

FRIENDS OF THE PORTSMOUTH

JUVENILE COURT, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

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To the Board of Directors
Friends of the Portsmouth Juvenile Court, Inc.
Portsmouth, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of **Friends of the Portsmouth Juvenile Court, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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, we 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Portsmouth Juvenile Court, Inc. as of June 30, 2020 and 2019, 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.

Jones CPA Group . P.C.
Norfolk, Virginia
Decemebr 30, 2020

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019**

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 170,864	\$ 153,662
Accounts Receivable	1	419
TOTAL CURRENT ASSETS	170,865	154,081
PROPERTY AND EQUIPMENT, Net of Accumulated Depreciation	1,782	3,317
OTHER ASSETS		
Security Deposits	152	149
Prepaid Expense	1,241	4,768
TOTAL OTHER ASSETS	1,393	4,917
TOTAL ASSETS	\$ 174,040	\$ 162,315
LIABILITIES AND NET ASSETS		
NET ASSETS		
Net Assets Without Donor Restrictions	\$ 158,336	\$ 162,315
Net Assets With Donor Restrictions	15,704	-
TOTAL NET ASSETS	174,040	162,315
TOTAL LIABILITIES AND NET ASSETS	\$ 174,040	\$ 162,315

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019**

	Without Donor Restrictions	With Donor Restrictions	2020	2019
UNRESTRICTED NET ASSETS				
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 2,850	\$ -	\$ 2,850	\$ 12,460
Grants	1,086	165,086	166,172	154,898
In Kind Revenue	3,060	17,340	20,400	20,400
Fundraising	1,027	8,345	9,372	13,889
Interest Income	15	-	15	13
Other Income	-	1,148	1,148	269
	<u>8,038</u>	<u>191,919</u>	<u>199,957</u>	<u>-</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>176,215</u>	<u>(176,215)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>184,253</u>	<u>15,704</u>	<u>199,957</u>	<u>201,928</u>
EXPENSES				
Program Services	170,480	-	170,480	165,236
Supporting Services - Management and General	14,917	-	14,917	14,167
Supporting Services - Fund Raising	2,835	-	2,835	2,444
TOTAL EXPENSES	<u>188,232</u>	<u>-</u>	<u>188,232</u>	<u>181,847</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(3,979)	15,704	11,725	20,081
NET ASSETS, BEGINNING OF YEAR	<u>162,315</u>	<u>-</u>	<u>162,315</u>	<u>142,234</u>
NET ASSETS, END OF YEAR	<u>\$ 158,336</u>	<u>\$ 15,704</u>	<u>\$ 174,040</u>	<u>\$ 162,315</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Advertising	\$ 263	\$ -	\$ -	\$ 263
Bank Charges	55	5	-	60
Conferences & Networking	612	36	-	648
COVID- 19	18,251	-	-	18,251
Depreciation	2,559	223	-	2,782
Dues & Subscriptions	679	20	-	699
Fundraising Expenses	-	-	2,835	2,835
Meals & Entertainment	-	-	-	-
Miscellaneous	1,438	-	-	1,438
Insurance	460	40	-	500
Office Expense	3,059	480	-	3,539
Payroll Taxes	7,716	671	-	8,387
Salaries	104,051	9,048	-	113,099
Printing & Publication	1,945	165	-	2,110
Professional Fees	6,833	540	-	7,373
Donated Rent	15,300	2,700	-	18,000
Supplies	132	-	-	132
Telephone	3,691	338	-	4,029
Travel	1,032	-	-	1,032
Volunteer Appreciation	364	291	-	655
Donated Utilities	2,040	360	-	2,400
	<u>\$ 170,480</u>	<u>\$ 14,917</u>	<u>\$ 2,835</u>	<u>\$ 188,232</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Advertising	\$ 96	\$ 8	\$ -	\$ 104
Bank Charges	3	-	-	3
Conferences & Networking	3,246	283	-	3,529
Depreciation	1,727	1	-	1,728
Dues & Subscriptions	600	-	-	600
Fundraising Expenses	-	-	2,444	2,444
Meals & Entertainment	70	6	-	76
Miscellaneous	4,425	385	-	4,810
Office Expense	4,729	411	-	5,140
Payroll Taxes	8,600	748	-	9,348
Salaries	109,672	9,537	-	119,209
Printing & Publication	2,648	230	-	2,878
Professional Fees	5,529	481	-	6,010
Donated Rent	16,570	1,441	-	18,011
Supplies	190	16	-	206
Telephone	2,545	221	-	2,766
Travel	2,378	207	-	2,585
Donated Utilities	2,208	192	-	2,400
	<u>\$ 165,236</u>	<u>\$ 14,167</u>	<u>\$ 2,444</u>	<u>\$ 181,847</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	\$ 11,725	\$ 20,081
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,782	1,728
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	418	9,996
Prepaid Expenses	3,527	822
Increase (Decrease) in:		
Accrued Payroll and Payroll Tax Liabilities	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,452</u>	<u>32,627</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(1,247)</u>	<u>(1,100)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,247)</u>	<u>(1,100)</u>
NET INCREASE IN CASH	17,205	31,527
CASH, BEGINNING OF YEAR	<u>153,662</u>	<u>122,135</u>
CASH, END OF YEAR	<u>\$ 170,864</u>	<u>\$ 153,662</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of the Portsmouth Juvenile Court, Inc. (FRIENDS) is a tax-exempt nonprofit organization established to help children and families that come before the attention of the Juvenile and Domestic Relations Court. The Organization strives to strengthen the institutions, programs, and resources available to respond most effectively to the needs of these children and their families.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The federal income tax returns of the Organization for June 30, 2020, 2019 and 2018 are subject to examination by the IRS, generally for three years after they are filed.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions represents net assets that are not subject to donor imposed restrictions.

Net Assets With Donor Restrictions represents net assets that are subject to donor imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, the donor-restricted net asset will be reclassified as net assets released from donor restrictions.

Newly Adopted Accounting Pronouncements

In June 2019, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a grant should be accounted for as a contribution or an exchange transaction. The Organization adopted ASU 2018-08 as of July 1, 2019 under modified prospective approach. The adoption on ASU 2018-08 did not materially impact the financial statements.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, ASC 606) which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customer based on the expected consideration to be received in exchange for those goods or services. The Organization will adopt ASU 2014-09 for years ending December 15, 2020. The Organization is currently evaluating this accounting standard and the effect this accounting standard may have on their financial statements.

In February 2016, the FASB issued Accounting Standards Update, Leases (Topic 842), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of assets, liabilities, and members' equity (deficit)—the new ASU will require both types of leases to be recognized on the statement of assets, liabilities, and members' equity (deficit). The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021.

Use of Estimates

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support that increases those net assets. When restrictions expire, net assets with restrictions are reclassified to net assets with donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Friends of the Portsmouth Juvenile Court, Inc. has net assets with donor restrictions as of June 30, 2020 and 2019 in the amount of \$15,704 and \$0 respectfully.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort; and depreciation, which is allocated based on Salaries.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of short maturities of those financial instruments.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method based on the estimated useful lives of the related assets, ranging from 5 to 30 years.

Maintenance and repairs, including replacement of minor items of physical properties, are charged to expense; major additions are capitalized.

Advertising Costs

Advertising costs are expensed as incurred. Advertising cost expense for the years ended June 30, 2020 and 2019 were \$263 and \$104, respectively.

Date of Management Review

Management has evaluated subsequent events through August 30, 2019, the date which the financial statements were available to be issued.

Retirement Plan

The Organization funds a Simplified Employee Pension Individual Retirement Account for eligible employees. Contributions made to the plan for the years ended June 30, 2020 and 2019 are \$1,115 and \$0, respectfully.

Economic Dependency

The Organization receives substantial support from government agencies. If a significant reduction in the level of support were to occur, it would affect the Organization's future programs and activities.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 2 - SUMMARY OF PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture & Equipment	\$ 41,145	\$ 39,898
Less: Accumulated Depreciation	(39,363)	(36,581)
Net Property and Equipment	<u>\$ 1,782</u>	<u>\$ 3,317</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$2,782 and \$1,728, respectively.

NOTE 3 - DONATED MATERIALS, SERVICES, AND EQUIPMENT

During the years ended June 30, 2020 and 2019, the following donations were recorded as contributions-in-kind:

	<u>2020</u>	<u>2019</u>
Donated Office Rent	\$ 18,000	\$ 18,011
Donated Office Utilities	2,400	2,400
	<u>\$ 20,400</u>	<u>\$ 20,411</u>

NOTE 4 - LEASES

Beginning July 1, 2014, the Organization has been receiving office space and related utilities at Portsmouth Judicial Center as a non-cash contribution.

NOTE 5 - FUND RAISING COSTS

During the years ended June 30, 2020 and 2019, the Organization received funding from the United Way. The Organization's proportionate share of the fund raising costs amount to \$1,038 and \$1,172, respectively.

See independent auditors' report.