

Annual Report for Illinois Licensed Adoption Agencies

Date: 9/29/2020

Name of Agency: COUNSELING AND FAMILY SERVICES DBA FAMILYCORE

Corporate Address*: 330 SW WASHINGTON ST

PEORIA, ILLINOIS 61602

Illinois DCFS

License/Provider ID number: 004985 Telephone: (309)676-2400

License Effective date: 11/2019 to 11/2023

The reporting period and answers to all questions for this report relate to the agency's most recent fiscal year. Specify the dates of your agency's fiscal year and reporting period for this report: 06/30/2020

***If the agency operates satellite or branch offices, please attach a separate sheet listing complete addresses of all other offices.**

This report is to be completed by agencies providing adoption services and shall be filed with the Department of Children and Family Services and with the Illinois Attorney General's Office. In addition, each licensed agency that maintains a website shall provide this report on its website. The report shall be filed annually, no later than the 45th day following an adoption agency's license anniversary date. Failure to provide the annual report or disclose certain information required in the report may result in the suspension of an agency's license for a period of 90 days. Subsequent violations may result in a revocation of the license. [Rule 401.530]

This report applies only to the provision of adoption services and includes agencies providing foster care conversion services.

Question number 1 (A – M) pertains only to domestic and international agency-assisted adoption services, and home study services-only programs. Question number 1 (A-M) does not pertain to foster care conversion adoptions. Agencies that provide adoption services only through foster care conversions must answer questions 2 – 12, but need not answer question number 1.

Please respond to the following questions with a yes or no answer on the left and provide additional detail as requested:

Yes 1. **Non-identifying** information for the past year concerning adoption is attached:

Domestic Agency-Assisted Adoptions

- A. The number of adoptive families who have submitted an agency application but who are not yet licensed: 6
- B. The number of adoptive families who are licensed and awaiting domestic placement as of the agency's fiscal year end: 18
- C. The number of biological parents who the agency provided services to during the reporting period for domestic adoption: 5
- D. The number of children placed in adoptive homes during the year:
 Adoptive parents/families who are Illinois Residents: 0
 Adoptive parents/families who are non-Illinois Residents: 1

- E. The number of adoptions initiated during the year:
 Adoptive parents/families who are Illinois Residents: 0
 Adoptive parents/families who are non-Illinois Residents: 1
- F. The number of adoptions finalized during the year:
 Adoptive parents/families who are Illinois Residents: 0
 Adoptive parents/families who are non-Illinois Residents: 0
- G. The number of adoptive placement disruptions: 0
- H. The number of domestic adoption dissolutions this year: 0

International Adoptions (either by direct placements/referrals, or through home-study-services-only)

Check the boxes that apply to the intercountry adoption services the agency provides:

- Child referral/matching placement services;
- Adoption home study/post placement services (utilized by families who are working with another agency for their referral/match);
- None.

The number of adoptive families who have submitted an agency application but who are not yet approved or licensed: 3

The number of adoptive families who are licensed or approved and awaiting international placement: 8

The number of international adoptive placements made during the year: 3

List the countries with which you have accredited international adoption programs:

The number of international adoptions finalized this year in the U.S., specifying the countries of origin: Jamaica- 1

The number of finalizations in other countries, specifying the countries of origin:

Serbia- 1

China - 1

Taiwan- 1

The number of international adoptive placement disruptions: 0

- No 2. Has the agency:
- lost the right to provide adoption services in any state or country,
 - had its license suspended for cause, or
 - was the agency the subject of other sanctions by any court, governmental agency, or governmental regulatory body relating to the provision of adoption services?
- If the answer to any portion of this question is yes, attach a full and complete statement of explanation.*

- No 3. During the past year, were any actions related to licensure initiated against the agency by a licensing or accrediting body?
If the answer is yes, attach a complete statement of explanation.
- No 4. During the past year, has the agency been a named party in any civil court actions in relation to the provision of foster care or adoption services?
If the answer is yes, attach a complete statement of explanation.
- No 5. Is the agency currently the subject of a pending investigation by federal or state authorities?
If the answer is yes, attach a complete statement of explanation.
- No 6. Were there any criminal charges, child abuse charges, malpractice complaints, or lawsuits related to the provision of adoption services against the agency or any of its employees, officers, or directors during the past year?
If the answer is yes, attach a complete statement of explanation and the basis or disposition of the actions.
- No 7. Was the agency found liable for any civil or administrative violation or found guilty of or pled guilty to any criminal or administrative violation that relates to the provision of adoption services under federal, state or foreign law?
If the answer is yes, attach a complete statement of explanation.
- No 8. Was any employee, officer or director of the agency found guilty of any crime or determined to have violated a civil law or administrative rule relating to the provision of adoption services under federal, state or foreign law?
If the answer is yes, attach a complete statement of explanation.
- No 9. Was any civil or administrative proceeding relating to adoption services instituted by the agency during the year (excluding uncontested adoption proceedings and proceedings filed pursuant to Section 12a of the Adoption Act)?
If the answer is yes, attach a complete statement of explanation.
- YES 10. The agency's website address is: www.familycore.org
- YES 11. An audited financial statement for the prior fiscal year, including a general description of fees, wages, salaries and other compensation described in Rule 401.565(a), certified by an independent public accountant, is attached.
- YES 12. This Annual Report with attachments and audited financial statement, certified by an independent public accountant, has been posted on the website listed in item 9.
- YES 13. Effective August 15, 2005, Annual Reports are available upon request.

Information contained in this report is subject to the applicable confidentiality requirements of the Child Care Act and the Adoption Act.

I certify that the above statements are true and accurate, based on information available to me at this time.

Ann Lading
Printed or typed name of Executive Director

[Signature]
Signature of Executive Director

10 5-2020
Date

Mailing Instructions on the back

This report is to be mailed to the child welfare agency's A&I licensing Unit and the Illinois Attorney General's Office:

Illinois Attorney General
Charitable Trust Bureau
100 W. Randolph Street, 11th Floor
Chicago, IL 60601
312-814-2595 or 312-814-3000

DCFS Agency and Intuitional Licensing Units:

Cook County

A&I Licensing Unit
A&I Licensing Supervisor
1911 S. Indiana Ave. – 9th Fl.
Chicago, IL 60616

Northern Region

A&I Licensing Unit
A&I Licensing Supervisor
1619 W. Jefferson Street
Joliet, IL 60435

Central / Southern Region

A&I Licensing Unit
A&I Licensing Supervisor
1124 N. Walnut
Springfield, IL 62702

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Financial Report

**June 30, 2019
(With Comparative Totals for 2018)**

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

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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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Counseling and Family Services D/B/A FamilyCore's 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 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.

Gooden, Stockman & Waugh, P.C.

Peoria, Illinois
November 22, 2019

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Statement of Financial Position

June 30, 2019

(With Comparative Totals for 2018)

	2019	2018
Assets		
Cash and cash equivalents	\$ 296,479	\$ 415,971
Certificates of deposit	18,831	18,637
Investments	355,972	330,586
Deposits with Community Foundation of Central Illinois	63,933	61,268
Receivables:		
Private accounts (Net of allowance for doubtful accounts of \$10,000)	27,777	63,078
Contracts and grants	580,640	500,888
Contributions	229,490	285,425
Prepaid expenses	20,732	10,330
Capital assets, at cost, less accumulated depreciation	361,619	304,658
Total assets	\$ 1,955,473	\$ 1,990,841
Liabilities and Net Assets		
Liabilities		
Line of credit	\$ 13,603	\$ -
Accounts payable	148,314	180,687
Accrued expenses	335,578	324,773
Deferred revenue	23,000	17,250
Total liabilities	520,495	522,710
Net assets		
Without donor restrictions:		
Undesignated	1,105,488	1,082,706
Board designated	100,000	100,000
With donor restrictions	229,490	285,425
Total net assets	1,434,978	1,468,131
Total liabilities and net assets	\$ 1,955,473	\$ 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, 2019

(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Other Support:				
Heart of Illinois United Way	\$ -	\$ 229,490	\$ 229,490	\$ 287,198
Other United Way contributions	20,789	-	20,789	1,125
Government sources (Note 4)	4,178,872	-	4,178,872	4,170,696
School contracts (Note 4)	742,273	-	742,273	563,601
Other sources	62,225	-	62,225	92,777
Program service fees	377,510	-	377,510	383,527
Contributions	81,953	-	81,953	29,813
Interest income	3,575	-	3,575	1,268
Investment income and changes in value of deposits with				
Community Foundation of Central Illinois, net of fees	26,997	-	26,997	21,740
Fundraising	83,832	-	83,832	66,620
Net assets released from restrictions	285,425	(285,425)	-	-
Total revenue and other support	<u>5,863,451</u>	<u>(55,935)</u>	<u>5,807,516</u>	<u>5,618,365</u>
Expenses:				
Program services:				
Child Welfare:				
Traditional	3,094,218	-	3,094,218	3,034,714
Specialized	882,512	-	882,512	924,864
Counseling:				
Private	268,271	-	268,271	282,886
Adoption	137,246	-	137,246	144,788
Title XX - single parent	164,592	-	164,592	187,966
Outreach:				
Family school liaisons	747,693	-	747,693	537,438
Community	259,720	-	259,720	420,289
Total program services	<u>5,554,252</u>	<u>-</u>	<u>5,554,252</u>	<u>5,532,945</u>
Supporting services:				
Management and general	158,382	-	158,382	78,047
Fundraising	128,035	-	128,035	48,397
Total supporting services expenses	<u>286,417</u>	<u>-</u>	<u>286,417</u>	<u>126,444</u>
Total expenses	<u>5,840,669</u>	<u>-</u>	<u>5,840,669</u>	<u>5,659,389</u>
Change in net assets	22,782	(55,935)	(33,153)	(41,024)
Net assets - beginning of year	1,182,706	285,425	1,468,131	1,509,155
Net assets - end of year	<u>\$ 1,205,488</u>	<u>\$ 229,490</u>	<u>\$ 1,434,978</u>	<u>\$ 1,468,131</u>

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, 2019

(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (33,153)	\$ (41,024)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	37,608	38,513
Loss on disposal of capital assets	8,351	-
Net gain on investment securities	(18,888)	(7,901)
Net gain on deposits with Community Foundation of Central Illinois	(2,665)	(3,443)
Changes in assets and liabilities:		
Receivables	11,484	(75,691)
Prepaid expenses	(10,402)	8,363
Accounts payable	(32,373)	63,229
Accrued expenses	10,805	68,604
Deferred revenue	5,750	1,001
Net cash provided by (used in) operating activities	<u>(23,483)</u>	<u>51,651</u>
Cash flows from investing activities:		
Capital expenditures	(102,920)	(42,313)
Purchase of investment securities	(6,692)	(10,554)
Net cash used in investing activities	<u>(109,612)</u>	<u>(52,867)</u>
Cash flows from financing activities:		
Net proceeds from line of credit	13,603	-
Net cash provided by financing activities	<u>13,603</u>	<u>-</u>
Net decrease in cash and cash equivalents	(119,492)	(1,216)
Cash and cash equivalents:		
Beginning of year	415,971	417,187
End of year	<u>\$ 296,479</u>	<u>\$ 415,971</u>

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, 2019
(With Comparative Totals for 2018)**

	Child Welfare		Counseling		
	Traditional	Specialized	Private	Adoption	Title XX Single Parent
Salaries	\$ 1,460,684	\$ 341,672	\$ 172,215	\$ 91,550	\$ 105,800
Payroll taxes	115,815	27,034	13,651	7,280	8,405
Employee benefits	299,948	70,366	32,828	18,753	24,140
Total salaries and related expenses	1,876,447	439,072	218,694	117,583	138,345
Specific assistance	793,408	331,137	-	-	-
Supplies and equipment	57,921	3,505	1,072	101	447
Transportation	97,114	22,905	429	2,551	4,638
Occupancy	118,334	27,750	22,218	8,303	9,606
Professional fees and contractual service	25,599	30,825	5,150	-	-
Telecommunications	6,247	425	405	995	1,560
Training and education	2,013	466	1,360	-	-
Professional dues and subscriptions	-	-	615	825	10
Advertising	-	-	-	687	-
Loss on disposal of capital assets	-	-	-	-	-
Administrative	23,970	4,579	7,339	359	3,227
Total program expenses	3,001,053	860,664	257,282	131,404	157,833
Management and general	93,165	21,848	10,989	5,842	6,759
Total Functional Expenses	\$ 3,094,218	\$ 882,512	\$ 268,271	\$ 137,246	\$ 164,592

The accompanying notes are an integral part of the financial statements

(continued)

Outreach			Supporting		Total Expenses	
Family School Liaisons	Community	Total Program	Management and General	Fundraising	2019 Total	2018 Total
\$ 541,425	\$ 176,076	\$ 2,889,422	\$ 48,395	\$ 59,301	\$ 2,997,118	\$ 2,833,987
42,852	13,974	229,011	3,030	4,784	236,825	229,792
110,682	36,021	592,738	9,639	12,224	614,601	620,667
694,959	226,071	3,711,171	61,064	76,309	3,848,544	3,684,446
-	-	1,124,545	-	-	1,124,545	1,154,777
826	6,499	70,371	-	30,058	100,429	178,251
4,265	9,174	141,076	136	-	141,212	127,018
5,861	3,431	195,503	19,940	-	215,443	182,400
1,620	-	63,194	113,025	14,867	191,086	153,171
5,681	1,220	16,533	32,097	-	48,630	28,860
-	-	3,839	12,262	80	16,181	5,482
-	125	1,575	11,367	290	13,232	19,179
-	-	687	9,440	2,591	12,718	13,477
-	-	-	8,351	-	8,351	-
-	1,978	41,452	75,006	3,840	120,298	112,328
713,212	248,498	5,369,946	342,688	128,035	5,840,669	5,659,389
34,481	11,222	184,306	(184,306)	-	-	-
\$ 747,693	\$ 259,720	\$ 5,554,252	\$ 158,382	\$ 128,035	\$ 5,840,669	\$ 5,659,389

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

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 two classes of net assets according to the legal restrictions placed on the assets by the donors as follows:

Net assets without donor restrictions 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.

Net assets with donor restrictions 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. The net assets can also be required to be maintained permanently but permit the Organization to use up or expend part or all of the income derived from the donated assets.
- (2) All contributions are considered to be available for use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as net assets with donor restrictions until such time as the restriction passes. At such time, net assets with donor restrictions are classified to net assets without donor restrictions 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 without donor restriction.
- (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 donor restricted support. The Organization reports expirations of restrictions when the donated or acquired long-lived assets are either sold or depreciated.
- (4) Revenue 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 with donor restrictions consist of contributions which are limited by donor imposed restrictions.
- (6) Donated materials, capital assets, and investments are recorded at fair value when received. The Organization 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.

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

- (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, 2019, 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: The Organization 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, 2019. The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management has evaluated The Organization's tax positions taken and concluded that The Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to tax examinations for tax years ending prior to June 30, 2016.

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.

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.

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Prior Period Information: The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Note 2 – Investments and Fair Value

In determining fair value, the Organization 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	\$ 128,714	\$ -	\$ -	\$ 128,714
Mutual funds	227,258	-	-	227,258
Deposits with Community Foundation of Central Illinois	-	63,933	-	63,933
	<u>\$ 355,972</u>	<u>\$ 63,933</u>	<u>\$ -</u>	<u>\$ 419,905</u>

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

Note 2 – Investments and Fair Value (continued)

A summary of investment income is as follows:

Investment interest and dividends	\$ 6,498
Realized and unrealized gains	18,290
Change in value of deposits with Community Foundation of Central Illinois	2,665
Investment fees	(456)
	<u>\$ 26,997</u>

Note 3 – Capital Assets

A summary of the capital assets as of June 30, 2019 is as follows:

Land	\$ 136,980
Building and improvements	1,258,752
Equipment	154,080
Software	11,000
Vehicles	225,194
	<u>1,786,006</u>
Less accumulated depreciation	<u>(1,424,387)</u>
	<u>\$ 361,619</u>

Note 4 – Major Funding Sources

The Organization receives a substantial amount of its support from the Illinois Department of Children and Family Services (DCFS) and the District 150 school district. 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, 2019 was \$64,644.

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 (5.50% at June 30, 2019) and expires on October 31, 2020. The line is secured by a mortgage on the Organization's land and building. The outstanding balance at June 30, 2019 was \$13,603.

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

Note 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019:

Subject to expenditure for a specific purpose:

Counseling Connections	\$	168,903
Heart of Illinois After School & Summer		41,475

Subject to the passage of time:

United Way designated gifts		19,112
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Total net assets with donor restrictions	\$	<u>229,490</u>
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Net assets were released from donor restrictions during 2019 by incurring expenses and satisfying the restricted purposes as follows:

Satisfaction of purpose restrictions:

Counseling Connections	\$	211,125
Heart of Illinois After School & Summer		55,300

Expiration of time restrictions:

United Way designated gifts		19,000
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Total net assets released from restrictions	\$	<u>285,425</u>
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Note 8 – Board Designated Endowment

The Organization's endowment consists of funds established resources set aside by the Board of Directors to function as an endowment (referred to as board-designated endowment funds). 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. Net assets without donor restrictions identified by the Organization's board of directors to be used for future investment and growth, are included in net assets without donor restrictions-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 net assets with donor restrictions: (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 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

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

Note 8 – Board Designated Endowment (continued)

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 board designated gifts, then the calculation of spending will be adjusted in accordance with the guidelines not to exceed the actual earnings of the fund.

The changes in endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restrictions: Board Designated
Endowment net assets, July 1, 2018	\$ 100,000
Investment return:	
Investment income	1,987
Net appreciation	5,121
Total investment return	<u>7,108</u>
Appropriation of endowment assets for expenditure	<u>(7,108)</u>
Endowment net asset, June 30, 2019	<u>\$ 100,000</u>

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 November 22, 2019, which is the date the financial statements were available to be issued. No events or items requiring recognition or disclosure were identified.

**COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE**

Notes to Financial Statements

Note 11 – Liquidity and Availability of Funds

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year from the statement of financial position date are as follows as of June 30, 2019:

Cash and cash equivalents	\$	296,479
Certificates of deposit		18,831
Investments		355,972
Less board designated endowment funds		(100,000)
Deposits with Community Foundation of Central Illinois		63,933
Receivables		837,907
	\$	<u>1,473,122</u>

The Organization also has access to \$100,000 of investments that are part of a board designated endowment. Any withdrawal from this endowment must be authorized by the board of directors.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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 has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 13 – Recent State Legislation

During the year ended June 30, 2019, the state of Illinois passed legislation that will gradually increase the minimum wage from \$8.25 to \$15 per hour. The Organization has a significant number of employees that will be affected by this legislation and is currently evaluating the financial impact.



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, 2019, 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 November 22, 2019.

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.

Godon, Stockman & Waugh, P.C.

Peoria, Illinois
November 22, 2019