

NEWDAY SERVICES FOR CHILDREN AND FAMILIES

Financial Statements with Auditor's Report

For the Year Ended December 31, 2016

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, 2016, 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, 2016, 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
August 3, 2017

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Financial Position
December 31, 2016

ASSETS

Cash and cash equivalents	\$ 150,798
Contracts and grants receivable	94,066
Prepaid expenses	<u>2,485</u>
Total current assets	247,349
Fixed assets at cost, net of \$13,172 accumulated depreciation	<u>2,399</u>
Total Assets	<u><u>\$ 249,748</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 8,963</u>
Total current liabilities	<u>8,963</u>
Commitments and contingencies	-
Net assets:	
Unrestricted	207,012
Temporarily restricted net assets	<u>33,773</u>
Total net assets	<u>240,785</u>
Total Liabilities and Net Assets	<u><u>\$ 249,748</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, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions and grants	\$ 253,661	\$ 70,433	\$ 324,094
Government grants	827,562	-	827,562
Special events	76,475	-	76,475
Program fees	3,651	-	3,651
Investment income	37	-	37
Assets released from restriction	36,660	(36,660)	-
Total revenue and support	1,198,046	33,773	1,231,819
Expenses:			
Program services	996,354	-	996,354
General and administrative expense	75,540	-	75,540
Fundraising	144,495	-	144,495
Total expenses	1,216,389	-	1,216,389
Increase in net assets	(18,343)	33,773	15,430
Net assets, beginning of year	225,355	-	225,355
Net assets, end of year	\$ 207,012	\$ 33,773	\$ 240,785

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, 2016

Cash flows from operating activities:	
Change in net assets	\$ 15,430
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,254
Decrease (increase) in grants receivable	(72,501)
Decrease (increase) in prepaid expenses	(535)
Increase (decrease) in accounts payable and accrued liabilities	<u>1,525</u>
Net cash used in operating activities	<u>(54,827)</u>
 Cash flows from investing activities:	
Purchase of equipment	<u>(1,939)</u>
Net cash used in investing activities	<u>(1,939)</u>
 Cash flows from financing activities:	-
 Net decrease in cash and cash equivalents	(56,766)
 Cash and cash equivalents, beginning of year	<u>207,564</u>
 Cash and cash equivalents, end of year	<u><u>\$ 150,798</u></u>

Schedule of non-cash investing and financing activities:

None

Supplemental Statement of Cash Flow information:

Investment income received

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, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 816,119	\$ 53,660	\$ 82,185	\$ 951,964
Contract services	74,326	4,000	42,127	120,453
Curriculum supplies	7,665	-	-	7,665
Client training	5,000	-	-	5,000
Office supplies	8,513	783	1,344	10,640
Postage	169	206	1,028	1,403
Printing and publications	5,058	249	5,355	10,662
Dues and memberships	1,527	-	-	1,527
Occupancy	42,680	4,691	5,143	52,514
Staff training & expenses	3,875	2,824	-	6,699
Bank charges	1,402	538	900	2,840
Travel, meals, entertainment and gifts	26,062	-	34	26,096
Insurance	-	7,468	-	7,468
Software	2,047	194	3,500	5,741
Advertising and marketing	1,044	-	563	1,607
Other	539	1	2,316	2,856
			-	
Total	996,026	74,614	144,495	1,215,135
Depreciation	328	926	-	1,254
Total	<u>\$ 996,354</u>	<u>\$ 75,540</u>	<u>\$ 144,495</u>	<u>\$ 1,216,389</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
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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 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, 2016 is as follows:

Equipment	\$15,571
Less accumulated depreciation	<u>13,172</u>
	<u>\$ 2,399</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 2018. The amount due under this lease is \$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:

2017	\$24,120
2018	11,730

4. Concentrations

During 2016, the Organization reported revenue of \$827,562 from government contracts. Of this amount \$427,770 was from a single contract. These amounts represent 67% and 35% of total support and revenue. An additional contract accounted for 25% of total revenue and support.

5. Temporarily Restricted Net Assets

At December 31, 2016, the Organization held \$26,773 in net assets that are restricted for programmatic purposes. An additional \$7,000 in net assets are restricted for the purchase of fixed assets.

During 2016, \$36,600 in temporarily restricted net assets were expended for programmatic accomplishments which primarily consisted of the Organization's mentoring program for parents.