

NEWDAY SERVICES FOR CHILDREN AND FAMILIES

Financial Statements with Auditor's Report

For the Year Ended December 31, 2015

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884
Fax (817) 605-0074

P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors NewDay Services for Children and Families

Report on the Financial Statements

We have audited the accompanying financial statements of NewDay Services for Children and Families (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 NewDay Services for Children and Families as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Charles O. Paul

CHARLES O. PAUL, CPA
June 28, 2016

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Financial Position
December 31, 2015

ASSETS

Cash and cash equivalents	\$ 207,564
Contracts and grants receivable	21,565
Prepaid expenses	<u>1,950</u>
Total current assets	231,079
Fixed assets at cost, net of \$11,919 accumulated depreciation	<u>1,714</u>
Total Assets	<u><u>\$ 232,793</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 7,438</u>
Total current liabilities	<u>7,438</u>
Commitments and contingencies	-
Net assets:	
Unrestricted	225,355
Temporarily restricted net assets	<u>-</u>
Total net assets	<u>225,355</u>
Total Liabilities and Net Assets	<u><u>\$ 232,793</u></u>

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions and grants	\$ 331,708	\$ -	\$ 331,708
Government grants	676,725	-	676,725
Special events	77,483	-	77,483
Program fees	4,006	-	4,006
Investment income	31	-	31
Assets released from restriction	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	1,089,953	-	1,089,953
Expenses:			
Program services	939,578	-	939,578
General and administrative expense	88,114	-	88,114
Fundraising	133,492	-	133,492
	<hr/>	<hr/>	<hr/>
Total expenses	1,161,184	-	1,161,184
Increase in net assets	(71,231)	-	(71,231)
Net assets, beginning of year	296,586	-	296,586
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 225,355	\$ -	\$ 225,355
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ (71,231)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	926
Decrease (increase) in grants receivable	20,114
Decrease (increase) in prepaid expenses	(1,950)
Increase (decrease) in accounts payable and accrued liabilities	<u>(1,435)</u>
Net cash used in operating activities	<u>(53,576)</u>
Cash flows from investing activities:	
Purchase of equipment	<u>(1,142)</u>
Net cash used in investing activities	<u>(1,142)</u>
Cash flows from financing activities:	-
Net decrease in cash and cash equivalents	(54,718)
Cash and cash equivalents, beginning of year	<u>262,282</u>
Cash and cash equivalents, end of year	<u><u>\$ 207,564</u></u>
 Schedule of non-cash investing and financing activities:	
None	
 Supplemental Statement of Cash Flow information:	
Investment income received	\$ 31

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 794,551	\$ 42,501	\$ 72,828	\$ 909,880
Contract services	59,904	16,694	30,206	106,804
Curriculum supplies	2,143	-	-	2,143
Books, subscriptions and reference material	1,425	107	504	2,036
Office supplies	7,805	2,467	2,612	12,884
Postage	610	840	734	2,184
Printing and publications	1,396	3,029	3,063	7,488
Dues and memberships	700	279	12	991
Occupancy	35,178	10,418	3,878	49,474
Staff training & expenses	2,146	2,549	685	5,380
Bank charges	1,062	1,576	1,253	3,891
Travel, meals, entertainment and gifts	25,048	-	-	25,048
Insurance	3,029	1,386	-	4,415
Software	3,119	346	3,596	7,061
Technology development	-	4,380	-	4,380
Advertising and marketing	363	99	13,348	13,810
Other	1,099	517	773	2,389
			-	
Total	939,578	87,188	133,492	1,160,258
Depreciation	-	926	-	926
Total	<u>\$ 939,578</u>	<u>\$ 88,114</u>	<u>\$ 133,492</u>	<u>\$ 1,161,184</u>

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

1. Summary of Significant Accounting Policies

(a) Organization and Operations

NewDay Services for Children and Families ("The Organization") is a Texas Non-Profit Corporation. The Organization is exempt under Section 501 (c)(3) of the Internal Revenue Code. The Organization has had operations at the Family Law Center (formerly the Civil Courts) in Tarrant County, Texas since 1997 and in the Juvenile Justice Center since 2000. NewDay Services for Children and Families offers help and hope to the children and families it comes in contact with through the Tarrant County Family and Juvenile Court Systems. That help and hope comes in the form of chaplains, educational classes and resource referrals within the community to agencies and churches.

Financial support is received in the form of charitable donations from churches, businesses, community organizations & individuals. Some program support is received from foundation and government funding sources.

(b) Financial Statement Presentation

For financial reporting purposes, the Organization's net assets are grouped and reported by the following three classifications:

Unrestricted - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

Temporarily Restricted - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts.

Permanently Restricted - includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized.

(c) Pledges, Grants and Contracts Receivable

Grants receivable are composed of current grants receivable under the Organization's contracts with the various agencies and a pledge from a local individual. In the opinion of management there are no significant uncollectible accounts therefore, no allowance for doubtful accounts has been provided in these statements. Revenue under cost reimbursement grants is recognized in the period in which it is earned. Amounts collected in advance on such grants is recorded as unearned revenue in the Statement of Financial Position.

Contributions and Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions are met in the year of contribution, the amounts of temporarily restricted gifts are listed as unrestricted contributions.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

(d) Fixed Assets

Expenditures for furniture and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of contribution. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit instructions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the assets are placed into service. The Organization capitalized fixed assets over \$50 and with a useful life in excess of one year.

Equipment purchased under certain contracts retains a reversionary interest in such equipment. These purchases are not capitalized since the equipment is cost reimbursed and subject to a reversionary interest at the end of the contract.

Depreciation of fixed assets is calculated on the straight-line method over the following useful lives:

Equipment	5 years
-----------	---------

(e) Income Taxes

The Organization is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has been determined to be a public charity and not a private foundation.

(f) Functional Expenses Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(g) Contributed Services

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

(h) Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Subsequent Events

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

(k) Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board issued a pronouncement related to accounting for leases. The effect of this change will require that Organizations who enter into leases of more than twelve months record those leases as assets and liabilities. The standard is effective for the Organization's year that ends December 31, 2020. The Organization has not yet assessed the impact of this new accounting standard.

2. Fixed Assets

The composition of fixed assets at December 31, 2015 is as follows:

Equipment	\$13,633
Less accumulated depreciation	<u>11,919</u>
	<u>\$ 1,714</u>

3. Commitments and Contingencies

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

The Organization leases its offices and entered into a three separate leases which all expires in June 2016. The amount due under this lease is \$1,800 per month. The lease was extended effective July 1, 2016 with rental increasing to \$1,900 per month. In February 2014, the Organization entered into a lease for office equipment. The lease calls for minimum rental payments of \$110 per month through March 2018.

Amounts due under the leases are as follows:

2016	\$23,520
2017	1,320
2018	330

4. Concentrations

During 2015, the Organization reported revenue of \$676,725 from government contracts. Of this amount \$378,067 was from a single contract. This contract and program terminated September 30, 2015. These amounts represent 62% and 35% of total support and revenue.