

**JACOB FAMILY SERVICES**

**FINANCIAL STATEMENTS**

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**DECEMBER 31, 2020**

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Jacob Family Services  
Fort Collins, Colorado

We have audited the accompanying financial statements of Jacob Family Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets and cash flows for the year 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 Jacob Family Services, as of December 31, 2020 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Davis & Co., CPAs, P.C.*

Highlands Ranch, Colorado  
June 7, 2021

**JACOB FAMILY SERVICES**  
Statement of Financial Position  
December 31, 2020  
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 383,080	\$ 226,670
Accounts receivable	43,804	81,239
Receivable from related entity	--	169,681
Prepaid expenses & deposits	<u>15,400</u>	<u>33,141</u>
	442,284	510,731
 Property and equipment, net	 <u>729</u>	 <u>959</u>
	 <u>\$443,013</u>	 <u>\$511,690</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 14,040	\$ 21,223
Accrued payroll expenses	15,101	31,797
Accrued compensated absences	<u>745</u>	<u>4,404</u>
	29,886	57,424
 Net assets		
Without restrictions	401,534	437,775
With donor restrictions	<u>11,593</u>	<u>16,491</u>
	<u>413,127</u>	<u>454,266</u>
	 <u>\$443,013</u>	 <u>\$511,690</u>

The accompanying notes are an integral part of this statement.

**JACOB FAMILY SERVICES**  
Statement of Activity and Changes in Net Assets  
For the Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 4,897	\$ 35,918
Contract service fees	624,874	854,815
Life insurance proceeds	--	257,176
Interest & other income	<u>7,744</u>	<u>1,060</u>
Total public support and revenue	637,515	1,148,969
<b>FUNCTIONAL EXPENSES</b>		
Program services	590,721	750,958
Supporting services		
General & administrative	81,918	180,958
Resource development	<u>6,015</u>	<u>7,632</u>
Total expenses	<u>678,654</u>	<u>939,548</u>
<b>Change in net assets</b>	(41,139)	209,421
<b>Net assets, beginning of year</b>	<u>454,266</u>	<u>244,845</u>
<b>Net assets, end of year</b>	<u>\$413,127</u>	<u>\$454,266</u>

The accompanying notes are an integral part of this statement.

**JACOB FAMILY SERVICES**  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>2020 Total</u>
				<u>2019 Total</u>
Personnel expenses	\$ 470,149	\$ 58,769	\$ 5,343	\$ 534,261
Occupancy costs	41,349	4,646	465	45,460
Program supplies	--	--	--	6,592
Client needs & activities	8,755	--	--	8,755
Contract & professional services	9,280	1,043	104	10,427
Travel & meetings	2,079	234	23	2,336
Insurance expense	49,302	6,094	--	55,396
Office supplies & expenses	3,355	377	38	3,770
Telephone & internet	3,721	418	42	4,181
Dues & licenses	714	87	--	801
Repairs & maintenance	1,813	224	--	2,037
Bad debt expense	--	10,000	--	10,000
Depreciation expense	<u>205</u>	<u>25</u>	<u>--</u>	<u>230</u>
Total expenses	<u>\$590,721</u>	<u>\$81,918</u>	<u>\$6,015</u>	<u>\$678,654</u>
				<u>\$939,548</u>

The accompanying notes are an integral part of this statement.

**JACOB FAMILY SERVICES**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (41,139)	\$ 209,421
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	230	230
Changes in operating assets and liabilities:		
Decrease in accounts receivable	37,435	30,583
Decrease (increase) in receivable from related entity	169,681	(7,616)
Decrease (increase) in prepaid expenses & deposits	17,741	(13,304)
(Decrease) increase in accounts payable	(7,183)	9,746
(Decrease) increase in accrued payroll expenses	(16,696)	169
(Decrease) increase in accrued compensated absences	<u>(3,659)</u>	<u>2,120</u>
Net cash provided by operating activities	<u>156,410</u>	<u>162,798</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	156,410	162,798
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>226,670</u>	<u>63,872</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$383,080</u>	<u>\$226,670</u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest income – cash basis	<u>\$7,314</u>	<u>\$287</u>

The accompanying notes are an integral part of this statement.

**JACOB FAMILY SERVICES**  
Notes to Financial Statements  
December 31, 2020

Note 1: Organization Background and Summary of Significant Accounting Policies

a. Organization background

Jacob Family Services ("JFS") is a nonprofit corporation that was incorporated in the state of Colorado on January 19, 1993. The purpose of JFS is to provide a high quality and personally crafted continuum of services to abused and neglected youth and their families. Services vary based on the unique needs of each client but could include case management, mentoring, personal or family coaching, medical care, psychological therapy and counseling and providing certain related transportation needs. In order to keep programs relevant and impactful, JFS must also provide intensive and on-going training to its program staff.

Funding primarily comes through specific fee for service contracts with Larimer County. During 2020, 80% of JFS's total support came from Larimer County. Most of the rest was donations from the private sector to pay for specific client needs.

b. Financial statement presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, JFS follows the provisions of FASB ASC 958 "Financial Statements of Not-for-Profit Organizations", and is required to report information regarding its financial position and activities according to two classes of net assets, as follows:

Without restrictions - Resources not subject to donor-imposed restrictions.

With donor restrictions - Resources subject to donor-imposed restrictions that will be satisfied either by the actions of JFS or the passage of time.

c. Revenue recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted either for future periods or for specific purposes by the donor are reported as support that increases net assets with donor restrictions. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. If a donor-imposed restriction is satisfied in the same accounting fiscal year that the revenue is received, JFS reports the revenue as "without restrictions."

Contract service fees are reported as revenue in the same period that JFS fulfills its underlying obligations.

(Continued)



**JACOB FAMILY SERVICES**  
Notes to Financial Statements  
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

d. Cash and cash equivalents

For purposes of the statement of cash flows, JFS considers all demand and time deposit accounts with maturities of three months or less to be cash equivalents as long as they are not legally restricted as to withdrawal. See Note 3 regarding credit risk exposure related to cash and cash equivalents.

e. Accounts receivable

Receivables are due from Larimer County and other well-known sources. Based on historical experience, management expects them to be fully collectible and, therefore; an allowance for bad debts is not maintained. JFS's policy is to use the direct write-off method when bad debts actually occur. During the prior year, a former related entity was closed after the death of its founder and a net receivable of \$91,745 was written off as bad debt expense.

f. Property and equipment

Expenditures for property and equipment that have a useful life exceeding one year and exceed \$500 are capitalized at their historical cost and depreciated using the straight-line method and expected lives ranging from 5 years (technology) to 7 years (all other). Donated assets are also capitalized at their estimated fair value if they meet the above criteria. Cost basis and accumulated depreciation at December 31, 2020 was \$1,150 and \$421, respectively. Depreciation expense for the year ended December 31, 2020 was \$230.

g. Donated services, assets and use of space

JFS periodically relies on the services of volunteers to carry out its mission and records all services which are significant, require technical expertise and would have been purchased if not received via donation. No services met these criteria during either the current or prior year.

Similarly, donated assets and use of space are recorded at fair value if they are significant and otherwise would have been purchased if not received by donation. No items of significance met these criteria during either the current or prior year.

h. Estimates

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

i. Accrued compensated absences

As required by USGAAP, JFS accrues compensated absences such as vacation when earned. The liabilities of \$745 and \$4,404 at December 31, 2020 and 2019, respectively, are recorded herein.

(Continued)

**JACOB FAMILY SERVICES**  
Notes to Financial Statements  
December 31, 2020

Note 1: Summary of significant accounting policies (continued)

j. Functional expenses

Expenses directly identified with a program or supporting service functional area are charged to such area. If an expense benefits more than one area, it is allocated based on the estimated time expended, square footage or another reasonable basis.

k. Tax status

JFS is exempt from federal and state income taxes under IRS Code Section 501(c)(3), has no items of unrelated income, and believes it has complied with all requirements necessary to maintain its tax exemption.

l. Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class, which does not constitute a presentation in conformity with USGAAP. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

m. Subsequent events

Management has evaluated subsequent events through June 7, 2021, the date the auditor's opinion on these financial statements was available for issuance.

Note 2: Lease Commitment and Related Party Disclosures

JFS leased its office space in Fort Collins, Colorado during January 1, 2019 through September 30, 2020 from an entity controlled by the spouse of its former Executive Director, who passed away on January 4, 2019. The lease was on an informal month-to-month basis for \$2,500 per month and certain operating expenses. The lease was formally renewed for a five year period commencing on October 1, 2020. Under the new lease JFS pays a monthly base rent and is responsible for all operating expenses. The minimum monthly base rents required over the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 27,000
2022	30,900
2023	31,824
2024	32,784
2025 (9 months)	<u>25,326</u>
	<u>\$147,834</u>

The \$169,681 owed to JFS by the same entity at December 31, 2019 was received in full on May 12, 2020, along with accrued interest of \$6,796.

(Continued)

**JACOB FAMILY SERVICES**  
Notes to Financial Statements  
December 31, 2020

Note 2: Lease Commitment and Related Party Disclosures (continued)

JFS was owed \$93,514 at December 31, 2019 from another entity controlled by its' former Executive Director. A net receivable of \$91,745 was determined to be uncollectible and written off as bad debt expense during the prior year.

Note 3: Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. Due to the nature of the instruments and the payors, management does not believe any significant risks exist due to the concentrations of credit risk at December 31, 2020.

Note 4: Extraordinary Item of Support

During the previous year JFS was notified that it was the beneficiary on a life insurance contract which had been established by its former Executive Director in prior years. A payment of \$257,176 was received.

Note 5: Liquidity and Availability of Financial Resources

Management and the board of directors monitor cash flow on a monthly basis. Financial assets available for general operating expenditure within one year of the balance sheet date consist of the following current assets, less what is needed for current liabilities, as illustrated on the Statement of Financial Position, herein:

Cash and cash equivalents	\$ 383,080
Receivables, net of payables	13,918
Prepaid expenses	15,400
Less: funds needed for donor restrictions	<u>(11,593)</u>
	<u>\$400,805</u>

Note 6: Net Assets with Donor Restrictions

JFS's \$11,593 of net assets with donor restrictions at December 31, 2020 represents funds being held for client needs and assistance, per donor intent. Activity during 2020 was as follows:

<u>Donor/purpose</u>	Balance at Dec 31, <u>2019</u>	Restricted Funds <u>Received</u>	Designated <u>Interest</u>	Expenditures Satisfying <u>Restriction</u>	Balance at Dec 31, <u>2020</u>
Various – Client needs and assistance					
- Purpose restricted	<u>\$16,491</u>	<u>\$4,897</u>	<u>\$ --</u>	<u>\$(9,795)</u>	<u>\$11,593</u>