

# **CASA, INC.**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

*CPAs / ADVISORS*



# CASA, INC.

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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
CASA, Inc.  
Louisville, Kentucky

### Report on the Financial Statements

We have audited the accompanying financial statements of CASA, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position, as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors  
CASA, Inc.  
Louisville, Kentucky

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, 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.

*Blue & Co., LLC*

Louisville, Kentucky  
June 10, 2016

**CASA, INC.**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014

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	2015	2014
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash	\$ 645,807	\$ 519,514
Grants and contributions receivable	4,023	6,545
Unconditional promises to give	13,860	27,967
Prepaid expenses	4,256	736
Improvements and equipment, net	<u>563,202</u>	<u>599,793</u>
Total assets	<u>\$ 1,231,148</u>	<u>\$ 1,154,555</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 2,402	\$ 7,091
<b>Net assets</b>		
Unrestricted	1,214,886	1,119,497
Temporarily restricted	<u>13,860</u>	<u>27,967</u>
Total net assets	<u>1,228,746</u>	<u>1,147,464</u>
Total liabilities and net assets	<u>\$ 1,231,148</u>	<u>\$ 1,154,555</u>

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*See accompanying notes to financial statements.*

# CASA, INC.

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and support</b>						
Grants and contributions	\$ 515,534	\$ 0	\$ 515,534	\$ 529,987	\$ 9,859	\$ 539,846
Investment income	377	0	377	5,079	0	5,079
Special events	194,455	0	194,455	279,069	0	279,069
Special events direct expense	(53,849)	0	(53,849)	(78,070)	0	(78,070)
Other income	<u>12,463</u>	<u>0</u>	<u>12,463</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenue and support	668,980	0	668,980	736,065	9,859	745,924
<b>Net assets released from restriction</b>						
Restrictions satisfied by payments	<u>14,107</u>	<u>(14,107)</u>	<u>0</u>	<u>32,105</u>	<u>(32,105)</u>	<u>0</u>
Total revenue, support, and reclassifications	683,087	(14,107)	668,980	768,170	(22,246)	745,924
<b>Expenses</b>						
Program services	457,651	0	457,651	480,329	0	480,329
Management and general	58,115	0	58,115	46,930	0	46,930
Fundraising	<u>71,932</u>	<u>0</u>	<u>71,932</u>	<u>38,282</u>	<u>0</u>	<u>38,282</u>
Total expenses	<u>587,698</u>	<u>0</u>	<u>587,698</u>	<u>565,541</u>	<u>0</u>	<u>565,541</u>
Change in net assets	95,389	(14,107)	81,282	202,629	(22,246)	180,383
<b>Net assets, beginning of year</b>	<u>1,119,497</u>	<u>27,967</u>	<u>1,147,464</u>	<u>916,868</u>	<u>50,213</u>	<u>967,081</u>
<b>Net assets, end of year</b>	<u>\$ 1,214,886</u>	<u>\$ 13,860</u>	<u>\$ 1,228,746</u>	<u>\$ 1,119,497</u>	<u>\$ 27,967</u>	<u>\$ 1,147,464</u>

See accompanying notes to financial statements.

# CASA, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 224,336	\$ 27,600	\$ 44,100	\$ 296,036	\$ 246,240	\$ 20,168	\$ 19,559	\$ 285,967
Payroll taxes	17,884	2,150	3,415	23,449	19,596	1,553	1,512	22,661
Employee benefits	14,446	1,979	3,134	19,559	14,202	1,267	1,229	16,698
Other employee benefits	20,838	3,556	6,655	31,049	25,528	1,867	2,056	29,451
Postage and office expense	33,392	2,127	4,676	40,195	31,892	2,180	3,767	37,839
Occupancy	51,101	3,087	3,087	57,275	50,196	3,148	3,148	56,492
Printing	2,299	0	1,706	4,005	4,069	63	2,069	6,201
Board expense	111	602	0	713	0	817	0	817
Volunteers and training	7,910	0	0	7,910	7,557	0	0	7,557
Insurance	8,863	412	488	9,763	13,276	640	740	14,656
Accounting and bookkeeping	0	10,620	0	10,620	0	10,235	0	10,235
Travel and meetings	15,477	621	728	16,826	8,949	1,633	712	11,294
Public relations and fundraising	0	0	277	277	0	0	119	119
Advertising	343	1	2	346	1,375	0	105	1,480
Dues and publications	754	21	355	1,130	296	339	176	811
Licenses and permits	0	90	84	174	0	24	197	221
Miscellaneous	5,857	388	309	6,554	5,028	356	296	5,680
Repairs, maintenance, and rental	4,682	268	523	5,473	5,000	306	263	5,569
Program expenses	6,275	0	0	6,275	5,122	0	0	5,122
Bad debt expense	0	2,200	0	2,200	0	0	0	0
Depreciation	<u>43,083</u>	<u>2,393</u>	<u>2,393</u>	<u>47,869</u>	<u>42,003</u>	<u>2,334</u>	<u>2,334</u>	<u>46,671</u>
Total expenses	<u>\$ 457,651</u>	<u>\$ 58,115</u>	<u>\$ 71,932</u>	<u>\$ 587,698</u>	<u>\$ 480,329</u>	<u>\$ 46,930</u>	<u>\$ 38,282</u>	<u>\$ 565,541</u>

See accompanying notes to financial statements.

**CASA, INC.****STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

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	<u>2015</u>	<u>2014</u>
<b>Operating activities</b>		
Change in net assets	\$ 81,282	\$ 180,383
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	47,869	46,671
Bad debt expense	2,200	0
Changes in operating assets and liabilities:		
Grants and contributions receivable	2,522	(3,265)
Unconditional promises to give	11,907	22,246
Prepaid expenses	(3,520)	(736)
Accounts payable and accrued expenses	<u>(4,689)</u>	<u>1,144</u>
Net cash flows from operating activities	137,571	246,443
<b>Investing activities</b>		
Purchase of improvements and equipment	<u>(11,278)</u>	<u>0</u>
Net change in cash	126,293	246,443
<b>Cash, beginning of year</b>	<u>519,514</u>	<u>273,071</u>
<b>Cash, end of year</b>	<u><u>\$ 645,807</u></u>	<u><u>\$ 519,514</u></u>

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*See accompanying notes to financial statements.*



# **CASA, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

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### **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Court Appointed Special Advocate (CASA) Project of Jefferson County, Kentucky is a private, non-profit organization incorporated in November 1984.

The mission of CASA is to provide volunteer advocates who are committed to work on behalf of abused and neglected children involved in the court system. CASA volunteers provide a constant source of information to the court and undertake any and all activities necessary for the promotion of these children's health, safety, and welfare until a permanent disposition of their court case is made.

To perform this important advocacy function for needy children, CASA recruits, screens, trains, supervises and supports individuals from the community to gather information from all parties to the case, (social workers, attorneys, teachers, mental health professionals), visit the child weekly and report back to the courts their findings and recommendations. CASA volunteers take only one case at a time and continue with the case until the child is in a safe and permanent home.

CASA is supported primarily through donor grants, contributions, and fund raising events.

#### Management's 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 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.

#### Basis of Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and have been prepared to focus on CASA as a whole and to present balances and transactions according to the existence or absence of donor imposed restrictions.

*Unrestricted net assets* represent those net assets that CASA may use at its discretion.

*Temporarily restricted net assets* result from bequests, contributions, and other inflows of assets whose use by CASA is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CASA pursuant to those stipulations.

# **CASA, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

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### Allocation of Expenses

The costs of providing various program services and program activities have been summarized on a functional basis in the statement of activities. In accordance with accounting principles generally accepted in the United States of America, certain costs have been allocated among the various functions. While the methods of allocation are considered appropriate, other methods could produce different results.

### Grants and Contributions Receivable

Grants and contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. CASA provides for losses on grants receivable using the allowance method. The allowance is based on an estimate of what might not be collected. It is CASA's policy to charge off uncollectible grants and contributions receivable when management determines the grant or contribution will not be collected. No receivables are considered by management to be uncollectible at December 31, 2015 and 2014.

### Promises to Give

Promises to give are recognized when the donor makes a promise to give to CASA that is, in substance, unconditional. Unconditional pledges receivable becoming due in the next year are recorded at net realizable value. Unconditional pledges receivable due in subsequent years are reported at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### Improvements and Equipment

Improvements and equipment are recorded at cost, or if donated, at the approximate fair value at the date of donation. The cost of equipment purchased in excess of \$500 is capitalized. Depreciation is computed using primarily the straight-line method over the estimated lives of the assets ranging from five to twenty years.

### Contributions

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction

# **CASA, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

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ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

### Donated Facilities, Goods and Services

CASA pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist CASA with programs, solicitations and various committee assignments.

The value of donated facilities, goods and services has been recorded as income and expense in the statements of activities.

### Income Tax Status

CASA, Inc. is a charitable, nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by CASA and recognize a tax liability if CASA has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by CASA, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. CASA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, CASA is generally exempt from income taxes. However, CASA is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

### Date of Management's Review

CASA has evaluated all subsequent events through June 10, 2016, the date the financial statements were available to be issued.

# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### 2. CONCENTRATIONS OF CREDIT RISK

Cash - CASA periodically has cash balances in financial institutions in excess of amounts federally insured. The risk is managed by maintaining all deposits in high quality financial institutions.

Promises to Give - Concentrations of credit risk with respect to promises to give are limited due to the large number of contributors comprising CASA's contributor base and their dispersion across different industries and geographic areas.

Concentration of Revenue - CASA receives a substantial amount of its support from public support generated from special events and fundraising. A significant reduction in the level of this support, if it were to occur, may have an effect on programs and activities. 21% and 27% of public support and revenue was generated from special events for fundraising in 2015 and 2014, respectively.

### 3. PROMISES TO GIVE

The promises to give balances are unconditional and consist of the following:

	2015	2014
Programs	\$ 15,100	\$ 30,800
Receivable in less than one year	\$ 8,100	\$ 16,800
Receivable in one to five years	7,000	14,000
Total unconditional promises to give	15,100	30,800
Less discounts to net present value	333	984
Less allowance for uncollectible promises receivable	906	1,849
Net unconditional promises to give	\$ 13,861	\$ 27,967

## **CASA, INC.**

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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Promises to give which are receivable in future periods are reflected at the present value of the estimated future cash flows using a discount rate of 5%.

As of December 31, 2015 and 2014, CASA had received conditional promises to give with a balance of \$100,000 during each year. These conditional promises to give will not be recognized as an asset or revenue until the conditions are substantially met.

#### **4. IMPROVEMENTS AND EQUIPMENT**

A summary of improvements and equipment and accumulated depreciation is as follows:

	<u>2015</u>	<u>2014</u>
Building improvements	\$ 622,268	\$ 622,268
Computer equipment	33,236	27,663
Office equipment	<u>115,641</u>	<u>109,936</u>
	771,145	759,867
Less accumulated depreciation	<u>207,943</u>	<u>160,074</u>
	771,145	759,867
Improvements and equipment, net	<u><u>\$ 563,202</u></u>	<u><u>\$ 599,793</u></u>

#### **5. RETIREMENT BENEFITS**

CASA contributes up to 7% of salaries to a 401(k) retirement plan covering all eligible employees, depending on years of service. The plan may also receive voluntary employee contributions. During the years ended December 31, 2015 and 2014, CASA's contribution was \$19,559 and \$16,698, respectively.

# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### 6. LEASES

CASA is leasing a copier for \$274 per month, expiring March 2019, and office space for \$175 per month, expiring April, 2016. Future minimum lease payments are as follows:

Year ending December 31,

2016	\$	3,988
2017		3,288
2018		3,288
2019		822
		<hr/>
Total future minimum lease payments	\$	<u>11,386</u>

Lease expense for 2015 and 2014 was \$5,388 and \$4,352, respectively.

### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Programs	<u>\$ 13,860</u>	<u>\$ 27,967</u>

## CASA, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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#### 8. DONATED FACILITIES, GOODS AND SERVICES

CASA records various types of in-kind support, including donated facilities, goods and services and other tangible assets. The amounts recorded for 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Office space donated by Kosair Charities. The estimated fair rental value of the premises is reported as support and expense.	\$ 46,104	\$ 46,104
Donated food and office supplies. The estimated fair value of these goods is reported as support and expense.	<u>3,604</u>	<u>26,484</u>
Total donated facilities, goods and services	<u>\$ 49,708</u>	<u>\$ 72,588</u>

CASA also receives direct, advocate service from its volunteers. Donated services of these volunteers have not been recorded since the services do not meet the criteria for recognition as contributed services. The estimated fair value of these services for 2015 and 2014 was approximately \$613,000 and \$527,000, respectively.