

**FAMILY AND COMMUNITY SERVICES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Family and Community Services, Inc. and Subsidiaries
Ravenna, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Family and Community Services, Inc. and Subsidiaries (an Ohio nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Family and Community Services, Inc. and Subsidiaries as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Family and Community Services, Inc. and Subsidiaries and to meet our ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family and Community Services, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 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 aggregate, they would influence the judgement made by reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Family and Community Services, Inc. and Subsidiaries' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family and Community Services, Inc. and Subsidiaries' 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 have identified during the audit.

Report of the Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the consolidated financial statements of Family and Community Services, Inc. and Subsidiaries as of and for the year ended June 30, 2022, and have issued our report thereon dated March 17, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements of to the consolidated financial statements in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023, on our consideration of Family and Community Services, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family and Community Services, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family and Community Services, Inc. and Subsidiaries' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Akron, Ohio
March 17, 2023

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 15,203,377	\$ 13,629,377
Custodial Cash	123,545	173,626
Accounts Receivable, Net	3,823,076	3,972,627
Investments	1,073,877	1,334,764
Prepaid Expenses and Other Assets	386,660	497,081
Total Current Assets	20,610,535	19,607,475
LONG-TERM ASSETS		
Replacement Reserve	267,384	267,000
Restricted Cash	15,691	16,021
Note Receivable	275,000	275,000
Property and Equipment, Net of Accumulated Depreciation	22,242,974	20,375,004
Total Long-Term Assets	22,801,049	20,933,025
Total Assets	\$ 43,411,584	\$ 40,540,500
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Maturities of Long-Term Debt	\$ 596,997	\$ 610,240
Accounts Payable and Employee Withholdings	569,613	619,020
Custodial Cash Obligation	123,545	173,626
Accrued Expenses	1,548,973	1,538,599
Deferred Revenue	1,512,395	1,425,074
CARES Act Paycheck Protection Program Loan	-	3,732,160
Total Current Liabilities	4,351,523	8,098,719
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	4,725,306	4,929,838
Total Long-Term Liabilities	4,725,306	4,929,838
Total Liabilities	9,076,829	13,028,557
NET ASSETS		
Without Donor Restriction:		
Operating	32,765,818	25,414,748
Board Designated	1,029,566	1,406,273
Total Net Assets Without Donor Restriction	33,795,384	26,821,021
With Donor Restriction	539,371	690,922
Total Net Assets	34,334,755	27,511,943
Total Liabilities and Net Assets	\$ 43,411,584	\$ 40,540,500

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
United Way	\$ 346,336	\$ -	\$ 346,336
Government/State/Local Grants	18,762,839	-	18,762,839
Contributions	1,675,984	152,193	1,828,177
Program Service Fees	14,730,015	-	14,730,015
Emergency Grant Revenues	680,666	-	680,666
Interest Income	24,689	-	24,689
Forgiveness of CARES Act Paycheck Protection Program Loan	3,732,160	-	3,732,160
Contributions of Nonfinancial Assets	1,242,058	-	1,242,058
Miscellaneous	599,264	-	599,264
Total Support and Revenue	41,794,011	152,193	41,946,204
NET ASSETS RELEASED FROM RESTRICTION			
Total	303,744	(303,744)	-
	42,097,755	(151,551)	41,946,204
EXPENSES			
Program Expenses:			
Clothing Center	204,140	-	204,140
Community Centers	567,763	-	567,763
Consumer Credit Counseling Service	53,222	-	53,222
Counseling	6,769,329	-	6,769,329
Developmentally Disabled Services	4,196,433	-	4,196,433
Domestic Violence Shelters	1,276,319	-	1,276,319
Family Adoption Services	4,583,357	-	4,583,357
Food Services	3,482,178	-	3,482,178
Homeless Shelters	822,189	-	822,189
Housing and Emergency Services	624,848	-	624,848
Rental Units	1,502,892	-	1,502,892
Senior Services	2,188,742	-	2,188,742
Transportation	1,166	-	1,166
Veteran's Services	3,878,230	-	3,878,230
Visitation Services	288,445	-	288,445
Vista	82,155	-	82,155
Youth Services	861,003	-	861,003
Total Program Expenses	31,382,411	-	31,382,411
Management and General Expenses	2,326,582	-	2,326,582
Total Expenses Prior to Depreciation	33,708,993	-	33,708,993
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION AND INVESTMENT GAIN			
	8,388,762	(151,551)	8,237,211
INVESTMENT LOSS			
	(268,606)	-	(268,606)
DEPRECIATION AND AMORTIZATION EXPENSE			
Total	(1,145,793)	-	(1,145,793)
	(1,414,399)	-	(1,414,399)
EXCESS OF REVENUES OVER EXPENSES			
	6,974,363	(151,551)	6,822,812
Net Assets - Beginning of Year	26,821,021	690,922	27,511,943
NET ASSETS - END OF YEAR	\$ 33,795,384	\$ 539,371	\$ 34,334,755

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
United Way	\$ 384,369	\$ -	\$ 384,369
Government/State/Local Grants	17,773,087	-	17,773,087
Contributions	1,690,262	510,837	2,201,099
Program Service Fees	15,096,419	-	15,096,419
Emergency Grant Revenues	1,273,823	-	1,273,823
Interest Income	32,978	-	32,978
Contributions of Nonfinancial Assets	1,236,218	-	1,236,218
Miscellaneous	1,389,375	-	1,389,375
Total Support and Revenue	<u>38,876,531</u>	<u>510,837</u>	<u>39,387,368</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>424,838</u>	<u>(424,838)</u>	<u>-</u>
Total	39,301,369	85,999	39,387,368
EXPENSES			
Program Expenses:			
Clothing Center	158,974	-	158,974
Community Centers	617,163	-	617,163
Consumer Credit Counseling Service	65,252	-	65,252
Counseling	6,594,219	-	6,594,219
Developmentally Disabled Services	4,013,825	-	4,013,825
Domestic Violence Shelters	1,450,516	-	1,450,516
Family Adoption Services	4,372,723	-	4,372,723
Food Services	3,928,485	-	3,928,485
Homeless Shelters	815,203	-	815,203
Housing and Emergency Services	712,441	-	712,441
Rental Units	1,251,459	-	1,251,459
Senior Services	1,930,934	-	1,930,934
Transportation	279	-	279
Veteran's Services	3,555,246	-	3,555,246
Visitation Services	310,306	-	310,306
Vista	321,788	-	321,788
Youth Services	924,697	-	924,697
Total Program Expenses	<u>31,023,510</u>	<u>-</u>	<u>31,023,510</u>
Management and General Expenses	2,136,160	-	2,136,160
Total Expenses Prior to Depreciation	<u>33,159,670</u>	<u>-</u>	<u>33,159,670</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION AND INVESTMENT GAIN	6,141,699	85,999	6,227,698
INVESTMENT GAIN	286,561	-	286,561
DEPRECIATION AND AMORTIZATION EXPENSE	<u>(1,063,473)</u>	<u>-</u>	<u>(1,063,473)</u>
Total	<u>(776,912)</u>	<u>-</u>	<u>(776,912)</u>
EXCESS OF REVENUES OVER EXPENSES	5,364,787	85,999	5,450,786
Net Assets - Beginning of Year	<u>21,456,234</u>	<u>604,923</u>	<u>22,061,157</u>
NET ASSETS - END OF YEAR	<u>\$ 26,821,021</u>	<u>\$ 690,922</u>	<u>\$ 27,511,943</u>

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Clothing Center	Community Centers	Consumer Credit Counseling Service	Counseling	Developmentally Disabled Services	Domestic Violence Shelters	Family Adoption Services	Food Services	Homeless Shelters	Housing & Emergency Services	Rental Units
Salaries	\$ 53,623	\$ 251,385	\$ 24,048	\$ 4,423,636	\$ 3,024,575	\$ 844,645	\$ 2,219,760	\$ 963,209	\$ 513,084	\$ 148,940	\$ 179,715
Payroll Taxes	4,501	24,913	2,196	381,813	267,817	76,666	209,295	99,172	52,987	13,863	17,314
Employee Benefits	10,509	16,909	4,883	370,647	187,582	55,689	177,983	56,358	14,874	13,776	19,252
Total Salaries and Related Expense	68,633	293,207	31,127	5,176,096	3,479,974	977,000	2,607,038	1,118,739	580,945	176,579	216,281
Professional Fees	1,407	10,275	1,326	553,176	27,234	9,532	1,505,724	16,790	7,044	1,160	40,411
Supplies	5,716	67,357	285	78,032	16,834	26,489	21,471	1,095,734	11,014	952	115,536
Telephone	2,214	14,349	1,493	146,480	3,286	25,113	73,002	70,243	12,459	3,016	26,234
Postage	-	2,380	629	8,873	824	1,840	5,669	1,549	466	138	360
Conferences and Conventions	-	2,160	-	12,808	549	3,249	964	663	137	-	162
Occupancy Costs	35,084	120,020	2,690	365,046	201,368	40,194	213,340	217,340	79,330	9,053	690,677
Equipment Maintenance	8,479	9,534	9,160	253,702	64,733	34,276	31,986	59,874	10,550	1,009	295,933
Journals and Publications	-	925	106	11,863	40,127	1,859	357	100	(156)	-	-
Promotions	-	650	53	5,911	691	644	2,731	651	149	-	-
Dues	75	1,708	3,920	8,633	12,094	990	429	2,583	550	100	660
Transportation and Travel	14,009	4,201	248	98,071	303,486	11,852	85,968	174,699	10,548	1,842	41,284
Bad Debt	-	-	-	-	402	-	(1,044)	(76,556)	-	-	-
Specific Assistance to Individuals	-	212	-	21,160	2,884	27,359	23,674	59	53,168	430,375	4,581
Interest	-	113	2,185	26,836	35,098	383	32	2,730	-	-	70,773
Volunteer	-	-	-	-	125	150	135	1,056	-	-	-
In-Kind Expenses	68,523	24,526	-	-	1,000	110,574	-	730,000	55,621	-	-
Miscellaneous	-	16,146	-	2,642	5,724	4,815	11,881	65,924	364	624	-
Total	204,140	567,763	53,222	6,769,329	4,196,433	1,276,319	4,583,357	3,482,178	822,189	624,848	1,502,892
Depreciation and Amortization	22,199	53,813	-	62,757	107,316	39,758	-	51,483	22,083	-	292,838
Total Functional Expenses	\$ 226,339	\$ 621,576	\$ 53,222	\$ 6,832,086	\$ 4,303,749	\$ 1,316,077	\$ 4,583,357	\$ 3,533,661	\$ 844,272	\$ 624,848	\$ 1,795,730

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Senior Services	Transportation	Veteran's Services	Visitation Services	Vista	Youth Services	Total Program Services	Management and General	2022 Total Program and Management Expenses	2021 Total Program and Management Expenses
Salaries	\$ 910,997	\$ -	\$ 2,070,369	\$ 201,661	\$ 59,901	\$ 616,001	\$ 16,505,549	\$ 1,095,542	\$ 17,601,091	\$ 16,856,410
Payroll Taxes	78,586	-	176,107	19,007	3,898	53,970	1,482,105	140,862	1,622,967	1,516,453
Employee Benefits	58,941	-	156,205	958	9,716	54,333	1,208,615	144,573	1,353,188	1,380,191
Total Salaries and Related Expense	1,048,524	-	2,402,681	221,626	73,515	724,304	19,196,269	1,380,977	20,577,246	19,753,054
Professional Fees	66,187	-	159,754	33,827	8,494	43,190	2,485,531	136,214	2,621,745	2,747,635
Supplies	83,758	-	179,996	2,161	-	9,016	1,714,351	105,750	1,820,101	2,219,163
Telephone	41,752	-	81,603	3,112	-	13,795	518,151	68,814	586,965	619,527
Postage	4,651	-	627	-	-	928	28,934	8,927	37,861	44,374
Conferences and Conventions	1,556	-	19,413	698	-	1,200	43,559	9,500	53,059	22,301
Occupancy Costs	159,101	573	368,028	21,820	16	25,503	2,549,183	193,964	2,743,147	2,611,318
Equipment Maintenance	44,062	-	143,767	619	58	3,241	970,983	119,874	1,090,857	880,906
Journals and Publications	8,650	-	7,764	186	47	4,739	76,567	9,360	85,927	82,868
Promotions	18,279	-	3,931	149	-	7,470	41,309	11,905	53,214	35,594
Dues	4,497	-	2,069	295	-	7,747	46,350	5,359	51,709	64,932
Transportation and Travel	32,473	-	148,975	352	25	3,998	932,031	74,551	1,006,582	788,708
Bad Debt	-	-	-	-	-	-	(77,198)	-	(77,198)	(12,051)
Specific Assistance to Individuals	144	-	200,440	-	-	-	764,056	7,320	771,376	1,093,886
Interest	105	593	648	-	-	193	139,689	130,811	270,500	289,746
Volunteer	558,889	-	176	-	-	-	560,531	25	560,556	504,986
In-Kind Expenses	102,394	-	145,820	3,600	-	-	1,242,058	-	1,242,058	1,236,218
Miscellaneous	13,720	-	12,538	-	-	15,679	150,057	63,231	213,288	176,505
Total	2,188,742	1,166	3,878,230	288,445	82,155	861,003	31,382,411	2,326,582	33,708,993	33,159,670
Depreciation and Amortization	1,664	57,186	165,503	-	-	-	876,600	269,193	1,145,793	1,063,473
Total Functional Expenses	\$ 2,190,406	\$ 58,352	\$ 4,043,733	\$ 288,445	\$ 82,155	\$ 861,003	\$ 32,259,011	\$ 2,595,775	\$ 34,854,786	\$ 34,223,143

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Clothing Center	Community Centers	Consumer Credit Counseling Service	Counseling	Developmentally Disabled Services	Domestic Violence Shelters	Family Adoption Services	Food Services	Homeless Shelters	Housing & Emergency Services	Rental Units
Salaries	\$ 36,115	\$ 214,407	\$ 21,577	\$ 4,164,606	\$ 2,871,043	\$ 822,764	\$ 2,103,800	\$ 1,022,375	\$ 473,811	\$ 168,817	\$ 136,433
Payroll Taxes	3,013	21,753	2,072	357,541	233,290	71,616	202,721	105,327	46,853	13,983	13,693
Employee Benefits	5,146	17,193	4,749	372,461	200,658	75,131	182,625	68,331	39,690	17,709	12,242
Total Salaries and Related Expense	44,274	253,353	28,398	4,894,608	3,304,991	969,511	2,489,146	1,196,033	560,354	200,509	162,368
Professional Fees	9,829	13,446	4,448	662,863	68,661	9,811	1,543,312	29,214	11,543	1,995	51,716
Supplies	1,505	57,530	237	68,850	24,215	115,642	19,084	1,557,370	17,744	532	78,828
Telephone	3,169	17,676	2,306	153,807	25,148	26,656	76,395	61,400	13,230	3,554	27,241
Postage	-	1,308	599	13,751	788	456	7,319	3,599	186	219	760
Conferences and Conventions	-	-	25	10,917	3,425	1,216	202	-	444	(35)	-
Occupancy Costs	27,982	98,552	2,336	358,459	225,692	98,201	209,350	206,999	86,098	7,862	589,666
Equipment Maintenance	346	17,579	10,928	224,207	61,064	32,270	25,294	36,994	14,888	102	210,010
Journals and Publications	-	65	-	15,777	36,028	2,415	272	2,108	1,281	-	697
Promotions	-	1,093	53	16,814	-	474	906	287	-	-	423
Dues	-	4,408	4,116	12,200	6,359	1,256	1,235	4,248	1,575	475	3,520
Transportation and Travel	10,210	5,020	282	102,390	229,024	14,739	70,959	160,905	8,940	1,504	43,837
Bad Debt	-	-	-	-	-	-	(121,273)	109,222	-	-	-
Specific Assistance to Individuals	-	90	-	17,671	771	6,080	36,496	-	50,588	494,853	4,580
Interest	3,665	177	11,524	38,919	20,377	495	388	5,070	-	471	77,813
Volunteer	-	-	-	-	-	-	-	1,599	-	-	-
In-Kind Expenses	57,994	142,152	-	-	1,000	164,834	-	479,500	47,930	-	-
Miscellaneous	-	4,714	-	2,986	6,282	6,460	13,638	73,937	402	400	-
Total	158,974	617,163	65,252	6,594,219	4,013,825	1,450,516	4,372,723	3,928,485	815,203	712,441	1,251,459
Depreciation and Amortization	25,295	47,917	-	53,417	66,256	46,474	-	51,421	21,724	-	267,006
Total Functional Expenses	\$ 184,269	\$ 665,080	\$ 65,252	\$ 6,647,636	\$ 4,080,081	\$ 1,496,990	\$ 4,372,723	\$ 3,979,906	\$ 836,927	\$ 712,441	\$ 1,518,465

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Senior Services	Transportation	Veteran's Services	Visitation Services	Vista	Youth Services	Total Program Services	Management and General	Total Program and Management Expenses
Salaries	\$ 891,141	\$ -	\$ 1,715,434	\$ 232,571	\$ 297,960	\$ 697,494	\$ 15,870,348	\$ 986,062	\$ 16,856,410
Payroll Taxes	75,723	210	147,419	21,976	4,670	65,169	1,387,029	129,424	1,516,453
Employee Benefits	58,602	-	137,271	1,249	9,737	42,285	1,245,079	135,112	1,380,191
Total Salaries and Related Expense	1,025,466	210	2,000,124	255,796	312,367	804,948	18,502,456	1,250,598	19,753,054
Professional Fees	48,598	527	98,004	24,678	7,464	13,023	2,599,132	148,503	2,747,635
Supplies	33,174	-	130,425	1,068	-	19,760	2,125,964	93,199	2,219,163
Telephone	44,036	-	83,142	3,432	-	13,429	554,621	64,906	619,527
Postage	5,047	-	523	-	-	1,670	36,225	8,149	44,374
Conferences and Conventions	1,553	-	883	-	1,750	39	20,419	1,882	22,301
Occupancy Costs	146,636	-	321,843	19,788	16	37,554	2,437,034	174,284	2,611,318
Equipment Maintenance	22,584	-	92,927	563	141	4,860	754,757	126,149	880,906
Journals and Publications	5,190	-	4,090	804	-	5,259	73,986	8,882	82,868
Promotions	2,660	-	-	16	50	7,928	30,704	4,890	35,594
Dues	3,761	-	5,179	225	-	9,925	58,482	6,450	64,932
Transportation and Travel	24,537	-	52,101	193	-	1,650	726,291	62,417	788,708
Bad Debt	-	-	-	-	-	-	(12,051)	-	(12,051)
Specific Assistance to Individuals	2,078	-	471,806	-	-	556	1,085,569	8,317	1,093,886
Interest	638	(458)	682	25	-	193	159,979	129,767	289,746
Volunteer	503,160	-	227	-	-	-	504,986	-	504,986
In-Kind Expenses	50,191	-	289,017	3,600	-	-	1,236,218	-	1,236,218
Miscellaneous	11,625	-	4,273	118	-	3,903	128,738	47,767	176,505
Total	1,930,934	279	3,555,246	310,306	321,788	924,697	31,023,510	2,136,160	33,159,670
Depreciation and Amortization	158	53,361	165,503	-	-	-	798,532	264,941	1,063,473
Total Functional Expenses	\$ 1,931,092	\$ 53,640	\$ 3,720,749	\$ 310,306	\$ 321,788	\$ 924,697	\$ 31,822,042	\$ 2,401,101	\$ 34,223,143

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenues Over Expenses	\$ 6,822,812	\$ 5,450,786
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Noncash Items Included in Excess of Revenues Over Expenses:		
Realized and Unrealized Gains on Investments	268,606	(286,561)
Interest and Dividends Reinvested	(24,634)	(33,035)
Depreciation	1,134,446	1,052,126
CARES Act Paycheck Protection Program Loan Forgiveness	(3,732,160)	-
Changes in Assets and Liabilities:		
Accounts Receivable	149,551	(322,463)
Prepaid Expenses and Other Assets	110,421	(9,332)
Increase in Replacement Reserve	(384)	436
Debt Issuance Costs	7,943	7,943
Discount on Bond	3,404	3,404
Accounts Payable and Employee Withholdings	(49,407)	(281,361)
Accrued Expenses	10,374	243,457
Deferred Revenue	87,321	107,034
Net Cash Provided by Operating Activities	4,788,293	5,932,434
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(125,949)	(32,031)
Proceeds from Sale of Investments	142,864	32,802
Purchase of Property and Equipment	(3,016,234)	(1,630,668)
Proceeds from Sale of Assets	13,818	-
Net Cash Used by Investing Activities	(2,985,501)	(1,629,897)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Short-Term Borrowings, Net	-	(250,000)
CARES Act Paycheck Protection Program Loan	-	425,900
Proceeds from Long-Term Debt	118,059	853,666
Repayment of Long-Term Debt	(347,181)	(640,228)
Net Cash Provided (Used) by Financing Activities	(229,122)	389,338
 NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,573,670	4,691,875
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	13,645,398	8,953,523
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 15,219,068	\$ 13,645,398
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 270,500	\$ 289,746

See accompanying Notes to Consolidated Financial Statements.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Family and Community Services, Inc. and Subsidiaries is a nonprofit organization. The mission of Family and Community Services, Inc. and Subsidiaries (the Agency) is to marshal community resources to support, strengthen, and empower individuals and families through a broad continuum of community-based services that meet the needs and values of the community. This mission is to be achieved through service, advocacy, and broad community volunteerism.

Portage Industries, Inc. (Portage) is a nonprofit organization that provides employment, services, and support to persons who qualify under the state of Ohio guidelines and who are eligible to receive developmental disability services. Portage is a 100% owned subsidiary of Family and Community Services, Inc.

Residential Resources for the Developmentally Challenged, Inc. (Residential) is a nonprofit organization that provides living expense financial assistance to developmentally challenged individuals. Residential is a 100% owned subsidiary of Family and Community Services, Inc.

P.O.M Group, Inc. dba: Emerald Transportation Services, Inc. (Emerald) is a for-profit organization which provides local passenger transportation to local and suburban locations. Emerald is a 100% owned subsidiary of Family and Community Services, Inc.

VTC Member Corp. was formed by the Agency. VTC Member Corp., an Ohio Corporation, is a controlled entity in that 100% of its stock is owned by Family and Community Services, Inc. VTC Member Corp. is a 0.025% managing member and project member of The Village of Town Center, LLC, an Ohio for-profit organization organized for the purpose of constructing, owning, and operating a 48-unit project dedicated to low-income households and senior housing.

In December 2021, NFH Member Corp., an Ohio Corporation was formed by the Agency. NFH Member Corp. is a controlled entity in that 100% of its stock is owned by Family and Community Services, Inc. NFH Member Corp. is a 51% member of NFH Manager, LLC. NFH Manager, LLC, is a .1% managing member of New Frontier Homes, LLC. Ohio Equity Fund for Housing Limited Partnership, an Ohio for-profit organization organized for the purpose of constructing, owning, and operating a 45-unit project dedicated to low-income households in the cities of Akron and Barberton in Summit County is a 99.9% investor member in New Frontier Homes, LLC.

The consolidated financial statements reflect the application of certain accounting policies described in this note.

Basis of Accounting

The consolidated financial statements of the Agency have been prepared on the accrual basis.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets and related revenues, expenses, gains and losses are classified based on the existence or absence of donor restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor stipulations and which are available for use in general operations, including any funds designated by the board of directors for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Agency. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Agency reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated asset.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Donor-imposed restrictions are released when a restriction expires; that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Principles of Consolidation

The consolidated financial statements include the accounts of Family and Community Services, Inc. and its wholly owned subsidiaries, Emerald, Residential, Portage, and VTC Member Corp. All material intercompany accounts and transactions have been eliminated in consolidation.

Concentration of Credit Risk

The Agency maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Use of Estimates

The preparation of consolidated 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounting for Custodial Cash

The Agency is a Representative Payee for resident client bank accounts. A separate checking account is maintained for this purpose. Since this account does not belong to the Agency, income and expense transactions that relate to this account are not included in the consolidated statement of activities. Additionally, an equal and offsetting liability is maintained to remove the value of this asset from the net assets of the Agency.

Receivables and Allowance for Doubtful Accounts

Receivables for counseling fees and grants are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience. These receivables are written off when deemed uncollectible. Recoveries of receivables for amounts previously written off are recorded when received.

Investments

The Agency's investments in debt and equity securities are recorded at fair market value based on published quotations, except estimates are used when such quotations are not available (Note 3). Realized and unrealized gains and losses on investments are reflected in the statement of activities and are calculated based on specific identification (Note 4).

Long-Term Assets Associated with Bond Issuance

The Agency entered into a bond agreement with the Development Finance Authority of Summit County to finance a renovation project at for one of the Agency's buildings. Funds received but not used for the project are recorded as restricted cash.

The Agency is also required to maintain a replacement reserve to pay debt service costs.

Property and Equipment

Property and equipment are stated at cost, or if donated, at estimated fair value at the date of donation, less accumulated depreciation. The Agency's threshold for capitalization is \$5,000. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Agency recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Agency's revenue is derived from reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue over time when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Agency received cost reimbursable grants of \$15,922,061 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred.

Program service fee revenues are reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing client care. These amounts are due from clients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Agency bills the clients and third-party payors several days after the services are performed and/or the client is discharged from the program. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Agency. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Agency believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients in our programs receiving chemical dependency treatment. The Agency measures the performance obligation from admission into the program to the point when it is no longer required to provide services to that client.

Because all of its performance obligations relate to contracts and fee for services with a duration of less than one year, the Agency has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the clients are discharged from a program, which generally occurs within days or weeks of the end of the reporting period.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Agency determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured clients in accordance with the Agency's policy, and/or implicit price concessions provided to uninsured clients. The Agency determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy(ies), and historical experience. The Agency determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

Clients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Agency also provides services to uninsured clients, and offers those uninsured clients a discount, either by policy or law, from standard charges. The Agency estimates the transaction price for clients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to fee for services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended June 30, 2022 and 2021. Subsequent changes that are determined to be the result of an adverse change in the client's ability to pay are recorded as bad debt expense.

Consistent with the Agency's mission, care is provided to clients regardless of their ability to pay. Therefore, the Agency has determined it has provided implicit price concessions to uninsured clients and clients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to clients and the amounts the Agency expects to collect based on its collection history with those clients.

The Agency has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, client) have different reimbursement/payment methodologies
- Length of the client's service/episode of care
- Geography of the service location
- Method of reimbursement
- Program that the service relates to

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Nonfinancial Assets

Contributions of services are recognized as in-kind contributions in the financial statements if the services received (a) create or enhance nonfinancial assets (primarily property or other tangible or intangible 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. See Note 16 for further disclosures.

In addition, individuals volunteer their time and perform certain services in various programs throughout the Agency. The Agency received approximately 164,800 and 282,100 volunteer hours during the years ended June 30, 2022 and 2021, respectively. These amounts are not included as in-kind contributions in the financial statements as the above revenue recognition criteria have not been met.

Advertising

Advertising costs are generally charged to operations in the year incurred and totaled \$53,213 and \$35,594 in 2022 and 2021, respectively.

Income Taxes

The Agency is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC.

Emerald is a corporation and is subject to U.S. federal income tax under the IRC.

The Agency has determined that it is not required to record a liability related to uncertain tax positions.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the consolidated schedule of functional expenses. Expenses are charged directly to programs, and management and general categories based on specific identification. Indirect expenses are allocated among the programs and activities benefited based on estimates of time and effort as well as management judgement.

Emergency Grant Revenues

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At June 30, 2022, there were no PRF included as a contract liability (deferred revenue) in the consolidated statements of financial position. At June 30, 2021, the Agency also recorded \$151,612 of PRF as a contract liability (deferred revenue) in the consolidated statements of financial position. The Agency recognized \$680,666 and \$1,273,823 of other emergency grant revenue in the consolidated statements of activities as of June 30, 2022 and 2021, respectively. Management believes the amounts have been recognized appropriately as of June 30, 2022 and 2021.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance required lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standards. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The amendments in the guidance are effective for the Agency for 2023. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Agency's consolidated financial statements.

Change in Accounting Principles

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The Agency adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard retrospectively. The adoption of this standard did not have any significant impact on the accompanying consolidated financial statements or disclosures.

Subsequent Events

Subsequent events have been evaluated through March 17, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 2 RECEIVABLES

Accounts Receivable

Receivables as of June 30 are as follows:

	2022	2021
Grants Receivable, Net of Allowance for Doubtful Accounts of \$1,850 and \$143,253 in 2022 and 2021, Respectively	\$ 470,996	\$ 686,616
Fees for Service, Net of Allowance for Doubtful Accounts of \$300,212 and \$185,750 in 2022 and 2021, Respectively	3,352,080	3,286,011
Total	\$ 3,823,076	\$ 3,972,627

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 RECEIVABLES (CONTINUED)

Note Receivable

The note receivable in the amount of \$275,000 represents noninterest bearing funds advanced to The Village at Town Center, LLC, for the development of low income housing in Summit County. There are no monthly payments as the entire balance is due on or before December 31, 2037. In connection with the note receivable, the Agency had also recorded a liability in the amount of \$275,000 (See Note 7).

NOTE 3 FAIR VALUE MEASUREMENTS

The FASB's guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Agency performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis.

The Agency holds investments in debt and equity securities which are classified as investments. These securities are publicly traded on the National Stock Exchange and are considered a Level 1 item. For the years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities have been consistent.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Equity Securities:				
Common Stocks	\$ 82,961	\$ 82,961	\$ -	\$ -
Mutual Funds	957,090	957,090	-	-
Fixed Income	33,826	33,826	-	-
Total	<u>\$ 1,073,877</u>	<u>\$ 1,073,877</u>	<u>\$ -</u>	<u>\$ -</u>
	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Equity Securities:				
Common Stocks	\$ 87,830	\$ 87,830	\$ -	\$ -
Mutual Funds	1,150,382	1,150,382	-	-
Fixed Income	96,552	96,552	-	-
Total	<u>\$ 1,334,764</u>	<u>\$ 1,334,764</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 INVESTMENTS

The composition of the Agency's investments at June 30 is set forth in the following table. Investments are stated a fair value.

	June 30, 2022		June 30, 2021	
	Fair Value	Cost	Fair Value	Cost
Equity Securities:				
Common Stocks	\$ 82,961	\$ 52,577	\$ 87,830	\$ 57,633
Mutual Funds	957,090	912,823	1,150,382	785,447
Fixed Income	33,826	33,951	96,552	83,101
Total	<u>\$ 1,073,877</u>	<u>\$ 999,351</u>	<u>\$ 1,334,764</u>	<u>\$ 926,181</u>

Investment income and net realized and unrealized gains relating to unrestricted investments is summarized at June 30 as follows:

	2022	2021
Interest Income	\$ 24,689	\$ 32,978
Net Realized and Unrealized Gains	(268,606)	286,561
Total	<u>\$ (243,917)</u>	<u>\$ 319,539</u>

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Land and Land Improvements	\$ 2,112,661	\$ 2,012,658
Building	23,025,301	22,887,565
Equipment	230,014	220,546
Furniture and Fixtures	725,709	541,499
Leasehold Improvements	6,014,346	3,915,107
Vehicles	1,569,376	1,444,879
Construction in Progress	1,152,205	809,087
Total	<u>34,829,612</u>	<u>31,831,341</u>
Less: Accumulated Depreciation	12,586,638	11,456,337
Total Property and Equipment	<u>\$ 22,242,974</u>	<u>\$ 20,375,004</u>

Depreciation expense amounted to \$1,134,446 and \$1,052,126 for the years ended June 30, 2022 and 2021, respectively.

NOTE 6 SHORT-TERM BORROWINGS

The Agency has a \$1,200,000 line of credit agreement with a financial institution. Interest is payable monthly at the bank's prime lending rate (3.25% at June 30, 2022) and is collateralized by certain investments of the Agency. There were no borrowings on the line of credit as of June 30, 2022 and 2021.

Effective January 10, 2022, Portage Industries, Inc. entered into a credit facility with a bank. This credit facility is comprised of a \$610,000 draw note bearing interest at 2.95% at June 30, 2022.

There were no amounts outstanding on the draw note as of June 30, 2022.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT

The Agency was obligated on the following notes as of June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
<u>Forgivable Debt</u>		
Interest-free note due March 2026; debt forgiven \$877 per month as long as property used for mental health activities; collateralized by land, building, and equipment; included in the contributions line in the consolidated statements of activities.	\$ 39,470	\$ 49,996
Interest-free note due June 2045; debt forgiven \$764 per month as long as the organization performs the acts required under the contract entered into on June 1, 2015; collateralized by land and building; included in the contributions line in the consolidated statements of activities.	210,069	219,235
Interest free note due December 2037; debt forgiven at due date as long as property used for low income housing project; collateralized by land, building, and equipment.	275,000	275,000
<u>Bank</u>		
Note dated January 2006; due December 2025; payable in monthly installments of \$2,349 including interest at 7.00%; collateralized by certain real estate.	82,981	104,616
Note dated February 2007; renegotiated in 2017 and now due February 2027; payable in monthly installments of \$1,192 including variable interest of 4.56% at June 30, 2021; collateralized by certain real estate.	66,763	81,070
Note dated July 2021; due April 2031; payable in monthly installments of \$3,830 including interest of 3.99%; collateralized by certain real estate.	340,716	369,601
Note dated April 2015; due April 2025 ; payable in monthly payments of \$1,006 including interest of 5.75%; collateralized by certain real estate.	32,057	41,944

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2022</u>	<u>2021</u>
<u>Bank (Continued)</u>		
Note dated January 2017; due January 2027; beginning interest-only payments of 5.75% starting February 2017, followed by monthly payments of \$1,145 including interest of 5.75%; collateralized by certain real estate.	\$ 55,143	\$ 65,352
Note dated May 2017; due May 2022; payable in monthly installments of \$290 including interest of 7.5%; collateralized by a certain vehicle.	-	3,077
Note dated March 1, 2016; refinanced in July 2021; due April 2031; payable in monthly installments of \$2,994 and a final payment of \$285,003 including interest of 3.98%; collateralized by certain real estate.	257,506	279,295
Note dated November 2017; due October 2022; payable in monthly installments of \$760 including interest of 6%; collateralized by certain equipment.	3,009	11,652
Note dated January 2018; due December 2022; payable in monthly installments of \$389 including interest of 6.25%; collateralized by a certain vehicle.	2,291	6,658
Note dated February 2018; due January 2023; payable in monthly installments of \$483 including interest of 8%; collateralized by a certain vehicle.	-	8,583
Note dated January 2019; due February 2024; payable in monthly installments of \$6,310 including interest of 5%; collateralized by certain real estate.	850,182	881,886
Note dated August 2019; due August 2022; payable in monthly installments of \$703 including interest of 5.25%; collateralized by a certain vehicle.	-	9,521
Note dated April 2021; due April 2027; payable in monthly installments of \$904 including interest of 2.90%; collateralized by a certain vehicle.	48,658	57,919

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2022</u>	<u>2021</u>
<u>Bank (Continued)</u>		
Note dated September 2020; due December 2040; payable in monthly installments of \$4,703 including interest of 4%; collateralized by a certain real estate.	\$ 740,378	\$ 649,494
Note dated September 2020; due September 2023; payable in monthly installments of \$332 including interest of 5%; collateralized by a certain vehicle.	-	8,446
<u>Portage County Commissioners c/o Neighborhood Development Services</u>		
Note dated May 2016; interest free; payable on sale or transfer of collateral located at 2338 and 2340 Ravenna Road Ravenna, Ohio 44266.	150,000	150,000
<u>Development Finance Authority of Summit County Development Revenue Bonds, Series 2016E dated November 2016; due November 2036; payable in increasing monthly installments including interest of 3.57%; collateralized by certain real estate.</u>		
	2,180,833	2,290,833
<u>Akron Community Foundation</u>		
Note payable on demand, including interest of 5%; collateralized by certain equipment.	100,000	100,000
Total	5,435,056	5,664,178
Less: Unamortized Debt Issuance Costs and Bond Discount	112,753	124,100
Total Long-Term Debt, Net Unamortized Debt Issuance Costs and Bond Discount	5,322,303	5,540,078
Less: Current Maturities	596,997	610,240
Total Long-Term Liabilities	<u>\$ 4,725,306</u>	<u>\$ 4,929,838</u>

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT (CONTINUED)

Maturities of the notes payable for the five years subsequent to 2022 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 596,997
2024	1,128,824
2025	314,577
2026	287,158
2027	250,993
Thereafter	<u>2,856,507</u>
Total Long-Term Debt	5,435,056
Unamortized Debt Issuance Costs and Bond Discount	112,753
Total	<u><u>\$ 5,322,303</u></u>

NOTE 8 CARES ACT PAYCHECK PROTECTION PROGRAM

On April 21, 2020, Family received a loan from Huntington National Bank in the amount of \$2,914,160 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program Flexibility Act of 2020 (the PPP Loan). Additionally, on April 13, 2020 and February 12, 2021, Portage Industries received loans from Hometown Bank in the amount of \$392,100 and \$425,900, respectively, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the PPP loan. The original loan agreements written prior to the PPP Flexibility Act of 2020 (June 5) were due over 24 months with the initial payments deferred six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreements. The PPP Loans bears interest at a fixed rate of 1.0% per annum, have a term of two years, and are unsecured and guaranteed by the U.S. Small Business Administration.

Payment of principal and interest is deferred until the date on which the amount of forgiveness is determined by the lender or, if the Agency fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The Agency believed that the loans would be forgiven and therefor accounted for these as conditional contributions. The refundable advance was recognized as revenue once the relating conditions were substantially met or explicitly waived. On October 8, 2021, the SBA formally approved forgiveness in the full amount of Family's PPP loan. Additionally, on August 6, 2021, Portage Industries' first PPP loan was formally approved for forgiveness in the full amount by the SBA and on October 29, 2021, the SBA formally approved forgiveness in the full amount of Portage Industries' second PPP loan. These forgiven loans, in the amount \$3,732,160, are recorded in the Consolidated Statement of Activities as 'Forgiveness of CARES Act Paycheck Protection Program Loan'. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors for a period of 6 years. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact in the Agency's financial position.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 NET ASSETS

Net assets consist of the following as of June 30 and are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restriction:		
General Operating	\$ 32,765,818	\$ 25,414,748
Designated by the Governing Board:		
Capital Property Improvements	<u>1,029,566</u>	<u>1,406,273</u>
Total Designated by the Governing Board	<u>1,029,566</u>	<u>1,406,273</u>
Total Net Assets Without Donor Restriction	33,795,384	26,821,021
Net Assets With Donor Restriction:		
Purpose Restrictions:		
Fankhauser Scholarships	43,038	64,202
Lorain Valor II and III Capital Project	492,687	468,884
KSS Capital Project	<u>3,646</u>	<u>157,836</u>
Total Net Assets With Donor Restriction	<u>539,371</u>	<u>690,922</u>
Total Net Assets	<u>\$ 34,334,755</u>	<u>\$ 27,511,943</u>

Board restrictions were adopted during fiscal year 2018 by the Board of Trustees which began the practice of designating a portion of the Agency's net assets for future major repairs and replacement of Agency owned property and equipment.

Net Assets Without Donor Restriction –The Net Assets Designated by the Governing Board are for future major repairs and replacements of Agency owned property and equipment and are being accumulated over the lives of those assets.

Net Assets With Donor Restriction – Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restriction totaled \$303,744 in 2022 and \$424,838 in 2021.

NOTE 10 LEASE COMMITMENTS

The Agency leases various vehicles, copiers, and office and storage space under noncancelable leases expiring in various years through 2026. Rent expense totaled \$571,280 and \$628,593 in 2022 and 2021, respectively.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 LEASE COMMITMENTS (CONTINUED)

The following is a schedule by years of future minimum lease payments required under all lease agreements having initial noncancelable lease terms in excess of one year from June 30, 2022:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 96,223
2024	16,674
2025	15,311
2026	993
Total	<u>\$ 129,201</u>

NOTE 11 LEASE AGREEMENTS

The Agency leases real property to tenants through operating leases. The future minimum rental income receivable under noncancelable operating leases at June 30, 2022 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 160,312
2024	160,312
2025	160,312
2026	160,312
2027	160,312
Thereafter	1,856,948
Total	<u>\$ 2,658,508</u>

NOTE 12 PENSION PLAN

The Agency maintains a Section 403(b) flexible annuity program that covers employees who meet certain age and length-of-service requirements. The Agency's contribution level for the years ended June 30, 2022 and 2021 is up to 3.5% of participating employees' salaries. Pension expense for the years ended June 30, 2022 and 2021 amounted to \$177,536 and \$172,057, respectively.

NOTE 13 GOVERNMENT FUNDING

The Agency received approximately 55% and 50% of its funding for 2022 and 2021, respectively, through government grants and purchase of service agreements. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's activities.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 FUNDS HELD FOR OTHERS

The Agency is custodian for funds used for various expenditures of certain individuals in its payee and debt service management programs. Because these funds do not belong to the Agency, they are included as an asset and a liability in the accompanying consolidated financial statements. At June 30, 2022 and 2021, the payee and debt service management programs maintained funds totaling \$123,545 and \$173,626, respectively.

NOTE 15 DEFERRED REVENUE

The Agency entered into a 30-year lease agreement with the Ravenna School District Board of Education (the School District) during 2008. Under this agreement, the Agency received payment of \$135,000 for the full term of the lease in advance. This amount will be amortized over the life of the lease. Amortization for 2022 and 2021 was \$4,500. As of June 30, 2022 and 2021, \$71,625 and \$76,125, respectively, is included in deferred revenue relating to this agreement. If the School District remains in the building for the full term of the lease, the Agency will refund \$75,000 to the School District.

The Agency received \$750,000 in 2017 from a lessee, AxessPointe, Inc., to help fund specific renovations to the Goulger Building. This contribution will be allocated over the life of the lease. The term of the lease began the month following completion of the construction project and continues for 20 years. As of June 30, 2022 and 2021, \$37,500 of revenue was recorded during each fiscal year.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 16 CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Agency received the following contributions of nonfinancial assets that are reported in the statement of activities as follows:

	<u>2022</u>	<u>2021</u>
Food	\$ 751,837	\$ 476,349
Holiday Baskets	161,200	160,000
Clothing	142,023	310,514
Furniture	485	43,587
Household Items	28,997	67,657
Garden Supplies	1,363	5,000
Education Materials	2,055	2,755
Donated Services	2,000	3,139
Personal Products	29,148	30,132
Children's Items	22,721	38,836
Electronics and Cellphones	2,595	14,250
Durable Goods	63,563	27,560
Cleaning Products	7,525	9,312
Donated Rent	23,151	23,590
Office Supplies	-	11,838
Purses/Handbags	3,000	8,284
Jewelry	272	200
Flowers/Centerpieces	123	-
Medical Supplies	-	3,215
Total	<u>\$ 1,242,058</u>	<u>\$ 1,236,218</u>

Contributed services and products are valued and reported at their estimated fair value in the financial statements based on current rates of similar products and services. The Agency estimates the fair value of in-kind food donations on the basis of estimates of donated food per pound at local food banks. Refer to the Statement of Functional Expenses for a breakout of corresponding programs the contributions of nonfinancial assets fall under.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 17 LIQUIDITY

The Agency regularly monitors liquidity required to meet its operating needs and other commitments. As of June 30, the following assets could be made readily available within one year:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 15,203,377	\$ 13,629,377
Accounts Receivable	3,823,076	3,972,627
Investments	1,073,877	1,334,764
Less: Net Assets With Donor Restriction Held in Cash and Investments	<u>(539,371)</u>	<u>(690,922)</u>
Total	<u>\$ 19,560,959</u>	<u>\$ 18,245,846</u>

The Agency has a goal to maintain financial assets on hand to meet approximately six months of normal operating expenses. As part of the Agency's liquidity plan, they maintain a \$1,200,000 line of credit. Management could draw upon this resource in the event of unanticipated liquidity need.

NOTE 18 LITIGATION

The Agency, from time to time, is involved in various employment and other legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the financial condition of the Agency and management of the Agency believes the Agency has adequate insurance coverage for any potential outcomes.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through/Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Program				
Supportive Housing	14.235	OH0379L5E072008		\$ 7,271
	14.235	OH0379L5E071907		6,253
	14.235	OH0196L5E071912		<u>82,566</u>
				96,090
Pass-Through Department of Veteran Affairs				
Supportive Housing	14.235	FAC0451-1051-541-CM-20		29,600
Supportive Housing	14.235	FAC0451-1051-541-CM-22		<u>77,602</u>
				107,202
Pass-Through Ohio Housing Finance				
COVID-19 Emergency Solutions Grant	14.231	N/A		<u>59,279</u>
				59,279
Pass-Through Ohio Domestic Violence Network				
COVID-19 Someplace Safe	14.231	N/A		<u>49,257</u>
				49,257
Pass-Through Ohio Development Services Agency				
COVID-19 Emergency Shelter Grant	14.231	N-L-20-7EF-4		<u>172,466</u>
				172,466
Pass-Through City of Barberton				
Community Development Block Grant	14.218	N/A		7,500
	14.218	N/A		4,583
	14.218	N/A		<u>10,000</u>
				22,083
Pass-Through City of Kent				
COVID-19 Community Development Block Grant	14.218	N/A		11,646
Community Development Block Grant	14.218	N/A		29,824
Community Development Block Grant	14.218	N/A		1,250
Community Development Block Grant	14.218	N/A		13,750
Community Development Block Grant	14.218	N/A		23,180
Community Development Block Grant	14.218	N/A		30,624
Community Development Block Grant	14.218	N/A		3,000
Community Development Block Grant	14.218	N/A		<u>25,068</u>
				138,342
Total U.S. Department of Housing and Urban Development				644,719

See accompanying Notes to Schedule of Expenditures of Federal Awards.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through/Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Justice				
Pass-Through Ohio Office of Criminal Justice Services				
Violence Against Women Act - ARRA	16.738	2019-JG-D01-6679A		\$ 17,946
				<u>17,946</u>
Pass-Through State Department of Attorney General				
Crime Victim Assistance	16.575	2021-VOCA-134143929		3,281
Crime Victim Assistance	16.575	2022-VOCA-132923478		74,458
Crime Victim Assistance	16.575	2021-VOCA-134145815		8,520
Crime Victim Assistance	16.575	2022-VOCA-132923528		162,454
Crime Victim Assistance	16.575	2021-VOCA-134144370		92,944
Crime Victim Assistance	16.575	2022-VOCA-132923552		226,976
				<u>568,633</u>
Pass-Through Ohio Office of Criminal Justice Services				
Violence Against Women Act - ARRA	16.588	2020-WF-VA2-8222		6,227
Violence Against Women Act - ARRA	16.588	2021-WF-VA2-8222		12,412
Violence Against Women Act - ARRA	16.588	2020-WF-VA5-8170		20,000
Violence Against Women Act - ARRA	16.588	2021-WF-VA5-8170		3,653
				<u>42,292</u>
Pass-Through Community Legal Aid				
Someplace Safe	16.021	N/A		32,270
Someplace Safe	16.021	N/A		84,451
				<u>116,721</u>
Total U.S. Department of Justice				<u>745,592</u>
U.S. Department of Health and Human Services				
Pass-Through Area Agency on Aging, 10B, Inc.				
Senior Nutrition Program - Farmers Market	93.044	N/A		839
Senior Nutrition Program - Farmers Market	93.044	N/A		23,748
				<u>24,587</u>
Pass-Through Title III C1				
Congregate Income				
Meal Program - Portage	93.044	N/A		79,963
Meal Program - Summit	93.044	N/A		20,874
				<u>100,837</u>
Pass-Through Title III C2				
Home-Delivered Meal Income				
Meal Program - Portage	93.044	N/A		52,604
Meal Program - Portage	93.044	N/A		70,975
Meal Program - Summit	93.044	N/A		69,500
Meal Program - Summit	93.044	N/A		221,119
				<u>414,198</u>
Pass-Through Title III B				
Home-Delivered Meal Income				
Senior Centers	93.044	N/A		4,625
				<u>4,625</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through/Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Pass-Through Title III C2				
Home-Delivered Meal Income				
Meal Program - Portage	93.045	N/A		\$ 103,060
Meal Program - Summit	93.045	N/A		19,117
				<u>122,177</u>
Pass-Through Portage County Department of Jobs and Family Services				
Café Program	93.558	20200460		459
Domestic Violence Shelter Services	93.558	20200474		61,077
Domestic Violence Shelter Services	93.558	20210504		111,716
Homeless Services	93.558	20200472		29,300
Homeless Services	93.558	N/A		25,842
Big Brothers Big Sisters	93.558	N/A		16,105
				<u>244,499</u>
Pass-Through Portage County Board of Commissioners				
Hotel and Rental Assistance	93.558	N/A		2,410
Hotel and Rental Assistance	93.558	N/A		17,116
				<u>19,526</u>
Pass-Through Summit County Veterans Homeless Prevention				
Valor Home Summit	93.558	P1903746		14,414
Valor Home Summit	93.558	P2003283		41,949
				<u>56,363</u>
Pass-Through The Ohio Office of Criminal Justice				
Family Violence Program	93.671	2021-VP-001-4005		40,293
COVID-19 Family Violence Program	93.671	N/A		24,614
Family Violence Program	93.671	2020-VP-003-4013		39,808
COVID-19 Family Violence Program	93.671	N/A		11,230
COVID-19 Family Violence Program	93.671	2021-AR-001-443AR		8,036
				<u>123,981</u>
Pass-Through Mental Health and Recovery Board				
SOR2 Training Material	93.778	20210384		5,584
SOR2 Training Material	93.778	N/A		5,500
				<u>11,084</u>
Pass-Through Title XX Education				
Chargin Falls Park	93.667	N/A		6,045
Chargin Falls Park	93.667	N/A		46,865
				<u>52,910</u>
Case Manager				
Chargin Falls Park	93.667	N/A		13,461
Chargin Falls Park	93.667	N/A		25,084
				<u>38,545</u>
Mobile Meals				
Summit County	93.667	N/A		370
Summit County	93.667	N/A		1,008
				<u>1,378</u>
Pass-Through Mental Health and Recovery Board				
MAT PDOA First Responder	93.243	N/A		200
				<u>200</u>
Direct				
COVID-19 Valley Counseling-Stimulus Funds	93.498	N/A		102,627
				<u>102,627</u>
Total U.S. Department of Health and Human Services				<u>1,317,537</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through/Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Labor				
Pass-Through Ohio Department of Jobs and Family Services				
Paid and Unpaid Work Experience	17.259	20210183		\$ 202,845
Paid and Unpaid Work Experience	17.259	20220461		40,398
Mentoring	17.259	20210183		19,012
Mentoring	17.259	20220461		6,355
Financial Literacy	17.259	20210183		695
Financial Literacy	17.259	20220461		265
Tutoring and Study Skills	17.259	20210183		627
Tutoring and Study Skills	17.259	20220461		458
Total U.S. Department of Labor				270,655
U.S. Department of Veterans Affairs				
Direct Program				
Veterans Affairs Homeless Providers	64.024	FACS451-1395-541-PD-21		2,384,491
Veterans Affairs Homeless Providers	64.024	FACS451-1394-541-SC-21		2,285
Veterans Affairs Homeless Providers-Capital Grant	64.024	FACS451-2413-541-CG-22		903,762
VA IOP	64.024	36C25021Q0082		10,137
VA Contract Beds-Stark	64.024	36C25019D0015		85,190
VA TIP	64.024	FACS451-1617-541-TP-21		55,083
				3,440,948
Veterans Affairs Supportive Services for Veteran Families	64.033	14-OH-262-SS		63,421
	64.033	14-OH-262		949,554
				1,012,975
Total U.S. Department of Veterans Affairs				4,453,923
Corporation for National and Community Service				
Direct Program				
Retired and Senior Volunteer Program	94.002	21SRCOH002		396,808
Retired and Senior Volunteer Program	94.002	21SRCOH002		124,791
				521,599
SSAG	94.002	N/A		7,698
				7,698
Foster Grandparent Program	94.011	20SFNOH001		526,846
				526,846
VISTA	94.013	17VSNOH006		32,745
VISTA	94.013	21VSCOH001		44,117
VISTA	94.013	21VSCOH001		4,576
				81,438
Senior Companion Program	94.016	19SCNOH004		355,480
				355,480
Total Corporation for National and Community Service				1,493,061

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through/Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Homeland Security				
Direct Program				
EFSP Phase 37 Mobile Meals	97.024	N/A		\$ 2,500
EFSP Phase 38 Mobile Meals	97.024	N/A		14,700
EFSP Phase 39 Mobile Meals	97.024	N/A		1,250
COVID-19 EFSP Cares	97.024	N/A		90,009
COVID-19 EFSP Cares Mobile Meals	97.024	N/A		1,667
Total U.S. Department of Homeland Security				<u>110,126</u>
U.S. Department of Agriculture				
Pass-Through The Ohio Department of Education				
Summer Food Service Program for Children	10.559	N/A		7,893
	10.559	N/A		6,758
Total U.S. Department of Agriculture				<u>14,651</u>
U.S. Department of Education				
Pass-Through Portage County Board of Commissioners				
Special Education-Grants for Infants and Families	84.181	20190405		333,060
COVID-19	84.181	N/A		634
Total U.S. Department of Education				<u>333,694</u>
U.S. Department of Treasury				
Pass-Through the Trumbull Mental Health Recovery Board				
COVID-19	21.019	N/A		16,478
				<u>16,478</u>
Pass-Through the Ohio Department of Aging				
COVID-19 Safer Futures	21.019	COVID-19 Relief 2020-CARES-41		2,923
				<u>2,923</u>
Total U.S. Department of Treasury				19,401
Total Expenditures of Federal Awards				<u>\$ 9,403,359</u>
Cluster Titles (Reported Above)				
CNC	10.559			\$ 14,651
CDBG	14.218			160,425
WIOA	17.259			270,655
AGING	93.044/93.045			666,424
FGSC	94.011/94.016			882,326
MEDICAID	93.778			11,084
Total Cluster (Also Reported Above)				<u>\$ 2,005,565</u>

N/A = Not Available

CFDA = Catalog of Federal Domestic Assistance

See accompanying Notes to Schedule of Expenditures of Federal Awards.

FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of Family and Community Services, Inc. and Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

The financial statements reflect revenue recognized from the Provider Relief Fund (PRF) of \$102,657 and \$151,612 for the years ended June 30, 2022 and 2021, respectively. The Schedule includes PRF of \$102,657 that were received in PRF Period 3 in accordance with the requirements of the compliance supplement for assistance listing number 93.498.

The Agency has elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Family and Community Services, Inc. and Subsidiaries
Ravenna, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Family and Community Services, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, the consolidated statement of functional expenses for the year ended June 30, 2022, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 17, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Family and Community Services, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family and Community Services, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Family and Community Services, Inc. and Subsidiaries' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family and Community Services, Inc. and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Akron, Ohio
March 17, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Family and Community Services, Inc. and Subsidiaries
Ravenna, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family and Community Services, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Family and Community Services, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2022. Family and Community Services, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family and Community Services, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family and Community Services, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Family and Community Services, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Family and Community Services, Inc. and Subsidiaries' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family and Community Services, Inc. and Subsidiaries' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family and Community Services, Inc. and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Family and Community Services, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Family and Community Services, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Family and Community Services, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Akron, Ohio
March 17, 2023

**FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
64.024	Veterans Affairs Homeless Providers

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes _____ no

**FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the Uniform Guidance.

**FAMILY AND COMMUNITY SERVICES, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings that were required to be reported on herein for the year ended June 30, 2021.



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