

**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**(With Independent Auditor's Report Thereon)**

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
My Friends House Family and Children Services, Inc.  
Nashville, Tennessee

### **Report on the Financial Statements**

I have audited the accompanying financial statements of My Friends House Family and Children Services, Inc. which comprise the statement of financial position as of June 30, 2020, and the related statements of changes in net assets, functional expense 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 consolidated 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, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of My Friends House Family and Children Services, Inc. as of June 30, 2018, 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.

*A J Farmer, CPA*

Franklin, Tennessee  
January 12, 2021



**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

<b>ASSETS</b>	<u><b>2020</b></u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 98,076
Contracts receivables	<u>21,005</u>
Total Current Assets	<u>119,081</u>
Restricted cash, including board designated cash	<u>-</u>
<b>PROPERTY AND EQUIPMENT</b>	
Land	20,000
Building and improvements	710,036
Furniture and equipment	58,177
Vehicles	64,156
Construction in progress	<u>-</u>
	852,369
Less accumulated depreciation	<u>140,865</u>
Total Property and Equipment	<u>711,504</u>
Other assets	<u>380</u>
Total Assets	<u><u>\$ 830,964</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
196409.00	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 8,431
Accrued expenses	<u>8,743</u>
Total Current Liabilities	17,176
Line of credit	151,800
Notes payable	<u>64,143</u>
Total liabilities	<u>233,119</u>
<b>NET ASSETS</b>	
Without donor restrictions	597,846
With donor restrictions	<u>-</u>
Total Net Assets	<u>597,846</u>
Total Liabilities and Net Assets	<u><u>\$ 830,964</u></u>

See notes to financial statements.

**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020</b>
Changes in Net Assets without donor restrictions	
Support and Revenue	
Reimbursement	\$290,954
Contributions	524,591
Interest and other	3,209
Net assets released from restriction	51,939
Total Support and Revenue	870,693
Expense	
Program	349,058
Administrative	189,394
Fundraising	53,922
	592,374
Increase (Decrease) in Net Assets without donor restrictions	278,319
Change in Net Assets with donor restrictions	
Contributions	-
Net assets released from restrictions	(51,939)
Total increase (decrease) in net assets with donor restrictions	(51,939)
Total Increase (Decrease) in Net Assets	226,380
Net assets, beginning of year	371,466
Net assets, end of year	597,846

See notes to financial statements.

**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEARS ENDED JUNE 30, 2020**

**2020**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Payroll and payroll taxes	273,746	104,067	-	377,813
Employee benefits	9,860	5,791	-	15,651
Insurance	13,968	1,829	831	16,628
Office supplies and expense	-	9,424	-	9,424
Rental, repairs and maintenance	2,072	11,755	-	13,827
Telephone and utilities	7,580	3,733	-	11,313
Food and supplies	24,530	-	-	24,530
Title I expense	0	-	-	0
Depreciation	11,278	6,269	-	17,547
Professional fees	0	28,896	-	28,896
Fundraising	-	-	53,091	53,091
Interest	-	5,582	-	5,582
Travel and milage	5,924	-	-	5,924
Training and conferences	100	-	-	100
Communications	-	6,312	-	6,312
Pre employment	-	5,693	-	5,693
Miscellaneous	-	43	-	43
	<b>\$ 349,058</b>	<b>189,394</b>	<b>53,922</b>	<b>592,374</b>

See notes to financial statements.

**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEARS ENDED JUNE 30, 2020**

	<b>2020</b>
Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 226,380
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:	
Depreciation	17,547
(Increase) decrease in receivables	6,523
(Increase) decrease in other assets	-
Increase (decrease) in accounts payable	(9,819)
Increase (decrease) in other accrued liabilities	(3,321)
Total adjustments	10,930
Net Cash Provided (Used) by Operating Activities	237,310
Cash Flows From Investing Activities	
Acquisition of plant, property, and equipment	(354,050)
Net Cash Used by Investing Activities	(354,050)
Cash Flows From Financing Activities	
Net borrowing (payments) of line of credit	122,200
Net borrowing (payments) of mortgage payable	64,143
Net Cash Provided (Used) by Financing Activities	186,343
Increase (decrease) in cash	69,603
Cash, beginning of year	28,474
Cash, end of year	\$ 98,076
Supplemental disclosures:	
Cash paid for interest	\$ 5,582

See notes to financial statements.

# MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. ORGANIZATION AND NATURE OF BUSINESS

Williamson County Youth, Inc., a Tennessee not-for-profit corporation (the "Organization"), was organized in 1982 to assist the youth of Williamson County, Tennessee by providing emergency shelter, food, clothing, counseling and other necessities. The Organization changed its name in November 2008 to My Friend's House Family and Children Services, Inc. The Organization's primary source of revenue is a level two residential services contract. Under the terms of the contract, the amount of funding received by the Organization is determined based on a daily cost rate per client served. Other sources of revenue include United Way allocations and donor contributions.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements of My Friend's House Family and Children Services, Inc. have been prepared using US generally accepted accounting principles. The Organization has adopted ASU 2017-14. Other than classifying net assets as described below there were no substantial changes required. The financial statements reflect net assets without donor restrictions and net assets with donor restrictions. Net assets of the donor restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated amounts, are reported as part of net assets without donor restrictions.

#### Concentration of Credit Risk

All of the Organization's cash is held in two financial institutions. The Federal Deposit Insurance Corporation (FDIC) covers 100% of non interest bearing demand deposit accounts and aggregate deposits up to \$250,000 per bank per depositor for interest bearing accounts. At June 30, 2020 deposits did not exceed this limit. Typically, approximately forty to fifty percent of the Organization's revenue, (85% of its service fee revenue), is attributable to one source.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Promises to Give

Unconditional promises to give are recognized as revenues in the period in which the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization recognized no unconditional promises to give in 2020. Promises to give are recorded at their net realizable value and are expected to be collected in less than one year.



MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Contracts Receivable**

The Organization's management considers the accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary. The Organization's policy regarding delinquent receivables is based on the age of the receivable and is charged off when management determines it to be uncollectible. Due to the timing of the audit and nature of receivables it was deemed more effective to test them by verifying subsequent receipts than requesting balance confirmations.

Accounts receivable at June 30 consist of:

Contracts receivable	\$21,005
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**Property and Equipment**

Property and equipment are reported at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Property and equipment are depreciated principally using the straight-line method over their estimated useful lives ranging from five years for furniture and equipment and thirty-one to thirty-nine years for building property and additions.

**Long-lived Assets**

The Organization periodically reviews the values assigned to long-lived assets to determine if any impairments are other than temporary. Management believes that the long-lived assets in the accompanying statements of financial position are appropriately valued.

**Contributions**

Contributions received are recorded as unrestricted by donor, temporarily restricted, or permanently restricted by donor support, depending on the existence and nature of any donor stipulations that limit the use of the donated assets either on a temporary or permanent basis. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**Functional Expense Allocation**

The costs of providing various program 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.

**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

**Reclassifications**

Certain amounts for the prior year presentation have been reclassified to conform to the current year's presentation.

**Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporations ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Cash and Cash Equivalents:**

The Organization considers all highly liquid investments and certificates of deposits with original maturities of three months or less, to be cash equivalents.

**Contributed Services**

During the year ended June 30, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the program facilities, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 3,000 volunteer hours per year.

**3. Availability and Liquidity**

The following represents the financial assets at June 30, 2020:

Cash and cash equivalents as of June 30, 2020 is \$98,076 and \$142,858.

Accounts receivable as of June 30, 2020 is \$21,005.

The Corporation's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$98,729). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**MY FRIEND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**4. COMMITMENTS**

The Corporation has a line of credit with a \$60,000 facility renewable yearly with a balance of \$- as of June 30, 2020 at a 4.25% rate of interest secured by all assets of the Corporation. The line is due on October 18, 2021 in one payment. Monthly payments of interest will be made at a variable rate of the prime rate plus 1%.

The Corporation has another line of credit with the same bank with a \$390,000 facility renewable and with an outstanding balance of \$151,800 due January 14, 2022 in one payment but with interest payments at a variable rate of interest at the prime rate plus .5% due monthly. Prime is currently 3.25%.

**5. UNCERTAIN TAX POSITIONS**

The Corporation follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The adoption of FAB ASC 740 did not have a material impact on the Corporation's financial statements. Corporation management has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Corporation's evaluation was performed for tax years that remain subject to examination by major tax jurisdictions as of June 30, 2020.

**6. TAX STATUS**

The Corporation, obtained its determination letter in which the Internal Revenue Service stated that the Corporation was in compliance with the applicable requirements of Internal Revenue Code Section 501 (c) 3. The Corporation has had no significant the Corporation is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and is exempt from federal income tax under IRC Section 501 (a).

**7. SUBSEQUENT EVENT**

For the originally issued financial statements, the Organization evaluated subsequent events through the date which the financial statements were issued.