

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

Urbana, Illinois

**Financial Statements  
and Supplementary Information**

For the Year Ended

June 30, 2025

**C O N T E N T S**

*Page*

INDEPENDENT AUDITOR’S REPORT ..... 1-3

**BASIC FINANCIAL STATEMENTS**

*Government-Wide Financial Statements*

Statement of Net Position  
(Exhibit A) .....4

Statement of Activities  
(Exhibit B) .....5

Statement of Activities – Component Unit  
(Exhibit C) .....6

Statement of Functional Expenses – Component Unit  
(Exhibit D) .....7

*Fund Financial Statements*

Balance Sheet – Governmental Fund  
(Exhibit E).....8

Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position  
(Exhibit E-1) .....9

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund  
(Exhibit F).....10

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance – Governmental Fund to the Statement of Activities  
(Exhibit F-1).....11

Statement of Net Position – Proprietary Fund  
(Exhibit G) .....12

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund  
(Exhibit H) .....13

Statement of Cash Flows – Proprietary Fund  
(Exhibit I).....14

Notes to the Basic Financial Statements ..... 15-32

**SUPPLEMENTARY INFORMATION**

Illinois Grant Accountability and Transparency – Consolidated Year-End Financial Report  
(Schedule 1) .....33

Schedule of Expenditures of Federal Awards  
(Schedule 2) .....34

Notes to the Schedule of Expenditures of Federal Awards .....35

**ADDITIONAL REPORTS AND SCHEDULES REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE**

Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*..... 36-37

Independent Auditor’s Report on Compliance for Each Major Program and  
on Internal Control over Compliance Required by the Uniform Guidance..... 38-40

Schedule of Findings and Questioned Costs  
(Schedule 3) .....41

Summary Schedule of Prior Audit Findings  
(Schedule 4) .....42

## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Illinois Law Enforcement Alarm System  
Urbana, Illinois

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Illinois Law Enforcement Alarm System (the Organization) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Organization as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

Management has omitted the management’s discussion and analysis that U.S. GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization’s basic financial statements. The accompanying Schedules 1, 2, and 4, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

MH CPA PLLC

Champaign, Illinois  
March 26, 2026

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Statement of Net Position  
June 30, 2025

|  | Primary Government         |                             |                     | Component<br>Unit |
|--|----------------------------|-----------------------------|---------------------|-------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |                   |
| <b>ASSETS</b>  |                            |                             |                     |                   |
| Current Assets   |                            |                             |                     |                   |
| Cash and Cash Equivalents  | \$ 2,437,698               | \$ 232,350                  | \$ 2,670,048        | \$ 51,277         |
| Receivables:   |                            |                             |                     |                   |
| Grants Receivable  | 1,363,186                  | -                           | 1,363,186           | -                 |
| Accounts Receivable  | -                          | 1,323,875                   | 1,323,875           | 3,919             |
| Dues Receivable, Net of Allowance for<br>Doubtful Receivables of \$840 | -                          | 2,820                       | 2,820               | -                 |
| Due from ILEAS Foundation  | -                          | 5,422                       | 5,422               | -                 |
| Internal Balance   | (327,232)                  | 327,232                     | -                   | -                 |
| Prepaid Expenses   | -                          | 16,431                      | 16,431              | -                 |
| Total Current Assets   | <u>3,473,652</u>           | <u>1,908,130</u>            | <u>5,381,782</u>    | <u>55,196</u>     |
| Capital Assets, Net of Accumulated<br>Depreciation and Amortization    | 3,692,350                  | 5,500                       | 3,697,850           | -                 |
| Total Assets   | <u>7,166,002</u>           | <u>1,913,630</u>            | <u>9,079,632</u>    | <u>55,196</u>     |
| <b>LIABILITIES</b>   |                            |                             |                     |                   |
| Current Liabilities  |                            |                             |                     |                   |
| Due to ILEAS   | -                          | -                           | -                   | 5,422             |
| Accounts Payable   | 2,531,142                  | 1,437,497                   | 3,968,639           | -                 |
| Accrued Payroll  | 107,873                    | 2,117                       | 109,990             | -                 |
| Unearned Revenue   | 794,669                    | 667                         | 795,336             | 8,790             |
| Non-Current Liabilities  |                            |                             |                     |                   |
| Due Within One Year  | 199,716                    | 2,175                       | 201,891             | -                 |
| Total Liabilities  | <u>3,633,400</u>           | <u>1,442,456</u>            | <u>5,075,856</u>    | <u>14,212</u>     |
| <b>NET POSITION</b>  |                            |                             |                     |                   |
| Net Investment in Capital Assets                                       | 3,692,350                  | 5,500                       | 3,697,850           | -                 |
| Unrestricted   | (159,748)                  | 465,674                     | 305,926             | 40,984            |
| Total Net Position   | <u>\$ 3,532,602</u>        | <u>\$ 471,174</u>           | <u>\$ 4,003,776</u> | <u>\$ 40,984</u>  |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
 Statement of Activities  
 For the Year Ended June 30, 2025

|                                 | Expenses      | Program Revenues        |  |  | Net (Expenses) Revenues<br>and Changes in Net Position |                             |              |
|---------------------------------|---------------|-------------------------|--|--|--|-----------------------------|--------------|
|                                 |               | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                             | Business-Type<br>Activities | Total        |
| Governmental Activities:        |               |                         |  |  |  |                             |              |
| Management and Administration   | \$ 594,212    | \$ -                    | \$ 594,212                               | \$ -                                   | \$ -   | \$ -                        | \$ -         |
| Training and Reimbursements     | 12,527,070    | -                       | 12,282,670                               | 535,294                                | 290,894  | -                           | 290,894      |
| Total Governmental Activities   | 13,121,282    | -                       | 12,876,882                               | 535,294                                | 290,894  | -                           | 290,894      |
| Business-Type Activities:       |               |                         |  |  |  |                             |              |
| Operating Expenses              | 3,116,511     | 3,129,786               | -  | -                                      | -  | 13,275                      | 13,275       |
| Total Primary Government        | \$ 16,237,793 | \$ 3,129,786            | \$ 12,876,882                            | \$ 535,294                             | 290,894  | 13,275                      | 304,169      |
| General Revenues:               |               |                         |  |  |  |                             |              |
| Interest Income                 |               |                         |  |  | -  | 6,505                       | 6,505        |
| Other Income                    |               |                         |  |  | 6,266  | -                           | 6,266        |
| Total General Revenues          |               |                         |  |  | 6,266  | 6,505                       | 12,771       |
| Change in Net Position          |               |                         |  |  | 297,160  | 19,780                      | 316,940      |
| Net Position, Beginning of Year |               |                         |  |  | 3,235,442  | 451,394                     | 3,686,836    |
| Net Position, End of Year       |               |                         |  |  | \$ 3,532,602   | \$ 471,174                  | \$ 4,003,776 |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Statement of Activities - Component Unit  
For the Year Ended June 30, 2025

|  |           |
|--|-----------|
| <b>Support and Revenue</b>                                       |           |
| Conferences  | \$ 27,150 |
| Contributions  | 6,978     |
| Gain on Sale of Inventory  | 111       |
| Miscellaneous Income   | 6,177     |
| Total Support and Revenue  | 40,416    |
| <br><b>Expenses</b>  |           |
| Program Services   | 24,672    |
| Supporting Services  |           |
| General and Administrative                                       | 8,776     |
| Fundraising  | 1,198     |
| Total Expenses   | 34,646    |
| <b>Changes in Net Assets</b>                                     | 5,770     |
| <b>Net Assets Without Donor Restrictions,* Beginning of Year</b> | 35,214    |
| <b>Net Assets Without Donor Restrictions,* End of Year</b>       | \$ 40,984 |

\* This item is presented on Exhibit A as Net Position - Unrestricted

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Statement of Functional Expenses - Component Unit  
For the Year Ended June 30, 2025

|                              | Program<br>Services | Supporting Services           |                 | Total            |
|------------------------------|---------------------|-------------------------------|-----------------|------------------|
|                              |                     | General and<br>Administrative | Fundraising     |                  |
| Contractual Services (Labor) | \$ 8,084            | \$ 2,695                      | \$ 1,198        | \$ 11,977        |
| Conferences                  | 11,446              | -                             | -               | 11,446           |
| Professional Fees            | -                   | 3,830                         | -               | 3,830            |
| Occupancy                    | 2,400               | -                             | -               | 2,400            |
| Insurance                    | -                   | 1,830                         | -               | 1,830            |
| Miscellaneous                | 2,742               | 421                           | -               | 3,163            |
| Total Expenses               | <u>\$ 24,672</u>    | <u>\$ 8,776</u>               | <u>\$ 1,198</u> | <u>\$ 34,646</u> |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
 Balance Sheet - Governmental Fund  
 June 30, 2025

|                                     | <u>General Fund</u> |
|-------------------------------------|---------------------|
| <b>ASSETS</b>                       |                     |
| Assets                              |                     |
| Cash and Cash Equivalents           | \$ 2,437,698        |
| Grants Receivable                   | 1,363,186           |
| Total Assets                        | \$ 3,800,884        |
| <b>LIABILITIES AND FUND BALANCE</b> |                     |
| Liabilities                         |                     |
| Due to Proprietary Fund             | \$ 327,232          |
| Accounts Payable                    | 2,531,142           |
| Accrued Payroll                     | 107,873             |
| Unearned Revenue                    | 794,669             |
| Total Liabilities                   | 3,760,916           |
| Fund Balance                        |                     |
| Unassigned                          | 39,968              |
| Total Liabilities and Fund Balance  | \$ 3,800,884        |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Reconciliation of the Balance Sheet - Governmental Fund  
to the Statement of Net Position  
June 30, 2025

|   |    |                         |
|---|----|-------------------------|
| Total Fund Balance, Governmental Fund   | \$ | 39,968                  |
| Capital Assets, Net of Depreciation and Amortization<br>Used in Governmental Activities |    | 3,692,350               |
| Accrued Compensated Absences<br>Related to Governmental Activities                      |    | <u>(199,716)</u>        |
| Net Position of Governmental Activities   | \$ | <u><u>3,532,602</u></u> |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Governmental Fund  
 For the Year Ended June 30, 2025

|  | <u>General Fund</u> |
|--|---------------------|
| <b>Revenues</b>                        |                     |
| Federal Grants                         | \$ 6,954,768        |
| State Grants                           | 6,683,076           |
| Other Income                           | 6,269               |
| Total Revenues                         | 13,644,113          |
| <b>Expenditures</b>                    |                     |
| Current:                               |                     |
| Management and Administration          | 594,212             |
| Training and Reimbursements            | 12,286,709          |
| Capital Outlay:                        |                     |
| Training and Reimbursements            | 535,293             |
| Total Expenditures                     | 13,416,214          |
| <b>Net Change in Fund Balance</b>      | 227,899             |
| <b>Fund Balance, Beginning of Year</b> | (187,931)           |
| <b>Fund Balance, End of Year</b>       | \$ 39,968           |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Reconciliation of the Statement of  
Revenues, Expenditures, and Changes in Fund Balance -  
Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2025

|   |                   |
|---|-------------------|
| Net Change in Fund Balance, Total Governmental Fund                       | \$ 227,899        |
| Change in Accrued Compensated Absences Related to Governmental Activities | 10,217            |
| Change in Grants Receivable Collected After Accrual Period                | (225,671)         |
| Remove Capital Expenditures Related to Capital Assets                     | 535,295           |
| Depreciation and Amortization on Capital Assets                           | <u>(250,580)</u>  |
| Change in Net Position of Governmental Activities                         | <u>\$ 297,160</u> |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Statement of Net Position -  
Proprietary Fund  
June 30, 2025

|  | Enterprise<br>Fund |
|--|--------------------|
|  | Business<br>Fund   |
| <b>ASSETS</b>  |                    |
| Current Assets   |                    |
| Cash and Cash Equivalents  | \$ 232,350         |
| Accounts Receivable  | 1,323,875          |
| Dues Receivable, Net of Allowance for<br>Doubtful Receivables of \$840 | 2,820              |
| Due from Governmental Fund   | 327,232            |
| Due from ILEAS Foundation  | 5,422              |
| Prepaid Expenses   | 16,431             |
| Total Current Assets   | 1,908,130          |
| Capital Assets, Net of Accumulated Depreciation                        | 5,500              |
| Total Assets   | 1,913,630          |
| <b>LIABILITIES</b>   |                    |
| Current Liabilities  |                    |
| Accounts Payable   | 1,437,497          |
| Accrued Payroll  | 2,117              |
| Accrued Compensated Absences   | 2,175              |
| Unearned Revenue   | 667                |
| Total Liabilities  | 1,442,456          |
| <b>NET POSITION</b>  |                    |
| Net Investment in Capital Assets                                       | 5,500              |
| Unrestricted   | 465,674            |
| Total Net Position   | \$ 471,174         |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Statement of Revenues, Expenses, and Changes in Net Position -  
Proprietary Fund  
For the Year Ended June 30, 2025

|  | Enterprise<br>Fund |
|--|--------------------|
|  | Business<br>Fund   |
| <b>Operating Revenues</b>                |                    |
| Membership Dues                          | \$ 102,000         |
| Training Center Income                   | 22,897             |
| Training Center Lease Income             | 50,515             |
| Conferences                              | 54,475             |
| Management Services Income               | 2,896,843          |
| Other Income                             | 3,056              |
| Total Operating Revenues                 | 3,129,786          |
| <b>Operating Expenses</b>                |                    |
| Agency Program Expenses                  | 58,497             |
| Conference Expenses                      | 86,650             |
| General Administrative Expenses          | 68,287             |
| Insurance                                | 48,360             |
| Management Services Expenses             | 2,853,382          |
| Total Operating Expenses                 | 3,115,176          |
| <b>Operating Gain</b>                    | 14,610             |
| <b>Non-Operating Revenues (Expenses)</b> |                    |
| Interest Income                          | 6,505              |
| Interest Expense                         | (1,335)            |
| Total Non-Operating Revenues             | 5,170              |
| <b>Change in Net Position</b>            | 19,780             |
| <b>Net Position, Beginning of Year</b>   | 451,394            |
| <b>Net Position, End of Year</b>         | \$ 471,174         |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Statement of Cash Flows -  
Proprietary Fund  
For the Year Ended June 30, 2025

|   | Enterprise Fund |
|---|-----------------|
|   | Business Fund   |
| <b>Cash Flows from Operating Activities</b>             |                 |
| Receipts from Users and Members                         | \$ 1,981,469    |
| Payments to Employees                                   | (65,282)        |
| Payments to Suppliers                                   | (1,678,070)     |
| Net Cash Provided by Operating Activities               | 238,117         |
| <b>Cash Flows from Non-Capital Financing Activities</b> |                 |
| Proceeds from Line of Credit                            | 319,748         |
| Repayments on Line of Credit                            | (365,767)       |
| Interest Paid on Line of Credit                         | (1,335)         |
| Net Cash Used in Non-Capital Financing Activities       | (47,354)        |
| <b>Cash Flows from Investing Activities</b>             |                 |
| Increase in Due from Governmental Fund                  | (243,378)       |
| Increase in Due from ILEAS Foundation                   | (166)           |
| Interest  | 6,627           |
| Net Cash Used in Investing Activities                   | (236,917)       |
| <b>Net Decrease in Cash and Cash Equivalents</b>        | (46,154)        |
| <b>Cash and Cash Equivalents, Beginning of Year</b>     | 278,504         |
| <b>Cash and Cash Equivalents, End of Year</b>           | \$ 232,350      |
| <b>Cash Flows from Operating Activities</b>             |                 |
| Operating Gain  | \$ 14,610       |
| Adjustment to Reconcile Operating Gain to               |                 |
| Net Cash Provided by Operating Activities:              |                 |
| Change in Assets and Liabilities:                       |                 |
| Increase in Receivables                                 | (1,148,370)     |
| Increase in Prepaid Expenses                            | (827)           |
| Increase in Accounts Payable                            | 1,372,703       |
| Decrease in Accrued Payroll                             | (250)           |
| Increase in Accrued Compensated Absences                | 198             |
| Increase in Unearned Revenue                            | 53              |
| Total Adjustments                                       | 223,507         |
| Net Cash Provided by Operating Activities               | \$ 238,117      |

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Notes to the Basic Financial Statements  
June 30, 2025

**1. Nature of Organization**

Illinois Law Enforcement Alarm System (the Organization or ILEAS) was formed in 2002 as an alliance of all law enforcement agencies in the State of Illinois for the purpose of mutual aid, homeland security, and the combining of resources for public safety. The Organization represents all the sheriff's offices and several hundred police departments in Illinois.

The mission of the Organization is to meet the needs of law enforcement throughout the State of Illinois in matters of mutual aid, emergency response, and the combining of resources for public safety.

The Organization has established and manages a state-wide mutual aid plan whereby member departments can "pre-plan" disaster and crisis mutual aid. If a department needs assistance during an incident, the Organization can share that burden by notifying and coordinating the pre-plan mutual aid agencies' responses.

The Organization is divided into eight geographic regions which are based on Illinois Emergency Management Agency regions. Each region elects a chief-of-police and a sheriff to act as regional co-chairs. The Organization's Governing Board is made up of:

- 16 Regional Co-Chairs
- 2 Representatives from the Chicago Police Department
- 1 Representative from the Illinois State Police
- 1 Representative from the Illinois Sheriff's Association
- 1 Representative from the Illinois Association of Chiefs of Police

Any of the Governing Board members can appoint a permanent delegate to the Board. Additionally, the Organization has added advisory, non-voting ex-officio members to the Governing Board. The President of the Organization has appointed an Executive Committee consisting of elected Governing Board Officers to manage the day-to-day activities. The Organization has hired staff to administer the Federal Homeland Security grants which make up a majority of the Organization's funds.

The Organization is a coalition/consortium of local agencies as established by law in Illinois, however, the Organization is not considered a component unit of any other government entity.

The Illinois Law Enforcement Alarm System Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois to develop support for the Organization.

The Foundation is considered a component unit of the Organization under the accounting standards followed by the Organization; however, the Foundation is a separate legal entity. The Foundation's only program relates to the support of the operational and capital needs of the Organization that lack adequate funding through the Organization's available resources. The Foundation's revenue sources are donations, grants, and fees for conferences.

## **2. Summary of Significant Accounting Policies**

The financial statements of the Organization are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments. U.S. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

### **a. Financial Reporting Entity**

The definition of what constitutes the entity of the Organization is based on the guidelines set forth in GASB Statement Number 14, as amended by various later GASB pronouncements. The primary government of the Organization consists of the funds presented herein as a governmental fund and a proprietary fund.

According to GASB Statement Number 14, as amended, a legally separate organization should be included as a component unit of the primary government if the primary government is financially accountable for the legally separate organization. Financial accountability is determined as follows:

1. The Organization is fiscally dependent on the primary government and there is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
2. The primary government appoints a voting majority of the Organization's governing body, and:
  - It is able to impose its will on the Organization
  - There is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government

As required by U.S. GAAP, these financial statements present the financial reporting entity of the Organization, including the Foundation, which is a discretely presented component unit. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the Organization, the Organization has the ability to access those resources, and those resources are significant to the Organization.

The assets, liabilities, net assets, revenue, and expenses of the Foundation are included in the basic financial statements presented in Exhibits A, C, and D. There are no other entities for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's financial statements to be materially misstated or incomplete.

b. Basic Financial Statements

*Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the Organization as a whole. They include all funds of the Organization and the discretely presented component unit, with the exception that the discretely presented component unit is presented in a separate Statement of Activities that follows the Organization's. The Statement of Functional Expenses relates only to the component unit. The Statement of Net Position and the Statements of Activities include the governmental activities, business-type activities, and the discretely presented component unit. The Organization's governmental activities generally are financed through intergovernmental revenue and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal balances and activities within the Organization's funds are eliminated in the government-wide financial statements. Activities between the Organization's primary government and the discretely presented component unit are not eliminated.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 2.c).

*Fund Financial Statements*

Fund financial statements of the Organization are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The Organization's funds are organized into two major categories: governmental and proprietary funds. An emphasis is placed on major funds within these categories. A fund is considered major if it is the primary operating fund of the

Organization or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 5 percent of the corresponding total for all funds combined.

The Organization also may report certain funds as major, based on their importance to users of the financial statements.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 2.c.).

The proprietary fund financial statements are reported on the accrual basis of accounting (as described in Note 2.c.).

The fund types of the Organization are described below:

#### *Governmental Fund*

The focus of the governmental fund's measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Organization:

General Fund – The General Fund is the primary operating fund of the Organization and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

#### *Proprietary Fund*

Enterprise Fund – An Enterprise Fund is used to account for business-like activities provided to the general public. The measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

Business Fund – The Business Fund is used to account for business-like activities provided to support activities of the General Fund.

c. Basis of Accounting

*Accrual*

Governmental activities and business-type activities in the government-wide financial statements and the enterprise fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Organization considers receipts within 90 days of year-end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

Grants are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measured and available only when cash is received by the Organization.

d. Cash and Cash Equivalents

Cash and cash equivalents include deposits at financial institutions, short-term investments with original maturities at issuance of three months or less, and funds held in money market mutual funds at depository banks.

e. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect on outstanding balances. The allowance for doubtful dues receivables at June 30, 2025 was \$840. There is no allowance against grants receivable or accounts receivable at June 30, 2025, based on collections subsequent to fiscal year end and management's assessment of remaining uncollected amounts.

f. Interfund Balances

Receivables and payables between funds are reported as due from and due to other funds, respectively. Amounts not expected to be repaid within a reasonable time are considered interfund transfers. In governmental funds, amounts due from other funds expected to be repaid within a reasonable time, but beyond one year from June 30, 2025, as well as other long-term receivables are offset by non-spendable fund balance because they do not represent expendable, available financial resources. The amounts due among the funds at June 30, 2025, relate to working capital loans with no specific repayment schedule; however, repayment is expected within the next fiscal year.

g. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are recorded as assets and expended/expensed over the term when the services are received.

h. Capital Assets

The Organization capitalized assets with initial individual unit values over \$5,000 and useful lives in excess of two years. Capital assets purchased for use in governmental activities are recorded as expenditures in governmental fund financial statements at the time of purchase. Capital assets are reported in the government-wide financial statements offset by accumulated depreciation and amortization.

Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their estimated acquisition value on the date donated. Depreciation is calculated on capital assets, other than land and assets that appreciate in value, using the straight-line method, mid-year convention over the estimated useful lives of the assets. Leased assets are amortized using the straight-line method over the lease term. The estimated useful lives used by the Organization include:

| Assets                               | Years       |
|--------------------------------------|-------------|
| Buildings and Leasehold Improvements | 20-50 years |
| Equipment and Vehicles               | 5-25 years  |
| Intangibles                          | 5 Years     |

i. Unearned Revenue

*Governmental Activities and General Fund* – Grant funds received under agreements that require the provision of services by the Organization are recognized as revenue to the extent that expenses have been incurred for the purpose specified by the grantor. The excess of grant funds received over grant expenditures incurred is accounted for as unearned revenue. The excess of grant expenditures over grant funds received is accounted for as grants receivable to the extent that additional grant revenue has been awarded and will be paid.

*Business-Type Activities and Business Fund* – Unearned revenue consists of prepayments received on rental agreements and other contractual agreements.

#### Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Organization has no item that qualifies for reporting in this category as of June 30, 2025.

The financial statement element, deferred inflows of resources, represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Organization has no item that qualifies for reporting in this category as of June 30, 2025.

#### j. Restricted Net Position

Assets that are not available to finance the general operations of the Organization are reported as restricted on the Statement of Net Position. The Organization's policy is to apply restricted resources first when an expense is incurred for a purpose for which restricted and unrestricted net position is available.

#### k. Fund Balance

Fund balances are classified as follows:

**Non-Spendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for specific purposes because of the Organization by-laws, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** – Amounts that can be used only for specific purposes determined by a resolution by the Governing Board.

**Assigned** – Amounts that are constrained by the Governing Board's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Governing Board itself or (b) a body or official to which the Governing Board has delegated the authority to assign amounts to be used for specific purposes. The Organization's highest level of decision-making authority is the Governing Board, who is authorized to assign amounts to a specific purpose through its appropriations power.

**Unassigned** – All amounts not included in other spendable classifications (the General Fund is the only fund that reports a positive unassigned fund balance amount).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the Organization considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Organization considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Governing Board has provided otherwise in its commitment or assignment actions.

l. Program Revenues

Program Revenues on the Statement of Activities include the following:

*Governmental Activities*

Operating Grants and Contributions      Grants and contributions used to support training and education programs, management and administration, and to provide support and equipment for agencies.

Capital Grants and Contributions      Grants and contributions used to purchase equipment and software to support training and education programs.

*Business-type Activities*

Charges for Services      Fees charged for membership, programs, conferences, and other services provided for member agencies and other parties.

m. Operating and Non-Operating Revenues and Expenses of Proprietary Fund

Operating revenues and expenses for the proprietary fund are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

n. Compensated Absences

As of July 1, 2024, the Organization adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). This Statement provides updated recognition and measurement requirements for compensated absences, including vacation, sick leave, and other forms of paid time off. Under GASB 101, liabilities are recognized for leave that has vested and is expected to be paid upon termination or retirement, as well as for non-vested leave when it is more likely than not to be used for leave or to vest and be paid in the future. The adoption of GASB 101 did not result in a restatement of net position as of June 30, 2024, or impact any amounts in the financial statements for the year ended June 30, 2025, as the impact of implementation was not material to the financial statements. The Organization has a liability for only vested leave earned as of fiscal year end, as there is no nonvested amount of leave. The liability activity for Fiscal Year 2025 presented in Note 9 below is shown as a net amount as allowed by GASB 101.

It is the Organization's policy to permit employees to accumulate earned but unused paid leave to a limit of 252 hours, 84 of which may be carried to the next calendar year. All paid leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The rate of accrued compensated absence is calculated based on the employee's equivalent hourly rate as of statement of net position date. The Organization considers the liability for accrued compensated absences to be entirely a current liability based on the first-in first-out flow assumption and the usage pattern of employees in the recent years.

o. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates of the primary government of the Organization at June 30, 2025 include the allowance for doubtful receivables and allowable costs on grants from governmental agencies.

### **3. Reconciliation of Fund Statements to Government-Wide Statements**

A reconciliation is provided with the balance sheet – governmental funds (Exhibit E-1) to explain the differences between total fund balances in the balance sheet – governmental funds and net position for governmental activities on the government-wide Statement of Net Position. The major differences are due to:

- a. Capital Assets, net of depreciation and amortization, are used across all funds and will be recorded on government-wide financial statements, but not on the fund financial statements.
- b. The value of long-term liabilities, including compensated absences, which are not reported in governmental funds.

A reconciliation is provided with the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund (Exhibit F-1) to explain the difference between the change in fund balance in the governmental fund and the change in net position for governmental activities on the government-wide Statement of Activities. The major differences are due to:

- a. Depreciation and amortization expenses on capital assets are not reported in the governmental fund, while they are expenses on the Statement of Activities.
- b. The change in accrued compensated absences is not a governmental fund expenditure, while it is an expense on the Statement of Activities.
- c. Grant revenues earned but not received within 90 days of year-end are reported in the governmental fund revenue in the following year, while they are revenue on the Statement of Activities in the year earned regardless of receipt of payment.

- d. Capital outlay expenditures are not reported in the Statement of Activities, while they are expenditures of the governmental fund.

**4. Budgets**

The Organization's General Fund is not required by Illinois Statute to pass an annual legal budget and appropriations document.

**5. Cash and Cash Equivalents**

*Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Organization's bank deposits may not be returned to it. It is the Organization's policy to collateralize all uninsured deposits. At June 30, 2025, the cash and cash equivalents book balance of \$2,670,048 reconciled to a bank balance of \$4,024,972. Of the Organization's bank balance, \$3,774,972 was not insured by federal deposit insurance but was collateralized by pledged securities not held in the Organization's name. The pledged securities had a fair value of \$5,150,930 at June 30, 2025.

**6. Grants Receivable**

As of June 30, 2025, the Organization had state and federal grants receivables totaling \$1,363,186. Of this total, approximately 15 percent of the governmental activities' assets, or \$1,117,589, and 29 percent of the General Fund's assets, or \$1,117,589, are receivable from the Illinois Emergency Management Agency (IEMA).

## 7. Capital Assets

The following is a summary of the changes in capital assets of the governmental activities for the year ended June 30, 2025:

|                                  | June 30,<br>2024    | Additions           | Deductions          | June 30,<br>2025    |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Non-Depreciable Capital Assets:  |                     |                     |                     |                     |
| Construction in Progress         | \$ 2,456,387        | \$ 518,613          | \$ 2,975,000        | \$ -                |
| Depreciable Capital Assets:      |                     |                     |                     |                     |
| Leasehold Improvements           | 1,630,000           | 2,975,000           | -                   | 4,605,000           |
| Equipment                        | 902,240             | 23,833              | 25,199              | 900,874             |
| Vehicles                         | 155,947             | -                   | -                   | 155,947             |
| Software                         | 399,996             | -                   | -                   | 399,996             |
| Total Depreciable Capital Assets | <u>3,088,183</u>    | <u>2,998,833</u>    | <u>25,199</u>       | <u>6,061,817</u>    |
| Accumulated Depreciation:        |                     |                     |                     |                     |
| Leasehold Improvements           | 1,371,917           | 106,292             | -                   | 1,478,209           |
| Equipment                        | 629,847             | 60,423              | 18,049              | 672,221             |
| Vehicles                         | 135,172             | 3,866               | -                   | 139,038             |
| Software                         | -                   | 79,999              | -                   | 79,999              |
| Total Accumulated Depreciation   | <u>2,136,936</u>    | <u>250,580</u>      | <u>18,049</u>       | <u>2,369,467</u>    |
| Total Capital Assets, Net        | <u>\$ 3,407,634</u> | <u>\$ 3,266,866</u> | <u>\$ 2,982,150</u> | <u>\$ 3,692,350</u> |

The deductions above include a piece of equipment that was moved to the construction in progress additions at a cost value of \$7,150.

Depreciation and amortization expense was \$250,580 for the year ended June 30, 2025 and charged fully to the training function.

The following is a summary of changes in the capital assets of the business-type activities for the year ended June 30, 2025:

|                          | June 30,<br>2024 | Additions   | Deductions  | June 30,<br>2025 |
|--------------------------|------------------|-------------|-------------|------------------|
| Cost                     |                  |             |             |                  |
| Vehicles                 | \$ 55,000        | \$ -        | \$ -        | \$ 55,000        |
| Accumulated Depreciation |                  |             |             |                  |
| Vehicles                 | <u>49,500</u>    | <u>-</u>    | <u>-</u>    | <u>49,500</u>    |
| Capital Assets, Net      | <u>\$ 5,500</u>  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,500</u>  |

There was no depreciation expense for business-type activities in Fiscal Year 2025. The vehicles maintain a \$5,500 salvage value.

**8. Unearned Revenue**

As of June 30, 2025, the Organization’s governmental activities and General Fund had unearned revenues related to federal grants passed through IEMA in the amount of \$794,669.

**9. Long-Term Liabilities**

The following is a summary of changes in the Organization’s long-term liabilities of the governmental activities for the year ended June 30, 2025:

|                              | June 30,<br>2024 | Net<br>Retired | June 30,<br>2025 | Due Within<br>One Year |
|------------------------------|------------------|----------------|------------------|------------------------|
| Accrued Compensated Absences | \$ 209,932       | \$ (10,216)    | \$ 199,716       | \$ 199,716             |

The following is a summary of changes in the Organization’s long-term liabilities of the business-type activities for the year ended June 30, 2025:

|                              | June 30,<br>2024 | Net<br>Issued | June 30,<br>2025 | Due Within<br>One Year |
|------------------------------|------------------|---------------|------------------|------------------------|
| Accrued Compensated Absences | \$ 1,977         | \$ 198        | \$ 2,175         | \$ 2,175               |

The Organization has assumed all compensated absences to be due within one year.

**10. Short-Term Debt**

The Organization maintains a revolving line of credit agreement with a bank on which it may borrow up to \$250,000. The line of credit is used for operating purposes. The agreement runs through August 7, 2026 (following its renewal as of August 7, 2025).

The line of credit bears interest at the U.S. Prime Rate, as published in the Wall Street Journal, plus 90 basis points and is secured by all the deposit accounts of the Organization held at the bank. This line of credit had a balance of \$0 as of June 30, 2025 and the interest rate was 8.4 percent. Total interest paid on the line of credit in Fiscal Year 2025 was \$1,335.

Each of the following shall constitute an event of default under this agreement: payment default, default on any other debt, the filing by or against the Organization of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship, or similar proceeding, any assignment by the Organization for the benefit of creditors, a default with respect to any other indebtedness that results in acceleration of such debt, foreclosure or forfeiture of any collateral, entry of a final judgement against the Organization that is not discharged, material adverse change to the Organization’s business, assets, operations, or financial condition, any cessation of the Organization's business as a going concern, providing false, erroneous or misleading information to obtain the loan, failure of the Organization to provide additional collateral in the event the current collateral becomes defective or worthless,

and revocation of the Organization's guarantee. If an event of default occurs under this agreement, the lender is no longer obligated to make advances, the outstanding principal and accrued interest will be immediately due and payable without demand, at the lender's option, the note will bear interest at the default rate (five percentage points in excess of the current interest rate) from the date of occurrence, and the lender may exercise any of the rights and remedies available under the loan agreement or under applicable law. With a 60-day written notice, the lender may terminate this agreement with or without cause and demand full payment of the entire principal and accrued and unpaid interest on the balance. The lender will also have no further obligation to advance funds to the Organization.

The following is a summary of changes in the Organization's short-term liabilities of the business-type activities for the year ended June 30, 2025:

| Line of Credit | June 30,<br>2024 | Issued            | Retired           | June 30,<br>2025 |
|----------------|------------------|-------------------|-------------------|------------------|
|                | <u>\$ 46,019</u> | <u>\$ 319,748</u> | <u>\$ 365,767</u> | <u>\$ -</u>      |

## 11. Leases

The Organization leases a facility from Champaign County, Illinois, used for all its operations. The lease runs through December 31, 2032, but is terminable by either party with notice of nine months. The total expense incurred for the lease in the year ended June 30, 2025 was \$465,970. The lease payments run on a calendar year and the future minimum lease payments listed below for calendar years 2026 through 2033 are using the maximum annual increase of 5 percent per year. However, actual annual increase rates will be based on the CPI-U rate changes from year to year. Future minimum lease payments are as follows:

|             |                     |
|-------------|---------------------|
| Fiscal Year |                     |
| 2026        | \$ 494,560          |
| 2027        | 519,288             |
| 2028        | 545,253             |
| 2029        | 572,516             |
| 2030        | 601,141             |
| Thereafter  | 1,633,417           |
| Total       | <u>\$ 4,366,175</u> |

The Organization leases space to various entities on short-term leases (less than 12 months). Total lease income was \$50,515, which is reported in the business-type activities and Business Fund.

## 12. Future Commitments

Through the date of the independent auditor's report, the Organization has entered into contracts related to various service agreements. Minimum annual commitments under these agreements for governmental activities are as follows:

|             |                   |
|-------------|-------------------|
| Fiscal Year |                   |
| 2026        | <u>\$ 947,260</u> |

There were no significant commitments for business-type activities.

The Organization has also entered into contracts for various grant-funded training and equipment purchases for distribution to other agencies. The total amount of the remaining commitment on those contracts is approximately \$1,800,000. These commitments are expected to be expenditures, and equivalent grant revenue, in Fiscal Year 2026.

## 13. Contingencies

During the year ended June 30, 2025, there were no significant reductions in insurance coverage and there were no settlement amounts that have exceeded insurance coverage or that have not been covered by insurance in the past three years.

The Organization participates in a number of federal and state funded grant programs. Under the terms of these programs, periodic audits or examinations may be required, and certain costs may be questioned as not being appropriate expenses under the terms of these programs. Such audits or examinations could lead to reimbursements to grantor agencies. Based on prior experience, the Organization's management believes an audit or examination would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

## 14. Concentration of Revenues and Accounts Receivable

For the year ended June 30, 2025, the Organization had the following concentrations of revenues:

- Approximately 59 percent of the revenues of the governmental activities, or \$7,851,856, and 59 percent of the revenues of the General Fund, or \$8,077,527, was earned from state and federal passthrough grants from the Illinois Emergency Management Agency.
- Approximately 34 percent of the revenues of the governmental activities and 33 percent of the revenues of the General Fund, or \$4,505,956, was earned from a grant from the Illinois Criminal Justice Information Authority.

- Approximately 92 percent of the revenues of the business-type activities, or \$2,888,672, was earned from two clients related to separate one-time events occurring in Fiscal Year 2025. At June 30, 2025, 69 percent of the business-type activities assets, or \$1,323,036, relate to one of these clients.

## **15. Related-Party Transactions and Balances**

During the year ended June 30, 2025, the Organization was reimbursed \$3,743 for expenses paid by the Organization on behalf of the Foundation. The Organization subleases space to the Foundation and provides administrative services for the Foundation. The agreement term is 24 months and runs through June 30, 2025. A subsequent lease agreement starts on July 1, 2025 and runs through June 30, 2026. During the year ended June 30, 2025, the Organization recorded revenue of \$2,400 and \$5,000 for rent and services, respectively. The Organization received \$2,742 in donated merchandise from the Foundation after liquidation of the Foundation's inventory. The Organization also provided in-kind services for the Foundation of \$5,296 during the year ended June 30, 2025. At June 30, 2025, the Organization has an outstanding receivable balance of \$5,422 due from the Foundation.

## **16. New Government Accounting Standards**

In May 2024, GASB issued GASB Statement No. 103 (GASB 103), *Financial Reporting Model Improvements*. The provisions of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. GASB 103 will be effective for the Organization's Fiscal Year 2026.

In September 2024, GASB issued GASB Statement No. 104 (GASB 104), *Disclosure of Certain Capital Assets*. The provisions of GASB 104 require separate disclosure of intangible assets by major class and additional disclosures for capital assets held for sale. GASB 104 will be effective for the Organization's Fiscal Year 2026.

The Organization's management is currently reviewing what impact, if any, these new standards will have on its future financial statements and disclosures. Early adoption is allowed but has not been selected for each of these Statements.

## **17. Discretely Presented Component Unit**

The following notes are provided for the Organization's component unit, the Foundation:

### **A. Summary of Significant Accounting Policies:**

- i. The Foundation's financial statements have been prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America, as provided by the Financial Accounting Standards Board (FASB). Net assets of the Foundation and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions (Net Position – Unrestricted on Exhibit A)* – Net assets that are not subject to donor-imposed stipulations

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time, or that must be maintained permanently by the Foundation.

- ii. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.
- iii. Grant funds received under agreements that require the provision of services by the Foundation are recognized as revenue to the extent that expenses have been incurred for the purpose specified by the grantor. The excess of grant funds received over grant expenditures incurred is accounted for as unearned revenue. The excess of grant expenditures over grant funds received is accounted for as grants receivable to the extent that additional grant revenue has been awarded and will be paid. The Foundation had no grant revenue in Fiscal Year 2025.
- iv. The Foundation adopted FASB Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), in Fiscal Year 2022. The Foundation has elected to not apply the standard to short-term (term of twelve months or less) leases.
- v. Contract liabilities consist of advance payments, if any, and billings in excess of revenue recognized under the method of revenue recognition described above in item iv. The Foundation receives advanced payments for vendor space rentals at the Organization’s annual conference. It is very unusual for the Foundation to have advanced payments and billings in excess of revenue recognized with a term of greater than one year; therefore, contract liabilities are usually all current.  
  
Contract liabilities for the Foundation are presented as unearned revenue on the Statement of Net Position, which represents advanced payments received for the next scheduled conference. Unearned revenue for the Foundation at July 1, 2024, was \$8,790.
- vi. Revenue is recognized in accordance with FASB Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, for the following revenue lines on the Statement of Activities: conferences. Revenue from conferences is recognized at a point in time when the conference or transaction takes place. The Organization has not recorded obligations for returns, refunds, or similar obligations.
- vii. The costs of providing the programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The following are the Foundation's allocation methodologies for expenses requiring allocation:

| Expense Classification       | Method of Allocation |
|------------------------------|----------------------|
| Contractual Services (Labor) | Time and Effort      |

- viii. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates. The significant estimate of the Foundation at June 30, 2025 is the allocation of expenses by function.
- ix. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision of income taxes has been made in the financial statements.
- x. The Foundation has evaluated subsequent events through March 26, 2026, the date which the financial statements were available to be issued.

**B. Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of June 30, 2025:

|   |                         |
|---|-------------------------|
| Financial Assets                                |                         |
| Cash and Cash Equivalents                       | \$ 51,277               |
| Accounts Receivable                             | 3,919                   |
| Total Financial Assets                          | <u>55,196</u>           |
| Less Those Unavailable for General Expenditures |                         |
| Within One Year:                                | <u>-</u>                |
| Financial Assets Available for                  |                         |
| Expenditures Within One Year:                   | <u><u>\$ 55,196</u></u> |

The Foundation's goal is generally to maintain financial assets sufficient to meet operating expenses. The Foundation does not maintain a line of credit.

**C. Inventory**

At June 30, 2025, the Foundation no longer holds merchandise inventory, as all remaining items were liquidated during the year ended June 30, 2025. The Foundation recorded a write-down expense of \$2,742 related to the liquidation of its remaining merchandise inventory and the merchandise was donated to the Organization.

#### D. Related-Party Transactions and Balance

During the year ended June 30, 2025, the Foundation incurred and/or paid \$3,743 to the Organization for reimbursement of expenses paid for by the Organization on behalf of the Foundation. The Organization subleases space to the Foundation and provides administrative services for the Foundation. The agreement term is 24 months and runs through June 30, 2025. A subsequent lease agreement starts on July 1, 2025, and runs through June 30, 2026. The total payments during the term of the lease fall below the Foundation's \$5,000 threshold for capitalization. During the year ended June 30, 2025, the Foundation incurred expense of \$2,400 and \$10,296 for rent and services, respectively, including \$5,296 of in-kind services recorded as revenue and expense by the Foundation. At June 30, 2025, the Foundation has an outstanding payable balance of \$5,422 due to the Organization.

#### E. Contributed Services

For the year ended June 30, 2025, the Foundation received contributed services for managing the operations of the Foundation from the previous Executive Director of the Organization and from staff of the Organization. The revenue and equivalent expense recorded for the contributed services was \$6,976 for the year ended June 30, 2025, including \$5,296 from the Organization. This amount is included in Contributions on Exhibit C, is allocated between all three functional areas on Exhibit C, and is included on the Contractual Services (Labor) line of Exhibit D.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
 Illinois Grant Accountability and Transparency - Consolidated Year-End Financial Report  
 For the Year Ended June 30, 2025

| CSFA Number | Program Name  | State<br>Funding    | Federal<br>Funding  | Other<br>Funding    | Total                |
|-------------|---|---------------------|---------------------|---------------------|----------------------|
| 420-00-2725 | Provision of Services to the<br>Public from Named Line<br>GRF &/or FIF Source | \$ 473,449          | \$ -                | \$ -                | \$ 473,449           |
| 482-00-1610 | Rural IL Opioid Overdose<br>Prevention-Naloxone<br>Distribution               | -                   | 580,915             | -                   | 580,915              |
| 546-00-3082 | Less Lethal Alternatives for<br>Law Enforcement                               | 4,482,956           | -                   | -                   | 4,482,956            |
| 588-40-0455 | Homeland Security Grant<br>Program  | -                   | 6,148,182           | -                   | 6,148,182            |
| 588-40-1467 | September 11th Fund<br>Program  | 38,500              | -                   | -                   | 38,500               |
| 588-40-1714 | Preparedness & Response<br>Grant Program                                      | 1,688,171           | -                   | -                   | 1,688,171            |
|             | All Other Costs Not<br>Allocated  | -                   | -                   | 3,120,552           | 3,120,552            |
| Total       |   | <u>\$ 6,683,076</u> | <u>\$ 6,729,097</u> | <u>\$ 3,120,552</u> | <u>\$ 16,532,725</u> |

**Reconciliation of GATA CYEFR Expenses to Audited Operating Expenses**

|   |                      |
|---|----------------------|
| GATA CYEFR Expenses   | \$ 16,532,725        |
| Less: Capitalized Grant Expenses  | (535,295)            |
| Add: Depreciation and Amortization on Capital Assets                            | 250,580              |
| Less: Change in Accrued Compensated Absences Related to Governmental Activities | <u>(10,217)</u>      |
| Audited Operating Expenses on Exhibit B   | <u>\$ 16,237,793</u> |

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2025

| Federal Grantor / Pass-through Entity / Program Title                 | Assistance Listing Number | Pass-through Grantor's Identifying Number | Receivable (Unearned) Revenue 6/30/2024 | Grant Funds Received | Federal Expenditures | Receivable (Unearned) Revenue 6/30/2025 | Total Provided to Subrecipients |
|---|---------------------------|---|---|----------------------|----------------------|---|---------------------------------|
| <b>U.S. Department of Homeland Security</b>                           |                           |   |   |                      |                      |   |                                 |
| <i>Pass-through from Illinois Emergency Management Agency</i>         |                           |   |   |                      |                      |   |                                 |
| Homeland Security Grant Program                                       | * 97.067                  |   |   |                      |                      |   |                                 |
| <i>State Homeland Security Program:</i>                               |                           |   |   |                      |                      |   |                                 |
| 2020 State Homeland Security Program                                  |                           | 20ILEASSRT                                | \$ 107,485                              | \$ 192,896           | \$ 85,015            | \$ (396)                                | \$ -                            |
| 2021 State Homeland Security Program                                  |                           | 21SHILECOM                                | 15,095                                  | 15,095               | -                    | -                                       | -                               |
|   |                           | 21SHILESTET                               | -                                       | 70,492               | 70,492               | -                                       | -                               |
|   |                           | 21SHILESRT                                | 1,024                                   | 205,774              | 432,262              | 227,512                                 | -                               |
| 2022 State Homeland Security Program                                  |                           | 22SHILESRT                                | 81,505                                  | 174,629              | 93,664               | 540                                     | -                               |
|   |                           | 22SHILEPHS                                | (27,417)                                | 122,351              | 149,569              | (199)                                   | -                               |
|   |                           | 22SHILTRHS                                | 4,593                                   | 28,897               | 24,304               | -                                       | -                               |
|   |                           | 22SHILECAR                                | 24,139                                  | 24,139               | -                    | -                                       | -                               |
|   |                           | 22SHILECOM                                | 58,358                                  | 102,447              | 46,525               | 2,436                                   | -                               |
| 2023 State Homeland Security Program                                  |                           | 23SHILESRT                                | 150,706                                 | 1,256,073            | 1,300,793            | 195,426                                 | -                               |
|   |                           | 23SHILEPHS                                | 8,354                                   | 1,215,990            | 1,064,271            | (143,365)                               | -                               |
|   |                           | 23SHILTRHS                                | 283                                     | 637,049              | 616,565              | (20,201)                                | -                               |
|   |                           | 23SHILEIME                                | (35)                                    | 50,959               | 50,994               | -                                       | -                               |
|   |                           | 23SHILECOM                                | 43,354                                  | 439,699              | 379,508              | (16,837)                                | -                               |
|   |                           | 23SHILTRDV                                | -                                       | 263,717              | 257,984              | (5,733)                                 | -                               |
|   |                           | 23SHILECAR                                | -                                       | 238,750              | 275,597              | 36,847                                  | -                               |
| 2024 State Homeland Security Program                                  |                           | 24SHILECAR                                | -                                       | 13,832               | -                    | (13,832)                                | -                               |
|   |                           | 24SHILECOM                                | -                                       | 54,151               | 18,950               | (35,201)                                | -                               |
|   |                           | 24SHILEIME                                | -                                       | 517                  | 517                  | -                                       | -                               |
|   |                           | 24SHILEPHS                                | -                                       | 305,920              | 10,919               | (295,001)                               | -                               |
|   |                           | 24SHILESRT                                | -                                       | 56,893               | 36,587               | (20,306)                                | -                               |
|   |                           | 24SHILTRDV                                | -                                       | 85,993               | 737                  | (85,256)                                | -                               |
|   |                           | 24SHILTRHS                                | -                                       | 7,826                | 1,092                | (6,734)                                 | -                               |
| <i>Urban Area Security Initiative:</i>                                |                           |   |   |                      |                      |   |                                 |
| 2020 Urban Area Security Initiative                                   |                           | 20UAILEGEN                                | 114,700                                 | 206,252              | 91,552               | -                                       | -                               |
| 2021 Urban Area Security Initiative                                   |                           | 21UAILECOM                                | 535                                     | 535                  | -                    | -                                       | -                               |
|   |                           | 21UAILEPLN                                | (116)                                   | -                    | -                    | (116)                                   | -                               |
|   |                           | 21UAILESRT                                | -                                       | 326,010              | 367,549              | 41,539                                  | -                               |
| 2022 Urban Area Security Initiative                                   |                           | 22UAILESRT                                | 1,159                                   | 228,520              | 227,361              | -                                       | -                               |
|   |                           | 22UAILEPLN                                | (6,783)                                 | 6,453                | 13,236               | -                                       | -                               |
|   |                           | 22UAILECOM                                | 3,861                                   | 3,861                | -                    | -                                       | -                               |
|   |                           | 22UAILECAR                                | 15,940                                  | 15,940               | -                    | -                                       | -                               |
| 2023 Urban Area Security Initiative                                   |                           | 23UAILEIME                                | (30)                                    | 33,375               | 33,405               | -                                       | -                               |
|   |                           | 23UAILECOM                                | 10,273                                  | 116,789              | 99,181               | (7,335)                                 | -                               |
|   |                           | 23UAILECAR                                | -                                       | 146,642              | 158,727              | 12,085                                  | -                               |
|   |                           | 23UAILESRT                                | 21,906                                  | 84,941               | 124,561              | 61,526                                  | -                               |
|   |                           | 23UAILEPLN                                | 652                                     | 100,248              | 108,669              | 9,073                                   | -                               |
| 2024 Urban Area Security Initiative                                   |                           | 24UAILECAR                                | -                                       | 9,103                | -                    | (9,103)                                 | -                               |
|   |                           | 24UAILECOM                                | -                                       | 39,008               | 1,939                | (37,069)                                | -                               |
|   |                           | 24UAILEIME                                | -                                       | 942                  | 942                  | -                                       | -                               |
|   |                           | 24UAILEPLN                                | -                                       | 15,450               | 1,931                | (13,519)                                | -                               |
|   |                           | 24UAILESRT                                | -                                       | -                    | 2,784                | 2,784                                   | -                               |
| <b>Total U.S. Department of Homeland Security</b>                     |                           |   | <b>629,541</b>                          | <b>6,898,158</b>     | <b>6,148,182</b>     | <b>(120,435)</b>                        | <b>-</b>                        |
| <b>U.S. Department of Health and Human Services</b>                   |                           |   |   |                      |                      |   |                                 |
| <i>Pass-through from Illinois Department of Public Health</i>         |                           |   |   |                      |                      |   |                                 |
| <i>Substance Abuse and Mental Health Services Grant Program</i>       |                           |   |   |                      |                      |   |                                 |
| 2024 Rural Illinois Opioid Overdose Prevention -Naloxone Distribution | 93.243                    | 42180103L                                 | 24,629                                  | 248,043              | 223,414              | -                                       | -                               |
| 2025 Rural Illinois Opioid Overdose Prevention -Naloxone Distribution |                           | 52180001M                                 | -                                       | 111,904              | 357,501              | 245,597                                 | -                               |
| <b>Total U.S. Department of Health and Human Services</b>             |                           |   | <b>24,629</b>                           | <b>359,947</b>       | <b>580,915</b>       | <b>245,597</b>                          | <b>-</b>                        |
| <b>Total</b>  |                           |   | <b>\$ 654,170</b>                       | <b>\$ 7,258,105</b>  | <b>\$ 6,729,097</b>  | <b>\$ 125,162</b>                       | <b>\$ -</b>                     |

\* - Denotes a major program.

See Notes to the Schedule of Expenditures of Federal Awards

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

**1. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal grant activity of Illinois Law Enforcement Alarm System (the Organization) for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the Organization, which are presented in conformity with accounting principles generally accepted in the United States of America.

The Organization did not use the 10 percent de minimis or 15 percent de minimis indirect cost rates for the year ended June 30, 2025.

**2. Basis of Accounting**

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services received as of June 30, 2025.

**3. Capital Assets**

Capital asset purchases that are presented as expenditures in the schedule may be capitalized as assets by the Organization for presentation in the government-wide financial statements of the governmental activities.

**4. Sub-recipients**

There were no sub-recipients for the year ended June 30, 2025.



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board  
Illinois Law Enforcement Alarm System  
Urbana, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Illinois Law Enforcement Alarm System (the Organization), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 26, 2026.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MH CPA PLLC

Champaign, Illinois

March 26, 2026

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

To the Governing Board  
Illinois Law Enforcement Alarm System  
Urbana, Illinois

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Illinois Law Enforcement Alarm System's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (Schedule 3).

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

MH CPA PLLC

Champaign, Illinois

March 26, 2026

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

**1. Summary of Auditor's Results**

- a. Type of auditor's report issued on the financial statements: Unmodified
- b. The auditor's report did not disclose a material weakness or report a significant deficiency in internal control over financial reporting that is required to be reported in accordance with *Government Auditing Standards*.
- c. The auditor's report did not disclose instances of noncompliance material to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.
- d. The auditor's report did not disclose a material weakness or report a significant deficiency in internal control over the major federal award program.
- e. Type of auditor's report issued on compliance for the major program: Unmodified
- f. The auditor's report did not disclose any findings required to be reported in accordance with 2 CFR section 200.516a.
- g. Major program:
  - U.S. Department of Homeland Security  
Homeland Security Grant Program  
Assistance Listing Number: 97.067
- h. The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- i. The auditee does not qualify as a low-risk auditee.

**2. Findings Related to the Financial Statements**

None noted.

**3. Findings and Questioned Costs Related to Federal Award Programs**

None noted.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2025

**2024-001:** Material Adjusting Journal Entry Identified as a Result of Procedures Applied by the Organization's External Auditors.

**Material Weakness**

*Conditions*

Our audit procedures identified a material misstatement of amounts in the amounts in the financial statements provided to us by management. Subsequent to identifying the misstatement, we proposed, and management approved, an adjusting journal entry, which has corrected the identified misstatement in the financial statements.

*Auditor's Recommendations*

1. The Organization's management should record all adjusting journal entries necessary to report the account balances and transaction of the Organization prior to providing the trial balance summarization to the auditor for use in the annual financial statements audit.
2. If there are adjusting entries that management leaves knowingly for the auditor to propose as part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

*Status*

The issue has been corrected and no similar issue noted for the year ended June 30, 2025.