



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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May 1, 2025

Board of Directors  
Family & Children's Center Counseling and Development Services, Inc.  
St. Joseph County, Indiana

We have reviewed the audit report of Family & Children's Center Counseling and Development Services, Inc., which was opined upon by DWC CPAs LLC, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report on the Financial Statements and Supplementary Information*, the financial statements included in the report present fairly the financial condition of Family & Children's Center Counseling and Development Services, Inc. as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on page 27. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 28 of the report.

In our opinion, DWC CPAs LLC prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

*FINANCIAL AND COMPLIANCE REPORT*

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**

December 31, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors  
Family & Children's Center Counseling and Development Services, Inc.  
South Bend, Indiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Family & Children's Center Counseling and Development Services, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Family & Children's Center Counseling and Development Services, Inc. as of December 31, 2023 and 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 & Children's Center Counseling and Development Services, Inc. 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 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 Family & Children's Center Counseling and Development Services, Inc.'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 GAAS 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 GAAS 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 & Children's Center Counseling and Development 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 Family & Children's Center Counseling and Development 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and nonfederal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Awards, and Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* issued by the Indiana State Board of Accounts, 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 GAAS. In our opinion, the schedule of expenditures of federal and nonfederal awards 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 June 27, 2024 on our consideration of Family & Children's Center Counseling and Development Services, Inc.'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 & Children's Center Counseling and Development Services, Inc.'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 and Children's Center Counseling and Development Services, Inc.'s internal control over financial reporting and compliance.

DWC CPAs LLC

South Bend, Indiana  
June 27, 2024

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**

## STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 341,578	\$ 550,249
Promises to give	282,231	265,184
Prepaid expenses	18,745	17,728
Due from affiliates	1,551	4,133
Property and equipment	4,359	7,266
Operating lease right-of-use assets	<u>703,800</u>	<u>770,612</u>
<i>Total assets</i>	<u>\$ 1,352,264</u>	<u>\$ 1,615,172</u>
 <b>Liabilities and Net Assets:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 73,232	\$ 64,954
Deferred revenue	-	3,500
Operating lease liabilities	<u>685,017</u>	<u>761,996</u>
<i>Total liabilities</i>	<u>758,249</u>	<u>830,450</u>
 Net Assets:		
Without donor restrictions	<u>499,253</u>	<u>586,585</u>
With donor restrictions:		
Purpose restricted	94,762	98,137
Time restricted	<u>-</u>	<u>100,000</u>
	<u>94,762</u>	<u>198,137</u>
<i>Total net assets</i>	<u>594,015</u>	<u>784,722</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 1,352,264</u>	 <u>\$ 1,615,172</u>

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The accompanying notes are an integral part of these financial statements.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and Revenues:</b>						
Grants:						
Healthy Families	\$ 1,034,013	\$ -	\$ 1,034,013	\$ 1,029,356	\$ -	\$ 1,029,356
Brain Train	18,240	-	18,240	20,790	-	20,790
From affiliates	105,559	-	105,559	210,224	100,000	310,224
Other	135,751	69,880	205,631	35,458	73,676	109,134
Private contributions	52,666	-	52,666	62,994	-	62,994
Special events	64,255	-	64,255	66,926	-	66,926
Interest income	4,616	-	4,616	2,987	-	2,987
Other	2,200	-	2,200	-	-	-
Net assets released from restrictions	173,255	(173,255)	-	82,102	(82,102)	-
<i>Total support and revenues</i>	<u>1,590,555</u>	<u>(103,375)</u>	<u>1,487,180</u>	<u>1,510,837</u>	<u>91,574</u>	<u>1,602,411</u>
<b>Expenses and Losses:</b>						
Program services expenses:						
Healthy Families	967,798	-	967,798	929,470	-	929,470
Community Partners	121,446	-	121,446	90,655	-	90,655
Brain Train	90,188	-	90,188	51,008	-	51,008
Tech Crossing	15,467	-	15,467	19,674	-	19,674
<i>Total program services expenses</i>	<u>1,194,899</u>	<u>-</u>	<u>1,194,899</u>	<u>1,090,807</u>	<u>-</u>	<u>1,090,807</u>
Supporting services expenses						
Management and general	355,593	-	355,593	325,180	-	325,180
Fundraising	114,827	-	114,827	129,461	-	129,461
<i>Total supporting services expenses</i>	<u>470,420</u>	<u>-</u>	<u>470,420</u>	<u>454,641</u>	<u>-</u>	<u>454,641</u>
Loss on uncollectable promises to give	6,400	-	6,400	-	-	-
Unallocated dues to national affiliates	6,168	-	6,168	4,201	-	4,201
<i>Total expenses and losses</i>	<u>1,677,887</u>	<u>-</u>	<u>1,677,887</u>	<u>1,549,649</u>	<u>-</u>	<u>1,549,649</u>
<b>Change in net assets</b>	(87,332)	(103,375)	(190,707)	(38,812)	91,574	52,762
Net assets, beginning of year	586,585	198,137	784,722	625,397	106,563	731,960
<i>Net assets, end of year</i>	<u>\$ 499,253</u>	<u>\$ 94,762</u>	<u>\$ 594,015</u>	<u>\$ 586,585</u>	<u>\$ 198,137</u>	<u>\$ 784,722</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2023

	<u>Healthy Families</u>	<u>Community Partners</u>	<u>Brain Train</u>	<u>Tech Crossing</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Totals</u>
Salaries	\$ 626,758	\$ 82,561	\$ 56,528	\$ 10,417	\$ 214,225	\$ 47,743	\$ 1,038,232
Payroll taxes	64,579	8,307	6,389	911	16,535	4,296	101,017
Retirement	17,892	2,251	877	406	10,451	1,348	33,225
Insurance	36,826	4,875	3,466	1,403	24,299	(1,457)	69,412
<i>Total personnel</i>	746,055	97,994	67,260	13,137	265,510	51,930	1,241,886
Information technology	-	-	-	-	46,460	8,845	55,305
Facility rent	114,395	575	15,994	-	-	-	130,964
Program supplies	52,758	9,442	3,304	2,043	-	139	67,686
Medical expenses	3,750	250	510	-	-	-	4,510
Recruiting	1,521	37	147	-	112	-	1,817
Food	8,262	48	93	-	610	3,308	12,321
Utilities	6,795	1,587	-	-	1,133	550	10,065
Staff development	9,788	939	560	-	8,633	89	20,009
Public relations	-	-	427	-	124	1,260	1,811
Postage	845	-	-	-	222	893	1,960
Office supplies	1,622	161	589	169	983	88	3,612
Travel	8,580	5,720	-	-	-	-	14,300
Special events	-	-	-	-	-	36,242	36,242
Professional fees	3,771	103	77	10	26,694	6,214	36,869
Depreciation	2,907	-	-	-	-	-	2,907
Other	6,749	4,590	1,227	108	5,112	5,269	23,055
<i>Totals</i>	<u>\$ 967,798</u>	<u>\$ 121,446</u>	<u>\$ 90,188</u>	<u>\$ 15,467</u>	<u>\$ 355,593</u>	<u>\$ 114,827</u>	<u>\$ 1,665,319</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2022

	<u>Healthy Families</u>	<u>Community Partners</u>	<u>Brain Train</u>	<u>Tech Crossing</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Totals</u>
Salaries	\$ 573,115	\$ 74,779	\$ 28,565	\$ 16,251	\$ 205,226	\$ 43,075	\$ 941,011
Payroll taxes	57,431	7,235	3,084	1,585	15,985	4,262	89,582
Retirement	17,851	2,560	3	4	8,665	397	29,480
Insurance	<u>58,706</u>	<u>759</u>	<u>808</u>	<u>376</u>	<u>17,391</u>	<u>5,620</u>	<u>83,660</u>
<i>Total personnel</i>	707,103	85,333	32,460	18,216	247,267	53,354	1,143,733
Information technology	29,823	-	-	-	24,906	9,336	64,065
Facility rent	114,679	-	7,698	-	-	-	122,377
Program supplies	31,629	367	7,379	672	-	253	40,300
Medical expenses	1,485	145	360	-	120	120	2,230
Recruiting	2,037	37	138	-	139	37	2,388
Food	6,539	-	38	-	1,207	2,205	9,989
Telephone	7,271	1,350	-	-	1,103	620	10,344
Staff development	7,909	828	560	-	7,793	-	17,090
Public relations	270	-	412	705	-	4,547	5,934
Postage	1,634	-	-	-	4	627	2,265
Office supplies	1,707	-	189	50	1,732	154	3,832
Travel	8,451	1,840	-	-	-	1,500	11,791
Special events	5	-	306	-	139	41,824	42,274
Professional fees	569	83	554	1	31,458	11,385	44,050
Depreciation	2,906	-	-	-	-	-	2,906
Other	<u>5,453</u>	<u>672</u>	<u>914</u>	<u>30</u>	<u>9,312</u>	<u>3,499</u>	<u>19,880</u>
<i>Totals</i>	<u>\$ 929,470</u>	<u>\$ 90,655</u>	<u>\$ 51,008</u>	<u>\$ 19,674</u>	<u>\$ 325,180</u>	<u>\$ 129,461</u>	<u>\$ 1,545,448</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Change in Cash and Cash Equivalents:</b>		
Cash Flows from Operating Activities:		
Cash received from grants and contributions	\$ 1,392,662	\$ 1,485,420
Cash received from special events	60,755	69,426
Interest income received	4,616	2,987
Cash received from others	2,200	-
Cash paid to employees, vendors, and others	<u>(1,671,486)</u>	<u>(1,541,161)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(211,253)</u>	<u>16,672</u>
Cash Flows from Financing Activities:		
Net (increase) decrease in due from affiliates	<u>2,582</u>	<u>(2,395)</u>
<b>Net change in cash and cash equivalents</b>	(208,671)	14,277
Cash and cash equivalents, beginning of year	<u>550,249</u>	<u>535,972</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 341,578</u>	<u>\$ 550,249</u>

**Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities**

Change in net assets	\$ (190,707)	\$ 52,762
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on uncollectable promises to give	6,400	-
Depreciation	2,907	2,906
Changes in operating assets and liabilities:		
Promises to give	(23,447)	(47,078)
Prepaid expenses	(1,017)	(105)
Operating lease-right-of use assets	(10,167)	(283)
Accounts payable and accrued liabilities	8,278	5,970
Deferred revenue	<u>(3,500)</u>	<u>2,500</u>
<i>Net cash provided by (used in) operating activities</i>	<u>\$ (211,253)</u>	<u>\$ 16,672</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Family & Children’s Center Counseling and Development Services, Inc. (the Organization, we, us, our) is an Indiana nonprofit corporation providing programs that empower individuals and families by promoting human growth and dignity and preventing abuse through advocacy, education, counseling, and supportive services in Northern Indiana. Our operations are supported primarily by governmental grants and contracts, grants from related parties, and special events. We fulfill our mission by focusing our efforts in the following primary service areas:

- *Healthy Families* – Our Healthy Families program provides help to new parents by offering support and resources to them so parents can understand their child’s development.
- *Community Partners* – Our Community Partners program provides home-based case management which helps families become self-sufficient by utilizing the resources available in the community.
- *Brain Train* – Our Brain Train program provides a family-friendly play environment that supports healthy brain development in infants and young children.
- *Tech Crossing* – Tech Crossing is a newly developed program that works in conjunction with Brain Train program. This program helps educate our community preschoolers and their families in computer literacy and technology skills to ensure they are prepared for kindergarten.

Significant Accounting Policies:

*Method of Presentation:*

As discussed further in Note 2, the Organization is controlled by and related to Family and Children’s Center, Inc. Our financial statements present our financial position, results from operations, and cash flows only and do not include the accounts of Family and Children’s Center, Inc. or its other affiliates.

*Use of Estimates:*

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Significant estimates used in the accompanying financial statements include-

- Revenue recognized on grants from governmental agencies that are governed by administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The allocations of costs among functions, which are based on time, facility usage studies, and other cost allocation methods.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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*Net Asset Classes:*

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 restrictions.
- *Net assets with donor restrictions* – Net assets subject to donor-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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity; however, to date, we have not received any such net assets. 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, we report the contribution or support without restriction.

*Cash and Cash Equivalents:*

We consider highly liquid financial instruments with original maturities of three months or less and that are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents.

*Promises to Give:*

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value, using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written-off when deemed uncollectable.

*Property and Equipment:*

Property and equipment is stated at cost if acquired, or at fair market value at the date of receipt if donated, less accumulated depreciation and less any required impairment allowance. Depreciation is recorded by the straight-line method over the estimated useful lives of the assets, which generally is 7 years for furniture and office equipment.

We review the carrying values of property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent that carrying value exceeds the fair value of the assets. We considered no such assets to be impaired in 2023 or 2022.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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*Leases:*

Lease assets represent our right to use an underlying asset for the lease term. Lease assets are recognized at the present value of future minimum lease payments over the lease term as of the commencement date, plus initial direct costs incurred and lease payments made, less any lease incentives received. Lease liabilities represent our contractual obligation to make lease payments. Lease liabilities are recognized at the present value of the future minimum lease payments over the lease term as of the commencement date.

We determine if an arrangement contains a lease at inception. If an arrangement is considered a lease, we determine at the commencement date whether the lease is an operating lease or a finance lease. Finance leases are leases that meet any of the following criteria –

- The lease transfers ownership of the underlying asset at the end of the lease term.
- The lessee is reasonably certain to exercise an option to purchase an underlying asset.
- The lease term is for the major part of the remaining economic life of the underlying leased asset.
- The present value of the sum of the lease payments and any additional residual value guarantee by the lessee equals or exceeds substantially all of the fair value of the underlying asset.
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

A lease that does not meet any of these criteria is considered to be an operating lease. After the commencement date, lease costs for an operating lease are recognized over the remaining lease term on a straight-line basis, while lease costs for a finance lease is based on the depreciation of the leased asset and interest on the lease liability. Leases with an initial term of twelve months or less are short-term leases, which are not recorded in the accompanying statements of financial position unless the lease contains a purchase or renewal option that is reasonably certain to be exercised. Lease costs related to short-term leases are recognized on a straight-line basis over the lease term.

Determinations with respect to lease term (including any extensions), discount rate, variable lease costs, and future minimum lease payments require the use of judgment based on the facts and circumstances related to each lease. We consider various factors, including economic incentives and penalties and business need, to determine the likelihood that a renewal option will be exercised. Unless a renewal option is reasonably certain to be exercised, the initial non-cancelable lease term is used. We use our prevailing bank borrowing rates at the inception of each lease to determine the present value of future minimum lease payments.

*Beneficial Interests in Assets Held by Others:*

We recognize our beneficial interests in assets held by others unless the donor has granted the recipient organization variance power. However, if we are both the donor and the beneficiary of the assets, those rights are recognized even if the recipient organization has been granted variance power.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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*Revenue and Revenue Recognition:*

*Grants and contributions-*

Grants under cost-reimbursable and unit-based grants are recognized as revenue when allowable expenditures are incurred or units are completed. Amounts received in advance of incurring allowable costs are reported as refundable grant advances in the statement of financial position. Other types of grants and contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. We consider all contributions to be available for unrestricted use unless specifically restricted by the donor. However, if a restriction is fulfilled in the same time period in which the contribution is received, we report the support as unrestricted. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Grants and contributions expected to be collected within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the periods in which the promises are received. Amortization of the discounts is included in revenues. Conditional promises to give are not recognized as revenues until the conditions are substantially met.

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. Our policy is to sell donated securities as soon as practical after receipt. Contributions of property and equipment are recorded at fair value at the date of contribution and are reported as increases in net assets without donor restrictions unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as net assets with donor restrictions. Absent donor stipulations regarding how long such donated assets must be maintained, we report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. We reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated, are recorded at their fair value in the period received. No amounts for contributed services were recognized in the accompanying financial statements; however, a substantial number of unpaid volunteers make significant contributions of their time to us that do not meet the requirements to be recognized in the financial statements.

*Special events-*

Sponsorships for special events are treated as contributions and recognized when received or promised. Amounts received in advance of sponsored events are reported as net assets with donor restrictions until the events occur.

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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*Functional Allocation of Expenses:*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function and report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries, payroll taxes, retirement, insurance benefits, program supplies, food, telephone, staff development, public relations, postage, office supplies, professional fees, and other, which are allocated on the basis of estimates of time and effort or other factors driving expenses.

*Advertising Costs:*

Advertising costs are expensed when incurred. Advertising expense was \$142 and \$-0- for the years ended December 31, 2023 and 2022, respectively.

*Income Taxes:*

We are exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for tax on income derived from business activities that are unrelated to our exempt purpose. We have been determined to not be a private foundation under Internal Revenue Code Section 509(a)(1).

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include our tax-exempt status and positions related to the potential sources of unrelated business taxable income. We have not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. We classify interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There is no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2023 or 2022, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. We are no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to December 31, 2020.

*Financial Instruments and Credit Risk:*

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, local individuals, and others supportive of our mission.

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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*Subsequent Events:*

We have evaluated events occurring subsequent to December 31, 2023 for possible adjustment to the financial statements or disclosure through June 27, 2024, the date the financial statements were available to be issued.

**NOTE 2. RELATED PARTY INFORMATION**

We are related through common control, management, and purpose to the following nonprofit organizations (collectively, the affiliates):

- *Boys and Girls Club of St. Joseph County, Inc.*, which provides programs that enable young people to reach their full potential as productive, caring, and responsible adults.
- *Family and Children’s Center, Inc.*, which provides leadership and mission support services to the affiliates.
- *Family and Children’s Center Foundation, Inc.*, which provides financial support to the affiliates.

Family and Children’s Center, Inc. controls the affiliates through direct and indirect voting control of the Boards of Directors. All members of our Board of Directors must be approved by the Family and Children’s Center, Inc. Board, and up to one-half of our Board members may be appointed by the Family and Children’s Center, Inc. Board. In addition, the Family and Children’s Center’s Board of Directors must include at least one member from each affiliate’s Board of Directors, and the number of members of that Board who are not members of affiliates’ Boards cannot exceed one-half of the number of members who are members of affiliates’ Boards.

At December 31, 2023 and 2022, we were owed \$1,551 and \$4,133, respectively, from affiliates, which is reported as such in the statements of financial position. We received grants of \$105,559 and \$210,224 from Family and Children’s Center Foundation, Inc., and grants of \$-0- and \$100,000 from Family and Children’s Center, Inc., in 2023 and 2022, respectively. Promises to give at December 31, 2022 include \$50,000 due from Family and Children’s Center, Inc. and \$50,000 due from Family & Children’s Center Foundation, Inc. for grant commitments made to us in 2022.

**NOTE 3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of December 31, 2023 and 2022, respectively, are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 246,816	\$ 452,112
Promises to give	282,231	265,184
Due from affiliates	<u>1,551</u>	<u>4,133</u>
<i>Total financial assets available for general expenditure</i>	<u>\$ 530,598</u>	<u>\$ 721,429</u>

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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**NOTE 4. PROMISES TO GIVE**

Promises to give at both December 31, 2023 and 2022 consist of amounts due from grants for which the conditions have been met. All amounts are due within one year, and no allowance for uncollectables was considered necessary.

At December 31, 2023, we had received approximately \$2.700,000 in conditional promises to give under fee-for-service government grants. Such promises will be recognized as revenue if and when allowable services are provided.

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Furniture and office equipment	\$ 20,344	\$ 20,344
Less accumulated depreciation	<u>(15,985)</u>	<u>(13,078)</u>
<i>Net property and equipment</i>	<u>\$ 4,359</u>	<u>\$ 7,266</u>

**NOTE 6. NET ASSETS INFORMATION**

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purposes:		
Healthy Families Special Supplies	\$ 3,600	\$ 4,825
Emergency and safety supplies	41,917	25,262
Brain Train	5,263	16,945
Tech Crossing program	40,378	50,195
Craft supplies	-	910
Breast feeding supplies	2,886	-
Diapers and wipes	<u>718</u>	<u>-</u>
	<u>94,762</u>	<u>98,137</u>
Subject to passage of time:		
Family and Children's Center Foundation, Inc.	-	50,000
Family and Children's Center, Inc.	<u>-</u>	<u>50,000</u>
	<u>-</u>	<u>100,000</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 94,762</u>	<u>\$ 198,137</u>

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022, respectively:

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
Purpose restrictions satisfied:		
Healthy Families program	\$ 4,825	\$ 14,793
	-	147
Read Baby Read		
	-	1,018
Purchase of laptop computers		
	36,062	13,455
Brain Train		
	15,845	18,695
Emergency and safety supplies		
	14,817	19,674
Tech Crossing program		
	-	12,000
Grant writer		
	<u>1,706</u>	<u>2,320</u>
Other		
	73,255	82,102
Passage of time	<u>100,000</u>	<u>-</u>
<i>Total net assets released from restrictions</i>	<u>\$ 173,255</u>	<u>\$ 82,102</u>

**NOTE 7. COMMUNITY FOUNDATION ENDOWMENT**

Community Foundation of St. Joseph County, Inc. (the Community Foundation) receives donations that are invested to provide income to us. The amount of income distributed is based upon Community Foundation's current spending policy and the amount of funds designated for the Society. Because the donations were from third-party donors who granted Community Foundation granted variance power over the assets, such assets are not reported in the accompanying statements of financial position.

We are the beneficiary of a fund held by the Community Foundation, which had a fair value of \$41,485 and \$38,519 at December 31, 2023 and 2022, respectively. We received contributions from this fund of \$2,036 and \$1,968 for the years ended December 31, 2023 and 2022, respectively, which are included in contributions revenue in the accompanying statements of activities.

**NOTE 8. DEBT GUARANTEE AND CONTINGENCIES**

*Debt Guarantee:*

We and Family and Children’s Center Foundation, Inc. guarantee a \$1,100,000 bank line of credit for Family and Children’s Center, Inc. with an outstanding balance of \$-0- at both December 31, 2023 and 2022. No liability has been recorded for this guarantee because management does not believe it is probable that we will have to fulfill the guarantee.

*Contingencies:*

We are involved in disputes or legal actions arising in the ordinary course of business. We do

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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not believe the outcome of such legal actions will have a material adverse effect on our financial position or results of operations.

**NOTE 9. LEASE INFORMATION**

We lease our primary facility under an operating lease that expires in March 2030. The lease contains an option to renew for an additional five-year term through March 2035, but we have not made a determination for renewal. We also lease for space at a local community center under an agreement that expires in October 2025.

The following provides quantitative information about our leases as of and for the years ended December 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Statements of financial position line items:		
Right-of-use assets:		
Operating leases	<u>\$ 693,633</u>	<u>\$ 770,612</u>
Lease liabilities:		
Operating leases	<u>\$ 685,017</u>	<u>\$ 761,996</u>
Lease cost components in statements of activities:		
Operating lease costs	<u>\$ 123,493</u>	<u>\$ 114,065</u>
Cash flows information:		
Operating cash flows from operating leases	<u>\$ 123,493</u>	<u>\$ 114,065</u>
Weighted-average remaining lease term (in years):		
Operating leases	<u>7.3</u>	<u>5.0</u>
Discount rate applied	<u>7.0%</u>	<u>7.0%</u>

Following is a maturity analysis by year of annual undiscounted cash flows for lease liabilities at December 31, 2023:

2024	\$ 128,138
2025	131,742
2026	132,925
2027	136,975
2028	141,105
Thereafter	<u>181,535</u>
<i>Totals</i>	852,420
Less imputed interest	<u>(167,403)</u>
<i>Discounted lease liability</i>	<u>\$ 685,017</u>

**NOTE 10. RETIREMENT PLAN**

Family and Children’s Center, Inc. maintains a defined-contribution retirement pension plan under

**FAMILY & CHILDREN'S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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Internal Revenue Code Section 401(k) covering substantially all of the full-time employees within the controlled group. Employer contributions are based on 5% (3% prior to June 2022) of eligible compensation. Our retirement expense was \$33,225 and \$29,480 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 11. CONCENTRATIONS**

All of our programs and activities occur in St. Joseph County, Indiana and the surrounding area; consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended December 31, 2023 and 2022, approximately 70% and 64%, respectively, of total support and revenues were earned from the Indiana Department of Child Services under two grants. For the year ended December 21, 2022, approximately 19% of total revenues were from grants from affiliates.

Financial instruments that expose us to concentrations of credit risk consist primarily of cash and cash equivalents and promises to give. We have cash on deposit with financial institutions that, at times, may exceed the federal insurance limits. At December 31, 2023, we had no deposits that exceeded the federal deposit insurance coverage limit. At December 31, 2022, we had deposits at two financial institutions that exceeded the federal deposit insurance coverage limit by approximately \$60,000. At December 31, 2023 and 2022, approximately 83% and 54%, respectively, of promises to give were due from the Indiana Department of Child Services. At December 31, 2022, approximately 19% and 19% of promises to give were due from Family and Children's Center, Inc. and Family and Children's Center Foundation, Inc., respectively.



**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
Year Ended December 31, 2023

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and nonfederal awards (the Schedule) includes the federal and nonfederal award activity of Family & Children’s Center Counseling and Development Services, Inc. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* issued by the Indiana State Board of Accounts. Because the Schedule presents only a selected portion of the operations of Family & Children’s Center Counseling and Development Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family & Children’s Center Counseling and Development Services, Inc.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

Family & Children’s Center Counseling and Development Services, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4. FAIR MARKET VALUE OF DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)**

During 2023, Family & Children’s Center Counseling and Development Services, Inc. did not receive donated personal protective equipment from federal sources.



Audit, Accounting, Tax & Advisory

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## **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 & Children’s Center Counseling and Development Services, Inc.  
South Bend, Indiana

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 (*Government Auditing Standards*), the financial statements of Family & Children’s Center Counseling and Development Services, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 27, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Family & Children’s Center Counseling and Development Services, Inc.’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 & Children’s Center Counseling and Development Services, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Family & Children’s Center Counseling and Development Services, Inc.’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2023-001, that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Family & Children’s Center Counseling and Development Services, Inc.’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*.

### **Entity's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on Family & Children's Center Counseling and Development Services, Inc.'s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Family & Children's Center Counseling and Development Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Family & Children's Center Counseling and Development Services, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family & Children's Center Counseling and Development Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

# DWC CPAs LLC

South Bend, Indiana  
June 27, 2024



Audit, Accounting, Tax & Advisory

3454 Douglas Rd., Suite 100  
South Bend, IN 46635  
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AICPA Member

## **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Family & Children’s Center Counseling and Development Services, Inc.  
South Bend, Indiana

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Family & Children’s Center Counseling and Development Services, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Family & Children’s Center Counseling and Development Services, Inc.’s major federal programs for the year ended December 31, 2023. Family & Children’s Center Counseling and Development Services, Inc.’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family & Children’s Center Counseling and Development Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family & Children’s Center Counseling and Development, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Family & Children’s Center Counseling and Development, Inc.’s compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family & Children’s Center Counseling and Development Services, Inc.’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family & Children's Center Counseling and Development Services, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family & Children's Center Counseling and Development Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Family & Children's Center Counseling and Development Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Family & Children's Center Counseling and Development Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Family & Children's Center Counseling and Development Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal

control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

# DWC CPAs LLC

South Bend, Indiana  
June 27, 2024

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2023

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**Section I – Summary of Auditor’s Results**

*FINANCIAL STATEMENTS*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America- Unmodified

Internal control over financial reporting-

- Material weakness identified? Yes
- Significant deficiencies identified? No

Noncompliance material to the financial statements noted? No

*FEDERAL AWARDS*

Internal control over major federal programs-

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor’s report issued on compliance for major federal programs- Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs-

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.870	Maternal, Infant and Early Childhood Home Visiting Grant

Dollar threshold used to distinguish between type A and type B programs- \$750,000

Auditee qualified as low-risk auditee? Yes

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2023

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**Section I – Summary of Auditor’s Results**

*FINANCIAL STATEMENTS*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America- Unmodified

Internal control over financial reporting-

- Material weakness identified? Yes
- Significant deficiencies identified? No

Noncompliance material to the financial statements noted? No

*FEDERAL AWARDS*

Internal control over major federal programs-

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor’s report issued on compliance for major federal programs- Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs-

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.870	Maternal, Infant and Early Childhood Home Visiting Grant

Dollar threshold used to distinguish between type A and type B programs- \$750,000

Auditee qualified as low-risk auditee? Yes

**FAMILY & CHILDREN’S CENTER COUNSELING AND DEVELOPMENT SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2023

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**Section II - Financial Statement Findings**

FINDING 2023-001

MATERIAL WEAKNESS

*Condition:* In 2023, there was an inadequate segregation of accounting duties. The Director of Business Operations performed most accounting functions without anyone else reviewing bank statements and canceled checks, bank reconciliations, or general journal entries. Independent reviews of the Organization’s bank statements and canceled checks, bank reconciliations, or general journal entries, which are a mitigating control for a lack of segregation of accounting duties and which had been performed by a volunteer in prior years, were not performed in 2023.

*Criteria:* §200.302(b)(4) of the Uniform Guidance requires that a recipient’s financial management system shall provide “...effective control over, and accountability for, all funds, property and other assets. The non-federal entity must adequately safeguard all such assets and assure they are used solely for authorized purposes.” The *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, a commonly used framework for internal control, cites an adequate segregation of duties numerous times as being critical to effective internal control. An incompatible duty is one that would put a single individual in the position of being able to commit an irregularity and then conceal it. In practice, three types of functions are considered to be mutually incompatible: authorization, record keeping, and custody. Thus, no single individual should be able to (1) authorize a transaction, (2) record the transaction in the accounting records, and (3) maintain custody of the assets resulting from the transaction. When these functions cannot be separated, due to limited personnel, a detailed supervisory review of related activities may be used as a compensating control activity.

*Cause:* The person previously performing an independent review of bank statements and canceled checks, bank reconciliations, and general journal entries left the area, and a replacement was not engaged by the Board of Directors to perform such reviews.

*Effect or Potential Effect:* There was an inadequate segregation of duties that was not mitigated, which could lead to one person perpetrating and concealing errors.

*Recommendations:* We recommend that the Board of Directors engage a knowledgeable person to perform independent reviews of bank statements and canceled checks, bank reconciliations, and general journal entries on a timely basis.

*Views of Responsible Officials and Planned Corrective Action:* The Board of Directors will engage a knowledgeable and independent volunteer to perform the reviews.

**Section III – Federal Award Findings and Questioned Costs**

There were no findings or questioned costs in the major federal award programs audit.



## CORRECTIVE ACTION PLAN

Family & Children's Center Counseling and Development Services, Inc. respectfully submits the following corrective plan for the year ended December 31, 2023.

*Name and address of independent public accounting firm:* DWC CPAs, LLC, 3454 Douglas Road, Suite 100, South Bend, IN 46635.

*Audit period:* January 1 to December 31, 2023.

The finding from the December 31, 2023 schedule of findings and questioned costs is discussed below.

### **Section II - Financial Statement Findings**

#### MATERIAL WEAKNESS

##### FINDING 2023-001 – INADEQUATE SEGREGATION OF ACCOUNTING DUTIES

*Recommendations:* The auditor recommends that the Board of Directors engage a knowledgeable person to perform independent reviews of bank statements and canceled checks, bank reconciliations, and general journal entries on a timely basis.

*Action Taken:* The Board of Directors will engage a knowledgeable and independent volunteer to perform the reviews.

If there are questions regarding this plan, please contact Mark Mullaney either (574) 968-9660 or [mmullaney@fccin.org](mailto:mmullaney@fccin.org)

Sincerely,

Mark P. Mullaney  
Director of Business Operations



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2023**

**Section II – Financial Statement Findings**

**FINDING 2023-001**

**SIGNIFICANT DEFICIENCY**

*Condition:* The finding was that independent reviews of the Organization's bank statements and canceled checks, bank reconciliations, or general journal entries, which are a mitigating control for a lack of segregation of accounting duties, were not performed. The Director of Business Operations for Family & Children's Center performed most accounting functions without anyone else reviewing bank statements and canceled checks, bank reconciliations, or general journal entries.

*Recommendations:* The auditor recommended that the Board of Directors actively engage a person to perform the independent reviews on a timely basis.

*Current status:* The financial compliance volunteer moved out of town, but the agency set up remote access to the general ledger and hoped the volunteer would continue to perform the duties remotely. However, this arrangement apparently did not work out for the volunteer to continue this work. The Board of Directors will engage a new knowledgeable and independent volunteer to perform the reviews going forward.