



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

Financial Statements

December 31, 2021 and 2020

(with Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees

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

Opinion

We have audited the accompanying financial statements of 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, 2021 and 2020, and the related statements of activities, functional expenses, 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 Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD 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 the 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 Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 the Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD's 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 Children's Protective Service of the Ohio Humane Society dba FamiliesFORWARD's 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 17, 2022

The Children's Protective Service of the Ohio Humane Society
 dba FamiliesFORWARD
 Statements of Financial Position
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash	\$ 81,507	119,711
Contribution receivable - United Way	-	302,682
Grants receivable	91,693	50,760
Investments	1,740,396	1,536,908
Furniture and fixtures, net	2,269	3,781
Other	4,303	1,023
Interest in perpetual trust	<u>234,310</u>	<u>218,533</u>
	\$ <u>2,154,478</u>	<u>2,233,398</u>
Liabilities:		
Accounts payable	\$ 4,856	21,181
Accrued expenses	<u>26,735</u>	<u>42,504</u>
	<u>31,591</u>	<u>63,685</u>
Net assets:		
Without donor restrictions	1,888,577	1,609,098
With donor restrictions	<u>234,310</u>	<u>560,615</u>
	<u>2,122,887</u>	<u>2,169,713</u>
	\$ <u>2,154,478</u>	<u>2,233,398</u>

See accompanying notes to the financial statements.

The Children's Protective Service of the Ohio Humane Society
 dba FamiliesFORWARD
 Statement of Activities
 Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Contributions - United Way	\$ 23,352	-	23,352
Contributions and grants	777,280	-	777,280
Net investment return	271,488	-	271,488
Change in value of perpetual trust	-	15,777	15,777
Paycheck Protection Program grant	125,507	-	125,507
Satisfaction of restrictions	<u>342,082</u>	<u>(342,082)</u>	<u>-</u>
 Total public support and revenue	 <u>1,539,709</u>	 <u>(326,305)</u>	 <u>1,213,404</u>
 Expenses:			
Family services	992,306	-	992,306
Management and general	234,631	-	234,631
Fundraising	<u>33,293</u>	<u>-</u>	<u>33,293</u>
 Total expenses	 <u>1,260,230</u>	 <u>-</u>	 <u>1,260,230</u>
 Change in net assets	 279,479	 (326,305)	 (46,826)
 Net assets at beginning of year	 <u>1,609,098</u>	 <u>560,615</u>	 <u>2,169,713</u>
 Net assets at end of year	 \$ <u>1,888,577</u>	 <u>234,310</u>	 <u>2,122,887</u>

See accompanying notes to the financial statements.

The Children's Protective Service of the Ohio Humane Society
 dba FamiliesFORWARD
 Statement of Activities
 Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>345,481</u>	<u>(345,481)</u>	<u>-</u>
 Total public support and revenue	 <u>1,411,575</u>	 <u>14,170</u>	 <u>1,425,745</u>
 Expenses:			
Family services	950,171	-	950,171
Management and general	275,193	-	275,193
Fundraising	<u>30,966</u>	<u>-</u>	<u>30,966</u>
 Total expenses	 <u>1,256,330</u>	 <u>-</u>	 <u>1,256,330</u>
 Change in net assets	 155,245	 14,170	 169,415
 Net assets at beginning of year	 <u>1,453,853</u>	 <u>546,445</u>	 <u>2,000,298</u>
 Net assets at end of year	 \$ <u>1,609,098</u>	 <u>560,615</u>	 <u>2,169,713</u>

See accompanying notes to the financial statements.

The Children's Protective Service of the Ohio Humane Society
 dba FamiliesFORWARD
 Statement of Functional Expenses
 Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 558,756	130,446	27,706	716,908
Employee benefits	63,597	14,848	3,152	81,597
Payroll taxes	<u>43,679</u>	<u>10,197</u>	<u>2,166</u>	<u>56,042</u>
Total salaries and related expenses	666,032	155,491	33,024	854,547
Professional fees	140,026	46,957	-	186,983
Travel	2,850	-	-	2,850
Occupancy	32,547	3,616	-	36,163
Telephone	13,385	1,487	-	14,872
Supplies	80,502	20,972	-	101,474
Insurance	11,193	1,244	-	12,437
Postage	1,193	133	-	1,326
Family assistance	11,751	-	-	11,751
Equipment maintenance and rental	19,546	2,172	-	21,718
Staff education	1,770	1,280	-	3,050
Art, concerts and performances	270	-	-	270
Project costs	8,937	993	-	9,930
Marketing	<u>943</u>	<u>135</u>	<u>269</u>	<u>1,347</u>
	990,945	234,480	33,293	1,258,718
Depreciation	<u>1,361</u>	<u>151</u>	<u>-</u>	<u>1,512</u>
Total expenses	\$ <u><u>992,306</u></u>	<u><u>234,631</u></u>	<u><u>33,293</u></u>	<u><u>1,260,230</u></u>

See accompanying notes to the financial statements.

The Children's Protective Service of the Ohio Humane Society
 dba FamiliesFORWARD
 Statement of Functional Expenses
 Year Ended December 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 502,962	117,679	24,995	645,636
Employee benefits	76,264	17,843	3,791	97,898
Payroll taxes	<u>39,298</u>	<u>9,195</u>	<u>1,953</u>	<u>50,446</u>
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	<u>795</u>	<u>114</u>	<u>227</u>	<u>1,136</u>
	947,902	274,941	30,966	1,253,809
Depreciation	<u>2,269</u>	<u>252</u>	<u>-</u>	<u>2,521</u>
Total expenses	\$ <u>950,171</u>	<u>275,193</u>	<u>30,966</u>	<u>1,256,330</u>

See accompanying notes to the financial statements.

The Children's Protective Service of the Ohio Humane Society
 dba FamiliesFORWARD
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (46,826)	169,415
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,512	2,521
Net realized and unrealized gain on investments	(244,980)	(174,720)
Change in value of perpetual trust	(15,777)	(17,569)
Effect of change in operating assets and liabilities:		
Contribution receivable - United Way	302,682	39,718
Grants receivable	(40,933)	17,766
Other	(3,280)	-
Accounts payable	(16,325)	8,004
Accrued expenses	<u>(15,769)</u>	<u>(25,614)</u>
Net cash provided (used) by operating activities:	<u>(79,696)</u>	<u>19,521</u>
Cash flows from investing activities:		
Proceeds from sale of investments	68,000	85,000
Purchase of investments	<u>(26,508)</u>	<u>(27,802)</u>
Net cash provided by investing activities	<u>41,492</u>	<u>57,198</u>
Change in cash	(38,204)	76,719
Cash - beginning of year	<u>119,711</u>	<u>42,992</u>
Cash - end of year	\$ <u><u>81,507</u></u>	<u><u>119,711</u></u>

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, 2021 and 2020.

Grants receivable

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 2021 and 2020.

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 17, 2022, the date on which the financial statements were available to be issued.

2. CONTRIBUTION RECEIVABLE:

The Agency has recorded a contribution receivable from United Way at December 31, 2020 representing the funds that will be received during the subsequent year. There were no contributions receivable at December 31, 2021.

3. FURNITURE AND FIXTURES:

Furniture and fixtures are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 14,242	14,242
Less accumulated depreciation	<u>(11,973)</u>	<u>(10,461)</u>
	<u>\$ 2,269</u>	<u>3,781</u>

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, 2021 and 2020 was \$234,310 and \$218,533, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions that are subject to passage of time consist of \$302,682 as of December 31, 2020. Net assets with donor restrictions that are subject to purpose restriction consist of \$39,400 as of December 31, 2020. There were no net assets with donor restrictions subject to passage of time or purpose restrictions as of December 31, 2021.

Net assets with donor restrictions that are subject to spending policy and appropriation consist of \$234,310 and \$218,533, as of December 31, 2021 and 2020, respectively, related to an interest in a perpetual trust.

6. PAYCHECK PROTECTION PROGRAM:

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 December 31, 2020, the Agency did not receive forgiveness of this loan, however, management believed the full amount would 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. During 2021, the Agency incurred qualifying expenses of \$125,507 and recognized this amount in Paycheck Protection Program grant on the 2021 statement of activities.

As of December 31, 2021, the Agency received forgiveness of both loans in full.

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 2021 and 2020 were \$24,130 and \$30,227, respectively. Of this amount, there was a profit-sharing contribution of \$14,352 and \$17,493 during 2021 and 2020, respectively.

8. LEASE COMMITMENT:

The Agency leases office facilities primarily from the United Way under an operating lease that expires in December 2022. Minimum future lease payments for 2022 total \$39,365. Total rent expense, including other facility expense, for 2021 and 2020 was \$36,163 and \$40,055, respectively.

9. CONCENTRATION OF RISK:

Approximately 37% and 36%, respectively, of the Agency's revenue for the years ended December 31, 2021 and 2020 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:

	2021	2020
	Without Donor <u>Restrictions</u>	Without Donor <u>Restrictions</u>
Endowment net assets at beginning of year	\$ 1,536,908	1,419,386
Net investment return	271,488	202,522
Appropriated for expenditures	<u>(68,000)</u>	<u>(85,000)</u>
Endowment net assets at end of year	\$ <u>1,740,396</u>	<u>1,536,908</u>

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, 2021 and 2020:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Quoted Prices</u>	<u>in Active</u>	<u>Significant</u>	<u>Significant</u>
		<u>Markets for</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Identical</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2021</u>				
Investments – mutual funds:				
Large blend fund	\$ 1,165,227	1,165,227	-	-
Intermediate core bond fund	575,065	575,065	-	-
Short term bond fund	<u>104</u>	<u>104</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,740,396</u>	<u>1,740,396</u>	<u>-</u>	<u>-</u>
Interest in perpetual trust	<u>\$ 234,310</u>	<u>-</u>	<u>-</u>	<u>234,310</u>

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

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:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 81,507	119,711
Contribution receivable – United Way	-	302,682
Grants receivable	91,693	50,760
Investments	1,740,396	1,536,908
Interest in perpetual trust	<u>234,310</u>	<u>218,533</u>
Financial assets available at year-end	<u>2,147,906</u>	<u>2,228,594</u>
Less those unavailable for general expenditures within one year due to:		
Investments held in quasi endowment	1,740,396	1,536,908
Investments held in perpetual trust	234,310	218,533
Cash restricted by purpose	<u>-</u>	<u>39,400</u>
Total limitations on available resources	<u>1,974,706</u>	<u>1,794,841</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 173,200</u>	<u>433,753</u>

13. CONDITIONAL PROMISES TO GIVE:

During the year ended December 31, 2021, the Agency received conditional promises to give for its services at schools and to its family assistance programs, of which approximately \$289,000 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 Accounting Standards Updates (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.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets*. The standard requires separate disclosure of non-financial contributed assets on the statement of activities and enhanced disclosures including the Agency's policy for valuation and monetization of contributed non-financial assets, any donor-restrictions attached to the assets. 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 2021 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, 2022.

