

JACOB FAMILY SERVICES

FINANCIAL STATEMENTS

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DECEMBER 31, 2021

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Member, AICPA and Colorado Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021, and the related statements of activity and changes in net assets, functional expenses and cash flows for the year 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 Jacob Family Services as of December 31, 2021 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.

Basis for Opinion

We conducted our audit 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 Jacob Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, and for 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 Jacob Family 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 Jacob Family 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 Jacob Family Services' ability to continue as a going concern for a reasonable period of time.

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.

Dawin + Co., CPAs, P.C.

Highlands Ranch, Colorado
September 14, 2022

JACOB FAMILY SERVICES
Statement of Financial Position
December 31, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 325,966	\$ 383,080
Accounts receivable	49,777	43,804
Prepaid expenses & deposits	<u>9,003</u>	<u>15,400</u>
	384,746	442,284
 Property and equipment, net	 <u>499</u>	 <u>729</u>
	 <u>\$385,245</u>	 <u>\$443,013</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 16,023	\$ 14,040
Accrued payroll expenses	3,660	15,101
Accrued compensated absences	<u>3,237</u>	<u>745</u>
	22,920	29,886
 Net assets		
Without restrictions	351,479	401,534
With donor restrictions	<u>10,846</u>	<u>11,593</u>
	<u>362,325</u>	<u>413,127</u>
	 <u>\$385,245</u>	 <u>\$443,013</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, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE		
Contributions	\$ 11,075	\$ 4,897
Contract service fees	566,335	624,874
Interest & other income	<u>220</u>	<u>7,744</u>
Total public support and revenue	577,630	637,515
FUNCTIONAL EXPENSES		
Program services	543,984	590,721
Supporting services		
General & administrative	78,790	81,918
Resource development	<u>5,658</u>	<u>6,015</u>
Total expenses	<u>628,432</u>	<u>678,654</u>
Change in net assets	(50,802)	(41,139)
Net assets, beginning of year	<u>413,127</u>	<u>454,266</u>
Net assets, end of year	<u>\$362,325</u>	<u>\$413,127</u>

The accompanying notes are an integral part of this statement.

JACOB FAMILY SERVICES
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	<u>Supporting Services</u>			2020
	<u>Program</u>	<u>General &</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>Administrative</u>		<u>Total</u>
Personnel expenses	\$ 417,146	\$ 52,143	\$ 4,740	\$ 474,029
Occupancy costs	48,405	5,439	544	54,388
Client needs, activities & outreach	12,037	10,000	--	22,037
Contract & professional services	7,563	850	85	8,498
Travel & meetings	7,074	795	79	7,948
Insurance expense	32,891	7,441	--	40,332
Office supplies & expenses	4,351	489	49	4,889
Telephone & internet	2,641	297	30	2,968
Repairs & maintenance	11,671	1,311	131	13,113
Bad debt expense	--	--	--	--
Depreciation expense	<u>205</u>	<u>25</u>	<u>--</u>	<u>230</u>
Total expenses	<u>\$543,984</u>	<u>\$78,790</u>	<u>\$5,658</u>	<u>\$628,432</u>
				<u>\$678,654</u>

The accompanying notes are an integral part of this statement.

JACOB FAMILY SERVICES
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (50,802)	\$ (41,139)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	230	230
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(5,973)	37,435
Decrease in receivable from related entity	--	169,681
Decrease in prepaid expenses & deposits	6,397	17,741
(Decrease) increase in accounts payable	1,983	(7,183)
(Decrease) in accrued payroll expenses	(11,441)	(16,696)
(Decrease) increase in accrued compensated absences	<u>2,492</u>	<u>(3,659)</u>
Net cash provided by operating activities	<u>(57,114)</u>	<u>156,410</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(57,114)	156,410
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>383,080</u>	<u>226,670</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$325,966</u>	<u>\$383,080</u>
Supplemental disclosure of cash flow information:		
Interest income – cash basis	<u>\$219</u>	<u>\$7,314</u>

The accompanying notes are an integral part of this statement.

JACOB FAMILY SERVICES
Notes to Financial Statements
December 31, 2021

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 2021, 77% of JFS's total support came from Larimer County. Most of the rest was fees from other counties or 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. (See Note 5)

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 recorded as income in the same period (a calendar month) that JFS's underlying obligations are fulfilled; and, at the amount of consideration JFS expects to receive in exchange for providing those services.

(Continued)

JACOB FAMILY SERVICES
Notes to Financial Statements
December 31, 2021

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 primarily from Larimer County and several 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.

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, 2021 was \$1,150 and \$651, respectively. Depreciation expense for the year ended December 31, 2021 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 \$3,237 and \$745 at December 31, 2021 and 2020, respectively, are recorded herein.

(Continued)

JACOB FAMILY SERVICES
Notes to Financial Statements
December 31, 2021

Note 1: Summary of significant accounting policies (continued)

j. Functional expenses

Expenses which benefit a specific program or supporting service area are charged to such area. If an expense benefits more than one area, it is allocated based on the estimated staff 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, 2020, from which the summarized information was derived.

m. Subsequent events

Management has evaluated subsequent events through September 14, 2022, the date the auditor's opinion on these financial statements was available for issuance.

Note 2: Lease Commitment and Related Party Disclosures

JFS leases its office space in Fort Collins, Colorado from the spouse of a former Executive Director. After being carried on an informal month-to-month basis for several years, the lease was formally renewed for a five year period commencing on October 1, 2020. Under this agreement JFS pays a monthly base rent and is responsible for all operating expenses. The minimum monthly base rents required over the remaining term of the lease are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 30,900
2023	31,824
2024	32,784
2025 (9 months)	<u>25,326</u>
	<u>\$120,834</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, 2021

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, 2021.

Note 4: 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	\$ 325,966
Receivables, net of payables	49,777
Prepaid expenses	9,003
Less: funds needed for donor restrictions	<u>(10,846)</u>
	<u>\$373,900</u>

Note 5: Net Assets with Donor Restrictions

JFS's \$10,846 of net assets with donor restrictions at December 31, 2021 represents funds being held for client needs and assistance, per donor intent. Activity during 2021 was as follows:

<u>Donor/purpose</u>	<u>Balance at Dec 31, 2020</u>	<u>Restricted Funds Received</u>	<u>Designated Interest</u>	<u>Expenditures Satisfying Restriction</u>	<u>Balance at Dec 31, 2021</u>
Various – Client needs and assistance					
- Purpose restricted	<u>\$11,593</u>	<u>\$10,745</u>	<u>\$ --</u>	<u>\$(11,492)</u>	<u>\$10,846</u>