

**HENRICO COUNTY COURT APPOINTED SPECIAL
ADVOCATES, INC.**

**Financial Statements
for the year ended
June 30, 2020
(with comparative financial information for
the year ended June 30, 2019)**

**HENRICO COUNTY COURT APPOINTED SPECIAL
ADVOCATES, INC.**

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Frank Barcalow CPA, P.L.L.C.
Certified Public Accountant

Independent Auditor's Report

The Board of Directors
Henrico County Court Appointed Special Advocates, Inc.
Henrico, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Henrico County Court Appointed Special Advocates, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Henrico County Court Appointed Special Advocates, Inc. as of June 30, 2020 and changes in their net assets and their cash flows for the year ended June 30, 2020 in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Henrico County Court Appointed Special Advocates, Inc. financial statements, and our report dated August 21, 2019, 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, 2019, is consistent, in material respects, with the audited financial statements from which it has been derived.

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

Frank Barcalow CPA, P.L.L.C.
Richmond, Virginia
October 8, 2020

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Financial Position

June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 740,897 | \$ 628,723 |
| Investments | 215,234 | 199,541 |
| Prepaid expenses | 3,033 | 5,264 |
| Grant and other receivables | <u>17,757</u> | <u>625</u> |
| Total current assets | <u>976,921</u> | <u>834,153</u> |
| Property and equipment | | |
| Furniture and equipment | 14,129 | 14,129 |
| Less accumulated depreciation | <u>10,832</u> | <u>8,599</u> |
| Total property and equipment | <u>3,297</u> | <u>5,530</u> |
| Total assets | <u>\$ 980,218</u> | <u>\$ 839,683</u> |
| Liabilities and net assets | | |
| Liabilities | | |
| Accounts payable | \$ 11,900 | \$ 4,613 |
| Deferred revenue | <u>68,033</u> | <u>55,250</u> |
| Total liabilities | <u>79,933</u> | <u>59,863</u> |
| Net assets | | |
| Net assets without donor restrictions | <u>900,285</u> | <u>779,820</u> |
| Total liabilities and net assets | <u>\$ 980,218</u> | <u>\$ 839,683</u> |

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Activities

For the Year Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

| | Net assets <u>Without Restrictions</u> | Net assets <u>With Restrictions</u> | <u>Total 2020</u> | <u>Total 2019</u> |
|--|---|--|-----------------------|-----------------------|
| Public support and revenue | | | | |
| Grants | \$ 198,482 | \$ 144,667 | \$ 343,149 | \$ 330,225 |
| Contributions | 125,313 | - | 125,313 | 118,629 |
| In-Kind contributions | 39,400 | - | 39,400 | 39,400 |
| Special event revenue | 22,592 | - | 22,592 | 72,159 |
| Interest income | 6,646 | - | 6,646 | 3,525 |
| Investment income | 6,163 | - | 6,163 | 9,557 |
| Other income | 15,599 | - | 15,599 | 23,195 |
| | <u>414,195</u> | <u>144,667</u> | <u>558,862</u> | <u>596,689</u> |
| Total public support and revenue | | | | |
| Net assets released from program restrictions | <u>144,667</u> | <u>(144,667)</u> | <u>-</u> | <u>-</u> |
| | <u>558,862</u> | <u>-</u> | <u>558,862</u> | <u>596,689</u> |
| Total public support and revenue | | | | |
| Expenditures | | | | |
| Program services | 340,491 | - | 340,491 | 357,326 |
| Supporting services | | | | |
| General and administrative | 60,690 | - | 60,690 | 48,821 |
| Fundraising | 37,216 | - | 37,216 | 36,849 |
| Total Supporting services | <u>97,906</u> | <u>-</u> | <u>97,906</u> | <u>85,670</u> |
| | <u>438,397</u> | <u>-</u> | <u>438,397</u> | <u>442,996</u> |
| Total expenditures | | | | |
| Change in net assets | 120,465 | - | 120,465 | 153,693 |
| Net assets at beginning of year | <u>779,820</u> | <u>-</u> | <u>779,820</u> | <u>626,127</u> |
| Net assets at end of year | <u>\$ 900,285</u> | <u>\$ -</u> | <u>\$ 900,285</u> | <u>\$ 779,820</u> |

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Cash Flows

For the Year Ended June 30, 2020

(With comparative financial information for the year ended June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 120,465 | \$ 153,693 |
| Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities: | | |
| Depreciation | 2,233 | 2,373 |
| Unrealized (gains) losses on sale of investments | 3,323 | (4,931) |
| Realized (gains) losses on sale of investments | (2,063) | - |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in prepaid expenses | 2,231 | (4,314) |
| (Increase) decrease in grant and other receivables | (17,132) | (325) |
| (Increase) decrease in accounts payable | 7,287 | 713 |
| Increase (decrease) in deferred revenue | 12,783 | (44,871) |
| Net cash (used in) provided by operating activities | <u>129,127</u> | <u>102,338</u> |
| Cash flows from investing activities | | |
| Purchase of investments | (19,933) | (12,630) |
| Sales of investments | 2,980 | - |
| Net cash (used in) provided by investing activities | <u>(16,953)</u> | <u>(12,630)</u> |
| Net increase (decrease) in cash and cash equivalents | 112,174 | 89,708 |
| Cash and cash equivalents at beginning of year | <u>628,723</u> | <u>539,015</u> |
| Cash and cash equivalents at end of year | <u>\$ 740,897</u> | <u>\$ 628,723</u> |
| Supplemental disclosures of cash flow information | | |
| Noncash transactions - donated services | \$ - | \$ - |
| Noncash transactions - donated facilities | 39,400 | 39,400 |
| Total noncash transactions | <u>\$ 39,400</u> | <u>\$ 39,400</u> |

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Functional Expenses For the Year Ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2020 Total</u> | <u>2019 Total</u> |
|------------------------------------|-----------------------------|-----------------------------------|--------------------|-----------------------|-----------------------|
| Salaries | \$ 241,892 | \$ 48,723 | \$ 27,418 | \$ 318,033 | \$ 331,524 |
| Payroll taxes | 18,556 | 3,738 | 2,103 | 24,397 | 25,425 |
| Total salaries and benefits | <u>260,448</u> | <u>52,461</u> | <u>29,521</u> | <u>342,430</u> | <u>356,949</u> |
| Supplies and communications | 3,725 | 751 | 422 | 4,898 | 2,792 |
| Postage and shipping | 216 | 44 | 24 | 284 | 3,219 |
| Printing and promotion | 1,661 | - | - | 1,661 | 1,839 |
| Professional fees | - | 6,747 | - | 6,747 | 5,389 |
| Travel | 439 | - | - | 439 | 61 |
| Education and outreach | 31,728 | - | - | 31,728 | 20,286 |
| Donated facilities | 37,000 | - | - | 37,000 | 37,000 |
| Insurance | - | 687 | - | 687 | 1,286 |
| Special events | 1,812 | - | 7,249 | 9,061 | 9,010 |
| Miscellaneous | 1,229 | - | - | 1,229 | 2,792 |
| Depreciation | 2,233 | - | - | 2,233 | 2,373 |
| Total expenses | <u>\$ 340,491</u> | <u>\$ 60,690</u> | <u>\$ 37,216</u> | <u>\$ 438,397</u> | <u>\$ 442,996</u> |

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Notes to Financial Statements June 30, 2020

Note 1 – Nature of organization

The Henrico County Court Appointed Special Advocates, Inc. (Organization) is a non-stock corporation committed to advocating the best interests of children involved in the Juvenile and Domestic Relations District Court process. The CASA program recruits, trains, and supervises competent volunteers dedicated to representing the needs of abused and neglected children, as well as other children in juvenile dependency proceedings. The program promotes safe, permanent homes for children and seeks to educate the community concerning the needs of abused and neglected children. A significant level of annual financial support is provided through the government award programs which require CASA to adhere to certain compliance requirements.

Note 2 - Summary of significant accounting policies

Method of Accounting

The financial statements of Henrico County Court Appointed Special Advocates, Inc., have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of accounting and presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are not subject to or are no longer subject to donor-imposed stipulations.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments originally purchased with a maturity of three months or less to be cash equivalents.

**Notes to Financial Statements
June 30, 2020**

Note 2 - Summary of significant accounting policies (continued)

Investments

Investments are composed of debt and equity securities. Investments in marketable securities and in debt securities with readily determinable fair values are reported at their fair values in the statement of financial position. Fair values are based upon quoted market prices. Donated investments are recorded at fair value as of the date received by the Organization.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donated contributions are recorded at the fair value on the date of the gift.

All donor-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated services, equipment and facilities

Donated facilities, equipment, and/or services are included in contributions, at fair market value as of the date of donation.

The Organization's volunteers comprised of business professionals and others committed to the Organization's mission have made significant contributions of their time to the Organization's program and supporting services. The value of such volunteers' services has not been reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition. Volunteers hours unrecorded in the financial statement amounted to approximately 13,527 for the year ended June 30, 2020. The Commonwealth of Virginia has valued the time contributed by the Organization to the State at approximately \$383,000. The Organization recognizes donated facilities as support. This support is based upon use of office space as provided to the Organization by the County of Henrico at no cost. The value is recorded as income and expense in the Statement of Activities. The value is based on the current rental value of office space and amounted to \$37,000 for the year ended June 30, 2020.

Other donated services were recorded at fair market value totaled \$2,400 as of June 30, 2020 and are included in the Statement of Activities.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the internal Revenue Code respectively, and is not considered a private foundation within the meaning of section 509(a) of the code. In addition, Henrico County Court Appointed Special Advocates, Inc., qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. The Organization's income tax returns are potentially subject to examination by the Internal Revenue Service generally for three years after being filed.

**Notes to Financial Statements
June 30, 2020**

Note 2 - Summary of significant accounting policies (concluded)

Property and equipment

Property and equipment is carried at cost and depreciated under the straight-line method over the estimated useful lives of the assets, ranging from five to seven years. The Organization capitalizes equipment purchased with a cost exceeding \$500. Any expenditures under \$500 are expensed as incurred. Donated equipment is recorded at fair market value.

Deferred revenue

Sponsorships or grant income received for future periods are recognized ratably over the period to which they apply.

Functional expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, costs have been allocated among the program and supporting services benefitted. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs, office supplies, and depreciation, which are allocated on an estimate of usage.

Reclassifications

Certain prior year balances may have been reclassified to conform to current year presentation.

Note 3 – Concentration of credit risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are maintained in a financial institutions and are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes there are no significant credit risks from receivables as they are primarily due from grant funding.

Note 4 – Investments

Investments as of June 30, 2020 and 2019 are as followed:

| | <u>Cost</u> | <u>Fair Value</u> | 2020 Unrealized Appreciation (Depreciation) |
|-----------------------|-------------------|-------------------|--|
| Bond funds | \$ 51 539 | \$ 54 732 | \$ 3 193 |
| Exchange Traded Funds | 12 512 | 15 305 | 2 793 |
| Equity funds | <u>151 133</u> | <u>145 197</u> | <u>(5 936)</u> |
| | <u>\$ 215 184</u> | <u>\$ 215 234</u> | <u>\$ 50</u> |
| | | | 2019 |
| | | | Unrealized Appreciation (Depreciation) |
| | <u>Cost</u> | <u>Fair Value</u> | <u>(Depreciation)</u> |
| Bond funds | \$ 49 997 | \$ 50 828 | \$ 831 |
| Equity funds | <u>145 262</u> | <u>148 713</u> | <u>3 451</u> |
| | <u>\$ 195 259</u> | <u>\$ 199 541</u> | <u>\$ 4 282</u> |

Notes to Financial Statements June 30, 2020

Note 4 – Investments (concluded)

Investment income included unrealized losses of \$3,323, realized gains of \$2,063 and investment income of \$7,423 which is included in investment income of \$6,163 in the Statement of Activities as of June 30, 2020. Investment income included unrealized losses of \$4,931, realized gains (losses) of \$0 and investment income of \$14,488 which is included in investment income of \$9,557 in the Statement of Activities as of June 30, 2019.

Note 5 – Net assets with restrictions

Net assets with restrictions are balances available for programs as designated by the donors for events or programs.

Total net assets released from restrictions totaled \$144,667 in 2020 related to purpose and time restrictions.

Note 6 - Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 8, 2020, the date the financial statements were issued.

Note 7 - Fair value measurements

The Organization records fair value adjustments to certain assets and liabilities to determine fair value disclosures. The fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Three levels of the fair value hierarchy are as follows:

Level 1 - Valuation is based on quoted price 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 8 - Future accounting pronouncements

In February 2016, *Financial Accounting Standards Board* (FASB) issued new guidance over leases which requires that all leasing activity with terms greater than one year be recognized on the statement of financial position with a right of use asset and a lease liability. The asset and corresponding liability will be calculated based upon the present value of lease payments. The new standard will be effective for periods beginning after December 2021.

**Notes to Financial Statements
June 30, 2020**

Note 9 - Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

| | |
|---|-------------------|
| Total financial assets | <u>2020</u> |
| | \$ 956 131 |
| Less those available for general expenditures within one year due to: | |
| Board designated reserves | <u>363 011</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 593 120</u> |

Note 10 - Contingencies

In December 2019, a novel strain of corona-virus was reported by the World Health Organization. The world wide spread of this virus began to cause some business disruption in the United States in March 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. While the Organization expects this matter could negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.