

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2022

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Thompson, Hughes & Trollinger



Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falls Church Community Service Council, Inc.
Falls Church, Virginia

Opinion

We have audited the accompanying financial statements of Falls Church Community Service Council, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of Falls Church Community Service Council, Inc., as of June 30, 2022, 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 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 Team River Runner, Incorporated, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Falls Church Community Service Council, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 Falls Church Community Service Council, Inc.'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 Falls Church Community Service Council, Inc.'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.

Thompson, Hughes & Trolinger P.L.L.C.

December 21, 2022
Alexandria, Virginia

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

Current assets	
Cash	\$ 540,106
Inventory	5,000
Prepaid expenses	4,909
Total current assets	<u>550,015</u>
Designated cash	12,700
Property and equipment, net of accumulated depreciation	<u>10,480</u>
Total assets	<u><u>\$ 573,195</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	253
Grants payable	<u>218,500</u>
Total current liabilities	<u>218,753</u>
Net assets:	
Without donor restrictions	
Undesignated	205,273
Designated	<u>12,700</u>
Total without donor restrictions	217,973
With donor restrictions	<u>136,469</u>
Total net assets	<u>354,442</u>
Total liabilities and net assets	<u><u>\$ 573,195</u></u>

See notes to the financial statements

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2022

	Without donor restrictions		Total without donor restrictions	With donor restrictions	Total
	General	Designated			
Support and revenue					
Government grants:					
Local	\$ 84,787	\$ -	\$ 84,787	35,416	\$ 120,203
CARES Act	0	-	-		-
Emergency rental assistance program	51,708	-	51,708	982,453	1,034,161
Contributions	37,515	-	37,515	26,865	64,380
In-kind donation	21,260	-	21,260		21,260
Other income	478	-	478		478
Net assets released from restrictions	1,985,701	-	1,985,701	(1,985,701)	-
Total revenue, gains and other support	<u>2,181,449</u>	<u>-</u>	<u>2,181,449</u>	<u>(940,967)</u>	<u>1,240,482</u>
Expenses					
Programs	<u>2,039,407</u>	<u>-</u>	<u>2,039,407</u>	<u>-</u>	<u>2,039,407</u>
Supporting services					
General	19,001	-	19,001	-	19,001
Fundraising	4,897	-	4,897	-	4,897
Total supporting services	<u>23,898</u>	<u>-</u>	<u>23,898</u>	<u>-</u>	<u>23,898</u>
Total expenses	<u>2,063,305</u>	<u>-</u>	<u>2,063,305</u>	<u>-</u>	<u>2,063,305</u>
Change in net assets	118,144	-	118,144	(940,967)	(822,823)
Net assets, beginning of year	88,329	11,500	99,829	1,077,436	1,177,265
Transfers	<u>(1,200)</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 205,273</u>	<u>\$ 12,700</u>	<u>\$ 217,973</u>	<u>\$ 136,469</u>	<u>\$ 354,442</u>

See notes to the financial statements

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Supporting services				
	Programs	General and Administrative	Fundraising	Total supporting services	Total
Salaries and related	\$ 50,472	\$ 4,696	\$ 4,032	\$ 8,728	\$ 59,200
Emergency assistance	1,923,521	-	-	-	1,923,521
Food purchased	31,813	-	-	-	31,813
Food in-kind distributed	21,260	-	-	-	21,260
Accounting and audit	-	8,600	-	8,600	8,600
Depreciation	1,113	-	-	-	1,113
Insurance	1,734	3,103	-	3,103	4,837
Miscellaneous	1,242	881	865	1,746	2,988
Rent - occupancy	-	1,200	-	1,200	1,200
Rent - storage	7,200	-	-	-	7,200
Office	-	467	-	467	467
Postage	487	54	-	54	541
Total	\$ 2,039,407	\$ 19,001	\$ 4,897	\$ 23,898	\$ 2,063,305

See notes to the financial statements

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

Cash flows from operating activities

Change in net assets	\$	(822,823)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		1,113
Changes in operating assets and liabilities:		
Promises to give		621,225
Inventory		(232)
Prepaid expenses		(3,175)
Accounts payable		(766)
Grants payable		185,349
		(19,309)
Net cash used by operating activities		(19,309)
Cash flows from investing activities		
Cash designated for truck replacement		(1,200)
		(1,200)
Net cash used by investing activities		(1,200)
Net change in cash		(20,509)
Cash, beginning of year		560,615
Cash, end of year	\$	540,106

See notes to the financial statements

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note A – Council and Significant Accounting Policies

Council

The Falls Church Community Service Council, Inc. (“the Council”) was incorporated as a nonstock Virginia corporation in 1973. Its mission is to provide needed human services to poor and disadvantaged individuals and families in the Falls Church and Fairfax County community. The assistance is primarily for short term and emergency needs with the overall mission of helping individuals and families achieve self-sufficiency, an improved quality of life, and to avoid homelessness.

Significant Accounting Policies

Basis of accounting

The financial statements of the Council are prepared on the accrual basis of accounting, whereby, revenue and related assets are recognized when earned and expenses and related liabilities are recognized when incurred.

Basis of presentation

Financial statement presentation follows the requirements of the FASB ASC 958-205 *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASC 958-205, the Council is required to report information regarding its financial position and activities according to three classes of net assets: without donor restrictions, with donor restrictions, and permanently restricted net assets. The Council had no permanently restricted net assets on June 30, 2022.

Promises to give

Promises to give are amounts pledged by donors that have not been collected at the date of the financial statements. Management reviews promises to give regularly and estimates an allowance for doubtful accounts, based on historical patterns. There was no allowance for doubtful accounts at June 30, 2022.

Inventory

Inventory, which consists of food, household supplies, and furniture, is stated at cost determined by the first-in, first-out (FIFO) method.

Property and equipment

Property and equipment consist entirely of a truck that is stated at cost and is depreciated by the straight-line method over its estimated useful life of twenty years.

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note A – Council and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Classes of Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Council, resources are classified into classes established according to their nature and purpose.

The Council's net assets are composed of funds both with and without donor restrictions, described as follows:

Net assets without donor restrictions consist of the funds available for general operations.

Net assets with donor restrictions are as follows:

Purpose restrictions	\$ 136,469
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Revenue recognition

The Council recognizes revenue in accordance with FASB ASC 958, as updated by FASB Accounting Standards Update (ASU) 2018-08. The Council recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. The Council reports grants of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statement of Activities as net assets released from restrictions.

A significant amount of the Council's revenues come from the County of Fairfax, Virginia and the City of Falls Church, Virginia.

Allocation of functional expenses

In the accompanying financial statements, personnel and related administrative costs and rent have been allocated between program and general and administrative expenses, based on management estimates of the level of employees' time used in each activity.

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note A – Council and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

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 assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Council has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is not classified as a private foundation. However, income from activities not directly related to their tax-exempt purposes is subject to taxation as unrelated business income. For the year ended June 30, 2022, the Council had no unrelated business activities. Accordingly, no provision for income taxes has been provided in the financial statements.

Note B – Programs

The Council's programs are as follows:

EMERGENCY ASSISTANCE

Assistance is provided to individuals and families needing help with rent, utilities, medical bills, and other special needs. Benefits are coordinated through Fairfax County Virginia social workers.

FOOD PANTRY

The Council operates a food pantry that provides food (canned, frozen, and fresh) and certain household goods to families in need.

Note C – Property and equipment

Property and equipment consists of the following at June 30, 2022:

Truck	\$ 22,259
Accumulated depreciation	11,779
	<u>\$ 10,480</u>

Depreciation expense is \$1,113 for the year ended June 30, 2022.

FALLS CHURCH COMMUNITY SERVICE COUNCIL, INC.
(A Not-For-Profit Council)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note D – In-kind activity

The value of contributed food is \$21,260, which satisfy the requirements for recognition in the financial statements and have been recorded as in-kind donation revenue. The revenue is matched by a program expense in the same amount as the revenue. The expense is classified functionally under programs as “food in-kind distributed” on the Statement of Functional Expenses.

Note E – ERA program

In June 2021, the Council received a grant of \$1,034,161, pursuant to the United States government’s ERA program. The grant is administered by Fairfax County and ninety-five percent (\$982,453) of it is restricted for use in the emergency assistance program while the remaining five percent (\$51,708) is without restriction.

Note G – Commitments

Office lease

Under the terms of a verbal agreement that has no specified termination date, the Council leases space, as tenant, from a church. Monthly rental is \$700. The Council allocates \$100 for office space and \$600 for food and furniture storage.

Total rent was \$8,400 for the year ended June 30, 2022.

Note H – Concentration of credit risks

The Council maintains cash accounts with a federally-insured bank. While the amounts at times exceed the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore, bear some risk, the Council has not experienced, and does not anticipate any loss of funds. At June 30, 2022, the Council had approximately \$300,000 in deposits that were in excess of insurance coverage.

Note J – Financial assets available and management of liquidity risks

The Council has \$403,637 of financial assets available to meet cash needs for general expenditures within one year of the balance sheet date. Financial assets available consist of cash of \$540,106, \$136,469 of which are subject to restrictions that make them unavailable for general expenditures.

Note K – Subsequent events

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through December 21, 2022, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.