

**FAMILY PRESERVATION AND  
STRENGTHENING SERVICES**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

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# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## STATEMENTS OF ACTIVITIES

| <i>Year ended December 31,</i>                         | <b>2019</b>        | 2018       |
|--|--------------------|------------|
| <b>Support and revenue without donor restrictions:</b> |                    |            |
| Contributions  | \$ <b>122,576</b>  | \$ 253,261 |
| Grant from Shelter House                               | -                  | 3,963      |
| Grant from Fairfax County                              | <b>187,288</b>     | 188,214    |
| Case management services                               | <b>38,473</b>      | 18,862     |
| Interest income  | <b>525</b>         | 720        |
| Golf Tournament  | <b>30,875</b>      | 18,230     |
| <b>Total support and revenue</b>                       | <b>379,737</b>     | 483,250    |
| <b>Expenses:</b>                                       |                    |            |
| Family Assistance expenses                             | <b>293,161</b>     | 333,753    |
| General & Administrative expenses                      | <b>73,138</b>      | 87,179     |
| Fundraising expenses                                   | <b>50,954</b>      | 41,243     |
| Depreciation   | <b>791</b>         | 1,156      |
| <b>Total expenses</b>                                  | <b>418,044</b>     | 463,331    |
| <b>Increase (decrease) in net assets</b>               | \$ <b>(38,307)</b> | \$ 19,919  |

*See accompanying notes and independent auditors' report.*

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## STATEMENTS OF FINANCIAL POSITION

| <i>December 31,</i>                     | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>                           |                   |                   |
| <b>Current assets:</b>                  |                   |                   |
| Cash and cash equivalents               | \$ 126,701        | \$ 182,170        |
| Contributions receivable                | 10,525            | 2,000             |
| Accounts receivable                     | 7,280             | -                 |
| Other receivable                        | -                 | 540               |
| Prepaid expenses                        | 1,797             | 3,419             |
| <b>Total current assets</b>             | <b>146,303</b>    | <b>188,129</b>    |
| <b>Property and equipment:</b>          |                   |                   |
| Furniture and equipment                 | 9,585             | 12,041            |
| Computer equipment                      | 4,758             | 7,722             |
|   | <b>14,343</b>     | <b>19,763</b>     |
| Less: accumulated depreciation          | (12,453)          | (17,420)          |
|   | <b>1,890</b>      | <b>2,343</b>      |
| <b>Total assets</b>                     | <b>\$ 148,193</b> | <b>\$ 190,472</b> |
| <b>Liabilities and net assets</b>       |                   |                   |
| <b>Current liabilities:</b>             |                   |                   |
| Accounts payable                        | \$ 5,768          | \$ 8,355          |
| Payroll liabilities                     | 2,485             | 3,870             |
| <b>Total current liabilities</b>        | <b>8,253</b>      | <b>12,225</b>     |
| <b>Net assets:</b>                      |                   |                   |
| Without donor restrictions              | 139,940           | 178,247           |
| <b>Total net assets</b>                 | <b>139,940</b>    | <b>178,247</b>    |
| <b>Total liabilities and net assets</b> | <b>\$ 148,193</b> | <b>\$ 190,472</b> |

*See accompanying notes and independent auditors' report.*

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## STATEMENTS OF CHANGES IN NET ASSETS

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Net assets, December 31, 2017</b> | <b>\$ 158,328</b> |
| Increase (Decrease) in net assets    | <b>19,919</b>     |
| <b>Net assets, December 31, 2018</b> | <b>\$ 178,247</b> |
| Increase (Decrease) in net assets    | <b>(38,307)</b>   |
| <b>Net assets, December 31, 2019</b> | <b>\$ 139,940</b> |

*See accompanying notes and independent auditors' report.*

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## STATEMENTS OF CASH FLOWS

| <i>Year ended December 31,</i>  | <b>2019</b>       | 2018       |
|---|-------------------|------------|
| <b>Cash flows from operating activities:</b>  |                   |            |
| Change in net assets  | \$ (38,307)       | \$ 19,919  |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |            |
| Depreciation  | 791               | 1,156      |
| Changes in operating assets and liabilities:  |                   |            |
| (Increase) decrease in receivables  | (15,265)          | 7,922      |
| (Increase) decrease in prepaid expenses   | 1,622             | (1,895)    |
| Increase (decrease) in accounts payable   | (2,587)           | 2,299      |
| Increase (decrease) in payroll liabilities  | (1,385)           | 3,550      |
| Increase (decrease) in accrued vacation   | -                 | (5,051)    |
| <b>Net cash provided (used) by operating activities</b>                                     | <b>(55,131)</b>   | 27,900     |
| <b>Net cash from investing activities</b>   |                   |            |
| Purchase of equipment   | (338)             | (960)      |
| <b>Net cash used by financing activities</b>  | <b>(338)</b>      | (960)      |
| <b>Net increase (decrease) in cash</b>  | <b>(55,469)</b>   | 26,940     |
| <b>Cash, beginning of year</b>  | <b>182,170</b>    | 155,230    |
| <b>Cash, end of year</b>  | <b>\$ 126,701</b> | \$ 182,170 |

*See accompanying notes and independent auditors' report.*

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,

2019

|  | Family<br>Assistance | General &<br>Admin | Fundraising      | Total             |
|--|----------------------|--------------------|------------------|-------------------|
| Salaries                                   | \$ 136,673           | \$ 44,970          | \$ 26,214        | \$ 207,857        |
| Vacation accrual                           |                      |                    |                  | -                 |
| Payroll taxes                              | 10,368               | 3,413              | 1,990            | 15,771            |
| Employee benefits                          | 16,470               | 302                |                  | 16,772            |
| <b>Total salaries and related expenses</b> | <b>163,511</b>       | <b>48,685</b>      | <b>28,204</b>    | <b>240,400</b>    |
| Advertising                                |                      |                    | 48               | 48                |
| Bad debt                                   |                      |                    | 540              | 540               |
| Client housing expenses                    | 49,643               |                    |                  | 49,643            |
| Client medical expenses                    | 900                  |                    |                  | 900               |
| Client transportation expenses             | 16,235               |                    |                  | 16,235            |
| Client training and education expenses     | 17,420               |                    |                  | 17,420            |
| Client donated expenses                    | 8,817                |                    |                  | 8,817             |
| Client debt reduction expenses             | 1,575                |                    |                  | 1,575             |
| Client other expenses                      | 4,501                |                    |                  | 4,501             |
| Computer and software                      | 14                   | 702                |                  | 716               |
| Conferences and meetings                   | 1,104                | 475                | 20               | 1,599             |
| Fundraising expenses                       |                      |                    | 18,346           | 18,346            |
| Insurance                                  |                      | 3,141              |                  | 3,141             |
| Miscellaneous                              | 466                  | 379                |                  | 845               |
| Other fees                                 | 293                  | 170                | 448              | 911               |
| Office supplies                            | 199                  | 712                | 129              | 1,040             |
| Payroll fees                               | 1,021                | 437                |                  | 1,458             |
| Postage and shipping                       |                      | 752                | 429              | 1,181             |
| Printing and copying                       | 45                   |                    | 2,386            | 2,431             |
| Professional fees                          | 5,610                | 8,800              |                  | 14,410            |
| Rent and storage                           | 15,120               | 6,480              |                  | 21,600            |
| Staff development                          |                      |                    |                  | -                 |
| Subscriptions and dues                     |                      | 150                | 205              | 355               |
| Telecommunications                         | 3,769                | 1,164              |                  | 4,933             |
| Travel                                     | 2,475                | 95                 |                  | 2,570             |
| Volunteer expenses                         |                      | 275                |                  | 275               |
| Website                                    | 443                  | 721                | 199              | 1,363             |
| <b>Total</b>                               | <b>\$ 293,161</b>    | <b>\$ 73,138</b>   | <b>\$ 50,954</b> | <b>\$ 417,253</b> |

*See accompanying notes and independent auditors' report.*

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,

2018

|  | <u>Family<br/>Assistance</u> | <u>General &amp;<br/>Admin</u> | <u>Fundraising</u> | <u>Total</u>      |
|--|------------------------------|--------------------------------|--------------------|-------------------|
| Salaries                                   | \$ 170,679                   | \$ 53,202                      | \$ 25,500          | \$ 249,381        |
| Vacation accrual                           | (3,536)                      | (1,515)                        |                    | (5,051)           |
| Payroll taxes                              | 14,297                       | 6,542                          |                    | 20,839            |
| Employee benefits                          | 12,319                       | 296                            |                    | 12,615            |
| <b>Total salaries and related expenses</b> | <b>193,759</b>               | <b>58,525</b>                  | <b>25,500</b>      | <b>277,784</b>    |
| Advertising                                |                              | 90                             | 77                 | 167               |
| Bad debt                                   |                              |                                |                    | -                 |
| Client housing expenses                    | 57,228                       |                                |                    | 57,228            |
| Client medical expenses                    | 1,250                        |                                |                    | 1,250             |
| Client transportation expenses             | 8,654                        |                                |                    | 8,654             |
| Client training and education expenses     | 26,072                       |                                |                    | 26,072            |
| Client donated expenses                    | 7,634                        |                                |                    | 7,634             |
| Client debt reduction expenses             | 6,570                        |                                |                    | 6,570             |
| Client other expenses                      | 3,553                        |                                |                    | 3,553             |
| Computer and software                      | 164                          | 189                            |                    | 353               |
| Conferences and meetings                   | 1,120                        | 971                            | 230                | 2,321             |
| Fundraising expenses                       |                              | 1,074                          | 13,599             | 14,673            |
| Insurance                                  | 2,097                        | 4,123                          |                    | 6,220             |
| Miscellaneous                              | 45                           | 571                            |                    | 616               |
| Other fees                                 |                              |                                |                    | -                 |
| Office supplies                            | 111                          | 707                            | 263                | 1,081             |
| Payroll fees                               | 396                          | 940                            |                    | 1,336             |
| Postage and shipping                       |                              | 650                            | 285                | 935               |
| Printing and copying                       | 234                          |                                | 160                | 394               |
| Professional fees                          | 3,150                        | 9,350                          |                    | 12,500            |
| Rent and storage                           | 15,960                       | 6,840                          |                    | 22,800            |
| Staff development                          | 41                           |                                |                    | 41                |
| Subscriptions and dues                     |                              | 436                            |                    | 436               |
| Telecommunications                         | 3,627                        | 1,302                          |                    | 4,929             |
| Travel                                     | 1,614                        | 225                            |                    | 1,839             |
| Volunteer expenses                         |                              | 196                            |                    | 196               |
| Website                                    | 474                          | 990                            | 1,129              | 2,593             |
| <b>Total</b>                               | <b>\$ 333,753</b>            | <b>\$ 87,179</b>               | <b>\$ 41,243</b>   | <b>\$ 462,175</b> |

*See accompanying notes and independent auditors' report.*



# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note A - Summary of Significant Accounting Policies

|                                      |  |
|--------------------------------------|--|
| <b>Nature of Activities</b>          | 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.  |
| <b>Basis of Accounting</b>           | The Organization has adopted the accrual basis of accounting in conformity with the standards promulgated by the American Institute of Certified Public Accountants.   |
| <b>Net Assets</b>                    | <p>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:</p> <p><i>Net assets without donor restrictions:</i> To be used for continuing operations of the Organization.</p> <p><i>Net assets with donor restrictions:</i> Net assets with donor restrictions consist of amounts that are subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on net assets with perpetual donor restrictions. Net assets with perpetual donor restrictions consist of assets whose use is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization.</p> |
| <b>New Accounting Pronouncements</b> | The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606) and Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605), as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.   |
| <b>Cash and Cash Equivalents</b>     | For financial statement purposes the Organization considers all highly liquid investments with a maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.   |
| <b>Estimates</b>                     | 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.   |
| <b>Contributions</b>                 | 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 support with donor restrictions. When a donor 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.   |

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note A - Summary of Significant Accounting Policies (continued)

#### **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.

#### **Accounts Receivable**

The Organization's accounts receivable balance consists of amounts due for case management services. Management has determined the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2019 and 2018, the allowance is \$0. Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position.

#### **Contributions Receivable**

The Organization records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions 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 statement of activities. Management has determined the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At December 31, 2019 and 2018, the allowance is \$0.

#### **Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Revenue from contract services is recognized when case management services have been performed for a client and the invoice submitted to the contractor. Golf tournament registrations and sponsorships are recognized when the tournament has been played.

#### **Financial Instruments And Credit Risk**

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and contributions is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from case management services, other not-for-profit organizations, and individuals supportive of its mission.

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## NOTES TO FINANCIAL STATEMENTS

### 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 2015 through 2018 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

#### Functional Allocation of Expenses

The costs of conducting programs and supporting services activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringe benefits are allocated based on employee time and effort. Common costs are allocated pro-rata based on headcount or total costs incurred.

#### Date of Management's Review

These financial statements considered subsequent events through May 14, 2020, the date the financial statements were available to be issued.

### Note B

#### Contributions In-Kind

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization received contributed goods in the amount of \$8,817 and \$7,634 during the years ended December 31, 2019 and 2018, respectively.

### Note C

#### Grant from Fairfax County

In June 2016, the Organization was approved for a \$362,862 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.

In April 2018, the Organization was approved for a \$374,575 grant from the Fairfax County Consolidated Community Funding Pool (CCFP). This grant began in July 2018 and runs through June 2020. 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.

# FAMILY PRESERVATION AND STRENGTHENING SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note D

#### Rental Agreement

In July 2019, the Organization signed a one-year non-cancelable lease for office space. The lease period is July 2019 through June 2020, becoming a month-to-month lease thereafter. The rent expense under this lease for the years ended December 31, 2019 and 2018 was \$21,600 and \$22,800, respectively. Future minimum lease payments for office space in 2020 will be \$10,200.

### Note E

#### Liquidity and Availability of Resources

The following table represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2019:

|   |                          |
|---|--------------------------|
| Total assets at end of year   | <b>\$ 148,193</b>        |
| Less nonfinancial assets:   |                          |
| Prepaid expenses & deposits   | <b>1,797</b>             |
| Net property and equipment  | <b>1,890</b>             |
| <u>Total financial assets at end of year</u>                              | <u><b>\$ 144,506</b></u> |
| Total financial assets available for general expenditures within one year | <u><b>\$ 144,506</b></u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

### Note F

#### Subsequent Events

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

Subsequent to year end, the Organization applied for and was approved a \$48,917 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1% per year, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.



# GEORGEN SCARBOROUGH

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**INDEPENDENT AUDITORS' REPORT**

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

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, 2019 and 2018, and the related statements of activities, functional expenses, 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, 2019 and 2018, 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.

### **Emphasis of a Matter**

As discussed in Note F to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

*Georgen Scarborough Associates, PC*

May 14, 2020