

**ACCLIVUS, INC.**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023 AND 2022**

**TOGETHER WITH AUDITOR'S REPORT**



Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Acclivus, Inc.:

### ***Opinion***

We have audited the accompanying financial statements of Acclivus, Inc. (the Organization) (a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 the Organization 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.

### ***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 Organization'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 judgment 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 risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about 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.

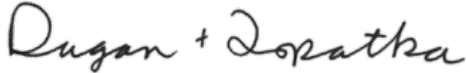
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To the Board of Directors of  
Acclivus Inc.  
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***Supplementary Information***

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 January 15, 2025, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

  
DUGAN & LOPATKA

Warrenville, Illinois  
January 15, 2025

ACCLIVUS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,519,781	\$ 595,229
Grants receivable	1,852,606	713,064
Prepaid expenses and deposits	40,887	28,125
Advances to subgrantees	97,245	122,676
	<u>6,510,519</u>	<u>1,459,094</u>
PROPERTY AND EQUIPMENT:		
Vehicles	9,000	17,000
Furniture and equipment	20,000	20,000
	29,000	37,000
Less - Accumulated depreciation	<u>(16,506)</u>	<u>(10,705)</u>
Net property and equipment	<u>12,494</u>	<u>26,295</u>
Total assets	<u>\$ 6,523,013</u>	<u>\$ 1,485,389</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 563,442	\$ 126,560
Notes payable	2,000,000	-
Unearned grant revenue	2,569,908	166,892
	<u>5,133,350</u>	<u>293,452</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions - Undesignated	<u>1,389,663</u>	<u>1,191,937</u>
Total liabilities and net assets	<u>\$ 6,523,013</u>	<u>\$ 1,485,389</u>

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Grant revenue	\$ 427,222	\$ 13,241,835	\$ 13,669,057	\$ 814,637	\$ 9,112,808	\$ 9,927,445
Contributions	3,089	-	3,089	32,791	-	32,791
In-kind contributions	164,502	-	164,502	165,339	-	165,339
Other	416	-	416	477	-	477
<b>Total public support and revenue</b>	<b>595,229</b>	<b>13,241,835</b>	<b>13,837,064</b>	<b>1,013,244</b>	<b>9,112,808</b>	<b>10,126,052</b>
Net assets released from restrictions	13,241,835	(13,241,835)	-	9,112,808	(9,112,808)	-
<b>Net public support and revenue</b>	<b>13,837,064</b>	<b>-</b>	<b>13,837,064</b>	<b>10,126,052</b>	<b>-</b>	<b>10,126,052</b>
<b>FUNCTIONAL EXPENSES:</b>						
Program expenses						
Community and engagement outreach	1,783,397	-	1,783,397	674,268	-	674,268
Violence prevention programming	10,536,753	-	10,536,753	8,715,720	-	8,715,720
Management and general	1,319,188	-	1,319,188	873,763	-	873,763
<b>Total functional expenses</b>	<b>13,639,338</b>	<b>-</b>	<b>13,639,338</b>	<b>10,263,751</b>	<b>-</b>	<b>10,263,751</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>197,726</b>	<b>-</b>	<b>197,726</b>	<b>(137,699)</b>	<b>-</b>	<b>(137,699)</b>
NET ASSETS, Beginning of year	1,191,937	-	1,191,937	1,329,636	-	1,329,636
NET ASSETS, End of year	<u>\$ 1,389,663</u>	<u>\$ -</u>	<u>\$ 1,389,663</u>	<u>\$ 1,191,937</u>	<u>\$ -</u>	<u>\$ 1,191,937</u>

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in total net assets	\$ 197,726	\$ (137,699)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	5,800	4,289
Loss on disposal of fixed assets	8,001	-
Changes in operating assets and liabilities:		
(Increase) in grants receivable	(1,139,542)	(2,624)
(Increase) in prepaid expenses and deposits	(12,762)	(3,477)
Decrease in advances to subgrantees	25,431	46,467
Increase (decrease) in accounts payable and accrued expenses	436,882	(96,456)
Increase (decrease) in unearned grant revenue	<u>2,403,016</u>	<u>(144,046)</u>
Net cash provided by (used in) operating activities	<u>1,924,552</u>	<u>(333,546)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>-</u>	<u>(17,001)</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>(17,001)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	<u>2,000,000</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,924,552	(350,547)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>595,229</u>	<u>945,776</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 4,519,781</u>	<u>\$ 595,229</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, 2023

	<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	\$ 1,335,961	\$ 7,507,037	\$ 8,842,998	\$ 960,560	\$ 9,803,558
Subgrantee reimbursements	-	2,307,701	2,307,701	-	2,307,701
Supplies and office expenses	30,631	119,966	150,597	26,756	177,353
Professional services	273,827	221,928	495,755	215,940	711,695
Rent	18,846	299,303	318,149	68,165	386,314
Insurance	-	-	-	18,438	18,438
Depreciation	-	-	-	5,800	5,800
Other expenses	124,132	80,818	204,950	23,529	228,479
Total functional expenses	<u>\$ 1,783,397</u>	<u>\$ 10,536,753</u>	<u>\$ 12,320,150</u>	<u>\$ 1,319,188</u>	<u>\$ 13,639,338</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
Other expenses	16,918	-	16,918	10,424	27,342
	<u>\$ 674,268</u>	<u>\$ 8,715,720</u>	<u>\$ 9,389,988</u>	<u>\$ 873,763</u>	<u>\$ 10,263,751</u>
Total functional expenses					

The accompanying notes are an integral part of this statement.

ACCLIVUS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

(1) NATURE OF OPERATIONS:

Acclivus, Inc. (the ‘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. The Organization’s 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 January 15, 2025 with subsequent events being evaluated through this date.

(2) SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting -

The Organization records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) for *Financial Statements of Not-for-Profit Organizations*. Under the ASC, the Organization 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.

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

*With donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The organization did not have any restricted net assets at December 31, 2023 and 2022.

Cash and Cash Equivalents -

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

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

Grants Receivable -

Grants receivable are stated at unpaid balances for grants, less an allowance for doubtful accounts. The Organization provides for uncollectible amounts, should they exist, through a charge to operations and a credit to an allowance for doubtful accounts based on an assessment of the current status of the individual accounts. Balances still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. All receivables are historically collected within 90-120 days. Based on a review of outstanding receivable, management determined that an allowance for doubtful accounts was not necessary at December 31, 2023 and 2022.

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.

Prepaid Expenses and Deposits -

Prepaid expenses are payments made in advance for services or goods that will be received in the future. The Organization's prepaid expenses consist of prepaid insurance payments and deposits consist of security deposit payments made on lease agreements.

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 vehicles and furniture and equipment is five years. The Organization's capitalization policy is \$1,000. Depreciation expense for the years ended December 31, 2023 and 2022 was \$5,800 and \$4,289, respectively.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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, 2023 and 2022 were \$164,502 and \$165,339, respectively.

Revenue Recognition for Contributions and Grants -

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. 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.

A portion of the Organization's revenue is derived from cost-reimbursable federal and 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 on the statement of financial position.

Concentration of Revenues -

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, 2023 and 2022, the Organization received approximately 91% and 83% of their annual grant and contribution revenues from two grantors, respectively.

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.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 2020. 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, 2023 and 2022.

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, 2023, 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.

(2) SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases - (Continued)

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.

Use of 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.

(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>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 4,519,781	\$ 595,229
Grants receivable	<u>1,852,606</u>	<u>713,064</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,372,387</u>	<u>\$ 1,308,293</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, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Donated professional services	\$ 105,000	\$ 72,981
Donated facilities	58,200	58,200
Donated goods	<u>1,302</u>	<u>34,158</u>
Total	<u>\$ 164,502</u>	<u>\$ 165,339</u>

(4) DONATED GOODS AND SERVICES: (Continued)

The Organization is leasing facilities from the University of Illinois at Chicago under a lease agreement expired in June 2024. The lease was renewed to June 2025. 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 2024. 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, 2023 are as follows:

2024	\$ <u>131,504</u>
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The components of lease expenses for the years ending December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Short-term operating lease cost	\$ <u>386,314</u>	\$ <u>288,654</u>

(6) NOTES PAYABLE:

The Organization entered into a loan agreement in July 2023 with Michael Reese Health Trust with a promissory note of \$2,000,000. The promissory note bears no interest and is an unsecured loan. The note is due in full by December 31, 2024, with monthly installments of \$175,000 beginning January 2024. The current portion of the note payable, as stated on the statement of financial position, as of December 31, 2023 is \$2,000,000.

(7) 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, 2023 and 2022 is approximately \$16,000,000 and \$6,100,000, respectively.





Certified Public Accountants

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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, 2023, 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 January 15, 2025.

***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 or significant deficiencies may exist that have not been identified.

***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*.

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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***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  
January 15, 2025



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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, 2023. 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, 2023.

***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  
Uniform Guidance

To the Board of Directors of  
Acclivus Inc.

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***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  
January 15, 2025

ACCLIVUS INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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	FCSBX06639	\$ 43,023
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06639	40,017
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06641	44,340
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06641	23,682
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06640	42,245
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06640	40,734
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06642	36,775
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06642	36,872
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX07017	1,160,360
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06530	211,033
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06530	329,210
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06440	158,761
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06440	463,135
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06515	724,988
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06515	708,917
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06441	153,102
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06441	342,981
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSBX06442	214,711
Coronavirus State and Local Recover Funds	21.027	Illinois Department of Human Services	FCSCX06442	430,984
Coronavirus State and Local Recover Funds	21.027	Metropolitan Family Services		459,795
Coronavirus State and Local Recover Funds	21.027	Illinois Criminal Justice Information Authority	ARPA823001	373,090
Coronavirus State and Local Recover Funds	21.027	Ada S. McKinley Community Services, Inc.		<u>259,654</u>
Total United States Department of Treasury				<u>6,298,410*</u>

ACCLIVUS INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor</u>	<u>Pass-through Number</u>	<u>Total Program Expenditures</u>
United States Department of Justice:				
Edward Bryn Memorial Justice Assistance Grant Program	16.738	Illinois Criminal Justice Information Authority	JAG419064	152,862
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Illinois Criminal Justice Information Authority	JAG421064	<u>5,682</u>
Total United States Department of Justice				<u>158,544</u>
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>				<u>\$ 6,456,954</u>

\*Major program

ACCLIVUS INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023. 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, 2023. The Organization did not receive non-cash contributions for the year ended December 31, 2023. The Organization did not have any sub-recipients during the year ended December 31, 2023.



ACCLIVUS ORGANIZATION, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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
<a href="#">View</a>	444-80-2771	RPSA Violence Prevention Training, Technical Assistance and Support (RVP-TTAS)	0	1,433,905	0	1,433,905
<a href="#">View</a>	444-80-2773	Reimagine Public Safety Act Conveners	0	307,689	0	307,689
<a href="#">View</a>	444-80-2774	RPSA Violence Prevention Services	0	2,303,917	0	2,303,917
<a href="#">View</a>	444-80-3013	Peacekeepers Program	0	1,160,360	0	1,160,360
<a href="#">View</a>	444-80-3224	Office of Community and Positive Youth Development Named Appropriation	62,145	0	0	62,145
<a href="#">View</a>	546-00-2094	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	0	158,544	0	158,544
<a href="#">View</a>	546-00-2440	Violence Prevention - Acclivus	3,672,129	0	0	3,672,129
<a href="#">View</a>	546-00-2940	American Rescue Plan Act SFY23	0	373,090	0	373,090
<a href="#">View</a>	546-00-2977	Violence Prevention and Reduction	2,652,242	0	0	2,652,242
<a href="#">View</a>		Other grant programs and activities		719,449	795,868	1,515,317
<a href="#">View</a>		All other costs not allocated			0	0
<b>Totals:</b>			<b>6,386,516</b>	<b>6,456,954</b>	<b>795,868</b>	<b>13,639,338</b>