

FAMILY SERVICE CENTER OF SANGAMON COUNTY
SPRINGFIELD, ILLINOIS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Service Center of Sangamon County
Springfield, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Family Service Center of Sangamon County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 entity'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 entity'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 Family Service Center of Sangamon County as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2021, on our consideration of Family Service Center of Sangamon County'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 the effectiveness of Family Service Center of Sangamon County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Service Center of Sangamon County's internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
April 1, 2021

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 823,169	\$ 375,541
Accounts receivable	1,210	140
Due from state agency	155,744	157,555
Prepaid expenses and other assets	56,174	59,322
Total current assets	1,036,297	592,558
INVESTMENTS	8,609	8,463
PROPERTY AND EQUIPMENT		
Building and leasehold improvements	480,700	480,700
Equipment and vehicles	28,517	28,517
Less accumulated depreciation	(274,109)	(246,683)
Property and Equipment, Net	235,108	262,534
Land	8,000	8,000
Total property and equipment	243,108	270,534
OTHER ASSETS		
Beneficial interest in perpetual trusts	48,057	50,762
Total assets	\$ 1,336,071	\$ 922,317
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 17,884	\$ 16,764
Accounts payable	61,240	35,067
Accrued liabilities		
Compensation	19,734	22,628
Vacation	17,074	12,327
Other	867	-
Deferred revenue	23,265	23,265
Refundable advance - PPP loan	130,500	-
Refundable advances - other	209,712	136,326
Total current liabilities	480,276	246,377
LONG-TERM DEBT, less current maturities	197,536	215,438
NET ASSETS		
Without donor restrictions	610,202	409,740
With donor restrictions	48,057	50,762
Total net assets	658,259	460,502
Total liabilities and net assets	\$ 1,336,071	\$ 922,317

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Purchase of care fees	\$ 1,677,272	\$ -	\$ 1,677,272
Program service fees	8,912	-	8,912
United Way	4,104	-	4,104
Contributions and special events	23,350	-	23,350
Investment income	146	-	146
Interest income	4,673	-	4,673
Change in value of beneficial interest in perpetual trusts	-	(2,705)	(2,705)
Rental income	840	-	840
Other	19,291	-	19,291
Total revenues and other support	1,738,588	(2,705)	1,735,883
EXPENSES AND LOSSES			
Program services			
Family substitute services	1,448,022	-	1,448,022
Total program services expenses	1,448,022	-	1,448,022
Supporting services			
Management and general	82,516	-	82,516
Fundraising	7,588	-	7,588
Total supporting services expenses	90,104	-	90,104
Total expenses	1,538,126	-	1,538,126
Change in net assets	200,462	(2,705)	197,757
Net assets at beginning of year	409,740	50,762	460,502
Net assets at end of year	\$ 610,202	\$ 48,057	\$ 658,259

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Purchase of care fees	\$ 1,409,792	\$ -	\$ 1,409,792
Program service fees	28,151	-	28,151
United Way	8,321	-	8,321
Contributions and special events	26,049	-	26,049
Investment income	351	-	351
Interest income	2,934	-	2,934
Change in value of beneficial interest in perpetual trusts	-	(404)	(404)
Rental Income	1,978	-	1,978
Other	1,697	-	1,697
Total revenues and other support	1,479,273	(404)	1,478,869
EXPENSES AND LOSSES			
Program services			
Family substitute services	1,318,379	-	1,318,379
Total program services expenses	1,318,379	-	1,318,379
Supporting services			
Management and general	66,081	-	66,081
Fundraising	4,716	-	4,716
Total supporting services expenses	70,797	-	70,797
Total expenses	1,389,176	-	1,389,176
Change in net assets	90,097	(404)	89,693
Net assets at beginning of year, as previously stated	319,643	51,166	370,809
Net assets at end of year	\$ 409,740	\$ 50,762	\$ 460,502

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		Total Program and Supporting Services
	Family Substitute Services	Management and General	Fundraising	
Salaries	\$ 625,599	\$ 32,926	\$ -	\$ 658,525
Benefits	95,894	5,047	-	100,941
Professional fees	7,746	17,706	2,213	27,665
Supplies	9,319	2,213	116	11,648
Telephone and internet	13,060	687	-	13,747
Postage and shipping	1,493	540	42	2,075
Transportation and travel	27,795	-	-	27,795
Conferences and meetings	25	5	-	30
Dues, subscriptions and licenses	4,310	50	595	4,955
Rental, maintenance, and occupancy	66,724	7,010	-	73,734
Food	1,415	74	-	1,489
Specific assistance	18,950	-	-	18,950
Interest expense	13,082	1,454	-	14,536
Insurance expene	24,616	1,296	-	25,912
Miscellaneous	1,998	10,765	1,196	13,959
Depreciation	24,683	2,743	-	27,426
Foster care boarding	511,313	-	-	511,313
Membership	-	-	3,426	3,426
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,448,022</u>	<u>\$ 82,516</u>	<u>\$ 7,588</u>	<u>\$ 1,538,126</u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		Total Program and Supporting Services
	Family Substitute Services	Management and General	Fundraising	
Salaries and benefits	\$ 741,744	\$ 39,427	\$ -	\$ 781,171
Professional fees	3,491	7,981	998	12,470
Advertising	270	63	-	333
Supplies	10,030	2,382	125	12,537
Telephone and internet	12,248	645	-	12,893
Postage and shipping	1,581	571	44	2,196
Transportation and travel	17,088	-	-	17,088
Conferences and meetings	1,464	321	-	1,785
Dues, subscriptions and licenses	12,125	85	1,693	13,903
Rental, maintenance, and occupancy	75,955	8,440	-	84,395
Food	1,371	72	-	1,443
Specific assistance	16,381	-	-	16,381
Interest expense	13,994	1,555	-	15,549
Miscellaneous	4,344	1,676	186	6,206
Depreciation	25,762	2,863	-	28,625
Foster care boarding	380,531	-	-	380,531
Membership	-	-	1,670	1,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,318,379</u>	<u>\$ 66,081</u>	<u>\$ 4,716</u>	<u>\$ 1,389,176</u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 197,757	\$ 89,693
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	27,426	28,625
Change in value of beneficial interest in perpetual trusts	2,705	404
Unrealized (gain) loss on investments	(146)	(351)
(Increase) decrease in assets		
Accounts receivable	(1,070)	570
Due from state agency	1,811	(53,992)
Prepaid expenses and other assets	3,148	554
Increase (decrease) in liabilities		
Accounts payable	26,173	441
Accrued compensation	(2,894)	9,564
Accrued vacation	4,747	955
Accrued other	867	(30,000)
Deferred revenue	-	(313)
Refundable advance - PPP loan	130,500	-
Refundable advances - other	73,386	52,946
Net Cash Provided by (Used in) Operating Activities	<u>464,410</u>	<u>99,096</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(47,989)
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>(47,989)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(16,782)	(24,004)
Net Cash Provided by (Used in) Financing Activities	<u>(16,782)</u>	<u>(24,004)</u>
Increase in Cash and Cash Equivalents	447,628	27,103
Cash and cash equivalents at beginning of year	<u>375,541</u>	<u>348,438</u>
Cash and cash equivalents at end of year	<u>\$ 823,169</u>	<u>\$ 375,541</u>
Cash paid for interest	<u>\$ 14,536</u>	<u>\$ 15,549</u>

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. *Nature of Operations*

Family Service Center of Sangamon County (the “Center”) is an Illinois not-for-profit organization. Its principal programs provide adoption, foster care, and other supporting services to families and children.

2. *Basis of Accounting*

The financial statements of the Center have been prepared on the accrual basis of accounting in which expenditures are recognized when incurred and revenue is recognized when earned, generally when allowable expenditures are made.

3. *Basis of Presentation*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

4. *Cash and Cash Equivalents*

For purposes of reporting cash flows, the Center considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

5. *Accounts Receivable*

Accounts receivable are carried at original invoice amount less an allowance reduction for credit losses that reflects management’s best estimate of the amounts that will not be collected.

The allowance is based on experience and other circumstances which may affect the ability of customers and other agencies to meet their obligations. Accounts receivable are written off as a charge to the allowance for credit losses when, in management’s estimation, it is probable that the receivable is worthless.

Accounts receivable are due within 30 days. Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable. Management did not consider any of the accounts receivable uncollectible at June 30, 2020 and June 30, 2019; therefore, there was no allowance recorded as of those dates.

6. *Investments*

The Center’s investments are maintained in pooled accounts that invest in various investment securities. Investments are reported at their fair value in the statement of financial position. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases nets with or without donor restrictions based on donor-imposed restrictions.

7. *Contributions*

Contributions received are recorded as support when received or pledged and are classified as with or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All in-kind contributions are recorded at fair value at the date of donation.

8. *Property and Equipment*

Property and equipment are stated at cost. Items purchased that exceed \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. The useful lives adopted for the purpose of computing depreciation are:

Building and leasehold improvements	20-50 years
Equipment and vehicles	3-10 years

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

9. *Income Taxes*

The Center is a non-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. The Internal Revenue Service has determined the Center to be an entity other than a private foundation; therefore, charitable contributions are tax deductible.

The Center files information tax returns in the U.S. Federal and Illinois jurisdictions. The Center is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years ending prior to June 30, 2017.

10. *Functional Allocated of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. This presentation requires allocation of expenses on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on the Center's best estimate of the time spent by employees on program service vs. supporting service functions. The remaining expenses are allocated based on the Center's best estimate of the resources consumed by program service vs. supporting service functions.

11. *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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

12. *Subsequent Events*

Management has evaluated subsequent events for recognition and disclosure in the financial statements through April 1, 2021, which is the date the financial statements were available to be issued.

FAMILY SERVICE OF SANGAMON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

13. *Recent Accounting Guidance*

During the year ended June 30, 2019 the Center implemented ASU 2016-14, Financial Statements of Not-for-Profit Entities. Accordingly, the beginning balances of the donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, with donor restrictions. The ASU requires additional disclosures in the areas of liquidity and endowment funds and modifies the direct method presentation of the Statement of Cash Flows, requires reclassification of investment expenses which are netted in investment return to include internal investment expenses. In addition, it requires any underwater portion of endowment funds to be adjusted from net assets without donor restrictions to net assets with donor restrictions.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 823,169
Accounts receivable	1,210
Due from state agency	155,744
Investments	8,609
Total	<u>\$ 988,732</u>

NOTE C – DUE FROM STATE AGENCY

Due from state agency consists of amounts due from the Illinois Department of Children and Family Services.

NOTE D – INVESTMENTS

The fair value of investments is based on quoted market values for those or similar investments.

Investments consist of the following at June 30:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Pooled account	<u>\$ 5,250</u>	<u>\$ 8,609</u>	<u>\$ 5,250</u>	<u>\$ 8,463</u>

FAMILY SERVICE OF SANGAMON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

NOTE D – INVESTMENTS – Continued

Investment income consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 194	\$ 187
Unrealized gain (loss)	78	285
Investment fees	(126)	(121)
	\$ 146	\$ 351

NOTE E – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) Codification 820, Fair Value Measurements, 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 three levels of the fair value hierarchy under FASB Codification 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 or 2019.

Pooled account – Value based on the fair value of the assets held in the pool, including money market funds, fixed income funds, equities, hedge funds, and real estate.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE E – FAIR VALUE MEASUREMENTS – Continued

Beneficial interest in trusts – Value based on the fair value of the assets held by the trusts, including bonds, common stock, and cash.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Center’s fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2020</u>				
Investments				
Pooled account	\$ 8,609	\$ -	\$ 8,609	\$ -
Beneficial interest in perpetual trusts	48,057	-	48,057	-
Total	<u>\$ 56,666</u>	<u>\$ -</u>	<u>\$ 56,666</u>	<u>\$ -</u>
<u>2019</u>				
Investments				
Pooled account	\$ 8,463	\$ -	\$ 8,463	\$ -
Beneficial interest in perpetual trusts	50,762	-	50,762	-
Total	<u>\$ 59,225</u>	<u>\$ -</u>	<u>\$ 59,225</u>	<u>\$ -</u>

NOTE F – BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Center is the beneficiary of a perpetual trust created by a donor, the assets of which are not in the possession of the Center. The Center has legally enforceable rights and claims to such assets, including the sole right to the distribution of assets from the trusts. Net realized and unrealized gains and losses related to the beneficial interests are reported as changes in net assets with donor restrictions based on explicit donor stipulations. The Center’s beneficial interest in perpetual trust as of June 30, 2020 and 2019 was \$48,057 and \$50,762, respectively.

NOTE G – RETIREMENT PLAN

The Center has a SIMPLE IRA plan which is optional to its employees. The Center matches employee contributions up to 3% of employee compensation. Total contributions made by the Center for the years ended June 30, 2020 and 2019, were \$2,331 and \$2,705, respectively.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE H – PURCHASE OF CARE FEES

The Center provides services through agreements with the Illinois Department of Children and Family Services. Under the terms of the agreements, costs which do not meet the conditions of the program may be disallowed and funds received for those costs required to be returned to the state. As of June 30, 2020 and 2019, the Center was not aware of any such costs other than what is included within refundable advances in the accompanying statements of financial position.

NOTE I – LONG-TERM DEBT

Long-term debt at June 30 consists of the following:

	<u>2020</u>	<u>2019</u>
Marine Bank, Springfield, Illinois		
Note payable in monthly installments of \$1,234, with interest at 6.25% through March 22, 2023, and a balloon payment due on April 22, 2023. Secured by all the assets of the Center.	\$ 97,665	\$ 106,018
Note payable in monthly installments of \$1,346, with interest at 6.25% through March 22, 2023, and a balloon payment due on April 22, 2023. Secured by all the assets of the Center.	<u>117,755</u>	<u>126,184</u>
	<u>215,420</u>	<u>232,202</u>
Less current maturities	<u>17,884</u>	<u>16,764</u>
	<u>\$ 197,536</u>	<u>\$ 215,438</u>

Aggregate annual maturities of long-term debt as of June 30, 2020, are as follows:

2021	17,884
2022	19,037
2023	<u>178,499</u>
Total	\$ <u>215,420</u>

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE J – ASSET IMPAIRMENT

During fiscal year 2016, the Center determined impairment indicators existed related to idle property as result of an assessment received from the City of Springfield, Illinois. Due to the significance of the costs that would be required to dispose of the property, it was determined the carrying value would not be recoverable. Accordingly, the Center recorded a loss of \$111,494 to write down the asset's carrying amount to its estimated fair value and to recognize the estimated liabilities associated with future disposal of the asset. As of June 30, 2018, the estimated liability was \$30,000. During the year ended June 30, 2019 the property was fully disposed of and as such there was no liability as of June 30, 2019.

NOTE K – CONCENTRATION OF CREDIT RISK

The Center maintains cash deposits in various financial institutions which, at times, may exceed the federally insured limits. Management believes the Center is not exposed to any significant risks on cash deposits.

During both years ended June 30, 2020 and 2019, approximately 97% and 95%, respectively, of the Center's total support and revenue is from the Department of Children and Family Services. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Center's programs and activities.

NOTE L – PPP LOAN PROCEEDS

In April 2020, the Organization received a loan in the amount of \$130,500 under the Payroll Protection Program (PPP Loan). The PPP Loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP Loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP Loan is payable over 2 years at an interest rate of 1%, with a deferral of payments for the first 10 months.

The Center expects to meet the PPP's eligibility criteria and, therefore, has concluded that the PPP Loan represents, in substance, debt that is expected to be forgiven. As a result, the Center has accounted for the PPP Loan in accordance with FASB ASC 470 as a refundable advance. Upon partial or total forgiveness of the loan and legal release of the obligation to pay, the liability will be reduced and a gain on extinguishment will be recognized.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE M – EFFECT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many organizations to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the Center is likely to be determined by factors which are uncertain, unpredictable, and outside of the control of the Center. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely affect future revenues.

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

To the Board of Directors
Family Service Center of Sangamon County
Springfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Service Center of Sangamon County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Service Center of Sangamon County'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 Family Service Center of Sangamon County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we would 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 Family Service Center of Sangamon County's financial statements are free from 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 *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
April 1, 2021

SCHEDULE OF PROGRAM COSTS

Line Number	Account Title	Total	Not Allocated	Program 1	Program 2
	Program Expenses:			Relative Foster	Specialized
1.	Program Staff Salaries	469,199		290,903	178,296
2.	Program Clerical Staff Salaries	-	-	-	-
3.	Program Payroll Taxes and Fringe Benefits	71,921	-	44,591	27,330
4.	Program Consultants	27,665	-	17,152	10,513
5.	Consumer Wages and Fringe Benefits	-	-	-	-
6.	Medicine and Drugs	-	-	-	-
7.	All Other Program Equipment and Supplies	11,648	2,329	5,778	3,541
8.	Staff Transportation	24,738	-	15,338	9,400
9.	Client Transportation	3,057	-	1,895	1,162
10.	Transportation To / From School	-	-	-	-
11.	Direct Service Staff Conferences & Conventions	30	5	15	10
12.	Program Insurance	-	-	-	-
13.	Direct Client Specific Assistance	18,950	-	11,749	7,201
14.	Telecommunication Costs Assigned to Program	13,060	-	8,097	4,963
15.	Foster Care Payments	511,313	-	317,014	194,299
16.	Other (Specify) Advertising	-	-	-	-
17.	Total Program Expenses (Sum Lines 1 - 16)	1,151,581	2,334	712,532	436,715
	Support Expenses:				
18.	Support Salaries	18,054	-	11,193	6,861
19.	Support Payroll Taxes and Fringe Benefits	-	-	-	-
20.	Dietary Supplies	1,489	74	877	538
21.	Housekeeping and Laundry Supplies	-	-	-	-
22.	Other (Specify) Membership Fundraising	3,426	3,426	-	-
23.	Total Support Expenses (Sum Lines 18 - 22)	22,969	3,500	12,070	7,399
	Occupancy Expenses:				
24.	Occupancy Salaries	-	-	-	-
25.	Occupancy Payroll Taxes and Fringe Benefits	-	-	-	-
26.	Building & Equip. Operations and Maintenance	73,734	7,010	47,927	18,434
27.	Vehicle Depreciation	-	-	-	-
28.	All Other Depreciation & Amortization	27,426	2,743	15,303	9,380
29.	Vehicle Rent	-	-	-	-
30.	All Other Lease / Rent / Taxes	-	-	-	-
31.	Equipment Under \$500	-	-	-	-
32.	Mortgage & Installment Interest	14,536	1,454	10,902	2,180
33.	Operating Interest	-	-	-	-
34.	Other (Specify) -Insurance Exp, Licensing/Permit, Utilities, Misc	4,955	645	2,672	1,638
35.	Total Occupancy Expenses (Sum Lines 24 - 34)	120,651	11,852	76,804	36,724
	Administrative and Office Expenses:				
36.	Administrative Salaries	156,400	32,926	67,911	55,563
37.	Administrative Payroll Taxes and Fringe Benefits	23,973	5,047	10,409	8,517
38.	Administrative Consultants	19,919	19,919	-	-
39.	Telecommunication Costs Not Assigned to Program	687	687	-	-
40.	Office Supplies and Equipment	-	-	-	-
41.	Allocation of Management and General (G & A)	-	-	-	-
42.	Other (Specify) Dues, Miscellaneous, Postage and Shipping	41,946	12,543	18,230	11,173
43.	Total Administrative Expenses (Sum Lines 36 - 42)	242,925	71,122	96,550	75,253
44.	Total Expenses (Sum Lines 17, 23, 35, 43)	1,538,126	88,808	897,956	556,091
	Non-reimbursable Expenses:				
45.	Depreciation on DMHDD Funded Capital Assets Included Above	-	-	-	-
46.	Cost of Production and Workshop Client Wages included Above	-	-	-	-
47.	Other (Specify)	-	-	-	-
48.	Total Non-Reimbursable Expenses (Sum Lines 45 - 47)	-	-	-	-
49.	Net Expenses (Line 44 minus Line 48)	1,538,126	88,808	897,956	556,091

Other Specify

16. Other- Program Expenses

6000: Advertising 63

34. Other- Occupancy Expenses

6710: Insurance Expense- Property 9,163

6715:Licensing/ Permit/ Inspection Fees 722

6730: Utilities 18,328

6150: Miscellaneous Expense 77

42. Other- Administrative Expenses

6041: Dues/Memberships- Nonreimbursables 522

6042: Dues/Memberships- Reimbursables 9

6195: Postage & Shipping 1,581

16. Other- Program Expenses

6000: Advertising 23

34. Other- Occupancy Expenses

6710: Insurance Expense- Property 1,833

6715:Licensing/ Permit/ Inspection Fees 144

6730: Utilities 3,666

6150: Miscellaneous Expense 16

42. Other- Administrative Expenses

6041: Dues/Memberships- Nonreimbursables 426

6042: Dues/Memberships- Reimbursables 2

6195: Postage & Shipping 615

SCHEDULE OF PROGRAM REVENUE

LINE	REVENUE ACCOUNT TITLE	AGENCY	NOT ALLOCATED	PROGRAM 1	PROGRAM 2
				Relative Foster	Specialized
1	Department of Aging	0	0	0	0
2	Department of Children and Family Services	1,677,272	0	940,362	540,910
3	Department of Corrections	0	0	0	0
4	Medicaid Rehab Option (MRO) Payments	0	0	0	0
5	Department of Human Services	0	0	0	0
6	Department of Public Aid	0	0	0	0
7	Department of Public Health	0	0	0	0
8	Local Education Agency/ School District	0	0	0	0
9	Local Government	0	0	0	0
10	Federal Government	0	0	0	0
11	Other Government Agencies	0	0	0	0
12	Client / Family Program Fees (incl. SSI, SSA, pensions, etc.)	0	0	0	0
13	Special Service Fees for Individual Clients	0	0	0	0
14	Diagnostic Service Fees	0	0	0	0
15	Other (Specify Program Values on Revenues - Other Worksheet)	0	0	0	0
16	Total Fees + Purchase of Services (Sum Lines 1 - 15)	1,677,272	0	940,362	540,910
17	Department of Aging	0	0	0	0
18	Department of Children and Family Services	2,600	2,600	0	0
19	Department of Corrections	0	0	0	0
20	donated/Certified Funds Initiative (DFI / CFI)	0	0	0	0
21	Department of Human Services	0	0	0	0
22	Department of Public Aid	0	0	0	0
23	Department of Public Health	0	0	0	0
24	Local Education Agency/ School District	0	0	0	0
25	Local Government Awards	0	0	0	0
26	Federal Government Awards	0	0	0	0
27	Other Government Awards	0	0	0	0
28	JTPA / CETA	0	0	0	0
29	Other (Specify Program Values on Revenues - Other Worksheet)	4,104	4,104	0	0
30	Total Grant Revenues (Sum Lines 17 - 29)	6,704	6,704	0	0
31	Restricted to Operations	500	0	500	0
32	Restricted to Capital	0	0	0	0
33	Unrestricted	35,726	35,726	0	0
34	Contributions - Goods and Services	0	0	0	0
35	Child & Adult Food Programs (school meals, commodities)	0	0	0	0
36	School Transportation Payments (to/from school)	0	0	0	0
37	Sales of Goods and Services	0	0	0	0
38	Rent Income	840	840	0	0
39	Gain on Sale of Assets	0	0	0	0
40	Cafeteria and Vending Machine	130	130	0	0
41	Other (Specify Program Values on Revenues - Other Worksheet)	12,597	12,597	0	0
42	Total Contributions & Other (Sum Lines 31 - 41)	49,793	49,293	500	0
43	Income on Restricted Assets / Investments	-2,705	-2,705	0	0
44	Income on Unrestricted Assets / Investments	4,819	4,819	0	0
45	Total Investment Income (Sum Lines 43 & 44)	2,114	2,114	0	0
46	TOTAL REVENUES (Sum Lines 16, 30, 42, 45, 46)	1,735,883	58,111	940,862	540,910

SCHEDULE OF PROGRAM REVENUE

LINE	REVENUE ACCOUNT TITLE	PROGRAM 3	PROGRAM 4	PROGRAM 5	PROGRAM 6
		Youth	Norman		
1	Department of Aging	0	0	0	0
2	Department of Children and Family Services	20,000	176,000	0	0
3	Department of Corrections	0	0	0	0
4	Medicaid Rehab Option (MRO) Payments	0	0	0	0
5	Department of Human Services	0	0	0	0
6	Department of Public Aid	0	0	0	0
7	Department of Public Health	0	0	0	0
8	Local Education Agency/ School District	0	0	0	0
9	Local Government	0	0	0	0
10	Federal Government	0	0	0	0
11	Other Government Agencies	0	0	0	0
12	Client / Family Program Fees (incl. SSI, SSA, pensions, etc.)	0	0	0	0
13	Special Service Fees for Individual Clients	0	0	0	0
14	Diagnostic Service Fees	0	0	0	0
15	Other (Specify Program Values on Revenues - Other Worksheet)	0	0	0	0
16	Total Fees + Purchase of Services (Sum Lines 1 - 15)	20,000	176,000	0	0
17	Department of Aging	0	0	0	0
18	Department of Children and Family Services	0	0	0	0
19	Department of Corrections	0	0	0	0
20	donated/Certified Funds Initiative (DFI / CFI)	0	0	0	0
21	Department of Human Services	0	0	0	0
22	Department of Public Aid	0	0	0	0
23	Department of Public Health	0	0	0	0
24	Local Education Agency/ School District	0	0	0	0
25	Local Government Awards	0	0	0	0
26	Federal Government Awards	0	0	0	0
27	Other Government Awards	0	0	0	0
28	JTPA / CETA	0	0	0	0
29	Other (Specify Program Values on Revenues - Other Worksheet)	0	0	0	0
30	Total Grant Revenues (Sum Lines 17 - 29)	0	0	0	0
31	Restricted to Operations	0	0	0	0
32	Restricted to Capital	0	0	0	0
33	Unrestricted	0	0	0	0
34	Contributions - Goods and Services	0	0	0	0
35	Child & Adult Food Programs (school meals, commodities)	0	0	0	0
36	School Transportation Payments (to/from school)	0	0	0	0
37	Sales of Goods and Services	0	0	0	0
38	Rent Income	0	0	0	0
39	Gain on Sale of Assets	0	0	0	0
40	Cafeteria and Vending Machine	0	0	0	0
41	Other (Specify Program Values on Revenues - Other Worksheet)	0	0	0	0
42	Total Contributions & Other (Sum Lines 31 - 41)	0	0	0	0
43	Income on Restricted Assets / Investments	0	0	0	0
44	Income on Unrestricted Assets / Investments	0	0	0	0
45	Total Investment Income (Sum Lines 43 & 44)	0	0	0	0
46	TOTAL REVENUES (Sum Lines 16, 30, 42, 45, 46)	20,000	176,000	0	0