



FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

MONTGOMERY COUNTY COLLABORATION COUNCIL
FOR CHILDREN, YOUTH AND FAMILIES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Montgomery County Collaboration Council for Children,
Youth and Families, Inc.

Opinion

We have audited the accompanying financial statements of Montgomery County Collaboration Council for Children, Youth and Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montgomery County Collaboration Council for Children, Youth and Families, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montgomery County Collaboration Council for Children, Youth and Families, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery County Collaboration Council for Children, Youth and Families, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Montgomery County Collaboration Council for Children, Youth and Families, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery County Collaboration Council for Children, Youth and Families, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit

Alta CPA Group, LLC

October 24, 2022

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 2,106,992	\$ 897,958
Accounts Receivable	1,190,786	986,956
Prepaid Expenses	18,426	7,932
Total Current Assets	<u>3,316,204</u>	<u>1,892,846</u>
Property and Equipment:		
Furniture and Fixtures	85,844	82,145
Leashold Improvements	4,816	-
Less: Accumulated Depreciation	<u>(73,602)</u>	<u>(54,840)</u>
Net Property and Equipment	17,058	27,305
Other Assets:		
Deposits	<u>10,566</u>	<u>10,566</u>
Total Other Assets	<u>10,566</u>	<u>10,566</u>
Total Assets	<u>\$ 3,343,828</u>	<u>\$ 1,930,717</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 1,074,829	\$ 16,232
Accrued Expenses	90,417	87,025
Unapplied Grant Funds	<u>558,358</u>	<u>571,768</u>
Total Current Liabilities	<u>1,723,604</u>	<u>675,025</u>
Total Liabilities	1,723,604	675,025
Net Assets:		
Without Donor Restrictions	1,584,724	1,220,192
With Donor Restrictions	<u>35,500</u>	<u>35,500</u>
Total Net Assets	<u>1,620,224</u>	<u>1,255,692</u>
Total Liabilities and Net Assets	<u>\$ 3,343,828</u>	<u>\$ 1,930,717</u>

See auditor's report and accompanying notes to financial statements.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Government Contracts	\$ 5,444,511	\$ -	\$ 5,444,511	\$ 5,186,347	\$ -	\$ 5,186,347
Contributions	257,793	-	257,793	31,591	25,000	56,591
Interest Income	3,494	-	3,494	38,706	-	38,706
Net Assets Released from Restrictions	-	-	-	-	-	-
Total Support and Revenue	5,705,798	-	5,705,798	5,256,644	25,000	5,281,644
Operating Expenses:						
Program Services:						
Children with Intensive Needs	988,545	-	988,545	1,038,739	-	1,038,739
Community of Practice	82,046	-	82,046	75,174	-	75,174
Equal Justice for All Youth	933,890	-	933,890	1,196,262	-	1,196,262
Early Childhood	180,551	-	180,551	165,768	-	165,768
Info Montgomery	120,728	-	120,728	127,905	-	127,905
Out-of-School Time	1,162,167	-	1,162,167	732,334	-	732,334
Re-Engagement Center	843,597	-	843,597	489,247	-	489,247
Social Emotional	83,091	-	83,091	92,324	-	92,324
Substance Abuse Prevention	172,037	-	172,037	214,452	-	214,452
Systems of Care	2,690	-	2,690	281,624	-	281,624
Total Program Services	4,569,342	-	4,569,342	4,413,829	-	4,413,829
Supporting Services:						
Management and General	771,924	-	771,924	746,161	-	507,076
Total Supporting Services	771,924	-	771,924	746,161	-	746,161
Total Operating Expenses	5,341,266	-	5,341,266	5,159,990	-	5,159,990
Change in Net Assets	364,532	-	364,532	96,654	25,000	121,654
Net Assets at Beginning of Year	1,220,192	35,500	1,255,692	1,123,538	10,500	1,134,038
Net Assets at End of Year	<u>\$ 1,584,724</u>	<u>\$ 35,500</u>	<u>\$ 1,620,224</u>	<u>\$ 1,220,192</u>	<u>\$ 35,500</u>	<u>\$ 1,255,692</u>

See auditor's report and accompanying notes to financial statements.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services											Management and General	Total Expenses
	Children with Intensive Needs	Community of Practice	Equal Justice for All Youth	Early Childhood	Info- Montgomery	Re- Engagement Center	Social Emotional	Substance Abuse Prevention	Systems of Care	Time Out Of School	Program Services Total		
Direct Program Services:													
Direct Services	\$ 612,497	\$ 71,232	\$ 852,536	\$ 161,643	\$ 2,822	\$ 808,692	\$ 82,074	\$ 44,890	\$ -	\$ 857,496	\$ 3,493,882	\$ -	\$ 3,493,882
Direct Salaries	248,811	5,889	34,717	12,487	75,540	577	-	81,832	-	159,866	619,719	493,098	1,112,817
Direct Fringe	76,705	-	21,487	279	24,538	1,678	-	21,620	-	52,702	199,009	127,296	326,305
Total Direct Program Services	938,013	77,121	908,740	174,409	102,900	810,947	82,074	148,342	-	1,070,064	4,312,610	620,394	4,933,004
Indirect Expenses:													
Supporting Salaries	911	-	8,852	-	1,190	-	-	106	-	723	11,782	-	11,782
Supporting Fringe	253	-	2,459	-	331	-	-	29	-	201	3,273	-	3,273
Occupancy, Equipment, and Software	26,144	-	3,243	3,118	10,690	11,253	-	6,885	-	53,064	114,397	41,682	156,079
Professional Fees	7,261	3,581	3,053	1,371	3,953	12,959	750	3,017	2,667	30,538	69,150	67,145	136,295
Communications	705	-	5,016	-	531	3,950	-	-	-	2,341	12,543	3,758	16,301
Depreciation	-	-	-	-	-	-	-	-	-	-	-	18,762	18,762
Insurance	9,574	-	-	-	-	-	-	-	-	-	9,574	3,607	13,181
Advertisement	-	-	-	1,142	562	750	-	-	-	-	2,454	-	2,454
Supplies	721	107	362	426	106	1,452	267	325	-	-	3,766	4,544	8,310
Outreach and Education	-	802	-	85	-	166	-	13,333	-	156	14,542	873	15,415
Professional Development	1,773	-	-	-	405	312	-	-	-	150	2,640	3,422	6,062
Fees and Dues	3,142	435	1,636	-	60	1,808	-	-	23	4,930	12,034	7,377	19,411
Miscellaneous	48	-	529	-	-	-	-	-	-	-	577	360	937
Total Indirect Expenses	50,532	4,925	25,150	6,142	17,828	32,650	1,017	23,695	2,690	92,103	256,732	151,530	408,262
Total Expenses	\$ 988,545	\$ 82,046	\$ 933,890	\$ 180,551	\$ 120,728	\$ 843,597	\$ 83,091	\$ 172,037	\$ 2,690	\$ 1,162,167	\$ 4,569,342	\$ 771,924	\$ 5,341,266

See auditor's report and accompanying notes to financial statements.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services											Management and General	Total Expenses	
	Children with Intensive Needs	Community of Practice	Equal Justice for All Youth	Early Childhood	Info- Montgomery	Re- Engagement Center	Social Emotional	Substance Abuse Prevention	Systems of Care	Time Out Of School	Program Services Total			
Direct Program Services:														
Direct Services	\$ 636,783	\$ 69,616	\$ 994,074	\$ 158,482	\$ -	\$ 486,011	\$ 92,324	\$ 83,725	\$ 177,685	\$ 507,194	\$ 3,205,894	\$ 23,367	\$ 3,229,261	
Direct Salaries	220,609	-	79,972	5,285	76,509	-	-	77,961	20,045	118,632	599,013	517,571	1,116,584	
Direct Fringe	68,862	-	52,886	1,220	15,091	-	-	20,642	6,812	23,526	189,039	119,234	308,273	
Total Direct Program Services	926,254	69,616	1,126,932	164,987	91,600	486,011	92,324	182,328	204,542	649,352	3,993,946	660,172	4,654,118	
Indirect Expenses:														
Supporting Salaries	839	-	18,349	10	1,190	-	-	106	-	746	21,240	-	21,240	
Supporting Fringe	188	-	4,107	2	266	-	-	24	-	167	4,754	-	4,754	
Occupancy, Equipment, and Software	21,010	1,500	6,467	769	14,723	-	-	10,431	32,253	51,939	139,092	49,984	189,076	
Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Fees	58,764	4,058	26,548	-	12,440	-	-	8,853	20,451	19,180	150,294	22,292	172,586	
Printing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Communications	2,016	-	4,808	-	4,117	-	-	2,061	2,921	2,757	18,680	194	18,874	
Depreciation	200	-	-	-	-	-	-	-	15,640	-	15,840	3,271	19,111	
Insurance	4,940	-	5,626	-	143	-	-	1,758	1,782	734	14,983	368	15,351	
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	
Advertisement	-	-	-	-	1,943	-	-	-	1,922	-	3,865	-	3,865	
Supplies	962	-	660	-	656	-	-	441	1,402	1,864	5,985	6,183	12,168	
Outreach and Education								7,696	-		7,696	1,045	8,741	
Professional Development	-	-	-	-	-	-	-	220	-	148	368	1,510	1,878	
Travel, Meals and Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Postage and Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fees and Dues	23,095	-	2,223	-	624	1,412	-	359	621	2,557	30,891	666	31,557	
Miscellaneous	471	-	542	-	203	1,824	-	175	90	2,890	6,195	476	6,671	
Total Indirect Expenses	112,485	5,558	69,330	781	36,305	3,236	-	32,124	77,082	82,982	419,883	85,989	505,872	
Total Expenses	\$ 1,038,739	\$ 75,174	\$ 1,196,262	\$ 165,768	\$ 127,905	\$ 489,247	\$ 92,324	\$ 214,452	\$ 281,624	\$ 732,334	\$ 4,413,829	\$ 746,161	\$ 5,159,990	

See auditor's report and accompanying notes to financial statements.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 364,532	\$ 121,654
Adjustments to Reconcile Change in Net Assets to Net Cash		
Depreciation	18,762	19,111
Change in Assets and Liabilities:		
Decrease (Increase) In Accounts Receivable	(203,830)	(83,213)
Decrease (Increase) in Prepaid Expenses	(10,494)	29,388
Decrease (Increase) in Employee Advances	-	-
Increase (Decrease) in Accounts Payable	1,058,597	(437,448)
Increase (Decrease) in Accrued Expenses	3,392	(72,698)
Increase (Decrease) in Unapplied Grant Funds	<u>(13,410)</u>	<u>263,265</u>
Net Cash Used (Provided) by Operating Activities	1,217,549	(159,941)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(8,515)</u>	<u>(3,776)</u>
Net Cash Used by Investing Activities	(8,515)	(3,776)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	1,209,034	(163,717)
Cash at Beginning of Year	<u>897,958</u>	<u>1,061,675</u>
Cash at End of Year	<u>\$ 2,106,992</u>	<u>\$ 897,958</u>

See auditor's report and accompanying notes to financial statements.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION

Montgomery County Collaboration Council for Children, Youth and Families, Inc. (the "Collaboration Council" or the "Organization") was organized in March 2004 as a nonprofit corporation and was designated as the Local Management Board (LMB) for Montgomery County, Maryland effective July 1, 2004.

The Collaboration Council plans, coordinates, funds and monitors specific interagency services to improve child well-being in Montgomery County. As an LMB, the Collaboration Council has a role at the systems and program levels to engage its public and private partners, parents and others to identify needs and gaps in services and to facilitate problem solving to address the items identified. The Collaboration Council is also responsible for the implementation of programs funded under the Community Partnership Agreement (CPA) with the Governor's Office for Children, of the State of Maryland (GOC).

The programs provided by the Collaboration Council include:

Children with Intensive Needs - Children with intensive needs include those children who have severe emotional, behavioral and/or developmental disabilities. They require a level of intensive services that can only come from cross-agency collaboration in service planning and delivery, funding and oversight. Working with partners, the Collaboration Council works to direct parents to the most appropriate services; lead efforts to bring fragmented resources together on both the family and program levels; and build effective community-based programs all contributing to the local system of care.

Youth Development Community of Practice is a county-wide knowledge sharing and learning entity designed to provide professional development resources for youth development practitioners in Montgomery County. The entity focuses on increasing knowledge of best practices to enhance the skills of youth development practitioners, and ultimately strengthen the capacity of youth serving organizations. The YD CoP makes it possible for young people in the county to have the highest quality programs and services.

Excel Beyond the Bell is a public-private partnership offering safe, quality and accessible out-of-school time programs (www.excelbeyondthebell.org). Together with the Montgomery County Recreation Department, Montgomery County Public Schools and a number of community-based organizations, our comprehensive middle school program pilot has grown from serving three to eight middle schools since fall of 2010. Program quality and professional development plays an integral role in the out-of-school time system; last year over 100 organizations participated in our workshops focusing on positive youth development principles and best practices in the field.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION (CONTINUED)

Equal Justice for All Youth is our initiative that brings together both public agencies and private organizations to ensure that youth of color who have historically faced disparities receive equitable treatment within the juvenile justice and educational systems. An example of our convening ability is our role as the lead agency in the “My Brother’s Keeper” initiative, launched nationally in 2014 by President Obama. We have also spearheaded the conversation and work-around redressing the effects of the “School to Prison Pipeline” within our school system. These actions have led to historic declines in the numbers of youth being needlessly detained before adjudication, an increased number of youths receiving support to address mental health issues and a larger presence of youth voice in meetings and decisions where they traditionally have been marginalized.

Home Visiting - A program that delivers home-based parenting education and case management services to ensure that families have income support and health care (among other services), so that their children, birth to 5 years, are achieving developmental milestones in safe, stable families and enter school ready to learn.

The Basics - The campaign consists of five evidence-based parenting and caregiving principles that promote high-quality cognitive and social-emotional development among children 0-5. Based on the five pillars, The Basics campaign supports community-level initiatives to improve early childhood outcomes, including kindergarten readiness.

Info-Montgomery is a collaborative effort of public and private agencies to provide detailed information about health, education and human service resources throughout Montgomery County, MD. It is the goal of *info-Montgomery* to link individuals and families with services that can help.

Re-Engagement Center offers young adults between the ages of 16 and 24 the opportunity to be connected to employment and GED/Diploma assistance services. Participants interact with Peer Connectors, Employment Specialists, and Educational Specialists to develop skills and be directly connected to employment and educational programs.

SEL Girl’s Mentoring Group is a social-emotional learning (SEL) pilot in partnership with Crittenton Services of Greater Washington in order to examine the developmental, academic and engagement impact of expanding middle school access to SEL/Mentoring-focused out of school time (OST) programs while providing resources to increase OST providers’ capacity on participating youth and families.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION (CONTINUED)

Substance Abuse Prevention serves as the catalyst to drive the prevention message against underage alcohol and drug use, with a focus on the current opiate epidemic in Montgomery County. A coalition of over 100 individuals representing many government, educational, public, private and faith-based organizations, as well as citizens who have lost loved ones to fatal opiate overdoses and those who have suffered non-fatal overdoses meet regularly to share prevention related news updates, ideas for strategies toward effective education of youth, parents, medical staff, and other audiences, while also evaluating what works, what doesn't, and what can be done more effectively. Planning efforts have led to a partnership with the Montgomery County State's Attorney's Office and Department of Health to participate in the outreach presentation of *Speak Up, Save a Life*.

Systems of Care is a partnership among public and private agencies in Montgomery County working together to increase the behavioral health services of children and youth. The system begins with a centralized Pathway to Services; residents can make a call and be referred to community services or to the Local Care Team of professional from over ten agencies. The Local Care Team collectively works to create a plan of care that moves children and their family towards better health.

Youth Advisory Council is a group of County youth ages 16 to 24 who are committed to being ambassadors for youth voice in programing. These ambassadors engage their community, show leadership, and work together to spread the mission of centering youth voice.

Youth Sports Initiative is a county-wide public-private partnership with the Montgomery County Council, Montgomery County Recreation Department, and Montgomery County Office of Community Use of Public Facilities to increase the equitable access to quality sports programming for all youth across the county. Funding support helps provide subsidized space to providers who, in turn, pass on fewer fees to Montgomery County youth wishing to participate in instructional or competitive sports.

Montgomery County Community Youth Support & Engaqement (MoCoCYSE) is a county-wide public-private partnership with Montgomery County Council & the Montgomery County Department of Recreation to deliver community-based and located quality out-of-school time programming to school-aged youth. Programs provided direct enrichment, STEM, mentoring, wellness, social-emotional learning and arts programming as well as referrals to wraparound and wellbeing resources for participating families.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION (CONTINUED)

Out-of-School Time Programs (OST Programs) are programs designed to engage children and youth in services, supports and opportunities in times when schools are not in operation. OST programs include programming models such as before and after school programs, break camps, day camps, afterschool sports practices/ clinics that engage children and youth and provide safety, supervision, and provision of experiences that support children and youth's positive development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 those estimates.

MONTGOMERY COUNTY COLLABORATION COUNCIL FOR CHILDREN, YOUTH AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers cash on hand, cash on deposit with banks and in money markets, and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables are stated at amounts estimated by management to be the net realizable value. The Collaboration Council charges off accounts receivable when it becomes apparent based upon age or circumstances that the amounts will not be collected.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through charges to the provision for bad debts. The Organization evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs, management's judgement of the probability of collecting accounts and management's evaluation of business risks. Management estimates that as of June 30, 2022 and 2021, there was no allowance for doubtful accounts necessary.

Property and Equipment

Property and equipment are recorded at cost. The cost of maintenance and repairs is recorded as an expense when incurred. The Organization capitalizes major acquisitions of \$3,000 or more with useful lives greater than a year.

Depreciation is calculated using the straight line method over the estimated useful lives of three years for furniture and equipment. Depreciation expense for the years ended June 30, 2022 and 2021 was \$18,762 and \$19,111, respectively.

Revenue Recognition

Contributions are recognized as revenue when received or when an unconditional promise to give has been received and sufficient documentation exists. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Donor restricted contributions whose restrictions are met in the same reporting period, are reported as support without donor restrictions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2022 and 2021. The Organization's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

Allocation of Expenses

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

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses which benefit more than one function are allocated on a reasonable basis that is consistently applied; the basis of allocation is estimates of time and effort maintained by each employee.

The Management and General expenses of \$771,924 on the statement of functional expenses include expenses for programs funded through the Governor's Office of Crime Preservation, Youth and Victim Services (GOCPYVS).

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to October 24, 2022 that would have a material impact on the financial statements.

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NOTE 3 - LINE OF CREDIT

The Organization has a line of credit with a maximum borrowing of \$100,000. Interest is payable monthly at the prime rate plus 2.0%, with a minimum rate of 5.59%.

The line is secured by the Organization's assets. As of June 30, 2022 and 2021, there was no outstanding balance on the line. Per the agreement, there is no end date unless both parties agree to terminate the agreement in writing.

NOTE 4 - RETIREMENT PLAN

The Collaboration Council has a 401(k) retirement plan covering substantially all of the employees of the Organization. Employees may make elective deferrals into the plan. In addition, employer contributions into the plan may be made at the discretion of the Board of Directors. The Collaboration Council's contribution to the 401(k) plan during the years ended June 30, 2022 and 2021 was \$42,364 and \$42,509, respectively.

NOTE 5 - OPERATING LEASES

The Collaboration Council leases office space and equipment under non-cancelable leases through September 2022. Rent expense under these office and equipment leases for the years ended June 30, 2022 and 2021 was \$93,048 and \$132,768, respectively, and has been included as part of occupancy and equipment leases in the statement of functional expenses.

The Collaboration Council has relocated from its current location and entered into a lease for office space at 1803 Research Blvd. This lease commences on June 30, 2021 and shall last five years from the current lease expiration date of September 30, 2022.

Minimum future rental payments under non-cancelable leases as of June 30, are:

2023	\$	80,923
2024		77,679
2025		79,815
2026		82,010
2027		<u>21,066</u>
Total	\$	<u>341,493</u>

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 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 - CONCENTRATIONS

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each institution. At June 30, 2022, Collaboration Council had no cash balances that exceeded the FDIC limits, since they use a sweep account to diminish any loss.

The Council has not experienced any losses in such accounts and does not believe it is exposed to any significant risk on cash and cash equivalents.

The Collaboration Council receives a substantial portion of its revenue from state and local governments. The Organization is heavily reliant on funding from State, County, and Federal appropriations. In the event that appropriations are reduced, there will be an impact on the Collaboration Council's ability to carry out its missions and programs. The table below shows the percentage of revenue associated with these sources:

<u>Source</u>	<u>2022</u>	<u>2021</u>
State of Maryland	36%	40%
Montgomery County, Maryland	64%	55%
Federal Funds	0%	5%

The Organization's accounts receivable is concentrated with the federal, state, and local governments. The table below shows the percentage of accounts receivable associated with these sources:

<u>Source</u>	<u>2022</u>	<u>2021</u>
State of Maryland	17%	23%
Montgomery County, Maryland	83%	77%

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NOTE 7 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. When necessary the Organization may draw on its line of credit to meet general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,106,992	\$ 897,958
Accounts Receivable	<u>1,190,786</u>	<u>986,956</u>
Total Current Financial Assets at Year End	3,297,778	1,884,914
Amounts Unavailable for General Expenditures		
Within One Year, Due to:		
Restricted by Donors	<u>(35,500)</u>	<u>(35,500)</u>
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>3,262,278</u>	\$ <u>1,849,414</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Time Restricted	<u>35,500</u>	<u>35,500</u>
Total	\$ <u>35,500</u>	\$ <u>35,500</u>