



Family Compass

**Financial Statements
December 31, 2022 and 2021**

Family Compass

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Independent Auditors' Report

To the Board of Directors of
Family Compass

Opinion

We have audited the accompanying financial statements of Family Compass (Organization) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Compass as of December 31, 2022 and 2021, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the Organization's 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

Our 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 auditors' report that includes our 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 for 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 of the Organization's 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 handwritten signature in black ink that reads "Sutton Frost Cary". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

Arlington, Texas
March 31, 2023

Family Compass
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 325,107	\$ 177,771
Investments	256,454	514,134
Contributions receivable	562,139	286,600
Grants receivable	59,772	113,294
Prepaid expense	17,355	15,326
Total current assets	1,220,827	1,107,125
Fixed assets, net	37,863	26,057
Total assets	\$ 1,258,690	\$ 1,133,182
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 105,665	\$ 110,298
Current portion of note payable	3,333	-
Total current liabilities	108,998	110,298
Long-term liabilities:		
Note payable, net	146,383	150,000
Total liabilities	255,381	260,298
Net assets:		
Without donor restrictions	906,839	538,525
With donor restrictions	96,470	334,359
Total net assets	1,003,309	872,884
Total liabilities and net assets	\$ 1,258,690	\$ 1,133,182

See notes to financial statements.

Family Compass
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
HHSC grant	\$ 166,304	\$ -	\$ 166,304
United Way	10,000	60,000	70,000
VOCA grant	97,611	-	97,611
Foundations	1,127,065	271,999	1,399,064
Individuals	133,722	-	133,722
Corporations	18,640	-	18,640
Special events, net of direct costs of \$121,000	240,891	-	240,891
Contributions of nonfinancial assets	126,961	-	126,961
Service fees	5,460	-	5,460
Exchange Club donations	200	-	200
Investment loss, net	(47,680)	-	(47,680)
Other income	5,696	-	5,696
Net assets released from restrictions	569,888	(569,888)	-
Total support and revenue	2,454,758	(237,889)	2,216,869
Expenses:			
Program services	1,648,688	-	1,648,688
General and administrative	159,443	-	159,443
Fundraising	271,854	-	271,854
Total expenses	2,079,985	-	2,079,985
Excess (deficit) of support and revenue over expenses:	374,773	(237,889)	136,884
Non-operating activity:			
Loss on disposal of fixed assets	(6,459)	-	(6,459)
Change in net assets	368,314	(237,889)	130,425
Net assets at beginning of year	538,525	334,359	872,884
Net assets at end of year	\$ 906,839	\$ 96,470	\$ 1,003,309

See notes to financial statements.

Family Compass
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
HHSC grant	\$ 238,240	\$ -	\$ 238,240
United Way	166,015	75,000	241,015
VOCA grant	93,430	-	93,430
Foundations	215,083	687,000	902,083
Individuals	124,719	-	124,719
Corporations	58,503	8,400	66,903
Special events, net of direct costs of \$57,774	220,827	-	220,827
Contributions of nonfinancial assets	120,167	-	120,167
Service fees	2,850	-	2,850
Exchange Club donations	5,200	-	5,200
Investment income, net	1,334	-	1,334
Other income	9,262	-	9,262
Net assets released from restrictions	510,158	(510,158)	-
Total support and revenue	1,765,788	260,242	2,026,030
Expenses:			
Program services	1,515,240	-	1,515,240
General and administrative	135,414	-	135,414
Fundraising	264,268	-	264,268
Total expenses	1,914,922	-	1,914,922
Excess (deficit) of support and revenue over expenses:	(149,134)	260,242	111,108
Non-operating activity:			
Gain on forgiveness of Paycheck Protection Program loan	250,200	-	250,200
Loss on disposal of fixed assets	(800)	-	(800)
Total non-operating income	249,400	-	249,400
Change in net assets	100,266	260,242	360,508
Net assets at beginning of year	438,259	74,117	512,376
Net assets at end of year	\$ 538,525	\$ 334,359	\$ 872,884

See notes to financial statements.

Family Compass
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Compensation and related expenses:				
Salaries	\$ 1,033,324	\$ 89,362	\$ 163,464	\$ 1,286,150
Payroll taxes	85,698	7,973	14,619	108,290
Benefits	18,737	5,085	2,727	26,549
Total compensation and related expenses	1,137,759	102,420	180,810	1,420,989
Advertising	950	-	8,760	9,710
Bank charges and interest	1,098	1,955	3,707	6,760
Client services	44,716	-	-	44,716
Depreciation	4,987	4,988	-	9,975
Equipment rental	18,431	1,534	432	20,397
Information technology	44,325	5,532	14,701	64,558
Insurance	114,392	20,105	20,647	155,144
Interest	4,013	138	171	4,322
Mileage	9,848	155	897	10,900
Miscellaneous	14,818	4,110	5,682	24,610
Occupancy	161,184	2,247	2,133	165,564
Office	32,356	8,821	5,499	46,676
Professional fees	44,860	6,935	5,842	57,637
Special events	-	-	142,803	142,803
Training seminar	14,327	272	147	14,746
Transportation	624	231	623	1,478
Total expenses	1,648,688	159,443	392,854	2,200,985
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(121,000)	(121,000)
Total expenses included in the expense section on the statement of activities	\$ 1,648,688	\$ 159,443	\$ 271,854	\$ 2,079,985

See notes to financial statements.

Family Compass
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Compensation and related expenses:				
Salaries	\$ 977,851	\$ 64,050	\$ 129,213	\$ 1,171,114
Payroll taxes	84,880	5,017	10,914	100,811
Benefits	18,755	5,913	2,171	26,839
Total compensation and related expenses	1,081,486	74,980	142,298	1,298,764
Advertising	1,241	-	1,160	2,401
Client services	12,961	-	13,522	26,483
Depreciation	4,887	4,888	-	9,775
Equipment rental	16,211	994	-	17,205
Information technology	31,197	10,071	18,826	60,094
Insurance	101,020	17,425	15,073	133,518
Interest	3,933	135	167	4,235
Mileage	1,842	-	260	2,102
Miscellaneous	10,922	5,840	12,779	29,541
Occupancy	167,724	4,804	1,400	173,928
Office	22,904	6,734	6,880	36,518
Professional fees	35,152	8,404	9,249	52,805
Special events	-	-	100,253	100,253
Training seminar	23,760	1,139	175	25,074
Total expenses	1,515,240	135,414	322,042	1,972,696
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(57,774)	(57,774)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,515,240</u>	<u>\$ 135,414</u>	<u>\$ 264,268</u>	<u>\$ 1,914,922</u>

See notes to financial statements.

Family Compass
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 130,425	\$ 360,508
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	9,975	9,775
Net realized and unrealized (gains) losses on investments	49,406	(1,438)
Gain on forgiveness of Paycheck Protection Program loan	-	(250,200)
Loss on disposal of fixed assets	6,459	800
Changes in assets and liabilities:		
Contributions receivable	(275,539)	(271,000)
Grants receivable	53,522	7,433
Prepaid expense	(2,029)	1,054
Accounts payable and accrued liabilities	(4,633)	(15,293)
Net cash used by operating activities	(32,414)	(158,361)
Cash flows from investing activities:		
Proceeds from maturity of certificates of deposit	-	500,000
Purchases of fixed assets	(28,240)	(5,281)
Purchases of investments	(1,726)	(512,696)
Proceeds from sale of investments	210,000	-
Net cash provided (used) by investing activities	180,034	(17,977)
Cash flows from financing activities:		
Payments on note payable	(284)	-
Net increase (decrease) in cash	147,336	(176,338)
Cash at beginning of year	177,771	354,109
Cash at end of year	\$ 325,107	\$ 177,771
Supplemental disclosure of noncash financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 250,200

See notes to financial statements.

Family Compass

Notes to Financial Statements

1. Organization

Family Compass (Organization) is located in Dallas, Texas and is a nonprofit organization that is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (Code). The purpose of the Organization is to break the cycle of child abuse by equipping parents for success. Programs include: (1) the provision of the nationally affiliated Parents as Teachers model to pregnant teens and young parents in high poverty zip codes of Dallas County through the Growing As Parent Home Mentoring Program, (2) the provision of intensive, clinically-focused, in-home support and educational services to families at high risk of child abuse and neglect through the Parent Aide program, (3) child abuse prevention seminars and parenting classes through the Community Education and Outreach Program, (4) support groups and resources for parents, (5) the provision of the nationally affiliated Parents As Teachers Model through the Growing As Parents Home Mentoring Program in Collin County. The Organization is primarily supported by government and private grants, along with three fundraising events per year and contributions from individuals and other organizations.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies of the Organization are described below.

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded as incurred.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with GAAP which requires the Organization to report its financial position and activities using two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Family Compass

Notes to Financial Statements

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit Risk Concentrations

Financial instruments that potentially expose the Organization to concentrations of credit risk, consist principally of cash, investments and contributions and grants receivable.

The Organization places cash, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. Accounts at each institute are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2022, the Organization had \$33,593 of uninsured bank balances.

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Contributions receivable are unsecured and are due from various donors. Grants receivable are unsecured and are due from grantor agencies. The Organization continually evaluates the collectability of contributions and grants receivable and maintains allowances for potential losses, if considered necessary. At December 31, 2022 and 2021, the Organization estimates that no allowance for uncollectible receivables was necessary.

Investments

Investments are recorded at fair value in the accompanying statements of financial position. Changes in the fair values are reported in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are included in the statements of activities.

Fixed Assets

Fixed assets purchased by the Organization are recorded at cost or if acquired by gift, at fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$500; the fair value of donated fixed assets is capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives.

Family Compass

Notes to Financial Statements

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

A portion of the Organization's revenue is derived from cost-reimbursable contract and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization has been awarded cost-reimbursable grants of \$115,752 that have not been recognized at December 31, 2022 because qualifying expenditures have not yet been incurred.

Fees for contract services are recognized as revenue when the contracted services are performed.

Volunteers, business firms and others contribute substantial amounts of supplies and other items toward the fulfillment of programs initiated by the Organization. To the extent that noncash contributions which are under the control of the Organization are objectively measurable and represent program or support expenses which would be otherwise incurred, they are reflected as in-kind contributions and expense in the accompanying financial statements. In-kind contributions are stated at their estimated value at date of receipt.

Donated use of facilities is reflected as a contribution at the estimated fair value of the rent. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Concentrations

As of December 31, 2022, approximately 89% of total contributions receivable is due to the Organization from one foundation. As of December 31, 2021, approximately 92% of total contributions receivable is due to the Organization from three foundations.

Family Compass

Notes to Financial Statements

As of December 31, 2022 and 2021, 100% of total grants receivable is due to the Organization from two and three government agencies, respectively.

During the year ended December 31, 2021, the Organization received approximately 12% of its total support and revenue from the United Way. No such concentration existed during the year ended December 31, 2022.

During the year ended December 31, 2021, the Organization received approximately 12% of its total support and revenue from a state agency. No such concentration existed at December 31, 2022.

During the years ended December 31, 2022 and 2021, the Organization received approximately 38% and 17%, respectively, of its total support and revenue from one foundation.

Federal Income Taxes

The Organization is a nonprofit publicly supported organization, as defined in Section 501(c)(3) of the Code that is exempt from federal income taxes under Section 501(a) of the Code. For the years ended December 31, 2022 and 2021, the Organization did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements. The Organization had no significant uncertain tax positions for the years ended December 31, 2022 and 2021.

Allocation of Functional Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Certain costs are charged directly to the functions they benefit.

Other expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, equipment rental, professional fees, office expenses, information technology, mileage, training and other, which are allocated on the basis of estimates of time and effort.

Contract Compliance

The Organization is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. The Organization's management is unaware of any instance of such non-compliance, or any resulting disallowance. Moreover, in the opinion of the Organization's management, such disallowance, if any, would not be material to the Organization's financial statements.

Family Compass

Notes to Financial Statements

Estimates and Assumptions

The preparation of financial statements in conformity with 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Accounting Pronouncement Adopted

The Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets (gifts-in-kind) as a separate line item in the statement of activities. The Organization has adopted this ASU on the retrospective basis as of and for the year ended December 31, 2022.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes gifts-in-kind, and therefore, no changes were required to net assets as of January 1, 2021. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the standard.

3. Fixed Assets

Fixed assets consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 50,811	\$ 51,168
Accumulated depreciation	<u>(12,948)</u>	<u>(25,111)</u>
	<u>\$ 37,863</u>	<u>\$ 26,057</u>

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$9,975 and \$9,775, respectively.

Family Compass

Notes to Financial Statements

4. Investments

Fair value accounting defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities as of the reporting date;
Level 2	Observable inputs other than Level 1 prices, such as quoted prices in active markets for similar assets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets;
Level 3	Unobservable inputs that are supported by little or no market activity and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Money Market Funds

These investments are valued using \$1 for the net asset value.

Mutual Funds

Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

Exchange Traded Funds

Exchange traded funds are valued at their last sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded.

Family Compass

Notes to Financial Statements

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The investments held by the Organization are measured using Level 1 inputs.

The following table presents the investments at fair value as of December 31:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 35,782	\$ 239,631
Mutual funds	194,325	240,401
Exchange traded funds	<u>26,347</u>	<u>34,102</u>
	<u>\$ 256,454</u>	<u>\$ 514,134</u>

The following table presents securities which represents 10% or more of total investments at December 31:

	<u>2022</u>	<u>2021</u>
Federated Government Obligations Fund	14%	47%
Calvert Bond Fund Mutual Class I Fund	18%	10%
Calvert Equity Fund Mutual Class I Fund	11%	-
Parnassus Core Equity Income Fund	10%	-
Ishares MSCI KLD 400 Social Index Fund	10%	-

Investment income (loss) consists of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 4,769	\$ 429
Unrealized gains (losses)	(53,831)	(419)
Realized gains (losses)	4,425	1,857
Investment fees	<u>(3,043)</u>	<u>(533)</u>
	<u>\$ (47,680)</u>	<u>\$ 1,334</u>

Family Compass
Notes to Financial Statements

5. Board Designated Net Assets

During the year ended December 31, 2018, the board of directors created a reserve fund for the purpose of building and maintaining an adequate level of net assets without donor restrictions to support the Organization's day-to-day operations in the event of unforeseen shortfalls. At December 31, 2022 and 2021, net assets without donor restrictions includes board designated net assets of \$30,095 and \$30,046, respectively.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Program supplies	\$ -	\$ 11,859
Client emergency assistance	-	10,000
Time restricted	55,000	252,500
Subsequent period programs	41,470	60,000
	<u>\$ 96,470</u>	<u>\$ 334,359</u>

7. Notes Payable

EIDL Note

On June 24, 2020, the Organization received \$150,000 in loan funding from the Small Business Administration (SBA) under the Economic Injury Disaster Loan (EIDL) program administered by the SBA, which was expanded pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act). The EIDL is evidenced by a promissory note, dated June 24, 2020 (EIDL Note) in the original principal amount of \$150,000 with the SBA, the lender.

Under the terms of the EIDL Note, interest accrues on the outstanding principal at the rate of 2.75% per annum. The term of the EIDL Note is 30 years, though it may be payable sooner upon an event of default under the EIDL Note. Under the EIDL Note, the Organization will be obligated to make equal monthly payments of \$641 beginning December 24, 2022 through the maturity date of June 24, 2050. Payments are first applied to accrued interest. The EIDL Note may be prepaid in part or in full, at any time, without penalty and is collateralized by the Organization's bank deposits, accounts receivable and equipment.

Family Compass

Notes to Financial Statements

Maturities of long-term debt are as follows for the years ending December 31:

2023	\$	3,333
2024		3,426
2025		3,521
2026		3,620
2027		3,720
Thereafter		132,096
	<u>\$</u>	<u>149,716</u>

Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the amount of \$250,200 from a financial institution under the Paycheck Protection Program (PPP), established as part of the CARES Act. The PPP loan includes a feature that allows for forgiveness of the loan if the funds are used for eligible purposes, including payroll and benefits, and if the Organization maintains its payroll levels. On March 15, 2021, the Organization received forgiveness of the entire amount of the PPP loan. The forgiveness of the PPP loan is included in gain on forgiveness of debt in the accompanying statement of activities for the year ended December 31, 2021.

8. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the years ended December 31:

Description	2022	2021	Was in-kind sold?	Utilization in program/activities Program, Fundraising, G&A	Donor restrictions	Valuation technique and inputs
Goods	\$ 11,828	\$ 9,122	No	Fundraising	Raffle items for fundraising at special events	The value was based on the fair market value of similar goods for sale online.
Goods	12,741	13,466	No	Program	No donor restrictions	The value was based on the fair market value of similar goods for sale online.
Goods	720	-	No	Programs, Administration and Fundraising	For staff & board	The value was based on the fair market value of similar goods for sale online.
Services	7,500	350	No	Fundraising	No donor restrictions	The value was based on the price the donor would have charged if not donated.
Food	1,950	-	No	Fundraising	For Luncheon & Lip Sync fundraising special events	The value was based on the fair market value of similar goods for sale online.
Rent	106,000	106,000	No	Programs, Administration and Fundraising	No donor restrictions	The value was based on the fair market value of space and rent.
Total	<u>\$ 140,739</u>	<u>\$ 128,938</u>				

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9. Commitments

The Organization leases its premises under an operating lease for which the Organization is responsible for \$1 of rent per annum and actual share of utilities and other associated costs. The Organization has estimated the annual value of this rental at \$106,000, which is included as contributions of nonfinancial assets and occupancy expense in the accompanying financial statements. No formal agreement has been signed as of December 31, 2022.

The Organization also has a sublease for office space from the Children’s Advocacy Center of Collin County. The lease has no end date, but may be terminated by either party with a ninety (90) day notice. The monthly rent is \$685 for this space.

10. Liquidity and Availability of Resources

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures for a reasonable period of time.

The following table reflects the Organization’s financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions as of December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 325,107	\$ 177,771
Investments	256,454	514,134
Contributions receivable	562,139	286,600
Grants receivable	<u>59,772</u>	<u>113,294</u>
Financial assets available for general expenditures within one year	1,203,472	1,091,799
Amounts unavailable to management without board of directors' approval:		
Board designated for reserve fund	<u>(30,095)</u>	<u>(30,046)</u>
Total financial assets available within one year after board designations	<u>\$ 1,173,377</u>	<u>\$ 1,061,753</u>

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11. Special Events

The following is a summary of the revenue and support and direct costs for each fundraising event for the year ended December 31, 2022:

	<u>Income</u>	<u>Cost of Direct Donor Benefits</u>	<u>Net</u>
Luncheon	\$ 210,543	\$ 79,376	\$ 131,167
Golf	131,335	33,799	97,536
Lip Sync	20,013	7,825	12,188
	<u>\$ 361,891</u>	<u>\$ 121,000</u>	<u>\$ 240,891</u>

The following is a summary of the revenue and support and direct costs for each fundraising event for the year ended December 31, 2021:

	<u>Income</u>	<u>Cost of Direct Donor Benefits</u>	<u>Net</u>
Luncheon	\$ 144,308	\$ 24,560	\$ 119,748
Golf	120,839	33,146	87,693
Lip Sync	13,454	68	13,386
	<u>\$ 278,601</u>	<u>\$ 57,774</u>	<u>\$ 220,827</u>

12. Retirement Plan

The Organization provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. The Organization contributes up to 3% of gross wages for participants with a maximum of \$10,000 per year. Contributions to the plan during the years ended December 31, 2022 and 2021 were \$26,550 and \$26,839, respectively.

13. Related Party Transactions

The Organization received contributions totaling \$68,802 and \$56,242 during the years ended December 31, 2022 and 2021, respectively, from members of the board of directors.

14. Subsequent Events

In March 2023, the Organization entered into a \$300,000 line of credit agreement with a bank with an interest rate of 6.95% and a maturity date of March 2024.

The Organization has evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.