FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDIARY

Consolidated Financial Statements
for the year ended
June 30, 2017
(with comparative financial information
for the year ended June 30, 2016)

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDIARY

Contents

Frank Barcalow CPA, P.L.L.C.

Independent Auditor's Report

Board of Directors
Friends Association for Children and Subsidiary
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Friends Association for Children (a nonprofit organization) and Subsidiary, which comprise the statement of financial position as of June 30, 2017 and the related statements 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends Association for Children and Subsidiary as of June 30, 2017, 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 Friends Association for Children and Subsidiary 2016 financial statements, and our report dated October 10, 2016, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in material respects, with the audited financial statements from which is has been derived.

Frank Barcalow CPA, P.L.L.C.

Richmond, Virginia
October 5, 2017

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Financial Position
June 30, 2017
(with comparative totals for the year ended June 30, 2016)

Assets		**2017**		**2016**
Current assets				
Cash and cash equivalents	$	205,044	$	71,801
Contributions receivable		352,784		337,383
Accounts receivable, net of allowance of $30,000 for 2017 and for 2016, respectively		89,033		134,701
Other assets		26,154		30,361
Total current assets		673,015		574,246
Non current assets				
Investments		25,575		21,701
Property, equipment and improvements, net of accumulated depreciation		2,247,411		2,327,747
Total noncurrent assets		2,272,986		2,349,448
Total assets	$	2,946,001	$	2,923,694
Liabilities and Net assets				
Current liabilities				
Accounts payable	$	31,367	$	32,040
Accrued expenses and withholdings		78,673		122,451
Note payable related party		75,000		75,000
Current portion of long-term debt		16,752		188,220
Total current liabilities		201,792		417,711
Non-current liabilities				
Accrued retirement expenses		49,195		53,498
Long term debt		158,399		-
Long-term debt related party		210,000		230,000
Total noncurrent liabilities		417,594		283,498
Total liabilities		619,386		701,209
Net assets				
Unrestricted				
Unrestricted		(587,586)		(649,414)
Board designated - equipment		89,499		89,499
Property and equipment		2,247,411		2,327,747
Total unrestricted net assets		1,749,324		1,767,832
Temporarily restricted		577,291		454,653
Total net assets		2,326,615		2,222,485
Total liabilities and net assets	$	2,946,001	$	2,923,694

See notes to the financial statements.

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Activities

Year Ended June 30, 2017
(with summarized totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Public support and revenue				
Contributions	$ -	$ 769,942	$ 769,942	$ 672,295
United Way allocations	-	200,000	200,000	200,000
In-kind contributions	79,771	-	79,771	75,000
Governmental grants	471,251	-	471,251	342,473
Program service fees	660,175	-	660,175	665,325
Other income	5,009	-	5,009	952
Total public support and revenue	1,216,206	969,942	2,186,148	1,956,045
Net assets released from restrictions	847,304	(847,304)	-	-
Total public support and revenue	2,063,510	122,638	2,186,148	1,956,045
Expenditures				
Program services	1,751,608	-	1,751,608	1,719,436
Supporting services				
Development	142,961	-	142,961	109,489
General and administrative	187,449	-	187,449	169,974
Total supporting services	330,410	-	330,410	279,463
Total expenditures	2,082,018	-	2,082,018	1,998,899
Change in net assets	(18,508)	122,638	104,130	(42,854)
Net assets at beginning of year	1,767,832	454,653	2,222,485	2,265,339
Net assets, end of the year	$ 1,749,324	$ 577,291	$ 2,326,615	$ 2,222,485

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Functional Expenses
Year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Youth Enrichment	Infant, Toddler, Preschool	School Age	Family Support Service	Total Program Services	Development	Management and General	Total Supporting Services	2017 Total Expenses
Salaries	$ 45,487	$ 689,119	$ 165,080	$ 91,596	$ 991,282	$ 108,108	$ 119,966	$ 228,074	$ 1,219,356
Employee benefits	6,777	98,942	21,235	11,314	138,268	12,383	16,286	28,669	166,937
Payroll taxes, etc.	4,253	64,450	14,291	8,173	91,167	9,568	10,889	20,457	111,624
Total personnel expenses	56,517	852,511	200,606	111,083	1,220,717	130,059	147,141	277,200	1,497,917
Professional fees and contract expense	7,412	14,533	3,298	646	25,889	2,610	4,384	6,994	32,883
Interest expense	-	8,491	987	-	9,478	-	8,754	8,754	18,232
Supplies and food	868	134,065	17,101	1,270	153,304	1,259	2,429	3,688	156,992
Telephone	365	5,791	2,360	707	9,223	238	453	691	9,914
Postage	31	312	132	150	625	505	185	690	1,315
Occupancy	2,052	68,861	15,017	3,837	89,767	1,535	7,274	8,809	98,576
Repairs, maintenance, insurance	4,769	81,215	17,487	3,673	107,144	2,713	4,370	7,083	114,227
Vehicles	1,168	5,581	28,504	755	36,008	76	-	76	36,084
Conference and annual meetings	120	1,579	380	188	2,267	324	519	843	3,110
Printing and public relations	-	159	19	-	178	150	2,361	2,511	2,689
Organization dues	143	1,044	171	64	1,422	53	170	223	1,645
Depreciation	-	71,875	-	-	71,875	3,382	9,302	12,684	84,559
Bad debts and change in allowance	-	17,451	5,884	-	23,335	-	-	-	23,335
Miscellaneous	18	265	75	18	376	57	107	164	540
Total expenses	$ 73,463	$ 1,263,733	$ 292,021	$ 122,391	$ 1,751,608	$ 142,961	$ 187,449	$ 330,410	$ 2,082,018

	Youth Enrichment	Infant, Toddler, Preschool	School Age	Family Support Service	Total Program Services	Development	Management and General	Total Supporting Services	2016 Total Expenses
Salaries	$ 44,143	$ 672,688	$ 183,837	$ 68,172	$ 968,840	$ 74,420	$ 118,624	$ 193,044	$ 1,161,884
Employee benefits	7,713	80,588	21,431	9,861	119,593	12,450	(4,642)	7,808	127,401
Payroll taxes, etc.	4,234	62,323	16,846	6,442	89,845	7,166	10,983	18,149	107,994
Total personnel expenses	56,090	815,599	222,114	84,475	1,178,278	94,036	124,965	219,001	1,397,279
Professional fees and contract expense	477	11,062	3,390	1,004	15,933	3,137	4,343	7,480	23,413
Interest expense	-	8,239	915	-	9,154	-	11,500	11,500	20,654
Supplies and food	1,346	125,571	24,029	1,905	152,851	1,641	3,004	4,645	157,496
Telephone	331	5,377	2,123	681	8,512	217	449	666	9,178
Postage	25	333	138	137	633	460	127	587	1,220
Occupancy	2,694	80,710	18,652	5,249	107,305	2,558	9,805	12,363	119,668
Repairs, maintenance, insurance	5,321	78,848	17,562	4,247	105,978	3,133	4,781	7,914	113,892
Vehicles	348	855	24,655	1,214	27,072	169	7	176	27,248
Conference and annual meetings	101	2,199	419	151	2,870	262	467	729	3,599
Printing and public relations	-	398	23	12	433	430	1,099	1,529	1,962
Organization dues	212	1,411	386	94	2,103	78	253	331	2,434
Depreciation	-	70,506	-	-	70,506	3,318	9,124	12,442	82,948
Bad debts and change in allowance	-	33,789	3,761	-	37,550	-	-	-	37,550
Miscellaneous	14	183	52	9	258	50	50	100	358
Total expenses	$ 66,959	$ 1,235,080	$ 318,219	$ 99,178	$ 1,719,436	$ 109,489	$ 169,974	$ 279,463	$ 1,998,899

See notes to the financial statements.

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Cash Flows
Year Ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 104,130	$ (42,854)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	84,559	82,948
Bad debt expenses and change in allowance	23,335	37,550
Unrealized (gains) losses on investments	(3,025)	(379)
Loan forgiven as contributions - related parties	(20,000)	(30,000)
(Increase) decrease in contributions receivable	(15,401)	33,100
(Increase) decrease in accounts receivable	22,333	(55,527)
(Increase) decrease in other assets	4,207	(13,434)
Increase (decrease) in accounts payable	(673)	(3,049)
Increase (decrease) in accrued expenses	(43,933)	4,848
Increase (decrease) in accrued retirement expenses	(4,148)	(25,595)
Net cash provided by (used in) operating activities	151,384	(12,392)
Cash flows from investing activities		
Purchase of equipment	(4,223)	(32,477)
Purchase of investments	(849)	(446)
Net cash provided by (used in) investing activities	(5,072)	(32,923)
Cash flows from financing activities		
Proceeds from notes payable - related parties	24,000	-
Payments on debt - related parties	(24,000)	-
Payments on debt	(13,069)	(13,285)
Net cash provided by (used in) financing activities	(13,069)	(13,285)
Net increase (decrease) in cash and cash equivalents	133,243	(58,600)
Cash and cash equivalents at beginning of year	71,801	130,401
Cash and cash equivalents at end of year	$ 205,044	$ 71,801

See notes to the financial statements.

Notes to Financial Statements
June 30, 2017

Note 1 - Summary of significant accounting policies

Nature of organization

Friends Association for Children (the Association) is an accredited, not-for-profit child welfare corporation organized under the laws of the Commonwealth of Virginia. The Association's primary activity is providing child care facilities. Its mission is to provide human resource services that assist Richmond area families and children in acquiring the skills, knowledge and capacity needed to achieve stability in a society of high-performance expectations, changing technology and interrelated cultures. The Association is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Basis of accounting

The accounting system is maintained and financial reports are prepared in accordance with the accrual basis of accounting. Under generally accepted accounting principles, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are based on the existence or absence of restrictions. Accordingly, net assets of the Association and changes therein are classified as follows:

> Unrestricted net assets - Net assets that are not subject to stipulations, and are available at the general activities of the Association.
>
> Temporarily restricted net assets - Net assets subject to stipulations that will be met either by actions of the Association and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement activities as net assets released from restrictions.
>
> Permanently restricted net assets - net assets subject to stipulations that they be maintained permanently by the Association, and only the income is available as unrestricted or temporarily restricted, as per endowment or donor agreements.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted new assets unless their use if restricted.

Principles of Consolidation

The consolidating financial statements include assets and liabilities of Friends East End Day Care, LLC, a wholly owned entity. All significant intercompany accounts have been eliminated.

(continued)

Notes to Financial Statements
June 30, 2017

Note 1 - Summary of significant accounting policies (continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The Association also considers all money market accounts to be cash and cash equivalents. The Association, at times, may have balances in excess of federally insured limits.

Property and equipment

Property and equipment used in operations are reported at cost or the current estimated value at the date of the gift, if donated for all items valued or expended over $500, as capitalized items. Property and equipment consist chiefly of computers and office equipment. Depreciation is calculated using straight-line methods over the estimated useful lives of the assets; as follows, buildings and leasehold improvements, thirty nine years, furniture and equipment, five to fifteen years; and vehicles, three to five years. Expenditures for ordinary maintenance and repairs have been charged to expenses as incurred.

Income taxes

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2017. Fiscal years ending on or after June 30, 2014 remain subject to examination by federal and state tax authorities.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Association provides for losses on accounts receivable using the allowance method. The allowance method is based on experience, third-party contracts, and other circumstances which may affect the ability of parents to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible accounts when management determines the receivable will not be collected.

(continued)

Notes to Financial Statements
June 30, 2017

Note 1 - Summary of significant accounting policies (continued)

Contributions receivable

Contributions receivable, which include unconditional promises to give, are recognized as public support and revenue in the period in which they apply at their fair value. United Way and other pledges are recorded as unconditional promises to give and temporarily restricted net assets in the period that notification is received. Contributions collectible more than a year in the future are recorded at discounted present value. A promise to give is written or oral agreement to contribute cash or other assets; however, to be recognized there must be sufficient evidence in the form of verifiable documentation indicating that a promise was made and received.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized and realized gains and losses are included in the change in net assets.

Reclassification

Certain amounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

In-Kind Support

In-Kind support is recognized for professional services if those services create or enhance long-lived fixed assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

Note 2 - Contributions receivable

The Organization had grants and pledges receivables as follows at June 30:

	2017	2016
Within one year	$ 352 784	$ 337 383

Notes to Financial Statements
June 30, 2017

Note 3 – Investments

The Association maintains an investment in a mutual fund. This investment had a market value of $25,575 and a cost of $13,404 as of June 30, 2017 and a market value of $21,701 and a cost of $12,928 as of June 30, 2016.

Note 4 - Property, equipment and improvements

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

	2017	2016
Land	$ 271 732	$ 271 732
Building	2 329 781	2 329 781
Leasehold improvements	434 243	434 243
Furniture and equipment	501 692	490 469
Vehicles	140 650	140 650
	3 678 098	3 673 875
Less accumulated depreciation	1 430 687	1 346 128
Total	$ 2 247 411	$ 2 327 747

Depreciation expense totaled $84,559 for the current year.

Note 5 - Endowment fund

Friends Association for Children has an agreement with the Community Foundation Serving Richmond and Central Virginia (TCF) which designates $93,697 as an irrevocable and permanent endowment with the Foundation for Friends Association for Children Endowment (endowment). Under the terms is the agreement, variance power was granted to TCF, including the power for TCF's board of Governors to modify any restrictions or conditions on the distribution of the funds for any specified charitable purpose or to specified organization, if in their sole judgement, such restrictions or conditions become incapable of fulfilment.

Endowment spendable income shall be determined each year to be not more than 4% of the Fund's balance at the prior calendar year end. In addition to the aforementioned spendable income, upon a vote of 75% of all members of the Friends Association for Children Board of Directors, and not more than once in any five year period, up to 10% of the prior calendar year ending fund's balance may be requested for capital or emergency purposes. Any spendable income not requested by the Friends Association for Children Board of Directors within a given calendar year will be added to the Fund's principal balance. The balance of this fund is not included in the financial statements of Friends Association for Children and totaled $137,235 as of June 30, 2017 and $124,083 as of June 30, 2016.

Notes to Financial Statements

June 30, 2017

Note 6 – Notes payable - related parties

The Association has an unsecured note payable dated March 10, 2015, from a related party (board of trustees member) in the amount of $75,000 (originally $95,000), which bears no interest, due March 30, 2018. The note balance at June 30, 2017 and 2016 was $75,000 and $75,000, respectively. If the borrower has not paid the full amount of the loan when due, the lender may charge interest at 10% annually. The Association accrued a total of $9,100 inputted interest expense at a rate of 2% as of June 30, 2017, related to this interest-free note.

The Association has an unsecured credit line promissory note from a related party (board of trustees member) in an credit line amount up to $350,000. The note balance as of June 30, 2017 was $210,000 and $230,000 for June 30, 2016. Interest is set to accrue at 4% per annum, payable annually on or before December 15 each year. The balance of note will be due and payable June 30, 2027. No principal payments were made during 2017. Total interest expense was $9,700 for the current year. The lender forgave $20,000 and $20,000 for the years ended June 30, 2017 and 2016, respectively, which is recorded as contribution revenue. The loan is considered a non-current liability.

Two employees lent the Association funds during the year ended June 30, 2017. Total funds lent amounted to $24,000 at no interest. All funds were repaid during 2017.

Note 7 - Long-term debt

Friends East End Day Care, LLC assumed a deed of trust note payable to a bank which was modified February 23, 2017 in the amount of $180,178. The note bears interest at 4.6% with a monthly payment of $1,878 for 59 months with all remaining principal and interest due on February 7, 2022. The note balance at June 30, 2017 was $175,151 (current portion $16,752) and for 2016 was $188,220.

The following long term principal payments are due as follows:

2019	$ 15 573
2020	16 304
2021	17 070
2022	109 452
	$ 158 399

Total interest paid on the above debt was $7,032.

Notes to Financial Statements
June 30, 2017

Note 8 - Retirement Plan

The Association has adopted a 401(k) Plan which is a Salary Deferral Plan. The Association has elected, at its discretion, to match employee deferrals up to a maximum of 4% of compensation based on length of service. The Association's matching contribution was $21,974 for the year ended June 30, 2017.

Note 9 - Post-Retirement Benefits Liability

The Association agreed to continue health insurance coverage for John C. Purnell, Jr. (the former Executive Director) and his spouse during retirement. The Association has accrued a liability based upon an estimate of life expectancy for above parties and estimated an annual increase in the cost for health insurance. The present value of this liability has been determined using a 2% discount rate; the total liability as of June 30, 2017 totaled $54,980 and for 2016 totaled $59,127. Current portion is $5,785 and is included in accrued expenses.

Note 10 – In-Kind Support

The Organization receives various types of in-kind support, including facilities, materials, and professional services. For the year ended June 30, 2017, the Organization received $75,000 in donated rent.

Note 10 – Facilities

The Association's Friends Family Center facility is owned by the Richmond Redevelopment and Housing Authority (RRHA). The contract does not require any payment for the use of the facility, however, the RRHA is to be reimbursed for the operating expense relative to the facility including the cost of utilities, janitorial and maintenance services and insurance. The contract does not have an expiration date so long as the facility continues with its intended use. Total free rent recognized as inkind donations amount to $75,000 and is included in the Statement of Activities as of June 30, 2017.

The Robert L. Taylor Childcare Center is being leased from Friends East End Day Care, LLC (a wholly owned entity). No lease payments are required but the Association pays all expenses including debt service.

Note 11 – Subsequent Events

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through October 5, 2017 the date the financial statements were issued.

Notes to Financial Statements
June 30, 2017

Note 12 - Fair value measurements

The Organization adopted FASB ASC 850, formerly, SFAS No. 157 “Fair Value Measurements” to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. This standard clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy, based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.
Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments and liabilities were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value.

Note 13 - Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	2017	2016
Programs, United Way annual allocation. time restricted	$ 243 000	$ 250 000
Programs, United Way donor designations, time restricted	17 020	24 984
Programs, grants, purpose restricted	317 271	179 669
Total temporarily restricted net assets	$ 577 291	$ 454 653

Temporarily restricted net assets consisted of pledges receivable due from United Way ($260,020), a separate Organization ($25,634) and a separate trust ($66,904), cash and cash equivalents ($199,158) and investments ($25,575).

Net assets released from restrictions during 2017 include amounts related to time restrictions of $274,984 and purpose restrictions of $572,320 for a total of $847,304.

Note 14 - Concentration of credit risk

The Organization maintains cash and cash equivalent balances in several financial institutions, which are insured up to $250,000 as of June 30, 2017, respectively each by the Federal Deposit Insurance Corporation (FDIC). At times, there may be amounts uninsured within these accounts. The Organization has not experienced any losses within these accounts. There were no uninsured balances at June 30, 2017. The Organization’s unsecured receivables are due from pledges, United Way Services, and state agencies for grant or fee reimbursements; therefore, its ability to collect is affected by the financial condition of the debtor.