EAST VALLEY FAMILY SERVICES

FINANCIAL STATEMENTS

JUNE 30, 2023

ELLSWORTH • STOUT
CPAs and Consultants

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Independent Auditor's Report

To the Board of Directors of
East Valley Family Services

Opinion
We have audited the accompanying financial statements of East Valley Family Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, 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 East Valley Family Services (the "Organization") as of June 30, 2023, 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 the Organization 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 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.

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, including omissions, 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 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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
January 30, 2024

EAST VALLEY FAMILY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS		
Current Assets:		
Cash and cash equivalents	$	193,503
Grants receivable		246,398
Inventory		13,386
Prepaid expenses		19,716
Other current assets		21,287
Total current assets		494,290
Property and Equipment, net		59,115
Other Assets:		
ROU asset for operating leases, net		350,793
Total Assets	$	904,198
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	31,754
Accrued expenses		51,334
Grants received in advance		3,935
Current operating lease liability		143,288
Total current liabilities		230,311
Long-Term Liabilities:		
Liability for operating leases, net		212,355
Total Liabilities		442,666
Net Assets:		
Without donor restrictions		456,135
With donor restrictions		5,397
Total net assets		461,532
Total Liabilities and Net Assets	$	904,198

See accompanying notes to the financial statements.

EAST VALLEY FAMILY SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Assets without Donor Restrictions	
Revenue and other support:	
Grant income	$ 1,387,050
In-kind donations	362,466
Contributions	35,787
Program revenue	85
Special events, net of expenses of $1,150	3,742
Investment income	5,179
Net assets released from donor restrictions	2,251
	1,796,560
Expenses:	
Program services	1,783,879
Supporting services:	
Management and general	133,189
Fundraising	584
	1,917,652
Decrease in net assets without donor restrictions	(121,092)
Net Assets with Donor Restrictions	
Contributions	3,050
Net assets released from donor restrictions	(2,251)
Increase in net assets with donor restrictions	799
Decrease in Net Assets	(120,293)
Net Assets, Beginning of Year	581,825
Net Assets, End of Year	$ 461,532

See accompanying notes to the financial statements.

EAST VALLEY FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program	Management and General	Fundraising	Total
Advertising	$ -	$ 96	$ -	$ 96
Automobile	21,340	216	-	21,556
Client assistance	346,402	-	-	346,402
Contracted services	77,446	2,679	-	80,125
Depreciation	17,363	175	-	17,538
Education and training	2,787	1,146	-	3,933
Equipment	17,067	39	-	17,106
In-kind expenses	364,738	-	-	364,738
Insurance	26,261	2,334	584	29,179
Miscellaneous	245	3,256	-	3,501
Office supplies	23,145	7,113	-	30,258
Professional fees	13,721	5,880	-	19,601
Program expenses	20,157	-	-	20,157
Public information	2,641	3,501	-	6,142
Rent	109,090	49,011	-	158,101
Salaries and related expenses	692,761	52,143	-	744,904
Travel	32,917	332	-	33,249
Utilities	15,798	5,268	-	21,066
	$ 1,783,879	$ 133,189	$ 584	$ 1,917,652

See accompanying notes to the financial statements.

Cash Flows from Operating Activities		
Decrease in net assets	$	(120,293)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation		17,538
In-kind inventory adjustment		2,272
Lease accretion		4,850
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable		47,705
(Increase) decrease in prepaid expenses		11,350
(Increase) decrease in other current assets		4,848
Increase (decrease) in accounts payable		3,931
Increase (decrease) in accrued expenses		(1,240)
Increase (decrease) in grants received in advance		(33,841)
Net cash used in operating activities		(62,880)
Net Decrease in Cash and Cash Equivalents		(62,880)
Cash and Cash Equivalents, Beginning of Year		256,383
Cash and Cash Equivalents, End of Year	$	193,503

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Organization was incorporated in 2004 and provides help to families, children, and seniors in Southern Nevada to become and remain self-sufficient, healthy, and socially responsible. The programs the Organization provides are described below:

Differential Response – The Organization works together with Clark County Child Protective Services ("CPS") to assess families who are in need of community support and assistance. The program is designed to help families break the cycle of CPS involvement without removing children.

Family Education – The Organization provides classes in parenting skills, car seat safety, safe sleep, Bears n Binkies, Choose your Partner Carefully and other educational classes.

Family Resource Center – The Organization provides basic needs such as food, energy and transportation assistance, Work and ID cards, Birth certificate assistance, job referrals, assistance and application assistance to people of all ages to promote family wellness, economic stability, and social responsibility so families, neighborhoods and the community can be strengthened.

Peer Parent Program – The Organization assists in reuniting families that have had children removed from the home through active case management, advocacy in court, transportation assistance, employment readiness training, food assistance, goal setting, safety and moral support. Our Peer Parents have successfully navigated the court system and have been reunited with their children for over two years. Through this program they guide parents through the system they too have endured to reunification.

Senior Respite – The Organization provides time for people over the age of 55 who take care of young children to rest and regroup, participate in monthly support groups and activities.

Seniors and Disability Resource Center – The Organization provides help to older individuals and people with disabilities, along with their families and caregivers, to find services and resources to keep living well and independently. The Organization provides assistance to families and children who have special medical needs.

Supplemental Nutrition Program ("SNAP") – The Organization provides help to low-income individuals and families in buying the food they need for good health and assisting clients to apply for SNAP, TANF and Medicaid Services.

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to not-for-profit organizations, principally Account Standards Codification ("ASC") 958, *Not-for-Profit-Entities.* Under ASC 958 (as amended by Accounting Standards Update ("ASU") 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement financial position and statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which at times may exceed amounts covered by insurance provided by the U.S Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Grants Receivable

Grants receivable represent unreimbursed costs under the Organization's grants. Revenue is recorded once the Organization incurs program specific costs that are reimbursed by the granting agency. The Organization does not anticipate any collection losses with respect to the receivable balance. As a result, no allowance for doubtful accounts is deemed necessary as of June 30, 2023. If accounts become uncollectible, the balances will be charged to expense when that determination is made.

Inventory

Inventory is comprised of in-kind donations of goods held for distribution as part of the Organization's charitable activities. Inventory is initially recognized at the fair market value of the contributed goods on the date of the donation. The cost of goods distributed is determined on a first-in, first-out basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Organization capitalizes significant expenditures for property and equipment at cost, generally those that exceed $1,000 per organizational policy. Property and equipment that are contributed to the Organization are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets ranging between five and fifteen years.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* ("Topic 842"), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued additional ASU's, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for finance and operating leases on the statement of financial position.

The Organization elected to adopt Topic 842 effective July 1, 2022 using transition method B. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Organization has elected to apply the portfolio approach to account for ROU assets and liabilities, where applicable.

The Organization has elected the practical expedient that does not require the Organization to separate lease and non-lease components for its leases.

The Organization has elected to use the risk-free rate as the discount rate for its operating and financing leases.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the statement of financial position.

The Organization has elected to use the package of transition practical expedients.

The Organization leases office space and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term using the applicable rate. Operating lease ROU assets also includes any lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. For the year ended June 30, 2023, lease commencements resulted in an increase in operating lease ROU assets of $490,865 and an increase in operating liabilities of $490,865.

None of the Organization's leases contain provisions for variable rent payments, material residual value agreements, or ratios that must be maintained.

Revenue Recognition

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional, contributions are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or when the right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ending June 30, 2023, all exchange grant revenue was recognized at a point-in-time when services were performed.

Program revenue is recognized at a point-in-time when services are performed and payment becomes receivable upon service completion.

Contributed Materials and Services

Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services (Continued)

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

During the fiscal year ended June 30, 2023, the Organization received all donated food from Three Square which included both federal and non-federal commodities. The donated food is recorded in the financial statements as in-kind donations and in-kind expenses. The donations are valued at the fair value of one pound of donated food product that is provided by the donor. The fair value determined and provided by the donors during the year was $1.92 per pound for non-federal commodities and $1.53 per pound for federal commodities.

Donated professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Unpaid volunteers have donated their time to the Organization's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

The Organization received the following in-kind donations as of June 30, 2023:

Event	$ 1,640
Event - in-kind giveaway	24,482
Food	279,858
Other	834
Program - supplies	55,652
	$ 362,466

Advertising

Advertising costs, if any, are expensed as incurred.

Income Taxes

In July 2005, the Organization received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, *Income Taxes*, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Organization is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2023 the Organization has $435,966 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of $189,568 and grant receivables of $246,398.

Contractual or donor-imposed restrictions are not available for general expenditure. Contractual obligations include a line of credit collateral (as further discussed in Note 5). As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization could draw upon the available line of credit.

NOTE 3 – PROPERTY AND EQUIPMENT

As of June 30, 2023, property and equipment consisted of the following:

Furniture and fixtures	$ 43,554
Leasehold improvements	3,500
Vehicles	156,836
	203,890
Less: accumulated depreciation	(144,775)
	$ 59,115

Depreciation expense for the year ended June 30, 2023 was $17,538.

NOTE 4 –LEASING ACTIVITIES

As of June 30, 2023, the following summarizes the line items in the statement of financial position which include amounts for operating leases:

ROU asset for operating leases	$ 350,793
Current operating lease liability	$ 143,288
Long-term liability for operating leases	212,355
	$ 355,643

NOTE 4 –LEASING ACTIVITIES (Continued)

As of June 30, 2023, the following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	2.39 years
Weighted Average Discount Rate	2.86 %

As of June 30, 2023, the maturities of lease liabilities were as follows:

2024	$	151,244
2025		155,452
2026		60,931
Total lease payments		367,627
Less interest		(11,984)
Present value of lease liabilities	$	355,643

For the year ended June 30, 2023, the following summarizes the line items in the statement of activities which include the components of lease expense:

Lease Costs (included in rent expense):		
Operating lease cost	$	147,159
Other lease cost		10,942
Total lease costs	$	158,101

NOTE 5 – LINE OF CREDIT

The Organization has a $20,000 line of credit with the Bank of Nevada that renews annually. Interest on this loan is computed on a 365/360 basis by applying the ratio of the interest rate over a year of 360 days, multiplied by the actual number of days the principle balance is outstanding. All interest payable under this loan is computed using this method as well. This yields a higher effective interest rate than the rate stated in the loan documents. The line of credit was collateralized by certificates of deposit of the Organization. As of June 30, 2023, the outstanding balance was $0.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Some non-cash net assets with donor restrictions have been purchased with monies from grantors and are only to be used for their related program. If the Organization ceases to operate the program the assets would be given to the succeeding organization. Net assets with donor restrictions are restricted for the purpose of TEFAP Inventory in the amount of $5,937 as of June 30, 2023.

NOTE 7 – 401(K) PROFIT SHARING PLAN

The Organization has a 401(k) Profit-Sharing Plan (the "Plan") that was established in July 2010 and is available to all eligible employees. Eligible employees become a participant in the Plan after they have completed at least 1,000 hours of service within the twelve-month period. Through payroll deduction, plan participants contribute elective deferrals up to the maximum amount allowed by law and the Plan. Participants must complete at least one year of service to receive employer matching contributions under this Plan. The Organization currently matches up to 5% of total employee contributions into the pension plan account of the employee. For the year ended June 30, 2023, the Organization made matching contributions of $5,374.

NOTE 8 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through January 30, 2024, which is the date the financial statements were available to be issued. No additional events were identified that would require disclosure.