

# Laurel Advocacy and Referral Services, Inc.

## Financial Statements

For the Years Ended June 30, 2019 and 2018



**HERTZBACH**  
*certified public accountants • consultants*

# Laurel Advocacy and Referral Services, Inc.

Table of Contents  
For the Years Ended June 30, 2019 and 2018

---

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-16

## Independent Auditor's Report

To the Board of Directors  
Laurel Advocacy and Referral Services, Inc.  
311 Laurel Avenue  
Laurel, MD 20707

We have audited the accompanying financial statements of Laurel Advocacy and Referral Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 Laurel Advocacy and Referral Services, Inc. as of June 30, 2019 and 2018, 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.

## **Emphasis of Matter**

As discussed in Note 2 of the financial statements, during the year ended June 30, 2019, Laurel Advocacy and Referral Services, Inc. adopted Financial Accounting Standards Board Update (ASU) No. 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

*Hertzbach & Company, P.A.*

Rockville, Maryland  
September 16, 2019

# Laurel Advocacy and Referral Services, Inc.

Statements of Financial Position  
As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 253,137	\$ 230,251
Restricted cash	2,055	2,918
Pledges receivable	35,007	29,979
Grants receivable	79,210	82,820
Inventory	30,017	17,060
Investments	189,443	126,476
Prepaid expenses	16,747	13,285
Total current assets	<u>605,616</u>	<u>502,789</u>
<b>Property and equipment, net</b>	482,235	505,940
<b>Other assets</b>		
Investments	103,645	151,333
Total assets	<u>\$ 1,191,496</u>	<u>\$ 1,160,062</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 2,409	\$ 1,714
Accrued payroll and payroll taxes	35,787	27,813
Current portion of mortgage payable	10,695	10,225
Client funds held in trust	2,055	2,918
Total current liabilities	<u>50,946</u>	<u>42,670</u>
<b>Noncurrent liabilities</b>		
Mortgage payable, less current portion	5,713	23,486
Total liabilities	<u>56,659</u>	<u>66,156</u>
<b>Net assets</b>		
Without donor restrictions	1,128,337	1,093,226
With donor restrictions	6,500	680
Total net assets	<u>1,134,837</u>	<u>1,093,906</u>
Total liabilities and net assets	<u>\$ 1,191,496</u>	<u>\$ 1,160,062</u>

See independent auditor's report and notes to financial statements.

# Laurel Advocacy and Referral Services, Inc.

Statements of Activities  
For the Year Ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
<b>Revenues, gains, and other support</b>			
Special events:			
Revenues	\$ 105,648	\$ -	\$ 105,648
Less: donor benefit costs	(16,907)	-	(16,907)
Net support from special events	88,741	-	88,741
Grants	761,806	-	761,806
Contributions	274,966	11,500	286,466
Client co-payments	22,692	-	22,692
In-kind contributions	196,602	-	196,602
Other income	1,897	-	1,897
Interest income	5,983	-	5,983
Net assets released from restrictions:			
Satisfaction of program requirements	5,680	(5,680)	-
Total revenues, gains, and other support	<u>1,358,367</u>	<u>5,820</u>	<u>1,364,187</u>
<b>Expenses</b>			
Program services	1,093,028	-	1,093,028
General and administrative	138,123	-	138,123
Fundraising	92,105	-	92,105
Total expenses	<u>1,323,256</u>	<u>-</u>	<u>1,323,256</u>
Change in net assets	35,111	5,820	40,931
Net assets, beginning of year	<u>1,093,226</u>	<u>680</u>	<u>1,093,906</u>
Net assets, end of year	<u>\$ 1,128,337</u>	<u>\$ 6,500</u>	<u>\$ 1,134,837</u>

See independent auditor's report and notes to financial statements.

# Laurel Advocacy and Referral Services, Inc.

Statements of Activities (Continued)  
For the Year Ended June 30, 2018

	Without donor restrictions	With donor restrictions	Total
<b>Revenues, gains, and other support</b>			
Special events:			
Revenues	\$ 99,021	\$ -	\$ 99,021
Less: donor benefit costs	(14,188)	-	(14,188)
Net support from special events	84,833	-	84,833
Grants	701,532	-	701,532
Contributions	269,113	4,000	273,113
Client co-payments	19,877	-	19,877
In-kind contributions	228,266	-	228,266
Other income	4,374	-	4,374
Interest income	2,692	-	2,692
Net assets released from restrictions:			
Satisfaction of program requirements	3,320	(3,320)	-
Total revenues, gains, and other support	1,314,007	680	1,314,687
<b>Expenses</b>			
Program services	1,081,238	-	1,081,238
General and administrative	101,421	-	101,421
Fundraising	77,328	-	77,328
Total expenses	1,259,987	-	1,259,987
Change in net assets	54,020	680	54,700
Net assets, beginning of year	1,039,206	-	1,039,206
Net assets, end of year	\$ 1,093,226	\$ 680	\$ 1,093,906

See independent auditor's report and notes to financial statements.

# Laurel Advocacy and Referral Services, Inc.

Statements of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services			Supporting Services			Total Program and Supporting Services
	Emergency Services	Housing	Self-Sufficiency Services	Total Program Services	General and Administrative	Fundraising	
Assistance	\$ 236,631	\$ 430,679	\$ 11,349	\$ 678,659	\$ -	\$ -	\$ 678,659
Salaries and benefits	184,540	112,415	48,609	345,564	63,251	77,767	486,582
Office and occupancy	12,876	21,632	4,605	39,113	9,154	6,696	54,963
Professional fees	-	1,500	-	1,500	30,250	5,716	37,466
Depreciation	7,024	11,800	1,967	20,791	3,652	3,652	28,095
Bad debt expense	-	-	-	-	26,028	-	26,028
Other	2,166	-	-	2,166	4,725	4,923	11,814
Racing supplies	-	-	-	-	-	10,003	10,003
Travel	-	4,100	261	4,361	909	101	5,371
Interest	295	496	83	874	154	154	1,182
	<u>\$ 443,532</u>	<u>\$ 582,622</u>	<u>\$ 66,874</u>	<u>\$ 1,093,028</u>	<u>\$ 138,123</u>	<u>\$ 109,012</u>	<u>\$ 1,340,163</u>
Less expenses included with revenues on the statement of activities						(16,907)	(16,907)
Total expenses included in expense section on the statement of activities						<u>\$ 92,105</u>	<u>\$ 1,323,256</u>

See independent auditor's report and notes to financial statements.



# Laurel Advocacy and Referral Services, Inc.

Statements of Functional Expenses (Continued)  
For the Year Ended June 30, 2018

	Program Services			Supporting Services			Total Program and Supporting Services
	Emergency Services	Housing	Self-Sufficiency Services	Total Program Services	General and Administrative	Fundraising	
Assistance	\$ 259,651	\$ 412,764	\$ 14,334	\$ 686,749	\$ -	\$ -	\$ 686,749
Salaries and benefits	168,807	119,840	26,990	315,637	62,229	66,582	444,448
Office and occupancy	20,390	12,743	3,549	36,682	10,371	8,067	55,120
Professional fees	6,234	7,028	1,578	14,840	19,050	1,430	35,320
Depreciation	12,264	7,665	1,533	21,462	4,906	4,292	30,660
Racing supplies	-	-	-	-	-	7,956	7,956
Travel	-	4,000	502	4,502	1,711	190	6,403
Other	-	-	-	-	2,842	2,726	5,568
Interest	780	488	98	1,366	312	273	1,951
	<u>\$ 468,126</u>	<u>\$ 564,528</u>	<u>\$ 48,584</u>	<u>\$ 1,081,238</u>	<u>\$ 101,421</u>	<u>\$ 91,516</u>	<u>\$ 1,274,175</u>
Less expenses included with revenues on the statement of activities						(14,188)	(14,188)
Total expenses included in expense section on the statement of activities						<u>\$ 77,328</u>	<u>\$ 1,259,987</u>

See independent auditor's report and notes to financial statements.

# Laurel Advocacy and Referral Services, Inc.

Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 40,931	\$ 54,700
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation and amortization	28,093	30,660
Donated stock	-	(5,032)
Change in operating assets:		
Pledges receivable	(5,028)	13,984
Grants receivable	3,610	(43,499)
Other receivables	-	333
Inventories	(12,957)	(10,701)
Prepaid expenses	(3,462)	(7,928)
Change in liabilities:		
Accounts payable	695	(11,712)
Accrued payroll and payroll taxes	7,974	(2,519)
Net cash and cash equivalents provided by operating activities	<u>59,856</u>	<u>18,286</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(4,388)	-
Purchases of investments	(15,279)	(226,188)
Proceeds from sale of investments	-	131,316
Net cash and cash equivalents used in investing activities	<u>(19,667)</u>	<u>(94,872)</u>
<b>Cash flows from financing activities</b>		
Principal payments on mortgage payable	(17,303)	(16,534)
Net cash and cash equivalents used in financing activities	<u>(17,303)</u>	<u>(16,534)</u>
<b>Net change in cash and cash equivalents</b>	22,886	(93,120)
Cash and cash equivalents, beginning of year	<u>230,251</u>	<u>323,371</u>
Cash and cash equivalents, end of year	<u>\$ 253,137</u>	<u>\$ 230,251</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 1,181</u>	<u>\$ 1,951</u>

See independent auditor's report and notes to financial statements.

# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018

---

## 1) Nature of Organization and Summary of Significant Accounting Policies

### *Nature of Organization*

Laurel Advocacy and Referral Services, Inc.'s (the "Organization" and "LARS") mission is to enable homeless and low-income people in Laurel, Maryland who are in crisis to achieve stability and long-term self-sufficiency. Its vision is a community that treats all people with dignity and helps everyone meet their basic needs.

The Organization's program areas are:

***Emergency Services*** – The Organization provides short-term financial assistance, support services, and referrals to low-income and homeless individuals and families in crisis. Funding comes from a variety of public and private grants, as well as other general contributions. Services include short-term case management, eviction prevention and rental assistance, utility assistance, referrals to long-term services, assistance in obtaining identification cards and birth certificates, clothing and furniture vouchers, employment assistance, holiday and back-to-school programs, and additional homeless supportive services. In addition, the Organization also operates a food pantry.

***Permanent Supportive Housing*** – LARS receives a Continuum of Care (COC) grant through U.S. Department of Housing and Urban Development (HUD) to operate a Permanent Supportive Housing Program that provides subsidized housing and supportive services to 22 chronically homeless, disabled individuals and families. This program is not time-limited. Two LARS case managers conduct weekly home visits with all participants, who reside in apartments leased by LARS throughout the Laurel community. Participants live independently with support as needed from LARS, including life skills classes, individual savings accounts, and assistance with obtaining treatment for substance abuse, health or mental health problems. LARS works closely with the Prince George's County Department of Social Services to prioritize placement of homeless individuals/families into our program according to their level of vulnerability. LARS also receives COC funding through HUD to provide transitional housing for three families. This program is time-limited, with a maximum duration of 24 months.

***Self-Sufficiency Services*** – Through a HUD grant, the Organization helps to stabilize and motivate participants to work closely with a LARS case manager on a longer-term basis (18 to 24 months) to maintain permanent housing, improve financial habits, gain employment, and remove other barriers to self-sufficiency. The evidence-based program uses a highly successful "Mobility Mentoring" framework designed by EMPATH of Boston, MA. Mobility Mentoring-inspired programs are described by EMPATH as "metric-based, mentor-led, incentivized programs that lead families across the economic divide." The primary focus of Mobility Mentoring is coaching the participant in personal problem-solving, skill-building, and persistence to attain the long-term goals that support economic independence. The mentor's role is to help participants carve enough time out of their days to begin to take the steps necessary to change their lives.

### ***Basis of Accounting***

The Organization's financial statements are prepared on the accrual method of accounting which recognizes income when it is earned and expenses when they are incurred.

*See independent auditor's report.*

# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 1) Nature of Organization and Summary of Significant Accounting Policies (Continued)

### *Basis of Presentation*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified in the following two classes:

**Net assets without donor restrictions** represent funds that are available for support of the operations of the Organization, and that are not subject to donor restrictions.

**Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations or donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

### *Use of Estimates*

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from the estimates that were used.

### *Cash and Cash Equivalents*

Cash and cash equivalents include money market funds available for operating purpose with an original maturity of three months or less.

### *Restricted Cash*

The Organization collects payments from clients each month in an effort to assist in helping them build up savings while they are enrolled in the program. These funds are required to be held in separate accounts and are restricted for clients only. Once the clients have completed the program, they may withdraw their savings.

### *Pledges Receivable*

Pledges receivable represent unconditional promises to give which are recognized as revenue or gains in the period acknowledged. Conditional promises to give are only recognized when the conditions on which they depend are substantially met. Unconditional promises to give are carried at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Pledges receivable are deemed fully collectible by management. As of June 30, 2019 and 2018, pledges receivable are all due within one year.

*See independent auditor's report.*

# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 1) Nature of Organization and Summary of Significant Accounting Policies (Continued)

### *Grants Receivable*

Grants receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Grants receivable are written off when deemed uncollectible. Recoveries of grants receivable previously written off are recorded when received. As of June 30, 2019 and 2018, management has determined that no allowance for doubtful accounts is necessary based upon the status and collectability of grants receivable.

### *Inventories*

Inventories are stated at the lower of cost or market.

### *Property and Equipment*

Property and equipment are recorded at cost, or if donated, the assets are capitalized at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 30 years, with no salvage value. Leasehold improvements are recorded at cost and are amortized on a straight-line basis over the lesser of the remaining life of the lease or estimated useful lives of the assets.

The Organization capitalizes all expenditures for property and equipment over \$500. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Expenditures for major repairs and improvements are capitalized, expenditures for minor repairs and maintenance costs are expensed when incurred.

### *Impairment of Long-lived Assets*

The Organization accounts for the valuation of long-lived assets by reviewing for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. Management has determined there to be no impairment as of June 30, 2019 and 2018.

### *Investments*

The Organization's investments are comprised of certificates of deposit. Certificates of deposit with original maturities of three months and remaining maturities of less than one year are classified as current assets. Certificates of deposit with remaining maturities greater than one year are classified as noncurrent assets. Interest income is measured as earned on the accrual basis.

*See independent auditor's report.*

# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 1) Nature of Organization and Summary of Significant Accounting Policies (Continued)

### *Contributions*

Contributions received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted contributions whose restrictions are satisfied in the same restriction period are shown as net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction.

### *Grant Revenue*

Grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or when a unit of service is provided for performance grants. Expenditures under federal awards are subject to review by the grantor, which may result in disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

### *In-Kind Contributions*

Donated goods and services are reported at fair value in the financial statements when those items are received if they (1) create or enhance non-financial assets or (2) require any specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. During the years ended June 30, 2019 and 2018, the Organization received donated food and other goods worth \$196,602 and \$228,266, respectively.

A substantial number of volunteers have donated significant amounts of their time in the Organization's programs and its fundraising campaigns. The value of these donated services does not meet the criteria for recognition and, accordingly, is not recognized in the accompanying financial statements.

### *Functional 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 between the program and supporting services benefited.

Expenses are charged to program and supporting services on the basis of direct charges, square footage, and periodic time studies. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

### *Income Taxes*

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as an organization, which is not a private foundation. The Organization is generally exempt from federal and state income taxes. Unrelated business income may be subject to federal and state income taxes. Management believes that it has no material uncertain tax positions that would require recognition under the accounting codification guidance.

*See independent auditor's report.*

# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 2) Accounting Pronouncements Adopted

In the year ended June 30, 2019, the Organization adopted ASU No. 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The main provisions of this update include: presentation of two classes of net assets (reduced from three classes); reporting investment return net of external and direct internal investment expenses; qualitative information about management of liquidity; quantitative information about financial assets available within one year; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

The Organization's June 30, 2018 net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Organization's June 30, 2018 net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Organization did not have any permanently restricted net assets as of June 30, 2018.

## 3) Property and Equipment

The Organization held the following property and equipment as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land and building	\$ 589,714	\$ 589,714
Furnitures, fixtures, and equipment	139,966	135,578
Leasehold improvements	<u>33,465</u>	<u>33,465</u>
	763,145	758,757
Less: accumulated depreciation and amortization	<u>(280,910)</u>	<u>(252,817)</u>
Property and equipment, net	<u>\$ 482,235</u>	<u>\$ 505,940</u>

During the years ended June 30, 2019 and 2018, depreciation and amortization expense was \$28,093 and \$30,660, respectively.

## 4) Defined Contribution Plan

The Organization established a Safe-Harbor contributory plan qualified under Section 401(k) of the Internal Revenue Code in January 2010. The Plan covers all employees of the Organization who are at least 18 years of age and have completed three (3) months of service. A participant can contribute a percentage of his/her compensation, which is immediately vested. The Organization makes a Safe Harbor matching contribution of 100% of the participant's elective deferral contributions up to 4% of compensation plus 50% of their elective deferral contributions over 4% up to 6% of compensation. The participant's share of the Organization's contributions is immediately vested. Matching contributions made to this 401(k) plan were \$9,566 and \$10,504 for the years ended June 30, 2019 and 2018, respectively.

## 5) Concentration of Credit Risk

The Organization maintains its cash balances in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses on cash accounts and believes it is not exposed to any significant credit risk on cash.

*See independent auditor's report.*



# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 6) Commitments and Contingencies

### *Operating Leases*

The Organization leases apartments for housing clients under various non-cancelable operating leases which expire at various dates through July 2020. Total rent expense for the years ended June 30, 2019 and 2018 was \$392,475 and \$391,081, respectively. The Organization also has leases for office equipment which expire at various dates through August 2023.

Future minimum lease payments under lease agreements are as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2020	\$ 140,965
2021	2,956
2022	1,557
2023	1,557
2024	130
	<u>\$ 147,165</u>

## 7) Mortgage Payable

The Organization has a mortgage note payable with a bank bearing fixed interest at 4.5% and secured by the land and building. The terms of the loan provide for monthly payments of \$1,040, which include principal and interest, through February 2023. During the years ended June 30, 2019 and 2018, interest expense on the mortgage was \$1,181 and \$1,951, respectively.

Future minimum principal payments are as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2020	\$ 10,695
2021	5,713
	<u>\$ 16,408</u>

## 8) Line of Credit

The Organization has a \$100,000 revolving line of credit with a bank. The line of credit bears interest at the bank's prime rate plus 1% and is secured by the Organization's land and building. Monthly payments of interest only are required until March 3, 2018 when the outstanding principal is due. The line was closed on March 3, 2018 and there was no balance as of June 30, 2018.

*See independent auditor's report.*



# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 9) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2019:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restriction</u>	<u>Ending balance</u>
Self-sufficiency services	\$ 680	\$ 5,000	\$ (3,180)	\$ 2,500
Emergency services program	-	6,500	(2,500)	4,000
Total	<u>\$ 680</u>	<u>\$ 11,500</u>	<u>\$ (5,680)</u>	<u>\$ 6,500</u>

Net assets with donor restrictions consist of the following at June 30, 2018:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restriction</u>	<u>Ending balance</u>
Self-sufficiency services	\$ -	\$ 4,000	\$ (3,320)	\$ 680

## 10) Liquidity Analysis

The following reflects the Organization's financial assets as of June 30, 2019:

Financial assets as of June 30, 2019

Cash and cash equivalents	\$ 253,137
Restricted cash	2,055
Pledges receivable	35,007
Grants receivable	79,210
Investments	<u>293,088</u>
Total financial assets	662,497
Less those unavailable for general expenditure within one year due to:	
Donor-imposed restrictions	(6,500)
Client funds held in trust	<u>(2,055)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 653,942</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. The Organization typically pays its obligations using cash. As of June 30, 2019, the Organization has financial assets equal to approximately 7 months of operating expenses.

*See independent auditor's report.*

# Laurel Advocacy and Referral Services, Inc.

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2019 and 2018

---

## 11) Subsequent Events

Management has evaluated subsequent events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through September 16, 2019, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

*See independent auditor's report.*