

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

FINANCIAL STATEMENTS

JUNE 30, 2023

(With Independent Auditor's Report Thereon)

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion the accompanying financial statements present fairly, in all material respects, the financial position of My Friends House Family and Children Services, Inc. as of June 30, 2023, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of My Friends House Family and Children Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit 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 and for 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.

In preparing the financial statements management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about My Friends House Family and Children Services, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial misstatements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Organizations internal control. Accordingly no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about company's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit

A J Farmer, CPA

Franklin, Tennessee
August 10, 2023

MY FREINDS HOUSE FAMILY AND CHILDRENS SERVICES, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

2023

ASSETS

CURRENT ASSETS

Cash and cash-equivalents	\$	212,191
Accounts receivable		21,525
		233,716
Total current assets		233,716

PROPERTY AND EQUIPMENT

Land		20,000
Buildings and improvements		710,036
Vehicles		45,500
Equipment		58,177
Total		833,713
Accumulated depreciation		200,486
		633,227
Total property and equipment		633,227

Total Assets		866,943
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	16,365
Accrued expense		9,041
		25,406
Total current liabilities		25,406

Line of credit		-
Note payable		-
		-
		-

Total liabilities		25,406
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NET ASSETS

Without donor restrictions		841,537
		841,537
Total liabilities and net assets	\$	866,943

See notes to financial statements

MY FREIND'S HOUSE FAMILY AND CHILDREN'S SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2023
Support and revenue	
Reimbursement	\$ 235,725
Contributions	128,598
Grants	66,224
Fundraising	215,818
Interest and other	3,370
Total support and revenue	<u>649,735</u>
Program expense	415,912
Managemnet and general expense	171,432
Fundraising	59,026
Total expense	<u>646,370</u>
Increase (decrease) in net assets without donor restrictions	3,365
Net assets beginning of year	838,172
Net assets end of year	<u><u>\$ 841,537</u></u>

See notes to financial statements

MY FREIND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2023

	2023			
	Program Services	Management & General	Fundraising	Total
Payroll	\$ 281,496	91,969		373,465
Payroll tax	22,136	7,308		29,444
Employee benefits	8,093	3,147		11,241
Insurance	13,864	3,043		16,907
Office supplies and expense		15,914		15,914
Equipment rental repairs and maintenance		10,049		10,049
Telephone and utilities	12,639	5,417		18,056
Food, resident expense and supplies	42,793			42,793
Depreciation	18,041	3,960		22,001
Professional fees	-	27,849		27,849
Fundraising			59,026	59,026
Interest		40		40
Travel, milage and meetings	8,706			8,706
Training and conferences		414		414
Communications	2,128			2,128
Pre employment	6,017			6,017
Miscellaneous		2,320		2,320
				-
Total	\$ 415,912	171,432	59,026	646,370

MY FREIND'S HOUSE FAMILY AND CHILDREN SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023
Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 3,364
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities	
Depreciation	22,001
(Increase) decrease in contracts receivable	2,940
Increase (decrease) in accounts payable	(365)
Increase (decrease) in accrued liabilities	(1,774)
	22,802
Total adjustments	22,802
Net cash provided (used) by operating activities	26,166
Cash Flows From Investing Activities	
Acquisition of plant property and equipment	-
Net cash used by investing activities	-
Cash Flows From Financing Activities	
Net cash provided (used) by financing activities payment of debt	-
Increase (decrease) in cash	26,166
Cash beginning of year	186,025
Cash end of year	\$ 212,191

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, 2023 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 2023. 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

Revenue Recognition

Fee income is recognized in the period in which services are provided based on a contractual rate per client per day. Rates paid to us are determined by the State of Tennessee per client based on the level of care required.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in the new revenue recognition standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Performance Obligations Satisfied at a Point in Time

Revenues that do not satisfy the criteria for recognition over time are recognized at a point in time. Upon fulfillment of the performance obligation, which is the services provided to the customer, revenue is recognized. Management believes that point in time recognition remains appropriate and will continue to recognize revenues as services are provided. Revenue from services transferred to customers at a point in time accounted for 98% of revenue for the year ended June 30, 2023.

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	\$21,525
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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.

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

NOTES TO FINANCIAL STATEMENTS

Contributions

Contributions received are recorded as without donor, or with donor restrictions if either temporarily or permanently restricted by donor, 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, net assets restricted by donor are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as without donor restrict. 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 based on hours worked.

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, 2023, 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.

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

NOTES TO FINANCIAL STATEMENTS

3. Availability and Liquidity

The following represents the financial assets at June 30, 2023:

Cash and cash equivalents as of June 30, 2023 is \$212,191.

Accounts receivable as of June 30, 2023 is \$21,525.

The Corporation's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$107,700). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

4. COMMITMENTS

The Corporation has a line of credit with a \$60,000 facility renewable yearly with a balance of \$- as of June 30, 2023 at a 4.25% rate of interest secured by all assets of the Corporation. Monthly payments of interest will be made at a variable rate of the prime rate plus 1% due October 5, 2031.

The Corporation has another renewable line of credit with the same bank with a \$75,000 facility renewable and with an outstanding balance of \$- as of June 30, 2023 with interest payments at a variable rate of interest at the prime rate plus .5% due monthly. Prime is currently 3.25%, annually renewable maturing on January 25, 2023.

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, 2023.

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

NOTES TO FINANCIAL STATEMENTS

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 modifications of its programs since receiving it's determination letter. Management believes 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.