

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

**JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, and the related statements of activities; functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mercer & Associates, PC*

August 31, 2018

**CARE ASSURANCE SYSTEM FOR THE AGING AND  
HOMEBOUND OF MADISON COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

<b>ASSETS</b>		
	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 66,314	\$ 67,015
Account receivable	20,223	0
Grant receivable	0	9,454
Prepaid insurance	0	6,150
Investments	<u>168,471</u>	<u>160,071</u>
<b>Total Current Assets</b>	<u>255,008</u>	<u>242,690</u>
<b>Property and Equipment</b>		
Furniture, fixtures and equipment	86,723	86,723
Less accumulated depreciation	<u>(86,723)</u>	<u>(86,723)</u>
<b>Total Property and Equipment</b>	<u>0</u>	<u>0</u>
<b>Other Assets</b>		
Deposits	<u>300</u>	<u>300</u>
<b>TOTAL ASSETS</b>	<u>\$ 255,308</u>	<u>\$ 242,990</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued salaries	\$ 17,891	\$ 13,418
Payroll taxes payable	900	1,137
Accrued retirement	0	1,971
Accrued expenses	<u>8,491</u>	<u>7,376</u>
<b>Total Current Liabilities</b>	<u>27,282</u>	<u>23,902</u>
<b>TOTAL LIABILITIES</b>	<u>27,282</u>	<u>23,902</u>
<b>Net Assets</b>		
Unrestricted	<u>228,026</u>	<u>219,088</u>
<b>Total Net Assets</b>	<u>228,026</u>	<u>219,088</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 255,308</u>	<u>\$ 242,990</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, 2018 AND 2017**

<b>REVENUE AND SUPPORT</b>	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Interest and dividend income	\$ 8,709	\$ 4,384
Realized gain (loss) on investments	2,056	2,874
Unrealized gain (loss) on investments	(4,477)	(1,485)
Other income	15	0
<b>TOTAL REVENUE</b>	<b>6,303</b>	<b>5,773</b>
 <b>SUPPORT</b>		
Contributions	104,784	102,733
Grants	182,301	163,882
United Way and CFC	152,296	143,101
Fundraising	172,155	179,467
<b>TOTAL SUPPORT</b>	<b>611,536</b>	<b>589,183</b>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>617,839</b>	<b>594,956</b>
 <b>FUNCTIONAL EXPENSES</b>		
Program services	500,603	494,389
Management and general	52,281	50,293
Fundraising	56,017	51,752
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>608,901</b>	<b>596,434</b>
<b>CHANGE IN NET ASSETS</b>	8,938	(1,478)
<b>UNRESTRICTED NET ASSETS, BEGINNING</b>	<b>219,088</b>	<b>220,566</b>
<b>UNRESTRICTED NET ASSETS, ENDING</b>	<b>\$ 228,026</b>	<b>\$ 219,088</b>

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, 2018 AND 2017**

	2018	2017
<b>Reconciliation of Net Income to Net Cash  Provided (Used) by Operating Activities</b>		
<b>Increase (Decrease) in net assets</b>	\$ 8,938	\$ (1,478)
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	0	0
Unrealized loss (gain) on investments	4,477	1,485
Realized loss (gain) on investments	(2,056)	(2,874)
Investment income	(8,682)	(4,376)
Decrease (increase) in:		
Accounts receivable	(20,223)	4,191
Grants receivable	9,454	(3,230)
Prepaid insurance	6,150	(6,150)
(Decrease) increase in:		
Payroll taxes payable	(237)	(2,244)
Accrued expenses	1,115	(517)
Unearned revenue	0	(2,750)
Accrued salaries	4,473	900
Accrued retirement	(1,971)	(399)
<b>Net cash provided by (used by) operating activities</b>	<b>1,438</b>	<b>(17,442)</b>
<b>Investing Activities</b>		
Proceeds from sale of investments	114,837	44,210
Purchases of investments	(116,976)	(75,148)
Purchases of equipment	0	0
<b>Net cash provided by (used by) investing activities</b>	<b>(2,139)</b>	<b>(30,938)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(701)	(48,380)
<b>Cash and cash equivalents at beginning of year</b>	67,015	115,395
<b>Cash and cash equivalents at end of year</b>	\$ 66,314	\$ 67,015

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, 2018**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$292,803	\$40,659	\$9,829	\$343,291
Specific assistance	108,255	0	0	108,255
Investment expenses	1,801	0	0	1,801
Supplies	1,561	235	38	1,834
Health insurance	12,642	2,903	728	16,273
Rent	18,299	1,564	543	20,406
Payroll taxes	20,461	4,485	703	25,649
Insurance	9,404	0	0	9,404
Depreciation	0	0	0	0
SEP	8,984	447	339	9,770
Telephone	4,142	557	110	4,809
Printing and publications	2,513	210	0	2,723
Volunteer recognition	1,164	0	68	1,232
Mileage	2,280	116	191	2,587
Conferences	1,737	314	0	2,051
Postage and shipping	2,346	0	215	2,561
Professional fees	2,268	0	0	2,268
Worker's compensation	1,509	0	0	1,509
Equipment maintenance	2,143	476	78	2,697
Membership dues	2,627	0	0	2,627
Special events	0	0	36,787	36,787
Bank fees	61	315	0	376
Office supplies	3,603	0	0	3,603
Computer equipment	0	0	0	0
Software	0	0	6,388	6,388
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$500,603</b>	<b>\$52,281</b>	<b>\$56,017</b>	<b>\$608,901</b>

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, 2017**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$290,505	\$30,044	\$9,786	\$330,335
Specific assistance	105,623	0	0	\$105,623
Investment expenses	1,711	0	0	1,711
Supplies	2,987	798	74	3,859
Health insurance	15,563	364	1,063	16,990
Rent	16,860	2,980	566	20,406
Payroll taxes	22,295	2,333	747	25,375
Insurance	7,244	3,722	243	11,209
Depreciation	0	0	0	-
SEP	6,846	787	439	8,072
Telephone	3,344	1,221	85	4,650
Printing and publications	3,389	419	470	4,278
Volunteer recognition	2,906	150	76	3,132
Mileage	2,219	152	136	2,507
Conferences	320	703	0	1,023
Postage and shipping	2,750	142	183	3,075
Professional fees	4,798	2,279	159	7,236
Worker's compensation	1,011	486	34	1,531
Equipment maintenance	2,203	1,015	68	3,286
Membership dues	1,665	784	55	2,504
Special events	0	0	37,568	37,568
Bank fees	0	388	0	388
Computer equipment	150	1,526	0	1,676
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$494,389</b>	<b>\$50,293</b>	<b>\$51,752</b>	<b>\$596,434</b>

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, 2018 AND 2017**

**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 insure 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 accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

CASA is required to record unconditional promises to give (pledges) as receivables and revenues, and to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted, Temporarily restricted and Permanently restricted. Permanently restricted net assets are net assets subject to donor-imposed restrictions that they be maintained permanently by CASA. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of CASA and/or the passage of time. Currently, the Organization has received no funding from a third party with temporary or permanent restrictions. Unrestricted net assets are not subject to donor-imposed stipulations. This category includes net assets, which have been designated by the board or other designated funds. The Organization is required to report information regarding its 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 unrestricted net assets unless their use is temporarily or permanently 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 unrestricted net assets 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. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Tax years after June 30, 2014 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 unrestricted support 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. The state and federal funding agencies may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

#### Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are 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 statement of activities as net assets released from restriction.

The Organization has elected to report donor-restricted contributions (including contributions of long-lived assets) whose restrictions are met in the same reporting period as unrestricted support.

#### 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.

#### 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 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	2018	2017
Unrestricted	\$ <u>66,314</u>	\$ <u>67,015</u>

Cash includes petty cash funds, amounts in demand deposit accounts, certificates of deposit and amounts in money market investment accounts. At June 30, 2018 and 2017, bank balances totaled \$47,074 and \$46,253 and money market investment account balances totaled \$19,240 and \$20,762, respectively. The bank balances are covered by FDIC insurance. Money market investment account balances are covered by the SIPC.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 3 – 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 Foundation’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, 2018.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment	\$ 168,471	\$ 0	\$ 0	\$ 168,471
Interest Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 168,471</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 168,471</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, 2017.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment	\$ 160,071	\$ 0	\$ 0	\$ 160,071
Interest Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 160,071</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 160,071</u>

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 4 – 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, 2018 and 2017. The cost to CASA was \$9,770 and \$8,072, respectively.

### NOTE 5 – 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, 2018 and 2017 was \$20,406 and \$20,406, respectively.

### NOTE 6 – FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixture, and equipment are as follows:

	2018	2017
Office equipment and furnishings	\$ 60,102	\$ 60,102
Pavilion	20,187	20,187
Donated equipment	6,435	6,435
	<u>86,724</u>	<u>86,724</u>
Less Accumulated Depreciation	(86,724)	(86,724)
Total	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$0 and \$0, respectively.

### NOTE 7 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is August 31, 2018. The financial statements were available to be issued at that time.