

MARKLUND

To: **Members of the Marklund Board of Directors**

Jim Armbruster	Gerry Estes	Yaneth Medina
Maleeha Basha	Karyn Fitch	Frank Murnane Jr.
Howard Brandeisky	Jerry Finis	Julie Schragger
Carie Carney	Dan Foley	Ari Smith
Carol Donahue	Laura Karlins	Dan Whiston
		David Van Daff

Staff

Kudus Badmus
Gil Fonger
Heather Graves
Mary Kobbeman

From: Mike Herlihy
Chair, Board of Directors

Subject: **Board Meeting**
7:00 P.M. Wednesday, October 30, 2024
Marklund Hyde Center – Geneva, IL

TIME AGENDA:

6:45	Dinner	
7:00	1. Call to Order/ Changes to the Agenda	M. Herlihy
7:05	2. Mission Moment – Facility Services	K. Berg
7:30	3. Board Chair Report -Previous Minutes –August 8, 2024 (Tab)	M. Herlihy
7:35	4. Finance Committee Report - KPMG Report	J. Finis
7:45	5. Executive Committee Report	M. Herlihy
7:50	6. MWC Project Update	G. Fonger
7:55	7. MPC Redevelopment - ACTION NEEDED (Tab)	M. Herlihy
8:05	8. LIFTS (Tab)	G. Fonger
8:15	9. Development Update (Tab)	H. Graves
8:20	10 President and CEO Report (Tab)	G. Fonger
8:25	11. Old Business/ New Business/ Announcements	M. Herlihy
8:30	12. Adjournment	M. Herlihy

Next meeting Marklund Hyde Center
Thursday, January 23, 2025 7:00 pm

If you are not able to attend the meeting, please let Mary (mkobbeman@marklund.org) know if you will be joining on ZOOM. The ZOOM link is in your Outlook invitation.

**Finance
Committee
Meeting
5:30-6:45 p.m.**

**Board of
Directors
Meeting
7:00- 8:30 p.m.**

**Location:
Marklund Hyde
Center,
Geneva**

**Wednesday,
October 30,
2024**

1	1. Finance Committee Agenda
2	2. KPMG - FY24 Audit Report
3	3. Previous Minutes - June 20, 2024
4	4. Financial Statements
5	5. Benefits Audit Report
6	6. Revised FY25 Budget
7	7. Previous Board Minutes
8	8. MPC Redevelopment
9	9. LIFTS
10	10. Development Update
11	11. President and CEO Report
12	
13	
14	
15	

MARKLUND

Members of the Finance Committee

Marklund Board of Directors

Jim Armbruster Dan Foley Frank Murnane Jr.
Mike Herlihy David Van Daff
Gerry Estes Yaneth Medina

Staff

Kudus Badmus
Gil Fonger
Mary Kobbeman

Jerry Finis
Chairman of the Finance Committee

Finance Committee Meeting
5:30 P.M. Thursday, October 30, 2024
Marklund Hyde Center, Geneva

Time	Agenda:	
5:30	1. Call to Order	J. Finis
5:30	2. KPMG – FY2024 Audit Report (Tab 2)	D. Roush
6:05	3. Previous Minutes – Minutes of June 20, 2024 (Tab 3)	J. Finis
6:10	4. Financial Statements (Brief Highlights and Questions) (Tab 4) A. Marklund: September 2024 – Att. # 4a B. Charities: September 2024 – Att. # 4b	K. Badmus
6:25	5. Other Business Benefits Audit Report (Tab 5) Construction Budget Update Revised FY25 Budget (Tab 6)	K. Badmus G. Fonger K. Badmus
6:45	6. Adjournment	J. Finis

Next meeting is scheduled for Thursday, January 23, 2025 in Geneva. If you are unable to attend the meeting, please notify Mary Kobbeman (mkobbeman@marklund.org) if you will be Zooming in.

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

[(signed) KPMG LLP]

Date

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Consolidated Balance Sheets

June 30, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 54,263	54,492
Receivables:		
Resident accounts receivable	5,939,401	4,921,097
Other	1,200,199	1,365,790
Pledges receivable	235,191	147,653
Inventories	183,397	131,848
Prepaid expenses	419,101	483,291
Agency-held cash – resident deposits	540,135	633,327
Total current assets	<u>8,571,687</u>	<u>7,737,498</u>
Assets whose use is limited or restricted	25,080,642	23,281,829
Pledges receivable, net of current portion	144,153	30,003
Investments	—	5,206,472
Land, buildings, and equipment, net of accumulated depreciation	<u>36,631,237</u>	<u>34,654,926</u>
Total assets	<u>\$ 70,427,719</u>	<u>70,910,728</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term notes payable	\$ 383,069	383,069
Accounts payable	472,774	521,942
Accrued liabilities:		
Compensation and related payables	3,543,013	3,443,681
Agency-held resident deposits	540,135	633,327
Other	1,203,354	1,615,303
Construction payables	—	234,617
Total current liabilities	<u>6,142,345</u>	<u>6,831,939</u>
Long-term liability:		
Line of credit	4,197,557	6,478,212
Notes payable, net of current portion	935,536	1,286,682
Net assets:		
Without donor restrictions	50,572,924	47,935,362
With donor restrictions	<u>8,579,357</u>	<u>8,378,533</u>
Total net assets	<u>59,152,281</u>	<u>56,313,895</u>
Total liabilities and net assets	<u>\$ 70,427,719</u>	<u>70,910,728</u>

See accompanying notes to consolidated financial statements.

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Consolidated Statements of Operations and Changes in Net Assets Without Donor Restrictions

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and support:		
Resident service revenue	\$ 24,645,249	23,317,507
School services	7,345,401	6,565,225
Community day services	5,500,813	4,738,458
Other revenue	735,098	375,872
	<u>38,226,561</u>	<u>34,997,062</u>
Total revenue and support		
Expenses:		
Salaries and wages	25,156,739	22,621,680
Employee benefits	5,927,857	5,847,695
Consulting	5,178,749	5,291,012
Medical supplies	1,296,656	1,238,637
Food and dietary	668,702	647,055
Rent, utilities, and occupancy	1,360,216	1,186,439
Depreciation	2,863,145	2,805,238
Illinois Medicaid program assessment	1,397,583	1,311,344
Other	2,834,850	2,317,703
	<u>46,684,497</u>	<u>43,266,803</u>
Total expenses		
Revenue and support deficient of expenses	<u>(8,457,936)</u>	<u>(8,269,741)</u>
Nonoperating gains, net:		
Unrestricted gifts and bequests	7,351,257	5,094,560
Investment return, net	2,717,020	2,197,349
Other	102,156	39,881
	<u>10,170,433</u>	<u>7,331,790</u>
Total nonoperating gains, net		
Revenue, support, and gains in excess (deficient) of expenses and losses	1,712,497	(937,951)
Other changes in net assets without donor restrictions:		
Net assets released from restriction used for purchase of land, buildings, and equipment	925,065	1,246,480
	<u>925,065</u>	<u>1,246,480</u>
Increase in net assets without donor restrictions	\$ <u>2,637,562</u>	<u>308,529</u>

See accompanying notes to consolidated financial statements.

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Revenue, support and gains in (deficient) in excess of expenses and losses	\$ 1,712,497	(937,951)
Net assets released from restriction used for purchase of land, buildings, and equipment	<u>925,065</u>	<u>1,246,480</u>
Increase in net assets without donor restrictions	<u>2,637,562</u>	<u>308,529</u>
Net assets with donor restrictions:		
Contributions for specific purposes	1,322,875	844,167
Pledges made for specific purposes	349,625	4,279
Net assets released from restriction for operations	(557,511)	(178,733)
Net assets released from restriction used for purchase of land, buildings, and equipment	(925,065)	(1,246,480)
Contributions to be held in perpetuity	<u>10,900</u>	<u>16,425</u>
Decrease in net assets with donor restrictions	<u>200,824</u>	<u>(560,342)</u>
Change in net assets	2,838,386	(251,813)
Net assets at beginning of year	<u>56,313,895</u>	<u>56,565,708</u>
Net assets at end of year	<u>\$ 59,152,281</u>	<u>56,313,895</u>

See accompanying notes to consolidated financial statements.

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Consolidated Statements of Cash Flows
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities and gains:		
Change in net assets	\$ 2,838,386	(251,813)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,863,145	2,805,238
Change in net unrealized gains on trading securities	(1,806,663)	(1,162,833)
Realized gains on investments, net	(324,790)	(308,215)
Restricted contributions	(1,333,775)	(860,592)
Net assets released from restrictions and used for operations	557,511	178,733
Changes in assets and liabilities:		
Receivables	(852,713)	(90,957)
Pledges receivable	(201,688)	415,562
Inventories	(51,549)	(2,114)
Prepaid expenses	64,190	31,018
Agency-held cash – resident deposits	93,192	47,013
Accounts payable	(49,168)	113,643
Accrued liabilities	<u>(405,809)</u>	<u>459,171</u>
Net cash provided by operating activities	<u>1,390,269</u>	<u>1,373,854</u>
Cash flows from investing activities:		
Purchases of investments and assets limited or restricted as to use	(10,699,291)	(45,378,176)
Proceeds from sale or maturities of investments		
and assets limited or restricted as to use	16,238,403	48,672,487
Acquisition of land, buildings, and equipment	(4,839,456)	(10,926,712)
Change in construction payables	<u>(234,617)</u>	<u>(472,501)</u>
Net cash provided by (used in) investing activities	<u>465,039</u>	<u>(8,104,902)</u>
Cash flows from financing activities:		
Repayments of notes payable	(351,146)	(883,069)
Proceeds from draws on lines of credit	39,375,327	39,947,278
Payments on lines of credit	(41,655,982)	(33,469,066)
Net assets released from restrictions and used for operations	(557,511)	(178,733)
Restricted contributions	<u>1,333,775</u>	<u>860,592</u>
Net cash (used in) provided by financing activities	<u>(1,855,537)</u>	<u>6,277,002</u>
Net change in cash and cash equivalents	(229)	(454,046)
Cash and cash equivalents at beginning of year	<u>54,492</u>	<u>508,538</u>
Cash and cash equivalents at end of year	<u>\$ 54,263</u>	<u>54,492</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 336,696	191,968
Supplemental disclosure of noncash transactions:		
Unpaid payables of buildings, equipment, and construction	\$ —	279,180

See accompanying notes to consolidated financial statements.

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(1) Description of Organization and Summary of Significant Accounting Policies

Marklund Children's Home is a not-for-profit organization that provides residential, healthcare, educational, and training services to developmentally disabled infants, children, and young adults. The accompanying consolidated financial statements include the accounts of Marklund Children's Home and Marklund Charities (Charities) (collectively referred to as Marklund). Marklund Children's Home serves as the parent entity of Charities through the authority to approve board of directors' members and the holding of certain reserve powers. Charities is a not-for-profit private organization that provides fundraising activities of Marklund.

All significant intercompany balances and transactions have been eliminated in consolidation. A summary of the significant accounting policies of Marklund follows:

- The consolidated statements of operations and changes in net assets without donor restrictions include revenue, support, and gains in excess (deficient) of expenses and losses. Transactions deemed to be ongoing, major, or central to the provision of client services are reported as revenue and expenses. Transactions incidental to the provision of client services are reported as gains and losses. Changes in net assets without donor restriction that are excluded from revenue and support deficient of expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that, by donor restrictions, were to be used for the purpose of acquiring such assets), unrestricted gifts and bequests, investment return, and other.
- The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- These consolidated financial statements have been prepared to focus on Marklund as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances into two classes of net assets—without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:
 - *Without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and are resources available to support operations; this category includes board-designated funds functioning as endowment, which represents funds that have been appropriated by the board, the income from which is used in support of the purposes and mission of Marklund.
 - *With donor restrictions* – Net assets subject to donor-imposed restriction for use for a particular purpose; Marklund's unspent contributions are included in this class if the donor limited their use. Marklund's donor-restricted endowment funds, which must be maintained in perpetuity with the income from which used in support of the purposes and mission of Marklund, are included in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in a manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

assets without donor restrictions and are reported in the consolidated statements of operations and changes in net assets without donor restrictions as net assets released from restriction.

All revenue and net gains are reported as increases in net assets without donor restrictions in the consolidated statements of operations and changes in net assets without donor restriction unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets without donor restrictions, and net losses on endowment investments reduce that net asset class.

Unconditional promises to give cash and other assets are reported at fair value at the date the promises are received. Unrestricted contributions and bequests are reported as nonoperating gains. Conditional pledges are not recognized until the conditions on which they depend are substantially met. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Net assets released from restriction for operating purposes are included in other revenue. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

- Marklund applies the provisions of Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). Topic 606 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Topic 606 requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services.
- Resident service revenue performance obligations are satisfied and revenue is recognized over time as services are provided to residents. School services and community day services performance obligations are satisfied and revenue is recognized over time as services are provided to students. Revenue is disaggregated in accordance with ASC 606, *Revenue from Contracts with Customers*, on the consolidated statements of operations and changes in net assets without donor restrictions.
- Cash and cash equivalents include demand deposits and investments in highly liquid instruments with maturities of three months or less at date of purchase, excluding amounts included within assets whose use is limited or restricted. Cash equivalents held by investment managers are treated as an investing activity in the consolidated statements of cash flows.
- Marklund Children's Home and Charities are not-for-profit corporations, as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

ASC Topic 740, *Income Taxes*, addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Topic 740, Marklund must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Topic 740 also provides guidance on derecognition,

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

classification, interest and penalties on income taxes, and accounting in interim periods, and requires increased disclosures. As of June 30, 2024 and 2023, Marklund does not have a liability for unrecognized tax benefits.

- Assets whose use is limited or restricted include assets set aside by the board of directors for internal endowment development funding and the developmentally disabled children's fund over which the board of directors retains control and may, at its discretion, subsequently use for other purposes, and all donor-restricted investments.
- Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated.
- Investments in equity securities and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment return, including interest, dividends, realized gains and losses on investments, and change in unrealized gains and losses on trading securities, is reported as nonoperating gains to the extent not restricted by donors.
- Marklund capitalizes interest costs incurred on debt during the construction of major projects exceeding one year.
- Marklund applies the provisions of ASC Subtopic 820-10, *Fair Value Measurement – Overall*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Subtopic 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Marklund applies the provisions of ASC Subtopic 820-10 to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis.

Marklund also applies the provisions of ASC Subtopic 825-10, *Financial Instruments – Overall*. ASC Subtopic 825-10 gives Marklund the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. Marklund's management did not elect to measure any additional eligible financial assets or financial liabilities at fair value.

- In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND****Notes to Consolidated Financial Statements
June 30, 2024 and 2023**

lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

(2) COVID-19 Reporting

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. School services and community day services revenues were significantly impacted starting in mid-March 2020 as various policies were implemented by federal, state, and local governments in response to the COVID-19 pandemic that caused many people to remain at home and forced the closure of or limitations on certain businesses.

For the periods ended June 30, 2024 and 2023, Marklund received \$0 and \$292,575, respectively, in general distributions under the American Rescue Plan Act (ARPA). These funds were not subject to repayment, provided Marklund was able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received had been used for pandemic bonus pay to frontline employees in licensed ICF/DD facilities for the ARPA Act funds. Such payments were accounted for as government grants and are recognized on a systematic and rational basis as other income once there was reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on analysis of the compliance and reporting requirements of the ARPA Act and the impact of the pandemic on operating results through June 30, 2024 and 2023, Marklund recorded \$0 and \$292,575, respectively, as other revenue in the consolidated statements of operations and changes in net assets without donor restrictions.

(3) Charity Care

Marklund provides a comprehensive range of custodial care, educational, and developmental training services to severely disabled infants, children, and adults. Revenue sources funding such services include the Illinois Department of Human Services (DHS), Medicaid, local governments, school districts, and private payors. The cost of providing services to clients significantly exceeds the amount of revenue received as evidenced by the revenue and support deficient of expenses reported in the accompanying consolidated statements of operations and changes in net assets without donor restrictions.

In accordance with ASC Topic 954, *Health Care Entities*, Marklund accounts for charity care as the difference between the cost of caring for residents assisted by Medicaid and the amounts reimbursed for these residents as charity care. Since Marklund does not expect payment for charity care services, charges for charity care are not included in revenue. In addition, Marklund reports the cost of services provided to the community as charity care. Charity care attributable to Medicaid subsidies and community service activities for the years ended June 30, 2024 and 2023 approximated \$7,782,767 and \$6,948,787, respectively.

(4) Resident Service Revenue

Marklund has agreements with third-party payors that provide for reimbursement to Marklund at amounts different from its established rates. Resident service revenue is recorded based upon estimated net

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

reimbursable amounts. A summary of the basis of reimbursement with the major third-party payor is as follows:

Healthcare Family Services

Marklund participates as a provider of services to disabled children under a Healthcare Family Services (HFS) Medicaid program. Resident service revenue and community day services revenue under the HFS Medicaid program for the years ended June 30, 2024 and 2023 approximated \$28,471,417 and \$26,699,064, respectively. This revenue is based on all-inclusive per diem rates for basic care effective for a period of 12 months. The per diem rates are subject to retroactive adjustment. Funding from HFS may be subject to periodic adjustment as well as to changes in existing payment levels and rates based on the amount of funding available to HFS. Marklund has continued to experience payment delays in 2024 under the Medicaid program due to timing of funding available to HFS.

Marklund participates in the State of Illinois Hospital Assessment program. Pursuant to this program, providers within the State are required to remit payment to the State's Medicaid program under an assessment formula approved by the Centers for Medicare and Medicaid Services. Marklund has included its annual assessment of \$1,397,583 and \$1,311,344 as an operating expense in the accompanying 2024 and 2023 consolidated statements of operations and changes in net assets without donor restrictions, respectively.

(5) Concentration of Credit Risk

Marklund provides a comprehensive range of custodial care, educational, and developmental training services to severely disabled children and young adults. Marklund grants credit to these individuals and their families and generally does not require collateral or other security in extending credit to them; however, it routinely obtains assignment of (or is otherwise entitled to receive) these individuals' benefits payable under their programs, plans, or policies (e.g., Medicaid and DHS). The following table summarizes the composition of resident accounts receivable at June 30, 2024 and 2023 by funding source:

	<u>2024</u>	<u>2023</u>
Medicaid	98 %	99 %
DHS	2	—
Other	—	1
	<u>100 %</u>	<u>100 %</u>

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

A summary of Marklund's funding source utilization percentages based on resident service revenue for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Medicaid	95 %	95 %
DHS	5	5
	<u>100 %</u>	<u>100 %</u>

(6) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost or, if donated, at fair value at the date of donation, less accumulated depreciation and amortization. A summary of land, buildings, and equipment at June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 5,099,517	5,099,517
Land improvements	5,075,729	5,034,456
Buildings and improvements	48,596,328	41,032,142
Furniture and equipment	8,469,393	7,895,933
	<u>67,240,967</u>	<u>59,062,048</u>
Less accumulated depreciation	(35,566,007)	(32,852,229)
Construction in progress	4,956,276	8,445,107
	<u>\$ 36,631,236</u>	<u>34,654,926</u>

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Ranges of depreciable lives include land improvements, 2–10 years; building and improvements, 5–20 years; and furniture and equipment, 3–8 years. As of June 30, 2024, there were \$12,143,571 in outstanding contractual commitments related to various capital projects, which will be financed through operations, existing capital and lines of credit.

(7) Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on pledge amounts is computed using interest rates applicable to the years in which the promises are received, which is assumed to be 7% for 2024 and 6.75%

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

for 2023. Amortization of pledge discounts is included in net assets with donor restrictions. The following are pledges receivable as of June 30, 2024 and 2023:

	2024	2023
Pledges receivable before unamortized discount and allowance for uncollectible pledges	\$ 440,384	236,442
Less unamortized discount	49,308	53,291
Subtotal	391,076	183,151
Less allowance for uncollectible pledges	11,732	5,495
Net pledges receivable	\$ 379,344	177,656
	2024	2023
Amounts due in:		
Less than one year	\$ 235,191	147,653
One to five years	144,153	30,003
Total	\$ 379,344	177,656

(8) Assets Whose Use is Limited or Restricted, Pledges Receivable, and Investments

Marklund reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. Fair value is determined primarily on the basis of quoted market prices. A summary of the composition of Marklund's investment portfolio, all of which is reported as assets whose use is limited or restricted, pledges receivable, and investments in the accompanying consolidated balance sheets, at June 30, 2024 and 2023 are as follows:

	2024	2023
Cash and cash equivalents	\$ 2,767,244	3,530,205
Pledges receivable	379,344	177,656
Equity securities	16,296,997	14,204,116
Fixed-income mutual funds	6,016,401	5,588,515
Government bonds	—	5,165,465
	\$ 25,459,986	28,665,957

**MARKLUND CHILDREN'S HOME
D/B/A MARKLUND**

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The composition of investment return on Marklund's investment portfolio for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Interest and dividend income	\$ 662,841	819,760
Net realized gains on sale of investments	324,790	308,215
Change in net unrealized gains on trading securities	1,806,663	1,162,833
Investment and management fees	(77,274)	(93,459)
Investment return, net	\$ 2,717,020	2,197,349

(9) Fair Value Measurement

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by Marklund in estimating the fair value of its financial instruments:

- The carrying amount reported in the consolidated balancesheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, receivables, accounts payable, and accrued liabilities.
- Fair values of investments held as assets whose use is limited or restricted are estimated based on prices provided by its investment managers and its custodian bank, except for the carrying value of pledges receivable, which approximates fair value. Fair value for equity securities and mutual funds, and fixed-income mutual funds are measured using quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

(b) Fair Value Hierarchy

Marklund follows ASC Subtopic 820-10 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Marklund has the ability to access at the measurement date.
- Level 2 inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The following table presents Marklund's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2024:

	Fair value	Fair value measurements at June 30 using		
		Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	\$ 54,263	54,263	—	—
Assets whose use is limited or restricted, excluding pledges receivable of \$379,344:				
Cash equivalents	\$ 2,767,244	2,767,244	—	—
Equity mutual funds	16,296,997	16,296,997	—	—
Fixed-income mutual funds	6,016,401	6,016,401	—	—
	<u>\$ 25,080,642</u>	<u>25,080,642</u>	<u>—</u>	<u>—</u>

The following table presents Marklund's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2023:

	Fair value	Fair value measurements at June 30 using		
		Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	\$ 54,492	54,492	—	—
Assets whose use is limited or restricted, excluding pledges receivable of \$177,656:				
Cash equivalents	\$ 3,530,205	3,530,205	—	—
Equity mutual funds	14,204,116	14,204,116	—	—
Fixed-income mutual funds	5,588,515	5,588,515	—	—
Government bonds	5,165,465	—	5,165,465	—
	<u>\$ 28,488,301</u>	<u>23,322,836</u>	<u>5,165,465</u>	<u>—</u>

(c) Transfers between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Marklund evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2024 and 2023, there were no transfers into or out of Level 1, 2, or 3.

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

(10) Notes Payable

Marklund had outstanding notes payable at June 30, 2024 consisting of the following:

	2024	2023
Construction loan payable, issued August 20, 2019, bearing interest at a rate of 2.50% at June 30, 2024 and 2023, respectively, with interest paid monthly	\$ 1,318,605	1,669,751
Total notes payable	1,318,605	1,669,751
Less current maturities of notes payable	(383,069)	(383,069)
Notes payable, net of current portion	\$ 935,536	1,286,682

On August 20, 2019, Marklund entered into a \$9,000,000 construction loan with St. Charles Bank and Trust Company (the Bank) to fund the building of a school to meet the needs of children with multiple medical needs and those with autism spectrum disorders. Interest under the loan is payable based on the monthly LIBOR rate plus 1.50% for year 1 of the loan. For years 2 through 8, interest is based on a fixed rate established on the first anniversary date of the loan at the current LIBOR 7-year swap rate plus 200 basis points per year to fix the rate of interest payable. With the discontinuation of LIBOR, the loan was converted to WSJ Prime Rate minus 1.5% on August 20, 2021 (fixed at 2.5%) applicable through year 8. For years 9 and 10, interest is based on the WSJ Prime Rate minus 1.5% with an index floor of 3.25%. Principal and interest payments are payable monthly, with monthly principal payments beginning on after the first anniversary date of the loan through the original loan maturity date of August 20, 2029.

Marklund's loan agreement was subject to quarterly minimum debt service and other financial covenants. As of December 31, 2023, March 31, 2024, and June 30, 2024, the Company was not in compliance with the required minimum debt service coverage ratio and also exceeded other financial covenants due to extended collection periods of outstanding resident accounts receivable from the State of Illinois. Due to these violations, the bank would be contractually entitled to require immediate repayment of the outstanding loan amounts of \$1,318,605 and the outstanding line of credit balance of \$4,197,557. However, on August 20, 2024, Marklund and the bank entered into an amendment to the loan agreement waiving the covenant violations as of December 31, 2023, March 31, 2024, and June 30, 2024. Marklund was in compliance with the required minimum debt service coverage ratio and other financial covenants as of September 30, 2024.

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

At June 30, 2024, scheduled principal repayments on the notes payable were as follows:

	Amount
Fiscal year ending:	
2025	\$ 383,069
2026	383,069
2027	383,069
2028	169,398
Total	\$ 1,318,605

(11) Employee Retirement Plans

Marklund also sponsors an employee retirement savings plan (the Plan) that covers substantially all employees. Other significant provisions of the Plan are as follows:

- *Contributions* – The Plan is a defined-contribution plan. Employer contributions to the Plan in 2024 and 2023 were 100% of each dollar the participant contributes, up to a maximum of 5% of eligible compensation for 2024 and 2023. Employer-matching contributions to the Plan were \$824,629 and \$838,215 in 2024 and 2023, respectively.
- *Eligibility* – All employees are eligible to participate in the Plan. Employees are eligible to receive matching contributions at the start of the first quarter following the date of hire.
- *Vesting* – Participants are vested immediately in their contributions and are 100% vested in the employer contributions at their two-year anniversary.

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

(12) Net Assets

Net assets at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Net assets:		
Without donor restrictions:		
Designated by the board:		
Developmentally disabled children fund	\$ 1,000,000	1,000,000
Board-restricted endowment	3,216,515	3,216,515
Unrestricted endowment income and realized gains	11,925,367	9,269,844
Undesignated	34,431,042	34,449,003
Total net assets without donor restrictions	50,572,924	47,935,362
With donor restrictions		
Donor-restricted endowments	7,774,569	7,763,669
Purpose restricted – capital campaign	376,904	151,371
Purpose restricted – restricted programs	427,884	463,493
Total net assets with donor restrictions	8,579,357	8,378,533
Total net assets	\$ 59,152,281	56,313,895

Net assets were released from donor restrictions by incurring expenses satisfying the donor-restricted purposes, as follows:

	2024	2023
Capital campaign	\$ 689,395	460,531
Restricted programs	793,181	964,682
	\$ 1,482,576	1,425,213

(13) Endowments

Marklund's endowment consists of funds established for a variety of purposes including donor-restricted endowment funds and funds designated by the board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The income on the endowment funds is expendable to support operations of Marklund facilities, as designated by the board, and is recorded through net assets without donor restrictions.

The "Uniform Prudent Management of Institutional Funds Act" (UPMIFA), which was enacted in the state of Illinois in 2009, does not preclude Marklund from spending below the original gift value of donor-restricted endowment funds.

For accounting and reporting purposes, Marklund classifies as net assets with donor restrictions, the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) changes to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation (depreciation) on donor-restricted endowment funds, which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

To make a determination to expend or accumulate donor-restricted endowment funds, Marklund considers a number of factors, including the duration and preservation of the fund, purposes of the donor-restricted fund, general economic conditions, the possible effects of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of Marklund, and the investment policies of Marklund.

(a) 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 UPMIFA requires Marklund to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. Subsequent gains restore the fair value of the assets of the endowment fund to the required level. There were no deficiencies as of June 30, 2024 or 2023.

(b) Return Objectives and Risk Parameters

Marklund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to 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 organizations must hold in perpetuity. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark composed of the major indices related to the investment allocation being targeted for the portfolio.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Marklund 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). Marklund targets a diversified asset allocation that places emphasis on investments in equities, international equities, and mutual funds to achieve its long-term return objectives within prudent risk constraints. Major investment decisions are authorized by the Finance Committee, which oversees the investment program in accordance with established guidelines.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

Marklund has a policy of spending based on the amount of capital gains, interest, and dividends reinvested in the endowment assets. The spending rate (the annual amount withdrawn from the endowment assets to support the operating budget) is determined by the board based on the investment return expected, but not to exceed 5% of the average fair value of the endowment funds' average fair value over the prior three years through June 30 preceding the fiscal year in which the distribution is planned. In establishing these policies, Marklund considered the expected return on its

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Notes to Consolidated Financial Statements
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endowment. Accordingly, Marklund expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

During 2024, Marklund had the following activities related to endowment net assets:

	<u>Board- designated income</u>	<u>Donor-restricted endowment funds</u>	<u>Total</u>
Endowment net assets, July 1, 2023	\$ 12,486,359	7,763,669	20,250,028
Investment return	2,655,523	—	2,655,523
Contributions	—	10,900	10,900
Endowment net assets, June 30, 2024	<u>\$ 15,141,882</u>	<u>7,774,569</u>	<u>22,916,451</u>

During 2023, Marklund had the following activities related to endowment net assets:

	<u>Board- designated income</u>	<u>Donor-restricted endowment funds</u>	<u>Total</u>
Endowment net assets, July 1, 2022	\$ 10,441,106	7,747,244	18,188,350
Investment return	1,991,545	—	1,991,545
Contributions	53,708	16,425	70,133
Endowment net assets, June 30, 2023	<u>\$ 12,486,359</u>	<u>7,763,669</u>	<u>20,250,028</u>

(14) Commitments and Contingencies

(a) Litigation

Marklund is involved in litigation arising in the normal course of business. In consultation with legal counsel, management anticipates that these matters will be resolved without material adverse effect on Marklund's financial position or results of operations.

(b) Line of Credit

Marklund maintains a credit facility agreement with St. Charles Bank and Trust Company (the Bank). The agreement extends a line of credit to Marklund in the principal sum not to exceed \$10,000,000, with a maturity date of November 30, 2024, in support of working capital requirements and was secured by Marklund's unrestricted receivables and real and personal property. Interest on the unpaid balance is paid monthly based on a variable rate determined as the PRIME rate for the monthly period minus 1.5% with a floor of 3.25%. At June 30, 2024 and 2023, \$1,924,906 and \$6,478,212, respectively, was outstanding on the line of credit.

Marklund maintains a second credit facility agreement with the Bank. The agreement extends a line of credit to Marklund in the principal sum not to exceed \$4,000,000, with a maturity date of October 10,

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2028, in support of the on-going construction project at Marklund Wasmond Center and is secured by pledges toward that construction project as well as Marklund's unrestricted receivables and real and personal property. Interest on the unpaid balance is paid monthly based on a variable rate determined as the Term SOFR plus 1.65%. At June 30, 2024 \$2,272,651, was outstanding on the line of credit.

(c) Investment Risk and Uncertainties

Marklund invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

(15) Functional Expenses

Marklund provides services to its residents as well as individuals within its geographic location. The primary program activities of Marklund are residential and day programs. Natural expenses related to more than one functional expense category are allocated using a variety of methods, such as square footage, historic staff time, and actual usage. Expenses related to providing these services for the years ended June 30, 2024 and 2023 are as follows:

	Program activities			Supporting activities			Total
	Residential	Non residential	Total program activities	General and administrative	Fundraising	Total supporting activities	
Salaries and wages	\$ 12,611,222	9,280,053	21,891,275	2,284,754	980,710	3,265,464	25,156,739
Employee benefits	2,819,861	2,085,733	4,905,594	803,533	218,730	1,022,263	5,927,857
Consulting	4,938,707	240,042	5,178,749	—	—	—	5,178,749
Medical supplies	1,235,601	61,005	1,296,606	50	—	50	1,296,656
Food and dietary	649,098	18,323	667,421	1,281	—	1,281	668,702
Rent, utilities, and occupancy	632,250	623,874	1,256,124	75,415	28,677	104,092	1,360,216
Depreciation	988,277	1,509,160	2,497,437	365,708	—	365,708	2,863,145
Illinois Medicaid program assessment	1,397,583	—	1,397,583	—	—	—	1,397,583
Other	675,423	653,212	1,328,635	1,187,824	318,391	1,506,215	2,834,850
Total 2024 expenses	\$ 25,948,022	14,471,402	40,419,424	4,718,565	1,546,508	6,265,073	46,684,497

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

	Program activities			Supporting activities			Total
	Residential	Non residential	Total program activities	General and administrative	Fundraising	Total supporting activities	
Salaries and wages	\$ 11,851,698	7,731,784	19,583,482	2,138,560	899,638	3,038,198	22,621,680
Employee benefits	2,900,248	1,964,779	4,865,027	767,402	215,266	982,668	5,847,695
Consulting	5,196,638	94,374	5,291,012	—	—	—	5,291,012
Medical supplies	1,162,854	75,307	1,238,161	476	—	476	1,238,637
Food and dietary	637,627	8,675	646,302	753	—	753	647,055
Rent, utilities, and occupancy	585,816	503,517	1,089,333	67,555	29,551	97,106	1,186,439
Depreciation	1,103,563	1,428,738	2,532,301	272,937	—	272,937	2,805,238
Illinois Medicaid program assessment	1,311,344	—	1,311,344	—	—	—	1,311,344
Other	720,002	452,294	1,172,296	899,680	245,727	1,145,407	2,317,703
Total 2023 expenses	\$ 25,469,790	12,259,468	37,729,258	4,147,363	1,390,182	5,537,545	43,266,803

(16) Financial Assets and Liquidity Resources

As of June 30, 2024 and 2023, financial and liquidity resources available within one year for operating expenses, line of credit repayments, and construction costs not financed with debt were as follows:

	2024	2023
Cash and cash equivalents	\$ 54,263	54,492
Receivables	7,139,600	6,286,887
Pledges receivable – current	235,191	147,653
Assets whose use is limited or restricted	25,080,642	23,281,829
Investments	—	5,206,472
Less donor-restricted net assets	(8,579,357)	(8,378,533)
Less board-restricted endowment	(3,216,515)	(3,216,515)
Less board-designated developmentally disabled children's fund	(1,000,000)	(1,000,000)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 19,713,824	22,382,285

Marklund's cash flows fluctuate periodically based on the timing of receipts from the State of Illinois. To accommodate this, Marklund maintains a line of credit of \$10,000,000 (note 14), with \$5,802,443 undrawn at June 30, 2024.

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(17) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with ASC Topic 855, *Subsequent Events*, Marklund evaluated subsequent events after the consolidated balance sheet date of June 30, 2024 through October 31, 2024, which was the date the consolidated financial statements were available to be issued, noting no other subsequent events requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements other than disclosed in Note 10.

MARKLUND
MINUTES OF THE FINANCE COMMITTEE MEETING
Thursday, June 6, 2024 5:30 P.M.
Marklund Hyde Center
Geneva, IL

CALL TO ORDER

Jerry Finis called the meeting to order at 5:30 p.m.

PRESENT

Carol Donahue, Jerry Finis, Yaneth Medina, Frank Murnane Jr.

ZOOM

Tim Adkins, Gerry Estes, Mike Herlihy

ABSENT

Dan Foley

STAFF

Kudus Badmus, Gil Fonger, Mary Kobbeman

CERITY PARTNERS-ENDOWMENT REPORT

Patrick Fischbach presented the Marklund Endowment portfolio performance update for the quarter ended 12/31/23 with YTD 03/31/24. He also reviewed the Asset Allocation and Investment Strategy with the committee members who all were pleased with the overall performance of the portfolio.

PREVIOUS MINUTES

Jerry F. asked for a motion to approve the minutes of April 4, 2024. Frank M. motioned, Yaneth M. seconded, and the minutes were approved. Jerry F. asked for a motion to approve the minutes of May 23, 2024. Yaneth M. motioned, Carol D. seconded, and the minutes were approved.

FINANCIAL STATEMENTS

Kudus B. reviewed the May Financial Statements stating that YTD, overall Revenue was under budget by \$2.4M. He said Residential services were under budget by \$776K, while the CDS was under budget by \$260K. Once CMS approves the \$2.5/hour rate increase methodology, management calculates that approximately \$1.1M will be added to the YTD revenue. He explained that this will more than cover the shortfalls in both programs (Residential & CDS). Kudus B also indicated that the suspension of programming at NEC and some unexpected teachers' resignations were responsible for the unfavorable variance of \$1.5M for MDS. The school had since instituted an annual contract system for all teachers including incentive bonuses for those that stay their entire contract period.

Kudus B. continued by saying that Salaries and Employee Benefits were under favorable by \$405K. He mentioned that the 16-week retention program has been yielding favorable results as reflected in the YTD favorable variance of approximately \$300K in the Agency (Nurses & Aides) line item. Nonetheless, Kudus B. expressed continued difficulty in filling the nursing positions.

Frank M. inquired about how the organization recruits teachers. Kudus B responded that some come straight out of college and others transfer from the school districts, especially now that our compensation package for teachers is very competitive. Yaneth M. asked whether we partner with Northern Illinois University and Gil F. responded that Marklund currently partners with NLU and ISU and is constantly exploring other avenues.

Kudus B. also discussed that this fiscal year, we have transferred \$2.3M in donations for the MWC construction; additionally, 99% of the Capital Campaign pledges for the FEC construction have been deemed collectible. Gil F. added that in the fundraising world that is well above the efficient pledge fulfillment percentage of 80%.

Kudus B. further mentioned that YTD activities of Marklund Charities are favorable to budget by \$3M as a result of \$2.3M in unanticipated donations. He concluded that overall, Development exceeded expectations during FY 2024.

ADJOURNMENT

With no further business, Jerry F. called for a motion to adjourn. Frank M. motioned, Yaneth M. seconded, and the meeting was adjourned at 6:38 p.m.

MARKLUND
SEPTEMBER 2024
FINANCIAL STATEMENTS

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DATE: October 21, 2024
TO: Board of Directors, Marklund
FROM: Kudus O. Badmus, Chief Financial Officer *KB*
SUBJECT: Summary Comments – September, 2024 Financial Statements

BALANCE SHEET

Overall, Cash and Cash Equivalents increased by \$88K or 15% from last month mainly as a result of a decrease in Accounts Receivable of \$1.1M offset by a decrease in Total Current Liabilities of \$656K.

INCOME STATEMENT

YTD operating results noted a Cash loss of \$1M; favorable to budget by \$427K or 29%.

The following scope of explanation includes line items that have a 10% YTD variance from budget. Other line items are listed at the discretion of management.

**YTD
Operating Revenues**

Operating Revenues for the first quarter of the fiscal year, consisting of Residential Services, School Tuition, Community Day Services and Other are favorable to budget by \$136K or 1%.

Residential Services:

YTD, this line item is favorable to budget by \$238K or 4% due mainly to the unbudgeted tier rate increase of \$285K, offset by a revenue loss of \$44K due to increased hospitalization. While MPC and the 16-beds operated at full census during the month, the 4 open beds at MWC have been offered to prospective residents with two of the admissions occurring in November.

School Tuition:

YTD, this line item is unfavorable to budget by \$113K or 6% primarily the result of unfavorable student enrollment of 6 students, stemming from a delay in the license issuance for the Nathan Education Center. The first admission to this program occurred six weeks after the start of the school year. Now that the school is in full swing, we anticipate that the relationship we have developed with the Elgin School District U-46, as well as the hiring of experienced teaching staff, will make the school very successful.

Community Day Services:

While the YTD results in this line item are in line with budget with slight favorable variance of \$13K or less than 1%.

YTD
Operating Expenses

Salaries:

YTD, Salaries are favorable to budget by \$44K or less than 1%. Net open positions across the organization were 67 FTEs of which 11 relate to Nurses and 24 relate to PSPs. We are currently covering most of these open positions through overtime, shift pickup premiums and agency staff.

Consulting-Nurses & Aides:

The YTD spend of \$828K in this line item is favorable to budget by \$165K or 17% reflecting the continued success of the retention initiative we embarked upon last fiscal year. By comparison, in the first quarter of FY 2024, we recorded \$1.2M in Agency expenses. Management continues to monitor the Retention Strategy Sustainability Plan report submitted weekly by all sites to Human Resources. For a complete staffing picture, please view Salaries, Payroll Taxes, Other Benefits and Consulting together. Overall, these 4 line items combined, have resulted in a YTD favorable variance of \$223K.

Housekeeping:

The YTD favorable variance of \$18K or 22% relates to timing of expenses and reduced dependency on agency staff to fill open positions in our Laundry department.

Interest:

The YTD favorable variance of \$14K or 23% is a result of the state paying over \$1.8M stemming from very old receivables relating to the rate increase.

Marklund Balance Sheet Fiscal Year 2025

	September	August	September	August
Current Assets				
Cash	\$ 4,212	\$ 155	\$ 597,599	\$ 450,051
Cash Equivalents	52,812	52,807	2,156,551	1,938,343
Resident Funds	617,620	533,405	1,106	533
Inventory	183,397	183,397	3,208,919	3,368,506
Accounts Receivable Residential	4,456,699	6,082,545	1,660,366	2,522,805
Accounts Receivable Day School	1,481,473	965,985	383,069	383,069
Accounts Receivable Misc.	136	68		
Due From Marklund Charities	108,090	98,284		
Prepaid Assets	471,594	445,271		
Total Current Assets	\$ 7,376,033	\$ 8,361,917	\$ 8,007,610	\$ 8,663,307
Other Assets				
Investments	\$ 0	\$ 0	\$ 3,653,437	\$ 2,071,529
Total Investments	\$ 0	\$ 0	\$ 3,653,437	\$ 2,071,529
Property, Plant & Equipment				
Land	\$ 4,939,992	\$ 4,939,992	\$ 33,745,681	\$ 33,745,681
Land Improvements	5,075,729	5,075,729	(1,751,474)	(1,370,965)
Leasehold Improvements	0	0	0	0
Construction in Progress (CIP)	8,886,491	7,087,677	276,065	247,265
Buildings / Building Improvements	48,620,125	48,598,699	104,779	100,837
Furniture and Equipment	7,327,803	7,315,632	991	991
Vehicles	1,192,191	1,192,191	1,988	1,988
Total Property, Plant & Equipment	\$ 76,042,331	\$ 74,209,920	\$ 47,379	\$ 35,929
Less: Accumulated Depreciation	36,282,041	36,043,302	718	677
Net Property, Plant & Equipment	\$ 39,760,290	\$ 38,166,618	\$ 46,661	\$ 35,252
Total Unrestricted Assets	\$ 47,136,323	\$ 46,528,535	\$ 32,455,222	\$ 32,773,645
Total Unrestricted Liabilities & Fund Balance	\$ 47,136,323	\$ 46,528,535	\$ 47,136,323	\$ 46,528,535

Marklund Income Statement For the Month of September 2024

	Current Month			Year to Date			FY2024
	Actual	Budget	Variance	Actual	Budget	Variance	Actual September 2023
Revenues							
Residential Services	\$ 2,197,523	\$ 2,080,563	\$ 116,970	\$ 6,622,264	\$ 6,384,749	\$ 237,515	\$ 6,029,310
School (Multi Needs & Life Skills)	821,469	880,379	(58,910)	1,738,524	1,851,044	(112,520)	1,297,784
Community Day Services	505,308	504,481	827	1,511,898	1,498,831	13,067	1,300,273
Other Operating	4,571	10,693	(6,122)	29,933	32,079	(2,146)	9,535
Total Operating Revenue	\$ 3,528,871	\$ 3,476,106	\$ 52,765	\$ 9,902,619	\$ 9,766,703	\$ 135,916	\$ 8,636,902
Expenses							
Salaries	\$ 2,221,180	\$ 2,258,332	\$ (37,152)	\$ 6,730,705	\$ 6,774,996	\$ (44,291)	\$ 5,860,996
Payroll Taxes	156,474	173,239	(16,765)	504,651	519,717	(15,066)	414,278
Other Benefits	309,974	302,319	7,655	908,796	906,957	1,840	992,361
Employee Expenses	21,804	60,443	(38,639)	87,267	142,327	(55,060)	120,061
Consulting	44,655	30,274	14,381	100,709	86,821	13,888	110,558
Consulting - Nurses & Aides	328,879	331,076	(2,197)	828,235	993,228	(164,993)	1,229,077
Medical	103,774	106,829	(3,055)	360,427	320,487	39,940	304,036
Dietary & Support	60,938	56,467	4,471	174,242	169,402	4,840	169,894
Housekeeping	23,728	27,824	(4,096)	65,465	83,471	(18,006)	85,491
Occupancy	280,190	298,358	(18,168)	849,976	906,434	(56,458)	823,443
Equipment	125,907	125,606	301	365,495	382,218	(16,723)	344,864
Vehicles	17,363	16,784	579	51,326	50,351	975	44,503
Administrative (Including Insurance, Legal/Audit, Advertising, etc.)	64,349	73,429	(9,080)	209,666	220,288	(10,622)	211,401
Provider Taxes	127,785	121,211	6,574	369,228	363,634	5,594	349,395
Interest Expense	15,305	20,417	(9,138)	46,912	61,250	(14,338)	67,734
Client/Student	15,305	14,257	1,048	34,848	42,770	(7,922)	50,463
Total Operating Expenses	\$ 3,913,584	\$ 4,016,865	\$ (103,281)	\$ 11,687,948	\$ 12,024,351	\$ (336,402)	\$ 11,178,555
Operating Income	\$ (384,713)	\$ (540,759)	\$ 156,046	\$ (1,785,329)	\$ (2,257,648)	\$ 472,318	\$ (2,541,653)
Non-Operating Income							
Interest Income	\$ 4	\$ 4	\$ (0)	\$ 14	\$ 13	\$ 1	\$ 13
Miscellaneous Income	4,201	4,715	(514)	33,841	14,144	19,697	14,835
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0
Gain (Loss) on Investments	0	0	0	0	0	0	12,286
Unrestricted Gifts & Grants	0	0	0	0	0	0	0
Total Non-Operating Income	\$ 4,205	\$ 4,719	\$ (514)	\$ 33,855	\$ 14,157	\$ 19,698	\$ 27,134
Net Income (Loss)	\$ (380,508)	\$ (536,040)	\$ 155,532	\$ (1,751,474)	\$ (2,243,491)	\$ 492,016	\$ (2,514,519)
add back: Depreciation	\$ 238,740	\$ 260,463	\$ (21,723)	\$ 716,034	\$ 781,390	\$ (65,356)	\$ 696,608
add back: Bad Debt Allowance	0	0	0	0	0	0	0
add back: Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0
Net Income (Loss)	\$ (141,768)	\$ (275,577)	\$ 133,809	\$ (1,035,440)	\$ (1,462,101)	\$ 426,660	\$ (1,817,911)
<i>(Excluding Depreciation, Bad Debt Allowance & Gain (Loss) on Sale)</i>							
Fiscal Year 2024 Transfers In	\$ 44,750			\$ 105,160			

Marklund
Divisional Census
Fiscal Year 2025
For Month Ending September 30, 2024

		licensed beds										Bridge Builders			
		Fee Source										Community Day Services			
		21	61	16	16	16	16	16	16	16	16	16	16	16	16
		MPC	MWC	MHH	MVH	MTH	MSH	MDH	MRH	Day School	Day School	Day School	Day School	Day School	Day School
CENSUS DAILY RATE	IDHS (ICF/DD)			16	15.9	16	14.9	16	15.9						
				\$363.08	\$357.69	\$363.08	\$368.70	\$360.31	\$358.72						
AVERAGE DAILY RATE	IDHS (MC/DD)	20.8	58.3												
		\$569.32	\$452.71												
CENSUS MONTHLY RATE	IDHS														
CENSUS CLIENT DAYS HOURLY RATE	DHS - Program 31U														
CENSUS DAILY RATE	private pay (residential)		1				1								
			\$369.63				\$369.63								
CENSUS MONTHLY RATE	private pay (residential)														
CENSUS MONTHLY RATE	full-time-time private pay (community)														
CENSUS CLIENT DAYS DAILY RATE	part-time private pay (community)														
AVERAGE MONTHLY RATE	private pay (community)														
Full Time Student DAILY RATE	School District									79	\$517.95				
Actual Census Based on Billable Days		20.8	58.3	16	15.9	16	15.9	16	15.9	79	164	9.1			
Budgeted Census		20.2	58	15.8	15.7	15.7	15.8	15.7	15.8	85	165.3	10			

Days
 Residential 30
 Community Day Services 19
 Day School 20

Marklund
Income Statement by Program
Year to Date September 30, 2024

	Phillip Center			Wasmond Center			Mill Creek 16 bed Homes		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Revenues									
Residential Services	\$ 1,091,985	\$ 971,723	\$ 120,262	\$ 2,373,549	\$ 2,263,043	\$ 110,506	\$ 3,156,729	\$ 3,149,983	\$ 6,746
School (Multi Needs & Life Skills)	0	0	0	0	0	0	0	0	0
Community Day Services	0	0	0	0	0	0	0	0	0
Other Operating	8,784	1,750	7,034	1,557	7,841	(6,284)	6,795	12,000	(5,205)
Total Operating Revenue	\$ 1,100,769	\$ 973,473	\$ 127,296	\$ 2,375,106	\$ 2,270,884	\$ 104,222	\$ 3,163,524	\$ 3,161,983	\$ 1,541
Expenses									
Salaries	\$ 629,392	\$ 542,613	\$ 86,779	\$ 1,285,534	\$ 1,127,624	\$ 157,910	\$ 1,662,373	\$ 1,625,621	\$ 36,752
Payroll Taxes	44,624	41,553	3,071	99,039	86,392	6,647	118,330	124,618	(6,288)
Other Benefits	87,013	72,514	14,499	174,306	150,763	23,543	226,378	217,471	8,907
Employee Expense	3,838	5,252	(1,414)	16,663	13,402	3,261	12,470	15,150	(2,680)
Consulting	8,752	9,234	(482)	69,927	61,185	8,742	9,045	13,651	(4,606)
Consulting - Nurses & Aides	90,626	187,530	(96,904)	211,458	323,989	(112,531)	450,519	443,255	7,264
Medical	83,930	63,425	20,505	162,270	142,000	20,270	90,777	95,925	(5,148)
Dietary & Support	21,473	20,725	748	47,247	49,010	(1,763)	98,472	94,734	3,738
Housekeeping	6,829	7,185	(356)	8,875	11,365	(2,490)	7,799	17,734	(9,935)
Occupancy	59,831	65,222	(5,391)	77,572	143,284	(65,712)	130,098	150,764	(20,666)
Equipment	25,618	20,959	4,659	53,629	57,883	(4,254)	73,485	67,901	5,584
Vehicles	0	0	0	0	0	0	0	0	0
Administrative (not including salaries)	7,710	6,884	826	18,944	18,415	529	29,869	24,316	5,553
Provider Taxes	58,040	56,466	1,574	132,368	128,219	4,149	178,820	178,949	(129)
Interest Expense	0	0	0	0	0	0	0	0	0
Client/Student	1,985	2,500	(515)	5,217	4,300	917	5,600	8,750	(3,150)
Total Operating Expense	\$ 1,129,661	\$ 1,102,062	\$ 27,599	\$ 2,357,049	\$ 2,317,831	\$ 39,218	\$ 3,094,035	\$ 3,078,839	\$ 15,196
Operating Income (Loss)	\$ (28,892)	\$ (128,589)	\$ 99,697	\$ 18,057	\$ (46,947)	\$ 65,004	\$ 69,489	\$ 83,144	\$ (13,655)
Allocation of Administration 10%	\$ 112,966	\$ 110,206	\$ 2,760	\$ 235,705	\$ 231,783	\$ 3,922	\$ 309,403	\$ 307,884	\$ 1,519
Allocation of Transportation	5,869	5,593	276	17,048	16,248	800	26,828	25,570	1,258
Allocation of Help Wanted	3,135	3,233	(988)	6,404	7,322	(918)	8,282	10,555	(2,273)
Total Allocated Expenses	\$ 121,970	\$ 119,322	\$ 2,648	\$ 259,157	\$ 255,353	\$ 3,804	\$ 344,513	\$ 344,009	\$ 504
Income (Loss) Before Non-Operating Income	\$ (150,862)	\$ (247,911)	\$ 97,049	\$ (241,100)	\$ (302,300)	\$ 61,200	\$ (275,024)	\$ (260,865)	\$ (14,159)
Non-Operating Income									
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Income	0	0	0	0	0	0	0	0	0
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Gain (Loss) on Investments	0	0	0	0	0	0	0	0	0
Unrestricted Gifts & Grants	0	0	0	0	0	0	0	0	0
Total Non-Operating Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Income (Loss)	\$ (150,862)	\$ (247,911)	\$ 97,049	\$ (241,100)	\$ (302,300)	\$ 61,200	\$ (275,024)	\$ (260,865)	\$ (14,159)
add back: Depreciation	\$ 44,436	\$ 48,884	\$ (4,448)	\$ 69,511	\$ 144,582	\$ (75,071)	\$ 79,654	\$ 99,032	\$ (19,378)
add back: Bad Debt Allowance	0	0	0	0	0	0	0	0	0
add back: Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Net Income (Loss)	\$ (106,426)	\$ (199,027)	\$ 92,601	\$ (171,589)	\$ (157,718)	\$ (13,871)	\$ (195,370)	\$ (161,833)	\$ (39,537)
<i>(Excluding Depreciation, Bad Debt Allowance & Gain (Loss) on Sale)</i>									
FY2024 YTD Net Income (Loss)	\$ (154,761)	\$ (104,126)	\$ (50,635)	\$ (181,193)	\$ (65,745)	\$ (115,448)	\$ (397,119)	\$ (440,858)	\$ 43,739
<i>(Excluding Depreciation, Bad Debt Allowance & Gain (Loss) on Sale)</i>									
Fiscal Year 2024 Transfers In	\$ 0	\$ 40,618	\$ 0	\$ 40,618	\$ 0	\$ 23,907	\$ 0	\$ 23,907	\$ 0

**Marklund
Income Statement by Program
Year to Date September 30, 2024**

	Community Day Services MPC			Community Day Services MWC			Community Day Services MHC		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Revenues									
Residential Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
School (Multi Needs & Life Skills)	0	0	0	0	0	0	0	0	0
Community Day Services	99,308	96,522	2,786	429,081	422,611	6,460	928,899	920,288	8,611
Other Operating	0	0	0	2,036	588	1,448	2,525	1,411	1,114
Total Operating Revenue	\$ 99,308	\$ 96,522	\$ 2,786	\$ 433,117	\$ 423,209	\$ 7,908	\$ 931,424	\$ 921,699	\$ 9,725
Expenses									
Salaries	\$ 49,736	\$ 69,226	\$ (19,490)	\$ 249,973	\$ 287,579	\$ (37,606)	\$ 513,621	\$ 530,081	\$ (16,460)
Payroll Taxes	3,517	5,296	(1,779)	16,206	22,051	(5,845)	36,089	40,660	(4,571)
Other Benefits	6,637	9,242	(2,605)	34,014	38,480	(4,467)	69,333	70,956	(1,623)
Employee Expense	832	2,189	(1,357)	2,287	4,969	(2,682)	4,124	9,178	(5,054)
Consulting	0	0	0	0	0	0	0	0	0
Consulting - Nurses & Aides	0	0	0	0	0	0	59,844	28,454	31,390
Medical	196	375	(179)	1,074	1,750	(676)	14,537	10,125	4,412
Dietary & Support	0	13	(13)	1,584	1,120	464	2,286	1,300	986
Housekeeping	1,110	3,573	(2,463)	3,941	4,365	(424)	3,329	7,178	(3,849)
Occupancy	4,769	5,796	(1,027)	46,472	50,437	(3,965)	105,696	98,962	6,734
Equipment	2,689	2,007	682	10,087	11,038	(951)	17,422	18,289	(867)
Vehicles	0	0	0	0	0	0	0	0	0
Administrative (not including salaries)	1,251	1,412	(161)	5,232	5,600	(368)	13,753	14,439	(686)
Provider Taxes	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0
Client/Student	327	687	(360)	1,423	1,937	(514)	1,906	2,894	(988)
Total Operating Expense	\$ 71,064	\$ 99,816	\$ (28,752)	\$ 372,293	\$ 429,326	\$ (57,034)	\$ 841,940	\$ 832,516	\$ 9,424
Operating Income (Loss)	\$ 28,244	\$ (3,294)	\$ 31,538	\$ 58,824	\$ (6,117)	\$ 64,942	\$ 89,484	\$ 89,183	\$ 301
Allocation of Administration 10%	\$ 7,106	\$ 9,982	\$ (2,876)	\$ 37,229	\$ 42,933	\$ (5,704)	\$ 84,194	\$ 83,252	\$ 942
Allocation of Transportation	2,066	1,969	97	8,779	8,367	412	18,590	17,718	872
Allocation of Help Wanted	248	449	(201)	1,245	1,867	(622)	2,559	3,442	(883)
Total Allocated Expenses	\$ 9,420	\$ 12,400	\$ (2,980)	\$ 47,253	\$ 53,167	\$ (5,914)	\$ 105,343	\$ 104,412	\$ 931
Income (Loss) Before Non-Operating Income	\$ 18,824	\$ (15,694)	\$ 34,518	\$ 11,571	\$ (59,284)	\$ 70,856	\$ (15,859)	\$ (15,229)	\$ (630)
Non-Operating Income									
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Income	0	0	0	0	0	0	0	0	0
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Gain (Loss) on Investments	0	0	0	0	0	0	0	0	0
Unrestricted Gifts & Grants	0	0	0	0	0	0	0	0	0
Total Non-Operating Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Income (Loss)	\$ 18,824	\$ (15,694)	\$ 34,518	\$ 11,571	\$ (59,284)	\$ 70,856	\$ (15,859)	\$ (15,229)	\$ (630)
add back: Depreciation	\$ 285	\$ 502	\$ (217)	\$ 36,043	\$ 38,141	\$ (2,098)	\$ 59,766	\$ 63,845	\$ (4,079)
add back: Bad Debt Allowance	0	0	0	0	0	0	0	0	0
add back: Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Net Income (Loss)	\$ 19,109	\$ (15,192)	\$ 34,301	\$ 47,614	\$ (21,143)	\$ 68,758	\$ 43,907	\$ 48,616	\$ (4,709)
<i>(Excluding Depreciation, Bad Debt Allowance & Gain (Loss) on Sale)</i>									
FY2024 YTD Net Income (Loss)	\$ (21,413)	\$ (2,471)	\$ (18,942)	\$ (18,056)	\$ (36,872)	\$ 18,816	\$ 22,694	\$ 3,911	\$ 18,723
<i>(Excluding Depreciation, Bad Debt Allowance & Gain (Loss) on Sale)</i>									
Fiscal Year 2024 Transfers In	\$ 0	\$ 0	\$ 997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Marklund
Income Statement by Program
Year to Date September 30, 2024**

	Bridge Builder NEC			Day School			Admin		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Revenues									
Residential Services	0	0	0	0	0	0	0	0	0
School (Multi Needs & Life Skills)	0	0	0	1,738,524	1,851,044	(112,520)	0	0	0
Community Day Services	54,610	59,400	(4,790)	0	0	0	0	0	0
Other Operating	28	0	28	20	0	20	8,189	8,489	(300)
Total Operating Revenue	\$ 54,638	\$ 59,400	\$ (4,762)	\$ 1,738,544	\$ 1,851,044	\$ (112,500)	\$ 8,189	\$ 8,489	\$ (300)
Expenses									
Salaries	73,711	101,178	(27,467)	1,640,097	1,842,784	(202,687)	567,283	596,837	(29,554)
Payroll Taxes	5,339	7,755	(2,416)	117,311	141,233	(23,922)	35,007	46,222	(11,215)
Other Benefits	10,236	13,534	(3,297)	216,850	246,466	(29,615)	106,946	80,662	26,284
Employee Expense	307	1,689	(1,382)	7,731	37,388	(29,657)	39,014	53,061	(14,047)
Consulting	0	0	0	12,985	2,750	10,235	0	0	0
Consulting - Nurses & Aides	0	0	0	15,789	10,000	5,789	0	0	0
Medical	366	550	(184)	7,276	6,275	1,001	0	62	(62)
Dietary & Support	304	300	4	2,641	2,200	441	235	0	235
Housekeeping	11,266	5,388	5,878	21,631	24,433	(2,802)	684	2,250	(1,566)
Occupancy	52,085	32,319	19,766	264,001	280,872	(16,871)	109,453	78,778	30,675
Equipment	6,906	4,623	2,283	71,896	76,572	(4,676)	102,601	121,785	(19,184)
Vehicles	0	0	0	0	0	0	0	0	0
Administrative (not including salaries)	1,389	2,625	(1,236)	24,539	27,052	(2,513)	106,978	119,497	(12,519)
Provider Taxes	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	46,912	61,250	(14,338)
Client/Student	1,898	1,200	698	16,492	20,502	(4,010)	0	0	0
Total Operating Expense	\$ 163,807	\$ 171,161	\$ (7,353)	\$ 2,419,239	\$ 2,718,527	\$ (299,287)	\$ 1,115,113	\$ 1,160,404	\$ (45,291)
Operating Income (Loss)	\$ (109,169)	\$ (111,761)	\$ 2,591	\$ (680,695)	\$ (867,482)	\$ 186,787	\$ (1,106,924)	\$ (1,151,915)	\$ 44,991
Allocation of Administration 10%	16,381	17,116	(735)	241,924	271,853	(29,929)	1,044,908	1,075,009	(30,101)
Allocation of Transportation	4,303	4,101	202	16,008	15,257	751	0	0	0
Allocation of Help Wanted	367	657	(290)	8,171	11,965	(3,794)	30,411	(39,780)	9,369
Total Allocated Expenses	\$ 21,051	\$ 21,874	\$ (823)	\$ 266,103	\$ 299,075	\$ (32,972)	\$ (1,075,319)	\$ (1,114,789)	\$ 39,470
Income (Loss) Before Non-Operating Income	\$ (130,220)	\$ (133,635)	\$ 3,414	\$ (946,798)	\$ (1,166,557)	\$ 219,759	\$ (31,606)	\$ (37,126)	\$ 5,521
Non-Operating Income									
Interest Income	0	0	0	0	0	0	14	13	1
Miscellaneous Income	0	0	0	0	0	0	33,841	14,144	19,697
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Gain (Loss) on Investments	0	0	0	0	0	0	0	0	0
Unrestricted Gifts & Grants	0	0	0	0	0	0	0	0	0
Total Non-Operating Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,855	\$ 14,157	\$ 19,698
Net Income (Loss)	\$ (130,220)	\$ (133,635)	\$ 3,414	\$ (946,798)	\$ (1,166,557)	\$ 219,759	\$ 2,250	\$ (22,969)	\$ 25,219
add back: Depreciation	46,871	23,593	23,278	240,059	256,476	(16,417)	115,157	87,286	27,871
add back: Bad Debt Allowance	0	0	0	0	0	0	0	0	0
add back: Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Net Income (Loss) add back: Depreciation, Bad Debt Allowance & Gain (Loss) on Sale	\$ (83,349)	\$ (110,042)	\$ 26,692	\$ (706,739)	\$ (910,081)	\$ 203,342	\$ 117,407	\$ 64,317	\$ 53,090
FY2024 YTD Net Income (Loss) add back: Depreciation, Bad Debt Allowance & Gain (Loss) on Sale	\$ (120,115)	\$ (139,776)	\$ 19,661	\$ (948,956)	\$ (1,110,519)	\$ 161,563	\$ 1,068	\$ 122,075	\$ (121,007)
Fiscal Year 2024 Transfers In	\$ 718		\$ 4,068						\$ 294

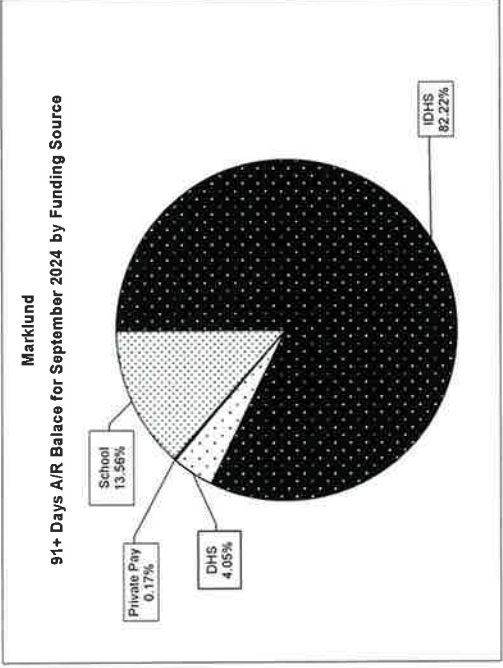
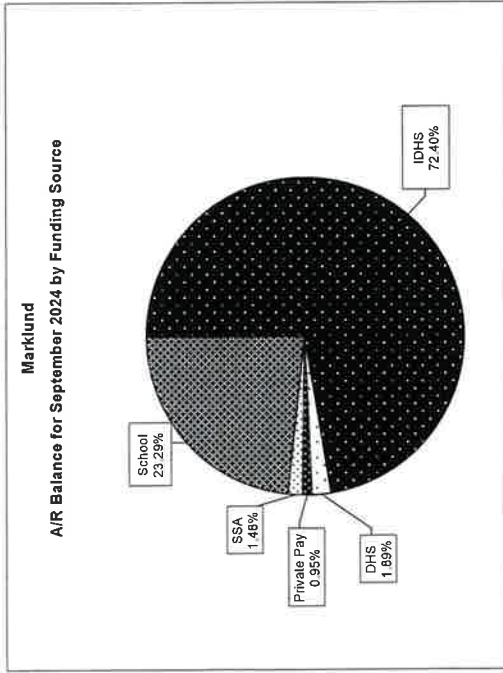
Marklund
Income Statement by Program
Year to Date September 30, 2024

	Transportation			Total	Variance
	Actual	Budget	Variance		
Revenues					
Residential Services	\$ 0	\$ 0	\$ 0	\$ 6,622,264	\$ 237,515
School (Multi Needs & Life Skills)	0	0	0	1,738,524	(112,520)
Community Day Services	0	0	0	1,511,898	13,067
Other Operating	0	0	0	29,933	(2,146)
Total Operating Revenue	\$ 0	\$ 0	\$ 0	\$ 9,902,619	\$ 135,916
Expenses					
Salaries	\$ 58,986	\$ 51,453	\$ 7,533	\$ 6,774,996	\$ (44,291)
Payroll Taxes	4,141	3,936	205	519,717	(46,112)
Other Benefits	8,129	6,869	1,260	906,957	32,886
Employee Expense	0	50	(50)	142,327	(55,060)
Consulting	0	0	0	86,821	13,888
Consulting - Nurses & Aides	0	0	0	828,235	(164,993)
Medical	0	0	0	320,487	39,940
Dietary & Support	0	0	0	174,242	4,840
Housekeeping	0	0	0	83,471	(18,006)
Occupancy	0	0	0	849,976	(56,458)
Equipment	1,161	1,161	0	382,218	(16,723)
Vehicles	51,326	50,351	975	50,351	975
Administrative (not including salaries)	0	50	(50)	209,666	(10,622)
Provider Taxes	0	0	0	363,634	5,594
Interest Expense	0	0	0	46,912	(14,338)
Client/Student	0	0	0	34,848	(7,922)
Total Operating Expense	\$ 123,743	\$ 113,870	\$ 9,873	\$ 11,687,948	\$ (336,402)
Operating Income (Loss)	\$ (123,743)	\$ (113,870)	\$ (9,873)	\$ (1,785,329)	\$ 472,318
Allocation of Administration 10%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Allocation of Transportation	(99,491)	(94,823)	(4,668)	0	0
Allocation of Help Wanted	0	0	0	0	0
Total Allocated Expenses	\$ (99,491)	\$ (94,823)	\$ (4,668)	\$ 0	\$ 0
Income (Loss) Before Non-Operating Income	\$ (24,252)	\$ (19,047)	\$ (5,205)	\$ (1,785,329)	\$ 472,318
Non-Operating Income					
Interest Income	\$ 0	\$ 0	\$ 0	\$ 14	\$ 13
Miscellaneous Income	0	0	0	33,841	14,144
Gain (Loss) on Sale of Assets	0	0	0	0	0
Gain (Loss) on Investments	0	0	0	0	0
Unrestricted Gifts & Grants	0	0	0	0	0
Total Non-Operating Income	\$ 0	\$ 0	\$ 0	\$ 33,855	\$ 19,698
Net Income (Loss)	\$ (24,252)	\$ (19,047)	\$ (5,205)	\$ (1,751,474)	\$ 492,016
add back: Depreciation	\$ 24,252	\$ 19,047	\$ 5,205	\$ 716,034	\$ (65,356)
add back: Bad Debt Allowance	0	0	0	0	0
add back: Gain (Loss) on Sale of Assets	0	0	0	0	0
Net Income (Loss) Including Depreciation, Bad Debt Allowance & Gain (Loss) on Sale	\$ 0	\$ 0	\$ 0	\$ (1,035,440)	\$ 426,660
FY2024 YTD Net Income (Loss) Including Depreciation, Bad Debt Allowance & Gain (Loss) on Sale	\$ 0	\$ 0	\$ 0	\$ (1,817,911)	\$ (43,523)
Fiscal Year 2024 Transfers In	\$ 0	\$ 0	\$ 0	\$ 105,160	\$ 0

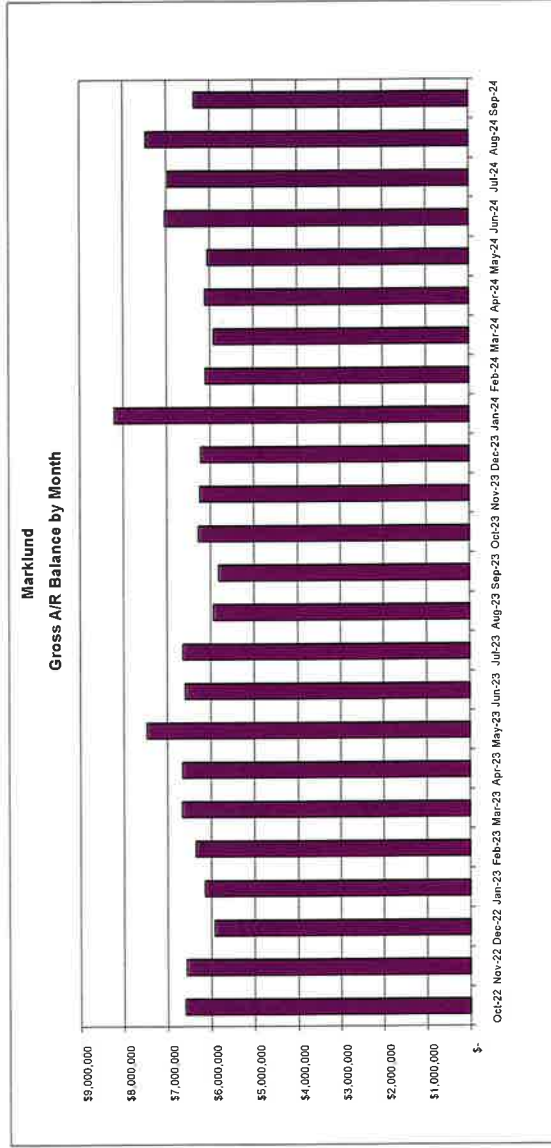
Marklund
AGING OF ACCOUNTS RECEIVABLE SCHEDULE
September 2024

A/R CATEGORY	0 - 30 DAYS	30 - 60 DAYS	60 - 90 DAYS	91+ DAYS	TOTAL	
1 PUBLIC AID (MPC)	353,499	13,649	13,649	352,309	\$ 733,106	
2 PUBLIC AID (MWC)	773,872	19,719	34,133	742,592	\$ 1,570,316	
3 PUBLIC AID (MHH)	163,130	9,660	9,660	110,451	\$ 292,903	
4 PUBLIC AID (MVH)	158,211	175	8,589	88,247	\$ 255,221	
5 PUBLIC AID (MTH)	160,376	630	9,306	8,646	\$ 178,958	
6 PUBLIC AID (MSH)	153,069	11,430	9,555	55,720	\$ 229,774	
7 PUBLIC AID (MDH)	160,557	2,278	2,278	26,989	\$ 192,102	
8 PUBLIC AID (MRH)	159,963	1,161	1,161	71,033	\$ 233,319	
9 SOCIAL SECURITY	92,608	0	1,283	0	\$ 93,891	
10 PRIVATE PAY	0	0	11,459	0	\$ 11,459	
11 COMMUNITY DAY SERVICES - MPC	33,036	0	0	5,422	\$ 38,458	
12 COMMUNITY DAY SERVICES - MWC	142,069	6,948	2,925	87,795	\$ 239,737	
13 COMMUNITY DAY SERVICES - MHC	307,276	15,665	12,628	451,119	\$ 786,688	
14 COMMUNITY DAY SERVICES - Bride Builders	19,938	4,650	0	0	\$ 24,588	
15 SCHOOL	821,469	280,833	65,393	313,778	\$ 1,481,473	
16 MISCELLANEOUS	102	34	0	0	\$ 136	
	GROSS A/R TOTAL	\$ 3,499,176	\$ 366,831	\$ 182,018	\$ 2,314,101	\$ 6,362,126
	PERCENT OF GROSS TOTAL	55%	6%	3%	36%	
17 ALLOWANCE FOR BAD DEBTS					(423,818)	
	NET A/R BALANCE				\$ 5,938,308	

LINE OF CREDIT	\$ 10,000,000
BORROWED YEAR TO DATE	1,296,618
AVAILABLE BALANCE	\$ 8,703,382



Average A/R Balance for 24 months = \$ 6,516,069
 Note: IDHS & DHS include Residential and Community Day Services



Marklund
Statement of Cash Flows
For the Period of 9/1/2024 to 9/30/2024

Cash and Cash Equivalents at Beginning of Period		\$ 586,367
Cash Flows from Operating Activities and Gains		
Change in Net Assets:		
Net Income (Loss)	\$ (380,508)	
Fund Balance Transfers Out	0	
Fund Balance Transfers In	62,086	
Sub Total		\$ (318,422)
Adjustments to reconcile change in net assets to net cash		
Provided by (used in) Operating Activities and Gains:		
Loss (Gain) on Sale of Asset	\$ 0	
Provision for Uncollectible Accounts	0	
Depreciation and Amortization	238,740	
Sub Total		\$ 238,740
(Increase) Decrease in Current Assets		
Inventory	\$ 0	
Receivables	1,100,483	
Prepaid Assets	(26,323)	
Sub Total		\$ 1,074,160
Increase (Decrease) in Current Liabilities		
Accounts Payable	\$ 147,548	
Payroll Payable	218,208	
Due to Marklund Charities	573	
Other Current Liabilities	(159,587)	
Sub Total		\$ 206,742
Net Cash Provided by (used in) Operating Activities and Gains		\$ 1,201,220
Cash Flows from Investing Activities		
Additions (Dispositions) of Property, Plant & Equipment (including CIP)	\$ (1,832,411)	
Sales (Purchase) of Marketable Securities	0	
Net Cash Provided by (used in) Investing Activities		\$ (1,832,411)
Cash Flows from Financing Activities		
Line of Credit	\$ (862,439)	
Short Term Liabilities - Other	0	
Notes Payable	1,581,908	
Net Cash Provided by (used in) Financing Activities		\$ 719,469
Cash and Cash Equivalents at End of Period		\$ 674,644
Net Increase (Decrease) in Cash and Cash Equivalents		\$ 88,277

Marklund Charities
September 2024 Financial Statement

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Pledges Receivable Detail	12
Income Statement	13
Revenue Breakdown	14

DATE: October 16, 2024
TO: Board of Directors, Marklund
FROM: Kudus O. Badmus, Chief Financial Officer *KB*
SUBJECT: Summary Comments, Marklund Charities
September 2024 Financial Statements

Income Statement:

Fundraising Income – Net Fundraising Income at the end of September was favorable to budget by \$290K, mainly the result of favorable variances of \$87K in Restricted Gifts & Grants and the unbudgeted Wasmond Capital Campaign donations of \$195K.

Fundraising Expenses – YTD Salaries & Benefits were unfavorable to budget by \$12K due to timing. All other expenses are in line with budget.

Endowment Income & Unrealized Gain/ (Loss) – YTD noted a combined Net Gain of \$1.4M including \$102K in Fixed Income, a Realized Loss of \$373 and an Unrealized Gain of \$1.3M.

Public Relations – YTD, Public Relations is favorable to budget by \$2K.

Net Proceeds – YTD, were favorable to budget by \$1.8M, of which \$1.4M relates to the Endowment Portfolio.

Marklund Charities

Balance Sheet - September 2024
FY2025

Cash & Cash Equivalents - Depreciation Reserve Fund	\$	1,378,818		Accounts Payable	\$	749
Restricted Cash-Grants & Donations		621,630		Due to Marklund		108,090
Cash- Operations/Management Restricted		353,259		Accrued Legal & Audit		25,955
Petty Cash		200		Accrued Liabilities- Payroll		54,256
Accounts Receivable		0		Accrued Liabilities- Other		<u>153,067</u>
Prepaid Other		36,599		Total Current Liabilities	\$	342,117
Due From Marklund		<u>1,106</u>				
		Total Current Assets	\$			
		2,391,611				
Capital Campaign Funds		\$	91,167			
Capital Campaign Pledges (Net)			<u>254,977</u>	Net Assets		
		Total Capital Campaign Assets	\$	Net Assets - Beginning of Year	\$	21,243,859
		346,144		Board Restricted Endowment		3,162,741
Restricted Pledges (Net)			<u>17,543</u>	Depreciation Reserve Fund		1,000,000
		Total Restricted Assets	\$	Net Assets - Transfer In		0
		17,543		Net Assets - Transfers (Out)		(461,015)
Land			<u>159,525</u>	Fundraising Contribution		1,828,233
		Total Fixed Assets	\$	Public Relations		<u>(53,390)</u>
		159,525		Total Net Assets	\$	26,720,428
Board Restricted Endowment Fund			\$	3,216,515		
Endowment Income			5,098,003	Total Liabilities & Net Assets	\$	27,062,545
Net Endowment Gain/ (Loss)			8,055,285			
Endowment Fund			<u>7,777,919</u>			
		Total Endowment Assets	\$			
		24,147,722				
Total Assets			\$			
		27,062,545				

*Total Endowment Assets (not including pledges)
September 2023 19,572,990
September 2024 \$ 24,147,722

Marklund Charities
Pledges Receivable
Year to Date as of September 30, 2024

Capital Pledges:

(Pledges at Net Present Value before Allowance)

Foglia Educational Center	\$ 12,050
<i>Allowance</i>	<u><i>(361)</i></u>
Total Capital Pledge Balance	\$ 11,688

Capital Pledges:

(Pledges at Net Present Value before Allowance)

Wasmond Center	\$ 250,813
<i>Allowance</i>	<u><i>(7,524)</i></u>
Total Capital Pledge Balance	\$ 243,289

Restricted Pledges:

(Pledges at Net Present Value before Allowance)

Locker Room Expansion	\$ 18,086
<i>Allowance</i>	<u><i>(543)</i></u>
Total Restricted Pledge Balance	\$ 17,543

Marklund Charities
P & L - September 2024

Revenues	September		September		% of total		% of		
	September	Budget	Variance	Last Year	Y-T-D	income	Y-T-D Budget	variance	Y-T-D Last Year
Unrestricted Gifts & Grants	\$ 42,390	\$ 54,615	\$ (12,225)	\$ 19,514	\$ 253,692	33%	\$ 246,660	\$ 7,032	\$ 2,311,495
Special Events (net)	0	0	0	0	0	0%	0	0	0
Fund-in-Need	0	0	0	600	0	0%	0	0	1,200
Capital Campaign	79,021	0	79,021	23,149	194,996	25%	0	194,996	344,239
Restricted Program	56,268	67,992	(11,724)	57,359	316,848	41%	229,555	87,293	193,657
Endowment	950	950	0	600	3,350	0%	2,850	500	2,850
Total Fundraising Income	\$ 178,629	\$ 123,557	\$ 55,072	\$ 101,223	\$ 768,886	0%	\$ 479,065	\$ 289,821	\$ 2,853,441
Legacy									
Unrestricted Gifts & Grants	\$ 0			\$ 0	\$ 0				\$ 0
Capital Campaign	0			0	0				0
Restricted Program	0			0	0				0
Endowment	0			0	0				0
Total Legacy	\$ 0			\$ 0	\$ 0				\$ 0
Expenses									
Salaries	\$ 70,348	\$ 63,445	\$ 6,903	\$ 74,398	\$ 205,189	27%	\$ 195,886	\$ 9,303	\$ 196,196
Payroll Taxes	4,965	4,854	111	5,540	15,348	2%	14,986	362	14,847
Other Benefits	9,460	8,470	990	11,840	28,167	4%	26,150	2,017	37,798
Employee Expenses	2,256	2,293	(37)	1,817	2,938	0%	3,123	(185)	2,798
Occupancy Expense	3,887	3,323	564	2,379	10,493	1%	9,967	526	7,083
Office Expenses	5,830	5,259	571	5,228	13,250	2%	12,379	871	13,080
Legal, Audit & Insurance	3,417	3,417	0	3,000	10,251	1%	10,251	0	9,000
Printing	5,593	5,699	(106)	6,372	7,103	1%	6,332	771	6,646
Other Expense	4,296	5,636	(1,340)	806	8,061	1%	7,445	616	1,932
Administrative-Outside Services	0	0	0	0	0	0%	0	0	0
Total Expenses	\$ 110,052	\$ 102,396	\$ 7,656	\$ 111,382	\$ 300,800	0%	\$ 286,519	\$ 14,281	\$ 289,382
Net Fundraising	\$ 68,577	\$ 21,161	\$ 47,416	\$ (10,159)	\$ 468,086	61%	\$ 192,546	\$ 275,540	\$ 2,564,059
Other Income									
Interest Income	\$ 355	\$ 584	\$ (229)	\$ 586	\$ 1,054		\$ 1,752	\$ (698)	\$ 1,461
Investment Income	0	0	0	0	0		0	0	19,198
Investment Realized Gain / (Loss)	0	0	0	0	0		0	0	0
Investment Unrealized Gain/ (Loss)	-	0	0	-	0.00		0	0	(9,289)
Endowment Income	65,476	13,156	52,320	35,529	101,523		41,831	59,692	79,432
Endowment Realized Gain/ (Loss)	0	0	0	0	(373)		87,211	(87,584)	0
Endowment Unrealized Gain/ (Loss)	317,494	(771,645)	1,089,139	(759,630)	1,257,943		(286,833)	1,544,776	(758,369)
Net Other Income	\$ 383,325	\$ (757,905)	\$ 1,141,230	\$ (723,515)	\$ 1,360,147		\$ (156,099)	\$ 1,516,186	\$ (667,567)
Other Expense									
Public Relations	\$ 18,149	\$ 17,775	\$ 374	\$ 17,425	\$ 53,390		\$ 51,584	\$ 1,806	\$ 45,473
In Kind Expenses	0	0	0	0	0		0	0	0
In Kind Revenue	0	0	0	0	0		0	0	0
Net Other Expenses	\$ 18,149	\$ 17,775	\$ 374	\$ 17,425	\$ 53,390		\$ 51,584	\$ 1,806	\$ 45,473
Net Proceeds	\$ 433,753	\$ (754,519)	\$ 1,188,272	\$ (751,099)	\$ 1,774,843		\$ (15,077)	\$ 1,789,920	\$ 1,851,019

Marklund Charities
Revenue Trend by Category
YTD September

Revenues	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
Unrestricted Gifts	\$ 68,818	\$ 61,286	\$ 46,204	\$ 83,196	\$ 35,153	\$ 34,097
Special Events (net)	0	0	1,525	40	98,378	293
Special Events (Fund-in-Need)	0	1,200	500	0	61,651	2,229
Restricted Program	56,827	38,973	43,193	21,380	22,053	13,873
Endowment	3,350	2,850	2,850	7,900	2,725	2,725
Major gifts (single gift of \$15k+)	285,000	2,239,100	287,000	0	408,750	353,850
Direct Mail/ Care Letter/ WEB	7,282	9,987	7,282	5,710	14,270	20,970
Grants	223,984	153,684	103,470	45,725	283,527	42,000
Third Party	3,629	2,123	1,755	3,758	295	11,657
Corporate Partners	0	0	18,000	10,500	1,000	3,500
Total Fundraising Income	648,890	2,509,203	511,779	178,209	927,802	485,194
Capital Campaign	\$ 119,996	\$ 344,239	\$ 11,998	\$ 22,484	\$ 20,518	\$ 758,005
Legacies/Bequests	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 26, 2024

The Board of Directors
Marklund Employee Retirement Savings Plan
Geneva, Illinois

We have audited the financial statements of **Marklund Employee Retirement Savings Plan** (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) as described below, for the year ended December 31, 2023, and we have issued our report thereon dated September 26, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 26, 2023, our responsibility, as described by professional standards, is to conduct our audit in accordance with auditing standards generally accepted in the United States of America, as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and as elected by management. As permitted by ERISA Section 103(a)(3)(C), our audit did not extend to any statements or information related to assets held for investment of the Plan (investment information) by American Trust Company, sub-custodian to and behalf of Trust Company of Illinois, a custodian, and American United Life Insurance Company, a custodian, which are banks or similar institutions or insurance carriers that are regulated, supervised, and subject to periodic examination by a state or federal agency, that prepared and certified the statements or information regarding assets so held in accordance with DOL Regulation 2520.103-5. Our audit did not extend to the certified investment information, except for obtaining and reading the certifications, comparing the certified investment information with the related information presented and disclosed in the financial statements and ERISA-required supplemental schedule, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of the modified cash basis of accounting. Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities related to the preparation and fair presentation of the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management prior to field work beginning on July 22, 2024, in our engagement letter dated December 26, 2023, and orally during the audit engagement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of Marklund Employee Retirement Savings Plan and its environment, including internal control, except that we will not include consideration of internal control related to the information prepared and certified by American Trust Company and American United Life Insurance Company, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the Plan or to acts by management or employees acting on behalf of the Plan.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Marklund Employee Retirement Savings Plan are described in Note 2 of the Plan's financial statements. There were no new accounting policies adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. A significant estimate used in the preparation of these financial statements includes investments recorded at fair value, for which the ultimate realization of the investments is based upon future economic factors related to the investments. These investments were certified by American Trust Company and thus our procedures were limited with respect to their measurement as described in our audit opinion.

The financial statement disclosures are neutral, consistent, and clear.

Form 5500 Procedures

We are required to obtain and read a substantially complete draft of Form 5500 prior to dating our auditor's report. The purpose of this procedure is to identify any material inconsistencies between the draft Form 5500 and the Plan's financial statements. We identified no material inconsistencies in performing and completing our audit.

Significant Audit Matters (cont'd)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated September 26, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plans' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Plans' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Our responsibility for the ERISA-required supplemental schedule accompanying the financial statements is to perform adequate procedures to evaluate whether the form and content of the ERISA-required supplemental schedule, other than that agreed to or derived from the certified investment information, is presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, and whether the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

This letter is intended solely for the use and information of Marklund Employee Retirement Savings Plan and is not intended to be and should not be used by anyone other than this specified party.

We would be pleased to discuss these matters or respond to any questions at the convenience of the Board of Directors or their designee.

Very truly yours,

SELDEN FOX, LTD.

A handwritten signature in black ink that reads "Mike Kram". The signature is written in a cursive, slightly slanted style.

Michael T. Kram
Senior Vice President

MTK/cr

**MARKLUND EMPLOYEE
RETIREMENT SAVINGS PLAN**

**AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Marklund Employee Retirement Savings Plan
Audit Report
For the Year Ended December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Marklund Employee Retirement Savings Plan
Geneva, Illinois

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed audits of the financial statements of **Marklund Employee Retirement Savings Plan** (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits (modified cash basis) as of December 31, 2023 and 2022, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2023, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from qualified institutions as of December 31, 2023 and 2022, and for the year ended December 31, 2023, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the financial statements (modified cash basis) referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.
- The information in the financial statements (modified cash basis) referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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 ERISA Section 103(a)(3)(C) audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments; administering the Plan; and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 the Plan'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 the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of the modified cash basis of accounting

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

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.

Other Matter –Supplemental Schedule Required by ERISA

The supplemental schedule of assets held for investment purposes at the end of the year (modified cash basis) – Schedule H, Line 4i is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to 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 GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule (modified cash basis), we evaluated whether the supplemental schedule (modified cash basis), other than the information agreed to or derived from the certified investment information, including their form and content, is/are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedule (modified cash basis), other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedule (modified cash basis) related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Selden Fox, Ltd.

September 26, 2024

**Marklund Employee Retirement Savings Plan
Statement of Net Assets Available for Benefits (Modified Cash Basis)
December 31,**

	2023	2022
Assets		
Investments, at fair value	\$ 14,879,983	\$ 11,956,874
Investments at contract value - fully benefit-responsive investment contracts	17,323	27,683
Total investments	14,897,306	11,984,557
Notes receivable from participants	420,197	448,951
Net assets available for benefits	\$ 15,317,503	\$ 12,433,508

See accompanying notes and independent auditor's report.

Marklund Employee Retirement Savings Plan
Statement of Changes in Net Assets Available for Benefits
(Modified Cash Basis)
For the Year Ended December 31, 2023

Additions:

Investment income:

Net appreciation in fair value of investments	\$ 1,988,551
Interest and dividends	<u>346,103</u>

Total investment income	<u>2,334,654</u>
--------------------------------	------------------

Interest income on notes receivable from participants	<u>21,893</u>
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Contributions:

Participant	1,111,667
Employer	775,605
Rollovers	<u>37,624</u>

Total contributions	<u>1,924,896</u>
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Total additions	<u>4,281,443</u>
------------------------	------------------

Deductions:

Benefits paid to participants	1,302,308
Administrative expenses	<u>95,140</u>

Total deductions	<u>1,397,448</u>
-------------------------	------------------

Net changes in net assets available for benefits	2,883,995
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Net assets available for benefits:

Beginning of the year	<u>12,433,508</u>
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End of the year	<u>\$ 15,317,503</u>
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See accompanying notes and independent auditor's report.

Marklund Employee Retirement Savings Plan Notes to the Financial Statements

1. Description of Plan

The following brief description of the Marklund Employee Retirement Savings Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General – The Plan is a Section 403(b) defined contribution plan with salary deferral provisions which was established on February 1, 1979. Under the Plan, all employees of Marklund Children's Home and Affiliates (Marklund, the Plan Sponsor) are eligible to participate in the Plan. The Plan has an automatic deferral provision in which Marklund will withhold 5% from the participant's compensation each payroll period unless the participant makes a contrary election. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions – Pre-tax or post-tax deferred savings contributions in the form of salary reductions by participants are allowed. The amount contributed is determined by the participant, subject to statutory limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined contribution plans (rollover). Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan has an auto-enrollment provision in which all newly eligible participants are automatically enrolled in the Plan at a deferral rate of 5% unless they affirmatively elect not to participate in the Plan.

Marklund makes a matching contribution for participants equal to 100% of a participant's first 5% of deferred compensation as defined by the Plan. Nonelective contributions are also allowed to participants who are at least 21 and have two years of service. No nonelective contribution was made during the year ended December 31, 2023.

Participants' Accounts – Each participant's account is credited with the participant's contributions, the employer matching contribution, and gains and losses from the investment funds elected. Participant accounts are charged with an allocation of administrative expenses paid by the Plan. Allocations are based on participant earnings, account balances or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting – Prior to 2019, participants were vested immediately in their contributions and employer matching contributions plus actual earnings thereon. Effective January 1, 2019, the employer matching contribution is subject to a 2-year cliff vesting schedule.

Notes Receivable From Participants – Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by Marklund. Principal and interest is paid ratably through payroll deductions.

Marklund Employee Retirement Savings Plan Notes to the Financial Statements

1. Description of Plan (cont'd)

Payment of Benefits – A participant's account balance may be withdrawn upon retirement, death, disability, or termination of employment as defined by the Plan. Benefits are payable in either a single lump-sum amount, or installment payments equal to the value of the participant's account. In-service distributions after age 59½ are also allowed by the Plan.

2. Summary of Significant Accounting Policies

Basis of Accounting – The accompanying financial statements have been prepared on the modified cash basis of accounting.

Use of Estimates – The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition – Investments are reported at fair value, except for fully-benefit responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the modified cash basis. Dividends are recorded on the settlement date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants – Notes receivable from participants are measured at their unpaid principal balance plus any unpaid interest. Interest income is recorded on the modified cash basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2023 or 2022. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits – Benefits are recorded when paid.

Expenses – Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by Marklund. Expenses that are paid by Marklund are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. An asset based fee is charged to participants and is paid to the Plan's investment manager. Certain administrative expenses are paid by Marklund. Investment related expenses are included in net appreciation of fair value of investments.

Marklund Employee Retirement Savings Plan
Notes to the Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Forfeited Accounts – At December 31, 2023, there was \$52,415 held in forfeited nonvested accounts (\$24,589 at December 31, 2022). Forfeitures are created when participants terminate employment before becoming entitled to their full benefits under the Plan. Forfeited accounts can be used to reduce the employer matching contribution or pay Plan expenses. Employer contributions were reduced by \$52,592 from forfeited nonvested accounts in 2023.

Plan Amendment – On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act, (CARES Act). As a result, changes were made related to Plan withdrawals and loans to participants, for impacted participants, their spouse and dependent(s) who have been diagnosed with virus SARS-CoV-2 or with COVID-19, as well as participants that have experienced adverse financial consequences. The changes applicable to the Plan are summarized below:

- Impacted participants may receive up to \$100,000 in aggregate withdrawals before December 31, 2020.
- 10% penalty tax for early withdrawal is waived.
- Mandatory 20% withholding on distributions will not apply.
- No limit to the number of withdrawals an impacted participant can make.
- Repayment of withdrawal amount is permitted if repayment occurs within three years of the distribution.
- Impacted participants may borrow up to the lesser of \$100,000 or 100% of their vested balance for 180 days beginning March 27, 2020.
- Impacted participant loan payments due from March 27, 2020 through December 31, 2020, including those due following a severance from employment, may be delayed for one year.

On August 3, 2022, the IRS issued Notice 2022-33, which extends the deadlines for qualified retirement plans to adopt amendments reflecting certain optional and required changes under the SECURE, CARES, and Miners Acts. Plan sponsors of defined contribution plans generally now have until December 31, 2025, to amend their plans if they took advantage of benefit changes permitted by these laws, including changes allowed by the CARES Act as part of COVID-19 relief.

The Plan will formally adopt an amendment to address these changes at a later date in accordance with applicable law and IRS guidance.

Subsequent Events – Subsequent events have been evaluated through September 26, 2024, which is the date the financial statements were available to be issued.

Marklund Employee Retirement Savings Plan
Notes to the Financial Statements (cont'd)

3. Information Prepared and Certified by Custodians

Marklund, acting in its capacity as the Plan administrator, has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. The following is a summary of the unaudited information regarding the Plan as of December 31, 2023 and 2022, and for the year ended December 31, 2023, included in the Plan's financial statements and supplemental schedule, that was prepared by or derived from information prepared by Trust Company of Illinois, a custodian of the Plan, American Trust Company, sub-custodian to and behalf of Trust Company of Illinois, and American United Life Insurance Company (AUL), a custodian of the Plan, and furnished to Marklund.

Marklund has obtained a certification from American Trust Company, sub-custodian to and behalf of Trust Company of Illinois, a custodian, and AUL, a custodian, as of December 31, 2023, and for the year ended December 31, 2023, that such information is complete and accurate. The Company has obtained a certification from Trust Company of Illinois and AUL, the custodians, as of December 31, 2022, that such information is complete and accurate.

	2023	2022
Investments at fair value	\$ 14,879,983	\$ 11,956,874
Investments at contract value	17,323	27,683
Notes receivable from participants	420,197	448,951
Net appreciation in fair value of investments	1,988,551	
Interest and dividends	346,103	
Interest on notes receivable from participants	21,893	

4. Fair Value Measurements

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures," provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access at the measurement date.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Marklund Employee Retirement Savings Plan
Notes to the Financial Statements (cont'd)

4. Fair Value Measurements (cont'd)

Level 3 – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability. These unobservable inputs are significant to the fair value measurement.

The asset 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of valuation methodologies used for investments measured at fair value on the statement of net assets available for benefits, and the classification of such investments pursuant to the valuation hierarchy.

Mutual funds and money market funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded. These assets are categorized in Level 1 of the fair value hierarchy.

At December 31, 2023, the Plan's assets at fair value were categorized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 392,018	\$ -	\$ -	\$ 392,018
Mutual funds	14,487,965	-	-	14,487,965
	<u>\$ 14,879,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,879,983</u>

At December 31, 2022, the Plan's assets at fair value were categorized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 278,960	\$ -	\$ -	\$ 278,960
Mutual funds	11,677,914	-	-	11,677,914
	<u>\$ 11,956,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,956,874</u>

Marklund Employee Retirement Savings Plan
Notes to the Financial Statements (cont'd)

5. Fully Benefit-Responsive Investment Contracts

The Plan has entered into two fully benefit-responsive investment contracts with AUL. AUL maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and certain administrative expenses. Underlying investments include public and private fixed income securities and other equity investments. The balance in these accounts is \$17,323 and \$27,683 at December 31, 2023 and 2022, respectively.

The contracts meet the fully benefit-responsive investment contract criteria and, therefore, are reported at contract value. Contract value is the relevant measure for fully-benefit responsive contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by AUL, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate may be reset annually and is based upon a formula agreed upon with the issuer. Such interest rates are reviewed on a quarterly basis for resetting. The guaranteed investment contracts provide either the guaranteed rate of the group annuity contract or the current rate, whichever is higher. The crediting interest rate on contributions to the fund is the rate of interest in effect at the time contributions are made and changes on an annual basis.

The Plan's ability to receive amounts due was dependent on the issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events, such as the premature termination of the contract by the Plan or the termination of the Plan, would limit the Plan's ability to transact at contract value with AUL.

In addition, certain events allowed the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) a breach of material obligation under the contract, (2) a material misrepresentation, (3) bankruptcy of Marklund, and (4) no active members remaining under the Plan.

Marklund Employee Retirement Savings Plan
Notes to the Financial Statements (cont'd)

6. Related-Party and Party-in-Interest Transactions

As described in Note 2, in 2022, the Plan made direct payments to the Trust Company of Illinois totaling \$61,263, to AUL totaling \$428 and to Cerity Partners totaling \$33,449. Trust Company of Illinois is a custodian and third-party administrator, AUL is a custodian, and Cerity Partners is the investment manager; therefore, these transactions qualify as party-in-interest transactions. All other fees incurred by the Plan for investment management services are included in net appreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. Marklund pays directly any other fees related to the Plan's operations.

7. Plan Termination

Although Marklund has not expressed any intent to terminate the Plan, it may do so at any time. Termination of the Plan is subject to the provisions of ERISA. In the event of Plan termination, all account balances as of the date of termination shall be payable to the participants and beneficiaries.

8. Tax Status

The Plan has adopted the FIS Business Systems, LLC Volume Submitter 403(b) Plan. The Internal Revenue Service has determined and informed FIS Business Systems, by a letter dated March 31, 2017, that the Volume Submitter Plan document is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

9. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Marklund Employee Retirement Savings Plan
Schedule of Assets Held for Investment Purposes at the End of the Year
(Modified Cash Basis) - Schedule H, Line 4i
December 31, 2023

E.I.N. 36-2652532			Plan Number 005	
(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) ** Cost	(e) Current Value
Money market funds:				
	Vanguard	Vanguard Prime Money Market		\$ 392,018
Total Money Market Funds				<u>392,018</u>
Mutual funds:				
	Fidelity	Fidelity 500 Index Fund		1,463,717
	Fidelity	Fidelity Emerg Mkts Index Fd Inst Pre		27,564
	Fidelity	Fidelity Inter Index Fund		65,044
	Fidelity	Fidelity Mid Cap Index Fd		439,216
	Fidelity	Fidelity Small Cap Index Fd Instl Premium		498,086
	Vanguard	Vanguard Growth Index Admiral		777,565
	Vanguard	Vanguard Specialized Fd Vanguard Real Estate Index Admiral		41,937
	Vanguard	Vanguard Target Retirement 2020		931,211
	Vanguard	Vanguard Target Retirement 2025		63,985
	Vanguard	Vanguard Target Retirement 2030		1,818,455
	Vanguard	Vanguard Target Retirement 2035		332,092
	Vanguard	Vanguard Target Retirement 2040		289,306
	Vanguard	Vanguard Target Retirement 2045		3,897,820
	Vanguard	Vanguard Target Retirement 2050		301,720
	Vanguard	Vanguard Target Retirement 2055		616,768
	Vanguard	Vanguard Target Retirement 2060		1,483,100
	Vanguard	Vanguard Target Retirement 2065		416,775
	Vanguard	Vanguard Target Retirement 2070		8,587
	Vanguard	Vanguard Target Retirement Income Inv		1,060
	Vanguard	Vanguard Total Bond Market Index Admiral		212,303
	Vanguard	Vanguard Total International Bond Index Admiral		276
	Vanguard	Vanguard Value Index Admiral		801,378
Total Mutual Funds				<u>14,487,965</u>
Fully benefit-responsive investment contracts:				
*	AUL	AUL Fixed Account		\$ 13,251
*	AUL	AUL Alternative Fixed Account		4,072
Total investments				<u>14,897,306</u>
*	Participant loans, at interest rates ranging from 4.25% - 9.50%, maturing from January 2024 to October 2028			420,197
Total assets held for investment purposes				<u>\$ 15,317,503</u>

* Represents a party-in-interest investment.

** Cost information is not required for participant directed accounts.

See accompanying independent auditor's report.

Major unbudgeted items - FY 2025

Revenues

Approved tier rate increase	
MPC	\$ 353,323
MWC	455,186
	<hr/>
	\$ 808,509

Major Expenses

Furnitures MWC Expansion	\$ 172,700
Bldg. C - Privacy Curtain w/Tracking System	58,197
Bldg. B - Privacy Curtain w/Tracking System	58,197
Bldg. B & C Medical Equipment for the headwalls	28,000
Bidg. B & C Appliances	7,000
Bldg. C Shower Trolleys & Mattresses	24,720
MPC Transition - Initial Architectural fees	60,000
Strategic Planning update	90,000
	<hr/>
	\$ 498,814
 FY 2025 Budget Impact*	 \$ 309,695

**Does not include a new \$1/hr. rate increase approved to take effect in January, 2025*

MARKLUND
MINUTES OF THE BOARD OF DIRECTORS MEETING
Thursday, August 8, 2024
Foglia Education Center
Geneva, IL

CALL TO ORDER

Mike Herlihy called the meeting to order at 2:30 p.m.

PRESENT

Jim Armbruster, Maleeha Basha, Howard Brandeisky, Carie Carney, Carol Donahue, Gerry Estes, Karyn Fitch, Dan Foley, Mike Herlihy, Laura Karlins, Yaneth Medina, Frank Murnane Jr., Ari Smith, Julie Schrager, Dan Whiston

ABSENT

Tim Adkins, Jerry Finis, David Van Daff

STAFF IN ATTENDANCE

Kudus Badmus, Gil Fonger, Heather Graves, Mary Kobbeman

PREVIOUS MINUTES

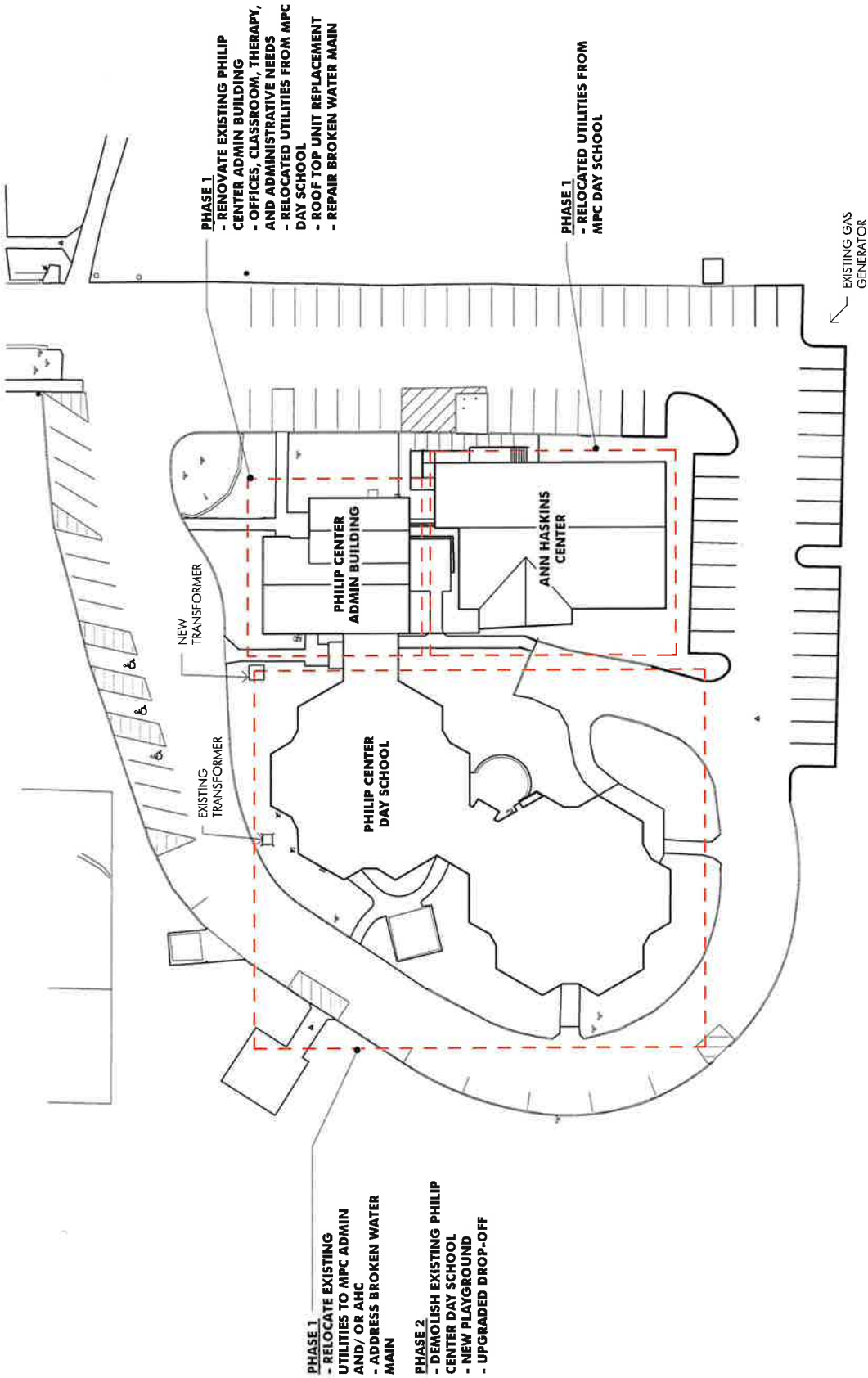
Mike H. asked for a motion to approve the minutes of June 29, 2024. Howard B. moved, Yaneth M. seconded, and the minutes were approved without exception.

EXECUTIVE COMMITTEE REPORT

Mike H. shared that the Executive Committee is recommending Jerry Finis be appointed Vice Chairman. Mike H. asked for a motion to appoint Jerry Finis as Vice Chairman of the Marklund Board of Directors. Jim A. moved, and Dan F. seconded, and the motion was approved without exception.

ADJOURNMENT

With no further business, Mike H. thanked everyone for attending the retreat and asked for a motion to adjourn the meeting. Jim A. moved, Frank M. seconded and the meeting was adjourned at 2:45 p.m.



- PHASE 1**
- RENOVATE EXISTING PHILIP CENTER ADMIN BUILDING
 - OFFICES, CLASSROOM, THERAPY, AND ADMINISTRATIVE NEEDS
 - RELOCATED UTILITIES FROM MPC DAY SCHOOL
 - ROOF TOP UNIT REPLACEMENT
 - REPAIR BROKEN WATER MAIN

- PHASE 1**
- RELOCATED UTILITIES FROM MPC DAY SCHOOL

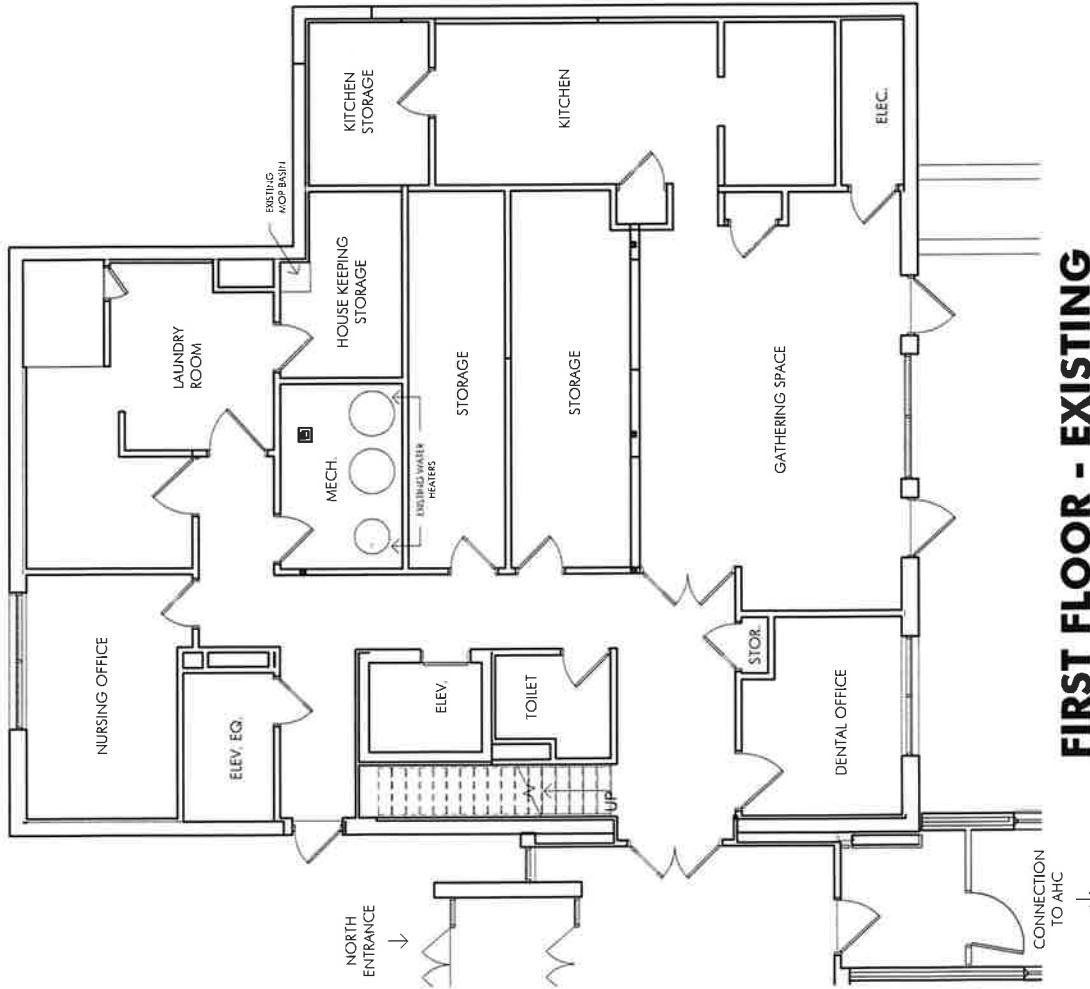
- PHASE 1**
- RELOCATE EXISTING UTILITIES TO MPC ADMIN AND/ OR AHC
 - ADDRESS BROKEN WATER MAIN

- PHASE 2**
- DEMOLISH EXISTING PHILIP CENTER DAY SCHOOL
 - NEW PLAYGROUND
 - UPGRADED DROP-OFF

EXISTING GAS GENERATOR

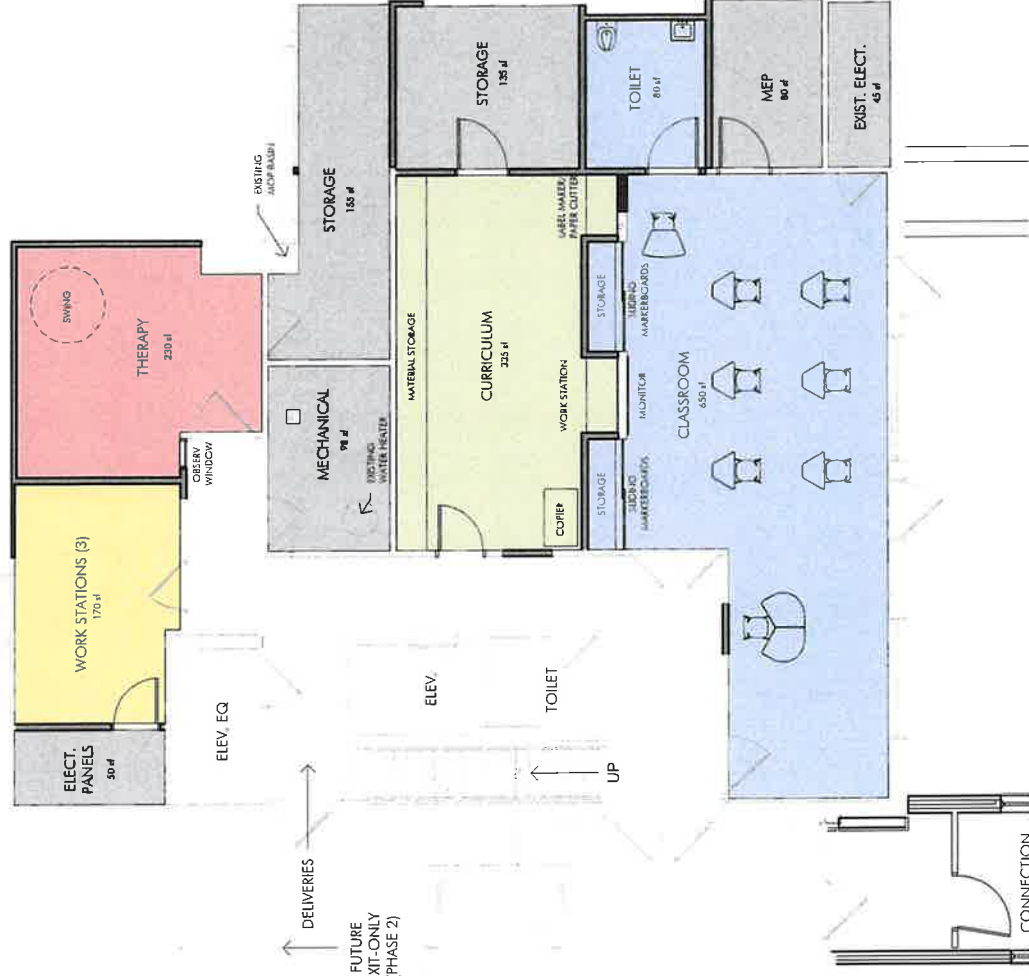
SITE PLAN

1" = 40'-0"



FIRST FLOOR - EXISTING

1/8" = 1'-0"



FIRST FLOOR - NEW

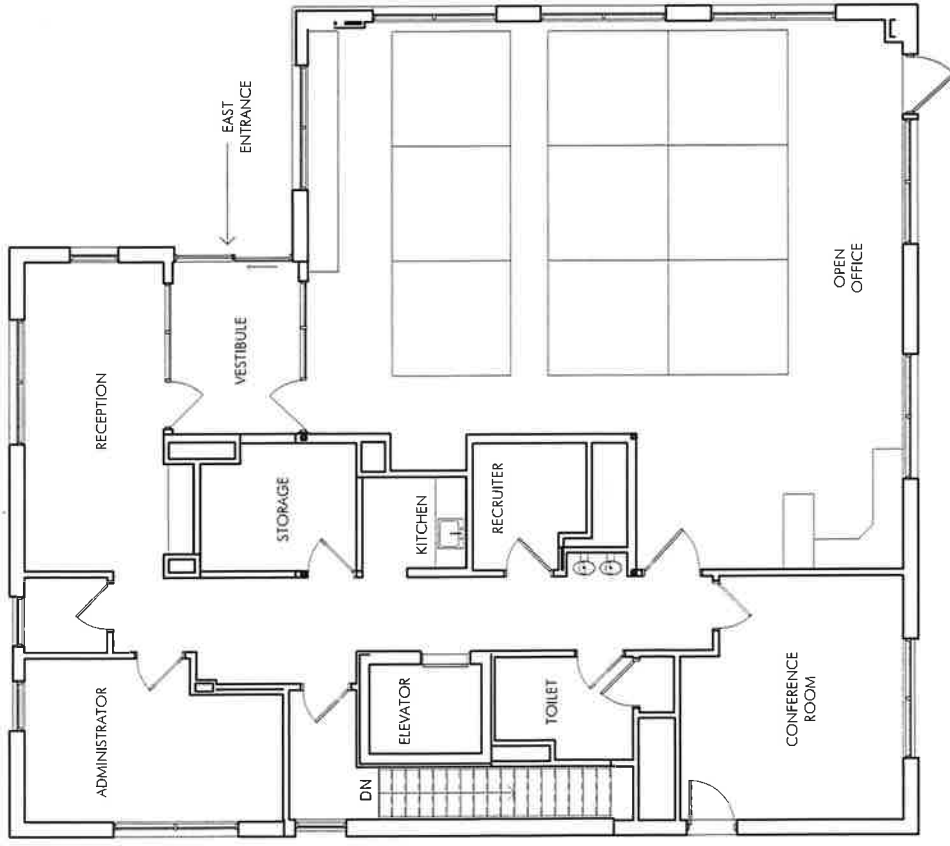
1/8" = 1'-0"



Marklund
Philip Center Renovations
Project No. 24096

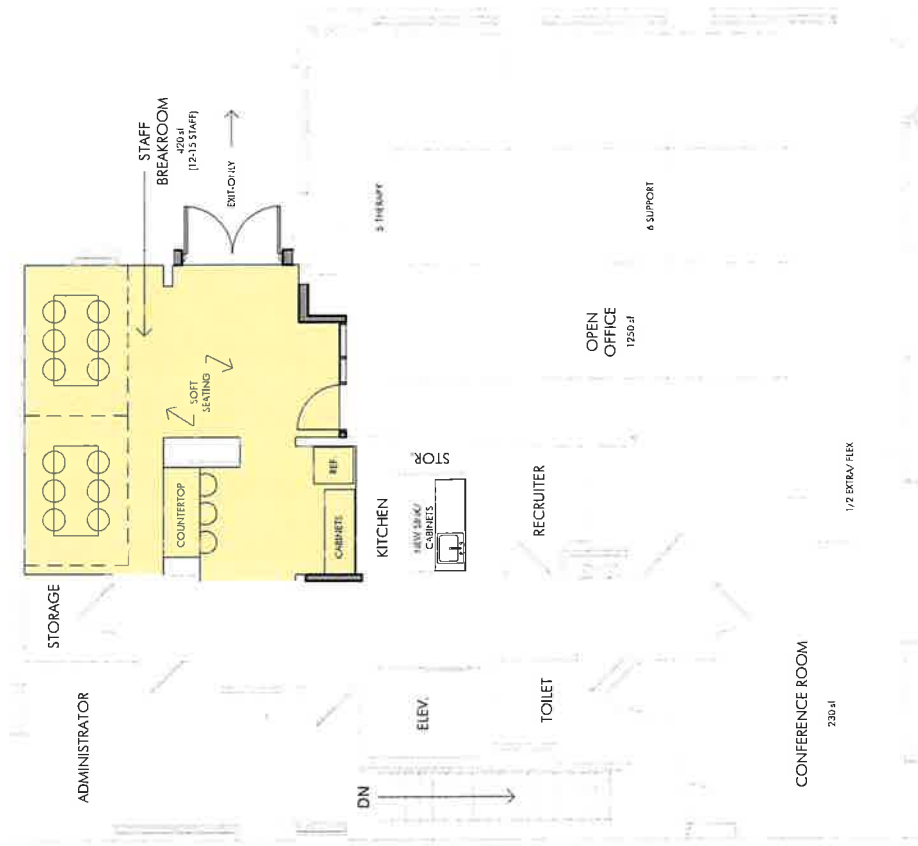


FIRST FLOOR
002



SECOND FLOOR - EXISTING

1/8" = 1'-0"



SECOND FLOOR - NEW

1/8" = 1'-0"



JB Pritzker, Governor

Division of Developmental Disabilities
600 E. Ash, Building 400 Springfield, IL 62703

Dulce M. Quintero, Secretary Designate

September 20, 2024

Re: Proximity Waiver Request

Dear Mr. Fonger,

After careful review and consideration, the Illinois Department of Human Services (IDHS), Division of Developmental Disabilities (DDD) is denying Marklund's request for a proximity waiver for the following address:

- 3256 Longcommon Parkway, Elgin IL 60120

This decision to deny the request is based on the following:

Proposed more than three individuals per home – DDD is only considering homes that are fully accessible under the Americans with Disabilities Act (ADA) for three people with individual bedrooms. You indicated that your proximity waiver request is for seven four person/bed homes. In order to ensure compliance with the HCBS Settings Rule's emphasis on ensuring that individuals are supported towards autonomy, independence, and choice, DDD is denying proximity waivers for homes of more than three people. In addition, as we have previously discussed with Marklund, the clustering of homes affords economies of scale and staff flexibility that should be able to support the three person per home requirement for a proximity waiver and potentially could support individuals with more significant healthcare with greater community inclusion.

Current and/or Previous CILA Experience - DDD has questions about whether Marklund is currently or has operated CILAs prior to this request to open these seven homes. Files indicate that Marklund has a provisional license through BALC, but never received a BALC survey to gain a full license. Thus, DDD would want to have information about Marklund's experience operating CILAs.

If you can address the size of the home issue and share with us your experience operating a CILA, you can resubmit your application for review. We are happy to meet with you to discuss this letter or any questions you have. Please do not hesitate to me at Meg.Cooch@illinois.gov with questions.

Thank you for your understanding and cooperation.

Sincerely,

Margaret Cooch
Chief of Staff
IDHS-DDD



JB Pritzker, Governor

Division of Developmental Disabilities
401 S. Clinton, 5th Floor Chicago, IL 60607

Dulce M. Quintero, Secretary Designate

October 16, 2024

Gilbert Fonger
Marklund
1S450 Wyatt Dr.
Geneva, IL 60134

Dear Mr. Fonger,

Thank you for the discussion last week and for your interest in expanding your efforts to support people with intellectual and developmental disabilities with high medical needs and high behavioral needs in the Home and Community-Based Services (HCBS) waiver.

After review of Rule 115 and in consultation with IDHS legal, IDHS-DDD believes that Marklund does not qualify for a proximity waiver yet.

115.310(f)1 reads "Subject to the proximity waiver process in subsection (j), it is not adjacent to (next to, across, or diagonal from or immediately behind) any Medicaid HCBS waiver-funded residential or day program site or property owned or controlled by the same CILA provider;"

Since Marklund does not currently have a CILA on the site, we cannot provide a waiver as there is no conflict with the proximity requirements at this time.

Marklund has a continuation on your provisional license that is scheduled to end at the end of December 2024. In order to ensure you can move towards reapplication of the proximity waiver, the following steps should occur:

- Marklund opens a CILA under your provisional license before the continuation of your provisional license ends. This CILA can be on the property that you would like to build.
- Other homes, be a home leased elsewhere, purchased elsewhere, or be leased by the individuals that would be considered individually controlled;
- During the first year of operating a CILA, BALC will complete a licensure survey. If successful, Marklund will transition from a provisional license to a full license. This will allow Marklund to expand beyond 1 CILA;
- Additionally, during the first year of operation with a provisional license, IDHS-DDD will review evidence that the CILA site complies with the HCBS Settings Rule. Demonstration of historical compliance with the HCBS Settings Rule will help aid in the submission, and approval, of an updated proximity waiver;



JB Pritzker, Governor

Dulce M. Quintero, Secretary Designate

Division of Developmental Disabilities
401 S. Clinton, 5th Floor Chicago, IL 60607

- Once Marklund has a full license and qualifies for a proximity waiver, you can resubmit the proximity waiver application.

Please let us know if you have any questions or would like to meet to discuss the process.

Thank you again for your interest in expanding HCBS residential supports for people with I/DD in the community.

Sincerely,

Tonya Piephoff
Director
Division of Developmental Disabilities

Kobbeman, Mary

From: Fonger, Gilbert
Sent: Thursday, October 17, 2024 9:34 AM
To: Tonya Piephoff
Cc: Brennan, Megan; Kobbeman, Mary
Subject: Marklund Proximity Waiver Letter - Denial clarification

Tonya,

Thank you for the clarification of your denial letter dated Sept 25.

So, as I read the current letter dated Oct 16, the reason now for the denial is as follows: **Since Marklund does not currently have a CILA on the site, we cannot provide a waiver as there is no conflict with the proximity requirements at this time.** But the fact is that the LIFTS concept that we have proposed to build on our property, and applied for in the waiver process, **would include multiple homes and require the proximity waiver.**

In the last bullet point of your letter it says: **Once Marklund has a full license and qualifies for a proximity waiver, you can resubmit the proximity waiver application.**

My question then would be, the same as it is now, we would be asking for a proximity waiver on the same vacant property. **How does our situation change other than now we would be a CILA provider?**

We are not opposed to opening a CILA and obtaining our full license but I would like some clarification before we move forward since our ultimate goal is to create our LIFTS concept.

Thank you for continuing the dialog.

Gil

GILBERT FONGER
President & CEO



Making everyday life possible for individuals with profound disabilities

1S450 Wyatt Dr.
Geneva, IL 60134
gfonger@marklund.org

630.593.5476 DIRECT
312.568.9219 CELL
www.marklund.org



From: Brennan, Megan <Megan.Brennan@Illinois.gov>
Sent: Wednesday, October 16, 2024 4:39 PM
To: Fonger, Gilbert <gfonger@marklund.org>; Kobbeman, Mary <mkobbeman@marklund.org>

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

In Section 115.310(f)(1), "It" was replaced with "Subject to the proximity waiver process in subsection (j), it".

In Section 115.310, a new subsection (j) was added as follows:

"(j) Provider agencies can request a proximity waiver from DDD from the provisions in subsection (f)(1) for a potential provider-owned or controlled CILA site. The provider shall present to DDD its rationale for the waiver request, including evidence of efforts to comply with subsection (f)(1). The request must be submitted before the agency leases, purchases, or takes possession of the property to be used as a CILA, or in the case of any agency having possession of the property, before the property is used as a CILA site. DDD shall grant the waiver for the duration of the CILA, if it determines that the granting of the waiver would meet the criteria described in 42 CFR 441.301(c)(5)(v) and related federal CMS guidance, including, but not limited to:

- 1) The Centers for Medicare & Medicaid Services Home and Community-Based Settings Regulation - Heightened Scrutiny, March 22, 2019 (available at <https://www.medicare.gov/federal-policy-guidance/downloads/smd19001.pdf>);
- 2) Center for Medicaid and CHIP Services, SUBJECT: Heightened Scrutiny Review of Newly Constructed Presumptively Institutional Settings, August 2, 2019 (available at https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/cib080219_124.pdf); and
- 3) CMS Technical Guidance on Settings that Isolate to Inform their Process for Identifying Prong 3 Settings (available at: <https://www.medicare.gov/medicaid/hcbs/downloads/settings-that-isolate.pdf>)."

In Section 115.320(c)(2)(C), "include" was inserted after "shall" and "be comprised in the following manner" was deleted.

All of Section 115.320(c)(2)(C)(i) was replaced with "At least 5 members."

42 CFR §441.301(c)(4)(5)

(4) Home and Community-Based Settings. Home and community-based settings must have all of the following qualities, and such other qualities as the Secretary determines to be appropriate, based on the needs of the individual as indicated in their person-centered service plan:

(i) The setting is integrated in and supports full access of individuals receiving Medicaid HCBS to the greater community, including opportunities to seek employment and work in competitive integrated settings, engage in community life, control personal resources, and receive services in the community, to the same degree of access as individuals not receiving Medicaid HCBS.

(ii) The setting is selected by the individual from among setting options including non-disability specific settings and an option for a private unit in a residential setting. The setting options are identified and documented in the person-centered service plan and are based on the individual's needs, preferences, and, for residential settings, resources available for room and board.

(iii) Ensures an individual's rights of privacy, dignity and respect, and freedom from coercion and restraint.

(iv) Optimizes, but does not regiment, individual initiative, autonomy, and independence in making life choices, including but not limited to, daily activities, physical environment, and with whom to interact.

(v) Facilitates individual choice regarding services and supports, and who provides them.

(vi) In a provider-owned or controlled residential setting, in addition to the qualities at §441.301(c)(4)(i) through (v), the following additional conditions must be met:

(A) The unit or dwelling is a specific physical place that can be owned, rented, or occupied under a legally enforceable agreement by the individual receiving services, and the individual has, at a minimum, the same responsibilities and protections from eviction that tenants have under the landlord/tenant law of the State, county, city, or other designated entity. For settings in which landlord tenant laws do not apply, the State must ensure that a lease, residency agreement or other form of written agreement will be in place for each HCBS participant, and that the document provides protections that address eviction processes and appeals comparable to those provided under the jurisdiction's landlord tenant law.

(B) Each individual has privacy in their sleeping or living unit:

(1) Units have entrance doors lockable by the individual, with only appropriate staff having keys to doors.

(2) Individuals sharing units have a choice of roommates in that setting.

(3) Individuals have the freedom to furnish and decorate their sleeping or living units within the lease or other agreement.

(C) Individuals have the freedom and support to control their own schedules and activities, and have access to food at any time.

(D) Individuals are able to have visitors of their choosing at any time.

(E) The setting is physically accessible to the individual.

Marklund Development Update

October 2024

NARRATIVE SUMMARY

Charities ended Q1 favorable to budget by \$ 80,000, which was a great start to the fiscal year in a planning quarter. Q2 is off to a strong start with the kick-off of the year-end campaign and the success of the Run, Walk & Roll Geneva. Thanks to our Board members who participated, sponsored, volunteered and fundraised for Marklund! Karyn Fitch, Carie Carney, Laura Karlins, Jim Armbruster, Carol Donahue, Mike Herlihy, and Maleeha Basha – we truly appreciate your support! Next up: the **29th Annual Top Hat Ball on Saturday, February 8, 2025**. Please secure your sponsorships, tables and tickets at www.marklund.org/tophatball

MWC Expansion/Renovation Project

40 Gifts

*\$3,452,275

Gifts can be made as a five-year pledge, with many naming opportunities still available!

**includes a management designation of \$1,250,000 moved from operations to capital in FY24.*

EVENTS

➤ **29th Annual Top Hat Ball – Saturday, February 8, 2025**

Marriott Michigan Avenue

FY25 Budget: Total NET	\$1,062,599
Total GROSS	\$1,533,000

FY24 Actual: Total NET	\$880,000
Total GROSS	\$1,339,803

www.marklund.org/tophatball

Contact Jeannine Zupo 530-593-5479 jzupo@marklund.org

➤ **RWR Series FY25**

12th Annual in Geneva - October 20, 2025

FY25 Budget: \$107,010/700 participants

***FY25 Actual:127,390/649 participants**

FY24 Actual: \$111,183/610 participants

8th Annual in Bloomingdale - April 27, 2025

FY25 Budget: \$56,100/500 participants

FY24 Actual: \$51,256/482 participants

**reconciliation not yet finalized as of 10/23*

Contact Lauren Spitler 530-593-5473 lspitler@marklund.org

➤ **43rd Annual Golf Classic – June 16, 2024**

White Eagle Golf Club NEW VENUE!

FY25 Budget: \$252,112

FY24 Actual: \$267,156

Contact Jeannine Zupo 530-593-5479 jzupo@marklund.org

THIRD PARTY EVENTS

Contact Lauren Spitler 530-593-5473 lspitler@marklund.org

FY25 to-date: \$4,267

FY25 Budget: \$40,000

FY25 GRANTS (as of 10/17/25)

Contact Carrie Seida 530-953-5304 cseida@marklund.org

Total Cash Received: \$261,289 (\$186,876 in FY24)

Awarded but not Received: \$332,408 (\$339,652 in FY24)

Outstanding Submissions: \$429,864 (\$390,600 in FY24)

Recent Awards

Montgomery Ward Foundation	\$10,000 for MHC CDS
Rotary Club of Elgin	\$1,000 for Communications Library
Community Fnd. Fox River Valley Youth Grant	\$4,000 for MDS/FEC in Geneva
Grand Victoria Foundation	\$25,000 for MWC General Operations
Best Foundation	\$5,000 for MDS/AHS in Bloomingdale
Daeumer Foundation	\$29,200 for Communications Library
Aileen S. Andrew Foundation	\$5,000 Baseball Field in Geneva
FT Cares Foundation	\$7,500 for Communications Library
Wheaton Franciscans Sisters	\$75,000 the MWC Expansion
Arboit Charitable Trust	\$5,000 MDS/AHC Bloomingdale
Opler Foundation	\$22,305 MPC Medical Equipment
Fred J. Brunner Foundation	\$10,000 MPC Medical Equipment
Kane County River Boat	\$12,400 MDS/FEC Continuing Education

ANNUAL GIVING (as of 10/17/24) *Does not include special event giving, capital campaign or endowment gifts

Contact Taylor Egan 530-593-5482 tegan@marklund.org

\$112,934 (\$84,710 in FY24)

Individuals: \$89,940 (\$61,651 in FY24)

Organizations: \$22,995 (\$23,059 in FY24)

Major Gifts *(single gifts of \$15,000 or greater)*

*\$854,000 (\$2,278,200 in FY24)

**We received a \$2,000,000 in Q1 of FY24 that we expect in Q2 (December) in FY25*

Direct Mail Appeals *(from annual giving totals above)*

\$15,686 (\$12,273 in FY24)

Leadership Giving Circle Donors *(\$1,000 + donors through 10/17/25)*

Contact Natalie Sarby 530-593-5461 nsarby@marklund.org

Q1

*Donors: 71 *(81 in FY24)*

Individuals: 35 *(45 in FY24)*

Orgs: 36 *(39 in FY24)*

**difference primarily due to timing of Board report*

Gil Fonger
President & CEO Report
Marklund

Board of Directors
October 30, 2024

Executive Summary

Overall, we have had a good start to the fiscal year.

The **Client Care Index** is currently averaging 91.8% which is slightly worse than last year at this time.

Our **Net Income** is doing better than budget.

The real highlight is the improvement in **staff retention**. The increase for PSP 90-Day YTD Retention is 33% over this same time last year, and the PSP/Para Retention is 50% better. The continued focus on retention is showing great results. We are still not where we want to be but the improvement is significant.

The **MWC expansion/renovation** is continuing to come along great but there have been some surprises along the way...

The roof of the **MWC CDS building**, totally unrelated to the construction project, was found to be in need of being completely replaced. Since we already had a roofer on site for the construction project and given the approaching late fall conditions it was decided to go ahead and do the job now. This cost (approximately \$100K) will not be part of the construction budget but will come out of the FY25 capital replacement budget.

And then, while replacing dilapidated and dangerous railings that are used to screen the roof top units on the current residential building, we found significant damage on the **flat areas of the roof**. This repair necessitated the expenditure of another \$72K. Both of these increases to the FY25 capital budget will be shared at the board meeting. We are hopeful that this will be the end of any major “surprises.”

The new **sidewalk connection** to the subdivision (Ginger Lane) to the south of our facility is...done! 😊

The current plan is to start moving residents from MPC in May/June to the expanded MWC. Once this happens the facility in Bloomingdale will transition to the **MDS – Bloomingdale**. We are working with architects from ARCON and FCL on a preliminary renovation plan. As part of the plan, we will add another classroom and create space for the school in the MPC admin building that is currently in the POD side of MPC. The plan is to start, assuming that funds are

available, the renovation in July 2025. Once the renovation is completed, we would tear down MPC in June/July 2026.

After waiting over three months (when it should have been completed in less than two), we finally received a reply to our request for a **Proximity Waiver** from DHS for our LIFTS concept...and it was a DENIAL. We immediately reached out to **Director Tonya Piephoff** (DHS – DDD) to request clarification. We had a ZOOM call with DHS-DDD and pointed out that their denial did not follow the requirements of Rule 115. They assured us that they would have the lawyers at DHS review their denial and they confirmed the decision but the reason for the denial changed. We have a meeting set up with **Senator Castro**, who was instrumental in getting Rule 115 modified to make a such a denial very difficult. I will be able to give you an update at the board meeting.

I finished my annual **Listening Tours** for each of our facilities (seven in total) in September. A total of **61** staff (almost twice as many as last year!) attended one of the sessions and an additional **38** submitted an online survey (surveys were sent to all staff). I found the overall atmosphere of the in-person interactions candid, positive and helpful. It was abundantly obvious that this isn't "just a job" but that they deeply care and are engaged.

Here are seven things that came out of both in the in-person and online feedback:

- The well-being and happiness of the people we serve is #1
- Great co-workers and quality teams
- Workload management can be an issue
- Review the Extended Sick Bank (ESB) policy [this is used for a documented sickness that extends beyond three days]
- Good organizational communication, open door policies and *Connections* [weekly staff newsletter]
- Leadership engagement and support has improved, feeling of family and supervisors genuinely care
- Need more acknowledgement of long-term employees

I have met with four strategic planners and received proposals from three. I am very close to selecting a planner who can work with us on an update to our **M2030 Strategic Plan**. The current plan is a five months process starting in November. I will be able to give an update at the board meeting.

We have the results of our annual **Parent/Guardian survey**. We received 86 surveys, all of which are anonymous. It is a slight decrease from the 88 surveys that were returned last year. With the closing of MPC next year, I was expecting a number of negative surveys. The results are a wonderful confirmation of our commitment to ***making everyday life possible for individuals with profound disabilities***. Here are some of the key responses:

- ✓ **Would you recommend Marklund to a family member?**
 - Yes – 100%

- ✓ **Overall quality of care?**
 - Meets or exceeds their expectations – 100%
- ✓ **Overall quality of life?**
 - Meets or exceeds their expectations – 100%
- ✓ **Overall cleanliness?**
 - Meets or exceeds their expectations – 98.8%

I cannot thank you enough for your support of the many board, donor and special events that we have. A BIG thanks to the following for your attendance at the:

Board Retreat – **Jim Armbruster, Maleeha Basha, Howard Brandeisky, Carie Carney, Carol Donahue, Gerry Estes** (all the way from NC!), **Karyn Fitch, Dan Foley, Mike Herlihy, Laura Karlins, Yaneth Medina, Frank Murnane Jr., Julie Schragr** (first time!), **Ari Smith** and **Dan Whiston**.

13th Annual Leadership Giving Circle – **Jim Armbruster, Carie Carney, Carol Donahue, Mike Herlihy, Laura Karlins, Frank Murnane, Jr.** and **Ari Smith**.

12th Annual Run, Walk & Roll – Geneva – **Jim Armbruster, Maleeha Basha, Carie Carney, Carol Donahue, Karyn Fitch, Mike Herlihy** and **Laura Karlins**.

I want to thank **Frank Murnane, Jr., Laura Karlins** and **Yaneth Medina** for serving on the **Claire Haverkamp Commemorative Award Committee** again this year. I am very excited that we have 262 staff and guests signed up for our Staff Appreciation Dinner that will be held at the Arrowhead Golf Club in Wheaton on Saturday, November 2. We have four finalists this year (we usually have three) for the annual award and it will be great to be able to have the winner announced that evening by Frank, representing the decision of the committee.

We currently have **833** participants in our **Marklund Action Network**. This is a powerful tool that we can use to remind our legislators of the *Friends of Marklund* that we can mobilize to support our organization and those we serve.

I was actually very surprised when I heard these **staff statistics** and thought you would be interested to know that we have:

- 519 current employees (408 full-time)
- 103 open positions (62 full-time)
- Total: 662 staff positions (470 full-time)

I have attached my **Annual Goals** for FY25, as approved by the Executive Committee, for your information.

Overall, I feel that our first quarter has started well. Again, this year, we have a tight budget in a very challenging environment. We continue to have many challenges and opportunities before us but I am confident that we have the energy, talent and resources to meet them.

Marklund President/CEO FY25 Goals

- **Strategic Plan – 35%**

Goal: Successful execution of the FY25 plan.

- Creation of FY25/26 Marklund 2030 Plan
 - Successful progress on all initiatives/projects
 - Fully implemented CEO succession plan process
-

- **Finances – 25%**

Goal: Successful execution of achieving FY24 budget.

- 40% based on Marklund budget doing \$100K better than budget (before fundraising)
 - 60% based on Marklund Fundraising budget doing \$100K better than budget
-

- **Operations – 25%**

Goal:

- 20% based on achieving Client Care Index: 95.0%
 - 40% based on increasing (PSP/Parapros) retention from 40% to 50%
 - 10% based on achieving a Parent Satisfaction survey rating: **90% rate services as “Satisfactory” or higher**
 - 30% - Other: Committee evaluation
-

- **Other Contributions/Achievements – 15%**

Goal: Other

- 40% based on local, state and national advocacy efforts
- 30% based on adding two new board members
- 30% - Other: Committee evaluation

Approved by Executive Committee – 7.17.24



How to get into the Marklund Intranet/Board Portal:

Not to be confused with the INTERNET, the INTRANET is an internal communication platform that can only be accessed by Marklund employees, parents and board members, and features specific information important to these groups.

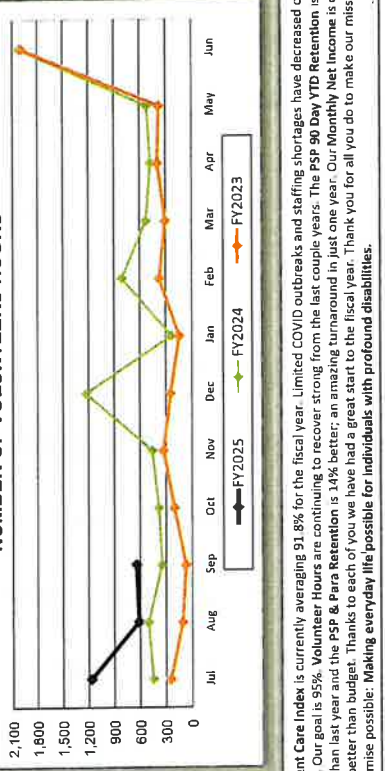
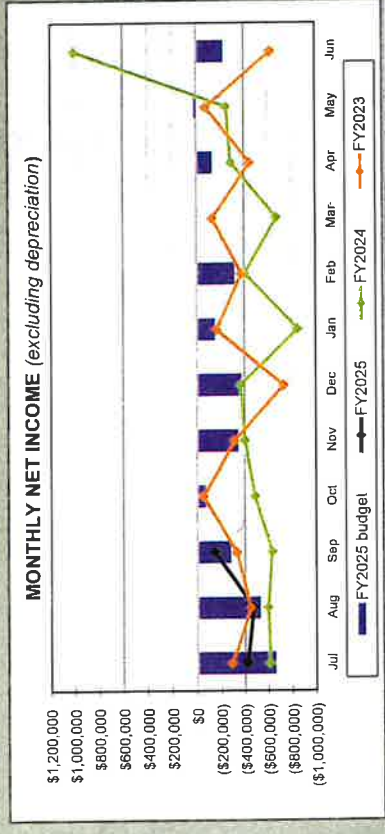
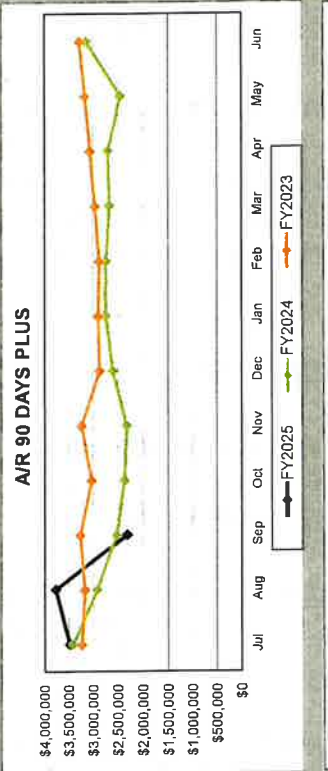
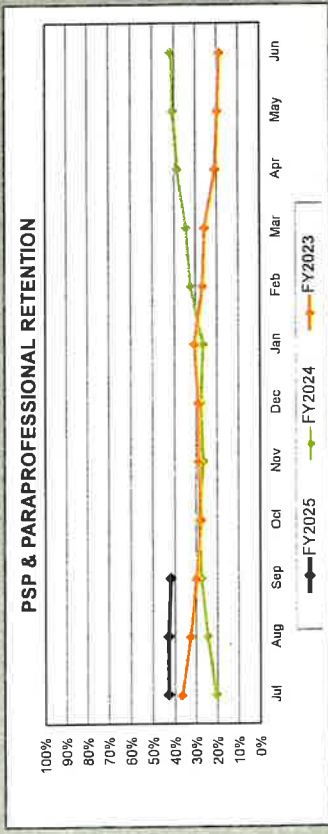
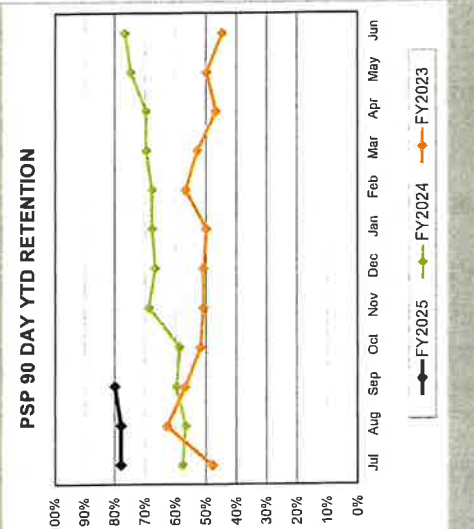
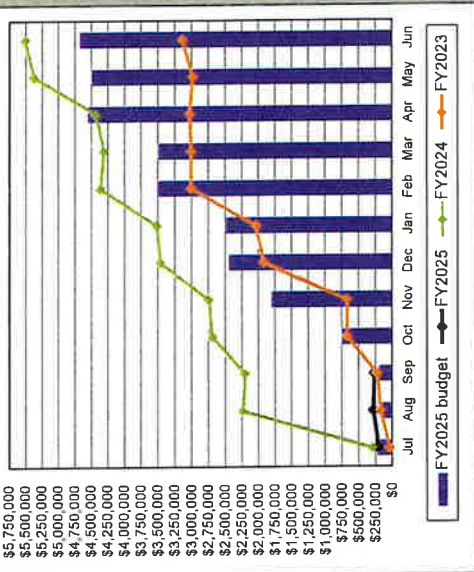
Open the Marklund website at www.marklund.org. Follow these instructions to access the Intranet and get to the **Board Portal**:

1. On the Home Page, you'll find the word "Login" at the top right in the orange bar. Click on LOGIN.
2. Type in the USERNAME box: **MarklundBoard**
3. Type in the PASSWORD box: **!M@rkBD21**
4. Use the mouse to click the "Login" button—(Please note: Do Not Press Enter—that will not work)
5. Once the page has loaded, you'll be back at the top of the home page. At the top of the screen near the right, you will see a dropdown tab that says "Board Member."
6. Mover the cursor over the "Board" tab
7. Click on the link you would like to get into (for example, News, Packet Materials, Board Member Information, Board Manual)

If you have any questions, please contact Mary Kobbemann, executive assistant, at mkobbemann@marklund.org, or Dawn Lassiter-Brueske, Chief Communications Officer, at dlassiter@marklund.org.

Marklund Key Performance Indicators

September FY2025



The Client Care Index is currently averaging 91.8% for the fiscal year. Limited COVID outbreaks and staffing shortages have decreased our outages. Our goal is 95%. Volunteer Hours are continuing to recover strong from the last couple years. The PSP 90 Day YTD Retention is 20% better than last year and the PSP & Para Retention is 4% better; an amazing turnaround in just one year. Our Monthly Net Income is over \$400K better than budget. Thanks to each of you we have had a great start to the fiscal year. Thank you for all you do to make our mission, our promise possible: **Making everyday life possible for individuals with profound disabilities.**

Board of Directors

Statement of Expectations

The following responsibilities are specific to Marklund and are articulated for the purpose of complementing or clarifying certain aspects of the traditional governing responsibilities of board members.

1. Commit to the mission and goals of Marklund
2. Attend meetings of the Board of Directors: Four regular meetings (January, April, June, & October) and one all-day retreat (August).
3. Serve on a committee and participate in committee meetings.
4. Contribute expertise and participate in the strategic and financial success of Marklund.
5. Attend Marklund's special events and bring guests.
6. Encouraged to contribute and/or raise a minimum of \$2,500 per year which includes a minimum personal gift of \$1,000.
7. Develop funding support by making introductions to individuals, corporations, and foundations. Serve as an advocate with governmental bodies, foundations as well as local organizations to represent the case for Marklund.
8. Represent Marklund by being familiar with the organization, its mission and core programs and allow your name to be used in support of Marklund.
9. Disclose any potential conflict of interest with Marklund.
10. Complete an annual board self-evaluation

Board Member Signature

Date

Board Chair Signature

Date