94,898	806,770
Postage and Shipping	1,073	2,834	26	37,881	19,768	6,012	25,780	63,661
Occupancy	284,322	275,932	6,329	3,009,174	861,322	5,241	866,563	3,875,737
Outside Printing	1,559	3,539	82	56,331	21,544	39,087	60,631	116,962
Local Transportation	59,050	168,873	9	1,267,298	56,098	7,154	63,252	1,330,550
Conferences and Meetings	16,151	46,808	76	256,849	43,717	9,336	53,053	309,902
Subscriptions and Reference	-	750	-	14,393	72,619	2,171	74,790	89,183
Specific Assistance Including								
COVID-19 Assistance Expenditures	108,550	134,224	232,866	5,802,832	118	880	998	5,803,830
Membership Dues	75	2,944	-	20,812	38,540	534	39,074	59,886
Repairs, Maintenance, and Rental	124,050	11,493	188	250,258	11,189	63	11,252	261,510
Miscellaneous	104,314	64,351	3,389	624,350	171,118	230,390	401,508	1,025,858
Total Expenses Before Depreciation, Amortization, Interest, and Financing Fees	5,675,601	4,564,271	513,089	54,622,097	8,811,221	1,960,679	10,771,900	65,393,997
Depreciation and Amortization	180,781	79,704	26,047	1,363,566	33,425	1,841	35,266	1,398,832
Interest and Financing Fees	615	1,182	-	12,391	166,153	11	166,164	178,555
Total Functional Expenses	<u>\$ 5,856,997</u>	<u>\$ 4,645,157</u>	<u>\$ 539,136</u>	<u>\$ 55,998,054</u>	<u>\$ 9,010,799</u>	<u>\$ 1,962,531</u>	<u>\$ 10,973,330</u>	<u>\$ 66,971,384</u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 10,899,524	\$ (202,164)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,294,944	1,398,832
Deferred Compensation	-	(540,746)
Net Realized and Unrealized (Gains) Losses on Net Assets with Donor Restrictions	(2,756,592)	123,831
Net Realized and Unrealized Gains on Assets Whose Use is Limited or Restricted, Excluding Investments of Net Assets with Donor Restrictions	(6,722,394)	(243,303)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	117,664	(1,396,976)
Pledges Receivable	(245,000)	50,000
Prepaid Expenses and Other Assets	(302,987)	(457)
Accounts Payable and Accrued Expenses	171,620	124,555
Accrued Salaries and Benefits	1,456,737	911,208
Other Liabilities	2,880,569	42,303
Net Cash Provided by Operating Activities	<u>6,794,085</u>	<u>267,083</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Land, Buildings, Equipment, and Leasehold Improvements	(100,147)	(236,283)
Purchases of Trustee-Held, Board-Designated, and Donor-Restricted Cash and Investments	(3,207,883)	(904,434)
Sales and Maturities of Trustee-Held, Board-Designated, and Donor-Restricted Cash and Investments	<u>1,490,083</u>	<u>445,188</u>
Net Cash Used by Investing Activities	<u>(1,817,947)</u>	<u>(695,529)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Long-Term Debt	(1,170,697)	(626,273)
Proceeds from Paycheck Protection Program Loan	925,000	-
Payments on Capital Lease Obligation	<u>(76,204)</u>	<u>(83,133)</u>
Net Cash Used by Financing Activities	<u>(321,901)</u>	<u>(709,406)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,654,237	(1,137,852)
Cash and Cash Equivalents - Beginning of Year	<u>1,081,061</u>	<u>2,218,913</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 5,735,298</u>	<u>\$ 1,081,061</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 112,971</u>	<u>\$ 178,555</u>

See accompanying Notes to Consolidated Financial Statements.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Children's Home and Aid Society of Illinois (the Society), an Illinois nonprofit corporation, is a social service organization serving families throughout the state of Illinois. The Society provides adoption, foster care, residential care, childcare, and child and family counseling and related services. Children's Home and Aid Society Foundation (the Foundation), an Illinois nonprofit corporation of which the Society is the sole corporate member, oversees investments of the Society.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Society and its wholly owned and controlled affiliate (the Agency). All significant transactions among these corporations have been eliminated in consolidation.

**Use of Estimates in Preparing Consolidated Financial Statements**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The liability for excess revenues is based on management's assessment of the estimated amounts due to funding sources for program revenues in excess of program expenses. If actual excess revenues are higher than the historical experience, management's estimates of the amounts due from the Agency could be adversely affected. A liability of \$3,441,311 and \$1,207,281 as of June 30, 2021 and 2020, respectively, has been included with deferred revenue on the consolidated statements of financial position. The funding source has indicated its intent to mitigate the excess revenue by allowing certain unallowed expenses and program deficits in other programs funded by this source. The Agency will reduce the liability recorded once resolution with the funding source is known.

**Consolidated Financial Statement Presentation**

The Agency prepares its consolidated financial statements in accordance with U.S. GAAP. Under U.S. GAAP, the Agency is required to report 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. In addition, the Agency is required to present a consolidated statement of cash flows.

Net asset classes are defined as follows:

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

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidated Financial Statement Presentation (Continued)**

*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.

**Basis of Accounting**

The consolidated financial statements have been prepared using the accrual basis of accounting.

**Revenues and Other Support**

Revenue transactions deemed by management to be ongoing, major, or central to the provision of social services are included in revenues and other support on the consolidated statements of activities and changes in net assets. Transactions incidental to the provision of social services are reported as nonoperating gains and losses.

**Contributions**

The Agency receives contributions through pledges, bequests, beneficial interests in trusts, outright gifts of cash and property, and certain frees and grants from governmental agencies. Contributions are classified as with or without donor restrictions based on donor direction.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, the related net assets are reclassified to net assets without donor restrictions.

Contributions received with donor conditions are deferred until such conditions are met. Included in deferred revenue on the consolidated statements of financial position at June 30, 2021 and 2020, conditional contributions received in advance total \$1,186,136 and \$379,428, respectively.

**Fees and Grants from Governmental Agencies for Services Rendered to Clients and Program Service Fees**

The Agency receives a significant portion of its operating funds from grants and awards that are exchange transactions. These funds are reported as without donor restrictions as the grants reimburse the Agency for services provided. Government grants received in advance are recorded initially as deferred revenue and are then recognized as revenue as earned, which generally occurs when services are provided and expenses are incurred. Program service fees consist primarily of revenue received from the state of Illinois which is paid based on a contracted rate per day. Government and program service fees are recognized as earned over time once performance obligations are met for the social services provided.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
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**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues and Other Support (Continued)**

**Investment Income**

Investment income and realized and unrealized gains and losses resulting from contributions are reported as changes in net assets with or without donor restrictions, as directed by the donor.

**Functional Allocation of Expenses**

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and the consolidated statements of functional expenses. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function (common expenses). These common expenses require allocation to program and support units on a reasonable basis that is consistently applied. They include occupancy costs and some maintenance, supplies, and telephone costs which are allocated based on either square footage of area occupied or on personnel at the location assigned to work in specific programs.

**Cash Equivalents**

The Agency considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. However, all cash and investments whose use is limited by the board or restricted by donors are considered long-term investments.

At times, the amounts in these accounts may exceed federally insured limits. However, the Agency has not experienced any losses on these accounts and does not believe it is exposed to significant risk.

**Investments**

The Agency accounts for investments in accordance with U.S. GAAP, which requires investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value. Investment income (comprised of interest and dividends) is included in revenues and other support. Realized and unrealized gains and losses on investments are reported in the consolidated statements of activities and changes in net assets as nonoperating gains and losses and as an increase or decrease in net assets with or without donor restriction based upon donor-imposed restrictions.

**Accounts Receivable**

Accounts receivable are primarily uncollateralized governmental obligations stated at the invoice amounts that generally are payable within 30 days from the billing date.

Payments of accounts receivable are applied to the specific invoices identified on the funding source's remittance advice or, if unspecified, to the earliest unpaid invoices.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable (Continued)**

Accounts receivable is reduced by a valuation allowance that reflects management's best assessment of the collectability of specific funding source accounts based on specific information, the aging of specific accounts, and historical experience. If actual amounts collected are lower than management's estimates thereof, the Agency's financial results could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

**Pledges Receivable**

Unconditional pledges to give cash and property are reported at fair value at the date the pledge is received.

Any amounts that are known to be uncollectible are written off and thus, a provision has not been made for potentially uncollectible amounts as of June 30, 2021 and 2020, based on management's assessment of the specific promises to give and the aging thereof.

**Land, Buildings, Equipment, and Leasehold Improvements**

Land, buildings, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. The Agency's capitalization threshold is \$5,000. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	5 to 39 Years
Office Furniture and Equipment	5 to 15 Years
Automobiles	5 Years
Leasehold Improvements	2 to 10 Years

**Long-Lived Assets**

The Agency evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Agency evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

**Beneficial Interest in Trusts**

Beneficial interest in trusts represents the fair value of the portion of trusts for which the Agency is beneficiary in perpetuity and represents a perpetual donor restriction. The trusts, which are all administered by bank trustees, are comprised primarily of farm land and equity or fixed-income securities. Fair value of equity and fixed-income securities is based primarily on quoted market prices. Fair value for farm land is based on periodic independent appraisals. Realized and unrealized gains and losses on the beneficial interest in trusts are recorded to net assets with donor restrictions in the consolidated statements of activities and changes in net assets.



**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

All entities included in the Agency are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code. The entities qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(1).

The Agency evaluates its exposure for uncertain tax positions on an annual basis. As of June 30, 2021 and 2020, there were no liabilities for uncertain tax positions.

**Liquidity**

The Agency's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

	2021	2020
Cash and Cash Equivalents	\$ 5,735,298	\$ 1,081,061
Accounts and Pledges Receivable Due in One Year	9,882,026	9,604,690
Restricted Assets Expected to be Released	<u>(2,877,696)</u>	<u>(2,530,215)</u>
Total Financial Assets Available to Meet		
Cash Needs for General Expenditures		
Within One Year	<u>\$ 12,739,628</u>	<u>\$ 8,155,536</u>

To help manage seasonal liquidity needs, the Agency maintains a credit facility in the amount of \$5 million.

Additionally, the Foundation maintains a board-designated endowment fund of approximately \$30 million and \$22 million at June 30, 2021 and 2020, respectively. Although the Foundation does not intend to spend from its endowment fund other than amounts appropriated to support programs and general operations of the Society, amounts from the board-designated endowment fund could be made available if necessary.

**Adoption of New Accounting Standards**

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for nonpublic entities. The Agency implemented the ASU in fiscal year 2021. See Note 4.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards (Continued)**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in 2021. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Agency's reported historical revenue.

**Pending Accounting Standards**

**Contributed Nonfinancial Assets**

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This update increases transparency about the measurement and use of nonfinancial assets by recognizing gifts-in-kind to be presented as a separate line in the statement of activities and disclosing key information. ASU 2020-07 is effective for the Agency as of June 30, 2022.

**Leases**

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

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable consist of pledges that are expected to be collected during the following fiscal years:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 776,259
2023	-
Total Pledges Receivable	776,259
Less: Discount to Net Present Value	(77,016)
Total	<u>\$ 699,243</u>

The discount rate used for the years ended June 30, 2021 and 2020 was 3%.

**NOTE 3 INVESTMENTS**

A summary of the composition of the Agency's investments follows:

	<u>2021</u>	<u>2020</u>
Fixed Income Mutual Funds	\$ 6,792,388	\$ 5,676,414
Common Stock and Mutual Funds	24,682,918	17,013,134
Nonpublic Pooled Investments	5,391,806	4,234,189
Cash Equivalents and Money Market Funds	446,186	267,265
Beneficial Interest in Trusts	6,089,908	5,015,418
Total	<u>\$ 43,403,206</u>	<u>\$ 32,206,420</u>

The nonpublic pooled investments consist of private equity funds that invest primarily in diversified leveraged buyouts, venture capital companies, and other investment funds. Included in nonpublic pooled investments is the Portfolio Advisors Private Equity Fund IV, L.P., the SEG Partners Offshore, Ltd., the MW Eureka Fund, and the Cyrus Opportunities Fund II Ltd. These funds are nonpublic, pooled investments that are not registered as investment companies with the U.S. Securities and Exchange Commission. They are considered speculative with a higher degree of risk and potential volatile performance than the Agency's other investments. The estimated market value of these funds is determined by the funds' custodians based on the net asset value of the Agency's ownership interest, as quoted market prices are not available. The Agency's investment in nonpublic pooled investments and their estimated fair market value at June 30 is as follows:

	<u>Invested Amount</u>		<u>Estimated Fair Market Value</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Portfolio Advisors Private Equity Fund IV, L.P.	\$ 1,142,259	\$ 1,142,259	\$ 152,259	\$ 200,315
SEG Partners Offshore, Ltd.	1,000,000	1,000,000	2,036,487	1,464,303
MW Eureka Fund	1,000,000	1,000,000	1,531,101	1,279,573
Cyrus Opportunities Fund II Ltd.	1,000,000	1,000,000	1,671,959	1,289,998

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 INVESTMENTS (CONTINUED)**

On December 1, 2010, the Agency invested \$1,000,000 in Cyrus Opportunities Fund II Ltd. One of the principals of this fund is related to a trustee of the Agency and personally guaranteed recovery of the Agency's initial investment in the fund and all fees to the fund have been waived. The guarantee on the fund is in effect through December 2025.

Currently, the Agency is not eligible to redeem the investment in the Portfolio Advisors Private Equity Fund IV, L.P. until the later of the termination of the partnership or one year after all the assets of the partnership have been liquidated and the Agency has invested \$1,142,259 of a total commitment of \$1,400,000. As of June 30, 2021, the partnership has not liquidated all assets. The Agency has no other unfunded commitments for further investment in the SEG Partners Offshore, Ltd., the MW Eureka Fund, and the Cyrus Opportunities Fund II Ltd. as of June 30, 2021. There are no additional redemption restrictions on these investments as well. These investments can be liquidated with no notice period and on a daily basis.

The composition of investment return on the Agency's investment portfolio is as follows for the years ended June 30:

	2021	2020
Interest and Dividend Income, Net of Fees	\$ 444,609	\$ 468,022
Net Realized and Unrealized Gains	9,478,986	119,472
Total	<u>\$ 9,923,595</u>	<u>\$ 587,494</u>

Investment fees incurred were \$61,236 and \$57,134 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 4 FAIR VALUE MEASUREMENTS**

In determining fair value, the Agency uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. The fair value measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The framework defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The fair values of assets and liabilities measured on a recurring basis at June 30 are as follows:

	2021			
	Total	Level 1	Level 2	Level 3
Equities:				
U.S. Mutual Funds	\$ 12,333,866	\$ 12,333,866	\$ -	\$ -
International Mutual Funds	12,349,052	12,349,052	-	-
Fixed Income:				
Mutual Funds	6,792,388	6,792,388	-	-
Beneficial Interest in Trusts	6,089,908	-	-	6,089,908
Total Assets at Fair Value	37,565,214	<u>\$ 31,475,306</u>	<u>\$ -</u>	<u>\$ 6,089,908</u>
Cash and Cash Equivalents	446,186			
Nonpublic Pooled Investments	5,391,806			
Total Assets	<u>\$ 43,403,206</u>			

	2020			
	Total	Level 1	Level 2	Level 3
Equities:				
U.S. Mutual Funds	\$ 8,548,901	\$ 8,548,901	\$ -	\$ -
International Mutual Funds	8,464,233	8,464,233	-	-
Fixed Income:				
Mutual Funds	5,676,414	5,676,414	-	-
Beneficial Interest in Trusts	5,015,418	-	-	5,015,418
Total Assets at Fair Value	27,704,966	<u>\$ 22,689,548</u>	<u>\$ -</u>	<u>\$ 5,015,418</u>
Cash and Cash Equivalents	267,265			
Nonpublic Pooled Investments	4,234,189			
Total Assets	<u>\$ 32,206,420</u>			

Fair value for Level 1 equities and mutual funds are determined by reference to quoted market transactions. Fair value of Level 3 beneficial interest in trusts is determined by reference to quoted market transactions for assets similar to those held to support the underlying assets.

Gains and losses (realized and unrealized) on the investments valued using significant unobservable inputs are included in net realized and unrealized gains on investments in the accompanying consolidated statements of activities and changes in net assets. There were unrealized gains (losses) of \$867,547 and \$(101,525) relating to these investments for the years ended June 30, 2021 and 2020, respectively.

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) during the years ended June 30:

Investments:	
Balance - June 30, 2019	\$ 5,093,496
Change in Beneficial Interest in Trusts	(78,078)
Balance - June 30, 2020	<u>5,015,418</u>
Change in Beneficial Interest in Trusts	1,074,490
Balance - June 30, 2021	<u>\$ 6,089,908</u>

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The value of Beneficial Interests in Trusts represents an irrevocable right to receive distributions in perpetuity from a trust that is managed by a third party. The Agency does not have variance power over the trusts' portfolio. The value of Beneficial Interests in Trusts is estimated based on the fair value of the underlying investments held by the trusts and the unobservable input was the time period of the various trusts.

**NOTE 5 LAND, BUILDINGS, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS**

A summary of land, buildings, equipment, and leasehold improvements is as follows as of June 30:

	2021	2020
Land	\$ 2,126,786	\$ 2,126,786
Buildings and Improvements	33,494,427	33,442,490
Office Furniture and Equipment	6,121,896	6,097,073
Automobiles	132,451	132,451
Leasehold Improvements	871,580	849,766
Construction in Progress	27,737	26,164
Total at Cost	42,774,877	42,674,730
Less: Allowance for Depreciation and Amortization	22,522,179	21,227,235
Total Land, Buildings, Equipment, and Leasehold Improvements	<u>\$ 20,252,698</u>	<u>\$ 21,447,495</u>

**NOTE 6 RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS**

**Employee Retirement Plan**

The Agency sponsors a qualified 401(k) plan (plan). Effective upon hire, employees are automatically enrolled in the plan at a 2% pre-tax deferral rate that increases by 1% each year unless the employee opts out. Upon board approval, the Agency makes a discretionary contribution reflecting 50% of the employees' contribution, up to a maximum of 3% of the employees' earnings. To be eligible for the discretionary contribution, an employee must have contributed to the plan, been employed for at least 12 months, and worked at least 975 hours during the fiscal year. The Agency recognized benefit expense related to the plan of \$651,559 and \$603,342 in 2021 and 2020, respectively.

**Self-Funded Medical Plan**

The Agency self-funds the claims cost of its medical plan covering those employees who elect coverage and their dependents. Under the terms of the coverage, the Agency's estimated annual claim costs are \$5.9 million and \$4.4 million subject to an annually specified maximum amount estimated at \$7.3 million and \$5.5 million, as of June 30, 2021 and 2020, respectively. The Agency has recorded a liability of approximately \$587,000 and \$393,000 as of June 30, 2021 and 2020, respectively, on the consolidated statements of financial position that represents management's estimate of reported and unreported medical claims incurred prior to that date. The Agency also maintains a cash reserve of approximately \$713,000 as of June 30, 2021 and 2020 to cover both the liability noted above and potential cash needs of this plan.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 REVENUE, CONTRACT ASSETS, AND CONTRACT LIABILITIES**

The following table shows the Agency's revenues disaggregated according to the timing of the transfer of goods and services:

	<u>2021</u>	<u>2020</u>
Revenue Recognized over Time:		
Fees and Grants from Governmental Agencies for Services Rendered to Clients	\$ 34,382,319	\$ 30,974,108
Program Service Fees	2,645,811	1,722,856
Miscellaneous	330,309	84,303
Total	<u>37,358,439</u>	<u>32,781,267</u>
Revenue Subject to Grants and Contributions Guidance:		
Contributions	7,150,521	4,870,687
Foundations and Trusts	1,214,842	1,196,789
Contributions from Associated Fundraising Organizations	580,422	750,525
Fees and Grants from Governmental Agencies for Services Rendered to Clients	<u>28,216,970</u>	<u>26,582,458</u>
Total	<u>37,162,755</u>	<u>33,400,459</u>
Investment Income	<u>444,609</u>	<u>468,022</u>
Total Revenues and Other Support	<u><u>\$ 74,965,803</u></u>	<u><u>\$ 66,649,748</u></u>

As of June 30, the Agency had contract liabilities consisting of deferred revenues as follows:

	<u>2021</u>	<u>2020</u>
Excess Revenues	\$ 3,441,311	\$ 1,207,281
Deferred Revenue	679,220	355,394
Deferred Conditional Contributions	346,747	24,034
Total Deferred Revenue	<u><u>\$ 4,467,278</u></u>	<u><u>\$ 1,586,709</u></u>

The Agency recognized \$219,355 and \$168,039 as revenue that was previously included in contract liabilities during the years ended June 30, 2021 and 2020, respectively. The Agency had no contract assets as of June 30, 2021 and 2020.

**NOTE 8 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES**

Included in fees and grants from governmental agencies is \$35,422,108 in 2021 and \$33,654,128 in 2020 of revenue received from the Illinois Department of Children and Family Services (DCFS). In addition, the Society received revenue of \$8,296,581 in 2021 and \$8,863,229 in 2020 from the Illinois Department of Human Services (DHS). The amount of revenue from these funding sources represents approximately 58% and 64% of the Agency's total operating revenue and support for the years ended June 30, 2021 and 2020, respectively.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES (CONTINUED)**

As of June 30, 2021 and 2020, the Agency's gross accounts receivable includes amounts due from the DCFS and the DHS of \$6,967,345 and \$6,889,946, respectively. A summary of unrestricted governmental agency revenue received, by core service, is presented below:

	2021	2020
Counseling	\$ 2,907,793	\$ 2,513,091
Child Care	12,898,241	11,543,919
Child Care Resource and Referral	6,059,281	5,140,081
Foster Care	20,347,998	20,253,045
Intact Family Services	6,820,315	5,603,483
Parental Support	2,901,770	2,557,107
Residential Services	5,326,554	5,375,632
Youth Services	4,971,551	4,515,669
Other	365,786	54,539
Total	<u>\$ 62,599,289</u>	<u>\$ 57,556,566</u>

**NOTE 9 LONG-TERM DEBT**

Long-term debt consists of the following:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note payable to the Illinois Facilities Fund as a fully amortized mortgage with interest at 5.875%. The loan requires monthly principal and interest payments of \$12,557, and is secured by a mortgage of real property and assignment of rents recorded against the property, maturing in July 2025.	\$ 539,508	\$ 661,169
Note payable to a bank with interest at 4.52%. The monthly principal and interest payments are \$15,639 with a final payment of \$4,953. The loan is secured by a mortgage of real property and assignment of rents recorded against the property and matures in December, 2025.	263,729	914,430
Note payable to a bank with a variable interest rate. The initial monthly principal and interest payments are \$20,833 with a final payment of \$20,881. The loan is secured by a mortgage of real property and assignment of rents recorded against the property and matures in December, 2025. The interest rate is based on changes in the one-month London Interbank Offered Rate (LIBOR) with an initial rate of 2.744%. The interest rate was 2.59% and 2.67% at June 30, 2021 and 2020, respectively.	1,125,000	1,375,000



**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

<u>Description (Continued)</u>	<u>2021</u>	<u>2020</u>
Note payable to a bank with interest at 3.375%. The monthly principal and interest payments are \$12,695 with a final payment of \$12,413. The loan is secured by a mortgage of real property and assignment of rents recorded against the property and matures September, 2021.	\$ 37,841	\$ 186,176
Total	<u>\$ 1,966,078</u>	<u>\$ 3,136,775</u>

Principal maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 588,222
2023	463,043
2024	385,508
2025	393,152
2026	136,153
Total	<u>\$ 1,966,078</u>

**NOTE 10 CAPITAL LEASE OBLIGATION**

During the year ended June 30, 2017, the Agency financed the purchase of new office equipment totaling \$421,676 through a capital lease obligation which expires in September 2021. This office equipment is included in office furniture and equipment. Accumulated depreciation for equipment under the capital lease was \$400,419 and \$323,112 at June 30, 2021 and 2020, respectively. At June 30, 2021, the remaining future minimum lease payments total \$43,027.

**NOTE 11 CREDIT FACILITIES**

The Agency has a credit facility (\$5,000,000 as of June 30, 2021 and 2020) with a commercial bank which expires on December 31, 2021. Amounts drawn against the facility bear interest at LIBOR plus 1.5%. No borrowings were made during the years ended June 30, 2021 or 2020. The facility contains certain financial covenants related to liquidity and debt limitations which management believes have been met or waived. It is secured by cash and investments with a market value of approximately \$31,922,000 and \$22,957,000 at June 30, 2021 and 2020, respectively. The Agency pledged a portion of this credit facility as security on a letter of credit (see Note 14). Subsequent to year-end, this credit facility was amended to extend the expiration date to December 31, 2022 and revise the effective interest rate from a LIBOR based rate to an adjusted SOFR rate (secured overnight financing rate) plus 1.5%.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes or periods as directed by the donors as of June 30:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Residential Services	\$ 632,950	\$ 57,972
Counseling	569,687	514,781
Public Policy	503,726	582,552
Child Care	666,284	615,423
Parental Support	360,942	344,516
Youth Services	76,606	87,093
Intact Family Services	25,000	57,500
COVID-19 Remediation	42,500	270,309
Endowments:		
Subject to Appropriation and Expenditure when a Specified Event Occurs:		
Unappropriated Earnings on Permanently Restricted Endowment Funds for Various Programs	4,414,209	2,897,910
Subject to Endowment Spending Policy and Appropriation:		
Donor-Restricted Endowment Funds for Various Programs	2,725,778	2,725,777
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Trusts	6,089,908	5,015,418
Other Donor Restricted	75,952	75,952
Total Net Assets With Donor Restrictions	<u>\$ 16,183,542</u>	<u>\$ 13,245,203</u>

Certain net assets represent donor-restricted investments to be held in perpetuity. Each year, the trustees of the investments appropriate a portion of the income from there to support program services. The remaining unappropriated earnings are available to support future program services.

Donor-restricted net assets to be held in perpetuity are included in donor-restricted cash and investments, beneficial interest in trusts, and other cash and cash equivalents on the consolidated statements of financial position.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13 ENDOWMENTS**

The Agency's endowments consist of three donor-restricted funds and the Agency's board-designated fund. The donor-restricted funds have been established to support various programs of the Agency. Net assets associated with the endowment funds are classified and reported based on the existence of any donor-imposed restrictions.

**Interpretation of Relevant Law**

The Agency has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary. Donor-restricted endowment amounts not retained in perpetuity are subject to appropriation in a manner consistent with the standard of prudence prescribed by UPMIFA and in accordance with donor stipulations.

**Return Objectives and Risk Parameters**

The Agency has adopted investment and distribution policies for endowment investments that attempt to enhance their real value. The intent is to earn a high rate of return while maintaining a balanced portfolio relative to risk.

**Distribution Policy**

The Agency's distribution policy for endowment investments includes board approvals of amounts to be distributed to the Agency's programs during each fiscal year.

**Strategies Employed for Achieving Objectives**

The Agency's investment strategy is to achieve a target allocation of 50% of the endowment in direct equity investments, including United States and international investments, 35% in partnerships and hedge funds, and 15% in fixed-income securities.

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 7,139,987	\$ 7,139,987
Board-Designated Endowment Funds	30,173,311	-	30,173,311
Total Funds	<u>\$ 30,173,311</u>	<u>\$ 7,139,987</u>	<u>\$ 37,313,298</u>

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 13 ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the fiscal year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 21,567,315	\$ 5,623,687	\$ 27,191,002
Investment Return:			
Investment Income, Net of Fees	365,711	78,898	444,609
Realized and Unrealized Gains	6,722,394	1,682,102	8,404,496
Total Investment Return	7,088,105	1,761,000	8,849,105
Endowment Contributions and Other			
Changes to Board-Designated Amounts	2,418,891	-	2,418,891
Appropriation of Endowment			
Assets for Expenditures	(901,000)	(244,700)	(1,145,700)
Net Assets - End of Year	<u>\$ 30,173,311</u>	<u>\$ 7,139,987</u>	<u>\$ 37,313,298</u>

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted			
Endowment Funds	\$ -	\$ 5,623,687	\$ 5,623,687
Board-Designated			
Endowment Funds	21,567,315	-	21,567,315
Total Funds	<u>\$ 21,567,315</u>	<u>\$ 5,623,687</u>	<u>\$ 27,191,002</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 20,016,238	\$ 5,809,087	\$ 25,825,325
Investment Return:			
Investment Income, Net of Fees	373,939	94,083	468,022
Realized and Unrealized Gains (Losses)	243,303	(45,753)	197,550
Total Investment Return	617,242	48,330	665,572
Endowment Contributions and Other			
Changes to Board-Designated Amounts	1,787,935	70	1,788,005
Appropriation of Endowment			
Assets for Expenditures	(854,100)	(233,800)	(1,087,900)
Net Assets - End of Year	<u>\$ 21,567,315</u>	<u>\$ 5,623,687</u>	<u>\$ 27,191,002</u>

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

The Agency maintains an operating lease agreement for its principal administrative offices that expires in January 2022. The terms of the agreement provide for an abatement of rental payments, along with sharing of operation and maintenance costs. Rental expense is recorded on a straight-line basis over the life of the lease term. The excess of rental expense recognized over rental payments is included in "Accounts Payable and Accrued Expenses" on the consolidated statements of financial position. The Agency also maintains operating lease agreements at various other locations throughout the state of Illinois for the use of land and buildings. Rental expense recognized under these operating leases was \$2,343,180 and \$2,456,067 in 2021 and 2020, respectively. Subsequent to year-end, the Agency signed an operating lease agreement for a new principal administrative office to replace the lease expiring in January 2022. The new lease expires in January 2035 and monthly rental payments range from approximately \$21,000 to approximately \$29,000. Also subsequent to year-end, the Agency signed an operating lease agreement to extend the term of an existing lease for an operating site. The lease expires in January 2035 and monthly rental payments range from approximately \$38,000 to approximately \$53,000.

Future minimum rental payments over the remainder of operating lease terms are as follows for leases in effect at June 30, 2021 (not including leases signed subsequent to year-end):

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,718,633
2023	1,419,461
2024	830,048
2025	611,511
2026	561,137
Thereafter	2,478,534
Total Future Minimum Lease Payments	<u><u>\$ 7,619,324</u></u>

**Letters of Credit**

One of the Agency's bank issued, on behalf of the Agency, one irrevocable standby letter of credit with a total outstanding amount of \$180,000. The letter of credit is in favor of Volant Investments 7<sup>th</sup> Street LLC and pertains to 424 7<sup>th</sup> Street, Rockford, Illinois, that automatically renews each October through 2022. The letter of credit acts as a security deposit for the Agency's lease of space and would be applied by the beneficiary for the purpose of curing any amount of default on the lease by the Agency. This letter of credit is payable in the amount of the remaining balance if drawn upon. Subsequent to year-end, two new letters of credit for \$119,894 and \$425,000 were issued related to the leases entered into after year-end.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Litigation**

The Agency is named in various lawsuits arising in the ordinary course of business. The ultimate resolution of these lawsuits, including any related financial effects on the Agency, is currently unknown. The Agency has not provided for any potential future losses arising from the resolution of these matters in the accompanying consolidated financial statements. Despite the inherent uncertainties of litigation, management does not believe that the lawsuits will have a material adverse impact on the financial condition of the Agency at this time.

**State Funding**

The Agency receives a significant portion of its revenues and other support from agencies of the state of Illinois. Payments for the Agency's programs funded by the state of Illinois may be subject to modification based on the amount of funding made available by the state. Should such funding modifications occur, they could have an adverse effect on the Agency's revenue and other support.

**Compliance with Grant Restrictions**

The state and federal grants received by the Agency are subject to audit. Management believes that any disallowance of expenditures under these grants would not be material.

**Other**

In addition, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 may impact various parts of its operations and financial results, including potential negative effects on the Agency's workforce and investments. Management believes the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Agency received a loan in the amount of \$925,000 in March 2021 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program (PPP). The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Agency fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. Management anticipates that these amounts will be forgiven and the Agency will not be required to repay this obligation.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 15 PAYCHECK PROTECTION PROGRAM (CONTINUED)**

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

**NOTE 16 SUBSEQUENT EVENTS**

Management evaluated subsequent events through February 8, 2022, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to February 8, 2022, that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the consolidated financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2021.

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Children's Home and Aid Society of Illinois	Children's Home and Aid Society Foundation	Eliminations	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,732,424	\$ 2,874	\$ -	\$ 5,735,298
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$369,986	9,182,783	-	-	9,182,783
Pledges Receivable	699,243	-	-	699,243
Prepaid Expenses and Other Assets	894,914	-	-	894,914
Endowment Investments	-	37,313,298	-	37,313,298
Receivable from Affiliate	1,145,700	-	(1,145,700)	-
Beneficial Interest in Trusts	6,089,908	-	-	6,089,908
Land, Buildings, Equipment, and Leasehold Improvements, Net of Accumulated Depreciation and Amortization	20,252,698	-	-	20,252,698
Total Assets	<u>\$ 43,997,670</u>	<u>\$ 37,316,172</u>	<u>\$ (1,145,700)</u>	<u>\$ 80,168,142</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 2,353,426	\$ -	\$ -	\$ 2,353,426
Accrued Salaries and Benefits	5,145,481	-	-	5,145,481
Deferred Revenue	4,467,278	-	-	4,467,278
Payable to Affiliate	-	1,145,700	(1,145,700)	-
Capital Lease Obligation	43,027	-	-	43,027
Paycheck Protection Program Loan	925,000	-	-	925,000
Long-Term Debt	1,966,078	-	-	1,966,078
Total Liabilities	<u>14,900,290</u>	<u>1,145,700</u>	<u>(1,145,700)</u>	<u>14,900,290</u>
<b>NET ASSETS</b>				
Without Donor Restrictions	20,053,825	29,030,485	-	49,084,310
With Donor Restrictions	9,043,555	7,139,987	-	16,183,542
Total Net Assets	<u>29,097,380</u>	<u>36,170,472</u>	<u>-</u>	<u>65,267,852</u>
Total Liabilities and Net Assets	<u>\$ 43,997,670</u>	<u>\$ 37,316,172</u>	<u>\$ (1,145,700)</u>	<u>\$ 80,168,142</u>



**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Children's Home and Aid Society of Illinois	Children's Home and Aid Society Foundation	Eliminations	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,067,136	\$ 13,925	\$ -	\$ 1,081,061
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$385,645	9,300,447	-	-	9,300,447
Pledges Receivable	454,243	-	-	454,243
Prepaid Expenses and Other Assets	591,927	-	-	591,927
Endowment Investments	-	27,191,002	-	27,191,002
Due from Affiliate	805,555	-	(805,555)	-
Beneficial Interest in Trusts	5,015,418	-	-	5,015,418
Land, Buildings, Equipment, and Leasehold Improvements, Net of Accumulated Depreciation and Amortization	21,447,495	-	-	21,447,495
Total Assets	<u>\$ 38,682,221</u>	<u>\$ 27,204,927</u>	<u>\$ (805,555)</u>	<u>\$ 65,081,593</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 2,181,806	\$ -	\$ -	\$ 2,181,806
Accrued Salaries and Benefits	3,688,744	-	-	3,688,744
Deferred Revenue	1,586,709	-	-	1,586,709
Due to Affiliate	-	805,555	(805,555)	-
Capital Lease Obligation	119,231	-	-	119,231
Long-Term Debt	3,136,775	-	-	3,136,775
Total Liabilities	<u>10,713,265</u>	<u>805,555</u>	<u>(805,555)</u>	<u>10,713,265</u>
<b>NET ASSETS</b>				
Without Donor Restrictions	20,347,440	20,775,685	-	41,123,125
With Donor Restrictions	7,621,516	5,623,687	-	13,245,203
Total Net Assets	<u>27,968,956</u>	<u>26,399,372</u>	<u>-</u>	<u>54,368,328</u>
Total Liabilities and Net Assets	<u>\$ 38,682,221</u>	<u>\$ 27,204,927</u>	<u>\$ (805,555)</u>	<u>\$ 65,081,593</u>

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE  
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Children's Home and Aid Society of Illinois	Children's Home and Aid Society Foundation	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions	\$ 6,167,213	\$ 2,129,008	\$ (1,145,700)	\$ 7,150,521
Foundations and Trusts	1,214,842	-	-	1,214,842
Contributions from Associated Fundraising Organizations	580,422	-	-	580,422
Fees and Grants from Governmental Agencies for Services Rendered to Clients	62,599,289	-	-	62,599,289
Program Service Fees	2,645,811	-	-	2,645,811
Investment Income	95	444,514	-	444,609
Miscellaneous	330,309	-	-	330,309
Total Revenues and Other Support	<u>73,537,981</u>	<u>2,573,522</u>	<u>(1,145,700)</u>	<u>74,965,803</u>
<b>EXPENSES</b>				
Total Program Services	62,291,027	1,145,700	(1,145,700)	62,291,027
Supporting Services:				
Management and General	9,051,397	61,218	-	9,112,615
Fundraising	2,141,623	-	-	2,141,623
Total Expenses	<u>73,484,047</u>	<u>1,206,918</u>	<u>(1,145,700)</u>	<u>73,545,265</u>
<b>INCOME FROM OPERATIONS</b>	53,934	1,366,604	-	1,420,538
<b>NONOPERATING GAINS</b>				
Net Realized and Unrealized Gains on Investments	<u>1,074,490</u>	<u>8,404,496</u>	<u>-</u>	<u>9,478,986</u>
<b>CHANGE IN NET ASSETS</b>	1,128,424	9,771,100	-	10,899,524
Net Assets - Beginning of Year	<u>27,968,956</u>	<u>26,399,372</u>	<u>-</u>	<u>54,368,328</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 29,097,380</u>	<u>\$ 36,170,472</u>	<u>\$ -</u>	<u>\$ 65,267,852</u>

**CHILDREN'S HOME AND AID SOCIETY OF ILLINOIS AND AFFILIATE  
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Children's Home and Aid Society of Illinois	Children's Home and Aid Society Foundation	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions	\$ 5,586,112	\$ 372,579	\$ (1,088,004)	\$ 4,870,687
Foundations and Trusts	1,196,789	-	-	1,196,789
Contributions from Associated Fundraising Organizations	750,525	-	-	750,525
Fees and Grants from Governmental Agencies for Services Rendered to Clients	57,556,566	-	-	57,556,566
Program Service Fees	1,722,856	-	-	1,722,856
Investment Income	1,425	466,597	-	468,022
Miscellaneous	84,303	-	-	84,303
Total Revenues and Other Support	<u>66,898,576</u>	<u>839,176</u>	<u>(1,088,004)</u>	<u>66,649,748</u>
<b>EXPENSES</b>				
Total Program Services	55,998,054	1,088,004	(1,088,004)	55,998,054
Supporting Services:				
Management and General	8,953,717	57,082	-	9,010,799
Fundraising	1,962,531	-	-	1,962,531
Total Expenses	<u>66,914,302</u>	<u>1,145,086</u>	<u>(1,088,004)</u>	<u>66,971,384</u>
<b>LOSS FROM OPERATIONS</b>	(15,726)	(305,910)	-	(321,636)
<b>NONOPERATING GAINS (LOSSES)</b>				
Net Realized and Unrealized Gains (Losses) on Investments	<u>(78,077)</u>	<u>197,549</u>	<u>-</u>	<u>119,472</u>
<b>CHANGE IN NET ASSETS</b>	(93,803)	(108,361)	-	(202,164)
Net Assets - Beginning of Year	<u>28,062,759</u>	<u>26,507,733</u>	<u>-</u>	<u>54,570,492</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 27,968,956</u>	<u>\$ 26,399,372</u>	<u>\$ -</u>	<u>\$ 54,368,328</u>



**INDEPENDENT AUDITORS' 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***

Board of Trustees  
Children's Home and Aid Society of Illinois and Affiliate  
Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the Children's Home and Aid Society of Illinois and Affiliate (the Agency), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 8, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Agency'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

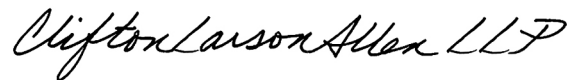
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
February 8, 2022

