

Casita Copan, Inc.

Reviewed Financial Statements

Years Ended December 31, 2020 and 2019

Casita Copan, Inc.

Table of Contents

December 31, 2020 and 2019

	<u>Page(s)</u>
Independent Accountants' Review Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statements of Cash Flows	6
Statements of Functional Expenses	7 - 8
Notes to the Financial Statements	9 - 12



Independent Accountants' Review Report

To the Board of Directors
Casita Copan, Inc.
2515 Banksville Road #1039
Pittsburgh, PA 15216

We have reviewed the accompanying statements of financial position of Casita Copan, Inc. (a non-profit organization) as of December 31, 2020 and 2019, 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

June 30, 2021

Casita Copan, Inc.

Statements of Financial Position

December 31,	2020	2019
Current Assets		
Cash and cash equivalents	\$ 118,834	\$ 72,170
Accounts receivable	<u>1,280</u>	<u>1,054</u>
Total Current Assets	<u>120,114</u>	<u>73,224</u>
Property and Equipment		
Tools and equipment	11,295	11,295
Less: Accumulated depreciation	<u>(10,420)</u>	<u>(10,094)</u>
Property and Equipment - net	<u>875</u>	<u>1,201</u>
Total Assets	<u>\$ 120,989</u>	<u>\$ 74,425</u>
Current Liabilities		
Payroll taxes payable	\$ 1,588	\$ 1,711
Net Assets		
Without donor restrictions	<u>119,401</u>	<u>72,714</u>
Total Liabilities and Net Assets	<u>\$ 120,989</u>	<u>\$ 74,425</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,	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 201,893	\$ -	\$ 201,893
Honduran Government grants	19,231	-	19,231
Fundraising revenue	2,976	-	2,976
Coffee & merchandise sales	-	-	-
Other income	128	-	128
Total Support and Revenues	224,228	-	224,228
Net Assets Released from Restrictions	-	-	-
Expenses			
Program	146,577	-	146,577
Fundraising	10,805	-	10,805
Administrative	20,159	-	20,159
Total Expenses	177,541	-	177,541
Change in Net Assets	46,687	-	46,687
Net Assets - Beginning of Year	72,714	-	72,714
Net Assets - End of Year	\$ 119,401	\$ -	\$ 119,401

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,	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 168,235	\$ -	\$ 168,235
Fundraising revenue	11,165	-	11,165
Coffee & merchandise sales	37	-	37
Other income	48	-	48
Total Support and Revenues	179,485	-	179,485
Net Assets Released from Restrictions	-	-	-
Expenses			
Program	155,522	-	155,522
Fundraising	11,403	-	11,403
Administrative	20,888	-	20,888
Total Expenses	187,813	-	187,813
Change in Net Assets	(8,328)	-	(8,328)
Net Assets - Beginning of Year	81,042	-	81,042
Net Assets - End of Year	\$ 72,714	\$ -	\$ 72,714

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Statements of Cash Flows

For the Years Ended December 31,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 46,687	\$ (8,328)
Depreciation expense	326	879
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Changes in:		
Other current assets	(226)	(456)
Accrued expenses	(123)	194
	<u>46,664</u>	<u>(7,711)</u>
Cash Provided by (Used for) Operating Activities		
Cash Flows from Investing Activities		
Purchase of equipment	<u>-</u>	<u>-</u>
	46,664	(7,711)
Increase (Decrease) in Cash		
	46,664	(7,711)
Cash and Equivalents - Beginning of Year	<u>72,170</u>	<u>79,881</u>
Cash and Equivalents - End of Year	<u>\$ 118,834</u>	<u>\$ 72,170</u>

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Statement of Functional Expenses

For the Year Ended December 31,	2020			
	<u>Total</u>	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>
Salaries & wages	\$ 87,320	\$ 73,465	\$ 6,927	\$ 6,928
Program expenses	44,135	44,135	-	-
Rent	12,130	12,130	-	-
Repairs & maintenance	7,102	7,102	-	-
Bank charges & service fees	5,003	-	4,628	375
Office expense	4,539	-	3,631	908
Employee benefits	4,114	3,497	309	308
Professional fees	3,211	-	3,211	-
Utilities	2,445	2,445	-	-
Payroll tax expense	2,120	1,784	168	168
Travel & entertainment	2,481	1,861	-	620
Marketing expense	1,272	-	-	1,272
Insurance expense	855	-	855	-
Depreciation	326	-	326	-
Event supplies	226	-	-	226
License & permits	158	158	-	-
Postage	104	-	104	-
Staff development & training	-	-	-	-
	<u>\$ 177,541</u>	<u>\$ 146,577</u>	<u>\$ 20,159</u>	<u>\$ 10,805</u>

See accompanying notes and independent accountants' review report.

Casita Copan, Inc.

Statement of Functional Expenses

	For the Year Ended December 31,		2019	
	<u>Total</u>	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>
Salaries & wages	\$ 79,288	\$ 67,395	\$ 5,947	\$ 5,946
Program expenses	57,429	57,429	-	-
Rent	14,592	14,592	-	-
Repairs & maintenance	4,894	4,894	-	-
Employee benefits	4,521	3,843	339	339
Bank charges & service fees	4,070	-	3,765	305
Office expense	3,802	190	3,042	570
Professional fees	3,422	-	3,422	-
Payroll tax expense	2,646	2,249	198	199
Utilities	2,532	2,532	-	-
Event supplies	2,305	-	-	2,305
License & permits	2,088	1,148	940	-
Travel & entertainment	1,666	1,250	-	416
Postage	1,449	-	1,449	-
Marketing expense	1,323	-	-	1,323
Depreciation	879	-	879	-
Insurance expense	855	-	855	-
Staff development & training	52	-	52	-
	<u>\$ 187,813</u>	<u>\$ 155,522</u>	<u>\$ 20,888</u>	<u>\$ 11,403</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 by 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 2017 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

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, whereby 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.

In May 2014, FASB issued Accounting Standard Codification "ASC" Topic 606, Revenue from Contracts with Customers ("ASC 606"). ASC 606 is a comprehensive new revenue recognition model that expands disclosure requirements and requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services.

Casita Copan, Inc.

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement (Continued)

The Company adopted ASC 606 on January 1, 2019 using the modified retrospective method applied to all contracts as of January 1, 2019. Results for reporting periods beginning on or after January 1, 2019 are presented under ASC 606. There was no material change in revenue recognition for the year ended December 31, 2019, and no cumulative adjustment was made to retained earnings.

The majority of the Organization's revenue is from contributions and donations, grants, and fundraising events that are outside the scope of ASC 606.

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 net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose, in which case, these assets are recorded 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, or 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 - 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.

In addition, the Organization rents several homes in the community that are used as foster care homes. Rent is paid monthly and the number of homes depends on the enrollment.

The Organization paid rent expense of \$12,130 for the year ended December 31, 2020 and \$14,592 for the year ended December 31, 2019.

Note 3 - Subsequent Events

Subsequent events have been evaluated through June 30, 2021, 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.

The COVID-19 pandemic in the United States and worldwide has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Organization's operations and financial position. Any financial impact to the Organization cannot be reasonably estimated at this time.