

COMMUNITY CRISIS SERVICES, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020

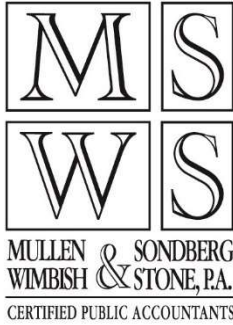


MULLEN SONDBERG WIMBISH & STONE, PA

CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>Page</u>
Independent auditor's report	1 - 2
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7 – 17
Supplemental information	
Schedule of revenue and expenses – Prince George's County Department of Family Services	18



888 Bestgate Road • Suite 310 • Annapolis, Maryland 21401

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Crisis Services, Inc.
Hyattsville, Maryland

We have audited the accompanying financial statements of Community Crisis Services, Inc. (a non-profit Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

To the Board of Directors of
Community Crisis Services, Inc.

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 Community Crisis Services, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on Page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021, which is bound separately, on our consideration of Community Crisis Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Crisis Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Crisis Services, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Community Crisis Services, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
March 17, 2021

Community Crisis Services, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 262,387	\$ 100,820
Accounts receivable, net of allowance	830,020	542,589
Pledges receivable	20,000	-
Notes receivable	-	63,993
Prepaid expenses	20,142	9,119
Total current assets	1,132,549	716,521
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	445,203	395,082
OTHER ASSETS		
Pledges receivable	1,327,789	1,143,116
Total assets	\$ 2,905,541	\$ 2,254,719
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 243,358	\$ 24,974
Accrued salaries and related taxes	85,904	137,661
Accrued vacation	33,002	39,596
Line of credit	-	134,155
Capital lease obligation	-	1,886
Deferred revenue - Paycheck Protection Program	249,697	-
Mortgages payable	27,195	25,890
Total current liabilities	639,156	364,162
LONG-TERM LIABILITIES		
Mortgages payable	16,492	43,687
Total long-term liabilities	16,492	43,687
Total liabilities	655,648	407,849
NET ASSETS		
Without donor restrictions	855,432	628,278
With donor restrictions	1,394,461	1,218,592
Total net assets	2,249,893	1,846,870
Total liabilities and net assets	\$ 2,905,541	\$ 2,254,719

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

Community Crisis Services, Inc.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020
With Summarized Financial Information for the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
REVENUES, GAINS AND OTHER SUPPORT				
Program service fees and grants	\$ 3,369,426	\$ -	\$ 3,369,426	\$ 2,183,935
Contributions	279,802	20,000	299,802	25,821
In-kind contributions	53,784	184,673	238,457	1,170,008
Recovery of bad debt	9,348	-	9,348	15,500
Other	2,558	-	2,558	8,271
Special events, net of expenses	339	-	339	6,164
Interest income	71	-	71	21
	<u>3,715,328</u>	<u>204,673</u>	<u>3,920,001</u>	<u>3,409,720</u>
Net assets released from restrictions	<u>28,804</u>	<u>(28,804)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>3,744,132</u>	<u>175,869</u>	<u>3,920,001</u>	<u>3,409,720</u>
EXPENSES				
Program services	3,087,945	-	3,087,945	1,811,026
Supporting services				
Management and general	476,525	-	476,525	257,736
Fundraising	102,811	-	102,811	61,136
	<u>3,667,281</u>	<u>-</u>	<u>3,667,281</u>	<u>2,129,898</u>
Change in net assets before other changes	76,851	175,869	252,720	1,279,822
OTHER CHANGES IN NET ASSETS				
Other grant income - Paycheck Protection Program	<u>150,303</u>	<u>-</u>	<u>150,303</u>	<u>-</u>
Change in net assets	227,154	175,869	403,023	-
NET ASSETS AT BEGINNING OF YEAR	<u>628,278</u>	<u>1,218,592</u>	<u>1,846,870</u>	<u>567,048</u>
NET ASSETS AT END OF YEAR	<u>\$ 855,432</u>	<u>\$ 1,394,461</u>	<u>\$ 2,249,893</u>	<u>\$ 1,846,870</u>

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

Community Crisis Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020
With Summarized Financial Information for the Year Ended June 30, 2019

	Program Services					Total Program Services	Supporting Services		Total	
	Call Center	FAMVIC	Housing	Safe Passages	Warm Nights		Management and General	Fundraising	2020	2019
Salaries	\$ 977,232	\$154,369	\$ 46,681	\$ 325,996	\$421,829	\$ 1,926,107	\$ 221,754	\$ 69,683	\$ 2,217,544	\$1,361,750
Payroll taxes	45,675	6,979	-	20,228	72,178	145,060	27,316	-	172,376	116,017
Fringe benefits	40,044	9,795	8,148	25,862	21,714	105,563	2,298	722	108,583	77,119
Total salaries and related expenses	1,062,951	171,143	54,829	372,086	515,721	2,176,730	251,368	70,405	2,498,503	1,554,886
Client expenses	-	228	121,603	164,001	85,922	371,754	8,539	-	380,293	169,567
Professional fees	30,977	-	3,778	69,218	16,050	120,023	110,189	12,112	242,324	158,939
Communication expense	116,798	17,451	186	19,743	730	154,908	784	-	155,692	67,410
Office supplies and expenses	4,003	4,362	267	24,853	3,296	36,781	38,538	32,053	107,372	38,273
Rent	15,779	63,447	-	-	-	79,226	7,558	-	86,784	27,892
Utilities	9,745	2,919	-	27,756	-	40,420	1,285	-	41,705	9,597
Repairs and maintenance	2,208	-	-	23,469	250	25,927	7,385	-	33,312	11,597
Depreciation	965	562	3,082	13,339	-	17,948	14,880	-	32,828	16,379
Insurance	11,641	1,839	556	3,884	5,025	22,945	2,642	830	26,417	21,188
Advertising	1,384	1,250	-	3,405	397	6,436	8,350	2,868	17,654	25,594
Miscellaneous	41	-	-	961	106	1,108	5,054	11,073	17,235	889
Training	9,879	1,262	-	97	-	11,238	1,607	2,586	15,431	15,339
Interest	-	-	-	-	-	-	11,656	-	11,656	10,484
Database	9,726	-	-	856	-	10,582	-	-	10,582	4,296
Conference and meetings	7,367	-	-	-	-	7,367	393	-	7,760	9,891
Printing and publications	-	-	-	208	-	208	4,117	209	4,534	4,642
Dues and subscriptions	710	-	-	-	-	710	1,725	1,462	3,897	3,735
Travel	-	21	-	1,684	1,929	3,634	-	-	3,634	729
Postage and shipping	-	-	-	-	-	-	455	880	1,335	1,319
Small equipment	-	-	-	-	-	-	-	-	-	410
Total expenses	1,284,174	264,484	184,301	725,560	629,426	3,087,945	476,525	134,478	3,698,948	2,153,056
Less: special events expense offset against revenue in the statement of activities	-	-	-	-	-	-	-	(31,667)	(31,667)	(23,158)
Total expenses reported in the statement of activities	<u>\$1,284,174</u>	<u>\$264,484</u>	<u>\$184,301</u>	<u>\$ 725,560</u>	<u>\$ 629,426</u>	<u>\$ 3,087,945</u>	<u>\$ 476,525</u>	<u>\$ 102,811</u>	<u>\$ 3,667,281</u>	<u>\$2,129,898</u>

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

Community Crisis Services, Inc.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 403,023	\$ 1,279,822
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities:		
Depreciation	32,828	16,379
Less contributions restricted for long-term purposes	(204,673)	(1,143,116)
(Increase) decrease in operating assets:		
Accounts receivable	(287,431)	(330,636)
Prepaid expenses	(11,023)	15,085
Notes receivables	63,993	(39,092)
Increase (decrease) in operating liabilities:		
Accounts payable	218,384	4,059
Accrued salaries and related taxes	(51,757)	81,041
Accrued vacation	(6,594)	25,692
Deferred revenue - paycheck protection program	249,697	-
Net cash provided by / (used in) operating activities	406,447	(90,766)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(82,949)	(2,636)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	105,000	323,656
Principal payments on line of credit	(239,155)	(189,508)
Principal payments on capital lease obligation	(1,886)	(2,207)
Principal payments on mortgages payable	(25,890)	(24,647)
Net cash provided by / (used in) financing activities	(161,931)	107,294
Net change in cash and cash equivalents	161,567	13,892
Cash and cash equivalents at beginning of year	100,820	86,928
Cash and cash equivalents at end of year	\$ 262,387	\$ 100,820
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 11,656	\$ 10,484

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

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Nature and Organization

Community Crisis Services, Inc. (the Organization) is a non-profit Organization that provides crisis intervention and suicide prevention for residents of the State of Maryland / Washington, D.C. Metropolitan region regardless of race, color, religion, age, gender, sexual orientation, ethnic origin, financial status, or disability. Community Crisis Services, Inc.'s mission is to serve the community with prompt, non-judgmental and comprehensive response to crisis with the goal of supporting increased stability and coping skills through prevention, intervention, postvention, information and referral. Community Crisis Services, Inc.'s program areas are:

Homeless Program:

The Homeless Hotline is the single point of access for homeless individuals and families seeking shelter in Prince George's County. Information and referral are provided for callers that are not yet homeless.

The Shelter Diversion Program provides services for individuals and families. This innovative program helps people gain or maintain housing through case management, crisis intervention, emergency motel placements and Traveler's Aid services. This program is specifically designed to help families avoid a shelter stay.

The Hypothermia Shelter "Warm Nights" is a program provided from on or about Thanksgiving through mid-April. Warm Nights provides 50 additional beds for the homeless with the goal of preventing homeless persons from exposure and possible death during winter months. Warm Nights is a collaboration between 40 churches, the Prince George's County Department of Social Services and Community Crisis Services, Inc. Community Crisis Services, Inc. has been operating Warm Nights since the fall of 2006.

Crisis Services:

Community Crisis Services, Inc. operates three suicide hotlines. Suicide hotlines are specifically designed for those facing suicide to reach out 24 hours a day/seven days a week. The local suicide hotline is an original program of Community Crisis Services, Inc. dating back to 1970. Community Crisis Services, Inc. also answers calls for Southern Maryland and the National Suicide Prevention Lifeline and is a backup center nationally for TREVOR project.

The Maryland Youth Crisis Hotline (YCH) is a statewide initiative that provides a toll free crisis line to youth in need. The YCH is answered by four different hotlines in Maryland. Community Crisis Services, Inc. handles calls from Anne Arundel, Calvert, Charles, Montgomery, Prince George's and St. Mary's counties.

Protective Services Crisis Line: Community Crisis Services, Inc. provides the single point of access 24 hours a day/365 days a year for concerned individuals including parents, grandparents, teachers, neighbors, mental health workers, and daycare providers to report suspected abuse or neglect of children.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Nature and Organization (Cont.)

Crisis Services (Cont.):

Crisis Response System (CRS): Community Crisis Services, Inc. serves as the single point of access for community residents in psychiatric emergency who are in need of services. Community Crisis Services, Inc. does an initial assessment and then refers calls to the operations center at CRS. CRS services include urgent care appointments, emergency medication, and a mobile crisis team for assessments in the community. CRS works closely with the Prince George's County Police Departments.

Information Referral Services:

Maryland 2-1-1 is an integrated system for help via the telephone for Maryland residents. The program is a single source for information about community services, referrals to human services and crisis intervention. 2-1-1 call specialists connect people in need with people who have answers. There are four call centers in Maryland providing this service.

First Call For Help: Community Crisis Services, Inc. serves as the answering service after hours for First Call For Help, a statewide information and referral service operated by the United Way of Central Maryland. Community Crisis Services, Inc. works with two other agencies to ensure 24/7 coverage.

Staff at Community Crisis Services, Inc. provides suicide awareness and intervention training in the community using the safeTALK and ASIST best practice training models. Staff also provide Mental Health First Aid Training, Depression Screening events, and provides agency information through community visits.

Domestic Violence Services:

Community Crisis Services, Inc. provides year-round safe shelter to victims of intimate partner violence and human trafficking at its Safe Passages Shelter. There are 43 beds that serve individuals and families. The location is confidential to ensure the safety of the residents and staff. Survivors can gain shelter, information about community programs, and referrals to needed resources through the Domestic Violence Hotline which is answered 24 hours every day /365 days per year. Community Crisis Services provides education and individual/group counseling for survivors and perpetrators through our Family Violence Intervention Clinic in both English and Spanish.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Financial Statement Presentation

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions that are temporary in nature: those restrictions will be met by actions of the 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.

Revenue Recognition - Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor-imposed restriction. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represents deposits in checking, savings and money market accounts.

Accounts Receivable

Accounts receivable consists of amounts due from various grantors for services provided by program activities. Accounts receivable are stated at the amount management expects to collect from outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is determined by management based on their periodic review of individual account balances. Accounts receivable balances are charged against the allowance for doubtful accounts in the period management determines them to be uncollectible. The allowance for uncollectible accounts for the Organization totaled \$-0- and \$2,500 for the years ended June 30, 2020 and June 30, 2019, respectively.

Notes Receivable

Notes receivable consists of one note to a local non-profit organization with a similar mission to the Organization. Notes receivable are reported at the estimated net realizable amount. The Organization considers all notes receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

Pledges Receivable

Pledges receivable consists of unconditional promises to give and property, net of debt that will be contributed by a local non-profit organization with a similar mission to the Organization. All pledges are receivable in less than one year. Pledges receivable are reported at the estimated net realizable amount. The Organization considers all pledges receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 are capitalized and carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Gifts of long-lived assets such as land, buildings or equipment are recorded at their fair values and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Income Taxes

The Organization qualifies as a tax-exempt organization under *Section 501(c)(3)* of the Internal Revenue Code and is classified as other than a private foundation. Accordingly, no provision for income taxes has been made.

The Organization follows the guidance of *ASC 740-10*, “*Accounting for Uncertainty in Income Taxes*” which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Organization’s financial statements.

The Organization analyzes tax positions taken, including those related to the requirements set forth in *IRC Sec. 501(c)* to qualify as a tax-exempt organization, activities performed by volunteers and Board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland State statute. The Organization does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Organization’s financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after June 30, 2017 remain subject to examination by federal and state authorities.

Donated Services, Materials, and Equipment

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. Contributed services totaled \$53,784 and \$26,892 for the years ending June 30, 2020 and 2019 .

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. Donated materials and equipment totaled \$184,673 and \$1,143,116 for the year ending June 30, 2020 and 2019.

Allocation of Functional Expenses

Accounting principles generally accepted in the United States of America require all non-profit organizations to present their expenses on a functional basis, separating program services from management and general and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage or estimates of time and effort. The expenses that have been allocated based on estimates of time and effort include salaries and related expenses. The expenses that have been allocated based on usage include utilities, interest, rent, repairs and maintenance, office supplies, mailing supplies, and depreciation.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Advertising

The Organization’s policy is to expense advertising costs as the costs are incurred. Total advertising costs for the years ended June 30, 2020 and 2019 amounted to \$17,654 and \$25,594, respectively.

Reclassifications of Prior Year Balances

Certain reclassifications of the prior year balances have been made to conform to current year presentation.

New Accounting Pronouncement

On July 1, 2019, the Organization adopted *ASU 2018-08, “Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.”* This Standard provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. *ASU 2018-08* has been applied retrospectively to all periods presented. The adoption of *ASU 2018-08* did not have any impact on the Organization’s financial position, result of operations or cash flows.

Note 2 - Availability and Liquidity

The following represents the Organization’s financial assets at June 30:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 262,387	\$ 100,820
Accounts receivable - net of allowance	830,020	542,589
Pledges receivable	20,000	-
Notes receivable	-	63,993
Total financial assets	1,112,407	707,402
Less amounts not available to be used within one year due to:		
Net assets with donor restrictions (See Note 10)	(20,000)	(25,471)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,092,407	\$ 681,931

The Organization’s goal is to establish at least three months of average recurring operating costs in available liquidity (approximately \$920,000). Monthly average recurring costs are calculated by dividing total operating expenses for the year by twelve months. The Organization also has a \$180,000 line of credit (see Note 8) available to draw upon in the event of an unanticipated liquidity need.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 3 - Concentration of Cash Balances

At various times during the year, the Organization maintained cash balances in excess of the federally insured limit. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts in excess of the federally insured limit were approximately \$60,000 and \$-0- as of June 30, 2020 and 2019, respectively.

Note 4 - Property and Equipment

Property and equipment consisted of the following at June 30:

	Estimated Lives	2020	2019
Land	-	\$ 161,376	\$ 161,376
Land improvements	10 years	7,000	7,000
Building and improvements	5 - 40 years	357,289	357,289
Furniture and equipment	3 - 5 years	226,477	143,528
		752,142	669,193
Less accumulated depreciation		(306,939)	(274,111)
Net property and equipment		\$ 445,203	\$ 395,082

Depreciation expense for the years ended June 30, 2020 and 2019 was \$32,828 and \$16,379, respectively.

Note 5 - Accrued Vacation

Employees of the Organization are entitled to paid vacation, depending on the length of service and job classification. At June 30, 2020 and 2019, there were \$33,002 and \$39,596, respectively, of vacation benefits due to employees.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 6 - Mortgages Payable

The Organization has a mortgage payable with an original principal balance of \$199,813 which bears interest at 4.99%. The terms of this loan provided that the Organization make monthly payments of \$2,395 which includes principal and interest until January 2022. The balance of the mortgage payable at June 30, 2020 and 2019 was \$43,687 and \$69,577, respectively.

Future maturities of the mortgage are as follows:

<u>Year Ending June 30</u>	
2021	\$ 27,195
2022	<u>16,492</u>
	<u>\$ 43,687</u>

Interest expense for the years ended June 30, 2020 and 2019 was \$11,656 and \$10,484, respectively.

Note 7 - Capital Lease Obligations

In April 2015, the Organization leased office equipment which is accounted for as a capital lease. The lease dictates 60 monthly payments of \$191 beginning on May 1, 2015. The capital lease obligation is discounted at a 2.74% interest rate and has a capitalized value of \$10,698. In April 2020, the lease agreement expired and Organization began to lease the equipment month-to-month. The remaining book value of the office equipment at June 30, 2020 and 2019 is \$-0- and \$1,605, respectively. Amortization of the office equipment is included in depreciation expense.

Note 8 - Line of Credit

The Organization has a \$180,000 line of credit available until January 2026 which bears interest at the Wall Street Journal Prime Rate plus 1.30% and is secured by the Organization's building and equipment. The balance outstanding on the line as of June 30, 2020 and 2019 was \$-0- and \$134,155, respectively.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 9 - Retirement Plan

The Organization has established a 401(k) retirement plan. Funding is discretionary based on the Board of Directors decisions. The Organization did not make a discretionary contribution during the years ended June 30, 2020 and 2019.

Note 10 - Net Assets With Donor Restrictions

The Organization has received a renovation grant from the State of Maryland Department of Health (MDDH) in the amount of \$100,000 to assist with the purchase of the Organization's office. The agreement states that the Organization must use the facility for the use specified by MDDH. This restriction expires 30 years from the date of the agreement or in the year 2035.

The Organization received a contribution during the year ended June 30, 2017 in the amount of \$39,436 that was restricted by the donor to upgrade IT infrastructure.

The following summarizes net assets with donor restrictions as of June 30:

	2020	2019
Pledges receivable (time restricted) - Note 13	\$ 1,347,789	\$ 1,143,116
MDDH renovation grant	46,672	50,005
IT infrastructure upgrades	-	25,471
Total	\$ 1,394,461	\$ 1,218,592

Note 11 - Significant Funding Source

The Organization receives a majority of its total revenues through Federal funding and the State of Maryland, Prince George's County and various other local governments. The Organization is highly dependent upon government funding to continue its operations.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 12 - Contingencies

The Organization receives a substantial portion of its revenue from government grants and contracts, all of which are subject to audit by the government. Until such audits have been completed and final settlement reached, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management of the Organization is of the opinion that no significant liability will result from audit adjustments, if any.

In March 2020, the Organization experienced disruption of its daily operations due to the global COVID-19 (Coronavirus) pandemic. While the Organization expects this matter could potentially negatively impact its results of operations, cash flows, and financial position, the related impact cannot be reasonably estimated at this time.

Note 13 - Pledges Receivable and Donated Facilities

During the year ended June 30, 2019, the Organization entered into an agreement with Family Crisis Center, Inc. (FCC) , where the Organization will assume all operations and assets of FCC. The Organization recorded pledges receivable of \$1,327,789 and \$1,143,116 at June 30, 2020 and 2019, respectively. The pledges receivable are recorded at the estimated fair value of the donated property, net of debt, which is in the process of being titled into the Organization's name. During the year ended June 30, 2020 and 2019, FCC also donated the use of another leased facility to the Organization. The Organization recorded donated rent totaling \$53,784 and \$26,892 during the years ended June 30, 2020 and 2019, respectively. Donated rent is measured at the estimated fair market value of rent for similar facilities.

During the year ended June 30, 2020, the Organization received a pledge receivable from a foundation in the amount of \$20,000. The pledge is expected to be collected in July 2020.

Note 14 - Paycheck Protection Program

In May 2020, the Organization received \$400,000 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Organization has flexibility in determining the forgiveness period (may elect 8 weeks or 24 weeks), the specific start date for the determination of qualifying expenditures, and the specific expenses to be utilized in qualifying for forgiveness under the PPP. Due to the ongoing COVID-19 pandemic, additional legislation or guidance from SBA may be issued subsequent to the date of the financial statements clarifying various aspects of the PPP, especially regarding loan forgiveness.

Community Crisis Services, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 14 - Paycheck Protection Program (Cont.)

The Organization has accounted for the PPP funding as a conditional grant in the financial statements. As of June 30, 2020, the Organization's management determined the Organization has met the substantial requirements for partial forgiveness of the loan and as such, has recorded grant revenue totaling \$150,303 during the year ending June 30, 2020. The remaining balance of the loan that did not meet the criteria for recognition as of June 30, 2020, amounted to \$249,697 and is included in deferred revenue. The Organization's PPP funding is subject to formal forgiveness application as well as potential audit by the SBA.

Note 15 - Commitments – Operating Leases

In July 2019, the Organization entered into an agreement to lease property in Hyattsville, Maryland. The lease commenced in August 2019 for an initial one year term, with the option to extend for up to three additional years. The lease also calls for initial monthly payments of \$3,000. In August 2020, the Organization began to lease the property on a month-to-month basis.

Future minimum lease payments required under leases are as follows:

<u>Year Ending June 30:</u>	
2021	<u>\$ 3,000</u>

Total rent expense under lease agreements for the years ended June 30, 2020 and 2019 was \$33,000 and \$-0-, respectively.

Note 16 - Subsequent Events

The Organization has evaluated the impact of significant subsequent events. There have been no subsequent events through March 17, 2021, the date the Organization's financial statements were available to be issued, that require recognition or disclosure.

SUPPLEMENTAL INFORMATION

Community Crisis Services, Inc.
 SCHEDULE OF REVENUE AND EXPENSES –
 PRINCE GEORGE’S COUNTY DEPARTMENT OF FAMILY SERVICES
 June 30, 2020

	2020
Revenues	
Grant award	\$ 385,000
Expenses	
Salaries and payroll expenses	294,884
Fringe benefits	26,911
Repairs and maintenance	17,071
Consultant	14,789
Legal and accounting	9,000
Insurance and data storage	8,345
Utilities	8,000
Office supplies	6,000
Total expenses	385,000
Total revenue over expenses	\$ -