

*Financial Statements*

FAMILY FUTURES

December 31, 2023

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Family Futures was incorporated as a non-stock corporation under the laws of Virginia with the stated mission of creating and implementing a financial education model for K-12 students in Rappahannock County Public Schools that will produce confident, financially-competent adults who understand earning, saving, investing, protecting, and planning around money. As part of the education model, students can earn savings deposits for successful completion of learning activities, allowing them to create a nest egg that will help fund their next-stage life choices.

Family Futures was granted exemption from federal income tax under Section 501(c)3 of the Internal Revenue Code in August 2019.

### **OFFICERS**

Alexia Morrison, Chair  
Brad Barnes, Treasurer  
Jane Eberhardt, Secretary

### **BOARD OF DIRECTORS**

Brad Barnes  
Rosa Crocker  
Jane Eberhardt  
Candy Llama  
Debbie Massie  
Tom Massie  
Alexia Morrison  
Birgitt Thornhill

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# MITCHELL, BURNS & Co., P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Family Futures  
Washington, Virginia

We have reviewed the accompanying financial statements of Family Futures (a nonprofit organization), which comprise the statement of financial position as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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 the design, implementation and for maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Family Futures and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Leesburg, Virginia  
May 21 2024

*Mitchell, Burns & Co., P.C.*

## **FAMILY FUTURES**

### **STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023**

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#### **ASSETS**

Cash and cash equivalents - operating	\$	146,097
Investments		<u>31,937</u>
<b>Total current assets</b>		<u>178,034</u>

Restricted cash - student accounts		<u>104,372</u>
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<b>Total assets</b>	<b>\$</b>	<b><u>282,406</u></b>
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#### **LIABILITIES**

Student account liability	\$	<u>104,437</u>
<b>Total liabilities</b>		<u>104,437</u>

#### **NET ASSETS**

Without donor restriction		169,815
With donor restriction		<u>8,154</u>
<b>Total net assets</b>		<u>177,969</u>

<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>282,406</u></b>
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See accompanying notes and independent accountant's review report.

## FAMILY FUTURES

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restriction	With Donor Restriction	Total 2023
<b>SUPPORT AND REVENUE</b>			
Donations and grants	\$ 99,758	\$ 7,500	\$ 107,258
Special events, net of expenses \$7,542	4,568	-	4,568
Interest income	4,529	-	4,529
Realized and unrealized investment gain, net of fees	1,309	-	1,309
	110,164	7,500	117,664
Net assets released from restriction	7,500	(7,500)	-
<b>Total support and revenue</b>	<b>117,664</b>	<b>-</b>	<b>117,664</b>
<b>EXPENSES</b>			
Program services	101,939	-	101,939
Supporting services			
Management and general	17,587	-	17,587
Fundraising	20,838	-	20,838
<b>Total expenses</b>	<b>140,364</b>	<b>-</b>	<b>140,364</b>
<b>Change in net assets</b>	<b>(22,700)</b>	<b>-</b>	<b>(22,700)</b>
Prior period adjustment	29,356	-	29,356
<b>Net assets, beginning of year</b>	<b>163,159</b>	<b>8,154</b>	<b>171,313</b>
<b>Net assets, end of year</b>	<b>\$ 169,815</b>	<b>\$ 8,154</b>	<b>\$ 177,969</b>

See accompanying notes and independent accountant's review report.

## FAMILY FUTURES

### STATEMENT OF FUNCTIONAL EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total 2023
Contractor fees	\$ 20,250	\$ 8,438	\$ 5,062	\$ 33,750
Professional fees	-	8,626	10,727	19,353
Outreach and development	-	-	-	-
Office expense	406	406	1,217	2,029
Communications	-	-	3,480	3,480
Printing and publications	117	117	352	586
Insurance	2,145	-	-	2,145
Student savings account enhancements	36,305	-	-	36,305
Financial education	42,716	-	-	42,716
<b>Total expenses</b>	<b>\$ 101,939</b>	<b>\$ 17,587</b>	<b>\$ 20,838</b>	<b>\$ 140,364</b>

See accompanying notes and independent accountant's review report.

## **FAMILY FUTURES**

### **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023**

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#### **Cash Flows from Operating Activities**

Change in net assets	\$ (22,700)
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Realized and unrealized investment (gain)	(1,309)
Change in assets and liabilities (Increase) decrease in:	
Student account liability	<u>40,118</u>
Net cash provided by (used in) operating activities	<u>16,109</u>

#### **Cash Flows from Investing Activities**

Proceeds from investment sales	10,550
Investment purchases	<u>(11,823)</u>
Net cash provided by (used in) investing activities	<u>(1,273)</u>

Net increase (decrease) in cash	14,836
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#### **Cash and cash equivalents**

Beginning of year	<u>235,633</u>
End of year	<u>\$ 250,469</u>

See accompanying notes and independent accountant's review report.

## FAMILY FUTURES

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies

##### Nature of Activities

Family Futures (the Organization) is a nonprofit corporation dedicated to creating and implementing a financial education model for K-12 students in Rappahannock County Public Schools that will produce confident, financially-competent adults who understand earning, saving, investing, protecting, and planning around money. As part of the education model, students can earn savings deposits for successful completion of learning activities, allowing them to create a nest egg that will help fund their next-stage life choices.

##### Significant Accounting Policies

The financial statements of the Organization have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting:* 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.

*Basis of Presentation:* Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restriction:* Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

*Net Assets with Donor Restriction:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

*Cash and Cash Equivalents:* For purposes of reporting cash flows, the Organization considers all cash on demand deposits, money market deposits, cash management accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents are maintained in separate accounts for students to receive upon graduation.

*Property, Plant and Equipment:* Expenditures for donations of property and equipment are capitalized at cost or fair market value at the date of gift or purchase. Depreciation of property improvements, furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

FAMILY FUTURES

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Significant Accounting Policies (Continued)**

*Student Account Liability:* Amounts contributed to begin a savings account and future student account enhancements earned are recorded as a liability. Any interest earned on the account is credited to the liability monthly. Upon high school graduation, students are eligible to receive their account balances and the liability is reduced.

*Income tax status:* The Organization was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization’s tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. IRS information filings open for IRS audit include 2020, 2021, 2022 and 2023.

*Measure of Operations:* The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization’s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. There were no non-operating activities in 2023.

*Allowance for Doubtful Accounts Receivable:* All receivables at year end are expected to be collected within one year. Management of the Organization reviews the collectability of the receivables on a monthly basis. No provision for doubtful accounts has been made.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Donated Noncash Assets:* Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

*Functional Expenses:* The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Management allocates all costs directly when possible. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management based on their natural cost driver. The expenses that are allocated include the following:

Description	Allocation Method
Personnel costs	Time and effort
Overhead	Estimated usage

## FAMILY FUTURES

### NOTES TO FINANCIAL STATEMENTS

#### Note 2. Cash and Cash Equivalents

Composition of cash and cash equivalents at December 31, 2023 is as follows:

Name	Amount
Oak View Bank	
Checking - operating	\$ 3,143
Money market	<u>142,954</u>
	146,097
Student Accounts - restricted	<u>104,372</u>
	<u>\$ 250,469</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 balances in Atlantic Union Bank exceeded FDIC coverage by \$491.

#### Note 3. Investments

A summary of investments at December 31, 2023 is as follows:

Description	FMV
Money market	\$ 1,312
Exchange Traded & Closed End Funds	14,429
Mutual funds	<u>16,196</u>
Total	<u>\$ 31,937</u>

#### Note 4. Fair Value Measurements

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Family Futures has the ability to access.
- Level 2:* Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

- Equity Stock:* Valued at the market value of shares held by the Organization at year end.
- Mutual funds:* Valued at the net asset value ("NAV") of shares held by Family Futures at year end.

## FAMILY FUTURES

### NOTES TO FINANCIAL STATEMENTS

#### Note 4. Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of the Organization's year end date:

Description	Level 1	Level 2	Level 3	Total
Money market	\$ 1,312	\$ -	\$ -	\$ 1,312
Exchange Traded & Closed End Funds	14,429	-	-	14,429
Mutual funds	16,196	-	-	16,196
Total	<u>\$ 31,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,937</u>

#### Note 5. Student Account Liability

A summary of student account liabilities at December 31, 2023 is as follows:

Description	Amount
Balance at January 1, 2023	\$ 64,320
Additions:	
Initial contributions	1,717
Student account enhancements	34,588
Interest earned	3,812
Student payouts	-
Balance at December 31, 2023	<u>\$ 104,437</u>

#### Note 6. Net Assets with Donor Restriction

Net assets with donor restriction are summarized as follows:

Description	Unspent 12/31/2022	2023 Activity		Unspent 12/31/2023
		Additions	Uses	
Restricted for specific purpose:				
Evaluation	\$ 8,154	\$ -	\$ -	\$ 8,154
Student accounts/incentives	-	7,500	(7,500)	-
	<u>\$ 8,154</u>	<u>\$ 7,500</u>	<u>\$ (7,500)</u>	<u>\$ 8,154</u>

#### Note 7. Line of Credit

The Organization has available to them a line of credit with Edward Jones. At December 31, 2023, there was no balance outstanding.

#### Note 8. Fair Value of Financial Instruments

The Organization's financial instruments are cash and cash equivalents and student account liabilities. The recorded values of these instruments approximate their fair values based on their short-term nature.

## FAMILY FUTURES

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Description	Amount
Cash and cash equivalents	\$ 250,469
Less: designated and restricted	<u>(104,372)</u>
Amount available for operations	<u>\$ 146,097</u>

#### Note 10. Prior Period Adjustment

In 2021 and 2022, the Organization received stock donations but had not recorded the amounts in the financial statements. A prior period adjustment was recorded in the current year financial statements to reflect the value of the investments at January 1, 2023.

#### Note 11. Subsequent Events

Family Futures has evaluated subsequent events from December 31, 2023 through May 21, 2024, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has determined no material subsequent events requiring disclosure in the financial statements for the year ended December 31, 2023.