

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**

**Financial Statements with Auditor's Report**

**For the Year Ended December 31, 2021**

# CHARLES O. PAUL

## CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
NewDay Services for Children and Families

#### **Opinion**

We have audited the accompanying financial statements of NewDay Services for Children and Families (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year 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 NewDay Services for Children and Families as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NewDay Services for Children and Families and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 NewDay Services for Children and Families's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 NewDay Services for Children and Families'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 NewDay Services for Children and Families'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.



CHARLES O. PAUL, CPA  
December 6, 2022

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Statement of Financial Position**  
**December 31, 2021**

**ASSETS**

|   |                          |
|---|--------------------------|
| Cash and cash equivalents   | \$ 169,951               |
| Contracts and grants receivable                                   | 90,912                   |
| Prepaid expenses  | <u>-</u>                 |
| Total current assets  | 260,863                  |
| Fixed assets at cost, net of \$24,922<br>accumulated depreciation | <u>30,562</u>            |
| Total Assets  | <u><u>\$ 291,425</u></u> |

**LIABILITIES AND NET ASSETS**

|  |                          |
|--|--------------------------|
| <b>Current Liabilities:</b>              |                          |
| Accounts payable and accrued liabilities | <u>\$ 8,345</u>          |
| Total current liabilities                | <u>8,345</u>             |
| Commitments and contingencies            | -                        |
| <b>Net assets:</b>                       |                          |
| Without donor restrictions               | 173,305                  |
| With donor restrictions                  | <u>109,775</u>           |
| Total net assets                         | <u>283,080</u>           |
| Total Liabilities and Net Assets         | <u><u>\$ 291,425</u></u> |

The accompanying notes are an integral part of the financial statements

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

|   | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total</u>                    |
|---|---|--|---------------------------------|
| <b>Revenue and support:</b>                       |   |  |                                 |
| Contributions and grants                          | \$ 110,866                                | \$ 348,583                             | \$ 459,449                      |
| Government grants                                 | 687,358                                   | -                                      | 687,358                         |
| Program fees                                      | 11,145                                    | -                                      | 11,145                          |
| Forgiven Paycheck Protection Program note payable | 190,201                                   | -                                      | 190,201                         |
| Investment income                                 | 420                                       | -                                      | 420                             |
| Assets released from restriction                  |   |  |                                 |
| Fathers programming                               | 185,530                                   | (185,530)                              | -                               |
| Mothers programming                               | 58,900                                    | (58,900)                               | -                               |
| Family law center                                 | 38,900                                    | (38,900)                               | -                               |
| Other   | 37,899                                    | (37,899)                               | -                               |
|   | <u>1,321,219</u>                          | <u>27,354</u>                          | <u>1,348,573</u>                |
| <b>Expenses:</b>                                  |   |  |                                 |
| Program services                                  | 1,049,361                                 | -                                      | 1,049,361                       |
| General and administrative expense                | 116,845                                   | -                                      | 116,845                         |
| Fundraising                                       | 139,276                                   | -                                      | 139,276                         |
|   | <u>1,305,482</u>                          | <u>-</u>                               | <u>1,305,482</u>                |
| <b>Change in net assets</b>                       | <b>15,737</b>                             | <b>27,354</b>                          | <b>43,091</b>                   |
| <b>Net assets, beginning of year</b>              | <u><b>157,568</b></u>                     | <u><b>82,421</b></u>                   | <u><b>239,989</b></u>           |
| <b>Net assets, end of year</b>                    | <u><u><b>\$ 173,305</b></u></u>           | <u><u><b>\$ 109,775</b></u></u>        | <u><u><b>\$ 283,080</b></u></u> |

The accompanying notes are an integral part of the financial statements

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

|   |                                 |
|---|---------------------------------|
| <b>Cash flows from operating activities:</b>  |                                 |
| Change in net assets  | \$ 43,091                       |
| Adjustments to reconcile the change<br>in net assets to net cash provided<br>by operating activities: |                                 |
| Depreciation  | 6,647                           |
| Decrease (increase) in grants receivable  | (6,779)                         |
| Decrease (increase) in prepaid expenses   | 800                             |
| Increase (decrease) in accounts payable and accrued liabilities                                       | <u>5,304</u>                    |
| <b>Net cash used in operating activities</b>  | <u><b>49,063</b></u>            |
| <b>Cash flows from investing activities:</b>  |                                 |
| Capital expenditures  | <u>(14,180)</u>                 |
| <b>Net cash used in investing activities</b>  | <u><b>(14,180)</b></u>          |
| <b>Cash flows from financing activities:</b>  | -                               |
| <b>Net change in cash and cash equivalents</b>  | <b>34,883</b>                   |
| <b>Cash and cash equivalents, beginning of year</b>   | <u><b>135,068</b></u>           |
| <b>Cash and cash equivalents, end of year</b>   | <u><u><b>\$ 169,951</b></u></u> |
| <br><b>Schedule of non-cash investing and financing activities:</b>                                   |                                 |
| None  |                                 |
| <br><b>Supplemental Statement of Cash Flow information:</b>   |                                 |
| Investment income received  | \$ 420                          |

The accompanying notes are an integral part of the financial statements

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

|  | <u>Program<br/>Services</u> | <u>General and<br/>Administrative</u> | <u>Fundraising</u>       | <u>Total</u>               |
|--|-----------------------------|---------------------------------------|--------------------------|----------------------------|
| Salaries and related expenses          | 900,746                     | \$ 91,210                             | \$ 112,802               | \$ 1,104,758               |
| Contract services                      | 35,646                      | 954                                   | 1,430                    | 38,030                     |
| Office supplies                        | 6,850                       | 1,805                                 | 1,781                    | 10,436                     |
| Postage                                | 299                         | 262                                   | 641                      | 1,202                      |
| Printing and publications              | 997                         | 6                                     | 441                      | 1,444                      |
| Dues and memberships                   | 1,757                       | 155                                   | 211                      | 2,123                      |
| Occupancy                              | 57,774                      | 18,726                                | 13,042                   | 89,542                     |
| Staff training & expenses              | 1,418                       | 658                                   | 424                      | 2,500                      |
| Bank charges                           | 3,018                       | 604                                   | 215                      | 3,837                      |
| Travel, meals, entertainment and gifts | 3,790                       | 104                                   | 170                      | 4,064                      |
| Direct client services                 | 3,827                       | -                                     | -                        | 3,827                      |
| Insurance                              | 10,659                      | 154                                   | 1,495                    | 12,308                     |
| Software                               | 11,425                      | -                                     | 3,460                    | 14,885                     |
| Advertising and marketing              | 296                         | -                                     | 3,144                    | 3,440                      |
| Other                                  | 4,619                       | 1,800                                 | 20                       | 6,439                      |
| <b>Total</b>                           | <b>1,043,121</b>            | <b>116,438</b>                        | <b>139,276</b>           | <b>1,298,835</b>           |
| Depreciation                           | 6,240                       | 407                                   | -                        | 6,647                      |
| <b>Total</b>                           | <b><u>\$ 1,049,361</u></b>  | <b><u>\$ 116,845</u></b>              | <b><u>\$ 139,276</u></b> | <b><u>\$ 1,305,482</u></b> |

The accompanying notes are an integral part of the financial statements

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

**(a) Organization and Operations**

NewDay Services for Children and Families ("The Organization") is a Texas Non-Profit Corporation. The Organization is exempt under Section 501 (c)(3) of the Internal Revenue Code. The Organization has had operations at the Family Law Center (formerly the Civil Courts) in Tarrant County, Texas since 1997 and in the Juvenile Justice Center since 2000. NewDay Services for Children and Families offers help and hope to the children and families it comes in contact with through the Tarrant County Family and Juvenile Court Systems. That help and hope comes in the form of chaplains, educational classes and resource referrals within the community to agencies and churches.

Financial support is received in the form of charitable donations from churches, businesses, community organizations & individuals. Most of our program support is received from foundation and government funding sources.

**(b) Financial Statement Presentation**

For financial reporting purposes, the Organization's net assets are grouped and reported by the following two classifications:

*Without Donor Restrictions* - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

*With Donor Restrictions* - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts and includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized.

**(c) Pledges, Grants and Contracts Receivable**

Grants receivable are composed of current grants receivable under the Organization's contracts with the various agencies and several pledges from local individuals. In the opinion of management there are no significant uncollectible accounts therefore, no allowance for doubtful accounts has been provided in these statements. Revenue under cost reimbursement grants is recognized in the period in which it is earned. Amounts collected in advance on such grants are recorded as unearned revenue in the Statement of Financial Position.

Contributions and Grants received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions are met in the year of contribution, the amounts of temporarily restricted gifts are listed as unrestricted contributions.



**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Notes to Financial Statements**

**(d) Fixed Assets**

Expenditures for furniture and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of contribution. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit instructions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the assets are placed into service. The Organization capitalized fixed assets over \$500 and with a useful life in excess of one year.

Equipment purchased using government funds through cost reimbursement programs are not capitalized because the contractor retains a reversionary interest in the equipment.

Depreciation of fixed assets is calculated on the straight-line method over the following useful lives:

|           |         |
|-----------|---------|
| Equipment | 5 years |
|-----------|---------|

**(e) Income Taxes**

The Organization is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has been determined to be a public charity and not a private foundation.

**(f) Functional Expenses Allocation**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**(g) Contributed Services**

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Notes to Financial Statements**

**(h) Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

**(i) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(j) Subsequent Events**

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**(k) Accounting Pronouncements**

In January 2016, the Financial Accounting Standards Board “the Board” issued a pronouncement related to accounting for leases. The effect of this change will require that Organizations that enter into leases of more than twelve months record those leases as assets and liabilities. The standard is effective for the Organization’s year that ends December 31, 2022. The Organization has not yet assessed the impact of this new accounting standard. Additionally, a standard that affects certain aspects of financial reporting for nonprofit Organization’s was also issued. It is management’s opinion that the standard will not materially affect financial reporting for the Organization.

**2. Fixed Assets**

The composition of fixed assets at December 31, 2021 is as follows:

|                               |                  |
|-------------------------------|------------------|
| Equipment                     | \$ 55,483        |
| Less accumulated depreciation | <u>24,921</u>    |
|                               | <u>\$ 30,562</u> |

**3. Commitments and Contingencies**

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift.

**NEWDAY SERVICES FOR CHILDREN AND FAMILIES**  
**Notes to Financial Statements**

The Organization leases its offices and entered into a lease agreement that is effective July 1, 2021 expires in June 2023. The amount due under this lease is \$2,750 per month.

In 2017, the Organization entered into a lease for office equipment. This lease calls for minimum rental payments of \$241 per month through December 2023.

Amounts due under the leases are as follows:

|      |           |
|------|-----------|
| 2022 | \$ 35,892 |
| 2023 | 19,392    |

**4. Concentrations**

During 2021, the Organization reported revenue of \$687,358 from government contracts. This represents 51% of total support and revenue. One contract comprised 19.6% of support and revenue. An additional contract accounted for 11.4% of total revenue and support.

**5. Net Assets With Donor Restrictions**

At December 31, 2021, the Organization held \$109,775 in net assets that are restricted for restricted for specific programmatic purposes which is comprised of \$5,875 that is restricted for strategic planning, \$57,500 for the women’s program, \$5,600 for mentor navigation, \$20,800 for co-parenting, \$13,800 for anger resolution and an additional \$6,200 in net assets are restricted for various small programs.

**6. COVID-19 and Paycheck Protection Program Note Payable**

In February 2021, the Organization received a second loan from Southside Bank in the amount of \$190,201. The loan is under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated February, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at 1% and is payable monthly installments of principal and interest over 24 months beginning six months from the date of the note. Application for forgiveness of this loan has been made and approved In October 2021. Forgiveness of this loan has been reported as income in the statement of activities for fiscal 2021.