
The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC

Consolidated Financial Report
August 31, 2019

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

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Independent Auditor's Report

To the Board of Directors
The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC

We have audited the accompanying consolidated financial statements of The Hektoen Institute of Medicine and its Wholly Owned Subsidiary, The Hektoen Institute of Medicine, LLC (collectively, the "Institute"), which comprise the consolidated statement of financial position as of August 31, 2019 and 2018 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Hektoen Institute of Medicine and its Wholly Owned Subsidiary, The Hektoen Institute of Medicine, LLC as of August 31, 2019 and 2018 and the results of their changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Institute adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

February 11, 2020

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Consolidated Statement of Financial Position

August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 3,396,552	\$ 6,723,960
Investments (Note 3)	34,280,039	30,597,181
Receivables:		
Grants receivable	7,139,126	5,417,080
Interest receivable	44,097	55,558
Inventory	76,519	66,971
Prepaid expenses and other assets:		
Prepaid expenses	667,549	573,351
Expense advances	73,651	43,206
Property and equipment - Net (Note 5)	<u>208,527</u>	<u>231,388</u>
Total assets	<u>\$ 45,886,060</u>	<u>\$ 43,708,695</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 801,798	\$ 674,615
Deferred revenue	1,669,280	1,307,121
Amounts held on behalf of others (Note 4)	8,136,955	8,108,813
Accrued liabilities and other:		
Accrued vacation	763,788	765,098
Due to Cook County Health and Hospital Systems	<u>6,542,057</u>	<u>6,240,388</u>
Total liabilities	17,913,878	17,096,035
Net Assets		
Without donor restrictions: (Note 7)		
Undesignated	19,906,765	18,547,243
Board designated:		
Lab operations	5,000,000	5,000,000
Future administrative costs	3,000,000	3,000,000
With donor restrictions	<u>65,417</u>	<u>65,417</u>
Total net assets	<u>27,972,182</u>	<u>26,612,660</u>
Total liabilities and net assets	<u>\$ 45,886,060</u>	<u>\$ 43,708,695</u>

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended August 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Foundation grants	\$ 2,840,591	\$ -	\$ 2,840,591	\$ 3,201,524	\$ -	\$ 3,201,524
Government grants	24,433,261	-	24,433,261	21,997,012	-	21,997,012
Pharmaceutical grants	222,708	-	222,708	212,062	-	212,062
Hospitals, universities, and medical organizations grants	2,134,429	-	2,134,429	2,383,382	-	2,383,382
Industry and federal pass-through income	2,152,172	-	2,152,172	2,647,950	-	2,647,950
Grant administration income	391,860	-	391,860	220,544	-	220,544
Net realized and unrealized gains and losses on investments	(145,280)	-	(145,280)	1,969,385	-	1,969,385
Interest and dividend income - Net	816,677	-	816,677	715,159	-	715,159
Total revenue and support	32,846,418	-	32,846,418	33,347,018	-	33,347,018
Expenses						
Program services:						
Program delivery	16,904,690	-	16,904,690	16,166,349	-	16,166,349
Clinical research and program demonstration projects	9,705,129	-	9,705,129	9,327,006	-	9,327,006
Training and education	397,119	-	397,119	405,566	-	405,566
Total program services	27,006,938	-	27,006,938	25,898,921	-	25,898,921
Support services - Management and general	4,479,958	-	4,479,958	4,469,842	-	4,469,842
Total expenses	31,486,896	-	31,486,896	30,368,763	-	30,368,763
Increase in Net Assets	1,359,522	-	1,359,522	2,978,255	-	2,978,255
Net Assets - Beginning of year	26,547,243	65,417	26,612,660	23,568,988	65,417	23,634,405
Net Assets - End of year	\$ 27,906,765	\$ 65,417	\$ 27,972,182	\$ 26,547,243	\$ 65,417	\$ 26,612,660

See notes to consolidated financial statements.

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Consolidated Statement of Functional Expenses

Year Ended August 31, 2019

	Program Services				Support Services	
	Program Delivery	Clinical Research and Program Demonstration Projects	Training and Education	Total	Management and General	Total
Salaries and wages	\$ 9,530,060	\$ 3,870,047	\$ 181,265	\$ 13,581,372	\$ 1,864,754	\$ 15,446,126
Employee benefits	3,703,253	1,464,663	72,506	5,240,422	530,865	5,771,287
Total salaries and related expenses	13,233,313	5,334,710	253,771	18,821,794	2,395,619	21,217,413
Stipends	197,098	4,371	-	201,469	10,264	211,733
Participant fees and assistance	944,866	858,765	16,234	1,819,865	-	1,819,865
Subcontractors	298,183	1,512,372	4,138	1,814,693	834,436	2,649,129
Honorariums	3,725	6,900	-	10,625	-	10,625
Case management and consulting	945,149	516,528	92,202	1,553,879	255,108	1,808,987
Maintenance and repairs	127,524	122,392	-	249,916	88,267	338,183
Lab supplies	439,656	744,134	290	1,184,080	76,479	1,260,559
Legal and accounting	-	1,700	-	1,700	176,896	178,596
Office and computer supplies	396,911	177,767	11,322	586,000	158,392	744,392
Reproduction and books	29,305	4,965	4,273	38,543	-	38,543
Travel	137,831	138,665	8,925	285,421	-	285,421
Telephone	73,009	24,302	-	97,311	46,068	143,379
Insurance	-	311	-	311	243,505	243,816
Depreciation	-	-	-	-	47,866	47,866
Facility costs	61,107	171,579	-	232,686	90,948	323,634
Miscellaneous	17,013	85,668	5,964	108,645	56,110	164,755
Subtotal	3,671,377	4,370,419	143,348	8,185,144	2,084,339	10,269,483
Total functional expenses	\$ 16,904,690	\$ 9,705,129	\$ 397,119	\$ 27,006,938	\$ 4,479,958	\$ 31,486,896

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Consolidated Statement of Functional Expenses

Year Ended August 31, 2018

	Program Services				Support Services	
	Program Delivery	Clinical Research and Program Demonstration Projects	Training and Education	Total	Management and General	Total
Salaries and wages	\$ 9,147,821	\$ 4,035,663	\$ 160,846	\$ 13,344,330	\$ 1,887,894	\$ 15,232,224
Employee benefits	3,517,512	1,488,719	64,362	5,070,593	1,384,927	6,455,520
Total salaries and related expenses	12,665,333	5,524,382	225,208	18,414,923	3,272,821	21,687,744
Stipends	230,716	9,441	-	240,157	5,630	245,787
Participant fees and assistance	1,090,925	731,531	54,990	1,877,446	103,688	1,981,134
Subcontractors	229,424	1,260,926	6,975	1,497,325	335,756	1,833,081
Honorariums	175	5,000	1,100	6,275	200	6,475
Case management and consulting	860,408	752,178	94,996	1,707,582	-	1,707,582
Maintenance and repairs	82,152	32,656	-	114,808	90,577	205,385
Lab supplies	465,715	458,507	-	924,222	3,306	927,528
Legal and accounting	-	1,416	-	1,416	148,568	149,984
Office and computer supplies	265,978	119,051	7,219	392,248	98,019	490,267
Reproduction and books	28,751	7,304	4,035	40,090	-	40,090
Travel	100,280	183,769	6,899	290,948	-	290,948
Telephone	65,630	27,594	1,034	94,258	59,152	153,410
Insurance	186	-	-	186	167,743	167,929
Depreciation	-	-	-	-	19,117	19,117
Facility costs	62,093	155,998	-	218,091	67,640	285,731
Miscellaneous	18,583	57,253	3,110	78,946	97,625	176,571
Subtotal	3,501,016	3,802,624	180,358	7,483,998	1,197,021	8,681,019
Total functional expenses	\$ 16,166,349	\$ 9,327,006	\$ 405,566	\$ 25,898,921	\$ 4,469,842	\$ 30,368,763

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Consolidated Statement of Cash Flows

Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,359,522	\$ 2,978,255
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	47,866	19,117
Net realized and unrealized gains and losses on investments	145,280	(1,969,385)
Changes in operating assets and liabilities that (used) provided cash:		
Grants receivable	(1,722,046)	1,547,087
Interest receivable	11,461	11,714
Expense advances	(30,445)	2,743
Prepaid expenses	(94,198)	(18,679)
Inventory	(9,548)	46,024
Due to Cook County Health and Hospital Systems	301,669	156,760
Accrued vacation	(1,310)	(50,180)
Accounts payable	127,183	43,864
Amounts held on behalf of others	28,142	(674,779)
Deferred revenue	362,159	(69,195)
	<u>525,735</u>	<u>2,023,346</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	(25,005)	(239,845)
Purchases of investment securities	(7,305,704)	(7,783,328)
Proceeds from sales of investments	3,477,566	5,056,455
	<u>(3,853,143)</u>	<u>(2,966,718)</u>
Net cash used in investing activities		
Net Decrease in Cash	(3,327,408)	(943,372)
Cash - Beginning of year	<u>6,723,960</u>	<u>7,667,332</u>
Cash - End of year	<u><u>\$ 3,396,552</u></u>	<u><u>\$ 6,723,960</u></u>

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 1 - Nature of Business

Nature of Organization

The Hektoen Institute of Medicine, formerly The Hektoen Institute for Medical Research, was established in 1943 as a research affiliate of John H. Stroger Jr. Hospital of Cook County. The Hektoen Institute of Medicine acts as the administrative and fiscal agent for most of the research and clinical service awards to Cook County Health and Hospital Systems' investigators at the hospitals and units comprising the Cook County, Illinois system, either directly or indirectly, through its wholly owned subsidiary, The Hektoen Institute of Medicine, LLC (the "LLC"). The awards administered include federal, state, city, private, and foundation grants, as well as contracts for clinical trials and multicenter awards. The Hektoen Institute of Medicine and its Wholly Owned Subsidiary, The Hektoen Institute of Medicine, LLC (collectively, the "Institute") also conduct cancer and kidney research in their proprietary laboratories supported by investment income and research grants.

Description of Program and Support Services

The medical service programs administered by the Institute are on behalf of a wide variety of organizations, including Cook County Health and Hospital Systems and its affiliated agencies and organizations, the University of Illinois at Chicago, the Chicago Department of Public Health, the Illinois Hospital Association, and other smaller community-based agencies. Virtually all of the Institute's programs and affiliations focus on improving health care and the healthcare delivery systems for underserved citizens of Cook County, Illinois, especially those with historically poor access to high-quality health services. The following program and support services are included in the accompanying consolidated financial statements:

Program Delivery - The majority of the program delivery activities of the Institute are made on behalf of Cook County Health and Hospital Systems, whose grants, contracts, and cooperative agreements are received by the Institute. The services administered are very wide ranging. The Institute's largest programs focus on health care for patients with HIV/AIDS. The Institute's other medical care delivery programs include many aspects of internal medicine, pediatrics, psychiatry, obstetrics and gynecology, geriatrics, surgery, and support services, such as laboratory, radiology, and pharmacy.

Clinical Research and Program Demonstration Projects - The Institute manages many clinical research and program demonstration projects for affiliated agencies. The range of clinical research activities includes medical and behavioral interventions and clinical trials, as well as cohort, observational, and natural history studies. The Institute's program demonstration projects focus on novel, efficient, or efficacious methodologies of service delivery. These programs range from cost studies of substance abuse integration into the primary care model of an HIV clinic to a wide variety of new projects focusing on bioterrorism, among many others.

Training and Education - The Institute supports the training and educational mission of its affiliates. Most of the Institute's efforts in this category are made on behalf of Cook County Health and Hospital Systems. The Institute's training grants focus on the education of faculty, fellows, and residents. The Institute participates in a variety of projects offering continuing medical education programs to the staff of Cook County Health and Hospital Systems and to other medical providers in the community. The Institute has projects that focus on patient and community education for specific diseases or specific aspects of care.

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 1 - Nature of Business (Continued)

Management and General - Management and general includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Institute's program strategy through the office of the president, secure proper administrative functioning of the board of directors, maintain competent legal services for the program administration of the Institute, and manage the financial and budgetary responsibilities of the Institute. The Institute works with affiliates and other agencies to produce and manage large multi-institutional sponsored projects and programs and to create and manage new large projects for affiliated organizations. The Institute's grants administration operation is full service, providing support to the investigators, staff, and funding agencies, while overseeing the fiscal and operational integrity of sponsored projects.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Institute have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The consolidated financial statements include the accounts of the Institute. All intercompany transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets of the Institute are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Institute.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash

The Institute maintains its cash in bank deposit accounts, primarily at JPMorgan Chase Bank, N.A., which at times may exceed federally insured limits. The Institute has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash.

Investments

Investment securities are recorded at fair value in the consolidated statement of financial position. Investment income, including net realized and unrealized gains, is reflected in the consolidated statement of activities and changes in net assets as an increase in net assets.

The Institute'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 future that will materially affect the amounts reported in the consolidated financial statements.

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Purchased equipment in excess of \$5,000 is capitalized at cost. All other purchased equipment, repairs, and maintenance are expensed as incurred.

Revenue Recognition

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenue.

Contributions of cash and other assets, including unconditional promises to give in the future and certain grants, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

Grants Receivable

The Institute's grants receivable represent actual grant expenses incurred but not reimbursed as of August 31, 2019 and 2018. Management determines the allowance for uncollectible accounts by reviewing and identifying specific troubled accounts on an annual basis by using historical experience with the grants. No allowance for uncollectible accounts was recorded as of August 31, 2019 and 2018. Receivables are written off when deemed uncollectible.

Inventory

Inventory, which consists of incentives for patients to participate in various studies, is stated at the lower of cost or net realizable value, by the use of the first-in, first-out (FIFO) method of valuation.

Amounts Held on Behalf of Others

The Institute adopted the accounting treatment prescribed by generally accepted accounting principles in ASU No. 958-605-25, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, and, accordingly, records the funds received on behalf of others as a liability related to amounts held on behalf of others.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. The financial statements report certain categories of expenses that may be attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses reported are directly identified as relating to program or support services and, therefore, not allocated to more than one program or supporting function. Although this method used is considered reasonable, other methods could be used that would produce a different amount.

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 2 - Significant Accounting Policies (Continued)

Federal Income Taxes

The Institute and the LLC are exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). In addition, the Institute and LLC qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(2).

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates

Adoption of New Accounting Pronouncement

For the year ended August 31, 2019, applied retrospectively to all periods presented, the Institute adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Institute, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the years ended August 31, 2019 and 2018 has been restated as follows: net assets of \$65,417 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Institute's year ending August 31, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Institute plans to apply the standard using the modified retrospective method. The Institute does not expect the new standard to have a material impact on the consolidated financial statements.

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 2 - Significant Accounting Policies (Continued)

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Institute's year ending August 31, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Institute's financial statements as a result of the Institute's operating leases, as disclosed in Note 8, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, the Institute will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Institute's year ending August 31, 2020 and will be applied on a modified prospective basis. The Institute does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including February 11, 2020, which is the date the consolidated financial statements were available to be issued.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Institute's assets measured at fair value on a recurring basis at August 31, 2019 and 2018 and the valuation techniques used by the Institute to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Institute has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 3 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Institute's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at
August 31, 2019

	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at August 31, 2019
Investments:				
SPDR Trust Series 1 - Equity Index Fund	\$ 7,952,593	\$ -	\$ -	\$ 7,952,593
Large-cap equity funds	4,521,394	-	-	4,521,394
Mid-/small-cap equity funds	1,989,514	-	-	1,989,514
International equity funds	3,089,081	-	-	3,089,081
Real estate equity funds	1,267,484	-	-	1,267,484
Preferred stock	-	1,043,050	-	1,043,050
Short-term corporate bonds	-	700,928	-	700,928
Bank common fixed-income funds	-	1,743,316	-	1,743,316
Fixed-income corporate bonds	-	3,523,154	-	3,523,154
Money market mutual funds	5,251,201	-	-	5,251,201
Common stock	572,156	-	-	572,156
Insured deposit account	198,298	-	-	198,298
Certificate of deposit	2,427,870	-	-	2,427,870
Total investments	\$ 27,269,591	\$ 7,010,448	\$ -	\$ 34,280,039

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 3 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at August 31, 2018			Balance at August 31, 2018
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
SPDR Trust Series 1 - Equity Index Fund	\$ 7,894,400	\$ -	\$ -	\$ 7,894,400
Large-cap equity funds	4,091,415	-	-	4,091,415
Mid-/small-cap equity funds	2,059,874	-	-	2,059,874
International equity funds	3,291,779	-	-	3,291,779
Real estate equity funds	1,132,373	-	-	1,132,373
Preferred stock	-	1,027,770	-	1,027,770
Short-term corporate bonds	-	2,100,301	-	2,100,301
Bank common fixed-income funds	-	2,614,163	-	2,614,163
Fixed-income corporate bonds	-	3,126,182	-	3,126,182
Money market mutual funds	3,258,924	-	-	3,258,924
Total investments	\$ 21,728,765	\$ 8,868,416	\$ -	\$ 30,597,181

The Institute's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer.

For Level 2 inputs, the estimated fair values for the Institute's preferred stock, corporate bonds, bank common fixed-income funds, and fixed-income corporate bonds were based on similar investments that are traded on the secondary market.

Note 4 - Amounts Held on Behalf of Others

Amounts held on behalf of others as of August 31, 2019 and 2018 are composed of unexpended grant funds in the following categories:

	2019	2018
Pharmaceutical studies	\$ 988,598	\$ 1,097,548
Medical research and educational funds	1,896,138	1,811,405
Medical equipment purchases	1,168,943	1,168,943
Other grants and accounts	4,083,276	4,030,917
Total	\$ 8,136,955	\$ 8,108,813

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018	Depreciable Life - Years
Furniture and fixtures	\$ 365,284	\$ 365,284	5
Computer equipment	409,553	384,548	3
Laboratory equipment	183,357	183,357	5
Total cost	958,194	933,189	
Accumulated depreciation	749,667	701,801	
Net property and equipment	<u>\$ 208,527</u>	<u>\$ 231,388</u>	

Depreciation expense for 2019 and 2018 was \$47,866 and \$19,117, respectively.

Note 6 - Line of Credit

Under a line of credit agreement with JPMorgan Chase Bank, N.A., the Institute has available borrowings of approximately \$2,000,000 to help fund short-term operating cash flow needs. Interest is payable monthly at the lesser of LIBOR plus 2.25 percent as of August 31, 2019 and 2018 or the prime rate. The effective interest rate as of August 31, 2019 and 2018 was 4.42 percent and 4.36 percent, respectively. These borrowings are secured by all the investments the LLC holds with JPMorgan Chase Bank, N.A. The agreement expires on September 30, 2020. As of August 31, 2019 and 2018, there were no outstanding borrowings on the line of credit.

Note 7 - Endowments

The Institute's endowment includes donor-restricted endowment funds for clinical research. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. There are no board-designated endowment funds.

Interpretation of Relevant Law

The Institute is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Institute had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Institute considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Institute has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
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Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 7 - Endowments (Continued)

- (2) The purposes of the Institute and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect on inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Institute
- (7) The investment policies of the Institute

Endowment Net Asset Composition by Type of Fund
as of August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 65,417	\$ 65,417

Changes in Endowment Net Assets for the Fiscal
Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 65,417	\$ 65,417
Investment income	-	1,380	1,380
Other changes - Appropriations	-	(1,380)	(1,380)
Endowment net assets - End of year	\$ -	\$ 65,417	\$ 65,417

Endowment Net Asset Composition by Type of Fund
as of August 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 65,417	\$ 65,417

Changes in Endowment Net Assets for the Fiscal
Year Ended August 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 65,417	\$ 65,417
Investment income	-	5,741	5,741
Other changes - Appropriations	-	(5,741)	(5,741)
Endowment net assets - End of year	\$ -	\$ 65,417	\$ 65,417

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Institute to retain as a fund of perpetual duration.

As of August 31, 2019 and 2018, there were no funds with deficiencies.

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 7 - Endowments (Continued)

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to clinical research programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity. Under this policy, as approved by the board of directors, the funds are invested in publicly traded mutual funds and fixed-income bond funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 8 - Operating Leases

The Institute leases office and storage space under operating lease agreements that expire through 2025. The following is a schedule of future minimum rental payments for the years ending August 31:

Years Ending August 31	Amount
2020	\$ 310,993
2021	314,554
2022	224,715
2023	189,506
2024	193,314
Thereafter	97,617
Total	<u>\$ 1,330,699</u>

Total rent expense on these leases for 2019 and 2018 was \$321,844 and \$335,051, respectively.

Note 9 - Retirement Plan

The Institute maintains a 403(b) contributory retirement plan. Eligible employees may elect coverage after one year of service. The Institute makes a matching contribution up to 6 percent. Retirement contributions on behalf of employees for the years ended August 31, 2019 and 2018 were \$466,678 and \$497,675, respectively.

Note 10 - Contingencies

The Institute has received financial assistance in the form of grants and awards, which require periodic audits. As a result of these audits, certain costs might be questioned as not being appropriate expenditures under the assistance agreements. Such audits might require the refund of monies to the grantor. The Institute does not believe that any provision for refunds should be accrued in the consolidated financial statements.

**The Hektoen Institute of Medicine
and its Wholly Owned Subsidiary,
The Hektoen Institute of Medicine, LLC**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Note 11 - Concentrations

The Institute receives a significant portion of its revenue, other support, and grants receivable from several governmental agencies, predominantly the Department of Health and Human Services. If these governmental agencies terminated their support of the Institute, the Institute's ability to provide the services described in Note 1 could be significantly reduced.

Substantially all of the Institute's nonmanagement and nonprofessional employees are members of the Service Employees International Union (the "Union") Local 73HC. The Union represents approximately 25 percent of the Institute's workforce. The contract expires on September 1, 2020.

Note 12 - Liquidity and Availability of Resources

The following reflects the Institute's financial assets as of August 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of August 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,396,552	\$ 6,723,960
Grants receivable	7,139,126	5,417,080
Short-term investments	<u>34,280,039</u>	<u>30,597,181</u>
Financial assets - At year end	44,815,717	42,738,221
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	65,417	65,417
Amounts held on behalf of others	8,136,955	8,108,813
Amounts due to Cook County Health and Hospital Systems	6,542,057	6,240,388
Board designations:		
Lab operations	5,000,000	5,000,000
Future administrative costs	<u>3,000,000</u>	<u>3,000,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 22,071,288</u>	<u>\$ 20,323,603</u>

The Institute has a goal to maintain financial assets, which consist of cash, grants receivable, and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$5 million at August 31, 2019 and 2018. The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Institute invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term Treasury instruments. As more fully described in Note 6, the Institute also has a committed line of credit in the amount of \$2,000,000, which it could draw upon in the event of an unanticipated liquidity need.

The Institute also realizes there could be unanticipated liquidity needs and can undesignate board-designated funds if needed.

The Hektoen Institute of Medicine, LLC

**Federal Awards
Supplemental Information
August 31, 2019**

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
The Hektoen Institute of Medicine, LLC

We have audited the financial statements of the The Hektoen Institute of Medicine, LLC as of and for the year ended August 31, 2019 and have issued our report thereon dated February 11, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to February 11, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 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.

Plante & Moran, PLLC

February 11, 2020

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*

Independent Auditor's Report

To Management and the Board of Directors
The Hektoen Institute of Medicine, LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Hektoen Institute of Medicine, LLC (the "Institute"), which comprise the statement of financial position as of August 31, 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine 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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 Institute'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute'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 determination of financial statement amounts. 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*.

To Management and the Board of Directors
The Hektoen Institute of Medicine, LLC

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 Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

February 11, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
The Hektoen Institute of Medicine, LLC

Report on Compliance for Each Major Federal Program

We have audited The Hektoen Institute of Medicine, LLC's (the "Institute") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Institute's major federal programs for the year ended August 31, 2019. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal programs based on our audit of the types of compliance requirements referred to above.

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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute 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 August 31, 2019.

To the Board of Directors
The Hektoen Institute of Medicine, LLC

Report on Internal Control Over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

February 11, 2020

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development					
Pass-through Aids Foundation of Chicago					
HOPWA Services	14.241	80181	None	\$ -	\$ 42,351
HOPWA Services	14.241	80182	None		29,025
Total 14.241					71,376
U.S. Department of Justice /Office for Victims of Crimes					
Increasing Access to Victim Services for Victims of Domestic Violence and Sexual Assault Who Have a Serious Mental Illness	16.582	1118	VF-GX-K011		6,834
TA, Increasing Access to Victim Services for Victims of Domestic Violence and Sexual Assault Who Have a Serious Mental Illness	16.582	1119	None		124,691
Total 16.582					131,525
Pass-through Alliance for HOPE International					
Substance Use and FJCs project	16.526	1302	2018-TA-AX-K034		46,109
Pass-through Illinois Criminal Justice Information Authority					
VOCA: Community Violence	16.575	2491	FCSWO00893		704,898
VOCA (Victims of Crime Act)	16.575	2492	218186		229,868
Total 16.575					934,766
Pass-through (CDC) University of Pennsylvania					
Impact of Intensive Monitoring for Terminal Room Cleaning on Rates Multidrug-Resistant	93.084	8064	None		163,646
Impact of Intensive Monitoring for Terminal Room Cleaning on Rates Multidrug-Resistant	93.084	8065	None		8,685
Total 93.084					172,331
Pass-through (CDC) Chicago Department of Public Health - Tuberculosis Program	93.116	2675	77721-2		129,859
Department of Health and Human Services (DHHS)					
Health Resources and Services Administration					
Preventive Medicine Residents	93.117	1354	D33HP29245		42,290
Illinois Department of Public Health					
Violence and Injury Prevention	93.136	6063	93282002G		19,961
Health Resources and Services Administration					
Ryan White Title IV Program	93.153	50216	H12HA24803		1,298,669
Ryan White Title IV Program	93.153	50217	H12HA24803		114,056
Ryan White Title IV Program	93.153	50220	H12HA24803		55,489
Ryan White Title IV Program	93.153	50226	H12HA24803		5,052
Total 93.153					1,473,266
Department of Health and Human Services (DHHS)					
Pass-through Illinois Department of Public Health					
Family Planning Service Program	93.217	2420			364,558
Pass-Substance Abuse Mental Health Service Administration					
Powering Up Male Prevention (PUMP)	93.243	50221	T1080728		30,757
Powering Up Male Prevention (PUMP)	93.243	50222	T1080728		339,768
Total 93.243					370,525
Pass-through - (HRSA) Metropolitan Chicago Health Council					
Emergency Medicine Department Poison Center	93.253	4427	None		39,380
Pass-through (CDC) Illinois Department of Public Health					
ELC- Epidemiology & Laboratory Capacity For Infectious Disease	93.323	2218			289,913
Ann & Robert H. Lurie Hospital				33,004	
Loyola University of Chicago				-	
Medical Resch Analytics & Informatics Alliance				94,596	
Rush University Medical Center				24,662	
University of Chicago				10,537	
HAIP/ELC Healthcare Associated Infection Prevention Grant, Division of Patient Safety and Quality	93.323	2219	92680219G		176,984
Supplemental - HAIP Healthcare Associated Infection Prevention Grant, Division of Patient Safety and Quality	93.323	2220	02680007H		31,328
HAIP/ELC Healthcare Associated Infection Prevention Grant, Division of Patient Safety and Quality	93.323	2266			-
Total 93.323					498,225
Administration of Children and Families					
Family Violence Prevention and Service Program	93.592	1276	90EV0437		118,099
Family Violence Prevention and Services Program	93.592	1277	90EV043		955,264
Total 93.592					1,073,363
Pass-through Illinois Department of Public Health					
School Health Center at Morton East High School	93.667	2384	96380029G		20,380
Family Planning Service Program	93.667	2420	96180055G		93,256
Total 93.667					113,636
Health Resources and Services Administration					
Primary Care Training and Enhancement					
Westside Health Authority	93.884	1309	TOBHP28573	36,633	373,814
Primary Care Training and Enhancement					
Westside Health Authority	93.884	1310	TOBHP28573	-	37,942
Total 93.884					411,756
Pass-through (HRSA) City of Chicago Department of Public Health					
MAI RWTMA Core Ambulatory/Outpatient Medical	93.914	67151	73151-1		582,070
Part A RWTMA Core Dental	93.914	67152	73153-1		200,467
Part A RWTMA Core Mental Health	93.914	67153	73153-1		159,906
Part A RWTMA Core Substance Abuse	93.914	67154	73153-1		235,996
Part A RWTMA Core Psychosocial	93.914	67155	73153-1		52,506
Part A RWTMA Core Early Intervention Services	93.914	67156	73153-1		136,420
MAI RWTMA Core Administrative Cost	93.914	67158	73151-1		62,543
Part A RWTMA Core Administrative Cost	93.914	67159	73153-1		84,047
Part A RWTMA Austin - Ambulatory/Outpatient Services	93.914	67551	73149-1		199,876
MAI- RWTMA Austin-Mental Health	93.914	67552	73150-1		46,164

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Amount Provided to Subrecipients	Federal Expenditures
Part A RWTMA Austin- Psychosocial	93.914	67553	73149-1	\$ -	\$ 22,024
Part A RWTMA Austin Substance Abuse Services - Outpatient	93.914	67554	73149-1		30,274
Part A RWTMA Austin - Early Intervention Services	93.914	67555	73149-1		17,670
MAI RWTMA Austin - Administrative Cost	93.914	67558	73150-1		6,456
Part A RWTMA Austin - Administrative Cost	93.914	67559	73149-1		30,694
Part A RWTMA Provident Hospital Ambulatory/Outpatient Medical	93.914	67751	73156-1		237,444
Part A RWTMA Provident Hospital Oral Care	93.914	67752	73156-1		107,532
Part A RWTMA Provident Hospital Mental	93.914	67753	73156-1		80,777
Part A RWTMA Provident Hospital Substance Abuse	93.914	67754	73156-1		109,797
Part A RWTMA Provident Hospital Early Intervention Service	93.914	67755	73156-1		42,064
Part A RWTMA Provident Hospital Administrative Cost	93.914	67759	73156-1		58,536
Part A South Suburban Ambulatory/ Outpatient Medical Services	93.914	68551	73158-1		219,956
Part A South Suburban Mental Health	93.914	68552	73158-1		36,095
Part A South Suburban Substance Abuse	93.914	68553	73158-1		28,848
Part A South Suburban Psychosocial	93.914	68554	73158-1		21,455
Part A South Suburban Outreach Services	93.914	68555	73158-1		82,498
MAI South Suburban Early Intervention	93.914	68556	73157-1		68,304
Part A South Suburban Oral Health	93.914	68557	73158-1		48,406
MAI South Suburban Administrative	93.914	68558	73157-1		7,174
Part A South Suburban Administrative	93.914	68559	73158-1		46,034
MAI -Project VIDA - Psychosocial Support	93.914	67476	73155-1		26,565
MAI - Project VIDA - Administrative Cost	93.914	67477	73155-1		4,892
Part A -Project VIDA - Mental Health	93.914	67478	73154-1		35,124
Part A - Project VIDA - Administrative Cost	93.914	67479	73154-1		4,506
Pass-through AIDS Foundation of Chicago					
AFC MAI - Core Medical Case Management	93.914	70424	None		42,761
AFC Part A - Provident Medical Case Management	93.914	70623	None		85,192
AFC Part A - Austin Medical Case Management	93.914	73414	None		59,449
AFC Part A - Austin Non-Medical Case Management	93.914	73415	None		18,282
AFC Part A - South Sub. Medical Case Management	93.914	73723	None		70,649
AFC Part A - South Sub. Non-Medical Case Management	93.914	73724	None		16,615
CORE - MAI- RWTMA - Ambulatory/Outpatient Medical Services CARRYOVER	93.914	67157	73151-1		156,132
CORE - MAI RWTMA - Administrative Cost CARRYOVER	93.914	67160	67151-1		16,194
CORE - MAI- RWTMA - Ambulatory/Outpatient Medical Services	93.914	67161	102884-108983		425,044
CORE - Part A RWTMA Dental	93.914	67162	102879-105660		173,300
CORE - Part A RWTMA Mental Health	93.914	67163	102879-105660		170,778
CORE - Part A RWTMA Substance Abuse	93.914	67164	102879-105660		222,146
CORE - Part A RWTMA Psychosocial	93.914	67165	102879-105660		38,627
CORE - Part A RWTMA Early Intervention Services	93.914	67166	102879-105660		131,727
CORE - MAI RWTMA - Administrative Cost	93.914	67168	102884-108983		43,705
CORE - Part A RWTMA Administrative Cost	93.914	67169	102879-105660		72,644
Austin - Part A RWTMA Early Intervention Services CARRYOVER	93.914	67557	73150-1		24,010
Austin - Part A RWTMA- Ambulatory Outpatient Services	93.914	67561	102878-107729		187,945
Austin - MAI- RWTMA Mental Health	93.914	67562	102883-112178		65,556
Austin - Part A RWTMA Psychosocial	93.914	67563	102878-107729		21,767
Austin - Part A RWTMA Substance Abuse Services - Outpatient	93.914	67564	102878-107729		24,961
Austin - Part A RWTMA Early Intervention Services	93.914	67565	102878-107729		20,641
Austin - MAI RWTMA - Administrative Cost	93.914	67568	102883-112178		6,283
Austin - Part A RWTMA Administrative Cost	93.914	67569	102878-107729		27,479
Provident Part A -Oral Health Services CARRYOVER	93.914	67756	73156-1		87,602
Provident Part A - Ambulatory/Outpatient Medical Services	93.914	67761	None		198,374
Provident Part A -Oral Health Services	93.914	67762	None		136,768
Provident Part A -Mental Health Services	93.914	67763	None		52,929
Provident Part A - Substance Abuse Services- Outpatient	93.914	67764	None		92,315
Provident Part A - Early Intervention Services	93.914	67765	None		40,291
Provident Part A - Administrative Cost Services	93.914	67769	None		44,726
South Suburban Part A - RWTMA- Ambulatory/Outpatient Medical Services	93.914	68561	102882-107128		184,120
South Suburban Part A - RWTMA- Mental Health Services	93.914	68562	102882-107128		35,947
South Suburban Part A - RWTMA- Substance Abuse Services - Outpatient	93.914	68563	102882-107128		25,933
South Suburban Part A - RWTMA- Psychosocial Support Services	93.914	68564	102882-107128		13,550
South Suburban Part A - RWTMA- Outreach Services	93.914	68565	102882-107128		64,330
South Suburban MAI - RWTMA- Early Intervention Services	93.914	68566	102886-108981		46,237
South Suburban Part A - RWTMA- Oral Health Services	93.914	68567	102882-107128		25,358
South Suburban MAI - RWTMA- Administrative Cost	93.914	68568	102886-108981		5,638
South Suburban Part A - RWTMA- Administration Cost	93.914	68569	102882-107128		36,063
CORE - Part A AFC Medical Case Management	93.914	70425	None		65,878
Provident- Part A AFC Medical Case Management	93.914	70624	None		77,851
Austin -Part A AFC Medical Case Management	93.914	73416	None		55,686
Austin - Part A AFC Non-Medical Case Management	93.914	73417	None		15,314
South Suburban - Part A AFC Medical Case Management	93.914	73725	None		62,281
South Suburban - Part A AFC Non-Medical Case Management	93.914	73726	None		14,215
Total 93.914					6,636,413
AFC HIV- Related Training and Technical Assistance	93.145	80151	H97HA31426		5,229
AFC HIV- Related Training and Technical Assistance	93.145	80152	None		56,940
Total 93.145					62,169
Pass-through AIDS Foundation of Chicago					
CORE Part B - Outpatient/Ambulatory Health Services	93.917	70016	None		105,394
CORE Part B- Outpatient/ Ambulatory Health Services	93.917	70017	None		2,367
AFC - Title II CORE Mental Health	93.917	70059	None		1,244
AFC- CORE - Part B Medical Case Management	93.917	70462	None		651,267
AFC- CORE - Part B Non-Medical Case Management	93.917	70463	None		35,080
AFC- Project Vida - Part B Medical Case Management	93.917	74024	None		29,872
AFC Part B - Provident Oral Health	93.917	75169	None		46,601
Peer Navigation Services	93.917	80006	None		24,475
AFC Part B -South Suburban Ambulatory Outpatient Medical Services	93.917	75193	None		6,285
CORE- Corrections	93.917	80093	None		96,533
CORE- Corrections	93.917	80094	None		33,216
Austin-Corrections	93.917	80124	None		56,073
Austin-Corrections	93.917	80125	None		23,942
Pass-through (IDPH) Public Health Institute of Metropolitan Chicago					
Illinois Public Health Corrections & Community Initiative	93.917	80040	None		92,086
Illinois Public Health Corrections & Community Initiative	93.917	80190	None		58,519
Ryan White PART B - Medical Case Management	93.917	70464	None		408,219

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Amount Provided to Subrecipients	Federal Expenditures
Ryan White PART B - Non-MCM Retention Specialist	93.917	70465	None	\$ -	\$ 18,076
Oral Health Care Service _Provident-Ryan White PART B	93.917	75170	None		11,515
SSHARC - AFC Part B Ambulatory Outpatient Medical Services	93.917	75194	None		43
Peer Navigation Services	93.917	80007	None		-
Total 93.917					1,700,807
Pass-through Health Resources and Services Administration					
Ryan White Part C Outpatient EIS Program	93.918	51116	H76HA00107		339,018
Ryan White Part C Outpatient EIS Program	93.918	53316	H76HA00107		75,564
Ryan White Part C Outpatient EIS Program - CORE	93.918	51117	H76HA00107		438,425
Ryan White Part C Outpatient EIS Program - South Suburban	93.918	53317	H76HA00107		129,466
Total 93.918					982,473
HRSA (Health Resources and Services Administration)					
Special Projects Of National Significance	93.928	50009	H97HA27426		54,752
PRO-MOVER Special Projects of National Significance	93.928	50075	H97HA26503		107,189
Total 93.928					161,941
Pass-through (CDC) City of Chicago Department of Public Health					
Cermak Health Center/A1-Targeted HIV Testing & Linkage to Care	93.940	69444	31700-4		42,149
Provident- A1- Targeted HIV Testing & Linkage to Care	93.940	69778	31702-4		59,617
Provident- A3- HIV Testing & Linkage to Care in High Volume Clinical Settings Serving MSM & High Risk Minority Male & Female Populations	93.940	69779	31702-4		65,312
Austin- C1- Prevention with Positives- CDC Supported High-Impact Prevention (HIP) Behavioral Interventions	93.940	69224	31699-4		49,880
Austin- C1- Prevention with Positives- CDC Supported High-Impact Prevention (HIP) Behavioral Interventions	93.940	69225	85081-1		14,943
CORE -A3- HIV Testing & Linkage to Care in High Volume Clinical Settings Serving MSM & High Risk Minority Male & Female Populations	93.940	78705	31701-4		60,115
CORE- C1-Prevention with Positives- CDC Supported-High Impact Prevention (HIP) Behavioral Interventions	93.940	78706	31701-4		27,495
CORE -D3-Prevention with Negatives - Behavioral Interventions for High-Risk HIV Negative Individuals	93.940	78707	31701-4		22,356
Stroger/C2 -Prevention with Positives- Innovative or Locally Developed Interventions	93.940	69590	94934-1		15,672
PHCC PrEP Implementation	93.940	65102	42033-3		10,970
PHCC PrEP Implementation Provident	93.940	65103	82830-1		268,051
Data-to-Care Initiative	93.940	65152	42031-3		8,138
Data-to-Care Initiative	93.940	65153	82829-1		139,685
Pass-through (CDPH) Core Foundation					
Peer Navigators Services	93.940	7013	None		2,263
PrEP- CORE	93.940	65201	None		223,636
Pass-through (CDC) CDPH/ University of Chicago					
Expanded HIV Testing for Disproportionately Population	93.940	90112	U01 AI35039		15,872
Total 93.940					1,026,154
Pass-through (CDC) Metropolitan Public Health Institute					
South Suburban HIV/AIDS - Risk Education REG 8	93.944	2610	None		54,930
South Suburban HIV/AIDS - Risk Education REG 8	93.944	6081	None		4,817
Total 93.944					59,747
Pass-through Illinois Department of Public Health					
School Health Center at Morton East High School	93.994	2384	96380029G		35,667
Regional Perinatal Care System Program	93.994	2485	8086380002F		116,371
Total 93.994					152,038
Research and Development Cluster					
U.S. Department of Defense					
Pass-through The Board of Trustees of the University of Illinois					
Prostate Cancer Research Program/Biomarker Development	12.42	4958	R1AG048176		91,710
Prostate Cancer Research Program/Biomarker Development	12.42	4959	7695		67,704
Pass-through Northwestern University					
Creation and Validation of a Pre-biopsy Nomogram High-risk AAM	12.42	5086	W81XWH1710608		47,442
Creation and Validation of a Pre-biopsy Nomogram High-risk AAM	12.42	5087	60047917 HEK		52,792
Total 12.420					259,648
(CDC) Centers for Disease Control					
Pass-through Rush University Medical Center					
C-PIE CORE Center	93.084	8054	12120706		189,542
Chicago Prevention and Intervention Epicenter II (CPIE-II) - CORE Subagreement	93.084	8055	None		19,683
Pass-through (CDC) Harvard Pilgrim Health Care					
SHEPheRD Protect	93.084	8074	2011-N-13526		-
SHEPheRD Protect	93.084	8075	2011-N-13526		-
Total 93.084					209,225
National Institute of Health/ NHLBI (National Heart, Lung, and Blood Institute)					
NHLBI The Contribution of Sleep and Circadian Disruption to Kynurenine Pathway Activation and Cardiometabolic Risk	93.233	50636	R01HL142116	76,843	234,290
Albert Einstein College of Medicine, INC				22,628	
The Research Foundation of SUNY				10,892	
Rush University Medical Center				72,126	
Regents of University of Michigan					
NHLBI The Contribution of Sleep and Circadian Disruption to Kynurenine Pathway Activation and Cardiometabolic Risk in Women with HIV	93.233	50637	5R01HL142116		94,890
Albert Einstein College of Medicine, INC				13,549	
The Research Foundation of SUNY				19,069	
Regents of University of Michigan					
Total 93.233					329,180
Pass-through (DHHS/AHRQ) UIC (University of Illinois at Chicago)					
Asthma (REDEFINE) Study	93.266	8084			112,762
DHHS National Institute of Health / MH					
Transgender Youth and PrEP: PK, Safety, Uptake & Adherence	93.242	50081	R01MH114753	77,964	207,568
University of Colorado				47,680	
Children's Hospital Colorado				2,347	
University of California, San Francisco (UCSF)				5,992	
University of California, Los Angeles (UCLA)				22,860	
University of Michigan					
Transgender Youth and PrEP: PK, Safety, Uptake & Adherence	93.242	50082	5R01AI122308		419,549

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Amount Provided to Subrecipients	Federal Expenditures
University of Colorado				\$ 152,228	\$ -
Children's Hospital Colorado				61,071	
University of California, San Francisco (UCSF)				9,292	
University of California, Los Angeles (UCLA)				11,939	
University of Michigan				31,032	
CHOP-Children's Hospital of Philadelphia				6,191	
POSSE A Community- Level Intervention for Black YMSM	New				
The Children's Hospital of Philadelphia	93.242	50504	R01MH104106	247,765	513,894
The Regents of University of Michigan				44,094	
University of Illinois at Chicago				3,172	
University of Chicago				3,914	
POSSE A Community- Level Intervention for Black YMSM	93.242	50505	R01MH104106		161,474
The Children's Hospital of Philadelphia					
The Regents of University of Michigan					
University of Chicago				13,907	
Total 93.242	New				1,302,485
Pass-through (NIH) University of Cincinnati					
CTN:67 CHOICES	93.279	4932	U10DA013732		370,425
CTN-0067 CHOICES- Ohio Valley Node- Network(OVNN) of the NIDA Clinical Trial Network	93.279	4933	U10DA013732		44,749
Total 93.279					415,174
Pass-through (NIH) The Board of Trustees University of Illinois					
Illinois Precision Medicine Consortium	93.310	4494	17242		52,774
Illinois Precision Medicine Consortium	93.310	4495	17242		31,644
Total 93.310					84,418
DHHS/National Institute of Health					
SHCC MU NCORP	93.395	1350	5UG1CA190000		770,718
Pass-through Easter Cooperative Oncology Group	93.395	3954	None		1,293
Total 93.395					772,011
DHHS/National Institute of Health					
SHCC MU NCORP	93.399	1361	2UG1CA190000		63,566
Pass-through (NIH) Northwestern University					
Northwestern CORE Clinical Research Site: Trans-omics fo HIV/AIDS Research	93.837	92561	60053062 HEK		91,261
Chicago WIHS NHLBI (CC_RS)	93.837	50811	U01HL146245		582,367
Rush University Medical Center				38,305	
Northwestern University				10,076	
University of Colorado San Francisco				8,554	
Total 93.837					673,628
Pass-through (NIH) The Regents of the University of Michigan					
Nephrotic Syndrome Study Network Protocol (NEPTUNE II)	93.847	4173	U54DK083912		300
Pass-through (NIH) Rush University					
Multi-Clinic Action Trial to Control Hyperglycemia & Hypertension	93.847	4210	R01DK098256		12,536
Total 93.847					12,836
Pass-through (NIH) Northwestern					
Stroke Trials Network- Regional Coordinating Stroke Centers	93.853	4217	60050930 HIMR		1,500
Pass-through NIH - Rush University Medical Center					
Genomic Epidemiology of Methicillin	93.855	4185	R01AI114689		21,597
Genomic Epidemiology of Methicillin- Resistant Staphylococcus aureus in the Jail	93.855	4188	R01AI114690		2,047
National Institute of Allergy and Infectious Diseases					-
Chicago WIHS Consortium	93.855	50617	U01AI034993		1,304,874
Northwestern University				9,381	
Northwestern University				16,749	
Rush University Medical Center				98,202	
University of Illinois at Chicago				13,164	
University of Illinois at Chicago				3,359	
University of Boston				-	
University of Colorado San Francisco				18,148	
Chicago WIHS No Cost Extension #2	93.855	50618	01AI034993-24-REVISED	14,428	224,894
University of Colorado San Francisco					
Chicago WIHS Overall Unobligated Balance	93.855	50801	None		599,629
Pending Subcontracts - Due to NIH has not approved carryover yet.					
Feasibility of an Ingestible Sensor SystemAdherence PrEP YMSM	93.855	50713	R01AI122308		207,655
University of Illinois at Chicago				1,540	
University of Colorado				66,926	
Feasibility of an Ingestible Sensor System to Measure PreP Adherence in YMSM	93.855	50714	R01AI122308		316,796
University of Colorado				113,120	
Keep It LITE: Exploring HIV Risk in Vulnerable Youth with Limited Interaction	93.855	50042	UG3AI133676		621,161
Northwestern University				18,268	
University of Chicago				36,842	
University of Illinois at Chicago				3,912	
Keep It LITE: Exploring HIV Risk in Vulnerable Youth with Limited Interaction	93.855	50043	UH3AI13376		82,979
Northwestern University					
University of Chicago					
University of Illinois at Chicago					
Pass-through NIH - Northwestern University (MACS)	93.855	90198	U01AI035039		221,922
Pass-through NIH - FHI 360 Family Health International-HPTN-082- Leadership			5018	UM1 A1068619	2,344
Pass-through NIH - FHI 360 Family Health International-HPTN 086- protocol			5047	17002896	4,830
Pass-through NIH - FHI 360 Family Health International-HPTN HTPN Adolescent Committee Leadership	93.855	5077	17002891		2,415
Pass-through NIH - FHI 360 Family Health International-HPTN 083: Ph 2B/3 double-blind double	93.855	7918	UM1AI068619		50,814
HPTN 083: Ph 2B/3 double-blind double dummy noninferior study of injectable long acting cabotegravir compared to standard of daily oral TDF/FTC as PrEP	93.855	7919	PO17001852		-
HPTN-082- Leadership (Hosek) Uptake and Adherence to Daily oral PrEP as a primary prevention strategy for young African women: A Vanguard Study.	93.855	5019	PO16001218		7,198
HTPN 086 - Leadership	93.855	5048	PO17002896		14,398
HTPN Adolescent Committee Leadership	93.855	5078	PO17002891		7,460
HPTN 083 - 02 (Qualitative)	93.855	7930			6,752
Pass-through Johns Hopkins University					
LOC IMPAACT Leadership Group PSTO LDR 1	93.855	4310	5 UM1 A1068632		3,814

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA #</u>	<u>Grant ID</u>	<u>Grantor's Number</u>	<u>Amount Provided to Subrecipients</u>	<u>Federal Expenditures</u>
LOC IMPAACT Leadership Group PSTO LDR 2	93.855	4316	5 UM1 A1068632	\$ -	\$ 3,815
Pass-through Magee-Women Research Institute & Foundation					
LOC: Microbicide Trials Network	93.855	80142	9462		12,377
LOC: Microbicide Trials Network	93.855	80143	9590		31,230
Characterizing Mucosal Changes in the FRT Leading to Increased HIV Acquisition	93.855	82300	60052844 HIMR		-
MAC's Sleep Study	93.855	90202	60047786 HIMR		5,544
Total 93.855					<u>3,756,545</u>
DHHS/National Institute of Child Health and Human Development					
Improving Adherence Among HIV+ Rwandan Youth: A TI-CBTe Indigenous Leader Model	93.865	50680	1R01HD074977		79,434
WeACTX				30,084	
University of Illinois at Chicago				15,416	
Pass-through The University of North Carolina at Chapel Hill					
The UNC/Emory Center for Innovative Technology (iTech)	93.865	90049	U19HD089881		247,035
The UNC/Emory Center for Innovative Technology (iTech) across the prevention and care continuum	93.865	90050	U19HD089882		39,135
Total 93.865					<u>365,604</u>
Pass-through (CDC) Northwestern University					
NEXT-D Effect of ACA Medicaid Expansion on Diabetes	93.945	4863	None		2,330
NEXT-D Effect of ACA Medicaid Expansion on Diabetes	93.945	4864	None		2,248
Total 93.945					<u>4,578</u>
			Total provided to subrecipients	<u>\$ 1,672,461</u>	
			Total research development cluster		<u>8,363,160</u>
			Total federal expenditures		<u>\$ 25,037,828</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended August 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Hektoen Institute of Medicine, LLC (the "Institute") under programs of the federal government for the year ended August 31, 2019. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of The Hektoen Institute of Medicine, LLC, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of The Hektoen Institute of Medicine, LLC.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Institute has not elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Noncash Assistance, Federal Insurance, Loans, or Loan Guarantees

There were no other amounts of noncash assistance, federal insurance, loans, or loan guarantees outstanding as of and for the year ended August 31, 2019.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended August 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
16.575	Crime Victim Assistance	Unmodified
93.153	Ryan White HIV/AIDS Program Part D	Unmodified
93.592	Family Violence Prevention and Service Program	Unmodified
93.917	Ryan White HIV/AIDS Program Part B	Unmodified
93.940	HIV Prevention Activities Health Department Based	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$751,135

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None