

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
June 30, 2021 and 2020**

CONTENTS

	Page
Report of Independent Certified Public Accountants	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

September 29, 2021

To the Board of Directors of
Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
Rockville, MD

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Special Advocate, Montgomery County, Maryland, Inc. (a non-profit organization) which comprise the statements of financial position as of June 30, 2021 and 2020 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 the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits 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 auditors' 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 presentation 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 Court Appointed Special Advocate, Montgomery County, Maryland, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Janner & Grist, PC

Warren, Rhode Island

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
STATEMENTS OF FINANCIAL POSITION
June 30,**

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 272,825	\$ 287,733
Grants receivable	82,067	74,734
Investments	100,038	-
Prepaid expenses	5,542	2,711
Total current assets	460,472	365,178
PROPERTY AND EQUIPMENT:		
Furniture, fixtures and equipment	58,655	54,744
Less: accumulated depreciation	47,046	41,896
Property and equipment, net	11,609	12,848
TOTAL	\$ 472,081	\$ 378,026
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 1,296	\$ 620
Note Payable	-	90,694
Accrued expenses	26,937	29,109
Total current liabilities	28,233	120,423
NET ASSETS:		
Without Donor Restrictions	443,848	257,603
With Donor Restrictions	-	-
Total net assets	443,848	257,603
TOTAL	\$ 472,081	\$ 378,026

The accompanying notes are an integral part of these statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Government Grants	\$ 457,819	\$ -	\$ 457,819
Contributions	238,818	40,000	278,818
Grant Income PPP forgiveness	90,694	-	90,694
Interest income	250	-	250
Unrealized gain (loss)	(185)	-	(185)
Net assets released from restrictions	40,000	(40,000)	-
Total unrestricted support and reclassifications	827,396	-	827,396
EXPENSES:			
Program services:			
Program	528,386	-	528,386
Supporting services:			
Management and general	49,308	-	49,308
Fundraising	63,457	-	63,457
Net expenses	641,151	-	641,151
Change in net assets	186,245	-	186,245
Net assets, July 1, 2020	257,603	-	257,603
Net assets, June 30, 2021	\$ 443,848	\$ -	\$ 443,848

The accompanying notes are an integral part of these statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Government Grants	\$ 435,516	\$ -	\$ 435,516
Contributions	202,315	-	202,315
Fundraising, net of direct expenses	6,124	-	6,124
Interest income	107	-	107
Net assets released from restrictions	15,000	(15,000)	-
Total unrestricted support and reclassifications	659,062	(15,000)	644,062
EXPENSES:			
Program services:			
Program	495,405	-	495,405
Supporting services:			
Management and general	51,869	-	51,869
Fundraising	27,745	-	27,745
Net expenses	575,019	-	575,019
Change in net assets	84,043	(15,000)	69,043
Net assets, July 1, 2019	173,560	15,000	188,560
Net assets, June 30, 2020	\$ 257,603	\$ -	\$ 257,603

The accompanying notes are an integral part of these statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021**

	Program Services	Supporting Services			Functional Expenses
		Mgmt & General	Fund- Raising	Total Support	
Salaries	\$ 406,770	\$ 26,345	\$ 26,345	\$ 52,690	\$ 459,460
Payroll taxes	31,109	1,923	1,923	3,846	34,955
Employee benefits	41,078	2,539	2,539	5,078	46,156
Total payroll costs	478,957	30,807	30,807	61,614	540,571
Consultants	-	-	30,000	30,000	30,000
Occupancy costs	15,943	2,305	961	3,266	19,209
Office supplies & maintenance	9,096	1,315	548	1,863	10,959
Insurance	9,053	1,309	545	1,854	10,907
Professional fees	-	10,652	-	10,652	10,652
Telephone	5,618	812	339	1,151	6,769
Depreciation	4,275	618	257	875	5,150
Volunteer training	2,401	-	-	-	2,401
Volunteer recruitment	2,387	-	-	-	2,387
Memberships	-	500	-	500	500
Staff development	490	-	-	-	490
Fingerprinting and backgrounds	166	-	-	-	166
Miscellaneous	-	990	-	990	990
Totals	<u>\$ 528,386</u>	<u>\$ 49,308</u>	<u>\$ 63,457</u>	<u>\$ 112,765</u>	<u>\$ 641,151</u>

The accompanying notes are an integral part of these statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020**

	Supporting Services				Functional Expenses
	<u>Program Services</u>	<u>Mgmt & General</u>	<u>Fund-Raising</u>	<u>Total Support</u>	
Salaries	\$ 380,362	\$ 30,256	\$ 21,611	\$ 51,867	\$ 432,229
Payroll taxes	27,482	2,186	1,561	3,747	31,229
Employee benefits	35,584	2,831	2,022	4,853	40,437
Total payroll costs	443,428	35,273	25,194	60,467	503,895
Occupancy costs	17,806	2,574	1,073	3,647	21,453
Insurance	8,265	1,195	498	1,693	9,958
Office supplies & maintenance	8,142	1,177	491	1,668	9,810
Professional fees	-	9,449	-	9,449	9,449
Telephone	5,426	785	327	1,112	6,538
Volunteer recruitment	5,514	-	-	-	5,514
Depreciation	1,909	276	115	391	2,300
Travel and conferences	2,099	-	-	-	2,099
Volunteer training	974	-	-	-	974
Postage and delivery	779	113	47	160	939
Staff development	615	-	-	-	615
Fingerprinting and backgrounds	448	-	-	-	448
Memberships	-	275	-	275	275
Miscellaneous	-	752	-	752	752
Totals	<u>\$ 495,405</u>	<u>\$ 51,869</u>	<u>\$ 27,745</u>	<u>\$ 79,614</u>	<u>\$ 575,019</u>

The accompanying notes are an integral part of these statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
STATEMENTS OF CASH FLOWS
For the Years Ended June 30,**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 186,245	\$ 69,043
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,150	2,300
Net unrealized loss on investments	185	-
Decrease (increase) in operating assets:		
Grants receivable	(7,333)	158
Promises to give	-	15,000
Prepaid expenses	(2,831)	144
Increase (decrease) in operating liabilities:		
Accounts payable - trade	676	(2,395)
Accrued expenses	<u>(2,172)</u>	<u>10,445</u>
Net cash provided by operating activities	<u>179,920</u>	<u>94,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of property and equipment	(3,911)	(14,382)
Purchase of investments	<u>(100,223)</u>	<u>-</u>
Net cash used by investing activities	<u>(104,134)</u>	<u>(14,382)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings net of debt reduction		
Short-term	(90,694)	90,694
Long-term	-	-
Net cash (used) provided by financing activities	<u>(90,694)</u>	<u>90,694</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,908)	171,007
Cash and cash equivalents, July 1,	<u>287,733</u>	<u>116,726</u>
Cash and cash equivalents, June 30,	<u><u>\$ 272,825</u></u>	<u><u>\$ 287,733</u></u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Court Appointed Special Advocate Program of Montgomery County, Maryland, Inc. (the Organization) is an independent, non-profit organization. The Organization was incorporated on May 17, 1989 to promote the interests of abused and neglected children and their families. The Organization uses the services of volunteers in order to carry out a significant portion of its purpose.

The Organization's volunteers are primarily responsible for fully researching the unique environment and needs of each abused and neglected child and advocating for the best interest of the child in Juvenile Court. As part of the process, a volunteer may:

- Review court records;
- Interview all involved parties, including the child, parents, teachers, relatives, social workers, attorneys, and others;
- Establish a trusting, supportive relationship with the child;
- Attend all juvenile court hearings;
- Present both written and verbal recommendations to the judge regarding permanent placement of the child;
- Continue to monitor the child's situation and lend support when needed.

The vision of the Organization is to make a positive difference in the lives of abused and neglected children who are under the jurisdiction of the Juvenile Court; to provide competent and caring volunteers to pursue the best interests of every child referred by the Court; to seek a safe, loving, permanent home for every child; and to respond continuously to the needs of abused and neglected children by securing a sound financial base for the program.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Accounting

The Organization recognizes income on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) released ASU2016-14 Not-for-Profit Entities (Topic 958). Under ASU 2016-14, 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 include all assets received with donor designated restrictions whether they are perpetual in nature or time restricted.

4. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated life. Additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized. Normal repairs and maintenance are charged against income. When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. In case of trade items, any remaining book value increases the basis of the new acquisitions.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donation asset to a specific purpose. The estimated lives used in determining depreciation are:

Computer equipment and office furniture	3 – 5 years
---	-------------

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Income Taxes

The Organization is a not-for-profit organization that is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Organization did not have any unrelated business income for the years ended June 30, 2021 and 2020.

6. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments, with an initial maturity of three months or less to be considered cash.

7. Contributed Services

Various volunteers provided services to the Organization, but these services do not meet the criteria for recognition.

8. Restricted and Unrestricted Revenue

Contributions received are recorded as without donor restriction or with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in with donor restrictions 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), with donor restrictions net assets are reclassified to without restrictions net assets and reported in the Statement of Activities as net assets released from restrictions.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Liquidity

The Organization maintains a liquid cash balance through its checking account in an amount necessary to meet its anticipated expenditures for the next 30 days. The Organization reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Any restricted cash is separately identified and monitored as part of the Organization’s monthly financial reporting process.

The Organization’s financial assets available within one year to meet cash needs for general expenditures through June 30, 2022 are as follows:

Financial Assets:	
Cash	\$ 272,825
Grants receivable	82,067
Investments	100,038
 Total Financial Assets	 454,930
 Less amounts not available within one year	 <u> -0-</u>
 Financial Assets available to meet cash needs for General expenditures within one year	 <u><u>\$ 454,930</u></u>

10. Grants and Contract Awards

The Organization receives grants from governmental and private grantors for various purposes. Grants and contract awards not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant or contract. The Organization defers grants and contract revenues received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

12. Functional Allocation of Expenses

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

13. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

14. Uncertain Tax Provisions

Accounting for uncertain income tax positions, relating to both federal and state income taxes, are required when a more likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Organization assessed its tax positions in accordance with the guidance. The Organization has determined that its tax status as a MD non-profit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Organization's financial statements.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

15. **Subsequent Events**

Management has evaluated subsequent events through October 4, 2021, the date which the financial statements were available to be issued.

NOTE B – FUNDRAISING ACTIVITIES

The Organization conducted fundraising activities in 2020. Revenue and expenses for the activities are as follows:

Total revenue raised	\$6,536
Total expenses	<u>412</u>
	<u>\$6,124</u>

NOTE C – PENSION PLAN

Effective January 1, 2002, the Organization adopted a defined contribution employee pension plan covering all eligible employees. An employee is eligible for the plan if the employee has worked one year including 1,000 hours of service. The cost charged to earnings and contributed to the plan by the Organization equals a percentage of the employee's annual compensation. For the years ended June 30, 2021 and 2020, the Organization contributed \$18,484 and \$16,092, respectively to the plan.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE D – INVESTMENT IN EQUITY SECURITIES

The Organization classifies debt and equity securities in two categories, available-for-sale securities and held-to-maturity securities. All securities are carried at their fair market values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities.

As of June 30, 2021, detail of those unrealized gains and losses was as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Market Value
Available-for-sale securities				
Equity securities	\$ 100,223	\$ -0-	\$ 185	\$ 100,038
Held-to-maturity securities				
Corporate bonds	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Maturities of debt securities held at June 30, 2021 classified as held-to-maturity are as follows:

Due in one year or less	\$ -0-
Due after one year through two years	-0-
Due after two years through three years	-0-
Due after three years through four years	-0-
Due after five years	<u>-0-</u>
Total	<u>\$ -0-</u>

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE E – COMMITMENTS

The Organization is obligated under the following rental leases:

<u>Lessor</u>	<u>Property</u>	<u>Term / Exp. Date</u>	<u>Terms</u>
Montgomery County	1010 Grandin Ave Rockville, MD	3 year December 31, 2008	\$1,207/month + CPI increase
Leaf Funding, Inc.	Copier	4 year July 7, 2014	\$247/month

Both leases are currently in a month-to-month basis.

NOTE F – WITH DONOR RESTRICTION NET ASSETS

With donor restriction net assets at the end of the year represent grants that have been received and designated as with donor restriction net assets by the respective grantors. As these funds are expended, the with donor restriction net assets expire and the with donor restriction net assets are reclassified to without donor restriction net assets on the statement of activities.

The breakdown by fund as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Foundation support	<u>\$0</u>	<u>\$0</u>

NOTE G – GRANTS INCOME – GOVERNMENT

The organization for the years ended June 30, 2021 and 2020 was awarded government grant income that covered periods subsequent to June 30, 2021 and 2020. The unearned portion of these grants amounted to \$40,004 and \$21,573 as of June 30, 2021 and 2020, respectively.

**Court Appointed Special Advocate,
Montgomery County, Maryland, Inc.
T/A Voices for Children Montgomery
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

NOTE H– SUBSEQUENT EVENTS

Voices for Children Montgomery (VFCM) is currently serving approximately one-half of the 420 children in foster care in Montgomery County. In 2020, the VFCM Board of Directors and staff set an aggressive goal of serving every child in foster care in Montgomery County by 2026. On July 1, 2020 VFCM began work with the consulting firm of Due East Partners to develop a strategic 6-year fundraising plan to support this expansion of services. Implementation of the fundraising plan will enable VFCM to double the number of volunteer court-appointed advocates available to serve children in foster care over the next six years.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.