

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

JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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, 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.



Huntsville, AL
October 4, 2019

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 80,267	\$ 66,314
Grant receivable	13,683	20,223
Investments	159,451	168,471
Total Current Assets	253,401	255,008
Property and Equipment		
Furniture, fixtures and equipment	96,163	86,723
Less accumulated depreciation	(87,352)	(86,723)
Total Property and Equipment	8,811	0
Other Assets		
Deposits	300	300
TOTAL ASSETS	\$ 262,512	\$ 255,308
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued salaries	\$ 12,704	\$ 17,891
Payroll taxes payable	920	900
Accrued retirement	2,200	0
Accrued expenses	8,765	8,491
Total Current Liabilities	24,589	27,282
Net Assets		
Without donor restrictions	237,923	228,026
TOTAL LIABILITIES AND NET ASSETS	\$ 262,512	\$ 255,308

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, 2019 AND 2018**

	2019	2018
REVENUE AND SUPPORT		
REVENUE		
Interest and dividend income	\$ 6,628	\$ 8,709
Realized gain (loss) on investments	(2,323)	2,056
Unrealized gain (loss) on investments	2,109	(4,477)
Other income	0	15
TOTAL REVENUE	6,414	6,303
SUPPORT		
Contributions	91,578	104,784
Grants	190,301	182,301
United Way and CFC	138,135	152,296
Fundraising	173,508	172,155
TOTAL SUPPORT	593,522	611,536
TOTAL REVENUE AND SUPPORT	599,936	617,839
FUNCTIONAL EXPENSES		
Program services	488,976	500,603
Management and general	47,525	52,281
Fundraising	53,538	56,017
TOTAL FUNCTIONAL EXPENSES	590,039	608,901
CHANGE IN NET ASSETS	9,897	8,938
NET ASSETS, BEGINNING	228,026	219,088
NET ASSETS, ENDING	\$ 237,923	\$ 228,026

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, 2019 AND 2018**

	2019	2018
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities		
Increase (Decrease) in net assets	\$ 9,897	\$ 8,938
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	629	0
Unrealized loss (gain) on investments	(2,109)	4,477
Realized loss (gain) on investments	2,323	(2,056)
Investment income	(6,559)	(8,682)
Decrease (increase) in:		
Grants receivable	6,540	(10,769)
Prepaid insurance	0	6,150
(Decrease) increase in:		
Payroll taxes payable	20	(237)
Accrued expenses	274	1,115
Accrued salaries	(5,187)	4,473
Accrued retirement	2,200	(1,971)
Net cash provided by (used by) operating activities	8,028	1,438
 Investing Activities		
Proceeds from sale of investments	131,045	114,837
Purchases of investments	(115,680)	(116,976)
Purchases of equipment	(9,440)	0
Net cash provided by (used by) investing activities	5,925	(2,139)
Net increase (decrease) in cash and cash equivalents	13,953	(701)
 Cash and cash equivalents at beginning of year	66,314	67,015
 Cash and cash equivalents at end of year	\$ 80,267	\$ 66,314
 SUPPLEMENTAL DISCLOSURE		
Cash paid for interest during the year	\$ 107	\$ 0

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.
 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
Simplified employee pension	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
TOTAL FUNCTIONAL EXPENSES	\$500,603	\$52,281	\$56,017	\$608,901

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, 2019 AND 2018**

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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of 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, 2015 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, Rent, Mileage, Maintenance	Time and Effort
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, 2019 and 2018. The cost to CASA was \$9,497 and \$9,770, 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:

		2019		2018
Cash and cash equivalents	\$	80,267	\$	66,314
Grant receivable		13,683		20,223
Investments		159,451		168,471
	\$	253,401	\$	255,008

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, 2019 and 2018 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, 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

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

	Beginning	Additions	Disposals	Ending
Office equipment and furnishings	\$60,101	\$0	\$0	\$60,101
Pavilion	20,187	0	0	20,187
Donated equipment	6,435	0	0	6,435
Accumulated Depreciation	(86,723)	0	0	(86,723)
	\$0	\$0	\$0	\$0

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, 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>

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.

	Level 1	Level 2	Level 3	Total
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>

NOTE 7 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is October 4, 2019. The financial statements were available to be issued at that time.