
***Family Assessment Counseling and
Education Services, Inc.***

Financial Statements

For the Year Ended June 30, 2019 and

Independent Accountants' Review Report

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board Members
of the Family Assessment Counseling and Education Services, Inc.
Fullerton, CA

We have reviewed the accompanying statements of financial position of the Family Assessment Counseling and Education Services, Inc. (a non-profit organization) as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A Review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Barnett & Company, Inc.
Rancho Santa Margarita, California
September 13, 2019

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 7,269
Accounts receivable	<u>52,146</u>

Total current assets 59,415

PROPERTY AND EQUIPMENT, net of
accumulated depreciation of \$40,413

5,536

DEPOSITS

1,448

Total assets

\$ 66,399

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	<u>\$ 34,226</u>
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Total current liabilities 34,226

ADVANCES FROM DIRECTOR

14,489

NET ASSETS:

Without donor restrictions	<u>17,684</u>
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Total liabilities and net assets

\$ 66,399

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

CONTRIBUTIONS AND REVENUES:

Contributions	\$ 3,875
Private grants	77,885
Government grants	213,331
Fees for services	25,123
In-kind services	69,120
Miscellaneous revenue	<u>3,490</u>

Total revenue 392,824

EXPENSES:

Program services	318,925
Supporting services:	
General and administrative	42,410
Fundraising	<u>16,922</u>

Total support services 59,332

Total expenses 378,257

CHANGE IN NET ASSETS 14,567

NET ASSETS, beginning of year 3,117

NET ASSETS, end of year \$ 17,684

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL
		G & A	Fundraising	Subtotal	
Advertising	\$ 7,361	\$ -	\$ -	\$ -	\$ 7,361
Depreciation	1,015	119	60	179	1,194
Fees	3,500	6,233	3,500	9,733	13,233
In-kind services	69,120	-	-	-	69,120
Insurance	9,474	7,521	-	7,521	16,995
Postage	-	62	-	62	62
Printing and publishing	-	174	-	174	174
Rent	38,380	4,515	2,258	6,773	45,153
Repairs and maintenance	459	54	27	81	540
Salaries and related	181,873	21,397	10,698	32,095	213,968
Subscriptions	-	1,577	-	1,577	1,577
Supplies	1,467	173	86	259	1,726
Telephone	4,592	540	270	810	5,402
Travel	1,302	-	-	-	1,302
Utilities	382	45	23	68	450
	<u>\$ 318,925</u>	<u>\$ 42,410</u>	<u>\$ 16,922</u>	<u>\$ 59,332</u>	<u>\$ 378,257</u>

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 14,567
Adjustment to reconcile change in net assets to cash provided by operating activities:	
Depreciation	1,194
Change in operating assets and liabilities:	
Accounts receivable	(25,846)
Accounts payable and accrued expenses	<u>11,480</u>
Net cash provided by operating activities	1,395
CASH FLOWS FROM FINANCING ACTIVITIES:	
Advances received from director	6,017
Repayments made to director	<u>(6,750)</u>
Net cash used in financing activities	<u>(733)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	662
CASH AND CASH EQUIVALENTS, beginning of year	<u>6,607</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 7,269</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for:	
Income taxes	<u>\$ -</u>
Interest	<u>\$ -</u>

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. ORGANIZATION AND NATURE OF SERVICES

Family Assessment Counseling and Education Services, Inc. (“F.A.C.E.S.” or “the Organization”) is a nonprofit corporation that is committed to building healthy families and preventing violence by assessing family dynamics and providing counseling, education, and supervised visits.

F.A.C.E.S. strives to educate families on child abuse, anger management, and parenting issues in an effort to build self-esteem in the child and empower parents to make good choices. The Organization provides quality, low and no-cost services throughout its various programs such as:

The Family Preservation Program facilitates collaboration with local agencies to meet families in crisis and to strengthen family bonds while providing necessary transitional counseling into healthier living situations, which may or may not include divorce. The Organization’s staff and volunteers receive continual training in domestic violence issues and work together for quick response, especially in crisis or emergency situations.

The Back & Forth Child Program provides quality and affordable group classes to children and families that have been exposed to violence, neglect, or trauma. F.A.C.E.S. provides parents with group classes on parenting, co-parenting classes, and anger management classes and encourages parents to learn how to provide a safe environment for their children. The Organization works in conjunction with the court system in the development and practice of this program.

The Common Ground Program provides monitored visitation and a safe environment for children who have been exposed to family violence, whether it is verbal, emotional, or physical abuse. The families who participate can be assured that the children will have a safe, professional place to visit with their parent. Children’s groups are currently available for children exposed to hostility in separated families.

The Educational Institute Program provides professional education and training to volunteer counselors and monitors. The program develops the skill sets for effective counseling that leads to certification and acceptance into the professional community. The Organization has trained over 1,000 candidates for various programs at the local and state levels over the years. The Organization also writes and publishes books for use in violence and abuse prevention and in counseling those who are in abusive or dysfunctional relationships.

The Organization also offers custody evaluation, mediation services, seminars, classes, and counseling session in both English and Spanish. These programs are supported by the Educational Institute, which offers a link between clients and interns from local universities who seek quality, interactive training in the human services and counseling fields.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). References to the “ASC” hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standard Board (“FASB”) as the source of authoritative US GAAP.

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

The financial statements are presented in conformity with FASB Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions: Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity but permit an organization to use or expend part or all the income derived from the contribution. Donor-imposed restrictions are released when a restriction expires (that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both).

Net assets without donor restrictions: Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions, including the carrying value of all unrestricted physical properties (land, building, and equipment). Items that affect (i.e. increase or decrease) this net asset category include revenue and contributions related to expenses associated with core programs.

As of June 30, 2019, there were no net assets with donor restrictions.

Use of Estimates – The preparation of financial statements in conformity with US GAAP 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 reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization’s activities. Non-operating activities are limited to resources that generated return from investments, endowment contributions, financing costs, and activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Short-term, highly liquid investments purchased with a maturity date of three months or less are considered to be cash equivalents.

Fair Value Measurements – The Organization follows guidance issued by the FASB on fair value measurements, which established a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values in Levels 1, 2, and 3.

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

Level 1 input consists of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority,

For purposes of financial reporting, the Organization has determined that the fair values of its financial instruments, which include cash, accounts receivable, and accounts payable and accrued expenses, approximate the carrying values at June 30, 2019 based on their short maturities and/or the terms available to the Organization in financial markets.

Property and Equipment – Property and equipment are recorded at cost, if purchased, or fair market value at date of contributions, if contributed. Donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which is between five and ten years.

Impairment of Long-Lived Assets – Long-lived assets, such as property and equipment, are reviewed for impairment when events or changes in circumstances indicate the asset's carrying value may not be recoverable. Impairment loss is recognized when the carrying value exceeds the undiscounted estimated future cash flows expected to result from the use and eventual disposal of the asset. The Organization determined that no impairment loss of long-lived assets was necessary for the year ended June 30, 2019.

Contributions and Grants – Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

F.A.C.E.S. uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2019, the allowance was zero.

Promises to Give – Although the Organization receives donations on a regular basis from its donor, there are no written promises to give agreements. The Organization records these contributions as revenue as they are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fees for Services – Fees for services are recognized as revenue once the services have been performed, the amount to be received for services rendered is known and collection is probably.

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

Donated Materials and Services – Significant services are donated to the Organization by various individuals, corporations, and other organizations. Donated professional services of \$69,120 during the fiscal-year ended June 30, 2019, are reflected in the accompanying financial statements at their fair values at the date of donation.

In addition, a significant portion of the Organization’s program service, fundraising, and administrative function are conducted by volunteers. The value of this contributed time is not reflected in the accompanying financial statements, since the services do not required specialized skills. For the year ended June 30, 2019, the estimated hours for such services totaled 820 hours.

Advertising and Marketing Costs – Advertising and marketing costs are expensed at the time the advertising becomes publicly available or at the time marketing events occur. Advertising and marketing expense for the year ended June 30, 2019 was \$7,361.

Functional Expenses – The cost of providing the programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs services and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and related	Time and effort
Depreciation	Time and effort
Repairs and maintenance	Time and effort
Rent	Time and effort
Suplies	Time and effort
Telephone	Time and effort
Utilities	Time and effort

Income Taxes – F.A.C.E.S. is a California nonprofit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Tax Code Section 17631. Accordingly, no provision for income taxes has been made in the accompanying financial statements. F.A.C.E.S. tax years from 2015 to 2018 are open to review for federal purposes, and tax years from 2014 to 2018 are open to review for state tax purposes.

Subsequent events – F.A.C.E.S. has evaluated subsequent events through September 13, 2019, the date the financial statements were available to be issued.

Recently Issues Accounting Pronouncements – In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB deferred the effective date of the revenue recognition guidance for nonpublic entities to reporting periods beginning after December 15, 2018. Early adoption is permitted. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. Management has elected not to early adopt ASU 2014-09 and will assess the future impact on revenue.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10 and ASU 201-20. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019; however, early adoption is permitted. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019, consist of the following:

Leasehold improvements	\$ 22,102
Equipment	19,439
Furniture and fixtures	<u>4,408</u>
	45,949
Less accumulated depreciation	<u>(40,413)</u>
	<u><u>\$ 5,536</u></u>

Depreciation expense for the year ended June 30, 2019, was \$1,194.

4. RELATED PARTY TRANSACTIONS

Advances from Director – From time to time, the Organization’s executive director provides cash advances to the Organization in order to meet operating cash flow requirements. The balance due to executive director as of June 30, 2019, of \$14,489, is unsecured, non-interest bearing, and due on demand. The member has agreed to not require payment on the balance due until after June 30, 2020.

FAMILY ASSESSMENT COUNSELING AND EDUCATION SERVICES, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

5. COMMITMENTS

Leases – The Organization leases office space in Fullerton and Laguna Hills, CA under non-cancelable operating leases. The Fullerton office space is on a month-to-month lease and the Laguna Hills space is through August 2020.

Minimum future lease payments under non-cancelable operating leases at June 30, are as follows:

2020	\$ 16,988
2021	<u>2,845</u>
	<u>\$ 19,833</u>

Total rent expense for the year ending June 30 2019, was \$45,153

6. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization operates in Southern California and is subject to fluctuations in the local economy, which could impact contributions, grants and donations.

The Organization receives support from various government and private grants and contracts which have compliance requirements. The Organization has evaluated these obligations and believes they are in compliance with those requirements.

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), up to the federally insured limits. At June 30, 2019, the Organization did not have any balances in excess of the federally insured limits.

7. LIQUIDITY

Financial assets available to the Organization for general expenditure (that is, without donor or other restrictions limiting their use) within one year of the statement of financial position date are as follows as of June 30, 2019:

Cash and cash equivalents	\$ 7,269
Accounts receivable	<u>52,146</u>
Total financial assets available to meet general expenditures with one year	<u>\$ 59,415</u>

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