

Casita Copan, Inc.

Reviewed Financial Statements

Years Ended December 31, 2017 and 2016

Casita Copan, Inc.

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OPST & ASSOCIATES, LLC

Certified Public Accountants

Wellington Square, Suite 102
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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, 2017 and 2016, 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

July 31, 2018

Member of American & Pennsylvania Institutes of Certified Public Accountants

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Casita Copan, Inc.

Statements of Financial Position

December 31,	2017	2016
Current Assets		
Cash and cash equivalents	\$ 60,516	\$ 55,527
Accounts receivable	<u>1,240</u>	<u>2,456</u>
Total Current Assets	<u>61,756</u>	<u>57,983</u>
Property and Equipment		
Tools and equipment	9,664	9,664
Less: Accumulated depreciation	<u>(8,003)</u>	<u>(6,070)</u>
Property and Equipment - net	<u>1,661</u>	<u>3,594</u>
Total Assets	<u>\$ 63,417</u>	<u>\$ 61,577</u>
Current Liabilities		
Accounts payable	\$ -	\$ 420
Payroll taxes payable	<u>981</u>	<u>1,174</u>
Total Current Liabilities	981	1,594
Net Assets		
Unrestricted	<u>62,436</u>	<u>59,983</u>
Total Liabilities and Net Assets	<u>\$ 63,417</u>	<u>\$ 61,577</u>

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31,	2017		
	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
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
Total Support and Revenues	147,903	-	147,903
Net assets released from restrictions	-	-	-
Expenses			
Program services	110,909	-	110,909
Fundraising	11,851	-	11,851
Administrative	22,690	-	22,690
Total Expenses	145,450	-	145,450
Change in Net Assets	2,453	-	2,453
Net Assets - Beginning of Year	59,983	-	59,983
Net Assets - End of Year	\$ 62,436	\$ -	\$ 62,436

See accompanying notes and independent accountants' review report.

Casita Copan. Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31,	2016		
	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ 137,071	\$ -	\$ 137,071
Fundraising revenue	11,111	-	11,111
Program service fees	327	-	327
Other income	38	-	38
Total Support and Revenues	148,547	-	148,547
Net assets released from restrictions	-	-	-
Expenses			
Program services	113,386	-	113,386
Fundraising	15,490	-	15,490
Administrative	21,296	-	21,296
Total Expenses	150,172	-	150,172
Change in Net Assets	(1,625)	-	(1,625)
Net Assets - Beginning of Year	61,608	-	61,608
Net Assets - End of Year	\$ 59,983	\$ -	\$ 59,983

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Statements of Cash Flows

For the Years Ended December 31,	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 2,453	\$ (1,625)
Depreciation expense	1,933	1,932
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Changes in:		
Donations receivable	-	2,080
Other current assets	1,216	(2,456)
Accrued expenses	(613)	759
	<u>4,989</u>	<u>690</u>
Cash Provided by (Used for) Operating Activities		
	<u>4,989</u>	<u>690</u>
Cash and Equivalents - Beginning of Year	<u>55,527</u>	<u>54,837</u>
Cash and Equivalents - End of Year	<u>\$ 60,516</u>	<u>\$ 55,527</u>

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Statement of Functional Expenses

	2017			
	Total	Program	Fundraising	Admin
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	75	-	2,840
Event supplies	2,352	75	2,277	-
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	276	-	13
Postage	235	109	126	-
License and permits	165	-	-	165
	<u>\$ 145,450</u>	<u>\$ 110,909</u>	<u>\$ 11,851</u>	<u>\$ 22,690</u>

See accompanying notes and independent accountants' review report.

Casita Copan. Inc.

Statement of Functional Expenses

For the Year Ended December 31,	2016			
	<u>Total</u>	<u>Program</u>	<u>Fundraising</u>	<u>Admin</u>
Salaries & wages	\$ 70,998	\$ 56,942	\$ 7,028	\$ 7,028
Program expenses	39,780	37,216	1,091	1,473
Rent	12,809	12,809	-	-
Office expense	5,144	178	973	3,993
Bank charges & service fees	3,400	1,003	1,226	1,171
Fundraising expense	3,156	2	3,154	-
Professional fees	2,454	-	-	2,454
Insurance expense	1,983	-	-	1,983
Depreciation	1,933	-	-	1,933
Utilities	1,802	1,791	-	11
Payroll tax expense	1,485	962	-	523
Travel & entertainment	1,439	1,035	169	235
Marketing expense	1,084	18	1,066	-
Repairs & maintenance	988	988	-	-
Postage	826	6	783	37
License and permits	454	-	-	454
Staff development & training	436	436	-	-
Other expenses	1	-	-	1
	<u>\$ 150,172</u>	<u>\$ 113,386</u>	<u>\$ 15,490</u>	<u>\$ 21,296</u>

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Notes to the Financial Statements

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.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Casita Copan, Inc.

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue and Support (continued)

Donor-restricted support is 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 statements of support, revenues, expenses, and changes in net assets as net assets released from restrictions.

Restricted grants and contributions whose restrictions are met in the same reporting period are classified as unrestricted. The organization received a \$2,780.90 restricted grant from the IPA Rotary Club that was both received and expended in 2017. Consequently, it is listed as unrestricted on these financial statements.

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.

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 unrestricted support unless the donor has restricted the donated asset to a specific purpose recording these assets as restricted.

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 temporarily restricted net assets to unrestricted net assets 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.

Casita Copan, Inc.

Notes to the Financial Statements

Note 2 - Net Assets

The Organization reports information regarding its financial position and activities according to three classes of net assets, as follows:

- *Unrestricted* - Unrestricted net assets are not subject to donor-imposed restrictions.
- *Temporarily Restricted* - Temporarily restricted net assets are subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and changes in net assets as net assets released from restrictions.
- *Permanently Restricted* - Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently with the use of all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2017 or 2016.

Note 3 - 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 2017, the Organization paid \$12,058 of rent expense for this location.

Note 4 - Subsequent Events

Subsequent events have been evaluated through July 31, 2018, 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.

Note 5 - Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.