

Financial Statements

E3 FAMILY SOLUTIONS, INC.

June 30, 2022

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Financial Statements

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(With Independent Auditor's Report Thereon)

E3 FAMILY SOLUTIONS, INC.

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

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Independent Auditor's Report

The Board of Directors
E3 Family Solutions, Inc.:

Opinion

We have audited the accompanying financial statements of E3 Family Solutions, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of E3 Family Solutions, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of E3 Family Solutions, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about E3 Family Solutions, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of E3 Family Solutions, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about E3 Family Solutions, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the E3 Family Solutions, Inc.'s 2021 financial statements, and our report dated August 31, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schatz, Tschoy, Whitcomb, Mitchell & Shuilen, LLP

September 20, 2022
Maitland, Florida

E3 FAMILY SOLUTIONS, INC.

Statement of Financial Position

June 30, 2022

Assets

Cash and cash equivalents	\$ 77,635
Beneficial interest in assets held by Community Foundation (note 4)	18,211
Grants receivable	<u>65,479</u>
Total assets	<u>\$ 161,325</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	<u>\$ 83,973</u>
Total liabilities	83,973
Net assets without donor restrictions	<u>77,352</u>
Total liabilities and net assets	<u>\$ 161,325</u>

See accompanying notes to financial statements.

E3 FAMILY SOLUTIONS, INC.

Statement of Activities

Year ended June 30, 2022

Net assets without donor restrictions:

Revenue and Other Support:

Donations	\$ 23,557
Grants	675,892
Special events	10,728
Investment income	(2,765)
In-kind	22,967

Total revenue and public support 730,379

Expenses:

Program services	672,415
Management and general	77,510
Fundraising	6,043

Total expenses 755,968

Change in net assets (25,589)

Net assets - beginning of year 102,941

Net assets - end of year \$ 77,352

See accompanying notes to financial statements.

E3 FAMILY SOLUTIONS, INC.
Statement of Functional Expenses
Year ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$ 325,986	38,781	-	364,767
Program implementation	160,034	-	-	160,034
Training	10,379	-	-	10,379
Accounting/auditing	-	21,820	-	21,820
Occupancy (in-kind)	12,052	4,017	-	16,069
Office expense	17,555	2,195	2,195	21,945
Advertising	34,630	-	3,848	38,478
Youth program	48,502	-	-	48,502
Other	45,273	10,349	-	55,622
Mileage	14,872	-	-	14,872
Travel	3,132	348	-	3,480
Total expenses	<u>\$ 672,415</u>	<u>77,510</u>	<u>6,043</u>	<u>755,968</u>

See accompanying notes to financial statements.

E3 FAMILY SOLUTIONS, INC.

Statement of Cash Flows

Year ended June 30, 2022

Cash flows from operating activities:	
Change in net assets	\$ (25,589)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in value of assets held in Community Foundation	3,051
Changes in operating assets and liabilities:	
Grants receivable	(10,144)
Accounts payable and accrued expenses	<u>33,021</u>
Net cash used in operating activities	<u>339</u>
Net change in cash	339
Cash - beginning of year	<u>77,296</u>
Cash - end of year	<u><u>\$ 77,635</u></u>

See accompanying notes to financial statements.

E3 FAMILY SOLUTIONS, INC.

Notes to Financial Statements

June 30, 2022

(1) **Organization and Summary of Significant Accounting Policies**

(a) **Organization**

E3 Family Solutions, Inc. (the "Organization") was organized in Florida in 2004 as a nonprofit organization. The Organization's purpose is to equip youth to make healthy choices, empower parents to build strong families and encourage communities to be family friendly.

(b) **Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) **Revenue and Expense Recognition**

E3 Family Solutions, Inc. recognizes public support, revenue, and expenses on the accrual basis. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or required services are performed. Functional expenses are allocated between programs on the basis of specific identification, where possible, or management's best estimates.

E3 FAMILY SOLUTIONS, INC.

Notes to Financial Statements

June 30, 2022

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(d) **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

(e) **Unconditional Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

(f) **Cash and Cash Equivalents**

For purposes of the statements of cash flows, E3 Family Solutions, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(g) **Income Taxes**

E3 Family Solutions, Inc. has been recognized by the Internal Revenue Service as an exempt organization from income taxes under Internal Revenue Code section 501(c)(3). Accordingly, no provision or benefit for income taxes has been reflected in the accompanying consolidated financial statements.

The Organization has adopted provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the consolidated statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. As of June 30, 2022, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

E3 FAMILY SOLUTIONS, INC.

Notes to Financial Statements

June 30, 2022

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(g) **Income Taxes - Continued**

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2018 to 2021 are open to examination by federal authorities.

(h) **Beneficial Interest in Assets Held by Community Foundation**

The Organization has an interest in the Community Foundation of South Lake County (CFSL) which carries investments in marketable securities with readily determinable fair value and all investments in debt securities are at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

(i) **Estimates**

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

(j) **Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization's cash deposits are placed in highly rated financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. The Organization has not experienced any losses in its cash accounts and does not believe it is exposed to any significant credit risks related to uninsured amounts.

(k) **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on an analysis of personnel time, space utilized, and utilities consumed for the related activities.

E3 FAMILY SOLUTIONS, INC.

Notes to Financial Statements

June 30, 2022

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(l) **Donated Materials and Services**

E3 Family Solutions, Inc. records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials, equipment and services are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. No amount has been reflected in the financial statements for volunteer hours, as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in E3 Family Solutions, Inc.'s program services.

(m) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through September 20, 2022, which is the date the financial statements were available to be issued.

(2) **Liquidity and Availability**

As of June 30, 2022, the Organization has \$161,325 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. There were no financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date as of June 30, 2022. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization's financial assets as of June 30, 2022 that are available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 77,635
Grants receivable	65,479
Community Foundation Investments	<u>18,211</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 161,325</u>

Notes to Financial Statements

June 30, 2022

(3) Beneficial Interest in Assets Held by Community Foundation of South Lake

The Organization has transferred funds to CFSL to establish a fund, which is considered component funds of CFSL. The terms of the fund agreement with CFSL provide, among other things, that distributions are subject to CFSL policies. The Organization may recommend distribution from certain funds at any time; however, all recommendations are solely advisory and may be accepted or rejected by CFSL. At the time of the transfers, the Organization granted variance power to CFSL. That power gives CFSL the right to modify or eliminate any restrictions, limitation or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations.

The fund is presented in the statements of financial position as beneficial interests in assets held by CFSL and are considered Level 3 financial instruments, as they are pooled into various investment funds held by CFSL.

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Independent Auditor's 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*

To the Board of Directors
E3 Family Solutions, Inc.

We have audited, in accordance with 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 financial statements of E3 Family Solutions, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered E3 Family Solutions, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of E3 Family Solutions, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of E3 Family Solutions, Inc.'s 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's 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 E3 Family Solutions, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schatz, Tschagg, Whitcomb, Mitchell & Shuilen, LLP

Maitland, Florida
September 20, 2022