

FAMILY SERVICE CENTER OF SANGAMON COUNTY
SPRINGFIELD, ILLINOIS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Service Center of Sangamon County as of June 30, 2024 and 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Service Center of Sangamon County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Family Service Center of Sangamon County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Family Service Center of Sangamon County'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 Family Service Center of Sangamon County'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary 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 supplementary 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 May 9, 2025, 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 solely 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

Mattoon, Illinois

May 9, 2025

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,806,166	\$ 1,439,130
Accounts receivable	1,280	47,187
Due from state agency	278,358	265,528
Prepaid expenses and other assets	38,178	29,514
Total current assets	<u>2,123,982</u>	<u>1,781,359</u>
INVESTMENTS	<u>10,785</u>	<u>9,921</u>
PROPERTY AND EQUIPMENT		
Building and leasehold improvements	850,261	822,575
Equipment and vehicles	138,357	62,501
Construction in progress	54,017	-
Less accumulated depreciation	<u>(147,753)</u>	<u>(85,640)</u>
Property and equipment, net	894,882	799,436
Land	<u>28,375</u>	<u>28,375</u>
Total property and equipment	<u>923,257</u>	<u>827,811</u>
OTHER ASSETS		
Beneficial interest in perpetual trusts	<u>2,152</u>	<u>38,902</u>
Total assets	<u><u>\$ 3,060,176</u></u>	<u><u>\$ 2,657,993</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 131,938	\$ 133,911
Accrued liabilities		
Compensation	58,624	45,508
Vacation	34,952	25,656
Other	3,354	4,555
Deferred revenue	23,265	23,265
Refundable advances - other	82,437	130,485
Total current liabilities	<u>334,570</u>	<u>363,380</u>
NET ASSETS		
Without donor restrictions	2,723,454	2,255,711
With donor restrictions	<u>2,152</u>	<u>38,902</u>
Total net assets	<u>2,725,606</u>	<u>2,294,613</u>
Total liabilities and net assets	<u><u>\$ 3,060,176</u></u>	<u><u>\$ 2,657,993</u></u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Purchase of care fees	\$ 3,695,307	\$ -	\$ 3,695,307
Program service fees	63,532	-	63,532
State of Illinois Cash Assistance Program	515,057	-	515,057
United Way	2,379	-	2,379
Contributions and special events	24,522	-	24,522
Interest income	59,992	-	59,992
Unrealized gain (loss) on investments	2,750	-	2,750
Change in value of beneficial interest in perpetual trusts	-	(1,799)	(1,799)
Other	1,092	-	1,092
Net assets released from restriction	34,951	(34,951)	-
Total revenues and other support	<u>4,399,582</u>	<u>(36,750)</u>	<u>4,362,832</u>
EXPENSES AND LOSSES			
Program services			
Family substitute services	<u>3,839,262</u>	<u>-</u>	<u>3,839,262</u>
Supporting services			
Management and general	86,277	-	86,277
Fundraising	6,300	-	6,300
Total supporting services expenses	<u>92,577</u>	<u>-</u>	<u>92,577</u>
Total expenses	<u>3,931,839</u>	<u>-</u>	<u>3,931,839</u>
Change in net assets	467,743	(36,750)	430,993
Net assets at beginning of year	<u>2,255,711</u>	<u>38,902</u>	<u>2,294,613</u>
Net assets at end of year	<u>\$ 2,723,454</u>	<u>\$ 2,152</u>	<u>\$ 2,725,606</u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Purchase of care fees	\$ 3,335,617	\$ -	\$ 3,335,617
Program service fees	85,023	-	85,023
State of Illinois cash assistance program	522,189	-	522,189
United Way	1,885	-	1,885
Contributions and special events	91,773	-	91,773
Interest income	21,951	-	21,951
Unrealized gain (loss) on investments	(2,126)	-	(2,126)
Change in value of beneficial interest in perpetual trusts	-	(4,780)	(4,780)
Other	5,364	-	5,364
Total revenues and other support	<u>4,061,676</u>	<u>(4,780)</u>	<u>4,056,896</u>
EXPENSES AND LOSSES			
Program services			
Family substitute services	<u>3,541,650</u>	<u>-</u>	<u>3,541,650</u>
Supporting services			
Management and general	93,365	-	93,365
Fundraising	<u>2,076</u>	<u>-</u>	<u>2,076</u>
Total supporting services expenses	<u>95,441</u>	<u>-</u>	<u>95,441</u>
Total expenses	<u>3,637,091</u>	<u>-</u>	<u>3,637,091</u>
Change in net assets	424,585	(4,780)	419,805
Net assets at beginning of year, as previously stated	<u>1,745,689</u>	<u>43,682</u>	<u>1,789,371</u>
Prior Period Adjustment	85,437	-	85,437
Net assets at beginning of year, as restated	<u>1,831,126</u>	<u>43,682</u>	<u>1,874,808</u>
Net assets at end of year	<u><u>\$ 2,255,711</u></u>	<u><u>\$ 38,902</u></u>	<u><u>\$ 2,294,613</u></u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services		Total Program and Supporting Services
	Family Substitute Services	Management and General	Fundraising	
Salaries	\$ 1,345,358	\$ 39,621	\$ -	\$ 1,384,979
Benefits	236,255	2,881	-	239,136
Professional fees	177,813	7,240	980	186,033
DCFS cash assistance to foster families	515,057	-	-	515,057
Advertising	907	756	756	2,419
Supplies	49,097	4,071	33	53,201
Telephone and internet	32,025	3,364	-	35,389
Postage and shipping	2,214	97	-	2,311
Transportation and travel	138,122	260	-	138,382
Conferences and meetings	94	1,744	-	1,838
Dues, subscriptions and licenses	6,021	2,772	-	8,793
Rental, maintenance, and occupancy	119,072	11,185	-	130,257
Food	2,106	784	-	2,890
Specific assistance	70,538	1,544	1,219	73,301
Interest expense	-	18	-	18
Insurance expense	1,420	156	9	1,585
Miscellaneous	2,395	3,573	75	6,043
Depreciation	55,902	6,211	-	62,113
Foster care boarding	1,084,866	-	-	1,084,866
Membership expenses	-	-	3,228	3,228
Total expenses	<u>\$ 3,839,262</u>	<u>\$ 86,277</u>	<u>\$ 6,300</u>	<u>\$ 3,931,839</u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		Total Program and Supporting Services
	Family Substitute Services	Management and General	Fundraising	
Salaries	\$ 1,193,490	\$ 39,898	\$ -	\$ 1,233,388
Benefits	187,150	8,916	-	196,066
Professional fees	155,887	3,901	-	159,788
DCFS cash assistance to foster families	522,189	-	-	522,189
Advertising	2,645	1,181	388	4,214
Supplies	43,061	5,022	-	48,083
Telephone and internet	22,399	2,527	-	24,926
Postage and shipping	1,755	183	-	1,938
Transportation and travel	150,526	467	-	150,993
Conferences and meetings	383	947	-	1,330
Dues, subscriptions and licenses	14,008	4,736	40	18,784
Rental, maintenance, and occupancy	74,038	7,919	862	82,819
Food	1,255	784	-	2,039
Specific assistance	58,468	3,491	250	62,209
Interest expense	4	1	-	5
Insurance expense	46,661	4,400	-	51,061
Miscellaneous	3,038	4,214	124	7,376
Depreciation	42,106	4,679	-	46,785
Foster care boarding	1,022,264	-	-	1,022,264
Fundraising	323	99	412	834
Total expenses	<u>\$ 3,541,650</u>	<u>\$ 93,365</u>	<u>\$ 2,076</u>	<u>\$ 3,637,091</u>

FAMILY SERVICE CENTER OF SANGAMON COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 430,993	\$ 419,805
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	62,113	46,785
Change in value of beneficial interest in perpetual trusts	1,799	4,780
Unrealized (gain) loss on investments	(2,750)	2,126
(Increase) decrease in assets		
Accounts receivable	45,907	(47,187)
Due from state agency	(12,830)	93,460
Prepaid expenses and other assets	(8,664)	32,442
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(1,973)	10,749
Accrued compensation	13,116	6,704
Accrued vacation	9,296	1,114
Other accrued liabilities	(1,201)	3,688
Refundable advances - other	(48,048)	67,061
Net Cash Provided by (Used in) Operating Activities	<u>487,758</u>	<u>641,527</u>
Cash Flows from Investing Activities		
Reinvested interest and dividends, net of fees	(864)	(2,829)
Proceeds from sale of investments	34,951	-
Purchase of property and equipment	(154,809)	(199,729)
Net Cash Provided by (Used in) Investing Activities	<u>(120,722)</u>	<u>(202,558)</u>
Increase in Cash and Cash Equivalents	367,036	438,969
Cash and cash equivalents at beginning of year	<u>1,439,130</u>	<u>1,000,161</u>
Cash and cash equivalents at end of year	<u>\$ 1,806,166</u>	<u>\$ 1,439,130</u>
Cash paid for interest	<u>\$ 18</u>	<u>\$ 5</u>

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 AND 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

5. *Accounts Receivable*

On July 1, 2023, the Center adopted the new accounting guidance related to the allowance for credit losses on accounts receivable. The impact of adoption of this standard was not material to the financial statements and had no impact on the opening balance of net assets.

The Center extends credit on a short-term basis to clients in the normal course of operations. Accounts receivable are stated at their estimated collectible amounts and comprise amounts billed and currently due from customers. These uncollateralized client obligations are due under normal trade terms requiring payment within thirty days from the invoice date. The Center does not assess finance charges on past due accounts.

The carrying amounts of accounts receivable are reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Collections from clients are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry-specific economic factors. The Center also considers any specific client collection issues. Since the Center's accounts receivable are largely similar, the Center evaluates its allowance for credit losses as one portfolio segment. At origination, the Center evaluates credit risk based on a variety of credit quality factors including prior payment experience, client financial information, credit ratings, probabilities of default, industry trends and other internal metrics.

On a continuing basis, data for each major client is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance. Management did not consider any of the accounts receivable uncollectible at June 30, 2024 and June 30, 2023; therefore, there was no allowance recorded as of those dates.

The opening balance of due from state agency as of July 1, 2022 was \$358,988.

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.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

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. *Refundable Advance*

The Center records cash received in advance for events that have not taken place and right to demand return if stipulations are not met as a refundable advance.

9. *Revenue and Revenue Recognition*

Revenue is recognized when earned to the applicable period in which the related services are performed, or expenditures are incurred.

Revenues from exchange transactions are recorded in accordance with Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to ASU 2014-09 (collectively, “ASC 606”).

The Center’s revenues that fall within the scope of ASC 606 include program service fees and purchase of care fees under contracts from the Illinois Department of Children and Family Services (DCFS). These revenues are recognized over time as performance obligations are met. The performance obligations are to satisfy the terms of the agreements by providing services to the clients that are assigned to the Center by DCFS. Revenue is billed, collected, and recorded monthly as these services are performed.

Provisions for any discounts are accounted for as reductions in revenues in the same period in which the revenues are recorded. Costs which do not meet the conditions of the program may be disallowed and funds received for those costs are required to be returned to the state. As of June 30, 2024 and 2023, the Center was not aware of any such costs other than what is included within refundable advances on the accompanying Statements of Financial Position.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

10. *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

11. *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, 2021.

12. *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. Although this method is appropriate, other methods may have provided different results.

13. *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.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Concluded

14. *Subsequent Events*

Management has evaluated subsequent events for recognition and disclosure in the financial statements through May 9, 2025, which is the date the financial statements were available to be issued.

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 and cash equivalents	\$ 1,806,166
Due from state agency	278,358
Accounts receivable	1,280
Investments	10,785
Total	<u>\$ 2,096,589</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 – 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.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE D – FAIR VALUE MEASUREMENTS – Concluded

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, 2024 or 2023.

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.

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>2024</u>				
Investments				
Pooled account	\$ 10,785	\$ -	\$ 10,785	\$ -
Beneficial interest in perpetual trust	2,152	-	-	2,152
Total	<u>\$ 12,937</u>	<u>\$ -</u>	<u>\$ 10,785</u>	<u>\$ 2,152</u>
<u>2023</u>				
Investments				
Pooled account	\$ 9,921	\$ -	\$ 9,921	\$ -
Beneficial interest in perpetual trust	38,902	-	-	38,902
Total	<u>\$ 48,823</u>	<u>\$ -</u>	<u>\$ 9,921</u>	<u>\$ 38,902</u>

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE E – 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, 2024 and 2023 was \$2,152 and \$38,902, respectively.

NOTE F – 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, 2024 and 2023, were \$17,142 and \$11,284, respectively.

NOTE G – CONCENTRATION OF CREDIT RISK

The Center maintains cash deposits in various financial institutions which, at times, may exceed the federally insured limits. Cash deposits exceeded federal insurance limits by \$1,368,153 and \$1,005,567 as of June 30, 2024 and 2023, respectively. Management believes the Center is not exposed to any significant risks on cash deposits.

During both years ended June 30, 2024 and 2023, 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 H – FUNDING UNCERTAINTIES

On January 27, 2025, the OMB of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which become effective on January 28, 2025. The extent to which the funding freeze impacts the Center's operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability. As a result, the Center is unable to estimate what impact, if any, the funding freeze has on the June 30, 2024 financial statements or future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

FAMILY SERVICE OF SANGAMON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE I – EXCESS REVENUE LIABILITY

In February of 2025 the Center was notified that the Illinois Department of Children and Family Services (DCFS) had completed a review of the Center's financial statements for the years ended June 30, 2020, 2021, 2022, and 2023. The review was conducted to determine if program revenues exceeded allowable program costs under section 434.7(h) of the 89 Illinois Administrative Code. As a result of this review, the DCFS determined that the Center owes a total of \$740,154. However, the Center does not agree with the calculations made by DCFS, believing them to be in error. The Center believes its actual liability is significantly less than \$740,154 and is contesting the calculation made by the DCFS. Therefore, the Center has not recorded a liability in its June 30, 2024 financial statements as management believes the actual liability cannot be reasonably determined as of May 5, 2025.

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, 2024, 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 May 9, 2025.

Report on 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) as a basis for designing 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 Family Service Center of Sangamon County'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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 financial statements. 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
Mattoon, Illinois
May 9, 2025

FAMILY SERVICE OF SANAGMON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2024

Current Year Findings and Responses:

None

FAMILY SERVICE OF SANAGMON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2024

Prior Year Findings and Responses:

Internal Control over Financial Reporting

Finding 2023-001 Internal Controls over the Payroll Process

Criteria: The internal controls over the payroll process should be properly designed and enforced to ensure that all staff are familiar with and consistently follow the Center's procedures.

Condition: Out of a sample of 40 payroll transactions selected for testing, 26 of the employee timesheets were missing either the employee's signature, the supervisor's signature, or missing both signatures.

Cause: The Center did not consistently enforce compliance with the procedure requiring employees and their supervisors to sign their timesheets.

Effect: The Center is at risk of intentional or unintentional misstatements of the financial statements occurring that aren't detected or corrected on a timely basis.

Recommendation: We recommend that the Center review internal controls in place over the payroll process to ensure that employee timesheets are signed/approved by employees and employee supervisors. We also suggest that both the employee approval and the employer approval be documented such that an auditor or other outside party can examine the payroll records and see that employee hours worked have been properly approved.

Management Response: The Agency has implemented procedures requiring that timesheets be signed off by both an employee and their supervisor. Administrative review of timesheets will be physically documented prior to payroll processing by the Agency's external accountant. The Agency is exploring options for an electronic timekeeping system.

FAMILY SERVICE OF SANAGMON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2024

Prior Year Findings and Responses (Concluded):

Internal Control over Financial Reporting

Finding 2023-002 Accounting for the Norman/Youth Cash Assistance Funds

Criteria: The Center should have internal controls in place sufficient to ensure that the Norman/Youth cash assistance funds are accounted for properly in the general ledger.

Condition: The Center appropriately maintains a separate bank account for the Norman/Youth cash assistance funds. When the funds are deposited, the offsetting accounting entry is made to a liability account such that those funds are correctly reflected as a liability until they are spent. As the funds are spent, both the bank account and the offsetting liability are reduced by the amount of the expenditure. As a result, the balance of the Norman/Youth bank account should consistently agree to the balance in the corresponding liability account.

We noted approximately 30 transactions where there was an accounting entry made to either the bank account or the liability account without an offsetting entry to keep the two accounts in balance. Many of these transactions were small and the total difference between the bank account and liability as of June 30, 2023 was approximately \$12,000 which was not material to the financial statements.

Cause: The Center did not have procedures in place to ensure that the general ledger balance of the Norman/Youth cash assistance bank account agreed to the general ledger balance of the corresponding liability account.

Effect: The Center is at risk of intentional or unintentional misstatements of the financial statements occurring that aren't detected or corrected on a timely basis.

Recommendation: We recommend that the Center review internal controls in place over the recording of transactions that impact these two general ledger accounts. We also suggest that the Norman/Youth cash assistance bank account be reconciled to the liability on either a monthly or quarterly basis.

Management Response: The Agency has implemented procedures to reconcile the Norman/Youth cash assistance liability account on a quarterly basis and compare it to the Norman/Youth cash bank account that is currently reconciled monthly.

Schedule of Program Costs

FAMILY SERVICE CENTER OF SANGAMON COUNTY

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		Agency Amount	All Other Not Allocated	PERF FC - HMR/ TRAD	SPECIALIZED FOSTER CARE
Program Expenses					
1	Program Staff Salaries	1,327,582	0	990,356	337,226
2	Program Clerical Staff Salaries	17,776	0	14,478	3,298
3	Program Payroll Taxes and Fringe Benefits	236,255	0	181,981	54,274
4	Program Consultants	177,813	0	129,026	48,787
5	Consumer Wages and Fringe Benefits	0	0	0	0
6	Medicine and Drugs	0	0	0	0
7	All Other Program Equipment and Supplies	49,097	0	43,334	5,763
8	Staff Transportation	67,590	0	47,293	20,297
9	Client Transportation	70,532	0	52,864	17,668
10	Transportation To/From School	0	0	0	0
11	Direct Service Staff Conferences & Conventions	94	0	89	5
12	Program Insurance	60,769	0	50,591	10,178
13	Direct Client Specific Assistance	585,595	0	47,998	22,540
14	Telecommunication Costs Assigned to Program	32,025	0	26,259	5,766
15	Foster Care Payments	1,084,866	0	760,409	324,457
16	Other (Specify)	11,528	0	9,743	1,785
17	Total Program Expenses	3,721,522	0	2,354,421	852,044
Support Expenses					
18	Support Salaries	0	0	0	0
19	Support Payroll Taxes and Fringe Benefits	0	0	0	0
20	Dietary Supplies	1,851	0	1,698	153
21	Housekeeping and Laundry Supplies	0	0	0	0
22	Other (Specify)	0	0	0	0
23	Total Support Expenses	1,851	0	1,698	153
Occupancy Expenses					
24	Occupancy Salaries	0	0	0	0
25	Occupancy Payroll Taxes and Fringe Benefits	0	0	0	0
26	Building & Equipment Operations and Maintenance	64,003	5,496	48,307	10,200
27	Vehicle Depreciation	11,314	1,131	8,486	1,697
28	All Other Depreciation & Amoritization	50,799	5,080	38,099	7,620
29	Vehicle Rent	0	0	0	0
30	All Other Lease/Rent/Taxes	0	0	0	0
31	Equipment Under \$500	0	0	0	0
32	Mortgage & Installment Interest	0	0	0	0
33	Operating Interest	19	19	0	0
34	Other (Specify)	0	0	0	0
35	Total Occupancy Expenses	126,135	11,726	94,892	19,517
Administrative and Office Expenses					
36	Administrative Salaries	39,621	39,621	0	0
37	Administrative Payroll Taxes and Fringe Benefits	2,881	2,881	0	0
38	Administrative Consultants	7,240	7,240	0	0
39	Telecommunication Costs Not Assigned to Program	3,364	3,364	0	0
40	Office Supplies and Equipment	4,071	4,071	0	0
41	Allocation of Management and General (G & A)	0	0	0	0
42	Other (Specify)	25,154	25,154	0	0
43	Total Administrative Expenses	82,331	82,331	0	0
44	Total Expenses	3,931,839	94,057	2,451,011	871,714
Non-reimbursable Expenses					
45	Depreciation on DMHDD Funded Capital Assets Included Above	0	0	0	0
46	Cost of Production and Workshop Client Wages Included Above	0	0	0	0
47	Other (Specify)	7,144	7,144	0	0
48	Total Non-Reimbursable Expenses	7,144	7,144	0	0
49	Net Expenses	3,924,695	86,913	2,451,011	871,714

Schedule of Program Costs

FAMILY SERVICE CENTER OF SANGAMON COUNTY

_*1513

		NORMAN CASH ASST	YOUTH CRISIS CASH ASST		
Program Expenses					
1	Program Staff Salaries	0	0		
2	Program Clerical Staff Salaries	0	0		
3	Program Payroll Taxes and Fringe Benefits	0	0		
4	Program Consultants	0	0		
5	Consumer Wages and Fringe Benefits	0	0		
6	Medicine and Drugs	0	0		
7	All Other Program Equipment and Supplies	0	0		
8	Staff Transportation	0	0		
9	Client Transportation	0	0		
10	Transportation To/From School	0	0		
11	Direct Service Staff Conferences & Conventions	0	0		
12	Program Insurance	0	0		
13	Direct Client Specific Assistance	488,247	26,810		
14	Telecommunication Costs Assigned to Program	0	0		
15	Foster Care Payments	0	0		
16	Other (Specify)	0	0		
17	Total Program Expenses	488,247	26,810		
Support Expenses					
18	Support Salaries	0	0		
19	Support Payroll Taxes and Fringe Benefits	0	0		
20	Dietary Supplies	0	0		
21	Housekeeping and Laundry Supplies	0	0		
22	Other (Specify)	0	0		
23	Total Support Expenses	0	0		
Occupancy Expenses					
24	Occupancy Salaries	0	0		
25	Occupancy Payroll Taxes and Fringe Benefits	0	0		
26	Building & Equipment Operations and Maintenance	0	0		
27	Vehicle Depreciation	0	0		
28	All Other Depreciation & Amortization	0	0		
29	Vehicle Rent	0	0		
30	All Other Lease/Rent/Taxes	0	0		
31	Equipment Under \$500	0	0		
32	Mortgage & Installment Interest	0	0		
33	Operating Interest	0	0		
34	Other (Specify)	0	0		
35	Total Occupancy Expenses	0	0		
Administrative and Office Expenses					
36	Administrative Salaries	0	0		
37	Administrative Payroll Taxes and Fringe Benefits	0	0		
38	Administrative Consultants	0	0		
39	Telecommunication Costs Not Assigned to Program	0	0		
40	Office Supplies and Equipment	0	0		
41	Allocation of Management and General (G & A)	0	0		
42	Other (Specify)	0	0		
43	Total Administrative Expenses	0	0		
44	Total Expenses	488,247	26,810		
Non-reimbursable Expenses					
45	Depreciation on DMHDD Funded Capital Assets Included Above	0	0		
46	Cost of Production and Workshop Client Wages Included Above	0	0		
47	Other (Specify)	0	0		
48	Total Non-Reimbursable Expenses	0	0		
49	Net Expenses	488,247	26,810		

Schedule of Program Costs
Other Specify Detail

Program 1	PERF FC - HMR/		
	<u>Line Nbr</u>	<u>Description</u>	<u>Amount</u>
	16	Advertising	876
	16	Postage & shipping	1,533
	16	Dues, subscriptions and licenses	4,818
	16	Miscellaneous	2,516
Program 2	SPECIALIZED		
	<u>Line Nbr</u>	<u>Description</u>	<u>Amount</u>
	16	Advertising	22
	16	Postage & shipping	347
	16	Dues, subscriptions and licenses	1,203
	16	Miscellaneous	213

Schedule of Program Revenue

FAMILY SERVICE CENTER OF SANGAMON COUNTY

_*1513

		Agency Amount	All Other Not Allocated	PERF FC - HMR/ TRAD	SPECIALIZED FOSTER CARE
	Fees & Purchase of Service				
1	Department of Aging	0	0	0	0
2	Department of Children and Family Services	4,271,196	0	2,845,020	859,613
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)	2,700	2,700	0	0
16	Total Fees & Purchase of Services	4,273,896	2,700	2,845,020	859,613
	Grant Revenues				
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)	0	0	0	0
30	Total Grant Revenues	0	0	0	0
	Contributions & Other				
31	Restricted to Operations	0	0	0	0
32	Restricted to Capital	0	0	0	0
33	Unrestricted	26,901	26,901	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)	1,092	1,092	0	0
42	Total Contributions and Other	27,993	27,993	0	0
	Investment Income				
43	Income on Restricted Assets/Investments	0	0	0	0
44	Income on Unrestricted Assets/Investments	60,943	60,943	0	0
45	Total Investment Income	60,943	60,943	0	0
46	Total Revenues	4,362,832	91,636	2,845,020	859,613

FY: 2024

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Schedule of Program Revenue

FAMILY SERVICE CENTER OF SANGAMON COUNTY

_*1513

		NORMAN CASH ASST	YOUTH CRISIS CASH ASST		
	Fees & Purchase of Service				
1	Department of Aging	0	0		
2	Department of Children and Family Services	537,753	28,810		
3	Department of Corrections	0	0		
4	Medicaid Rehab Option (MRO) Payments	0	0		
5	Department of Human Services	0	0		
6	Department of Public Aid	0	0		
7	Department of Public Health	0	0		
8	Local Education Agency/School District	0	0		
9	Local Government	0	0		
10	Federal Government	0	0		
11	Other Government Agencies	0	0		
12	Client/Family Program Fees (incl. SSI, SSA, pensions, etc)	0	0		
13	Special Service Fees for Individual Clients	0	0		
14	Diagnostic Service Fees	0	0		
15	Other (Specify)	0	0		
16	Total Fees & Purchase of Services	537,753	28,810		
	Grant Revenues				
17	Department of Aging	0	0		
18	Department of Children and Family Services	0	0		
19	Department of Corrections	0	0		
20	Donated/Certified Funds Initiative (DFI/CFI)	0	0		
21	Department of Human Services	0	0		
22	Department of Public Aid	0	0		
23	Department of Public Health	0	0		
24	Local Education Agency/School District	0	0		
25	Local Government Awards	0	0		
26	Federal Government Awards	0	0		
27	Other Government Awards	0	0		
28	JTPA/CETA	0	0		
29	Other (Specify)	0	0		
30	Total Grant Revenues	0	0		
	Contributions & Other				
31	Restricted to Operations	0	0		
32	Restricted to Capital	0	0		
33	Unrestricted	0	0		
34	Contributions - Goods and Services	0	0		
35	Child & Adult Food Programs (school meals, commodities)	0	0		
36	School Transportation Payments (to/from school)	0	0		
37	Sales of Goods and Services	0	0		
38	Rent Income	0	0		
39	Gain on Sale of Assets	0	0		
40	Cafeteria and Vending Machine	0	0		
41	Other (Specify)	0	0		
42	Total Contributions and Other	0	0		
	Investment Income				
43	Income on Restricted Assets/Investments	0	0		
44	Income on Unrestricted Assets/Investments	0	0		
45	Total Investment Income	0	0		
46	Total Revenues	537,753	28,810		

FY: 2024

Create Date: 2/27/2025

Version: 1

Other Specify Detail

Program	<u>Line Nbr</u>	<u>Description</u>	<u>Amount</u>
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