

**CARE ASSURANCE SYSTEM
FOR THE AGING AND HOMEBOUND
OF MADISON COUNTY, INC.
AUDITED FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	7

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Care Assurance System for the Aging
and Homebound of Madison County, Inc.
Huntsville, Alabama

We have audited the accompanying financial statements of Care Assurance System for the Aging and Homebound of Madison County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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 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 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 Care Assurance System for the Aging and Homebound of Madison County, Inc. as of June 30, 2020 and 2019, 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.

Mercer & Associates, PC

Huntsville, AL
October 5, 2020

**CARE ASSURANCE SYSTEM FOR THE AGING AND
 HOMEBOUND OF MADISON COUNTY, INC.
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 199,242	\$ 80,267
Grant receivable	14,603	13,683
Investments	140,348	159,451
Prepaid insurance	208	0
Total Current Assets	<u>354,401</u>	<u>253,401</u>
Property and Equipment		
Furniture, fixtures and equipment	96,163	96,163
Less accumulated depreciation	(89,240)	(87,352)
Total Property and Equipment	<u>6,923</u>	<u>8,811</u>
Other Assets		
Deposits	<u>300</u>	<u>300</u>
TOTAL ASSETS	<u>\$ 361,624</u>	<u>\$ 262,512</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued salaries	\$ 13,427	\$ 12,704
Payroll taxes payable	959	920
Accrued retirement	0	2,200
Accrued expenses	6,235	8,765
Paycheck protection program loan	79,216	0
Total Current Liabilities	<u>99,837</u>	<u>24,589</u>
Net Assets		
Without donor restrictions	<u>261,787</u>	<u>237,923</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 361,624</u>	<u>\$ 262,512</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
REVENUE AND SUPPORT		
REVENUE		
Interest and dividend income	\$ 6,576	\$ 6,628
Realized gain (loss) on investments	(12,602)	(2,323)
Unrealized gain (loss) on investments	9,210	2,109
TOTAL REVENUE	3,184	6,414
 SUPPORT		
Contributions	135,954	91,578
Grants	268,589	190,301
United Way and CFC	109,104	138,135
Fundraising	100,376	173,508
TOTAL SUPPORT	614,023	593,522
 TOTAL REVENUE AND SUPPORT	617,207	599,936
 FUNCTIONAL EXPENSES		
Program services	516,576	488,976
Management and general	43,018	47,525
Fundraising	33,749	53,538
TOTAL FUNCTIONAL EXPENSES	593,343	590,039
 CHANGE IN NET ASSETS	23,864	9,897
 NET ASSETS, BEGINNING	237,923	228,026
 NET ASSETS, ENDING	\$ 261,787	\$ 237,923

The accompanying notes to financial statements are an integral part of these financial statements.

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities		
Increase (Decrease) in net assets	\$ 23,864	\$ 9,897
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	1,888	629
Unrealized loss (gain) on investments	(9,210)	(2,109)
Realized loss (gain) on investments	12,602	2,323
Investment income	(6,514)	(6,559)
Decrease (increase) in:		
Grants receivable	(920)	6,540
Prepaid insurance	(208)	0
(Decrease) increase in:		
Payroll taxes payable	39	20
Accrued expenses	(2,530)	274
Accrued salaries	723	(5,187)
Accrued retirement	(2,200)	2,200
Paycheck protection program loan	79,216	0
Net cash provided by (used by) operating activities	<u>96,750</u>	<u>8,028</u>
 Investing Activities		
Proceeds from sale of investments	130,949	131,045
Purchases of investments	(108,724)	(115,680)
Purchases of equipment	0	(9,440)
Net cash provided by (used by) investing activities	<u>22,225</u>	<u>5,925</u>
Net increase (decrease) in cash and cash equivalents	118,975	13,953
Cash and cash equivalents at beginning of year	<u>80,267</u>	<u>66,314</u>
Cash and cash equivalents at end of year	<u>\$ 199,242</u>	<u>\$ 80,267</u>
 SUPPLEMENTAL DISCLOSURE		
Cash paid for interest during the year	<u>\$ 0</u>	<u>\$ 107</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$287,304	\$35,985	\$6,861	\$330,150
Specific assistance	98,152	0	0	98,152
Investment expenses	1,825	0	0	1,825
Supplies	1,827	71	38	1,936
Health insurance	28,014	0	725	28,739
Rent	20,147	0	259	20,406
Payroll taxes	21,047	3,429	515	24,991
Insurance	11,660	533	0	12,193
Depreciation	1,888	0	0	1,888
Simplified employee pension	11,685	0	273	11,958
Telephone	3,594	247	92	3,933
Printing and publications	2,122	1,332	37	3,491
Volunteer recognition	1,863	0	0	1,863
Mileage	2,119	26	63	2,208
Conferences	160	612	0	772
Postage and shipping	4,552	0	74	4,626
Professional fees	4,129	0	0	4,129
Worker's compensation	1,084	0	0	1,084
Equipment maintenance	3,188	0	71	3,259
Membership dues	2,496	0	0	2,496
Special events	0	0	24,741	24,741
Bank fees	67	783	0	850
Interest expense	0	0	0	0
Computer equipment	0	0	0	0
Software	7,653	0	0	7,653
TOTAL FUNCTIONAL EXPENSES	\$516,576	\$43,018	\$33,749	\$593,343

The accompanying notes to financial statements are an integral part of these financial statements.

**CARE ASSURANCE SYSTEM FOR THE AGING AND
 HOMEBOUND OF MADISON COUNTY, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$282,341	\$37,933	\$10,038	\$330,312
Specific assistance	95,163	0	0	95,163
Investment expenses	1,793	0	0	1,793
Supplies	1,681	126	42	1,849
Health insurance	16,053	2,661	968	19,682
Rent	19,078	864	464	20,406
Payroll taxes	21,795	2,799	757	25,351
Insurance	10,044	0	0	10,044
Depreciation	629	0	0	629
Simplified employee pension	8,428	862	207	9,497
Telephone	4,195	500	118	4,813
Printing and publications	3,622	0	0	3,622
Volunteer recognition	1,037	0	55	1,092
Mileage	2,209	22	200	2,431
Conferences	460	420	0	880
Postage and shipping	2,932	0	295	3,227
Professional fees	3,031	0	0	3,031
Worker's compensation	1,246	0	0	1,246
Equipment maintenance	2,594	240	87	2,921
Membership dues	2,345	0	0	2,345
Special events	0	0	40,307	40,307
Bank fees	98	298	0	396
Interest expense	107	0	0	107
Computer equipment	0	800	0	800
Software	8,095	0	0	8,095
TOTAL FUNCTIONAL EXPENSES	\$488,976	\$47,525	\$53,538	\$590,039

The accompanying notes to financial statements are an integral part of these financial statements.

**CARE ASSURANCE SYSTEM FOR THE AGING
AND HOMEBOUND OF MADISON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Care Assurance System for the Aging and Homebound of Madison County, Inc. (CASA) was organized April 27, 1982, for the purpose of providing a ministry to the homebound in Madison County, Alabama. The specific purposes are as follows: (1) to ensure that necessary information and services are provided to homebound persons on a non-discriminatory basis without regard to religion, creed, color, sex, age, or national origin so that homebound persons are able to remain in a home environment rather than to accept prematurely the alternative of hospitals or nursing homes, and (2) to coordinate and/or accomplish the necessary services for the homebound persons through the private rather than the public sector of our economy to the maximum extent practical.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the provisions of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"), net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Accounting standards require that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. In addition, gains and losses on investments should be reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income is reported as an increase in net assets without donor restrictions in the reporting period in which the income is recognized. The investments are in mutual funds.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal or state income taxes in the accompanying financial statements. Management is not aware of any activities that would jeopardize the Organization's tax exempt status. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after June 30, 2016 remain subject to examination by taxing authorities.

Cash and cash equivalents

For the purposes of the statements of cash flows, CASA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Equipment is stated at cost or, if donated, at the fair market value on the date the equipment is contributed. Depreciation is provided using the straight line method over the estimated useful lives of the assets. Equipment is depreciated over a period of five to seven years. When assets are retired, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss due to the disposition is credited or charged to income. Gifts of long-lived assets are reported as support without donor restrictions unless subject to donor stipulations.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Additions, improvements, and expenditures for repairs and maintenance that significantly add to the productivity or extend the useful life of the assets are capitalized. Other expenses for repairs and maintenance are charged to operations when incurred.

Revenue Recognition

Contributions received are recorded as support without donor restrictions and support with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in 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 net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Grants Receivable

The Organization has not recorded an allowance for doubtful accounts, as any grants receivable are deemed collectible.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Services and Facilities

As a not-for-profit organization, the Organization is able to provide its services to the community in large part due to the dedicated support of its many volunteers. Only specialized services provided to the Organization are reflected in the financial statements. No support, revenue, or expense is recognized from services contributed by other volunteers since no objective basis is available to measure the value of such services.

CASA also receives substantial donations of equipment and materials. The value of these non-cash contributions is reflected in the financial statements if they are susceptible to objective measurement or valuation at the date of receipt. Non-cash contributions with no clearly measurable basis of determining their value are not recorded.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Supplies, Telephone, Mileage, Maintenance	Time and Effort
Rent, Conferences, Postage, Specific Assistance, Printing	Direct Expense
Depreciation, Insurance, Dues, Special Events	Direct Expense
Computer Equipment, Software, Interest Expense, Bank Fees	Direct Expense
All Other	Time and Effort

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates used to determine the amounts in the financial statements are estimated useful lives of equipment and uncollectible receivables.

Advertising

Advertising costs, if any, are expensed as incurred.

NOTE 2 – SIMPLIFIED EMPLOYEE PENSION

CASA has a Simplified Employee Pension Plan (SEP). CASA funded a minimum of 3% of each employee's salary for the years ended June 30, 2020 and 2019. The cost to CASA was \$11,958 and \$9,497, respectively.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 3 - LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

		2020		2019
Cash and cash equivalents	\$	199,242	\$	80,267
Grant receivable		14,603		13,683
Investments		140,348		159,451
	\$	354,193	\$	253,401

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – LEASES

CASA entered into a month to month lease at a cost of \$1,701 per month. Rent expense for the years ended June 30, 2020 and 2019 was \$20,406 and \$20,406, respectively.

NOTE 5 – FURNITURE, FIXTURES AND EQUIPMENT

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

	Beginning	Additions	Disposals	Ending
Office equipment and furnishings	\$60,101	\$0	\$0	\$60,101
Pavilion	20,187	0	0	20,187
Forklift	9,440	0	0	9,440
Donated equipment	6,435	0	0	6,435
Accumulated Depreciation	(87,352)	(1,888)	0	(89,240)
	\$8,811	(\$1,888)	\$0	\$6,923

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Beginning	Additions	Disposals	Ending
Office equipment and furnishings	\$60,101	\$0	\$0	\$60,101
Pavilion	20,187	0	0	20,187
Forklift	0	9,440	0	9,440
Donated equipment	6,435	0	0	6,435
Accumulated Depreciation	(86,723)	(629)	0	(87,352)
	\$0	\$8,811	\$0	\$8,811

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 6 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates. A fair value measurement assumes that the transaction to see the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities and has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization’s own data.)

The following table presents CASA’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2020.

	Level 1		Level 2		Level 3		Total
Investment	\$ 140,348	\$	0	\$	0	\$	140,348
Interest Receivable	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Totals	\$ <u>140,348</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>140,348</u>

The following table presents CASA’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2019.

	Level 1		Level 2		Level 3		Total
Investment	\$ 159,451	\$	0	\$	0	\$	159,451
Interest Receivable	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Totals	\$ <u>159,451</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>159,451</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020, the Organization was granted a loan from Synovus Bank in the aggregate amount of \$79,216 pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan matures on May 4, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 4, 2020. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Qualifying expenses include payroll costs, group health care benefit costs, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the loan amount for qualifying expenses. The loan is likely to be forgiven and become a grant resulting in being reported as income in subsequent years. Any accrued interest has not been recorded and is immaterial.

NOTE 8 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is October 5, 2020. The financial statements were available to be issued at that time.

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization's operating results and financial position. At this time, an estimate of the financial statement effect of the event cannot be made.