

JACOB FAMILY SERVICES

FINANCIAL STATEMENTS

* * * * *

DECEMBER 31, 2022

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activity and Changes in Net Assets	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

Member, AICPA and Colorado Society of CPAs

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, 2022, 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, 2022 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
August 2, 2023

JACOB FAMILY SERVICES
Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 423,845	\$ 325,966
Accounts receivable	69,687	49,777
Prepaid expenses & deposits	<u>3,550</u>	<u>9,003</u>
	497,082	384,746
 Property and equipment, net	 <u>—</u>	 <u>499</u>
	<u>\$497,082</u>	<u>\$385,245</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 26	\$ 16,023
Accrued payroll expenses	—	3,660
Accrued compensated absences	<u>2,544</u>	<u>3,237</u>
	2,570	22,920
 Net assets		
Without restrictions	483,863	351,479
With donor restrictions	<u>10,649</u>	<u>10,846</u>
	<u>494,512</u>	<u>362,325</u>
	<u>\$497,082</u>	<u>\$385,245</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, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE		
Contributions & grants	\$ 86,466	\$ 11,075
Contract service fees	770,347	566,335
Interest income	<u>509</u>	<u>220</u>
Total public support and revenue	857,322	577,630
FUNCTIONAL EXPENSES		
Program services	637,342	543,984
Supporting services		
General & administrative	79,777	78,790
Resource development	<u>8,016</u>	<u>5,658</u>
Total expenses	<u>725,135</u>	<u>628,432</u>
Change in net assets	132,187	(50,802)
Net assets, beginning of year	<u>362,325</u>	<u>413,127</u>
Net assets, end of year	<u>\$494,512</u>	<u>\$362,325</u>

The accompanying notes are an integral part of this statement.

JACOB FAMILY SERVICES
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	<u>Supporting Services</u>			2021
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses	\$ 515,068	\$ 57,873	\$ 5,787	\$ 474,029
Occupancy costs	31,146	3,539	708	54,388
Client needs, activities & outreach	31,804	--	--	22,037
Contract & professional services	9,258	6,539	545	8,498
Travel & meetings	8,827	1,003	201	7,948
Insurance expense	19,225	7,793	--	40,332
Office supplies & expenses	10,833	1,231	246	4,889
Technology & telecommunications	7,638	898	449	2,968
Repairs & maintenance	3,543	402	80	13,113
Depreciation expense	--	499	--	230
	<u>\$637,342</u>	<u>\$79,777</u>	<u>\$8,016</u>	<u>\$628,432</u>
Total expenses			<u>\$725,135</u>	

The accompanying notes are an integral part of this statement.

JACOB FAMILY SERVICES
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 132,187	\$ (50,802)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	499	230
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(19,910)	(5,973)
Decrease in prepaid expenses & deposits	5,453	6,397
(Decrease) increase in accounts payable	(15,997)	1,983
(Decrease) in accrued payroll expenses	(3,660)	(11,441)
(Decrease) increase in accrued compensated absences	<u>(693)</u>	<u>2,492</u>
Net cash provided by operating activities	<u>97,879</u>	<u>(57,114)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	97,879	(57,114)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>325,966</u>	<u>383,080</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$423,845</u>	<u>\$325,966</u>
Supplemental disclosure of cash flow information:		
Interest income – cash basis	<u>\$509</u>	<u>\$7,314</u>

The accompanying notes are an integral part of this statement.

JACOB FAMILY SERVICES
Notes to Financial Statements
December 31, 2022

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 usually include case management, mentoring, personal or family coaching, and the provision of 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 2022, 74% 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, 2022

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 as of December 31, 2022 was \$1,150 and \$651, resulting in a net book value of \$499. Depreciation expense for the year ended December 31, 2023 was \$499, which resulted in all items being fully depreciated at December 31, 2023.

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 \$2,544 and \$3,237 at December 31, 2022 and 2021, respectively, are recorded herein.

(Continued)

JACOB FAMILY SERVICES
Notes to Financial Statements
December 31, 2022

Note 1: Summary of significant accounting policies (continued)

j. Functional expenses

Expenses which benefit a specific program or supporting service area are charged directly to such area. When an expense benefits more than one area, it is allocated based on management's estimate of the staff time expended.

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, 2021, from which the summarized information was derived.

m. Subsequent events

Management has evaluated subsequent events through August 2, 2023, 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, 2021. 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>
2023	\$ 31,824
2024	32,874
2025 (9 months)	<u>25,326</u>
	<u>\$89,934</u>

Rent expense of \$30,900 incurred under this lease during 2022 is recorded herein as the main component of "occupancy costs."

(Continued)

JACOB FAMILY SERVICES
Notes to Financial Statements
December 31, 2022

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, 2022.

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	\$ 423,845
Receivables, net of payables	67,117
Prepaid expenses	3,550
Less: funds needed for donor restrictions	<u>(10,649)</u>
	<u>\$483,863</u>

Note 5: Net Assets with Donor Restrictions

JFS's \$10,649 of net assets with donor restrictions at December 31, 2022 represents funds being held for client needs and assistance, per donor intent. Activity during 2022 was as follows:

<u>Donor/purpose</u>	Balance at Dec 31, <u>2021</u>	Restricted Funds Received	Designated Interest	Expenditures Satisfying Restriction	Balance at Dec 31, <u>2022</u>
Various – Client needs and assistance					
- Purpose restricted	<u>\$10,846</u>	<u>\$2,930</u>	<u>\$ --</u>	<u>\$(3,127)</u>	<u>\$10,649</u>