The Children's Protective Service of the Ohio Humane Society

dba FamiliesFORWARD

Financial Statements

December 31, 2020 and 2019

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
CPAs & ADVISORS

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CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD:

Report on the Financial Statements
We have audited the accompanying financial statements of The Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD (a not-for-profit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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, whether due to fraud or error.

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 The Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD as of December 31, 2020 and 2019, 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 30, 2021

The Children's Protective Service of the Ohio Humane Society
dba FamiliesFORWARD
Statements of Financial Position
December 31, 2020 and 2019

		2020	2019
Assets:			
Cash	$	119,711	42,992
Contributions receivable - United Way		302,682	342,400
Grants receivable		50,760	68,526
Investments		1,536,908	1,419,386
Furniture and fixtures, net		3,781	6,302
Other		1,023	1,023
Interest in perpetual trust		218,533	200,964
	$	2,233,398	2,081,593
Liabilities:			
Accounts payable	$	21,181	13,177
Accrued expenses		42,504	68,118
		63,685	81,295
Net assets:			
Without donor restrictions		1,609,098	1,453,853
With donor restrictions		560,615	546,445
		2,169,713	2,000,298
	$	2,233,398	2,081,593

See accompanying notes to the financial statements.

Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Contributions - United Way	$ -	319,582	319,582
Contributions and grants	691,572	22,500	714,072
Net investment return	202,522	-	202,522
Change in value of perpetual trust	-	17,569	17,569
Paycheck Protection Program grant	172,000	-	172,000
Satisfaction of restrictions	345,481	(345,481)	-
Total public support and revenue	1,411,575	14,170	1,425,745
Expenses:			
Family services	950,171	-	950,171
Management and general	275,193	-	275,193
Fundraising	30,966	-	30,966
Total expenses	1,256,330	-	1,256,330
Change in net assets	155,245	14,170	169,415
Net assets at beginning of year	1,453,853	546,445	2,000,298
Net assets at end of year	$ 1,609,098	560,615	2,169,713

Statement of Activities
Year Ended December 31, 2019

		Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:				
Contributions - United Way	$	5,506	342,400	347,906
Contributions and grants		906,256	3,081	909,337
Net investment return		293,204	-	293,204
Change in value of perpetual trust		-	18,097	18,097
Satisfaction of restrictions		342,400	(342,400)	-
Total public support and revenue		1,547,366	21,178	1,568,544
Expenses:				
Family services		1,161,442	-	1,161,442
Management and general		279,062	-	279,062
Fundraising		30,234	-	30,234
Total expenses		1,470,738	-	1,470,738
Change in net assets		76,628	21,178	97,806
Net assets at beginning of year		1,377,225	525,267	1,902,492
Net assets at end of year	$	1,453,853	546,445	2,000,298

	Program	Management and General	Fundraising	Total Expenses
Salaries	$ 502,962	117,679	24,995	645,636
Employee benefits	76,264	17,843	3,791	97,898
Payroll taxes	39,298	9,195	1,953	50,446
Total salaries and related expenses	618,524	144,717	30,739	793,980
Professional fees	127,883	100,278	-	228,161
Travel	4,014	600	-	4,614
Occupancy	36,050	4,005	-	40,055
Telephone	11,702	1,300	-	13,002
Supplies	74,790	16,130	-	90,920
Insurance	10,324	1,147	-	11,471
Postage	1,761	196	-	1,957
Family assistance	12,857	-	-	12,857
Equipment maintenance and rental	20,386	2,265	-	22,651
Staff education	837	1,148	-	1,985
Art, concerts and performances	613	-	-	613
Project costs	27,366	3,041	-	30,407
Marketing	795	114	227	1,136
	947,902	274,941	30,966	1,253,809
Depreciation	2,269	252	-	2,521
Total expenses	$ 950,171	275,193	30,966	1,256,330

Statement of Functional Expenses
Year Ended December 31, 2019

	Program	Management and General	Fundraising	Total Expenses
Salaries	$ 663,765	115,750	24,569	804,084
Employee benefits	88,380	15,412	3,271	107,063
Payroll taxes	50,403	8,789	1,866	61,058
Total salaries and related expenses	802,548	139,951	29,706	972,205
Professional fees	149,910	110,519	-	260,429
Travel	3,862	-	-	3,862
Occupancy	36,761	4,084	-	40,845
Telephone	13,578	1,509	-	15,087
Supplies	102,181	15,216	-	117,397
Insurance	10,346	1,149	-	11,495
Postage	1,718	191	-	1,909
Family assistance	7,355	-	-	7,355
Equipment maintenance and rental	17,810	1,979	-	19,789
Staff education	2,119	3,234	-	5,353
Art, concerts and performances	2,710	-	-	2,710
Project costs	7,277	809	-	8,086
Marketing	1,849	264	528	2,641
	1,160,024	278,905	30,234	1,469,163
Depreciation	1,418	157	-	1,575
Total expenses	$ 1,161,442	279,062	30,234	1,470,738

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

		2020	2019
Cash flows from operating activities:			
Change in net assets	$	169,415	97,806
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation		2,521	1,575
Net unrealized gain on investments		(174,720)	(260,519)
Change in value of perpetual trust		(17,569)	(18,097)
Effect of change in operating assets and liabilities:			
Contributions receivable - United Way		39,718	-
Grants receivable		17,766	(32,084)
Accounts payable		8,004	6,701
Accrued expenses		(25,614)	4,719
Net cash provided (used) by operating activities:		19,521	(199,899)
Cash flows from investing activities:			
Proceeds from sale of investments		85,000	258,500
Purchase of investments		(27,802)	(42,685)
Purchase of furniture and fixtures		-	(7,877)
Net cash provided by investing activities		57,198	207,938
Change in cash		76,719	8,039
Cash - beginning of year		42,992	34,953
Cash - end of year	$	119,711	42,992

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of The Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD (the “Agency”) are set forth to facilitate the understanding of data presented in the financial statements.

Nature of operations
The Agency is a not-for-profit corporation organized to help children develop into responsible, self-sufficient, and productive citizens in Cincinnati, Ohio. The Agency provides family-centered and community-based programs that promote education, social development, and safety.

Financial statement presentation
The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions which have no donor-imposed restrictions; and net assets with donor restrictions which have donor-imposed restrictions that will likely expire in the future or to be maintained perpetually.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes
For Federal tax purposes, the Agency is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. It has been determined that the Agency is not a private foundation.

The Agency’s income tax filings are subject to audit by various taxing authorities. The Agency’s policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. The Agency had no unrelated business income during the years ended December 31, 2020 and 2019.

Grants receivable
The Agency recognizes conditional gifts when the conditions are met. In the case of grants which reimburse the Agency for costs incurred or services provided, the Agency carries its receivables at contracted amounts less an allowance for doubtful accounts. On a periodic basis, the Agency evaluates its grants receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. All receivables are considered fully collectible by management. Therefore, no allowance for doubtful accounts has been provided in the financial statements.

Investments
The Agency reports investments at fair value in the statements of financial position. Donated investments are recorded at their fair value at the time of donation. Interest and dividends received net of investment expenses, and realized and unrealized gains and losses, are reported in the statements of activities as net investment return.

Furniture and fixtures and depreciation
The Agency follows the practice of capitalizing all expenditures for furniture and fixtures in excess of $1,000. Furniture and fixtures are stated at cost except for contributed items, which are recorded at the fair value on the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives (5-10 years) of the assets.

Contributions
Contributions and grants are recognized as revenue in the period the unconditional promise is made. Conditional promises are recorded as revenue when the conditions are met. Contributions and grants are recognized with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. For financial reporting purposes, the Agency records net assets with donor restrictions that are met in the same period as net assets without donor restrictions.

Functional allocation of expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Specific identification is used for direct costs when known. All other costs including salaries and related benefits, professional fees, occupancy, telephone, supplies, insurance, postage, equipment maintenance and rental and staff education expenses are allocated among family services, management and general and fundraising categories based on estimated time and effort spent by the Agency's personnel. There were no joint costs in 2020 and 2019.

Advertising expenses
Advertising costs are expensed as incurred.

Subsequent events
The Agency evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 30, 2021, the date on which the financial statements were available to be issued.

2. CONTRIBUTIONS RECEIVABLE:

The Agency has recorded contributions receivable from United Way at December 31, 2020 and 2019 representing the funds that will be received during the subsequent year.

3. FURNITURE AND FIXTURES:

Furniture and fixtures are summarized as follows at December 31:

	2020	2019
Furniture and fixtures	$ 14,242	14,242
Less accumulated depreciation	(10,461)	(7,940)
	$ 3,781	6,302

4. INTEREST IN PERPETUAL TRUST:

The Agency has an interest in a perpetual trust held by others. The Agency has legally enforceable rights or claims to such assets, including the right to trust income. Contributions from the trust have been recorded at their net present value and are reported as without donor restricted income based on the provisions of the trust documents. The change in fair value of the trust assets is reported on the statements of activities as a change in net assets with donor restrictions. The fair value of the interest in perpetual trust at December 31, 2020 and 2019 was $218,533 and $200,964, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions that are subject to passage of time consist of $302,682 and $342,400 as of December 31, 2020 and 2019, respectively.

Net assets with donor restrictions that are subject to purpose restriction consist of $39,400 and $3,081 as of December 31, 2020 and 2019, respectively.

Net assets with donor restrictions that are subject to spending policy and appropriation consist of $218,533 and $200,964, as of December 31, 2020 and 2019, respectively, related to interest in perpetual trust.

6. PAYCHECK PROTECTION PRGRAM:

In April 2020, in response to the outbreak of COVID-19, the Agency entered into a loan of $172,000 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The loan bears interest at 1% and is due in April 2022. The PPP allows for a portion of the loan (up to the full amount) to be forgiven based on qualifying expenses. The loan was considered to be a conditional contribution. During 2020, the Agency incurred qualifying expenses of $172,000 and recognized this amount in Paycheck Protection Program grant on the 2020 statement of activities. As of the issuance date of these financial statements, the Agency has yet to receive forgiveness of this loan, however, management believes the full amount will be forgiven.

In February 2021, the Agency entered into a second loan totaling $125,507 under the SBA's PPP. The loan bears interest at 1% and is due in January 2026.

7. RETIREMENT AND COMPENSATION PLANS:

The Agency has a defined contribution plan in which eligible employees may immediately participate upon hire. The Agency contributes 4% of the employee's eligible compensation for the plan year. Under this plan, retirement benefits included in the statements of functional expenses for 2020 and 2019 were $30,227 and $35,553, respectively. Of this amount, there was a profit-sharing contribution of $17,493 and $21,369 during 2020 and 2019, respectively.

8. LEASE COMMITTMENT:

The Agency leases office facilities primarily from the United Way under an operating lease that expires in December 2021. Minimum future lease payments for 2021 total $36,085. Total rent expense, including other facility expense, for 2020 and 2019 was $40,055 and $40,845, respectively.

9. CONCENTRATION OF RISK:

Approximately 36% and 38%, respectively, of the Agency's revenue for the years ended December 31, 2020 and 2019 came from contributions and program support from two organizations. The Agency is economically dependent on support from these organizations.

10. ENDOWMENT FUNDS:

Generally accepted accounting principles ("GAAP") require that the net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Agency's endowment consists of a fund established to provide investment returns to the Agency. The endowment is a board designated endowment.

Changes in endowment net assets are as follows for the years ended December 31:

	2020 Without Donor Restrictions	2019 Without Donor Restrictions
Endowment net assets at beginning of year	$ 1,419,386	1,374,682
Net investment return	202,522	293,204
Contributions	-	10,000
Appropriated for expenditures	(85,000)	(258,500)
Endowment net assets at end of year	$ 1,536,908	1,419,386

Return objectives and risk parameters
The Agency has adopted investment and spending policies for its board designated endowment fund to help ensure the long-term financial viability of the Agency and its ability to achieve its mission and to deliver its programs into the future. The endowment should provide modest growth of capital and provide income without undue exposure to risk. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index.

Strategies employed for achieving objectives
To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy
The Agency has a policy of appropriating for distribution each year four percent of the average market value over the last three years. In establishing this policy, the Agency considered the long term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Agency's objective to maintain the purchasing power of the assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. FAIR VALUE MEASUREMENTS:

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

Fair value methods and assumptions on investments in mutual funds are based on the Level 1 market approach. The interest in perpetual trust is valued on Level 3 inputs based on the underlying investments in the trust, as provided by the trust's custodians, without adjustment by management.

The following tables present the Agency's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2020 and 2019:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
December 31, 2020				
Investments – mutual funds:				
Large blend fund	$ 1,078,815	1,078,815	-	-
Intermediate core bond fund	457,966	457,966	-	-
Short term bond fund	127	127	-	-
	$ 1,536,908	1,536,908	-	-
Interest in perpetual trust	$ 218,533	-	-	218,533

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
December 31, 2019				
Investments – mutual funds:				
Large blend fund	$ 934,518	934,518	-	-
Intermediate core bond fund	474,092	474,092	-	-
Short term bond fund	10,776	10,776	-	-
	$ 1,419,386	1,419,386	-	-
Interest in perpetual trust	$ 200,964	-	-	200,964

12. LIQUIDITY DISCLOSURES:

The Agency is substantially supported by contributions and grants from donors. As part of the Agency'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.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	2020	2019
Financial assets:		
Cash	$ 119,711	42,992
Contribution receivable – United Way	302,682	342,400
Grants receivable	50,760	68,526
Investments	1,536,908	1,419,386
Interest in perpetual trust	218,533	200,964
Financial assets available at year-end	2,228,594	2,074,268
Less those unavailable for general expenditures within one year due to:		
Investments held in quasi endowment	1,536,908	1,419,386
Investments held in perpetual trust	218,533	200,964
Cash restricted by purpose	39,400	3,081
Total limitations on available resources	1,794,841	1,623,431
Financial assets available to meet cash needs for general expenditures within one year	$ 433,753	450,837

13. CONDITIONAL PROMISES TO GIVE:

During the year ended December 31, 2020, the Agency received conditional promises to give for its services at schools and to its family assistance programs, of which $248,282 has not been recorded as the conditions have not been satisfied.

14. NEW ACCOUNTING STANDARD:

In February 2016, the Financial Accounting Standards Board (FASB) issued (ASU) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Agency's year ending December 31, 2022. The Agency is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

15. RISKS AND UNCERTAINTIES:

During 2020 and continuing through the issuance of these financial statements, an outbreak of a novel strain of coronavirus (COVID-19) has disrupted operations and has impacted support and revenues of the Agency. Federal, state, and local governments have imposed orders restricting operations throughout the year and have also signed into legislation several bills aimed to provide COVID-19 pandemic relief to organizations and businesses across the United States.

Future impact of the COVID-19 pandemic on the Agency, its employees, and supporters cannot be predicted, and the extent to which the COVID-19 pandemic may impact the Agency's financial condition or results of activities is uncertain at this time. The pandemic may have an impact on overall support and revenues; however, the members of the Board and the administrative leadership team believe that the Agency has sufficient financial resources to meet obligations in the year ending December 31, 2021.