

**Casita Copan, Inc.**

Reviewed Financial Statements

*Years Ended December 31, 2018 and 2017*

# Casita Copan, Inc.

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December 31, 2018 and 2017

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**OPST & ASSOCIATES, LLC**

Certified Public Accountants

Wellington Square, Suite 102  
1225 South Main Street  
Greensburg, PA 15601

## **Independent Accountants' Review Report**

To the Board of Directors  
Casita Copan, Inc.  
1237 Love Street  
Pittsburgh, PA 15218

We have reviewed the accompanying statements of financial position of Casita Copan, Inc. (a non-profit organization) as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Opst & Associates, LLC*

August 15, 2019

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*Member of American & Pennsylvania Institutes of Certified Public Accountants*

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# Casita Copan, Inc.

## Statements of Financial Position

<b>December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 79,881	\$ 60,516
Accounts receivable	<u>598</u>	<u>1,240</u>
<b>Total Current Assets</b>	<u>80,479</u>	<u>61,756</u>
<b>Property and Equipment</b>		
Tools and equipment	11,295	9,664
Less: Accumulated depreciation	<u>(9,215)</u>	<u>(8,003)</u>
<b>Property and Equipment - net</b>	<u>2,080</u>	<u>1,661</u>
<b>Total Assets</b>	<u>\$ 82,559</u>	<u>\$ 63,417</u>
<b>Current Liabilities</b>		
Payroll taxes payable	\$ 1,517	\$ 981
<b>Net Assets</b>		
Without donor restrictions	<u>81,042</u>	<u>62,436</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 82,559</u>	<u>\$ 63,417</u>

*See accompanying notes and independent accountants' review report.*

**Casita Copan, Inc.**

Statement of Activities and Changes in Net Assets

<b>For the Year Ended December 31,</b>	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions	\$ 164,243	\$ -	\$ 164,243
Fundraising revenue	15,105	-	15,105
Program service fees	42	-	42
Coffee & merchandise sales	8	-	8
Other income	77	-	77
<b>Total Support and Revenues</b>	<b>179,475</b>	<b>-</b>	<b>179,475</b>
<b>Net assets released from restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>			
Program	129,818	-	129,818
Fundraising	12,671	-	12,671
Administrative	18,380	-	18,380
<b>Total Expenses</b>	<b>160,869</b>	<b>-</b>	<b>160,869</b>
<b>Change in Net Assets</b>	<b>18,606</b>	<b>-</b>	<b>18,606</b>
<b>Net Assets - Beginning of Year</b>	<b>62,436</b>	<b>-</b>	<b>62,436</b>
<b>Net Assets - End of Year</b>	<b>\$ 81,042</b>	<b>\$ -</b>	<b>\$ 81,042</b>

*See accompanying notes and independent accountants' review report.*

**Casita Copan, Inc.**

Statement of Activities and Changes in Net Assets

<b>For the Year Ended December 31,</b>	<b>2017</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions	\$ 140,085	\$ -	140,085
Fundraising revenue	7,096	-	7,096
Program service fees	204	-	204
Coffee & merchandise sales	437	-	437
Other income	81	-	81
<b>Total Support and Revenues</b>	<b>147,903</b>	<b>-</b>	<b>147,903</b>
<b>Net assets released from restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>			
Program	110,772	-	110,772
Fundraising	11,926	-	11,926
Administrative	22,752	-	22,752
<b>Total Expenses</b>	<b>145,450</b>	<b>-</b>	<b>145,450</b>
<b>Change in Net Assets</b>	<b>2,453</b>	<b>-</b>	<b>2,453</b>
<b>Net Assets - Beginning of Year</b>	<b>59,983</b>	<b>-</b>	<b>59,983</b>
<b>Net Assets - End of Year</b>	<b>\$ 62,436</b>	<b>\$ -</b>	<b>\$ 62,436</b>

*See accompanying notes and independent accountants' review report.*

# Casita Copan, Inc.

## Statements of Cash Flows

<b>For the Years Ended December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 18,606	\$ 2,453
Depreciation expense	1,212	1,933
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Changes in:		
Other current assets	642	1,216
Accrued expenses	536	(613)
	<u>20,996</u>	<u>4,989</u>
<b>Cash Provided by (Used for) Operating Activities</b>	<b>20,996</b>	<b>4,989</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment	<u>(1,631)</u>	<u>-</u>
	<u>19,365</u>	<u>4,989</u>
<b>Increase (Decrease) in Cash</b>	<b>19,365</b>	<b>4,989</b>
<b>Cash and Equivalents - Beginning of Year</b>	<u>60,516</u>	<u>55,527</u>
<b>Cash and Equivalents - End of Year</b>	<u>\$ 79,881</u>	<u>\$ 60,516</u>

*See accompanying notes and independent accountants' review report.*

## Casita Copan, Inc.

### Statement of Functional Expenses

For the Year Ended December 31,

2018

	<u>Total</u>	<u>Program</u>	<u>Fundraising</u>	<u>Administrative</u>
Salaries & wages	\$ 74,964	\$ 61,344	\$ 6,810	\$ 6,810
Program expenses	43,797	43,797	-	-
Rent	11,994	11,994	-	-
Repairs & maintenance	6,576	6,576	-	-
Office expense	3,427	981	1,112	1,334
Bank charges & service fees	3,336	-	119	3,217
Professional fees	3,214	-	-	3,214
Event supplies	2,169	42	2,127	-
Payroll tax expense	2,084	521	521	1,042
Travel & entertainment	1,882	1,375	507	-
Utilities	1,730	1,730	-	-
Marketing expense	1,598	-	1,350	248
Depreciation	1,212	-	-	1,212
License & permits	1,133	687	-	446
Insurance expense	879	-	24	855
Postage	652	549	101	2
Staff development & training	222	222	-	-
	<u>\$ 160,869</u>	<u>\$ 129,818</u>	<u>\$ 12,671</u>	<u>\$ 18,380</u>

See accompanying notes and independent accountants' review report.



**Casita Copan, Inc.**

Statement of Functional Expenses

**For the Year Ended December 31,**

**2017**

	<u>Total</u>	<u>Program</u>	<u>Fundraising</u>	<u>Administrative</u>
Salaries & wages	\$ 68,636	\$ 52,180	\$ 5,861	\$ 10,595
Program expenses	37,424	37,248	-	176
Rent	12,058	12,058	-	-
Repairs & maintenance	4,632	4,632	-	-
Office expense	3,702	1,051	1,271	1,380
Bank charges & service fees	3,540	-	719	2,821
Professional fees	2,915	-	-	2,915
Fundraising expense	2,352	-	2,352	-
Insurance expense	2,023	-	-	2,023
Utilities	1,979	1,979	-	-
Depreciation	1,933	-	-	1,933
Payroll tax expense	1,472	368	368	736
Marketing expense	1,224	-	1,216	8
Travel & entertainment	871	858	13	-
Staff development & training	289	289	-	-
Postage	235	109	126	-
License & permits	165	-	-	165
	<u>\$ 145,450</u>	<u>\$ 110,772</u>	<u>\$ 11,926</u>	<u>\$ 22,752</u>

*See accompanying notes and independent accountants' review report.*

# Casita Copan, Inc.

## Notes to the Financial Statements

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### **Note 1 - Summary of Significant Accounting Policies**

#### Reporting Entity

Casita Copan, Inc., (the "Organization"), a non-profit organization, was incorporated March 27, 2013 and whose purpose is to reduce child abandonment by nurturing orphaned and vulnerable children and supporting single mothers. The Organization follows six values: compassion, transparency, responsibility, discipline, respect, and love, to guide the programs, practices, and decisions of the Organization in order to fulfill this mission.

Casita Copan's vision is to break the cycle of child abandonment by providing essential childcare services to working families whose economic situations put their children at risk of abandonment and creating real homes for orphaned and abandoned children. The Organization's belief is that all children deserve to grow up in caring, nurturing environments where they are supported and empowered to achieve their dreams.

#### Income Tax Status

The Organization is exempt from Federal and state income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and similar state statutes, but is required to file information returns with the Internal Revenue Service (IRS). The Organization's information returns filed for years 2015 and beyond remain subject to examination by the Internal Revenue Service.

#### Accounting Method

The Organization accounts for assets and liabilities on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. This basis of accounting allows for revenues to be recognized when earned and expenses to be recognized in the period in which they are used by the Organization.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and 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 these estimates.

#### Revenue and Support

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. 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 in the statements of support, revenues, expenses, and changes in net assets and are released from restrictions.

# Casita Copan, Inc.

## Notes to the Financial Statements

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### Revenue and Support (Continued)

Grants and contributions whose restrictions are met in the same reporting period are classified as net assets without donor restrictions.

#### Financial Statement Presentation

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 Non-Profit 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.

#### New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Casita Copan has adjusted the presentation of these statements accordingly.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of less than three months as cash equivalents. Substantially all of the Organization's cash and cash equivalents are on deposit in two banks in western Pennsylvania. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Currently, the bank balances do not exceed the FDIC limit.

## Casita Copan, Inc.

### Notes to the Financial Statements

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#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

##### Property and Equipment

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose recording these assets as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

When depreciable assets are retired or otherwise disposed, the cost and related accumulated depreciation are eliminated from the accounts, and the resulting gain or loss is reflected in other income (expense) for the year. Maintenance and repairs that are not considered to extend the useful lives of assets are charged to expense as incurred. Depreciation is computed using primarily the straight-line method. The assets are depreciated over their estimated useful lives of 5 to 7 years.

##### Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### **Note 2 - Rent Expense**

Casita Copan has entered a rent agreement for a house located in Buena Vista in the town of Copan Ruinas to be used as a daycare center and children's home. The agreement commenced on April 1, 2014 for a period of one year at which point the contract can be extended upon approval of both parties. Payment is required monthly in the amount of 12,000 Honduran Lempiras which is paid in U.S. dollars based on the conversion rate for the specific period when payment is due. During 2018, the Organization paid \$11,994 of rent expense for this location.

#### **Note 3 - Subsequent Events**

Subsequent events have been evaluated through August 15, 2019, which is the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.