



Financial Statements and Independent Auditors' Report



ABC Counseling & Family Services, Inc.

June 30, 2024

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	6
STATEMENT OF FUNCTIONAL EXPENSES	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9

Independent Auditors' Report

Board of Directors
ABC Counseling & Family Services, Inc.

Opinion

We have audited the 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, 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ABC Counseling & Family Services, Inc. as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Counseling & Family Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Counseling & Family Services, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ABC Counseling & Family Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Counseling & Family Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Kerber, Eck, + Braeckel LLP

Springfield, Illinois
November 6, 2024

ABC Counseling & Family Services, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 404,611
Contract receivables, net of allowance of \$ 5,000	122,403
Receivable from employee	850
Prepaid expenses	<u>19,045</u>

Total current assets 546,909

INVESTMENTS

77,058

PROPERTY AND EQUIPMENT, NET

11,827

OTHER ASSETS

Security deposits	2,450
Right-of-use-assets - operating	<u>149,898</u>

Total other assets 152,348

Total assets \$ 788,142

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,647
Accrued liabilities	16,166
Current portion of operating lease liabilities	<u>84,524</u>

Total current liabilities 105,337

LONG-TERM LIABILITIES

Operating lease liabilities, less current portion	<u>65,374</u>
---------------------------------------------------	---------------

Total liabilities 170,711

NET ASSETS

Without donor restrictions	527,061
With donor restrictions	<u>90,370</u>

Total net assets 617,431

Total liabilities and net assets \$ 788,142

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, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Program service fees			
Adoption and home study	\$ 83,375	\$ -	\$ 83,375
Counseling - DCFS	118,260	-	118,260
Counseling - other	835,596	-	835,596
Contributions	13,441	11,800	25,241
Investment income	5,411	-	5,411
Net gain on investments	2,336	-	2,336
Net assets released from restrictions	931	(931)	-
	<hr/>		
Total revenues and other support	1,059,350	10,869	1,070,219
Expenses			
Program services			
Adoption and home study	74,423	-	74,423
Counseling - DCFS	101,594	-	101,594
Counseling - other	726,704	-	726,704
	<hr/>		
Total program services	902,721	-	902,721
Supporting services			
Management and general	89,397	-	89,397
Fundraising	774	-	774
	<hr/>		
Total supporting services	90,171	-	90,171
	<hr/>		
Total expenses	992,892	-	992,892
	<hr/>		
Increase in net assets	66,458	10,869	77,327
	<hr/>		
Net assets at beginning of year	460,603	79,501	540,104
	<hr/>		
Net assets at end of year	\$ 527,061	\$ 90,370	\$ 617,431
	<hr/>		

The accompanying notes are an integral part of this statement.

ABC Counseling & Family Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2024

	Program Services				Supporting Services		Total
	Adoption and Home study	Counseling DCFS	Counseling Other	Program Total	Management and General	Fundraising	
Salaries	\$ 57,046	\$ 67,193	\$ 480,630	\$ 604,869	\$ 74,061	\$ -	\$ 678,930
Employer taxes	4,616	5,072	36,277	45,965	6,179	-	52,144
Employee benefits	-	3,788	27,092	30,880	-	-	30,880
Recruiting	-	1,304	9,327	10,631	-	-	10,631
Employee relations	-	178	1,271	1,449	-	-	1,449
Professional fees	-	-	-	-	9,157	-	9,157
Office rent	-	10,009	71,591	81,600	-	-	81,600
Equipment lease	-	925	6,619	7,544	-	-	7,544
Supplies	29	1,372	9,813	11,214	-	-	11,214
Small equipment	-	404	2,886	3,290	-	-	3,290
Computer services	-	1,785	12,768	14,553	-	-	14,553
Cleaning	-	478	3,417	3,895	-	-	3,895
Telephone	480	2,457	17,576	20,513	-	-	20,513
Postage	13	65	464	542	-	-	542
Advertising	2,180	-	-	2,180	-	582	2,762
Travel and meals	-	794	5,677	6,471	-	192	6,663
Conferences and meetings	16	168	1,205	1,389	-	-	1,389
Insurance	-	2,972	21,261	24,233	-	-	24,233
Licenses and fees	77	135	966	1,178	-	-	1,178
Dues and subscriptions	-	364	2,602	2,966	-	-	2,966
Publications and books	-	44	316	360	-	-	360
Depreciation	-	431	3,082	3,513	-	-	3,513
Bank charges	503	309	2,214	3,026	-	-	3,026
Credit losses	8,593	966	6,911	16,470	-	-	16,470
Birthmom expenses	870	-	-	870	-	-	870
Miscellaneous	-	381	2,739	3,120	-	-	3,120
	\$ 74,423	\$ 101,594	\$ 726,704	\$ 902,721	\$ 89,397	\$ 774	\$ 992,892

The accompanying notes are an integral part of this statement.

ABC Counseling & Family Services, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2024

Cash flows from operating activities	
Change in net assets	\$ 77,327
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,513
Net gain on investments	(2,336)
Credit losses	16,470
Change in assets and liabilities	
Contract receivables	(17,142)
Receivable from employee	(850)
Prepaid expenses	(3,802)
Accounts payable	1,875
Accrued liabilities	7,003
	<hr/>
Net cash provided by operating activities	82,058
 Cash flows from investing activities	
Purchase of investments	(1,718)
Purchase of property and equipment	(14,232)
	<hr/>
Net cash used in investing activities	(15,950)
	<hr/>
Increase in cash and cash equivalents	66,108
 Cash and cash equivalents at beginning of year	<hr/>
	338,503
 Cash and cash equivalents at end of year	<hr/>
	\$ 404,611

The accompanying notes are an integral part of this statement.

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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
June 30, 2024

NOTE A | SUMMARY OF ACCOUNTING POLICIES

2. Financial Statement Presentation

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, 2024.

4. Contract Receivables

ABC carries its accounts receivable at cost. Management estimates the allowance balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable supportable forecasts. Credit losses are comprised of uncollected payments and are charged to current year operations in the year they are deemed uncollectible.

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
June 30, 2024

NOTE A | SUMMARY OF ACCOUNTING POLICIES

7. Revenue Recognition

Program service fees are charges for adoption, home study, 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 home study are recognized at a point in time as services are provided. 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.

ABC recognizes grant awards with performance obligations at the time the performance obligations are met. Revenues collected in advance for grant awards are deferred and recorded in income when the performance obligation is met.

Beginning and ending contract receivables were as follows:

<u>2024</u>	<u>January 1</u>	<u>December 31</u>
Contract receivables		
Service fees receivables	\$ 126,731	\$ 127,403
Allowance for credit losses	<u>(5,000)</u>	<u>(5,000)</u>
Service fees receivables, net	<u>\$ 121,731</u>	<u>\$ 122,403</u>

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A | SUMMARY OF ACCOUNTING POLICIES

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 \$ 2,762 for the fiscal year ended June 30, 2024.

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 2024.

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A | SUMMARY OF ACCOUNTING POLICIES

12. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through November 6, 2024, which is the date the financial statements were available to be issued. Through November 6, 2024, no subsequent events required recognition or disclosure in the financial statements.

13. Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses* (Topic 326), as amended by Accounting Standards Update 2019-10, to improve financial reporting by requiring timelier recording of credit losses on loans receivable, trade receivables and other financial instruments by replacing the current guidance for recording credit losses. The new standard focuses on estimation of expected losses over the life of the financial instruments, while the prior standard relies on the notion of incurred losses. The new standard is effective for fiscal years beginning after December 15, 2022. ABC adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

NOTE B | INVESTMENTS

Investments are stated at market value in the statement of financial position and consist of the following at June 30, 2024:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 69,710	\$ 70,484
Common stock	<u>1,920</u>	<u>6,574</u>
Total	<u>\$ 71,630</u>	<u>\$ 77,058</u>

Investment income consisted of the following for the year ended June 30, 2024:

Interest	\$ 3,544
Dividends	<u>1,867</u>
	<u>\$ 5,411</u>

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE C | PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2024:

Equipment	\$ 77,789
Furniture and fixtures	<u>5,438</u>
	83,227
Less accumulated depreciation	<u>(71,400)</u>
	<u>\$ 11,827</u>

Depreciation expense for the year ended June 30, 2024 was \$ 3,513.

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.

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.

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE D | FAIR VALUE MEASUREMENTS

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, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Mutual funds	\$ 70,484	\$ 70,484	\$ -	\$ -
Common stock	6,574	6,574	-	-
	<u>\$ 77,058</u>	<u>\$ 77,058</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$ 77,058	\$ 77,058	\$ -	\$ -

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 8.25% with a maturity date of March 19, 2025. ABC had no balance outstanding at June 30, 2024.

NOTE F | OPERATING LEASES

ABC leases office space and equipment from outside parties. The leases have varying terms and expire between 2025 and 2027. All leases are classified as operating leases.

ABC recognizes a right-of-use asset and lease liability for its operating leases at the commencement date equal to the present value of the contractual minimum lease payments over the lease term. The present value is calculated using the rate implicit in the lease, if known, or the risk-free rate. The discount rate used for the operating leases is primarily determined based on the risk-free rate.

The related lease payments are expensed on a straight-line basis over the lease term, including, as applicable, any free-rent period during which ABC has the right to use the asset. For leases with renewal options where the renewal is reasonably assured, the lease term, including the renewal period, is used to determine the appropriate lease classification and to compute periodic rental expense. Leases with initial terms shorter than 12 months are not recognized on the statement of financial position, and lease expense is recognized on a straight-line basis.

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE F | OPERATING LEASES

Rental expense associated with these leases totaled \$ 89,249 for the year ended June 30, 2024.

Other information

Weighted average remaining lease term (in years): 2.18

Weighted average discount rates: 3.12%

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2024:

2025	\$ 86,116
2026	40,400
2027	<u>28,200</u>
Total lease payments	154,716
Less: Amounts representing interest	<u>(4,818)</u>
Total lease liabilities	<u>\$ 149,898</u>

NOTE G | 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, 2024 was \$ 9,794.

NOTE H | 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, 2024, and through the date of this report.

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I | CONCENTRATIONS

ABC receives a substantial amount of its support from DCFS, YouthCare, and Meridian Health Plan. 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, YouthCare, and Meridian Health Plan for the year ended June 30, 2024 was \$ 117,945, \$ 235,146, and \$ 191,613, respectively, representing approximately 11%, 22%, and 18%, respectively, of total revenues.

Amounts receivable from DCFS, YouthCare, and Meridian Health Plan on June 30, 2024 were \$ 31,108, \$ 22,528, and \$ 5,204, respectively, which accounts for 25%, 18%, and 4% of net contract receivables, respectively.

NOTE J | NET ASSETS WITH DONOR RESTRICTIONS

ABC's restricted net assets are available for the following purposes as of June 30, 2024:

Ed Willard Scholarship Fund	\$	75,363
American Girl Doll Grant		4,138
Play therapy supplies and assessment tools		<u>10,869</u>
Total net assets with donor restrictions	\$	<u>90,370</u>

ABC Counseling & Family Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE K | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects ABC's financial assets as of June 30, 2024 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	\$ 404,611
Contract receivables, net	122,403
Receivable from employee	850
Investments	<u>77,058</u>
Financial assets at year-end	604,922
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	<u>90,370</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 514,552</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, while focusing on generally maintaining a financial reserve equal to at least 3 months of expenses. 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.