

**FAMILY SERVICE AGENCY
OF DEKALB COUNTY, INC.**

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Family Service Agency of DeKalb County, Inc.
DeKalb, IL

Report on the Financial Statements

We have audited the accompanying financial statements of Family Service Agency of DeKalb County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service Agency of DeKalb County, Inc., as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Family Service Agency of DeKalb County, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Erboe & Associates, CPAs

Rockford, Illinois
April 19, 2021

Illinois State Registration # 066-004204

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
<i>Assets:</i>		
Cash	\$ 294,632	\$ 381,281
Accounts receivable	272,043	177,343
Prepaid expenses (Note 2)	445	-
Property and equipment, net (Note 3)	<u>2,516,157</u>	<u>1,253,479</u>
	<u>\$3,083,277</u>	<u>\$1,812,103</u>

Liabilities and Net Assets

<i>Liabilities:</i>		
Accounts payable	\$ 37,430	\$ 115,616
Accrued expenses:		
Vacation	39,447	15,280
Pension	157	-
United Way	405	405
Unearned grant revenue	-	-
PPP Loan	146,200	-
Line of credit (Note 4)	-	40,000
Current maturities of long term debt (Note 5)	450,000	100,000
Long term debt, less current maturities (Note 5)	<u>850,000</u>	<u>340,426</u>
Total liabilities	<u>1,523,639</u>	<u>611,727</u>
<i>Net Assets:</i>		
With donor restrictions	-	-
Without donor restrictions	<u>1,559,638</u>	<u>1,200,376</u>
Total net assets	<u>1,559,638</u>	<u>1,200,376</u>
	<u>\$3,083,277</u>	<u>\$1,812,103</u>

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Activities without donor restrictions:		
Operating activities:		
Support, revenues and transfers:		
Direct Public Support	\$ 940,064	\$ 756,129
Indirect Public Support	32,645	16,858
Government Support	962,716	630,084
Program Service Revenue	95,870	103,843
Other	<u>198,432</u>	<u>696,401</u>
Total operating support, revenue and transfers	<u>2,229,727</u>	<u>2,203,315</u>
Expenses:		
Program services:		
Program		
Center for Counseling	285,113	302,513
Youth Mentoring	18,865	24,635
Senior Services Center	302,850	383,440
Children's Advocacy Center	253,653	231,058
Community Action Program	<u>369,386</u>	<u>20,928</u>
Total program services	<u>1,229,867</u>	<u>962,574</u>
Supporting services:		
Management and general expenses	623,320	407,557
Fund raising expenses	<u>17,278</u>	<u>13,033</u>
Total supporting services	<u>640,598</u>	<u>420,590</u>
Total operating expenses	<u>1,870,465</u>	<u>1,383,164</u>
Increase (decrease) in net assets without donor restrictions	359,262	820,151
Net assets, beginning of year	<u>1,200,376</u>	<u>380,225</u>
Net assets, end of year	<u>\$1,559,638</u>	<u>\$1,200,376</u>

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
STATEMENT OF FUNCTIONAL SUPPORT AND REVENUE
For the Years Ended June 30, 2020 and 2019

	2020						
	<u>Center for Counseling</u>	<u>Youth Mentoring</u>	<u>Senior Services Center</u>	<u>Children's Advocacy Fund</u>	<u>Community Action Program</u>	<u>General Fund</u>	<u>Total All Funds</u>
Direct Public Support:							
Contributions unrestricted	\$ 140	\$ 1,952	\$ 9,970	\$ 13,848	\$151,693	\$554,681	\$ 732,284
Contributions in-kind	-	-	-	2,595	-	-	2,595
Affiliated	-	-	37,500	-	-	-	37,500
Foundations	-	1,000	-	-	10,000	110,000	121,000
Fundraising	-	29,199	4,660	9,859	-	2,967	46,685
Total public support	<u>140</u>	<u>32,151</u>	<u>52,130</u>	<u>26,302</u>	<u>161,693</u>	<u>667,648</u>	<u>940,064</u>
Indirect Public Support:							
United Way	-	-	-	-	9,000	23,645	32,645
Total indirect public support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>23,645</u>	<u>32,645</u>
Government Support:							
Community Services Block Grant	-	-	-	-	326,971	-	326,971
City Township and Village	-	4,750	15,500	-	5,000	3,462	28,712
DeKalb County 708 Board	122,894	-	1,080	20,591	-	1,750	146,315
DeKalb County	-	-	56,508	22,889	-	584	79,981
VCVA Attorney General	-	-	-	15,900	-	-	15,900
IL VOCA	-	-	-	90,234	-	55,420	145,654
IL DCFS CAC	-	-	-	53,224	-	-	53,224
Medicare/Medicaid/MCO	163,948	-	-	-	-	2,011	165,959
Total government support	<u>286,842</u>	<u>4,750</u>	<u>73,088</u>	<u>202,838</u>	<u>331,971</u>	<u>63,227</u>	<u>962,716</u>
Program Service Revenue:							
Individual & family	55,903	-	-	-	-	-	55,903
Groups	19,177	-	-	-	-	-	19,177
Divorce mediation	4,230	-	-	-	-	-	4,230
Other service fees	1,561	150	150	-	-	14,699	16,560
Total program service revenue	<u>80,871</u>	<u>150</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>14,699</u>	<u>95,870</u>
Other:							
Other	-	-	-	-	-	20,784	20,784
Rent in-kind	-	-	177,648	-	-	-	177,648
Total other	<u>-</u>	<u>-</u>	<u>177,648</u>	<u>-</u>	<u>-</u>	<u>20,784</u>	<u>198,432</u>
Total revenue	<u>\$367,853</u>	<u>\$ 37,051</u>	<u>\$303,016</u>	<u>\$229,140</u>	<u>\$502,664</u>	<u>\$790,003</u>	<u>\$2,229,727</u>

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
STATEMENT OF FUNCTIONAL SUPPORT AND REVENUE
For the Years Ended June 30, 2020 and 2019

	2019						
	Center for <u>Counseling</u>	Youth <u>Mentoring</u>	Senior Services <u>Center</u>	Children's Advocacy <u>Fund</u>	Community Action <u>Program</u>	General <u>Fund</u>	Total All <u>Funds</u>
Direct Public Support:							
Contributions unrestricted	\$ 500	\$ 2,099	\$ 21,065	\$ 4,695	\$ -	\$ 402,339	\$ 430,698
Contributions in-kind	-	425	253	-	-	560	1,238
Affiliated	-	-	56,443	-	-	-	56,443
Foundations	-	1,679	32,225	-	-	98,500	132,404
Fundraising	-	41,874	9,227	13,865	-	70,380	135,346
Total public support	<u>500</u>	<u>46,077</u>	<u>119,213</u>	<u>18,560</u>	<u>-</u>	<u>571,779</u>	<u>756,129</u>
Indirect Public Support:							
United Way	-	-	-	-	-	16,858	16,858
Total indirect public support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,858</u>	<u>16,858</u>
Government Support:							
Community Services Block Grant	-	-	-	-	39,332	-	39,332
City Township and Village	-	4,263	13,338	-	-	-	17,601
DeKalb County 708 Board	223,846	-	3,440	19,110	-	-	246,396
DeKalb County	-	-	56,500	28,238	-	-	84,738
VCVA Attorney General	-	-	-	15,900	-	-	15,900
IL VOCA	-	-	-	95,226	-	-	95,226
IL DCFS CAC	77,668	-	-	53,223	-	-	130,891
Total government support	<u>301,514</u>	<u>4,263</u>	<u>73,278</u>	<u>211,697</u>	<u>39,332</u>	<u>-</u>	<u>630,084</u>
Program Service Revenue:							
Individual & family	72,886	-	-	-	-	-	72,886
Groups	23,198	-	-	-	-	-	23,198
Divorce mediation	5,801	-	-	-	-	-	5,801
Other service fees	232	1,122	-	600	-	4	1,958
Total program service revenue	<u>102,117</u>	<u>1,122</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>4</u>	<u>103,843</u>
Other:							
Gain on sale of assets	-	-	-	-	-	514,161	514,161
Interest/discounts	-	-	-	-	-	2,092	2,092
Rent	-	-	-	-	-	2,500	2,500
Rent in-kind	-	-	177,648	-	-	-	177,648
Total other	<u>-</u>	<u>-</u>	<u>177,648</u>	<u>-</u>	<u>-</u>	<u>518,753</u>	<u>696,401</u>
Total revenue	<u>\$404,131</u>	<u>\$ 51,462</u>	<u>\$370,139</u>	<u>\$230,857</u>	<u>\$ 39,332</u>	<u>\$1,107,394</u>	<u>\$2,203,315</u>

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2020 and 2019

	2020									
	Program Services					Supporting Services				
	Center for Counseling	Youth Mentoring	Senior Services Center	Children's Advocacy Center	Community Action Program	Total	Mgmt and General	Events and Fundraising	Special Total	Total All Funds
Salaries	\$191,213	\$ 13,135	\$ 71,765	\$156,059	\$185,890	\$618,062	\$243,076	\$ -	\$243,076	\$ 861,138
Payroll taxes	14,460	989	5,116	11,449	13,016	45,030	17,800	-	17,800	62,830
Employee insurance	1,005	-	4,420	8,798	1,153	15,376	5,537	-	5,537	20,913
Workman's comp insurance	-	-	-	-	-	-	7,497	-	7,497	7,497
Unemployment tax	5,843	398	2,224	4,604	5,395	18,464	7,026	-	7,026	25,490
Conference and meetings	1,310	198	225	4,707	6,072	12,512	3,006	-	3,006	15,518
Dues and subscriptions	1,400	29	447	995	3,159	6,030	312	-	312	6,342
Travel	292	94	608	4,812	11,049	16,855	104	46	150	17,005
Postage	825	228	1,604	103	81	2,841	1,199	83	1,282	4,123
Printing	964	179	4,594	691	426	6,854	5,525	-	5,525	12,379
Professional fees	720	-	60	6,119	-	6,899	74,125	-	74,125	81,024
Telephone	-	-	1,957	-	-	1,957	18,915	-	18,915	20,872
Office equipment and furniture	15,323	146	2,209	11,841	18,856	48,375	60,040	-	60,040	108,415
Program supplies	6,657	657	13,180	19,937	7,135	47,566	18,377	2,873	21,250	68,816
Payroll processing	1,469	238	744	1,166	928	4,545	719	-	719	5,264
Utilities	-	-	-	-	-	-	10,791	-	10,791	10,791
Facility rental	-	-	-	-	-	-	1,195	1,295	2,490	2,490
Repairs and maintenance	-	-	367	20	-	387	33,004	-	33,004	33,391
City of DeKalb in-kind rent	-	-	177,648	-	-	177,648	-	-	-	177,648
Insurance	-	-	-	-	-	-	32,877	-	32,877	32,877
Interest	-	-	-	80	-	80	37,010	-	37,010	37,090
Bad debts	-	-	-	-	-	-	1,220	-	1,220	1,220
Depreciation	43,228	2,358	11,789	21,221	-	78,596	19,649	10,916	30,565	109,161
Promotion/marketing	227	66	58	1,014	109	1,474	8,227	2,065	10,292	11,766
Sponsorships	-	-	-	-	2,500	2,500	525	-	525	3,025
Other	177	150	3,835	37	113,617	117,816	15,564	-	15,564	133,380
Total expenses	\$285,113	\$ 18,865	\$302,850	\$253,653	\$369,386	\$1,229,867	\$623,320	\$ 17,278	\$640,598	\$1,870,465

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2020 and 2019

2019

	Program Services					Supporting Services			Total All Funds	
	Center for Counseling	Youth Mentoring	Senior Services Center	Children's Advocacy Center	Community Action Program	Mgmt and General	Special Events and Fundraising	Total		
Salaries	\$215,108	\$ 15,342	\$141,562	\$142,403	\$ 13,205	\$527,620	\$178,697	\$ -	\$178,697	\$ 706,317
Payroll taxes	16,767	1,190	10,023	10,371	911	39,262	13,320	-	13,320	52,582
Employee insurance	5,682	1,454	4,497	5,784	172	17,589	1,518	-	1,518	19,107
Workman's comp insurance	-	-	-	-	-	-	8,524	-	8,524	8,524
Unemployment tax	5,518	491	3,684	3,931	347	13,971	4,600	-	4,600	18,571
Conference and meetings	112	-	113	6,534	181	6,940	940	-	940	7,880
Dues and subscriptions	-	29	717	500	-	1,246	135	-	135	1,381
Travel	1,293	426	2,363	7,172	1,451	12,705	471	-	471	13,176
Postage	146	240	927	156	-	1,469	2,037	-	2,037	3,506
Printing	650	160	4,575	498	16	5,899	4,124	425	4,549	10,448
Professional fees	170	1,320	-	15,561	-	17,051	15,721	-	15,721	32,772
Telephone	-	-	2,365	-	-	2,365	6,482	-	6,482	8,847
Office expense	4,727	65	3,226	3,584	-	11,602	25,434	-	25,434	37,036
Program supplies	211	708	13,510	4,534	-	18,963	16,237	3,581	19,818	38,781
Payroll processing	1,490	277	1,002	972	54	3,795	725	-	725	4,520
Utilities	-	-	-	(660)	-	(660)	26,087	-	26,087	25,427
Facility rental	-	-	175	350	-	525	1,980	1,350	3,330	3,855
Repairs and maintenance	-	-	1,936	-	-	1,936	16,785	-	16,785	18,721
City of DeKalb in-kind rent	-	-	177,648	-	-	177,648	-	-	-	177,648
Insurance	12,499	682	3,409	6,136	-	22,726	24,192	-	24,192	46,918
Interest	8,009	433	2,165	3,897	-	14,504	9,276	-	9,276	23,780
Bad debts	-	-	-	-	-	-	1,570	-	1,570	1,570
Depreciation	27,454	1,498	7,488	13,478	-	49,918	12,480	6,933	19,413	69,331
Promotion/marketing	112	140	433	2,018	4,591	7,294	28,340	362	28,702	35,996
Sponsorships	-	-	150	-	-	150	-	-	-	150
Other	<u>2,565</u>	<u>180</u>	<u>1,472</u>	<u>3,839</u>	<u>-</u>	<u>8,056</u>	<u>7,882</u>	<u>382</u>	<u>8,264</u>	<u>16,320</u>
Total expenses	<u>\$302,513</u>	<u>\$ 24,635</u>	<u>\$383,440</u>	<u>\$231,058</u>	<u>\$ 20,928</u>	<u>\$962,574</u>	<u>\$407,557</u>	<u>\$ 13,033</u>	<u>\$420,590</u>	<u>\$1,383,164</u>

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<i>Cash flows from operating activities:</i>		
Increase in net assets	\$ <u>359,262</u>	\$ <u>820,151</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	109,161	69,331
(Increase) decrease in investment	-	-
(Increase) decrease in receivables	(94,700)	64,586
(Increase) decrease in prepaid expenses	(445)	8,190
Increase (decrease) in accounts payable	(78,186)	63,576
Increase (decrease) in deferred revenue	-	(2,667)
Increase (decrease) in accrued expenses	<u>170,524</u>	<u>3,231</u>
Total adjustments	<u>106,354</u>	<u>206,247</u>
Net cash provided by operating activities	<u>465,616</u>	<u>1,026,398</u>
<i>Cash flows from investing activities:</i>		
Payments for purchase of fixed assets	(1,372,296)	(1,256,615)
Disposal of fixed assets	<u>457</u>	<u>744,893</u>
Net cash used by investing activities	<u>(1,371,839)</u>	<u>(511,722)</u>
<i>Cash flows from financing activities:</i>		
Proceeds from line of credit	-	40,000
Principal payments on line of credit	(40,000)	(244,114)
Proceeds from long term debt	959,574	-
Principal payments on long term debt	<u>(100,000)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>819,574</u>	<u>(204,114)</u>
Net increase (decrease) in cash	(86,649)	310,562
Cash - beginning of year	<u>381,281</u>	<u>70,719</u>
Cash - end of year	\$ <u>294,632</u>	\$ <u>381,281</u>
<i>Supplemental disclosure of cash flow information:</i>		
Cash paid during the year for interest	\$ <u>37,090</u>	\$ <u>23,780</u>

The accompanying notes are an integral part of this statement.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Family Service Agency of DeKalb County, Inc. is a not-for-profit corporation organized on July 18, 1956 under the laws of the State of Illinois and exists to provide vital human services which individuals and families need to overcome life's difficulties or to enhance the quality of their lives.

Center for Counseling program provides professional counseling services to children, adolescents and adults as well as to families, couples, and groups. Various emotional concerns can be addressed including stress, issues of depression, anxiety and divorce, grief, loss, abuse and help adjusting to life transitions. Other services include divorce mediation, educational program for divorcing parents that meets the court ordered requirements, and various diversion programs in partnership with the local states attorney's office.

Youth Mentoring program serves school age children primarily from single-parent families by matching them with adult volunteers who serve as mentors and role models. Professional case managers recruit, train, match and supervise the volunteers who spend a consistent amount of time each week with a child. Youth Mentoring helps the whole family by strengthening the child's self-worth, social skills and competence while offering support and guidance.

Workshops are provided on a regular basis and cover topics such as anger, keeping kids safe, parenting, eating disorders, grief and relationships.

Senior Services offers a wide range of social, recreational, educational and mentoring programs county wide. The Agency operates four senior activity sites called Club 55 as well as intergenerational programs. All programs are non-sectarian and open to all persons in DeKalb County.

Children's Advocacy Center provides multidisciplinary teams of professional to help abused children. The teams offer forensic interviews, assessment and crisis intervention, counseling, case coordination and court advocacy to children in DeKalb County.

The Capital Fund was established for the purpose of major equipment purchases, building and site improvements, and maintenance of the Agency's building.

Community Action Program strives to help low-income families achieve and maintain their highest level of self-sufficiency by providing a variety of programs. We have two primary purposes: to provide essential anti-poverty programs, and to advocate for the needs of the poor in their communities. This program networks with various social service agencies, community groups, and businesses in the county to better serve the low-income population in DeKalb County.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Allowance for Uncollectible Receivables and Unconditional Promises to Give

The Agency maintains a written policy on collection. The Agency determines the allowance for doubtful accounts as a percentage of Center for Counseling receivables based on a five year average ratio of accounts written off and accounts receivable. Based on experience, the director determines unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If promises to give become uncollectible, they will be charged to operations when that determination is made.

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

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

Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting, the Agency tracks such grants and contributions to verify that the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

With Donor Restrictions

Net assets subject to donor-imposed stipulations that are more restrictive than the Agency's mission and purpose. 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. Donor-imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity. The Agency had no net assets with donor restrictions as of June 30, 2020.

Cash and Cash Equivalents

Cash includes cash on hand and deposit accounts with financial institutions. For purposes of the Statement of Cash Flows, the Agency considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services

The Agency receives a substantial amount of services donated by individuals interested in the Agency's programs. The services donated generally involve the contribution of time. These items generally are not reflected in the accompanying financial statements because the criteria for recognition under generally accepted accounting principles has not been met. However, when the criterion for recognition has been met, the amounts are reflected in the financial statements as revenues and expenditures.

Employee Benefits

The cost of employee benefits and compensated leave are accrued as they are vested to the employee. The Agency does not maintain any unfunded retirement or health care plans.

Functional Expense Allocation

In accordance with standards of accounting and financial reporting prescribed for voluntary health and welfare organizations, functional expenses should be accounted for in three separate functions: program, management and general, and fundraising. Expenses are charged on a direct functional basis (to all four programs) whenever applicable. When direct charges cannot be accomplished, the expenses are charged to management and general. The Agency follows the practice of allocating fundraising expenses directly to the programs.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

Family Service Agency of DeKalb County, Inc. is a not-for-profit organization and claims exemption from income taxes under Internal Revenue Code §501(c)(3) and similar state provisions. Therefore, income taxes are not provided for in the financial statements. The Agency is not classified as a private foundation.

The Agency files Form 990 in the federal jurisdiction and the State of Illinois. The Agency's tax returns for the current and prior three years remain subject to examination by the Federal and state tax jurisdictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions of which they depend are substantially met and the promises become unconditional.

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Conditional promises are recognized as contributions when conditions have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal 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.

Property and Equipment

Purchased property and equipment is recorded at cost. It is the policy of the Agency to capitalize betterments which materially add to the value of related assets or materially extend the useful life of assets with a cost in excess of \$500. Normal maintenance and minor equipment purchases are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in the current period.

Depreciation provisions are determined using the straight line method over the estimated useful lives of the assets ranging from five to forty years.

Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets balances in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction has been accomplished) in the reporting period in which the revenue is recognized. All other contributions with donor restrictions 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 and reported in the Statement of Activities as net assets released from restrictions.

Support from Governmental Units

The Agency receives a substantial amount of support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's programs and activities.

Revenue Recognition

Contributions from the public are recognized when received or pledged and are considered to be available for unrestricted use, unless specifically restricted by the donor. Conditional promises to give are not recognized as revenue until the condition is met.

Grants awarded for specific programs are recognized as income when terms of the grants have substantially been completed or when the grant is pledged unconditionally. Contract revenue from government agencies is recognized as the services are performed.

Advertising

It is the policy of the agency to expense advertising costs as incurred. Family Service Agency of DeKalb County, Inc. received \$8,049 in advertising as in-kind for the year ended June 30, 2020 and \$1,238 for the year ended June 30, 2019.

Accounting for Leases

During February 2016, the FASB issued ASU No. 2016-02, "Leases". ASU No. 2016-02 requires leases to recognize lease assets and liabilities for the rights and obligations created by those leases and recognize expenses on their income statements in a manner similar to current accounting standards. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2020. Early adoption is permitted. Family Service Agency of DeKalb County, Inc. has not yet determined the impact ASU No. 2016-02 will have on the agency's financial statements.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 2: PREPAID EXPENSES

Prepaid expenses consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Insurance	\$ <u>445</u>	\$ <u>-</u>
	\$ <u>445</u>	\$ <u>-</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment, net, is summarized as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 225,479	\$ 116,698
Building	1,534,574	575,000
Leasehold improvements	<u>959,316</u>	<u>681,615</u>
	2,719,369	1,373,313
Less accumulated depreciation	<u>203,212</u>	<u>119,834</u>
Property and equipment, net	<u>\$2,516,157</u>	<u>\$1,253,479</u>

NOTE 4: LINE OF CREDIT

The Agency has established a \$150,000 secured line of credit with Resource Bank which expires November 29, 2020. Interest is payable monthly at a rate of .5% over index floating with a floor of 5.5% with the principal portion due upon maturity. Interest is payable monthly at a variable rate of 5.0%. At June 30, 2020 and 2019, \$0 and \$40,000 was outstanding on the lines of credit.

NOTE 5: TERM LOAN

In order to purchase and renovate a new building, the Agency has established a secured term loan expiring December 31, 2022 with Resource Bank with the stipulation that up to \$1,000,000 could be borrowed. Interest is payable annually at a rate of 5.5% on December 31. The payment terms are 3 payments of interest will be made beginning on December 31, 2019 and on the last day of each 12 month period thereafter. One principal payment of the lesser of \$100,000 or outstanding principal is due December 31, 2019. Two principal payments of the lesser of \$450,000 or outstanding principal is due beginning on December 31, 2020 and on the last day of each 12 month period thereafter. The final payment of outstanding principal and interest is due on December 31, 2022. At June 30, 2020 and 2019, \$1,300,000 and \$440,426 was outstanding on the term loan.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 6: PENSION PLAN

The Agency sponsors a flexible benefit §403(b) "deferred compensation arrangement" pension plan. All employees are eligible to participate. This plan is administered by Charles Schwab. Employees may elect to defer up to \$19,000 of their yearly compensation for the calendar year ending December 31, 2019. Participation in this plan is voluntary.

The Agency has adopted an employee benefit §125 cafeteria plan for the benefit of all employees after three months of employment. Benefits under this plan are financed by salary redirection sufficient to support benefits elected. Participation in this plan is voluntary.

NOTE 7: DONATED FACILITIES AND SERVICES

The Agency occupies four facilities located in DeKalb County. No rent is paid to the city by the Agency. The approximate fair value of the annual rental is \$177,648 at June 30, 2020 and \$177,648 at June 30, 2019. In addition, the Agency received advertising services from DeKalb County Broadcasters for which they did not pay. The approximate fair value of the annual advertising service is \$8,049 at June 30, 2020 and \$1,238 at June 30, 2019. These amounts are included in the financial statements as in-kind.

NOTE 8: RELATED PARTY TRANSACTIONS

The Agency is affiliated with another non-profit organization, Family Service Agency Guild. The Guild is a volunteer organization of over 100 members. The members operate a thrift shop from which they sell a variety of articles for the home, gifts, decorations and clothing. The profits of the Country Store are granted to the Agency, specifically the Senior Services program. The Agency received grants from the Guild in the amount of \$37,500 during the fiscal year ended June 30, 2020 and \$56,443 during the fiscal year ended June 30, 2019.

NOTE 9: CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and cash equivalents. The Agency maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. The Agency periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. At June 30, 2020, the Agency had cash deposits at Resource Bank in excess of federally insured limits of approximately \$24,979.

FAMILY SERVICE AGENCY OF DEKALB COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 10: LIQUIDITY AND AVAILABILITY

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Agency has approximately \$243,036 of financial assets available to meet cash needs for general expenditures. This consists of cash of \$294,632 and accounts receivable of \$272,043. The Agency has liabilities of \$323,639 at year end. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Agency has a goal to maintain financial assets on hand to meet at least 90 days of normal operating expenses.

NOTE 11: PAYROLL PROTECTION PROGRAM

On April 16, 2020, Family Service Agency of DeKalb County, Inc. received loan proceeds in the amount of \$146,200 under the Paycheck Protection Program (PPP) from Resource Bank. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying businesses. The loan is forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The organization intends to use the entire proceeds for qualifying expenses consistent with the PPP.

NOTE 12: EVALUATIONS OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statements of financial positions but arose after that date (that is, non-recognized subsequent events).

Subsequent events have been evaluated by management through the date of the independent auditor's report, which is the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.