

**FAMILY PRESERVATION AND
STRENGTHENING SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

FAMILY PRESERVATION AND STRENGTHENING SERVICES

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FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF ACTIVITIES

<i>Year ended December 31,</i>	2018	2017
Support and revenue without donor restrictions:		
Contributions	\$ 231,662	\$ 106,631
Grant from Shelter House	3,963	54,581
Grant from Fairfax County	188,214	181,093
Other income	18,862	16,356
Interest income	720	246
Fundraising events	39,829	16,906
Total support and revenue	483,250	375,813
Expenses:		
Family Assistance expenses	333,753	247,958
General & Administrative expenses	87,179	89,175
Fundraising expenses	41,243	49,348
Depreciation	1,156	1,956
Total expenses	463,331	388,437
Increase (decrease) in net assets	\$ 19,919	\$ (12,624)

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF FINANCIAL POSITION

December 31,	2018	2017
Assets		
Current assets:		
Cash in bank	\$ 182,170	\$ 155,230
Contributions receivable	2,000	5,000
Grant receivable	-	5,462
Other receivable	540	-
Prepaid expenses	3,419	1,524
Total current assets	188,129	167,216
Property and equipment:		
Furniture and equipment	12,041	12,041
Computer equipment	7,722	6,762
	19,763	18,803
Less: accumulated depreciation	(17,420)	(16,264)
	2,343	2,539
Total assets	\$ 190,472	\$ 169,755
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 8,355	\$ 6,056
Payroll liabilities	3,870	320
Accrued vacation	-	5,051
Total current liabilities	12,225	11,427
Net assets:		
Unrestricted	178,247	158,328
Total net assets	178,247	158,328
Total liabilities and net assets	\$ 190,472	\$ 169,755

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CHANGES IN NET ASSETS

Net assets, December 31, 2016	\$ 170,952
Decrease in net assets	(12,624)
Net assets, December 31, 2017	\$ 158,328
Increase in net assets	19,919
Net assets, December 31, 2018	\$ 178,247

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CASH FLOWS

<i>Year ended December 31,</i>	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 19,919	\$ (12,624)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,156	1,956
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	7,922	7,404
(Increase) decrease in prepaid expenses	(1,895)	219
Increase (decrease) in accounts payable	2,299	(5,531)
Increase (decrease) in payroll liabilities	3,550	(595)
Increase (decrease) in accrued vacation	(5,051)	1,314
Net cash provided (used) by operating activities	27,900	(7,857)
Net cash from investing activities		
Purchase of equipment	(960)	-
Net cash used by financing activities	(960)	-
Net increase (decrease) in cash	26,940	(7,857)
Cash, beginning of year	155,230	163,087
Cash, end of year	\$ 182,170	\$ 155,230

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,

2018

	Family Assistance	General & Admin	Fundraising	Total
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
Total salaries and related expenses	193,759	58,525	25,500	277,784
Advertising	-	90	77	167
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
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
Total	\$ 333,753	\$ 87,179	\$ 41,243	\$ 462,175

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.
Basis of Presentation	<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>
New Accounting Pronouncements	In 2016, Accounting Standards Update (ASU) 2016-14 was issued by the Financial Accounting Standards Board. ASU 2016-14 changes the net asset classification scheme and requires additional information regarding board designated net assets and underwater endowments, now requires expenses to be listed by function and nature, requires netting of investment expenses with investment income and disclosure of the details, the addition of qualitative and quantitative disclosures about liquidity, and eliminates the reconciliation of the indirect cash flow presentation. ASU 2016-14 becomes effective for fiscal years beginning after December 15, 2017.
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 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.
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.

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 3, 2019, 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 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.

Note D

Rental Agreement

In May 2018, the Organization signed a one-year non-cancelable lease for office space. The lease period is July 2018 through June 2019, becoming a month-to-month lease thereafter. The rent expense under this lease for the years ended December 31, 2018 and 2017 was \$22,800 and \$22,800, respectively. Future minimum lease payments for office space in 2019 will be \$11,400.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

NOTES TO FINANCIAL STATEMENTS

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, 2018:

Total assets at end of year	\$ 190,472
Less nonfinancial assets:	
Prepaid expenses & deposits	3,419
Net property and equipment	2,343
<u>Total financial assets at end of year</u>	<u>\$ 184,710</u>
Total financial assets available for general expenditures within one year	<u>\$ 184,710</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.



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

INDEPENDENT AUDITORS' REPORT

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, 2018 and 2017, 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, 2018 and 2017, 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
May 3, 2019