COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Financial Report

June 30, 2018

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

INDEX

GORDON, STOCKMAN & WAUGH P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report

To the Board of Directors of
Counseling and Family Services
D/B/A FamilyCore

Report on the Financial Statements

We have audited the accompanying financial statements of Counseling and Family Services D/B/A FamilyCore (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Counseling and Family Services D/B/A FamilyCore as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the June 30, 2017 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of Counseling and Family Services D/B/A FamilyCore's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Counseling and Family Services D/B/A FamilyCore's internal control over financial reporting and compliance.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
December 17, 2018

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Statement of Financial Position
June 30, 2018

Assets		
Cash and cash equivalents	$	415,971
Certificates of deposit		18,637
Investments		330,586
Deposits with Community Foundation of Central Illinois		61,268
Receivables:		
Trade accounts (Net of allowance for doubtful accounts of $10,000)		63,078
Grants		500,888
Contributions		285,425
Prepaid expenses		10,330
Capital assets, at cost, less accumulated depreciation		304,658
Total assets	$	1,990,841
Liabilities and Net Assets		
Liabilities		
Accounts payable	$	180,687
Accrued expenses		324,773
Deferred revenue		17,250
Total liabilities		522,710
Net assets		
Unrestricted:		
Undesignated		1,082,706
Board designated		100,000
Temporarily restricted		285,425
Total net assets		1,468,131
Total liabilities and net assets	$	1,990,841

The accompanying notes are an integral part of the financial statements

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Statement of Activities
For the year ending June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Heart of Illinois United Way (Note 4)	$ -	$ 288,323	$ 288,323
Government sources (Note 4)	4,170,696	-	4,170,696
Other sources	656,378	-	656,378
Program service fees	383,527	-	383,527
Contributions	29,813	-	29,813
Interest income	1,268	-	1,268
Investment income and changes in value of deposits with Community Foundation of Central Illinois	21,740	-	21,740
Fundraising	66,620	-	66,620
Net assets released from restrictions	330,604	(330,604)	-
Total revenue and other support	5,660,646	(42,281)	5,618,365
Expenses:			
Program services:			
Child Welfare:			
Traditional	3,034,714	-	3,034,714
Specialized	924,864	-	924,864
Counseling:			
Private	282,886	-	282,886
Adoption	144,788	-	144,788
Title XX - single parent	187,966	-	187,966
Outreach:			
Family school liaisons	537,438	-	537,438
Community	420,289	-	420,289
Total program services	5,532,945	-	5,532,945
Supporting services:			
Management and general	78,047	-	78,047
Fundraising	48,397	-	48,397
Total supporting services expenses	126,444	-	126,444
Total expenses	5,659,389	-	5,659,389
Change in net assets	1,257	(42,281)	(41,024)
Net assets - beginning of year - as previously reported	869,160	312,289	1,181,449
Prior period adjustments	312,289	15,417	327,706
Net assets - beginning of year - as restated	1,181,449	327,706	1,509,155
Net assets - end of year	$ 1,182,706	$ 285,425	$ 1,468,131

The accompanying notes are an integral part of the financial statements

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Statement of Cash Flows
For the year ending June 30, 2018

Cash flows from operating activities:		
Change in net assets	$	(41,024)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		38,513
Net gain on investment securities		(18,297)
Net gain on deposits with Community Foundation of Central Illinois		(3,443)
Changes in assets and liabilities		
Receivables		(75,691)
Prepaid expenses		8,363
Accounts payable		63,229
Accrued expenses		68,604
Deferred revenue		1,001
Net cash provided by operating activities		41,255
Cash flows from investing activities:		
Capital expenditures		(42,313)
Purchase of investment securities		(158)
Net cash used in investing activities		(42,471)
Net decrease in cash and cash equivalents		(1,216)
Cash and cash equivalents:		
Beginning of year		417,187
End of year	$	415,971

The accompanying notes are an integral part of the financial statements

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Statement of Functional Expenses
For the year ending June 30, 2018

	Child Welfare		Counseling		
	Traditional	Specialized	Private	Adoption	Title XX Single Parent
Salaries	$ 1,361,506	$ 337,454	$ 187,245	$ 95,994	$ 117,691
Payroll taxes	109,250	27,078	14,468	7,454	9,157
Employee benefits	301,011	74,605	41,978	21,485	35,328
Total salaries and related expenses	1,771,767	439,137	243,691	124,933	162,176
Specific assistance	773,271	381,506	-	-	-
Supplies and equipment	143,204	11,285	554	701	751
Transportation	84,389	20,755	156	3,277	5,140
Occupancy	108,949	27,003	21,875	7,869	9,668
Professional fees and contractual service	33,221	17,952	-	-	-
Telecommunications	8,161	76	162	1,030	1,133
Training and education	2,944	736	748	23	600
Professional dues and subscriptions	4,065	1,016	2,178	-	-
Advertising	1,987	497	-	91	-
Administrative	2,555	66	252	28	100
Total program expenses	2,934,513	900,029	269,616	137,952	179,568
Management and general	100,201	24,835	13,270	6,836	8,398
Total Functional Expenses	$ 3,034,714	$ 924,864	$ 282,886	$ 144,788	$ 187,966

The accompanying notes are an integral part of the financial statements

(continued)

Outreach			Supporting		
Family School Liaisons	Community	Total Program	Management and General	Fundraising	Total
$ 383,953	$ 292,880	$ 2,776,723	$ 36,135	$ 21,129	$ 2,833,987
30,356	23,094	220,857	7,222	1,713	229,792
82,944	63,316	620,667	-	-	620,667
497,253	379,290	3,618,247	43,357	22,842	3,684,446
-	-	1,154,777	-	-	1,154,777
674	3,709	160,878	-	17,373	178,251
2,569	10,319	126,605	413	-	127,018
3,996	3,040	182,400	-	-	182,400
-	-	51,173	98,038	3,960	153,171
4,365	2,164	17,091	11,769	-	28,860
-	431	5,482	-	-	5,482
-	125	7,384	11,795	-	19,179
-	-	2,575	8,504	2,398	13,477
739	30	3,770	106,734	1,824	112,328
509,596	399,108	5,330,382	280,610	48,397	5,659,389
27,842	21,181	202,563	(202,563)	-	-
$ 537,438	$ 420,289	$ 5,532,945	$ 78,047	$ 48,397	$ 5,659,389

Note 1 – Summary of Significant Accounting Policies

Nature of Organization: Counseling and Family Services D/B/A FamilyCore (Organization) is a not-for-profit corporation organized for the purpose of providing counseling, adoption, foster care, single parents and outreach services to individuals and families.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly reflects all significant receivables, prepaids, payables, and deferrals.

Basis of Presentation: The Organization reports in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide, *Not-for-Profit Organizations.* Under the terms of that guide, the following accounting policies unique to not-for-profit organizations are followed:

(1) The Organization presents its financial statements in accordance with FASB Accounting Standards Codification (FASC) 958-205. Under FASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets according to the legal restrictions placed on the assets by the donors as follows:

Unrestricted net assets are those assets that are not restricted by donor-imposed stipulations and are presently available for use by the Organization at the discretion of the Board to accomplish the purposes for which the organization was founded.

Temporarily restricted net assets are those assets subject to donor-imposed stipulations that require the Organization to expend the resources for a particular purpose that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets are those with a donor-imposed restriction that stipulates that resources be maintained permanently but permit the Organization to use up or expend part or all of the income derived from the donated assets.

The Organization does not have any permanently restricted net assets at June 30, 2018.

(2) All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as unrestricted net assets. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted net assets until such time as the restriction passes. At such time, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

(3) The Organization reports gifts of cash or other assets that must be used to acquire long-lived assets and gifts of capital assets as temporarily restricted support. The Organization reports expirations of restrictions when the donated or acquired long-lived assets are either sold or depreciated.

(4) Revenue restricted under grant agreements is recognized in the period that expenses have been incurred for the purpose specified by the grantor. Deferred revenue is recorded and reflected in the statement of financial position and recognized as revenue when the related expenses are incurred.

(5) Net assets temporarily restricted consist of contributions which are limited by donor imposed restrictions.

Note 1 – Summary of Significant Accounting Policies (continued)

(6) Donated materials, capital assets, and investments are recorded at fair value when received. Counseling and Family Services D/B/A FamilyCore receives a significant amount of donated services from unpaid volunteers, officers and directors who assist in fund-raising and special projects for which no value has been assigned and thus have not been recognized in the statement of activities.

(7) Investments are carried at estimated fair value and the income derived from investments is credited to revenue in the period earned.

Use of Estimates: 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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, the Organization considers all short-term investments with a maturity date at purchase of three months or less to be cash equivalents. The Organization maintains its cash accounts in various financial institutions. At June 30, 2018, deposits held with these financial institutions were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. Generally, these deposits, which may be redeemed upon demand, are maintained at financial institutions with reputable credit and therefore bear minimal credit risk.

Receivables and Credit Risk: Trade accounts receivables are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management reviews receivable balances and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Functional Allocation of Expenses: The costs of providing the various programs and 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 performed.

Income Taxes: Counseling and Family Services D/B/A FamilyCore is a nonprofit organization that is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on income unrelated to the Organization's charitable purpose. No provision for income taxes was required as of June 30, 2018. The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management has evaluated Counseling and Family Services D/B/A FamilyCore's tax positions taken and concluded that Counseling and Family Services D/B/A FamilyCore had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Counseling and Family Services D/B/A FamilyCore is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Counseling and Family Services D/B/A FamilyCore believes it is no longer subject to tax examinations for tax years ending prior to June 30, 2015.

Capital Assets and Depreciation: Land, buildings, equipment and vehicles are carried at cost, or if received as a donation, at the estimated fair value when received. Capital assets are defined as assets with a purchase price of more than $1,000 and a useful life of one year or greater. Lesser amounts are charged to operations. Depreciation is computed by the straight-line method over the estimated useful life of the respective asset, which range from 3 to 20 years. The cost of maintenance and repairs that do not add to the value of the property or materially extend the asset lives are charged to operations as incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets: Long-lived assets, which consist primarily of property and equipment, are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In cases in which future net cash flows expected to be generated by the asset are less than the carrying value, an impairment loss is recorded equal to the amount by which the carrying value exceeds the fair value of the assets.

Note 2 – Investments

In determining fair value, Counseling and Family Services D/B/A FamilyCore uses valuation approaches within the FASC 820, *Fair Value Measurements and Disclosures* fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or a liability.

Generally accepted accounting principles (GAAP) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). GAAP describes the three levels within the fair value hierarchy as follows:

- Level 1: Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
  Mutual funds: Valued at the net asset value of shares owned at year end.
  Money Market: Money market funds consist primarily of domestic commercial paper and other cash management instruments. The funds seek to maintain a stable net asset value of $1.
- Level 2: Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets;
  Deposits with the Community Foundation of Central Illinois: Valued based on the closing price for securities listed on a securities exchange, The custodian of the investments in the Community Foundation of Central Illinois also has the ability to determine the fair value of securities not listed or traded on any exchange or over the counter market based on available information.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

	Level 1	Level 2	Level 3	Total
Money market	$ 126,986	$ -	$ -	$ 126,986
Mutual funds	203,600	-	-	203,600
Deposits with Community Foundation of Central Illinois	-	61,268	-	61,268
	$ 330,586	$ 61,268	$ -	$ 391,854

Note 2 – Investments (continued)

A summary of investment income is as follows:

Investment interest and dividends	$ 10,396
Realized and unrealized gains	7,901
Change in value of deposits with Community Foundation of Central Illinois	3,443
	$ 21,740

Note 3 – Capital Assets

A summary of the capital assets as of June 30, 2018 is as follows:

Land	$ 136,980
Building and improvements	1,213,157
Equipment	141,606
Vehicles	241,594
	1,733,337
Less accumulated depreciation	(1,428,679)
	$ 304,658

Note 4 – Major Funding Sources

The Organization receives a substantial amount of its support from Heart of Illinois United Way and from the Illinois Department of Children and Family Services (DCFS). A significant reduction in the level of this support, if this were to occur, might have a significant effect on the Organization's programs and activities.

Note 5 – Retirement Plan

The Organization has a defined contribution retirement plan (the Plan) covering all employees age 21 and over with one year of eligible service. Effective in 2012, the plan was amended to require Organization contributions to the Plan each year equal to 3% of all participants' compensation. In addition, the Plan was amended to accelerate vesting. Starting in 2012, an employee becomes 100% vested with respect to Organization contributions immediately. Expense incurred under the Plan for the year ended June 30, 2018 was $52,407.

Note 6 – Line of Credit

The Organization has a $238,000 operating line of credit, which bears interest at the bank's base lending rate (5.25% at June 30, 2018) and expires on October 31, 2019. The line is secured by a mortgage on the Organization's land and building. As of June 30, 2018, no amounts have been drawn on this line of credit.

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions receivable from the Heart of Illinois United Way of $285,425. Net assets released from restrictions for the year ended June 30, 2018 totaled $330,604 and are comprised of satisfaction of time restrictions.

Note 8 – Board Designated Endowment

As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets identified by the Organization's board of directors to be used for future investment and growth, are included in unrestricted net assets-board-designated.

The Organization requires the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Investment and Spending Policies: The primary investment objective for the Endowment is to maximize total return through a diversified investment strategy to achieve a long-term rate of return that supports the needs of the Organization. If the market value of the Endowment Fund falls to or below the amount of the fund's donor restricted gifts, then the calculation of spending will be adjusted in accordance with the guidelines not to exceed the actual earnings of the fund.

Note 8 – Board Designated Endowment (continued)

The changes in endowment net assets for the year ended June 30, 2018, are as follows:

		Unrestricted-Board Designated
Endowment net assets, July 1, 2017	$	100,000
Investment return:		
Investment income		3,223
Net appreciation		2,449
Total investment return		5,672
Appropriation of endowment assets for expenditure		(5,672)
Endowment net asset, June 30, 2018	$	100,000

Note 9 – Deposits with Community Foundation of Central Illinois

Deposits with Community Foundation of Central Illinois consist of investments held in the name of Community Foundation of Central Illinois, an unrelated third party. Deposits with Community Foundation of Central Illinois also include investments purchased with investment income and net gains on these resources. Deposits with Community Foundation of Central Illinois are reported at fair value. There is no collateral or other security agreements with Community Foundation of Central Illinois resulting in a concentration of credit risk.

Note 10 – Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or additional disclosure items through December 17, 2018, which is the date the financial statements were available to be issued. No events or items requiring recognition or disclosure were identified.

Note 11 – Restatements

The June 30, 2017 financial statements have been restated to properly classify the board designated endowment and to record the contribution receivable from the Heart of Illinois United Way. The impact of these restatements is presented in the financial statements as follows:

Increase (decrease) from restatement for endowment		
Statement of financial position:		
Temporarily restricted net assets	$	(312,289)
Unrestricted net assets:		
Undesignated	$	212,289
Board designated	$	100,000

Note 11 – Restatements (continued)

Increase from restatement for contribution receivable		
Statement of financial position:		
Contributions receivable	$	327,706
Temporarily restricted net assets	$	327,706

Note 12 – Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. (ASU) 2014-09, Revenue from Contracts with Customers. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should disclose sufficient information to enable the financial statement users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU 2015-14, which defers the effective date to annual reporting periods beginning after December 15, 2018. The Organization is evaluating the effect this guidance will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14 Not-for-profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 will change certain financial statement requirements for not-for-profit (NFP) entities in the scope of Topic 958 in an effort to make the information more meaningful to users and make reporting less complex. NFP entities will no longer be required to distinguish between resources with temporary and permanent restrictions on the face of the financial statements. Additionally, NFP entities will be required to present expenses by their natural and functional classification and present investment returns net of external and direct internal investment expenses. The new guidance is effective for the Organization for the fiscal year beginning after December 15, 2017. This guidance is to be applied retrospectively and early adoption is permitted. The Organization is evaluating the effect this guidance will have on its financial statements.

GORDON, STOCKMAN & WAUGH P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Counseling and Family Services
D/B/A FamilyCore

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 Counseling and Family Services D/B/A FamilyCore (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Counseling and Family Services D/B/A FamilyCore's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Counseling and Family Services D/B/A FamilyCore's internal control. Accordingly, we do not express an opinion on the effectiveness of Counseling and Family Services D/B/A FamilyCore'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 Counseling and Family Services D/B/A FamilyCore's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Counseling and Family Services D/B/A FamilyCore'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 *Governmental Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
December 17, 2018