

NEWDAY SERVICES FOR CHILDREN AND FAMILIES

Financial Statements with Auditor's Report

For the Year Ended December 31, 2020

Charles O. Paul

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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, 2020, 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 America. 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, 2020, 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
November 11, 2021

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Financial Position
December 31, 2020

ASSETS

Cash and cash equivalents	\$ 135,068
Contracts and grants receivable	84,134
Prepaid expenses	<u>800</u>
Total current assets	220,002
Fixed assets at cost, net of \$18,275 accumulated depreciation	<u>23,028</u>
Total Assets	<u><u>\$ 243,030</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 3,041</u>
Total current liabilities	<u>3,041</u>
Commitments and contingencies	-
Net assets:	
Without donor restrictions	192,958
With donor restrictions	<u>47,031</u>
Total net assets	<u>239,989</u>
Total Liabilities and Net Assets	<u><u>\$ 243,030</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions and grants	\$ 426,089	\$ 36,250	\$ 462,339
Government grants	480,766	-	480,766
Program fees	7,644	-	7,644
Forgiven Paycheck Protection Program note payable	190,031	-	190,031
Other income	218	-	218
Investment income	101	-	101
Assets released from restriction			
Fathers programming	122,578	(122,578)	-
Strategic planning	23,500	(23,500)	-
Spent on outside organization	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	1,250,927	(109,828)	1,141,099
Expenses:			
Program services	890,742	-	890,742
General and administrative expense	109,226	-	109,226
Fundraising	105,611	-	105,611
	<hr/>	<hr/>	<hr/>
Total expenses	1,105,579	-	1,105,579
Change in net assets	145,348	(109,828)	35,520
Net assets, beginning of year	47,610	156,859	204,469
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Net assets, end of year	<u>\$ 192,958</u>	<u>\$ 47,031</u>	<u>\$ 239,989</u>

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, 2020

Cash flows from operating activities:	
Change in net assets	\$ 35,520
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	3,124
Decrease (increase) in grants receivable	(4,804)
Decrease (increase) in prepaid expenses	1,208
Increase (decrease) in accounts payable and accrued liabilities	<u>(1,814)</u>
Net cash used in operating activities	<u>33,234</u>
Cash flows from investing activities:	
Capital expenditures	<u>(23,961)</u>
Net cash used in investing activities	<u>(23,961)</u>
Cash flows from financing activities:	-
Net change in cash and cash equivalents	9,273
Cash and cash equivalents, beginning of year	<u>125,795</u>
Cash and cash equivalents, end of year	<u><u>\$ 135,068</u></u>
 Schedule of non-cash investing and financing activities:	
None	
 Supplemental Statement of Cash Flow information:	
Investment income received	\$ 101

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, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	753,528	\$ 78,318	\$ 79,264	\$ 911,110
Contract services	35,580	1,886	1,272	38,738
Office supplies	5,511	2,313	879	8,703
Postage	522	19	327	868
Printing and publications	99	-	275	374
Dues and memberships	523	451	-	974
Occupancy	48,602	19,147	7,869	75,618
Staff training & expenses	823	684	374	1,881
Bank charges	1,363	697	897	2,957
Travel, meals, entertainment and gifts	2,191	528	-	2,719
Direct client services	3,045	-	-	3,045
Insurance	11,634	2,144	1,173	14,951
Software	4,732	164	7,809	12,705
Advertising and marketing	-	-	2,559	2,559
Strategic planning	19,659	1,936	1,905	23,500
Other	213	532	1,008	1,753
Total	888,025	108,819	105,611	1,102,455
Depreciation	2,717	407	-	3,124
Total	\$ 890,742	\$ 109,226	\$ 105,611	\$ 1,105,579

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. Most of our 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 two classifications:

Without Donor Restrictions - 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.

With Donor Restrictions - 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 and 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 several pledges from local individuals. 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 are recorded as unearned revenue in the Statement of Financial Position.

Contributions and Grants received are recorded as with or without donor restrictions, 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 \$300 and with a useful life in excess of one year.

Equipment purchased using government funds through cost reimbursement programs are not capitalized because the contractor retains a reversionary interest in the equipment.

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

Equipment	5 years
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(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 “the Board” issued a pronouncement related to accounting for leases. The effect of this change will require that Organizations that 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, 2022. The Organization has not yet assessed the impact of this new accounting standard. Additionally, a standard that affects certain aspects of financial reporting for nonprofit Organization’s was also issued. It is management’s opinion that the standard will not materially affect financial reporting for the Organization. In 2020, the board voted to delay the implementation by one year.

2. Fixed Assets

The composition of fixed assets at December 31, 2020 is as follows:

Equipment	\$ 41,303
Less accumulated depreciation	<u>18,275</u>
	<u>\$ 23,028</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 lease agreement that is effective July 1, 2021 expires in June 2023. The amount due under this lease is \$2,750 per month with \$2,600 being due from January 2021 through June 2021. The Organization is currently in negotiations with the landlord for a new lease and is presently month-to-month.

In 2017, the Organization entered into a lease for office equipment. This lease calls for minimum rental payments of \$241 per month through December 2023.

Amounts due under the leases are as follows:

2021	\$34,992
2022	35,892
2023	19,392

4. Concentrations

During 2020, the Organization reported revenue of \$480,766 from government contracts. This represents 42.1% of total support and revenue. One contract comprised 14.7% of support and revenue. An additional contract accounted for 19.9% of total revenue and support.

5. Net Assets With Donor Restrictions

At December 31, 2020, the Organization held \$82,421 in net assets that are restricted for restricted for specific programmatic purposes which is comprised of \$5,875 that is restricted for strategic planning, \$10,000 for the women's program, \$61,640 for the father's program and an additional \$4,906 in net assets are restricted for the support of an outside organization.

6. COVID-19 and Paycheck Protection Program Note Payable

In 2020, the COVID-19 pandemic forced the Organization to alter its operations for a period of time. The Organization applied for and was granted a \$190,031 Paycheck Protection Program loan from the Small Business Administration. The note is dated in April 2020 with the proceeds being spent on payroll, rent and other allowable expense. The note was forgiven in December 2020 and is reflected in the statement of activities as forgiven debt.

In February 2021, the Organization received a second loan from Southside Bank in the amount of \$190,000. The loan is under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated February, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at 1% and is payable monthly installments of principal and interest over 24 months beginning six months from the date of the note. Application for forgiveness of this loan has been made and approved In October 2021. Forgiveness of this loan will be reported as income in the statement of activities for fiscal 2021.