FAMILY PRESERVATION AND STRENGTHENING SERVICES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

FAMILY PRESERVATION AND STRENGTHENING SERVICES

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Financial statements

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF ACTIVITIES

Year ended December 31,		**2021**		2020
Support and revenue without donor restrictions:				
Contributions	**$**	**325,775**	$	220,827
In-kind donations		**24,928**		14,722
SBA PPP loan grant		**-**		48,917
Grants from Fairfax County		**573,536**		405,961
Case management services		**16,848**		27,970
Interest income		**141**		314
Fundraising events, net expenses		**32,347**		3,770
Total support and revenue		**973,575**		722,481
Expenses:				
Family Assistance expenses		**731,205**		525,521
General & Administrative expenses		**69,389**		76,922
Fundraising expenses		**50,955**		31,988
Depreciation		**1,681**		921
Total expenses		**853,230**		635,352
Increase (decrease) in net assets	**$**	**120,345**	$	87,129

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF FINANCIAL POSITION

December 31,		2021		2020
Assets				
Current assets:				
Cash and cash equivalents	$	**349,505**	$	207,751
Contributions receivable		**7,585**		13,865
Accounts receivable		**1,664**		9,250
Prepaid expenses		**15,996**		4,721
Total current assets		**374,750**		235,587
Property and equipment:				
Furniture and equipment		**9,585**		9,585
Computer equipment		**5,149**		5,149
		14,734		14,734
Less: accumulated depreciation		**(13,974)**		(13,373)
		760		1,361
Intangible Assets:				
Website		**3,535**		-
Less: amortization		**(1,080)**		-
		2,455		-
Total assets	$	**377,965**	$	236,948
Liabilities and net assets				
Current liabilities:				
Accounts payable	$	**14,756**	$	7,205
Payroll liabilities		**3,260**		2,674
Refundable advance		**12,535**		-
Total current liabilities		**30,551**		9,879
Net assets:				
Without donor restrictions		**347,414**		227,069
Total net assets		**347,414**		227,069
Total liabilities and net assets	$	**377,965**	$	236,948

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CHANGES IN NET ASSETS

Net assets, *December 31, 2019*	$	139,940
Increase (Decrease) in net assets		87,129
Net assets, *December 31, 2020*	$	227,069
Increase (Decrease) in net assets		120,345
Net assets, *December 31, 2021*	$	347,414

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENTS OF CASH FLOWS

Year ended December 31,		**2021**		2020
Cash flows from operating activities:				
Change in net assets	**$**	**120,345**	$	87,129
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**1,681**		921
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable		**7,586**		(1,970)
(Increase) decrease in contributions receivable		**6,280**		(3,340)
(Increase) decrease in prepaid expenses		**(11,275)**		(2,924)
Increase (decrease) in accounts payable		**7,551**		1,437
Increase (decrease) in refundable advance		**12,535**		-
Increase (decrease) in payroll liabilities		**586**		189
Net cash provided (used) by operating activities		**145,289**		81,442
Net cash from investing activities				
Purchase of equipment		**-**		(392)
Purchase of website		**(3,535)**		-
Net cash used by investing activities		**(3,535)**		(392)
Net increase (decrease) in cash		**141,754**		81,050
Cash, *beginning of year*		**207,751**		126,701
Cash, *end of year*	**$**	**349,505**	$	207,751

See accompanying notes and independent auditors' report.

FAMILY PRESERVATION AND STRENGTHENING SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,				**2021**
	Family Assistance	**General & Admin**	**Fundraising**	**Total**
Salaries	$ 149,096	$ 37,763	$ 13,175	$ 200,034
Payroll taxes	11,516	2,922	1,014	15,452
Employee benefits	2,813	1,083		3,896
Total salaries and related expenses	163,425	41,768	14,189	219,382
Advertising				-
Bad debt				-
Client housing expenses	484,019			484,019
Client medical expenses	508			508
Client transportation expenses	14,087			14,087
Client training and education expenses	9,118			9,118
Client donated expenses	22,709			22,709
Client debt reduction expenses	5,234			5,234
Client other expenses	3,316			3,316
Computer and software	157	594		751
Conferences and meetings				-
Fundraising expenses			520	520
Insurance		3,113		3,113
Miscellaneous	385			385
Other fees	529	531	1,135	2,195
Office supplies	202	414	25	641
Payroll fees	580	442		1,022
Postage and shippping	55	239	100	394
Printing and copying		718	1,751	2,469
Professional fees	5,975	13,395	32,500	51,870
Rent and storage	15,519	6,081		21,600
Staff development				-
Subscriptions and dues		150	375	525
Telecommunications	4,054	1,219		5,273
Travel	463			463
Volunteer expenses				-
Website	870	725	360	1,955
Total	$ 731,205	$ 69,389	$ 50,955	$ 851,549

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 shippping		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.

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

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:

Net assets without donor restrictions: To be used for continuing operations of the Organization.

Net assets with donor restrictions: 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.

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. Fundraising event income that consists of registration fees and sponsorships are recognized at the conclusion of the event.

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.

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, 2021 and 2020, the allowance is $0. Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements 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, 2021 and 2020, 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. The cash held in the bank exceeded the $250,000 amount insured by the FDIC at December 31, 2021 by $94,056. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and contributions receivable 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 May 5, 2022, the date the financial statements were available to be issued.

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 2017 through 2020 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 $24,928 and $14,722 during the years ended December 31, 2021 and 2020, respectively.

Note C

Grants from Fairfax County

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 May 2021, the Organization was approved for an additional $36,000 to be used during the period May through December 2021.

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.

In April 2021, the Organization was approved for a $373,854 grant from the Fairfax County Board of Supervisors Emergency Rental Assistance program. This grant began in April 2021 and runs through September 2021. According to the terms of the grant agreement, these funds are to be used 10% for administrative expenses and 90% for direct assistance. The funds were paid in advance and the grant required monthly reporting of all expenses incurred. Any unused funds at the end of the grant period were to be returned, and are reflected in the Statements of Financial Position as a refundable advance at December 31, 2021 of $12,535.

Note D
Rental Agreement

In May 2021, the Organization signed a one-year non-cancelable lease for office space. The lease period is July 2021 through June 2022, becoming a month-to-month lease thereafter. The rent expense under this lease for the years ended December 31, 2021 and 2020 was $21,600 and $20,400, respectively. Future minimum lease payments for office space in 2022 will be $11,400.

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, 2021 and 2020:

	2021	2020
Total assets at end of year	**$ 377,965**	$ 236,948
Less nonfinancial assets:		
Prepaid expenses & deposits	**15,996**	4,721
Net equipment & intangible assets	**3,215**	1,361
Total financial assets at end of year	**$ 358,754**	$ 230,866
Total financial assets available for general expenditures within one year	**$ 358,754**	$ 230,866

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. The Organization did not apply for a PPP loan in 2021.

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 was able to resume in-person casework in 2021. 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 2022. 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 $358,754 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.

GEORGEN SCARBOROUGH

ASSOCIATES, PC

Certified Public Accountants

243 Church Street, NW • Suite 100E • Vienna, VA 22180

phone: (703) 319-3990 • *fax:* (703) 319-3995

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Family Preservation and Strengthening Services

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, 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. 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 Preservation and Strengthening Services 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 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.

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 Preservation and Strengthening Services' 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 generally accepted 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, including omissions, 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 generally accepted 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 Preservation and Strengthening Services' 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 Preservation and Strengthening Services' ability to continue as a going concern for a reasonable period of time.

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.

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.

George Scarborough Associates, PC

May 5, 2022