FAMILY PRESERVATION AND STRENGTHENING SERVICES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

FAMILY PRESERVATION AND STRENGTHENING SERVICES

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Financial statements

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF ACTIVITIES

Year ended December 31,		**2017**		2016
Support and revenue:				
Contributions	$	**106,631**	$	145,174
Grant from Shelter House		**54,581**		86,810
Grant from Fairfax County		**181,093**		141,314
Other income		**16,602**		42,114
Fundraising events		**16,906**		24,019
Total support and revenue		**375,813**		439,431
Expenses:				
Family Assistance expenses		**247,958**		312,283
General & Administrative expenses		**89,175**		98,177
Fundraising expenses		**49,348**		44,356
Depreciation		**1,956**		2,353
Total expenses		**388,437**		457,169
Increase (decrease) in net assets	$	**(12,624)**	$	(17,738)

See accompanying notes and independent auditors' report.

FAMILY STRENGTHENING AND PRESERVATION SERVICES

STATEMENTS OF FINANCIAL POSITION

December 31,		**2017**		2016
Assets				
Current assets:				
Cash in bank	**$**	**155,230**	$	163,087
Contributions receivable		**5,000**		6,072
Grant receivable		**5,462**		8,620
Other receivable		**-**		3,174
Prepaid expenses		**1,524**		1,743
Total current assets		**167,216**		182,696
Property and equipment:				
Furniture and equipment		**12,041**		12,041
Computer equipment		**6,762**		6,762
		18,803		18,803
Less: accumulated depreciation		**(16,264)**		(14,308)
		2,539		4,495
Total assets	**$**	**169,755**	$	187,191
Liabilities and net assets				
Current liabilities:				
Accounts payable	**$**	**6,056**	$	11,587
Payroll liabilities		**320**		915
Accrued vacation		**5,051**		3,737
Total current liabilities		**11,427**		16,239
Net assets:				
Unrestricted		**158,328**		170,952
Total net assets		**158,328**		170,952
Total liabilities and net assets	**$**	**169,755**	$	187,191

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CHANGES IN NET ASSETS

Net assets, *December 31, 2015*	**$**	**188,690**
Decrease in net assets		**(17,738)**
Net assets, *December 31, 2016*	**$**	**170,952**
Decrease in net assets		**(12,624)**
Net assets, *December 31, 2017*	**$**	**158,328**

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CASH FLOWS

Year ended December 31,	**2017**	2016
Cash flows from operating activities:		
Change in net assets	**$ (12,624)**	$ (17,738)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**1,956**	2,353
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	**7,404**	(13,586)
(Increase) decrease in prepaid expenses	**219**	(988)
Increase (decrease) in accounts payable	**(5,531)**	6,717
Increase (decrease) in refundable advance	**-**	(7,515)
Increase (decrease) in payroll liabilities	**(595)**	522
Increase (decrease) in accrued vacation	**1,314**	918
Net cash provided (used) by operating activities	**(7,857)**	(29,317)
Net cash from investing activities		
Purchase of equipment	**-**	(3,360)
Net cash used by financing activities	**-**	(3,360)
Net increase (decrease) in cash	**(7,857)**	(32,677)
Cash, *beginning of year*	**163,087**	195,764
Cash, *end of year*	**$ 155,230**	$ 163,087

See accompanying notes and independent auditors' report.

Note A - Summary of Significant Accounting Policies

Nature of Activities

Family Preservation and Strengthening Services (Family PASS) is a family assistance program combined with intensive case management whose ultimate goal is family stabilization and self-sufficiency.

Basis of Accounting

The Organization has adopted the accrual basis of accounting in conformity with the standards promulgated by the American Institute of Certified Public Accountants.

Basis of Presentation

Resources are classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. A description of the net asset categories follows:

Unrestricted net assets: To be used for continuing operations of the Organization.

Temporarily restricted net assets: Represent resources currently available for use, but expendable only for those operating purposes specified by the donor.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the income earned on any related investments is available for general or specific purposes.

Currently the Organization does not have any temporarily or permanently restricted net assets.

Cash Equivalents

For financial statement purposes the Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Depreciation

The Organization's property and equipment, which are recorded at cost, are being depreciated using the straight-line method over useful life. The Organization has a policy of expensing capital purchases and improvements which cost less than $200.

Note A - Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, no provision is made for taxes on income. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax-exempt status. The Organization's tax returns for the years 2014 through 2017 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Date of Management's Review

These financial statements considered subsequent events through March 29, 2018, the date the financial statements were available to be issued.

Note B
Contributions In-Kind

A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. The Organization has also been provided in-kind donations by various members of the community it serves. These items are not reflected in the financial statements. If the items were recorded as additional support received, there would be offsetting expenses recorded.

Note C
Grant from Fairfax County

In June 2014, the Organization was approved for a $108,000 grant from the Fairfax County Consolidated Community Funding Pool (CCFP). This grant began in July 2014 and runs through June 2016. According to the terms of the grant agreement, these funds are to be used 40% for salaries and 60% for direct assistance. The funds are paid quarterly and the grant is subject to a semi-annual review.

In June 2016, the Organization was approved for a $174,627 grant from the Fairfax County Consolidated Community Funding Pool (CCFP). This grant began in July 2016 and runs through June 2018. According to the terms of the grant agreement, these funds are to be used 40% for salaries and 60% for direct assistance. The funds are paid quarterly and the grant is subject to a semi-annual review.

Note D
Rental Agreement

In May 2017, the Organization signed a one-year non-cancelable lease for office space. The lease period is July 2017 through June 2018, becoming a month-to-month lease thereafter. The rent expense under this lease for the years ended December 31, 2017 and 2016 was $22,800 and $18,400, respectively. Future minimum lease payments for office space in 2018 will be $11,400.

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INDEPENDENT AUDITORS' REPORT

KATHY J. GEORGEN, CPA
D.H. SCARBOROUGH, CPA

To the Board of Directors of
Family Preservation and Strengthening Services

We have audited the accompanying financial statements of Family Preservation and Strengthening Services (a nonprofit Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Preservation and Strengthening Services as of December 31, 2016 and 2015, 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.

Georgen Scarborough Associates, PC
March 29, 2018