



FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT



ABC COUNSELING & FAMILY SERVICES, INC.

June 30, 2020

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## Independent Auditors' Report

Board of Directors  
ABC Counseling & Family Services, Inc.

We have audited the accompanying financial statements of ABC Counseling & Family Services, Inc. ("ABC") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

### **Auditors' 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. 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 auditors' 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 ABC Counseling & Family Services, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Kerber, Eck, + Braeckel LLP*

Springfield, Illinois  
October 20, 2020

ABC Counseling & Family Services, Inc.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 176,804
Contract receivables, net of allowance of \$ 5,000	111,394
Prepaid expenses	<u>5,859</u>
Total current assets	294,057
Investments	66,797
Property and equipment, net of depreciation	
Equipment and vehicles	63,557
Furniture and fixtures	<u>5,438</u>
	68,995
Less accumulated depreciation	<u>(64,873)</u>
Total property and equipment, net of depreciation	4,122
Other assets	
Security deposits	<u>2,450</u>
Total assets	<u><u>\$ 367,426</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 4,439
Accrued liabilities	<u>7,263</u>
Total current liabilities	11,702
Note payable	143,000
Net assets	
Without donor restrictions	133,223
With donor restrictions	<u>79,501</u>
	<u>212,724</u>
Total liabilities and net assets	<u><u>\$ 367,426</u></u>

The accompanying notes are an integral part of this statement.

ABC Counseling & Family Services, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and other support			
Program service fees			
Adoption	\$ 38,600	\$ -	\$ 38,600
Counseling - DCFS	203,000	-	203,000
Counseling - other	550,866	-	550,866
Contributions	17,967	-	17,967
Fundraising	47,467	-	47,467
Net investment income	1,493	-	1,493
Net assets released from restrictions	<u>403</u>	<u>(403)</u>	<u>-</u>
Total revenues and other support	859,796	(403)	859,393
Expenses			
Program services			
Adoption	50,479	-	50,479
Counseling - DCFS	206,111	-	206,111
Counseling - other	<u>560,837</u>	<u>-</u>	<u>560,837</u>
Total program services	817,427	-	817,427
Supporting services			
Management and general	80,039	-	80,039
Fundraising	<u>40,769</u>	<u>-</u>	<u>40,769</u>
Total supporting services	<u>120,808</u>	<u>-</u>	<u>120,808</u>
Total expenses	938,235	-	938,235
Decrease in net assets	(78,439)	(403)	(78,842)
Net assets at beginning of year	<u>211,662</u>	<u>79,904</u>	<u>291,566</u>
Net assets at end of year	<u>\$ 133,223</u>	<u>\$ 79,501</u>	<u>\$ 212,724</u>

The accompanying notes are an integral part of this statement.

ABC Counseling & Family Services, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Program Services				Supporting Services		Total
	<u>Adoption</u>	<u>Counseling DCFS</u>	<u>Counseling Other</u>	<u>Program Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 37,797	\$ 137,665	\$ 374,392	\$ 549,854	\$ 65,175	\$ 20,630	\$ 635,659
Payroll taxes	3,240	11,000	29,914	44,154	5,519	1,755	51,428
Employee benefits	52	10,369	28,199	38,620	-	-	38,620
Employee relations	55	404	1,100	1,559	-	-	1,559
Professional fees	-	-	-	-	9,345	-	9,345
Office rent	3,000	20,457	55,635	79,092	-	3,000	82,092
Equipment lease	-	2,088	5,680	7,768	-	-	7,768
Supplies	203	1,845	5,016	7,064	-	352	7,416
Small equipment	-	1,078	2,931	4,009	-	-	4,009
Computer services	-	2,619	7,121	9,740	-	-	9,740
Cleaning	-	280	760	1,040	-	-	1,040
Telephone	460	4,832	13,140	18,432	-	-	18,432
Utilities	-	969	2,637	3,606	-	-	3,606
Printing and copying	-	424	1,154	1,578	-	-	1,578
Postage	303	397	1,079	1,779	-	-	1,779
Advertising	1,743	-	-	1,743	-	531	2,274
Travel and meals	262	1,436	3,905	5,603	-	-	5,603
Conferences and meetings	-	113	307	420	-	-	420
Insurance	-	5,692	15,480	21,172	-	-	21,172
Licenses and fees	77	293	796	1,166	-	330	1,496
Dues and subscriptions	-	960	2,611	3,571	-	300	3,871
Publications and books	-	130	355	485	-	-	485
Depreciation	-	54	146	200	-	-	200
Interest	-	357	972	1,329	-	-	1,329
Bank charges	55	857	2,329	3,241	-	-	3,241
Bad debt expense	3,232	1,681	4,572	9,485	-	-	9,485
Fundraising expense	-	-	-	-	-	13,871	13,871
Miscellaneous	-	111	606	717	-	-	717
	<u>\$ 50,479</u>	<u>\$ 206,111</u>	<u>\$ 560,837</u>	<u>\$ 817,427</u>	<u>\$ 80,039</u>	<u>\$ 40,769</u>	<u>\$ 938,235</u>

The accompanying notes are an integral part of this statement.

ABC Counseling & Family Services, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2020

Cash flows from operating activities	
Change in net assets	\$ (78,842)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	200
Unrealized gain on investments	(17)
Bad debt expense	9,485
Change in assets and liabilities	
Contract receivables	36,156
Prepaid expenses	(223)
Accounts payable	(7,669)
Accrued liabilities	(2,343)
	<hr/>
Net cash used in operating activities	(43,253)
Cash flows from investing activities	
Proceeds from sale of investments	30,000
Purchase of investments	(31,095)
	<hr/>
Net cash used in investing activities	(1,095)
Cash flows from financing activities	
Proceeds from short-term borrowing	408,000
Payments on short-term borrowing	(409,000)
Proceeds from note payable	143,000
	<hr/>
Net cash provided by financing activities	142,000
	<hr/>
Increase in cash and cash equivalents	97,652
Cash and cash equivalents at beginning of year	<hr/> 79,152
Cash and cash equivalents at end of year	<hr/> \$ 176,804
	<hr/>
Cash paid for interest	<hr/> \$ 1,329
	<hr/>

The accompanying notes are an integral part of this statement.



ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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*

ABC Counseling & Family Services, Inc. ("ABC") is an Illinois not-for-profit corporation. The objective of ABC is to provide adoption and counseling services to individuals and agencies within the state of Illinois in accordance with Illinois law. The purpose of the organization includes provision of education, counseling, and assistance to serve the needs of families and children and employed staff without regard for race, religion, sex, or ethnic origin.

ABC has contracts with the Illinois Department of Children and Family Services (DCFS) to offer counseling to any individual or family in which there is an indicated case or suspected case of child sexual abuse and where there is juvenile and/or criminal court action mandating treatment services by DCFS.

*2. Financial Statement Presentation*

The financial statements of ABC have been prepared on the accrual basis of accounting.

ABC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, or permanently, in which the donor has stipulated the funds be maintained in perpetuity.

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

*2. Financial Statement Presentation - Continued*

When a donor 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 donor restrictions.

*3. Cash and Cash Equivalents*

For purposes of reporting cash flows, ABC considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. ABC had no cash equivalents at June 30, 2020.

*4. Contract Receivables*

ABC carries its accounts receivable at cost. The allowance is based on historical experience and management's analysis of specific accounts. Bad debts are comprised of uncollected payments. The write-offs are charged to current year operations in the year they are deemed uncollectable.

*5. Investments*

ABC invests in equity securities with readily determinable fair values, which are reported at their fair values in the statement of financial position. Investment income or loss and realized and unrealized gains and losses are included in the statement of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions based on donor-imposed restrictions. Donated investments are recorded at fair market value at the date of donation.

*6. Property and Equipment*

Property and equipment are stated at cost. Items purchased that exceed \$ 2,500 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:

Equipment	5 - 10 years
Furniture and fixtures	5 - 7 years

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

*7. Revenue Recognition*

Program service fees are charges for adoption and counseling services conducted by ABC's staff and are based on a schedule of rates. Fees for adoption are recognized when placement of a child with a family occurs. Fees for counseling services are recognized at a point in time as services are provided. Individuals are not charged for cancellations or missed counseling sessions. ABC does not have any significant revenue streams that would require revenue to be recognized over time, and ABC does not have any significant revenue streams that are subject to variable consideration.

Contributions are recognized when the donor makes a promise to give to ABC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*8. Functional Allocation of Expenses*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates of time and effort.

*9. Advertising*

Advertising costs are charged to operations when incurred. Advertising expenses totaled \$ 2,274 for the fiscal year ended June 30, 2020.

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

*10. 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.

*11. Tax Exempt Status*

ABC is a not-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.

ABC has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. ABC is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statement of financial position date. Penalties and interest assessed by taxing authorities are included in management and general expenses, if applicable. There were no interest or penalties paid during fiscal year 2020.

*12. Subsequent Events*

Management has evaluated subsequent events for recognition and disclosure in the financial statements through October 20, 2020, which is the date the financial statements were available to be issued. See Note M for subsequent event.

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

*13. Recent Accounting Pronouncements*

On July 1, 2019, ABC adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606) (Revenue Update), which superseded or replaced nearly all GAAP revenue recognition guidance. The Revenue Update established a new contract and control-based revenue recognition model, changed the basis for deciding when revenue is recognized over time or at a point in time and expanded the disclosure about revenue. There was no material impact to the financial statements as a result of the adoption. The Revenue Update has been applied retrospectively, with no effect on net assets or previously issued financial statements.

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases (Topic 842)* (Lease Update), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. The Lease Update is effective for annual periods beginning after December 15, 2021 and requires a modified retrospective approach to adoption. ABC is assessing the potential impact of this standard on its operations and financial statements.

NOTE B - CONTRACT RECEIVABLES

Contract receivables consisted of the following at June 30, 2020:

	Beginning of Year	End of Year
Contract receivables	\$ 162,035	\$ 116,394
Allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
Total contract receivables	<u>\$ 157,035</u>	<u>\$ 111,394</u>

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE B - CONTRACT RECEIVABLES - continued

The allowance for doubtful accounts does not include amounts due from DCFS. The State of Illinois is currently experiencing cash flow problems and is in arrears. ABC estimates the full amount to be collectible. Accounts receivable from DCFS at June 30, 2020 were \$ 41,509.

NOTE C - INVESTMENTS

Investments are stated at market value in the statement of financial position and consist of the following at June 30, 2020:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 60,698	\$ 62,799
Common stock	<u>1,658</u>	<u>3,998</u>
Total	<u>\$ 62,356</u>	<u>\$ 66,797</u>

Investment income consisted of the following for the year ended June 30, 2020:

Interest and dividends	\$ 1,476
Unrealized gains	<u>17</u>
	<u>\$ 1,493</u>

NOTE D - FAIR VALUE MEASUREMENTS

ABC follows the fair value measurement guidance for financial assets and financial liabilities. The guidance defines fair value, establishes a framework for measuring value and expands disclosure about fair value measurements. In addition, the guidance permits an entity to measure eligible financial instruments and other items at fair value. ABC has not made any fair value elections.

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Fair value is defined to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability as follows:

Level 1 - Valuation is based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuation is derived from inputs, other than quoted prices included in Level 1, which are observable for the asset or liability either directly or indirectly. Investments classified as Level 2 are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The significant inputs used in this approach include interest rates, prepayment timing, yield spreads, maturities, credit losses and credit ratings of the securities.

Level 3 - Valuation is derived from unobservable inputs that are not corroborated by market data.

Fair values of equity securities have been determined by quoted market prices as determined by ABC's custodian.

The following table presents ABC's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Mutual funds	\$ 62,799	\$ 62,799	\$ -	\$ -
Common stock	<u>3,998</u>	<u>3,998</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 66,797</u>	<u>\$ 66,797</u>	<u>\$ -</u>	<u>\$ -</u>

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE E - LINE OF CREDIT

ABC has a line of credit of \$ 100,000 at Morton Community Bank. The line has a fixed interest rate of 4.25% with a maturity date of March 23, 2021. ABC had no balance outstanding at June 30, 2020.

NOTE F - NOTE PAYABLE

On April 17, 2020, ABC was granted a loan from Morton Community Bank in the aggregate amount of \$ 143,000 pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated April 17, 2020 entered into by ABC, matures on April 17, 2022 and bears interest at a rate of 1.00% per annum, with interest payable monthly commencing in November 2020. The note may be prepaid by ABC at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. ABC intends to use the entire loan amount for qualifying expenses.

Aggregate maturities of the note payable for the next two years ending June 30 follows:

2021	\$ -
2022	143,000

NOTE G - LEASE COMMITMENTS

ABC leases an office at 705 E. Lincoln, Suite 303, in Normal, Illinois. On May 31, 2012, the existing lease was extended an additional 5 years with monthly rental payments of \$ 2,250. On May 31, 2017, the existing lease was extended an additional five years with monthly rental payments of \$ 2,350.

ABC leases an office at 1110 Arbor Drive, Suite C, in Decatur, Illinois. On December 1, 2016, the existing lease was extended an additional three years with monthly rental payments of \$ 741. On November 30, 2019, the existing lease was extended on a month to month basis with monthly rental payments of \$ 741. As discussed in Note M, this location was closed on July 31, 2020.



ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE G - LEASE COMMITMENTS - Continued

ABC leases an office at 2160 S. 6th Street in Springfield, Illinois. On July 25, 2017, the existing lease was extended an additional five years with monthly rental payments between \$ 1,325 and \$ 1,350, with an annual increase of \$ 25.

ABC leases an office at 1800 Woodfield Drive, Suite B, in Savoy, Illinois. The lease, commencing on November 1, 2017, is a five-year lease with monthly rental payments of \$ 1,500.

ABC leases an office at 111 W. Washington, Suite 410B, in East Peoria, Illinois. The lease, commencing on November 15, 2017, is a five-year lease with monthly rental payments of \$ 950. ABC began leasing additional space starting August 1, 2020, increasing monthly rent to \$ 1,150.

ABC leases a Honda Civic from Brad Barker Honda Dealership in Bloomington, Illinois. The lease commencing on October 31, 2018, is a three-year lease with monthly rental payments of \$ 296.

At June 30, 2020, future minimum lease payments due under non-cancelable operating leases with initial or remaining terms in excess of one year are as follows:

2021	\$ 80,557
2022	77,959
2023	12,000

NOTE H - RETIREMENT PLAN

ABC sponsors a defined contribution plan that covers all employees who have completed one year of service, earned greater than \$ 5,000 in the previous year, and are reasonably expected to earn \$ 5,000 during the current year. ABC matches 100% of the employee's contribution up to 3% of the employee's salary. The amount of matching contributions included in employee benefits expense for the year ended June 30, 2020 was \$ 10,205.

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE I - CONCENTRATION OF CREDIT RISK

ABC maintains cash balances at a financial institution located in the area. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$ 250,000, though at times the balances may exceed the Federally insured limits. ABC has not experienced any losses in such accounts as of June 30, 2020, and through the date of this report.

ABC receives a substantial amount of its support from DCFS. A significant reduction in the level of this support, if it were to occur, may have a significant effect on ABC's programs and activities. Revenue from DCFS for the year ended June 30, 2020 was \$ 203,000, representing approximately 24% of total revenues.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

ABC's restricted net assets are available for the following purposes as of June 30, 2020:

Ed Willard Scholarship Fund	\$ 75,363
American Girl Doll Grant	<u>4,138</u>
Total net assets with donor restrictions	<u>\$ 79,501</u>

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE K - LIQUIDITY AND AVAILABILITY OF FINANACIAL ASSETS

The following table reflects ABC's financial assets as of June 30, 2020 reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:	
Cash	\$ 176,804
Contract receivables	111,394
Investments	<u>66,797</u>
Financial assets at year end	354,995
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	<u>79,501</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 275,494</u>

ABC's goal is to structure its financial assets to be available to meet the obligations to programs and supporting services of the organization. Cash in excess of near-term obligations is invested to generate additional income for program and general expenses. Investments are liquid and are available to be sold should cash needs arise. Additionally, ABC has a line of credit available.

NOTE L - CORONAVIRUS PANDEMIC

As a result of Coronavirus Disease 2019, which was declared a pandemic on March 11, 2020, the United States, State and Local Governments, and other countries have taken measures that have suddenly limited economic output. Due to the decline in economic activity, ABC is faced with a sudden uncertainty as of the date of this report on its operations when considering its revenue sources and potential future liquidity needs. Management is actively monitoring the situation and the impact to its operations.

ABC Counseling & Family Services, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE M - SUBSEQUENT EVENT

On June 16, 2020, the board of directors voted to close the Decatur, Illinois office. The office was officially closed on July 31, 2020. There were no costs associated with the closure of the office. The closure of the office is not expected to have a significant influence on future operations.