COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Financial Report

June 30, 2021
(With Comparative Totals for 2020)

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

CONTENTS

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, 2021, 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, 2021, 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 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 16, 2021 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
November 16, 2021

COUNSELING AND FAMILY SERVICES
D/B/A FAMILYCORE

Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Assets		
Cash and cash equivalents	**$ 1,608,923**	$ 1,505,464
Certificates of deposit	**19,378**	19,133
Investments	**477,083**	359,847
Deposits with Community Foundation of Central Illinois	**82,371**	65,516
Receivables:		
Private accounts (Net of allowance for doubtful accounts of $10,000)	**17,120**	63,743
Contracts and grants	**533,676**	682,105
Contributions	**183,880**	266,575
Prepaid expenses	**52,166**	54,301
Capital assets, at cost, less accumulated depreciation	**892,385**	543,599
Total assets	**$ 3,866,982**	$ 3,560,283
Liabilities and Net Assets		
Liabilities		
Accounts payable	**$ 257,705**	$ 361,754
Accrued expenses	**399,378**	192,110
Excess revenue	**300,007**	410,408
Paycheck protection program	**275,378**	606,100
Deferred revenue	**16,200**	66,250
Total liabilities	**1,248,668**	1,636,622
Net assets		
Without donor restrictions:		
Undesignated	**2,334,434**	1,557,086
Board designated	**100,000**	100,000
With donor restrictions	**183,880**	266,575
Total net assets	**2,618,314**	1,923,661
Total liabilities and net assets	**$ 3,866,982**	$ 3,560,283

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, 2021
(With Comparative Totals for 2020)

	2021			2020
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total
Public Support and Revenue:				
Public Support:				
Heart of Illinois United Way	$ -	$ 158,000	$ 158,000	$ 246,575
Other United Way contributions	1,014	25,880	26,894	37,848
Grants:				
Government	473,543	-	473,543	447,719
Other	28,200	-	28,200	41,265
School contracts (Note 4)	668,100	-	668,100	775,540
Contributions	32,263	-	32,263	16,356
In-kind contributions	70,614	-	70,614	15,411
Paycheck Protection Program loan forgiveness	330,722	-	330,722	-
Special events gross	149,022	-	149,022	78,953
Less cost of direct benefit	(62,468)	-	(62,468)	(21,306)
Total public support	1,691,010	183,880	1,874,890	1,638,361
Revenue:				
Program service fees:				
Government	6,513,806	-	6,513,806	4,826,638
Other	182,700	-	182,700	184,972
Interest income	1,190	-	1,190	3,242
Miscellaneous revenue	10,993	-	10,993	5,959
Investment income, net of fees	105,589	-	105,589	19,418
Gain (loss) on sale of fixed assets	(5,185)	-	(5,185)	750
Total revenue	6,809,093	-	6,809,093	5,040,979
Net assets released from restrictions	266,575	(266,575)	-	-
Total public support and revenue	8,766,678	(82,695)	8,683,983	6,679,340
Expenses:				
Program services:				
Child Welfare	5,858,057	-	5,858,057	4,375,759
Counseling:				
Private	355,184	-	355,184	153,024
Adoption	105,055	-	105,055	92,663
Title XX - single parent	219,617	-	219,617	207,866
Outreach:				
Family school liaisons	796,372	-	796,372	738,697
Adoption preservation	317,175	-	317,175	278,022
Community	172,386	-	172,386	157,726
Total program services	7,823,846	-	7,823,846	6,003,757
Supporting services:				
Management and general	102,871	-	102,871	82,139
Fundraising	62,613	-	62,613	104,761
Total supporting services expenses	165,484	-	165,484	186,900
Total expenses	7,989,330	-	7,989,330	6,190,657
Change in net assets	777,348	(82,695)	694,653	488,683
Net assets - beginning of year	1,657,086	266,575	1,923,661	1,434,978
Net assets - end of year	$ 2,434,434	$ 183,880	$ 2,618,314	$ 1,923,661

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, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 694,653	$ 488,683
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	73,822	51,118
Paycheck protection program loan forgiveness	(330,722)	-
Bad debt expense	20,856	-
(Gain) loss on disposal of capital assets	5,185	(750)
Net gain on investment securities	(88,734)	(17,835)
Net gain on deposits with Community Foundation of Central Illinois	(16,855)	(1,583)
Changes in assets and liabilities:		
Receivables	256,891	(174,516)
Prepaid expenses	2,135	(33,569)
Accounts payable	(104,049)	104,830
Accrued expenses	207,268	(126,227)
Excess revenues	(110,401)	393,167
Deferred revenue	(50,050)	43,250
Net cash provided by operating activities	559,999	726,568
Cash flows from investing activities:		
Capital expenditures	(427,793)	(124,488)
Proceeds from sale of capital assets	-	750
Sales of investment securities	21,369	371,320
Purchase of investment securities	(50,116)	(357,662)
Net cash used in investing activities	(456,540)	(110,080)
Cash flows from financing activities:		
Proceeds from paycheck protection program	-	606,100
Net payments on line of credit	-	(13,603)
Net cash provided by financing activities	-	592,497
Net change in cash and cash equivalents	103,459	1,208,985
Cash and cash equivalents:		
Beginning of year	1,505,464	296,479
End of year	$ 1,608,923	$ 1,505,464
Supplemental Disclosure of Cash Flow Information		
Noncash capital and investing activities:		
Capital expenditures financed through accounts payable	$ -	$ 108,610

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, 2021
(With Comparative Totals for 2020)

		Counseling		
	Child Welfare	Private	Adoption	Title XX Single Parent
Salaries	$ 2,171,579	$ 186,498	$ 55,247	$ 118,521
Payroll taxes	158,127	13,637	3,989	8,602
Employee benefits	388,864	43,332	19,493	34,101
Total salaries and related expenses	2,718,570	243,467	78,729	161,224
Specific assistance	1,990,849	-	-	-
Supplies and equipment	278,264	6,390	2,170	19,033
Transportation	92,892	140	1,972	6,117
Occupancy	188,853	24,308	7,422	8,791
Professional fees and contractual service	346,800	32,294	7,887	10,116
Telecommunications	33,574	2,160	1,194	2,243
Training and education	11,015	2,375	590	474
Professional dues and subscriptions	16,533	726	922	363
Advertising	13,531	1,033	387	517
Interest	-	-	-	-
Bad debt	-	20,856	-	-
Office	76,834	14,354	1,402	7,199
Administrative	31,728	3,173	1,190	1,586
Total program expenses	5,799,443	351,276	103,865	217,663
Depreciation and amortization	58,614	3,908	1,190	1,954
Total Functional Expenses	$ 5,858,057	$ 355,184	$ 105,055	$ 219,617

The accompanying notes are an integral part of the financial statements

(continued)

Outreach				Supporting		Total Expenses	
Family School Liaisons	Adoption Preservation	Community	Total Program	Management and General	Fundraising	2021 Total	2020 Total
$ 550,314	$ 222,807	$ 106,577	$ 3,411,543	$ 59,753	$ 30,461	$ 3,501,757	$ 2,970,051
39,704	16,125	7,705	247,889	4,292	2,334	254,515	231,968
162,792	36,383	34,608	719,573	4,990	7,368	731,931	603,684
752,810	275,315	148,890	4,379,005	69,035	40,163	4,488,203	3,805,703
-	-	-	1,990,849	-	-	1,990,849	1,338,191
24,842	6,752	2,954	340,405	2,222	11	342,638	197,959
8,233	7,427	8,196	124,977	16	-	124,993	95,700
-	4,689	6,849	240,912	14,828	-	255,740	253,451
780	10,008	1,265	409,150	6,323	13,385	428,858	177,295
8,153	3,623	1,353	52,300	605	303	53,208	36,579
816	1,118	783	17,171	1,800	357	19,328	25,242
-	181	195	18,920	227	355	19,502	44,620
-	258	65	15,791	323	2,880	18,994	16,520
-	-	-	-	3,641	-	3,641	402
-	-	-	20,856	-	-	20,856	-
738	1,012	473	102,012	1,863	5,066	108,941	145,859
-	793	198	38,668	996	93	39,757	2,018
796,372	311,176	171,221	7,751,016	101,879	62,613	7,915,508	6,139,539
-	5,999	1,165	72,830	992	-	73,822	51,118
$ 796,372	$ 317,175	$ 172,386	$ 7,823,846	$ 102,871	$ 62,613	$ 7,989,330	$ 6,190,657

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 follows the provisions of the Financial Accounting Standards Board (FASB) in its Not-for-Profit Entities Topic. Under FASB guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets (without donor restrictions and with donor restrictions) based upon the existence or absence of donor-imposed restrictions. See Note 7 and 8 for further detail.

Revenue Recognition:

Revenue from exchange transactions: The Organization recognizes revenue in accordance with FASB ASC Topic 606. Topic 606 applies to exchange transactions with customers or members that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the year ending June 30, 2021:

Program service fees: For the year ended June 30, 2021, the revenues related to program service fees represented approximately 77% of the Organization's total public support and revenue. Under the terms of the contracts, the Organization is to provide various child welfare services. The organization's performance obligation is to provide the child welfare services to the specified child. The transaction price is the contract negotiated price with the state of Illinois. As each case is related to a single service, no allocation of the transaction price is necessary. Any unearned portion of the contracts are recorded as deferred revenue until earned. At the end of each contract period, a reconciliation is performed to identify any possible excess revenues. Excess revenues represent contract payments in excess of the services provided by the Organization over the term of the contract. As of June 30, 2021, the Organization estimates there is $300,007 of excess revenues that is recorded on the statement of financial position.

Special fundraising events: The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. Topic 606 requires allocation of the transaction price to the performance obligation. Accordingly, the Organization separately presents in its statement of activities the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Grant revenues: Revenue under grant agreements are recognized in accordance with FASB ASU 2018-08. Revenue is recognized in the period that expenses have been incurred for the purpose specified by the grantor. Deferred revenue is recorded on the statement of financial position.

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions*:* All contributions are considered to be available for immediate use unless specifically restricted by the donor. Contributions, including unconditional promises to give, are recognized as revenues in the period that the unconditional promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions and related gains and investment income that are met in the same year as received are reported as revenues 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, the donor restricted net assets are classified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Donated materials*:* Donated materials, capital assets, and investments are recorded at fair value when received. The Organization reports gifts of land, buildings, and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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, 2021, 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, 2021. 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, 2018.

Note 1 – Summary of Significant Accounting Policies (continued)

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 39 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.

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, 2020, from which the summarized information was derived.

Reclassifications: Certain reclassifications have been made to the 2020 summarized financial statement information to conform to the current year presentation. These reclassifications had no effect on the change in net assets for 2020.

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;
  Exchange traded funds and 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.

Note 2 – Investments and Fair Value (continued)

- 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	$ 7,712	$ -	$ -	$ 7,712
Exchange traded funds	402,402	-	-	402,402
Mutual funds	66,969	-	-	66,969
Deposits with Community Foundation of Central Illinois	-	82,371	-	82,371
	$ 477,083	$ 82,371	$ -	$ 559,454

A summary of investment income is as follows:

Investment interest and dividends	$ 8,892
Realized and unrealized gains	83,861
Change in value of deposits with Community Foundation of Central Illinois	16,855
Investment fees	(4,019)
	$ 105,589

Note 3 – Capital Assets

A summary of the capital assets as of June 30, 2021 is as follows:

Land	$ 136,980
Building and improvements	1,411,952
Equipment	174,835
Software	11,000
Vehicles	229,800
Construction in progress	322,152
	2,286,719
Less accumulated depreciation	(1,394,334)
	$ 892,385

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.

During the year ended June 30, 2021, the Organization amended the Plan to allow a one-time discretionary contribution equal to 5% of the employees' eligible compensation paid from July 16, 2020 through July 2, 2021. Expense incurred under the Plan for the year ended June 30, 2021 was $175,544.

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 (3.25% at June 30, 2021) and expires on January 29, 2022. The line is secured by a mortgage on the Organization's land and building. There was no outstanding balance at June 30, 2021.

Note 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2021:

Subject to expenditure for a specific purpose:		
Counseling Connections	$	90,000
Heart of Illinois After School & Summer		48,000
Subject to the passage of time:		
United Way of Pekin allotment		25,880
United Way designated gifts		20,000
Total net assets with donor restrictions	$	183,880

Net assets were released from donor restrictions during 2021 by incurring expenses and satisfying the restricted purposes as follows:

Satisfaction of purpose restrictions:		
Counseling Connections	$	168,903
Heart of Illinois After School & Summer		55,300
Expiration of time restrictions:		
United Way of Pekin allotment		20,000
United Way designated gifts		22,372
Total net assets released from restrictions	$	266,575

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

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, 2021, are as follows:

	Without Donor Restrictions: Board Designated
Endowment net assets, July 1, 2020	$ 100,000
Investment return:	
Investment income	1,867
Net appreciation	17,611
Total investment return	19,478
Appropriation of endowment assets for expenditure	(19,478)
Endowment net asset, June 30, 2021	$ 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 November 16, 2021, which is the date the financial statements were available to be issued. No events or items requiring recognition or disclosure were identified.

Note 11 – Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization. The financial statements do not include adjustments relating to the effects of this pandemic.

Note 12 – 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, 2021:

Cash and cash equivalents	$	1,608,923
Certificates of deposit		19,378
Investments		477,083
Less board designated endowment funds		(100,000)
Deposits with Community Foundation of Central Illinois		82,371
Receivables		734,676
	$	2,822,431

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 13 – Paycheck Protection Program

During the year ended June 30, 2020, the Organization applied for and obtained a $606,100 loan from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) in response to the coronavirus pandemic described in Note 11. During the year ended June 30, 2021, the Organization applied for and received partial forgiveness of the loan totaling $330,722, which is included in the statement of activities. The remaining principal balance of $275,378 and $3,641 of accrued interest was repaid in August of 2021.

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, 2021, 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 16, 2021.

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
November 16, 2021