

**AUDITED FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED  
JUNE 30, 2019 AND 2018**

**BOARD OF DIRECTORS**

**CHIEF EXECUTIVE OFFICER**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying financial statements of \_\_\_\_\_ (a non-profit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2019 and 2018, and the related statements of support, revenue, and expenses-modified cash basis, functional expenses-modified cash basis, and cash flows-modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities, and net assets of \_\_\_\_\_ as of June 30, 2019 and 2018, and the support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Change in Accounting Principle

The Organization has adopted the financial statement presentation standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The effect of the change in accounting principle is described in Note 8. Our opinion is not modified with respect to this matter.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Didawick & Company, P.C.*

November 12, 2019

## **BASIC FINANCIAL STATEMENTS**

**Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis**  
**At June 30, 2019 and 2018**

	2019	2018
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 165,836	163,525
Total current assets	165,836	163,525
Property and Equipment (Note 1):		
Land	13,969	13,969
Office condominium	135,999	135,595
Office equipment	13,445	13,445
Less accumulated depreciation	(38,345)	(35,371)
Total property and equipment	125,068	127,638
Other Assets:		
Investments	145,297	137,098
Total other assets	145,297	137,098
Total Assets	\$ 436,201	\$ 428,261
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Credit card payable (limit \$24,000)	2,464	2,946
Payroll withholdings and accrued liabilities	3,519	2,888
Total current liabilities	5,983	5,834
Total Liabilities	5,983	5,834
Net Assets:		
Without donor restrictions	430,218	422,427
Total Net Assets	430,218	422,427
Total Liabilities and Net Assets	\$ 436,201	\$ 428,261

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

Statements of Support, Revenue, and Expenses - Modified Cash Basis  
For the Years Ended June 30, 2019 and 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total As Restated</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT:</b>				
Grants:				
	\$ -	10,000	\$ 10,000	\$ 10,000
	-	10,000	10,000	7,250
	2,500	-	2,500	6,840
	-	77,665	77,665	85,972
	-	10,000	10,000	-
	-	7,000	7,000	33,000
	-	10,000	10,000	7,751
	-	8,000	8,000	5,500
	-	6,399	6,399	7,109
Unsolicited donations	55,396	7,000	62,396	75,876
Campaigning	125,485	-	125,485	97,913
Rent income (Note 2)	6,600	-	6,600	-
Miscellaneous	1,485	-	1,485	4,790
In-kind contributions	4,000	-	4,000	4,000
Interest income	541	-	541	137
Investment income/loss	8,256	-	8,256	5,651
Gain/(Loss) on disposal of assets	(5,477)	-	(5,477)	-
Net assets released from restriction:				
Satisfaction of grant usage restrictions (Note 4)	146,064	(146,064)	-	-
Total revenues, gains, and other support	<u>344,850</u>	<u>-</u>	<u>344,850</u>	<u>351,789</u>
<b>EXPENSES AND LOSSES:</b>				
Program services:				
	243,721	-	243,721	234,364
Supporting services:				
Management and general	41,246	-	41,246	32,609
Fundraising	52,092	-	52,092	45,136
Total expenses and losses	<u>337,059</u>	<u>-</u>	<u>337,059</u>	<u>312,109</u>
Change in Net Assets	7,791	-	7,791	39,680
Net Assets, Beginning of Year	<u>422,427</u>	<u>-</u>	<u>422,427</u>	<u>382,747</u>
Net Assets, End of Year	<u>\$ 430,218</u>	<u>\$ -</u>	<u>\$ 430,218</u>	<u>\$ 422,427</u>

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



**Statements of Functional Expenses - Modified Cash Basis**  
**For the Years Ended June 30, 2019 and 2018**

	2019				2018			
	Program Services	Supporting Services			Program Services	Supporting Services		
		Management and General	Fundraising	Total		Management and General	Fundraising	Total
Salaries	\$ 147,905	\$ 27,595	\$ 37,887	\$ 213,387	\$ 141,930	\$ 21,390	\$ 20,320	\$ 183,640
Employee benefits	8,035	1,229	189	9,453	2,787	597	597	3,981
Payroll taxes	18,143	2,248	2,044	20,435	13,684	2,404	2,404	18,492
Total personnel costs	<u>172,083</u>	<u>31,072</u>	<u>40,120</u>	<u>243,275</u>	<u>158,401</u>	<u>24,391</u>	<u>23,321</u>	<u>206,113</u>
Awards	616	-	-	616	304	-	-	304
Bank service charge	-	225	-	225	-	224	-	224
Campaigning	12,172	-	8,966	21,138	31,561	-	18,967	50,528
Case management	6,341	-	-	6,341	3,655	-	-	3,655
COA dues	4,425	885	590	5,900	4,287	857	572	5,716
Depreciation (Note 1.D)	3,220	1,073	-	4,293	3,702	1,234	-	4,936
Dues and subscriptions	1,125	-	375	1,500	948	-	316	1,264
dues	275	-	-	275	275	-	-	275
Insurance	4,465	1,488	-	5,953	4,573	1,525	-	6,098
Marketing	562	-	63	625	893	-	99	992
Miscellaneous	657	-	-	657	528	-	-	528
Office expense	7,700	1,785	581	10,046	3,816	810	371	4,797
Postage	922	481	154	1,537	664	332	664	1,660
Professional fees	7,427	2,476	-	9,903	6,995	2,331	-	9,326
Rent	4,800	-	-	4,800	3,665	-	-	3,665
Repairs and maintenance	4,520	904	602	6,026	1,181	236	157	1,574
Training	4,087	216	-	4,303	2,002	101	101	2,204
Utilities	8,324	661	661	9,646	7,114	568	568	8,250
Total other operating expenses	<u>71,638</u>	<u>10,174</u>	<u>11,972</u>	<u>93,784</u>	<u>75,963</u>	<u>8,218</u>	<u>21,815</u>	<u>105,996</u>
Total operating expenses	<u>\$ 243,721</u>	<u>\$ 41,246</u>	<u>\$ 52,092</u>	<u>\$ 337,059</u>	<u>\$ 234,364</u>	<u>\$ 32,609</u>	<u>\$ 45,136</u>	<u>\$ 312,109</u>

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

**Statements of Cash Flows - Modified Cash Basis  
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grants	\$ 141,564	\$ 163,422
Cash received from contributions	62,396	75,876
Other receipts	133,570	102,703
Interest and dividends received	598	137
Cash paid to employees and suppliers	<u>(328,617)</u>	<u>(303,480)</u>
Net Cash Used by Operating Activities	<u>9,511</u>	<u>38,658</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	-	(131,447)
Purchase of capital assets	<u>(7,200)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(7,200)</u>	<u>(131,447)</u>
Net Increase/(Decrease) in Cash	2,311	(92,789)
Cash and Cash Equivalents, Beginning of Year	<u>163,525</u>	<u>256,314</u>
Cash and Cash Equivalents, End of Year	<u>\$ 165,836</u>	<u>\$ 163,525</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:</b>		
Change in net assets	7,791	39,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,293	4,936
(Gain)/loss on asset disposals	5,477	-
Dividend reinvestment	(4,195)	(2,268)
Unrealized gain/(loss) on investment	(4,004)	(3,383)
Increase/(Decrease) in credit card payable	(482)	(683)
Increase/(Decrease) in payroll withholdings	<u>631</u>	<u>376</u>
Net Cash Used by Operating Activities	<u>\$ 9,511</u>	<u>\$ 38,658</u>

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

**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Reporting Entity – (the Organization) is a not-for-profit corporation established and operated for the purpose of

The Organization provides

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision is made for income tax in the financial statements.

- B. Financial Statement Presentation – For the years ended June 30, 2019 and 2018, the Organization has prepared its financial statements in accordance with the modified cash basis of accounting for not-for-profit entities. Under this guidance, 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.

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions – Net assets subject to donor-imposed stipulations that may be temporary or permanent in nature. Stipulations that are temporary in nature expire either by passage of time or fulfillment by action of the Organization. Stipulations that are permanent in nature require amounts to be held in perpetuity.

- C. Basis of Accounting – The financial statements of the Organization have been prepared on the cash basis of accounting with modifications made for payroll withholdings and depreciation. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. The bases of revenue recognition for the major sources of income are as follows:

Support and Revenue – The Organization receives grants from state and local agencies. Revenue is recognized as cash is received.

Contributions – All contributions are considered to be without restriction unless specifically stipulated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. The Organization received restricted contributions of \$146,064 and \$165,082 during the years ended June 30, 2019 and 2018, respectively.

- D. Property and Equipment – The Organization capitalizes all real and personal property acquired with a significant value and useful life exceeding one year. Property and equipment is recorded at cost or fair value at the date of gift, if contributed. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Office Equipment	3-7 years
Office Condominium	39 years

- E. Contributed Services and Supplies – The contribution of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A significant portion of the Organization's program activities is conducted by unpaid volunteers and volunteer . For fiscal years 2019 and 2018, volunteer and volunteer donated hours of 3,915 with a fair value of \$99,571 and 3,434 hours with a fair value of \$91,860, respectively. However, the value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- F. Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. Functional Allocation of Expenses – The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statement of revenues, expenses, and other changes in net assets-modified cash basis. Accordingly, certain costs have been allocated between the program and supporting services benefited.
- H. Cash and Cash Equivalents – For purposes of the statement of cash flows-modified cash basis, the Organization considers cash in bank, cash on hand, certificates of deposit, money market mutual funds, and highly liquid investments purchased with a maturity date of three months or less to be cash and cash equivalents.
- I. Investments – Investments are recorded at fair market value as of the balance sheet date. Investments at June 30, 2019 and 2018 were \$145,297 and \$137,098, respectively.
- J. Advertising – The Organization expenses all advertising costs as they are incurred. Total advertising costs for fiscal years 2019 and 2018 were \$319 and \$175 respectively.
- K. Income Tax Status – The Organization is exempt from federal income taxes under Section 501(c)(3) of Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision is made for income tax in the financial statements. Generally, federal, state, and local authorities may examine the Organization's tax returns for three years from the date of filing or the due date of the return and the current and prior three years remain subject to examination as of June 30, 2019.

**2. INVESTMENTS**

The Organization has invested funds in various investment products through a brokerage company. The values of the Organization's investments are subject to market and investment risks. The Organization's investments are carried at their fair market value based upon the values reported by brokerage company. Increases or decreases in fair market values are recorded as changes in net assets without or with donor restrictions in the year incurred based on the existence of any donor stipulations.

Investments as of June 30, 2019 are summarized as follows:

	Fair Value	Carrying Value
Net Assets Without Donor Restrictions:		
Brokerage	\$ 145,297	\$ 145,297

The following schedule summarizes investment returns for the year ended June 30, 2019:

	Net Assets Without Donor Restrictions
Fair value, 06/30/2018	\$ 137,098
Interest and dividend earnings reinvested	4,195
Unrealized gain (loss) on investment	4,004
Fair value, 06/30/19	\$ 145,297

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**2. INVESTMENTS (CONT'D)**

Investments as of June 30, 2018 are summarized as follows:

	Fair Value	Carrying Value
Net Assets Without Donor Restrictions:		
Brokerage	\$ 137,098	\$ 137,098

The following schedule summarizes investment returns for the year ended June 30, 2018:

	Net Assets Without Donor Restrictions
Fair value, 06/30/2017	\$ -
Interest and dividend earnings reinvested	2,268
Purchase of investments	131,447
Unrealized gain (loss) on investment	3,383
Fair value, 06/30/18	\$ 137,098

**3. RESTRICTIONS ON NET ASSETS**

The organization received a grant from the \_\_\_\_\_ for increased capacity due to the expanding area for services. During the years ended June 30, 2019 and June 30, 2018, the Organization received \$7,000 and \$33,000 respectively. These funds were spent for both years.

The Organization also received funding during the years ended June 30, 2018 and June 30, 2018 through grants and donations totaling \$139,064 and \$132,082 respectively. These amounts were deemed available for general expenditures of the Organization.

**4. NATIONAL ASSOCIATION**

The Organization pay dues to its national affiliate annual. During the years ended June 30, 2019 and June 30, 2018, the Organization paid its national affiliate dues of \$275 and \$275 respectively.

**5. ALLOCATION OF FUNCTIONAL EXPENSES**

The costs of providing the Organization's program and administrative services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and support services benefited. Allocations are based on employee time spent in each functional area and the purpose of expenses incurred.

**6. FAIR VALUE MEASUREMENTS**

The Organization applies generally accepted accounting principles for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- 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. Investments in this category include equity securities that are not actively traded.
- Level 3 inputs are unobservable inputs for the asset or liability.

**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**6. FAIR VALUE MEASUREMENTS (CONT'D)**

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Long-term investments	<u>\$ 145,297</u>	<u>\$ 145,297</u>
Total	<u>\$ 145,297</u>	<u>\$ 145,297</u>

The fair values measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2018 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Long-term investments	<u>\$ 137,098</u>	<u>\$ 137,098</u>
Total	<u>\$ 137,098</u>	<u>\$ 137,098</u>

**7. LIQUIDITY MANAGEMENT**

The following reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	<u>2019</u> \$ 311,133	<u>2018</u> \$ 300,623
Less those unavailable for general expenditure within one year, due to:		
Usage restricted by donor stipulations (Note 4)	<u>7,000</u>	<u>33,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 304,133</u>	<u>\$ 267,623</u>

The Organization has a goal to maintain financial assets on hand to meet six (6) months of normal operating expenses, net of in-kind expenses and depreciation, which on average approximated \$158,000 for fiscal year 2019 and 2018. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(Notes continued on the next page)

**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**8. CHANGE IN ACCOUNTING PRINCIPLE**

The Organization adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The effect of the new standard is to combine temporarily and permanently restricted net assets. The change in accounting principle has been applied effective June 30, 2018 with no effect on total net assets as of June 30, 2018. The effect of the change on fiscal year 2019 is as follows:

<u>As of June 30, 2018</u>	<u>As Originally Stated</u>	<u>Restated</u>	<u>As Restated</u>
Unrestricted net assets	<u>\$ 422,427</u>	<u>(422,427)</u>	<u>\$ -</u>
Net assets without donor restrictions	<u>\$ -</u>	<u>422,427</u>	<u>\$ 422,427</u>

**9. SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 12, 2019, which is the date the financial statements were available to be issued. As of that date, no events requiring disclosure were known to exist.