

**FAMILY PRESERVATION AND
STRENGTHENING SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

FAMILY PRESERVATION AND STRENGTHENING SERVICES

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FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF ACTIVITIES

<i>Year ended December 31,</i>	2020	2019
Support and revenue without donor restrictions:		
Contributions	\$ 239,319	\$ 122,576
SBA PPP loan grant	48,917	-
Grants from Fairfax County	405,961	187,288
Case management services	27,970	38,473
Interest income	314	525
Golf Tournament	-	30,875
Total support and revenue	722,481	379,737
Expenses:		
Family Assistance expenses	525,521	293,161
General & Administrative expenses	76,922	73,138
Fundraising expenses	31,988	50,954
Depreciation	921	791
Total expenses	635,352	418,044
Increase (decrease) in net assets	\$ 87,129	\$ (38,307)

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF FINANCIAL POSITION

<i>December 31,</i>	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 207,751	\$ 126,701
Contributions receivable	13,865	10,525
Accounts receivable	9,250	7,280
Prepaid expenses	4,721	1,797
Total current assets	235,587	146,303
Property and equipment:		
Furniture and equipment	9,585	9,585
Computer equipment	5,149	4,758
	14,734	14,343
Less: accumulated depreciation	(13,373)	(12,453)
	1,361	1,890
Total assets	\$ 236,948	\$ 148,193
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 7,205	\$ 5,768
Payroll liabilities	2,674	2,485
Total current liabilities	9,879	8,253
Net assets:		
Without donor restrictions	227,069	139,940
Total net assets	227,069	139,940
Total liabilities and net assets	\$ 236,948	\$ 148,193

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CHANGES IN NET ASSETS

Net assets, December 31, 2018	\$ 178,247
Increase (Decrease) in net assets	(38,307)
Net assets, December 31, 2019	\$ 139,940
Increase (Decrease) in net assets	87,129
Net assets, December 31, 2020	\$ 227,069

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CASH FLOWS

<i>Year ended December 31,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 87,129	\$ (38,307)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	921	791
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,970)	(8,525)
(Increase) decrease in contributions receivable	(3,340)	(6,740)
(Increase) decrease in prepaid expenses	(2,924)	1,622
Increase (decrease) in accounts payable	1,437	(2,587)
Increase (decrease) in payroll liabilities	189	(1,385)
Net cash provided (used) by operating activities	81,442	(55,131)
Net cash from investing activities		
Purchase of equipment	(392)	(338)
Net cash used by investing activities	(392)	(338)
Net increase (decrease) in cash	81,050	(55,469)
Cash, beginning of year	126,701	182,170
Cash, end of year	\$ 207,751	\$ 126,701

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,

2020

	Family Assistance	General & Admin	Fundraising	Total
Salaries	\$ 167,644	\$ 44,460	\$ 18,948	\$ 231,052
Payroll taxes	12,806	3,397	1,447	17,650
Employee benefits	8,311	926		9,237
Total salaries and related expenses	188,761	48,783	20,395	257,939
Advertising				-
Bad debt				-
Client housing expenses	267,548			267,548
Client medical expenses	3,489			3,489
Client transportation expenses	5,198			5,198
Client training and education expenses	15,345			15,345
Client donated expenses	14,722			14,722
Client debt reduction expenses	3,218			3,218
Client other expenses	2,028			2,028
Computer and software	87	690		777
Conferences and meetings	89	216		305
Fundraising expenses			696	696
Insurance		3,141		3,141
Miscellaneous				-
Other fees	337	544	474	1,355
Office supplies	563	807	33	1,403
Payroll fees	1,056	592		1,648
Postage and shipping		238	325	563
Printing and copying	69	320	2,415	2,804
Professional fees	4,010	12,515	7,500	24,025
Rent and storage	14,280	6,120		20,400
Staff development		1,000		1,000
Subscriptions and dues			150	150
Telecommunications	3,919	1,160		5,079
Travel	275			275
Volunteer expenses				-
Website	527	796		1,323
Total	\$ 525,521	\$ 76,922	\$ 31,988	\$ 634,431

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,

2019

	<u>Family Assistance</u>	<u>General & Admin</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 136,673	\$ 44,970	\$ 26,214	\$ 207,857
Payroll taxes	10,368	3,413	1,990	15,771
Employee benefits	16,470	302		16,772
Total salaries and related expenses	163,511	48,685	28,204	240,400
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
Total	\$ 293,161	\$ 73,138	\$ 50,954	\$ 417,253

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

NOTES TO FINANCIAL STATEMENTS

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.
Net Assets	<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>
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.
Cash and Cash Equivalents	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.
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 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, 2020 and 2019, 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, 2020 and 2019, the allowance is \$0.
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.
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.
Date of Management's Review	These financial statements considered subsequent events through April 26, 2021, the date the financial statements were available to be issued.

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 2016 through 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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 \$14,722 and \$8,817 during the years ended December 31, 2020 and 2019, respectively.

Note C

Grants from Fairfax County

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.

In June 2020, the Organization was approved for a \$176,216 grant from the Fairfax County Consolidated Community Funding Pool (CCFP). This grant began in July 2020 and runs through June 2022. 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 2020, the Organization was approved for a \$200,000 grant from the Fairfax County CARES Act funding. This grant began in May 2020 and runs through December 2020. According to the terms of the grant agreement, these funds are to be used 5% for administrative expenses and 95% for direct assistance. The funds were paid in advance in two installments and the grant required monthly reporting of all expenses incurred.

In June 2020, the Organization was approved for a \$25,000 grant for nonprofit sustainability from Fairfax County. This grant began in July 2020 and runs through December 2020. According to the terms of the grant agreement, these funds are to be used for salaries and rent. The funds were paid in advance and the grant required quarterly reporting of all expenses incurred.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

NOTES TO FINANCIAL STATEMENTS

Note D

Rental Agreement

In October 2020, the Organization signed a one-year non-cancelable lease for office space. The lease period is July 2020 through June 2021, becoming a month-to-month lease thereafter. The rent expense under this lease for the years ended December 31, 2020 and 2019 was \$20,400 and \$21,600, 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 as of December 31, 2020 and 2019:

	2020	2019
Total assets at end of year	\$ 236,948	\$ 148,193
Less nonfinancial assets:		
Prepaid expenses & deposits	4,721	1,797
Net property and equipment	1,361	1,890
Total financial assets at end of year	\$ 230,866	144,506
Total financial assets available for general expenditures within one year	\$ 230,866	\$ 144,506

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

Payroll Protection Program Loan

The Organization was granted a \$48,917 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$48,917 as grant revenue for the year ended December 31, 2020.

Note G

COVID 19 Impact on the Financial Statements

As a result of the COVID-19 pandemic, in March 2020, the Organization determined that it would not be able to perform casework for their clients in person. Keeping the health and safety of its community top of mind, the Organization conducted all of their casework remotely in 2020. The Organization's operations are heavily dependent on private and public donations from individuals, churches, corporations, local government, and foundations. The outbreak has had a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress donations during calendar year 2021. As such, this may hinder the ability of the Organization to advance its mission. The Organization will continue to evaluate the financial implications of COVID-19 to the financial statements and will mitigate lost contribution revenue by implementing cost-savings strategies. The Organization has \$230,866 of financial assets available for general expenditures within one year (see Note E) and management does not foresee the need to find alternative sources of revenue or financing.



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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, 2020 and 2019, 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, 2020 and 2019, 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 G 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.


April 26, 2021