

**ILLINOIS CHILDREN'S
HEALTHCARE FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditors' Report

Board of Directors
Illinois Children's Healthcare Foundation

Opinion

We have audited the accompanying financial statements of Illinois Children's Healthcare Foundation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 Illinois Children's Healthcare Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Illinois Children's Healthcare Foundation 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, that raise substantial doubt about Illinois Children's Healthcare Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Illinois Children's Healthcare Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Illinois Children's Healthcare Foundation'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.

Ostrow Reisin Berk & Abrams, Ltd.

July 1, 2025

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31,	2024	2023
ASSETS		
Cash	\$ 2,270,434	\$ 1,623,940
Investments	148,162,710	139,732,314
Investments, employee benefit plan	169,631	117,652
Operating lease right-of-use assets	305,842	361,558
Prepaid expenses	49,139	36,241
Property and equipment, net	16,157	19,667
Total assets	\$ 150,973,913	\$ 141,891,372
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 781,498	\$ 21,135
Grants payable	1,222,075	2,722,075
Deferred compensation	169,631	117,652
Operating lease liabilities	321,918	376,506
Total liabilities	2,495,122	3,237,368
Net assets:		
Without donor restrictions	148,478,791	138,654,004
Total liabilities and net assets	\$ 150,973,913	\$ 141,891,372

See notes to financial statements.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

STATEMENTS OF ACTIVITIES

Years ended December 31,	2024	2023
Revenue:		
Net investment income	\$ 17,430,397	\$ 22,591,969
Expenses:		
Program services	5,919,749	8,250,628
Management and general	1,685,861	727,550
Total expenses	7,605,610	8,978,178
Change in net assets	9,824,787	13,613,791
Net assets without donor restrictions, beginning of year	138,654,004	125,040,213
Net assets without donor restrictions, end of year	\$ 148,478,791	\$ 138,654,004

See notes to financial statements.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,	2024			2023		
	Program services	Management and general	Total	Program services	Management and general	Total
Grants	\$ 4,551,044		\$ 4,551,044	\$ 6,865,705		\$ 6,865,705
Salaries and related costs	978,323	\$ 306,063	1,284,386	950,324	\$ 286,933	1,237,257
Professional fees	340,333	445,510	785,843	314,825	190,379	505,204
Excise taxes		788,303	788,303		75,880	75,880
Office expenses and related costs	50,049	145,985	196,034	119,774	174,358	294,132
Total expenses	\$ 5,919,749	\$ 1,685,861	\$ 7,605,610	\$ 8,250,628	\$ 727,550	\$ 8,978,178

See notes to financial statements.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

STATEMENTS OF CASH FLOWS

Years ended December 31,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 9,824,787	\$ 13,613,791
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,510	4,080
Net realized and unrealized gains on investments	(14,177,146)	(19,427,094)
Amortization of operating lease right-of-use assets	55,716	54,825
Deferred compensation	35,000	35,000
Increase in operating asset:		
Prepaid expenses	(12,898)	(1,778)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	760,363	(89,999)
Grants payable	(1,500,000)	(2,025,000)
Operating lease liabilities	(54,588)	(52,322)
Net cash used in operating activities	(5,065,256)	(7,888,497)
Cash flows from investing activities:		
Proceeds from sale of investments	164,371,718	6,907,376
Purchases of investments	(158,624,968)	(1,003,253)
Purchases of investments, employee benefit plan	(35,000)	(35,000)
Net cash provided by investing activities	5,711,750	5,869,123
Net change in cash	646,494	(2,019,374)
Cash, beginning of year	1,623,940	3,643,314
Cash, end of year	\$ 2,270,434	\$ 1,623,940
Supplemental disclosures of cash flow information:		
Cash paid during the year for taxes	\$ 140,000	\$ 96,941
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 61,039	\$ 59,663

See notes to financial statements.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations

Illinois Children's Healthcare Foundation (the Foundation) is a corporation that was organized as an exempt organization under Section 501(c)(3) of the Internal Revenue Code in December 2002. The Foundation was created through an action of then Attorney General Jim Ryan and an Illinois insurance carrier. This action and a settlement of approximately \$125 million established the only statewide private foundation focused solely on the health needs of children in Illinois.

The Foundation's efforts, while broadly defined by its Articles of Incorporation, have been focused generally on ensuring every child in Illinois has the opportunity to grow up healthy. To carry out this vision, the Foundation is focusing its efforts on children's oral health, mental health and innovative programming throughout the state of Illinois. The Foundation has primarily funded initiatives that enhance and expand the availability and delivery of services, increase the eligible workforce and communicate the importance of proper healthcare.

Each year, specific funding areas are identified and communicated to potential applicants. Most funding is generated and authorized through a "Request for Proposal" process. In addition, the Foundation will consider other grant requests throughout the year that fit within the criteria allowed for funding.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation:

These financial statements report net assets separately by class of net assets. The sole class of net assets is defined as net assets without donor restrictions, which are amounts that are not donor-restricted and are available for use in the Foundation's operations.

Leases:

The Foundation determines whether a contract is a lease at the contract's inception. Identified leases are subsequently measured, classified, and recognized at lease commencement as either a finance lease or an operating lease. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments to be made over the lease term. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise the option.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Leases: (continued)

The lease payments are discounted to present value using a discount rate based on a term commensurate with the lease terms at the lease commencement date. The Foundation elected to use a risk-free discount rate for all classes of underlying assets. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related right-of-use assets, is recognized as operating lease cost. Operating lease cost is recognized on a straight-line basis over the lease term.

Investments:

The Foundation's investments are stated at fair value. Net investment income or loss includes realized and unrealized gains and losses, and interest and dividend income which is recorded on the accrual basis, and net of external investment expenses. For purposes of determining realized gains and losses, the cost of investments sold is based on specific identification.

Expense allocation:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related costs which are allocated on the basis of time and effort. All other expenses are directly allocated.

Grants payable:

Grants payable represent unconditional grants that have been authorized prior to year-end, but remain unpaid as of the reporting date of the financial statements. Conditional grants are expensed and considered payable in the period in which the conditions are substantially satisfied.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management has reviewed and evaluated subsequent events through July 1, 2025, the date the financial statements were available to be issued.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

Investments are measured at fair value in accordance with the fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The hierarchy describes three levels of inputs that may be used to measure fair value:

- | | |
|---------|--|
| Level 1 | Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. |
| Level 2 | Observable market-based inputs or unobservable inputs that are corroborated by market data. |
| Level 3 | Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability. The Foundation uses no Level 3 inputs. |

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

Following is a description of the valuation methodologies used for assets measured at fair value:

Estimated fair values for the Foundation's money market fund, mutual funds and exchange-traded fund were based on quoted market prices and are classified as Level 1 in the fair value hierarchy.

Fixed income securities and equities that are traded on a national securities exchange are stated at the last reported sales price on the day of valuation and are classified as Level 1 in the fair value hierarchy.

Investments in fixed income securities which are not actively traded or traded on a national exchange are classified as Level 2 in the fair value hierarchy, valued at the mean between the "bid" and "asked" quotation of a reliable market maker.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Fair value measurements (continued)

A portion of the Foundation's investment portfolio is comprised of alternative investments, representing a significant concentration of market risk, of approximately 18.38% of the total fair value of the investment portfolio at December 31, 2024.

Investments in alternative investments are valued at net asset value (NAV) as provided for in the practical expedient alternative method of valuation. NAV is valued based on the applicable percentage ownership of the underlying funds' net assets as of the measurement date. The Foundation relies on its investment consultants in understanding the valuation of alternative investments. Management of the Foundation utilizes financial information received from its investment consultants and the investment managers to determine the NAV of the alternative investments.

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial assets that were measured at fair value on a recurring basis as of December 31, 2024:

December 31, 2024	Level 1	Level 2	Total
Money market funds	\$ 10,136,020		\$ 10,136,020
Equity mutual funds	30,637,696		30,637,696
Fixed income:			
Corporate bonds		\$ 14,950,168	14,950,168
U.S. treasury notes and bonds	4,077,811		4,077,811
Equities	61,295,522		61,295,522
Total investments at fair value	\$ 106,147,049	\$ 14,950,168	121,097,217
Alternative investments, measured at NAV*			27,235,124
Total investments			\$ 148,332,341

*Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial assets that were measured at fair value on a recurring basis as of December 31, 2023:

December 31, 2023	Level 1
Investments:	
Money Market Fund	\$ 1,003,253
Bond mutual funds	31,621,449
Equity mutual funds	96,556,224
Equity exchange-traded fund	10,669,040
Total investments	\$ 139,849,966

Investments measured at NAV:

The following table presents detail on the alternative investments held by the Foundation at December 31, 2024:

December 31, 2024	Net asset value	Redemption frequency	Redemption notice period	Unfunded capital commitments
Alternative investments:				
Parametric Calvert ESG Defensive Equity Fund, LLC	\$ 7,189,215	Monthly	5 days	None
Core Plus Fixed Income, LLC	20,045,909	Daily	1 day	None
Total alternative investments	\$ 27,235,124			

Parametric Calvert ESG Defensive Equity Fund, LLC is a Delaware limited liability company. The Fund's investment objective is to provide a defensive equity exposure that is expected to provide favorable risk adjusted performance relative to the Calvert U.S. Large-Cap Core Responsible Index over the long term by investing in a base portfolio of U.S. Treasury bills and equities.

Core Plus Fixed Income, LLC is a Delaware limited liability company. The Fund's objective is to outperform the Bloomberg U.S. Aggregate Index benchmark by emphasizing relative value opportunities with fixed income while containing duration risk.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Grants payable

Grants payable in more than one year are initially recognized at fair value and discounted to present value at the time the grants are made. The Foundation determined that the present value discount as of December 31, 2023 was not significant. The Foundation reserves the right to cancel a grant at any time if it determines that the grantee is not administering the project and grant funds in accordance with the grant proposal approved by the Foundation's Board of Directors. Unconditional grants payable at December 31, 2024 are \$1,222,075 and are payable in the year ending December 31, 2025.

5. Conditional grants

The Foundation provides grants to various organizations to fund initiatives that enhance and expand the availability and delivery of services, increase the eligible workforce and communicate the importance of proper healthcare. Some of the grants include conditions or milestones that must be met by the grantee. The Foundation reserves the right to terminate a grant if a grantee does not meet the required milestones. Conditional grants as of December 31, 2024, with milestones related to construction of healthcare facilities, staffing and implementation of services, are payable as follows:

Year ending December 31:	Amount
2025	\$ 1,526,283
2026	1,233,749
2027	947,697
Total	\$ 3,707,729

Conditional grants as of December 31, 2023 were \$2,971,283 of which \$2,660,553 was expensed in 2024 due to milestones being met. The remaining \$310,730 represents conditional grants as of December 31, 2024.

6. Federal excise taxes and minimum required distributions

The Foundation is exempt from federal income taxes and is classified as a private foundation under Section 501 of the Internal Revenue Code (IRC). The Foundation is subject to an excise tax equal to 1.39% on its net investment income, including realized gains, as defined by the IRC, based on the amount of distributions made during the year. The Foundation has made the required distributions during 2024 and 2023.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Federal excise taxes and minimum required distributions (continued)

Deferred tax liabilities or assets may arise because the accrual basis is used for recognition of investment income, gains and losses, but the cash basis is used for tax purposes. Taxes are payable when dividends, interest, and other investment income are received in cash and when gains are realized by selling the investments. Realized losses can be used to offset any gains realized in the same year. The excess of realized losses over realized gains cannot be carried back or carried forward to offset gains in prior or future tax years. Unrealized gains on the investments held by the Foundation may result in tax expense that exceeds the taxes payable and would result in a deferred federal excise tax liability. There was no deferred federal excise tax liability recorded by the Foundation as of December 31, 2024 and 2023.

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. For the years ended December 31, 2024 and 2023, there were no tax interest or penalties recorded in the statements of activities.

7. Leases

The Foundation leases its office space and equipment under operating leases expiring through April 2030. Monthly lease payments for the equipment lease are fixed through the lease term. The base rent of the office space operating lease is due monthly and escalates annually. The office lease includes one option to renew for five years which the Foundation is reasonably certain to exercise. Operating lease cost totaled \$62,166 for each of the years ended December 31, 2024 and 2023.

Future lease payments on the operating leases are as follows:

Year ending December 31:	Amount
2025	\$ 62,415
2026	62,861
2027	62,837
2028	64,213
2029	65,589
Thereafter	22,016
Total undiscounted lease payments	339,931
Less imputed interest	18,013
Total operating lease liabilities	\$ 321,918

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Leases (continued)

As of December 31, 2024, the weighted-average remaining lease term was 5.3 years and the weighted-average discount rate was 1.71%. As of December 31, 2023, the weighted-average remaining lease term was 6.3 years and the weighted-average discount was 1.71%.

8. Liquidity and availability

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

December 31,	2024	2023
Cash	\$ 2,270,434	\$ 1,623,940
Investments	148,162,710	139,732,314
Investments, employee benefit plan	169,631	117,652
Total financial assets	150,602,775	141,473,906
Less amount not available to be used within one year:		
Investments, employee benefit plan	169,631	117,652
Financial assets available to meet general expenditures within one year	\$ 150,433,144	\$ 141,356,254

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities and other obligations come due. Management and the Board of Directors monitor liquidity throughout the year by reviewing financial information, including budget to actual reports as well as grants approved, paid, and payable.

9. Retirement plan

The Foundation has a Section 401(k) defined-contribution plan covering all eligible employees. The Foundation matches contributions equal to 6% of employee compensation. The plan also permits an employer discretionary contribution equal to 2% of employee compensation. Employer contributions were \$76,449 and \$69,963 for the years ended December 31, 2024 and 2023, respectively.

ILLINOIS CHILDREN'S HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Retirement plan (continued)

The Foundation has a Section 457(f) plan covering certain employees as designated by the Board of Directors. The plan permits employer discretionary contributions without limitation. Employer contributions were \$35,000 for each of the years ended December 31, 2024 and 2023, and are included in salaries and related costs on the statements of functional expenses.

The Section 457(f) plan results in deferred compensation for the participant(s) of the plan. The plan calls for payments to be made to the sole participant when the participant is vested in the plan. The employee is vested at the earliest of January 15, 2031, termination of employment with the employer, termination of the plan or change in control of the employer.

10. Concentration of credit risk

Cash:

The Foundation maintains its cash with one financial institution with balances which, at times, may exceed federally-insured limits. The Foundation had approximately \$2,031,000 and \$1,434,000 in excess of federally-insured limits at December 31, 2024 and 2023, respectively. The Foundation believes that it is not exposed to any significant credit risk on cash.

Investments:

The Foundation's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statements of financial position.