

**CASA/Prince George's County, Inc.
Financial Statements
June 30, 2018**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CASA/Prince George's County, Inc.

We have audited the accompanying financial statements of CASA/Prince George's County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 CASA/Prince George's County, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Timonium, Maryland
January 4, 2019

CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 255,393	\$ 202,158
Grants receivable	129,767	104,356
Unconditional promises to give	106,000	105,300
Prepaid expenses	6,636	2,620
Total current assets	497,796	414,434
PROPERTY AND EQUIPMENT		
Office equipment, at cost	26,907	22,478
Less: accumulated depreciation	(14,498)	(17,023)
Net property and equipment	12,409	5,455
OTHER ASSETS		
Rent deposit	2,438	2,438
TOTAL ASSETS	\$ 512,643	\$ 422,327
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,162	\$ 1,191
Accrued payroll liabilities	55,667	46,669
Total current liabilities / total liabilities	56,829	47,860
NET ASSETS		
Unrestricted		
Undesignated	298,691	247,304
Board designated	25,031	25,003
Temporarily restricted	132,092	102,160
Total net assets	455,814	374,467
TOTAL LIABILITIES AND NET ASSETS	\$ 512,643	\$ 422,327

See accompanying notes and independent auditor's report.

CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 662,603	\$ 110,176	\$ 772,779
Special event	14,922	2,000	16,922
Miscellaneous income	4,032	-	4,032
Interest income	28	-	28
NET ASSETS RELEASED FROM RESTRICTION	<u>82,244</u>	<u>(82,244)</u>	<u>-</u>
Total support and revenue	<u>763,829</u>	<u>29,932</u>	<u>793,761</u>
EXPENSES			
Program services	593,003	-	593,003
Administration	67,155	-	67,155
Fundraising	52,256	-	52,256
Total expenses	<u>712,414</u>	<u>-</u>	<u>712,414</u>
CHANGE IN NET ASSETS	51,415	29,932	81,347
NET ASSETS			
BEGINNING OF YEAR	<u>272,307</u>	<u>102,160</u>	<u>374,467</u>
END OF YEAR	<u>\$ 323,722</u>	<u>\$ 132,092</u>	<u>\$ 455,814</u>

See accompanying notes and independent auditor's report.

CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 570,896	\$ 100,992	\$ 671,888
Special event	15,383	-	15,383
Miscellaneous income	-	-	-
Interest income	3	-	3
NET ASSETS RELEASED FROM RESTRICTION	<u>88,751</u>	<u>(88,751)</u>	<u>-</u>
Total support and revenue	<u>675,033</u>	<u>12,241</u>	<u>687,274</u>
EXPENSES			
Program services	515,640	-	515,640
Administration	53,722	-	53,722
Fundraising	48,479	-	48,479
Total expenses	<u>617,841</u>	<u>-</u>	<u>617,841</u>
CHANGE IN NET ASSETS	57,192	12,241	69,433
NET ASSETS			
BEGINNING OF YEAR	<u>215,115</u>	<u>89,919</u>	<u>305,034</u>
END OF YEAR	<u><u>\$ 272,307</u></u>	<u><u>\$ 102,160</u></u>	<u><u>\$ 374,467</u></u>

See accompanying notes and independent auditor's report.

CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Capacity building	\$ -	\$ -	\$ -	\$ -
Depreciation	3,183	219	288	3,690
Employee benefits	21,141	1,451	1,914	24,506
Equipment expense	2,838	195	257	3,290
Finger printing / screening	1,916	-	-	1,916
Insurance	-	9,594	-	9,594
Memberships	-	2,075	-	2,075
Miscellaneous	-	15	-	15
Office supplies / postage	2,725	187	247	3,159
Payroll taxes	31,921	2,192	2,889	37,002
Professional fees	39,999	18,905	-	58,904
Rent	35,139	2,413	3,181	40,733
Salaries	426,815	29,306	38,635	494,756
Special event	-	-	4,051	4,051
Special project incentives	1,630	-	-	1,630
Staff development	490	-	-	490
Technology	6,125	421	554	7,100
Telephone	2,656	182	240	3,078
Travel	2,644	-	-	2,644
Volunteer expenses	13,371	-	-	13,371
Youth expenses	410	-	-	410
Total	<u>\$ 593,003</u>	<u>\$ 67,155</u>	<u>\$ 52,256</u>	<u>\$ 712,414</u>

See accompanying notes and independent auditor's report.

CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Capacity building	\$ 29,160	\$ -	\$ -	\$ 29,160
Depreciation	1,300	78	132	1,510
Employee benefits	15,258	920	1,550	17,728
Equipment expense	2,845	172	289	3,306
Finger printing / screening	1,695	-	-	1,695
Insurance	-	6,430	-	6,430
Memberships	-	1,885	-	1,885
Miscellaneous	-	267	-	267
Office supplies / postage	2,743	165	279	3,187
Payroll taxes	27,063	1,632	2,749	31,444
Professional fees	7,891	17,614	-	25,505
Rent	32,457	1,957	3,297	37,711
Salaries	366,722	22,118	37,251	426,091
Special event	-	-	2,115	2,115
Special project incentives	-	-	-	-
Staff development	217	-	-	217
Technology	5,246	316	533	6,095
Telephone	2,794	168	284	3,246
Travel	4,157	-	-	4,157
Volunteer expenses	15,028	-	-	15,028
Youth expenses	1,064	-	-	1,064
Total	<u>\$ 515,640</u>	<u>\$ 53,722</u>	<u>\$ 48,479</u>	<u>\$ 617,841</u>

See accompanying notes and independent auditor's report.

CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 81,347	\$ 69,433
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,690	1,510
(Increase) decrease in operating assets:		
Grants receivable	(25,411)	(52,961)
Unconditional promises to give	(700)	(300)
Prepaid expenses	(4,016)	1,701
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(29)	(3,297)
Accrued payroll liabilities	8,998	9,941
	<u>63,879</u>	<u>26,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	(10,644)	(5,067)
	<u>(10,644)</u>	<u>(5,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided (used) by financing activities	-	-
	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,235	20,960
CASH AND CASH EQUIVALENTS, beginning of year	202,158	181,198
	<u>202,158</u>	<u>181,198</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 255,393</u>	<u>\$ 202,158</u>

See accompanying notes and independent auditor's report.

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 **Summary of Significant Accounting Policies**

Nature of activities - CASA/Prince George's County, Inc. (CASA) was organized on January 31, 1992 and is a volunteer-based organization that partners with the juvenile court to improve the lives of children living in foster care in Prince George's County who have suffered from abuse and neglect. CASA recruits, trains, and supervises volunteers from the community who serve as court appointed special advocates and advocate for the best interest of children and help them navigate their experience in foster care until they are placed in safe, nurturing and permanent homes.

Financial statement presentation - The financial statements of CASA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). CASA reports 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. Board designated net assets represent amounts established by the Board of Directors which are unrestricted funds set aside for future needs for CASA.

Use of estimates -The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include all monies in banks and highly liquid investments with initial maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants receivable - Grants receivable are presented at net realizable value. Management periodically evaluates the balances in the aging categories as well as the status of any past due accounts to determine if any balances are uncollectible. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged to a provision for uncollectible accounts. Management considers all accounts to be fully collectible and, therefore, has not established a provision for uncollectible accounts.

Promises to give - Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. Promises to give, due in more than one year, are reflected at the present value of estimated future cash flows. Currently, CASA has only unconditional promises which are expected to be collected in one year or less and are reported at net realizable value, which approximates fair value. Management believes all promises to give are fully collectible; therefore, a provision for uncollectible accounts has not been established.

Property and equipment - Acquisitions of property and equipment in excess of \$400 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 - 7 years.

Contributions and grants - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 **Summary of Significant Accounting Policies (continued)**

CASA may receive services without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements. The criteria for recognition require that services rendered (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Grant revenue, including revenue from the State of Maryland's Administrative Office of the Courts (AOC) grant, is recognized when CASA incurs expenses in compliance with the specific grant requirements.

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

Reclassifications – Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Income taxes - CASA is a nonprofit organization and is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue code. No provision for income taxes is required for the years ended June 30, 2018 and 2017, as CASA had no significant unrelated business income.

NOTE 2 **Line of Credit**

CASA has a line of credit with a maximum amount available for borrowing of \$25,000. Interest payments on the line are due monthly at the Wall Street Journal Prime Rate plus 2%, 7.25% and 6.25%, as of June 30, 2018 and 2017, respectively. The line is due on demand and is secured by substantially all of CASA's assets. As of June 30, 2018 and 2017, CASA did not have an outstanding balance on the line. There was no interest expense paid on the line for the years ended June 30, 2018 and 2017.

NOTE 3 **Board Designated Unrestricted Net Assets**

Board designated unrestricted net assets consisted of operating reserves totaling \$25,031 and \$25,003 as of June 30, 2018 and 2017, respectively.

NOTE 4 **Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at June 30, 2018 and 2017:

	2018	2017
Independence and stable housing	\$ 5,000	\$ -
General operations	60,000	37,500
Organizational growth / expansion	28,748	63,492
Special event	2,000	-
Salaries	25,000	
Transitioning youth	10,176	-
Youth equality project	1,168	1,168
	\$ 132,092	\$ 102,160

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5 **Revenue Concentration**

For the years ended June 30, 2018 and 2017, AOC accounted for 20% and 21%, respectively, of CASA's total revenue.

NOTE 6 **Concentration of Credit Risk**

At various times during the year, CASA may maintain cash balances with one financial institution in excess of the federally insured limit of \$250,000. Uninsured deposits exceeded federally insured limits by \$15,984 as of June 30, 2018. CASA had no uninsured deposits as of June 30, 2017.

NOTE 7 **Operating Lease Commitments**

On January 23, 2014, CASA leased office facilities under a non-cancelable, 65-month operating lease ending July 31, 2019. Effective September 1, 2018, the lease was amended to expand office space and extend the lease term for an additional period of seven years through July 31, 2026. For the years ended June 30, 2018 and 2017, rent expense was \$40,733 and \$37,711, respectively. Future minimum lease payments for the years ended June 30 are as follows:

2019	\$	35,802
2020		52,770
2021		56,472
2022		58,644
2023		60,816
Thereafter		201,260
Total	<u>\$</u>	<u>465,764</u>

CASA also leases office equipment under a 60-month non-cancelable operating lease ending June 30, 2022. Future minimum lease payments for the years ending June 30 are as follows:

2019	\$	1,824
2020		1,824
2021		1,824
2022		1,824
Total	<u>\$</u>	<u>7,296</u>

NOTE 8 **Donated Services**

A substantial number of volunteers who serve as court appointed special advocates have donated significant amounts of their time for CASA's program. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

During the year ended June 30, 2018, CASA received \$30,179 in donated consulting communications and marketing services—with the valuation provided by the donor. The related amounts of revenue and expense have been included in contributions in the statement of activities and professional fees in the statement of functional expenses, respectively.

NOTE 9 **Recent Accounting Pronouncements Not Yet Adopted**

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 9 **Recent Accounting Pronouncements Not Yet Adopted (continued)**

assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for CASA’s financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for CASA until annual periods beginning after December 15, 2018. Early adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance [for example, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* noted above] and (2) determining whether a contribution is conditional. The ASU is effective for CASA’s financial statements for fiscal years beginning after December 15, 2018. Early adoption is permitted. The provisions of the ASU should be applied on a modified prospective basis. Retrospective application is permitted. Under modified prospective basis, the amendments should be applied to agreements that are either (1) not completed as of the effective date or (2) entered into after the effective date. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for CASA’s fiscal years beginning after December 15, 2019, with early application permitted. Management is currently evaluating the impact of this ASU on its financial statements.

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 10

Subsequent Events

As discussed in Note 7, CASA signed an amendment to their office lease agreement on August 21, 2018.

Management has evaluated its June 30, 2018 financial statements for subsequent events through January 4, 2019, the date the audited financial statements were available to be issued. Management is not aware of any additional subsequent events which would require recognition or disclosure in the financial statements.