

CASA/PRINCE GEORGE'S COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 9

INDEPENDENT AUDITORS' 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, 2017 and 2016, 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, 2017 and 2016, 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.

KAHN, BERMAN, SOLOMON, TAIBEL & MOGOL, P.A.

Kahn, Berman, Solomon, Taibel & Mogol, P.A.

Timonium, Maryland
March 6, 2018

Kahn, Berman, Solomon, Taibel & Mogol, P.A.

9515 Deereco Road • Suite 801 • Timonium, MD 21093-2108

Telephone 410-308-0300 • Facsimile 410-308-0303 • email: info@kbstm.com

CASA/PRINCE GEORGE'S COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 202,158	\$ 181,198
Grants receivable	104,356	51,395
Unconditional promises to give	105,300	105,000
Prepaid expenses	<u>2,620</u>	<u>4,321</u>
TOTAL CURRENT ASSETS	<u>414,434</u>	<u>341,914</u>
PROPERTY AND EQUIPMENT		
Office equipment, at cost	22,478	17,411
Less: accumulated depreciation	<u>(17,023)</u>	<u>(15,513)</u>
NET PROPERTY AND EQUIPMENT	<u>5,455</u>	<u>1,898</u>
OTHER ASSETS		
Rent deposit	<u>2,438</u>	<u>2,438</u>
TOTAL ASSETS	<u><u>\$ 422,327</u></u>	<u><u>\$ 346,250</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued payroll and other liabilities	<u>\$ 47,860</u>	<u>\$ 41,216</u>
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	<u>47,860</u>	<u>41,216</u>
NET ASSETS		
Unrestricted		
Undesignated	247,304	200,115
Board designated	25,003	15,000
Temporarily restricted	<u>102,160</u>	<u>89,919</u>
TOTAL NET ASSETS	<u>374,467</u>	<u>305,034</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 422,327</u></u>	<u><u>\$ 346,250</u></u>

See accompanying notes and independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 570,896	\$ 100,992	\$ 671,888
Special event	15,383	-	15,383
Interest income	3	-	3
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	88,751	(88,751)	-
TOTAL SUPPORT AND REVENUE	675,033	12,241	687,274
EXPENSES			
Program services	516,489	-	516,489
Administration	53,406	-	53,406
Fundraising	47,946	-	47,946
TOTAL EXPENSES	617,841	-	617,841
CHANGE IN NET ASSETS	57,192	12,241	69,433
NET ASSETS			
BEGINNING OF YEAR	215,115	89,919	305,034
END OF YEAR	\$ 272,307	\$ 102,160	\$ 374,467

	<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 472,936	\$ 57,500	\$ 530,436
Special event	8,180	-	8,180
Interest income	-	-	-
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	<u>112,912</u>	<u>(112,912)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>594,028</u>	<u>(55,412)</u>	<u>538,616</u>
EXPENSES			
Program services	431,121	-	431,121
Administration	49,589	-	49,589
Fundraising	<u>50,543</u>	<u>-</u>	<u>50,543</u>
TOTAL EXPENSES	<u>531,253</u>	<u>-</u>	<u>531,253</u>
CHANGE IN NET ASSETS	62,775	(55,412)	7,363
NET ASSETS			
BEGINNING OF YEAR	<u>152,340</u>	<u>145,331</u>	<u>297,671</u>
END OF YEAR	<u>\$ 215,115</u>	<u>\$ 89,919</u>	<u>\$ 305,034</u>

See accompanying notes and independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			
	Program	Administration	Fundraising	Total
Administrative	\$ -	\$ 167	\$ -	\$ 167
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	-	100	-	100
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
Staff development	217	-	-	217
Technology	6,095	-	-	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
	<u>\$ 516,489</u>	<u>\$ 53,406</u>	<u>\$ 47,946</u>	<u>\$ 617,841</u>
Total	<u>\$ 516,489</u>	<u>\$ 53,406</u>	<u>\$ 47,946</u>	<u>\$ 617,841</u>

2016

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Administrative	\$ -	\$ 659	\$ -	\$ 659
Capacity building	25,621	-	-	25,621
Depreciation	872	65	95	1,032
Employee benefits	12,210	903	1,335	14,448
Equipment expense	840	62	92	994
Finger printing / screening	1,713	-	-	1,713
Insurance	-	5,710	-	5,710
Memberships	-	1,390	-	1,390
Miscellaneous	-	196	-	196
Office supplies / postage	2,075	153	227	2,455
Payroll taxes	21,238	1,572	2,321	25,131
Professional fees	8,348	14,788	7,760	30,896
Rent	27,594	2,042	3,016	32,652
Salaries	295,626	21,874	32,313	349,813
Special event	-	-	3,125	3,125
Staff development	1,325	-	-	1,325
Technology	13,633	-	-	13,633
Telephone	2,368	175	259	2,802
Travel	2,664	-	-	2,664
Volunteer expenses	13,048	-	-	13,048
Youth expenses	1,946	-	-	1,946
Total	<u>\$ 431,121</u>	<u>\$ 49,589</u>	<u>\$ 50,543</u>	<u>\$ 531,253</u>

See accompanying notes and independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 69,433	\$ 7,363
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,510	1,032
Loss on disposal of office equipment	-	75
(Increase) decrease in operating assets:		
Grants receivable	(52,961)	4,247
Unconditional promises to give	(300)	5,370
Prepaid expenses	1,701	4,110
Increase (decrease) in operating liabilities:		
Accrued payroll and other liabilities	6,644	(226)
Net cash provided (used) by operating activities	26,027	21,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	(5,067)	(2,089)
Net cash provided (used) by investing activities	(5,067)	(2,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided (used) by financing activities	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,960	19,882
CASH AND CASH EQUIVALENTS, beginning of year	181,198	161,316
CASH AND CASH EQUIVALENTS, end of year	\$ 202,158	\$ 181,198

See accompanying notes and independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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 organization which promotes the best interest of abused and neglected children in Prince George's County's Juvenile Court System. CASA recruits, screens, trains and supports citizen volunteers who serve as court appointed special advocates.

Financial Statement Presentation

The financial statements of CASA have been prepared on the accrual basis of accounting. 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 accounting principles generally accepted in the United States of America (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.

See independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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, 2017 and 2016, as CASA had no significant unrelated business income.

See independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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%, 6.25% and 5.50%, as of June 30, 2017 and 2016, respectively. The line is due on demand and is secured by substantially all of CASA's assets. As of June 30, 2017 and 2016, 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, 2017 and 2016.

NOTE 3 – BOARD DESIGNATED UNRESTRICTED NET ASSETS

Board designated unrestricted net assets consisted of operating reserves totaling \$25,003 and \$15,000 as of June 30, 2017 and 2016, respectively.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2017 and 2016:

	2017	2016
Board development	\$ -	\$ 33,684
Organizational growth	63,492	-
General operations	37,500	55,000
Transitioning youth	-	67
Youth equality project	1,168	1,168
	\$102,160	\$ 89,919

NOTE 5 – REVENUE CONCENTRATION

For the years ended June 30, 2017 and 2016, AOC accounted for 18% and 21%, respectively, of CASA's total revenue.

See independent auditors' report.

CASA/PRINCE GEORGE'S COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 6 – OPERATING LEASE COMMITMENT

On January 23, 2014, CASA leased office facilities under a non-cancelable, 65 month operating lease ending June 30, 2019. For the years ended June 30, 2017 and 2016, rent expense was \$37,711 and \$32,652, respectively. Future minimum lease payments for the years ended June 30 are as follows:

2018	\$ 34,259
2019	<u>35,722</u>
	<u>\$ 69,981</u>

NOTE 7 – 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.

NOTE 8 – SUBSEQUENT EVENTS

CASA evaluated its June 30, 2017 financial statements for subsequent events through March 6, 2018, the date the audited financial statements were available to be issued. CASA is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

See independent auditors' report.