



Financial Statements
December 31, 2020 (with comparative totals for 2019)
Village Family Service Center

Village Family Service Center
Table of Contents
December 31, 2020
(with comparative totals for 2019)

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	9
Notes to Financial Statements	10



Independent Auditor's Report

The Board of Directors
Village Family Service Center
Fargo, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the Village Family Service Center (Village) which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village Family Service Center as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Village Family Service Center's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Erik Saelly LLP".

Fargo, North Dakota
May 6, 2021

Village Family Service Center

Statement of Financial Position

December 31, 2020

(With Comparative Totals for December 31, 2019)

	2020	2019
Assets		
Cash	\$ 2,404,933	\$ 346,512
Receivables, net	1,161,979	1,120,430
Due from Children's Village Foundation	467,721	455,738
Prepaid expenses	87,730	106,135
Investments	-	790
Goodwill	522,577	522,577
Property and equipment, net of accumulated depreciation	1,315,134	1,462,379
Interest in Children's Village Foundation Net Assets	6,587,074	6,441,476
Total assets	\$ 12,547,148	\$ 10,456,037
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 77,948	\$ 213,264
Accrued liabilities	709,784	603,414
Deferred revenue	265,269	166,181
Refundable advance	2,347,700	-
Due to Children's Village Foundation	2,203,133	2,203,133
Total liabilities	5,603,834	3,185,992
Net Assets		
Without donor restrictions	187,610	734,078
With donor restrictions	6,755,704	6,535,967
Total net assets	6,943,314	7,270,045
Total liabilities and net assets	\$ 12,547,148	\$ 10,456,037

Village Family Service Center

Statement of Activities

Year Ended December 31, 2020

(With Comparative Totals for Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Revenue, Support and Gains				
Foundation	\$ 250,004	\$ -	\$ 250,004	\$ 219,806
Change in interest in Children's Village Foundation net assets	-	145,598	145,598	(274,003)
Donations from businesses, individuals, and organizations	410,922	-	410,922	737,686
Federal and other grant revenue	798,739	158,478	957,217	838,087
Total revenue, support and gains	1,459,665	304,076	1,763,741	1,521,576
Gross special events revenue	189,047	-	189,047	407,923
Less cost of direct benefits to donors	(68,595)	-	(68,595)	(111,437)
Net special events revenue	120,452	-	120,452	296,486
Total received from public	1,580,117	304,076	1,884,193	1,818,062
Allocated by United Way	191,244	-	191,244	251,536
Total public support	1,771,361	304,076	2,075,437	2,069,598
Revenue and Gains				
Counseling fees	8,238,042	-	8,238,042	8,532,023
Village Business Institute	2,066,044	-	2,066,044	1,931,938
First Step Recovery	895,939	-	895,939	863,545
Program and sublease rent	75,782	-	75,782	218,151
Adoption fees	30,927	-	30,927	118,116
Truancy intervention	68,144	-	68,144	82,351
Financial Resource Center	206,456	-	206,456	207,301
Miscellaneous revenues	35,935	-	35,935	33,414
Net assets released from restrictions	84,339	(84,339)	-	-
Total revenue and gains	11,701,608	(84,339)	11,617,269	11,986,839
Total revenue, support and gains	13,472,969	219,737	13,692,706	14,056,437
Expenses				
Program services				
Counseling services	6,011,844	-	6,011,844	5,808,302
Family therapy	2,229,671	-	2,229,671	2,081,975
Village Business Institute	1,506,016	-	1,506,016	1,648,390
Child care	-	-	-	536
First Step Recovery	1,295,618	-	1,295,618	1,650,858
Financial Resource Center	241,989	-	241,989	248,331
Big Brother Big Sister	296,916	-	296,916	291,842
Adoption	190,608	-	190,608	197,850
Truancy intervention	69,390	-	69,390	120,720
Alternative to Abortion	49,508	-	49,508	48,881
Intensive outpatient	391,959	-	391,959	423,459
Total program services expenses	12,283,519	-	12,283,519	12,521,144

Village Family Service Center

Statement of Activities

Year Ended December 31, 2020

(With Comparative Totals for Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Supporting services				
Management and general	\$ 1,347,018	\$ -	\$ 1,347,018	\$ 1,580,663
Fundraising	388,900	-	388,900	445,931
Total supporting services expenses	<u>1,735,918</u>	<u>-</u>	<u>1,735,918</u>	<u>2,026,594</u>
Total expenses	<u>14,019,437</u>	<u>-</u>	<u>14,019,437</u>	<u>14,547,738</u>
Change in Net Assets	(546,468)	219,737	(326,731)	(491,301)
Net Assets, Beginning of Year	<u>734,078</u>	<u>6,535,967</u>	<u>7,270,045</u>	<u>7,761,346</u>
Net Assets, End of Year	<u>\$ 187,610</u>	<u>\$ 6,755,704</u>	<u>\$ 6,943,314</u>	<u>\$ 7,270,045</u>

Village Family Service Center
Statement of Functional Expenses
Year Ended December 31, 2020
(With Comparative Totals for Year Ended December 31, 2019)

	Counseling Services	Family Therapy	Village Business Institute	First Step Recovery	Financial Resource Center
Salaries	\$ 3,627,259	\$ 1,398,562	\$ 766,551	\$ 787,093	\$ 138,301
Employee benefits	676,160	266,345	127,648	145,867	22,610
Travel	16,288	29,889	6,269	618	178
Allocated program rent and utilities	409,631	62,779	96,702	99,466	2,995
Contracted services	24,213	10,237	155,752	(1,076)	180
Office supplies and postage	18,807	3,951	8,632	2,303	2,911
Printing and publications	18,801	5,994	21,515	1,943	15,055
Telephone	43,526	35,500	14,880	2,069	1,348
Repairs, maintenance and other rentals	17,914	6,304	8,108	7,908	1,902
Staff training	25,884	1,605	2,607	50	-
Professional fees	43,882	16,384	10,285	8,880	11,471
Advertising	60,334	10	3,065	14,967	3,420
Insurance	2,973	6,301	1,255	304	2,807
Interest	-	-	-	-	-
Client assistance and special programs	3,145	927	-	-	12
Administrative charge	959,396	360,352	270,405	211,209	37,666
Other	16,142	19,306	4,459	(213)	1,133
	<u>5,964,355</u>	<u>2,224,446</u>	<u>1,498,133</u>	<u>1,281,388</u>	<u>241,989</u>
Total expenses before depreciation					
Depreciation	<u>47,489</u>	<u>5,225</u>	<u>7,883</u>	<u>14,230</u>	<u>-</u>
	<u>\$ 6,011,844</u>	<u>\$ 2,229,671</u>	<u>\$ 1,506,016</u>	<u>\$ 1,295,618</u>	<u>\$ 241,989</u>
Total expenses					

Village Family Service Center

Statement of Functional Expenses

Year Ended December 31, 2020

(With Comparative Totals for Year Ended December 31, 2019)

	Big Brother Big Sister	Adoption	Truancy Intervention	Alternative to Abortion	Intensive Outpatient	Total Program Services Expenses
Salaries	\$ 164,831	\$ 100,974	\$ 53,506	\$ 32,779	\$ 235,554	\$ 7,305,410
Employee benefits	47,037	12,200	9,387	6,720	34,059	1,348,033
Travel	278	468	121	-	41	54,150
Allocated program rent and utilities	15,681	14,649	-	-	34,724	736,627
Contracted services	-	19,957	-	-	7,734	216,997
Office supplies and postage	570	541	99	420	2,361	40,595
Printing and publications	7,730	98	102	-	1,867	73,105
Telephone	1,659	2,216	588	836	1,948	104,570
Repairs, maintenance and other rentals	1,069	1,882	-	-	2,694	47,781
Staff training	20	-	-	-	420	30,586
Professional fees	3,542	2,811	428	4,803	2,398	104,884
Advertising	2,713	1,100	-	-	1,295	86,904
Insurance	95	74	76	-	57	13,942
Interest	-	-	-	-	-	-
Client assistance and special programs	3,232	360	-	-	118	7,794
Administrative charge	45,586	47,690	5,083	3,950	63,669	2,005,006
Other	831	(15,567)	-	-	-	26,091
Total expenses before depreciation	294,874	189,453	69,390	49,508	388,939	12,202,475
Depreciation	2,042	1,155	-	-	3,020	81,044
Total expenses	\$ 296,916	\$ 190,608	\$ 69,390	\$ 49,508	\$ 391,959	\$ 12,283,519

Village Family Service Center

Statement of Functional Expenses

Year Ended December 31, 2020

(With Comparative Totals for Year Ended December 31, 2019)

	Support Services			Total Expenses	
	Management and General	Fund Raising	Total Support	2020	2019
Salaries	\$ 1,991,254	\$ 298,806	\$ 2,290,060	\$ 9,595,470	\$ 9,226,427
Employee benefits	364,372	51,853	416,225	1,764,258	1,626,967
Travel	4,583	506	5,089	59,239	171,601
Allocated program rent and utilities	120,309	16,643	136,952	873,579	905,702
Contracted services	237,418	-	237,418	454,415	670,499
Office supplies and postage	28,743	3,325	32,068	72,663	143,273
Printing and publications	43,575	8,519	52,094	125,199	149,327
Telephone	43,027	3,939	46,966	151,536	150,960
Repairs, maintenance and other rentals	147,752	-	147,752	195,533	368,819
Staff training	25,299	583	25,882	56,468	86,773
Professional fees	96,007	463	96,470	201,354	236,200
Advertising	35,970	1,216	37,186	124,090	471,432
Insurance	51,998	95	52,093	66,035	91,664
Interest	16,644	-	16,644	16,644	46
Client assistance and special programs	8,529	21	8,550	16,344	21,232
Administrative charge	(2,009,555)	-	(2,009,555)	(4,549)	-
Other	72,152	580	72,732	98,823	89,187
Total expenses before depreciation	1,278,077	386,549	1,664,626	13,867,101	14,410,109
Depreciation	68,941	2,351	71,292	152,336	137,629
Total expenses	<u>\$ 1,347,018</u>	<u>\$ 388,900</u>	<u>\$ 1,735,918</u>	<u>\$ 14,019,437</u>	<u>\$ 14,547,738</u>

Village Family Service Center

Statement of Cash Flows

Year Ended December 31, 2020

(With Comparative Totals For Year Ended December 31, 2019)

	2020	2019
Operating Activities		
Change in net assets	\$ (326,731)	\$ (491,301)
Adjustments to reconcile changes in net assets to net cash from (used for) operating activities		
Depreciation	152,336	137,629
Change in interest in Children's Village Foundation net assets	(145,598)	274,003
Changes in assets and liabilities		
Receivables	(53,532)	(94,399)
Prepaid expenses	18,405	(21,663)
Accounts payable	(135,316)	26,485
Accrued liabilities	106,370	(72,972)
Refundable advance	2,347,700	-
Deferred revenue	99,088	(171,606)
Net Cash From (Used For) Operating Activities	2,062,722	(413,824)
Investing Activities		
Purchases of property and equipment	(5,091)	(518,285)
Sale of investments	790	-
Net Cash Used For Investing Activities	(4,301)	(518,285)
Net Change in Cash	2,058,421	(932,109)
Cash, Beginning of Year	346,512	1,278,621
Cash, End of Year	\$ 2,404,933	\$ 346,512
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 16,644	\$ 46

Note 1 - Organization and Summary of Significant Accounting Policies

Organization and Nature of Operations

The Village Family Service Center (Village) is a nonprofit organization established to improve the quality of life through services designed to strengthen individuals, families, and organizations.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Income Taxes

The Village is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Village is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Village is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Village files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Village believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Village would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Concentrations of Credit Risk

The Village maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

Cash and Cash Equivalents

The Village considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures or other long-term purposes of the Village are excluded from this definition.

Receivables and Credit Policy

Accounts receivable consist primarily of uncollateralized client and third-party payor obligations. Payments of client receivables are allocated to the specific claims identified in the remittance advice.

The carrying amount of the client receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from clients and third-party payors. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2020 and 2019, the carrying value of the Village's goodwill of \$522,577 was not considered impaired.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ending December 31, 2020 and 2019.

Interest in Children's Village Foundation Net Assets

The Children's Village Foundation (Foundation) was created for the purpose of providing permanent support for the activities and programs of the Village. Amounts that are held by the Foundation are recorded as an asset and as net assets with donor restrictions. Separate financial statements of Children's Village Foundation are prepared and are available from the Foundation.

Deferred Revenue

Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed.

Funds Held for Others

The Village acts as a custodian of funds held for others. These funds are included in cash and accounts payable in the financial statements. As of December 31, 2020 and 2019, the cash held for others was \$2,046 and \$1,418.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Village 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 assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from 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.

Revenue and Revenue Recognition

The Village records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or 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 substantially met.

Net service revenue is reported at the amount that reflects the consideration to which the Village expects to be entitled in exchange for providing care. These amounts are due from individuals, third-party payors (including health insurers and government programs), and others. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Village. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total actual charges. The Village 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 individuals in the program receiving behavioral services. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Village does not believe it is required to provide additional goods or services to the individual.

The Village determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors and discounts provided to uninsured individuals in accordance with the Village's policy, if applicable. The Village determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$124,090 and \$471,432 for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, depreciation, and amortization, and other, which are allocated on the basis of estimates of time and effort.

Subsequent Events

The Village has evaluated subsequent events through May 6, 2021, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash	\$ 2,404,933	\$ 346,512
Receivables, net	1,161,979	1,120,430
Investments	-	790
Total financial assets	3,566,912	1,467,732
Less amounts not available for general expenditures within the next year:		
Subject to expenditure for a specific purpose	168,630	94,491
Financial assets available for general expenditures within the next year	\$ 3,398,282	\$ 1,373,241

As part of a liquidity management plan, cash is maintained in deposit accounts at a local bank.

The Village also has a \$1,000,000 line of credit available to meet short-term needs as discussed in Note 5.

Note 3 - Property and Equipment

Property and equipment consist of the following:

	2020			2019
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 277,218	\$ -	\$ 277,218	\$ 277,218
Building and leasehold improvements	1,990,360	1,041,439	948,921	1,048,996
Office furniture and equipment	669,566	586,204	83,362	127,313
Vehicles	16,094	10,461	5,633	8,852
	<u>\$ 2,953,238</u>	<u>\$ 1,638,104</u>	<u>\$ 1,315,134</u>	<u>\$ 1,462,379</u>

Note 4 - Leases

The Village rents office space for their satellite sites under operating leases. The terms of these leases vary with some being month to month and others being long-term with expected payments as detailed below.

The Village rents office equipment for its Fargo operation and satellite sites under leases expiring at various times with expected payments as detailed below. These leases are accounted for as operating leases.

The Village leases 12 autos. These leases are accounted for as operating leases and have various ending times through February 2024.

Future minimum lease payments under leases with terms greater than month-to-month are as follows:

Years Ending December 31,	Operating Leases
2021	\$ 654,593
2022	607,437
2023	547,929
2024	458,179
2025	358,115
Thereafter	599,444
	\$ 3,225,697

Total rent expense for office space, equipment, and auto was \$739,694 and \$756,053 in 2020 and 2019.

The Village has a master lease agreement line of credit with a major automaker for up to \$400,000 of leased vehicles.

Note 5 - Notes Payable

Line of Credit and Short-Term Notes Payable

The Village has a line of credit with maximum borrowings of \$1,000,000 through Bremer Bank. The line of credit has an interest rate equal to 5.0% at December 31, 2020. As of December 31, 2020 and 2019, there is no outstanding balance. The line of credit matures August 1, 2021 and is secured by substantially all assets. Under terms of the line of credit agreement, the Village is required to satisfy certain measures of financial performance. The Children's Village Foundation is a co-borrower on the note.

Long-Term Notes Payable

	2020	2019
0% note payable to the Foundation, due on demand, unsecured, subordinated to bank debt	\$ 2,203,133	\$ 2,203,133

The full balance of the debt is due on demand and therefore considered current.

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2020	2019
Subject to Expenditure for Specified Purpose		
Big Brothers Big Sisters	\$ 70,430	\$ 70,000
First Step Recovery	-	14,339
Adoption program	30,000	-
Child Development program	33,400	-
Girls 360 program	7,453	7,452
Other programming	27,347	2,700
	168,630	94,491
Subject to the Passage of Time		
Interest in Children's Village Foundation net assets	4,474,573	4,456,639
Subject to the Passage of Time for Specified Purpose		
Interest in Children's Village Foundation net assets	1,770,798	1,658,134
Not Subject to Spending Policy or Appropriation		
Interest in Children's Village Foundation net assets	341,703	326,703
	\$ 6,755,704	\$ 6,535,967

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Satisfaction of Purpose Restrictions		
Big Brothers Big Sisters	\$ 70,000	\$ -
First Step Recovery	14,339	5,930
Girls 360 Program	-	2,547
Other Programming	-	400
	\$ 84,339	\$ 8,877

Note 7 - Donated Professional Services

During 2020 and 2019, the Village received professional services with a value of approximately \$0 and \$347,000, respectively, for advertising services.

Note 8 - Related Party Transactions

The Village is affiliated with the Children's Village Foundation (Foundation). The Foundation was created for the purpose of providing permanent support for the activities and programs of the Village. See Note 5 for financing provided by the Foundation to the Village.

The Village annually receives support from the Foundation. The Village pays certain expenses of the Foundation and is reimbursed by the Foundation for these expenses.

The following is a summary of transactions between the two entities for 2020 and 2019:

	2020	2019
Statement of Financial Position		
Due from Children's Village Foundation	\$ 467,721	\$ 455,738
Note payable to Children's Village Foundation	\$ 2,203,133	\$ 2,203,133
Statement of Activities		
Change in interest in Children's Village Foundation net assets	\$ 145,598	\$ (274,003)
Contributions received for operations	250,003	219,806
Contributions for compensated absences	-	4,626
	\$ 395,601	\$ (49,571)

Note 9 - Paycheck Protection Program Advance

The Village was granted a \$2,347,700 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal Government. The Village is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The Village has elected to account for the funding as a conditional contribution by applying ASC 958-605, Not-for-Profit Revenue Recognition. The Village has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended December 31, 2020. The Village will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default.

Note 10 - Provider Relief Funds

The Village received \$222,975 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expense or losses that have been reimbursed from other resources or that other sources are obligated to reimburse. HHS currently has a deadline to incur eligible expenses of June 30, 2021. Unspent funds will be expected to be repaid.

These funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying statement of activities as all terms and conditions are considered met. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimated will change by a material amount in the near term.

During the year ended December 31, 2020, the Village recognized \$222,975 as revenue, included in federal and other grant revenue on the statement of activities.

Note 11 - Contingencies

PPP Loan Review

Loans issued under the PPP were subject to good-faith certifications of the necessity of the loan request. Borrowers with loans issued under the program in excess of \$2 million are subject to review by the SBA for compliance with the program requirements. If the SBA determines that a borrower lacked an adequate basis for the loan or did not meet the program requirements, the loan will not be eligible for loan forgiveness and the SBA will seek repayment of the outstanding PPP loan balance. As such, the potential exists that the Village may be deemed ineligible for loan forgiveness and be required to repay the loan.