

ACCLIVUS, INC.
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Acclivus, Inc:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Acclivus, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acclivus, Inc. as of December 31, 2022, 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 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 Acclivus, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Acclivus, Inc. as of December 31, 2021 were audited by other auditors whose report dated June 29, 2022 expressed an unmodified 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, which raise substantial doubt about Acclivus, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

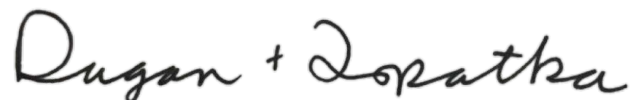
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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. The accompanying consolidated year-end financial report is required by the State of Illinois 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 audits of the financial statements and certain additional 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report June 28, 2023, on our consideration of Acclivus Inc. 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 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 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 Acclivus Inc. internal control over financial reporting and compliance.



DUGAN & LOPATKA

Warrenville, Illinois
June 28, 2023

ACCLIVUS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 595,229	\$ 945,776
Grants receivable	713,064	710,440
Prepaid expenses and deposits	28,125	24,648
Advances to subgrantees	122,676	169,143
Total current assets	<u>1,459,094</u>	<u>1,850,007</u>
PROPERTY AND EQUIPMENT:		
Vehicles	17,000	-
Furniture and equipment	<u>20,000</u>	<u>20,000</u>
	37,000	20,000
Less - Accumulated depreciation	<u>(10,705)</u>	<u>(6,417)</u>
Net property and equipment	<u>26,295</u>	<u>13,583</u>
Total assets	<u><u>\$ 1,485,389</u></u>	<u><u>\$ 1,863,590</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 126,560	\$ 223,016
Unearned grant revenue	<u>166,892</u>	<u>310,938</u>
Total liabilities	<u>293,452</u>	<u>533,954</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions - Undesignated	<u>1,191,937</u>	<u>1,329,636</u>
Total liabilities and net assets	<u><u>\$ 1,485,389</u></u>	<u><u>\$ 1,863,590</u></u>

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Grant revenue	\$ 814,637	\$ 9,112,808	\$ 9,927,445	\$ 936,180	\$ 8,428,401	\$ 9,364,581
Contributions	32,791	-	32,791	25,132	-	25,132
In-kind contributions	165,339	-	165,339	160,081	-	160,081
Other	477	-	477	1,632	-	1,632
Total public support and revenue	1,013,244	9,112,808	10,126,052	1,123,025	8,428,401	9,551,426
Net assets released from restrictions	9,112,808	(9,112,808)	-	8,428,401	(8,428,401)	-
Net public support and revenue	\$ 10,126,052	\$ -	\$ 10,126,052	\$ 9,551,426	\$ -	\$ 9,551,426
FUNCTIONAL EXPENSES:						
Program expenses						
Community and engagement outreach	\$ 674,268	\$ -	\$ 674,268	\$ 400,597	\$ -	\$ 400,597
Violence prevention programming	8,715,720	-	8,715,720	7,129,594	-	7,129,594
Management and general	873,763	-	873,763	893,267	-	893,267
Total functional expenses	10,263,751	-	10,263,751	8,423,458	-	8,423,458
CHANGE IN TOTAL NET ASSETS	(137,699)	-	(137,699)	1,127,968	-	1,127,968
NET ASSETS, Beginning of year	1,329,636	-	1,329,636	201,668	-	201,668
NET ASSETS, End of year	\$ 1,191,937	\$ -	\$ 1,191,937	\$ 1,329,636	\$ -	\$ 1,329,636

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in total net assets	\$ (137,699)	\$ 1,127,968
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	4,289	4,000
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(2,624)	34,527
(Increase) in prepaid expenses and deposits	(3,477)	(5,305)
Decrease (increase) in advances to subgrantees	46,467	(169,143)
(Decrease) increase in accounts payable and accrued expenses	(96,456)	212,859
(Decrease) in unearned grant revenue	(144,046)	(593,466)
	<u>(333,546)</u>	<u>611,440</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(17,001)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on notes payable	-	(840,000)
Payments on Paycheck Protection Program loan	-	(260,406)
	<u>-</u>	<u>(1,100,406)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(350,547)	(488,966)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>945,776</u>	<u>1,434,742</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 595,229</u>	<u>\$ 945,776</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ 4,123</u>

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Community and Engagement Outreach</u>	<u>Violence Prevention Programming</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Compensation and benefits	\$ 439,984	\$ 5,288,024	\$ 5,728,008	\$ 547,398	\$ 6,275,406
Subgrantee reimbursements	-	2,550,969	2,550,969	-	2,550,969
Supplies and office expenses	27,910	152,156	180,066	20,818	200,884
Professional services	167,846	529,835	697,681	203,301	900,982
Rent	21,610	190,546	212,156	76,498	288,654
Insurance	-	4,190	4,190	11,035	15,225
Depreciation	-	-	-	4,289	4,289
Interest expense	-	-	-	-	-
Other expenses	16,918	-	16,918	10,424	27,342
Total functional expenses	<u>\$ 674,268</u>	<u>\$ 8,715,720</u>	<u>\$ 9,389,988</u>	<u>\$ 873,763</u>	<u>\$ 10,263,751</u>

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Community and Engagement Outreach</u>	<u>Violence Prevention Programming</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Compensation and benefits	\$ 177,764	\$ 4,322,533	\$ 4,500,297	\$ 465,191	\$ 4,965,488
Subgrantee reimbursements	-	1,907,433	1,907,433	-	1,907,433
Supplies and office expenses	53,193	209,115	262,308	25,906	288,214
Professional services	155,849	537,882	693,731	284,408	978,139
Rent	13,791	149,231	163,022	93,450	256,472
Insurance	-	3,400	3,400	8,555	11,955
Depreciation	-	-	-	4,000	4,000
Interest expense	-	-	-	4,123	4,123
Other expenses	-	-	-	7,634	7,634
	<u>\$ 400,597</u>	<u>\$ 7,129,594</u>	<u>\$ 7,530,191</u>	<u>\$ 893,267</u>	<u>\$ 8,423,458</u>
Total functional expenses					

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) NATURE OF OPERATIONS:

Acclivus, Inc. (Organization) is a not-for-profit organization incorporated on July 26, 2010. The Organization was incorporated with the intention of building a not-for-profit organization to serve the community health needs of the Chicago area vulnerable and disenfranchised populations. The Organization did not receive any funding between 2010 and 2018. During this time, the founders were developing the necessary professional network to support the launch of large-scale programming, which occurred in December 2018. The Organization is tax-exempt under Internal Revenue Service Code Section 501(c)(3). The Organization is a community health organization focused on the health and well-being of individuals living in Chicago's most vulnerable neighborhoods. The Organization is involved in the following programs:

Violence Prevention Programming -

Hospital Responses

This program provides targeted intervention to victims of violence and their loved ones in real time. Responders are deployed quickly to serve violently injured patients, 24 hours a day, 7 days a week, 365 days a year, and use behavior change techniques to diffuse emotions, provide support, and encourage patients to follow a course to avoid violence or re-injury. Responders conduct risk assessments and work with patients to create risk reduction goals. Responders are trained to capitalize on the naturally occurring "teachable moment" of a hospital visit, whenever a gunshot, stabbing, or blunt trauma victim arrives. Responders work with visitors, focused on defusing high emotions, and supporting them to care for the injured individual. Acclivus Case Managers complete in-depth assessments on victims' recovery needs and provide support as they transition back into the community. The Organization addresses the link between violence exposure and violent acts among high-risk, underserved, and disconnected populations in low-income communities exposed to or injured by violence with limited connection to mainstream supportive services.

Community-Based Violence Prevention

The Organization utilizes a public health approach, focused on improving the health and safety of all individuals by addressing underlying risk factors afflicting individuals most likely to be involved in violence. Therefore, the Organization's work focuses on identifying health disparities and violent behavior risk factors correlated with violent outcomes, such as being underemployed or unemployed, substance abuse, homelessness, criminal background, mental illness, etc. The Organization's community-based violence prevention services provide street outreach and conflict mediation services to individuals at highest risk for violence involvement, either as victim or perpetrator. Services are provided within specific geographic areas with disproportionate rates of violent events. Additionally, the Organization provides structured Case Management services for individuals at risk.

(1) NATURE OF OPERATIONS: (Continued)

Community Engagement and Outreach -

This program is an effort to raise awareness about violence to key stakeholders. The Organization provides public education services of various types to educate stakeholders on violence, behavior which elevates risk for violence, and prosocial activities with the goal of reducing violence. Examples of public education activities include strategic events and distribution of education materials targeted to key stakeholder audiences.

The financial statements were available to be issued on June 28, 2023, with subsequent events being evaluated through this date.

(2) SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation -

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations (U.S. GAAP).

Grants Receivable -

Grants receivable are stated at unpaid balances for grants, less an allowance for doubtful accounts. The Organization provides for losses on grants receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At December 31, 2022 and 2021, an allowance for doubtful accounts was not considered necessary.

Advances to Subgrantees -

Advances to subgrantees consists of advances paid to organizations using funds from the Illinois Criminal Justice Information Authority grant. The advances are recorded when paid and are applied to qualifying expenditures under the grant that are submitted by the subgrantees. Amounts that have been paid for qualifying expenditures are included in subgrantee reimbursements on the statements of functional expenses.

Property and Equipment -

Property and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. Depreciation is provided using the straight-line method over the estimated useful lives of depreciable assets. The useful life of the property and equipment is five years. Depreciation expense for the years ended December 31, 2022 and 2021 was \$4,289 and \$4,000, respectively.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Assets -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

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 those resources be maintained in perpetuity. The organization did not have any restricted net assets at December 31, 2022 and 2021.

Donated Goods and Services -

Donated goods and services are recorded at their fair value at the date of receipt as required by U.S. GAAP. The Organization records the fair value of donated services if the donated services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Total donated goods and services recognized in the statement of activities for the years ended December 31, 2022 and 2021 were \$165,339 and \$160,081, respectively.

Revenue Recognition for Grants and Contributions -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned grant revenue in the statement of financial position.

The Organization reports gifts of cash and other assets, as with donor restriction revenue, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocation of Expenses -

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated based on time and effort and is directly tracked through employee time sheets, and rent, which is allocated on a square footage basis. Supplies and office expenses, professional services, insurance, and depreciation are directly identified to the functional category to which they apply.

Income Taxes -

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

The Organization files informational returns in the U.S. federal jurisdiction and Illinois. With a few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2019. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Based on the evaluation of the Organization's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the for the years ended December 31, 2022 and 2021.

Concentration of Credit Risk -

The Organization maintains its cash balances at multiple financial institutions located in Chicago, Illinois. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times the Organization's cash deposits may exceed the FDIC limit. Management does not believe it is exposed to any significant credit risk on cash.

Concentration of Grant and Contributions Revenue -

The Organization relies on a small pool of grantors that consist of state, city, and local agencies to fund daily operations. During the year ended December 31, 2022 and 2021, the Organization received approximately 83% and 85% of their annual grant and contribution revenues from two grantors, respectively.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounting Estimates -

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization's operating leases, other than short-term leases which are 12 months or fewer, are presented in operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities. At December 31, 2022, the Organization had no leases, other than short-term leases, accordingly, there are no leases recorded on the accompanying statement of financial position.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Organization's leases do not specify their implicit rate, the Organization has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Company, less any lease incentives the Organization receives from the lessor. The Organization has elected a practical expedient to account for lease and non-lease components together as a single lease component. The terms of the Organization's leases generally contain lease payments and reimbursements to the lessor of the Organization's proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Organization has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

The Organization's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise the renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement -

Effective January 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842) and subsequent amendments. Under ASU 2016-02, all of the Organization’s real estate and equipment leases that have lease terms exceeding twelve months will now be required to be recognized on the balance sheet as amortizable right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is an operating lease or a finance lease. Lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably expected to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

Implementation of these amendments is reflected using the modified retrospective method as of January 1, 2022. Upon implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in ASU 2018-11, *Leases* (Topic 842) – *Targeted Improvements* that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with the Organization’s pre-existing leases. The implementation of the amendments did not materially impact the Organization’s net earnings or cash flows.

(3) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 595,229	\$ 945,776
Grants receivable	<u>713,064</u>	<u>710,440</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,308,293</u>	<u>\$ 1,656,216</u>

The Organization’s goal is to maintain available financial assets sufficient to meet 60 days of general operating expenditures.

(4) DONATED GOODS AND SERVICES:

The value of donated goods and services included as in-kind contributions in the financial statements and the corresponding expenses for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Donated professional services	\$ 72,981	\$ 101,881
Donated facilities	58,200	58,200
Donated goods	<u>34,158</u>	<u>-</u>
Total	<u>\$ 165,339</u>	<u>\$ 160,081</u>

The Organization is leasing facilities from the University of Illinois at Chicago under a lease agreement expiring on June 30, 2023. The donated facilities are valued at the fair market value as determined by the lessor. The Organization uses its donated facilities for management and general services.

Donated professional services are recognized at fair value based on the current rates for similar professional services. The Organization used its donated professional services in management and general services.

Donated goods are valued at the estimated United States wholesale prices of identical or similar products using pricing date under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. The Organization uses its donated goods in program services.

(5) OPERATING LEASES:

The Organization has several operating leases in Chicago, Illinois. All lease agreements have one-year terms and have various maturity dates through August 2023. The monthly rental payments due on the operating leases range from approximately \$1,500 to \$3,000 per month and are recorded as operating expenses as incurred. The Organization plans to renew lease agreements annually.

Future minimum payments on the short term operating leases at December 31, 2022 are as follows:

2023	<u>\$ 79,843</u>
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The components of lease expenses for the year ending December 31, 2022, were as follows:

Short-term operating lease cost	<u>\$ 288,654</u>
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Rent expense included in operations on these lease agreements totaled \$256,472 for the year ended December 31 2021.

(6) FUTURE COMMITTED REVENUE:

Future funding from government and private grant and contract agreements is dependent on fiscal funding clauses and annual appropriations from granting agencies and organizations. Such conditional funding as of December 31, 2022 and 2021 is approximately \$6,100,000 and \$4,910,000, respectively.

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 of
Acclivus Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Acclivus Inc (the Organization) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the notes to the financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

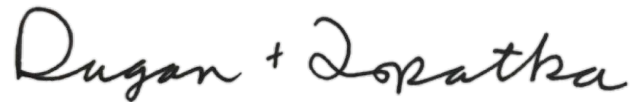
Independent Auditor's Report on
Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards
To the Board of Directors of
Acclivus Inc.
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Report on Compliance and Other Matters

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

Purpose of this Report

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



DUGAN & LOPATKA

Warrenville, Illinois
June 28, 2023

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors of
Acclivus Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Acclivus, Inc's (the Organization) 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 each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Organization's 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 each major federal program. Our audit does not provide a legal determination of the Organization'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 Organization's federal programs.

Independent Auditor's Report on
Compliance for each Major Federal Program and on
Internal Control over Compliance Required by
Uniform Guidance

To the Board of Directors of
Acclivus Inc.

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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 Organization'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 generally accepted auditing standards, *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 Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Organization'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 Organization 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 Organization'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.

Independent Auditor's Report on
Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by the
Uniform Guidance
To the Board of Directors of
Acclivus Inc.
Page three

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 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


DUGAN & LOPATKA

Warrenville, Illinois
June 28, 2023

ACCLIVUS INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Program Title	Federal ALN Number	Pass-Through Grantor	Pass- through Number	Total Program Expenditures
United States Department of Treasury				
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06442	\$ 17,861
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06441	18,121
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06640	18,139
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06639	17,486
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSAX06439	11,582
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06530	107,028
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSAX06440	8,050
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06440	110,057
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06515	347,069
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSAX06641	10,089
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06641	76,711
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSAX06642	8,791
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06642	92,767
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSAX06384	141,129
Coronavirus State and Local Recover Funds	21.027	Illinois Criminal Justice Information Authority	ARPA823001	81,080
Coronavirus State and Local Recover Funds	21.027	Ada S. McKinley Community Services, Inc.		<u>24,835</u>
Total United States Department of Treasury				<u>1,090,795*</u>
United States Department of Justice				
Crime Victim Assistance Program	16.575	Illinois Criminal Justice Information Authority	VFL219050	241,380
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Illinois Criminal Justice Information Authority	JAG419064	<u>11,015</u>
Total United States Department of Justice				<u>252,395</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS				<u>\$ 1,343,190</u>

*Major program

ACCLIVUS INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Acclivus, Inc. (The Organization) under programs of the federal government for the year ended December 31, 2022. 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 Organization, it is not intended to, and does not, represent the financial position, changes in net assets, or cash flows of the Organization.

Note B - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rates:

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Non-Cash Awards:

The Organization did not have any outstanding federal loans or loan guarantees or insurance at December 31, 2022. The Organization did not receive non-cash contributions for the year ended December 31, 2022. The Organization did not have any sub-recipients during the year ended December 31, 2022.

ACCLIVUS ORGANIZATION, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Part 1: SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Acclivus, Inc.
2. There were no material weaknesses disclosed during the audit of the financial statements. No significant deficiencies related to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Acclivus, Inc. were disclosed during the audit.
4. There were no material weaknesses disclosed during the audit of the major federal award programs. No significant deficiencies related to the audit of the major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for Acclivus, Inc. expresses an unmodified opinion on all major federal programs.
6. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

Coronavirus State and Local Recover Funds	21.027
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8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Acclivus, Inc. was determined not to be a low-risk auditee.

Part 2: FINDINGS - FINANCIAL STATEMENTS AUDIT (GAGAS):

There were no audit findings.

Part 3: AUDIT FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT:

There were no audit findings or questioned costs.

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

[Grantee Portal](#) / [Audit Reviews](#) / [Audit](#) / CYEFR

The CYEFR has been submitted. If changes are needed, contact your state cognizant agency.

	CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
View	444-80-2771	RPSA Violence Prevention Training, Technical Assistance and Support (RVP-TTAS)	0	488,198	0	488,198
View	444-80-2773	Reimagine Public Safety Act Conveners	0	71,608	0	71,608
View	444-80-2774	RPSA Violence Prevention Services	0	425,074	0	425,074
View	546-00-1745	Victims of Crime Act (VOCA)	0	241,380	0	241,380
View	546-00-2094	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	0	11,016	0	11,016
View	546-00-2440	Violence Prevention - Acclivus	3,989,294	0	0	3,989,294
View	546-00-2940	American Rescue Plan Act SFY23	0	105,915	0	105,915
View	546-00-2977	Violence Prevention and Reduction	3,181,073	0	0	3,181,073
View		Other grant programs and activities		0	1,750,198	1,750,198
View		All other costs not allocated			0	0
Totals:			7,170,366	1,343,191	1,750,198	10,263,755