

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

CASA, INC.

DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CASA, Inc.

We have audited the accompanying statements of financial position of CASA, Inc. (a not-for-profit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anderson, Bryant, Lasky + Wainbow, P.S.C.

Louisville, Kentucky
April 16, 2008

**STATEMENTS OF FINANCIAL POSITION
CASA, INC.
DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$587,690	\$552,650
Grants and accounts receivable	5,015	9,037
Inventory	2,849	3,010
Prepaid expenses	3,150	5,163
Equipment, net	<u>2,883</u>	<u>4,393</u>
 Total assets	 <u>\$601,587</u>	 <u>\$574,253</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 6,958	\$ 2,752
Accrued expenses	<u>290</u>	<u>246</u>
 Total liabilities	 <u>7,248</u>	 <u>2,998</u>
 Net assets		
Unrestricted	594,339	561,255
Temporarily restricted	<u>0</u>	<u>10,000</u>
 Total net assets	 <u>594,339</u>	 <u>571,255</u>
 Total liabilities and net assets	 <u>\$601,587</u>	 <u>\$574,253</u>

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

**STATEMENTS OF ACTIVITIES
CASA, INC.
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Public support and revenue		
Government grants	\$ 14,733	\$ 11,400
Corporate	41,300	33,100
Organizations	13,536	5,329
Foundations and trusts	35,200	46,773
Individual contributions	98,747	65,681
Investment income	20,650	19,766
Special events and other	360,776	369,163
Special events and other direct expense	(115,029)	(136,807)
Donated facilities, goods and services	<u>31,260</u>	<u>36,010</u>
Total public support and revenue	501,173	450,415
Net assets released from restrictions		
Satisfaction of restrictions	<u>10,000</u>	<u>0</u>
Total public support, revenue, and reclassifications	<u>511,173</u>	<u>0</u>
Expenses		
Program services	355,014	308,644
Management and general	41,538	45,545
Fund development	<u>81,537</u>	<u>69,661</u>
Total expenses	<u>478,089</u>	<u>423,850</u>
Increase in unrestricted net assets	<u>33,084</u>	<u>26,565</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions and grants	0	10,000
Net assets released from restrictions	<u>(10,000)</u>	<u>0</u>
Increase (decrease) in temporarily restricted net assets	<u>(10,000)</u>	<u>10,000</u>
Increase in net assets	23,084	36,565
Net assets at beginning of year	<u>571,255</u>	<u>534,690</u>
Net assets at end of year	<u>\$594,339</u>	<u>\$571,255</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES
CASA, INC.
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>
Salaries	\$283,051	\$215,227	\$19,896	\$47,928
Payroll taxes	22,587	17,175	1,588	3,824
Retirement benefits	19,677	14,962	1,383	3,332
Other employee benefits	26,898	20,453	1,891	4,554
Postage and office expense	14,954	11,371	1,051	2,532
Printing	14,255	7,111	343	6,801
Volunteers and training	17,956	17,956	0	0
Insurance	4,882	3,712	343	827
Accounting and bookkeeping	11,630	0	11,630	0
Travel and meetings	2,882	2,882	0	0
Holiday giving families	1,000	1,000	0	0
Public relations and fundraising	18,992	11,766	1,088	6,138
Advertising	169	128	12	29
Dues and publications	876	666	62	148
Licenses and permits	1,819	1,383	128	308
Miscellaneous	3,691	2,807	259	625
Depreciation	1,510	1,148	106	256
Donated facilities, goods and services	<u>31,260</u>	<u>25,267</u>	<u>1,758</u>	<u>4,235</u>
Total expenses	<u>\$478,089</u>	<u>\$355,014</u>	<u>\$41,538</u>	<u>\$81,537</u>

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

2006

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>
Salaries	\$247,543	\$181,641	\$21,840	\$44,062
Payroll taxes	23,683	17,378	2,089	4,216
Retirement benefits	15,849	11,630	1,398	2,821
Other employee benefits	21,368	15,679	1,886	3,803
Postage and office expense	13,759	10,096	1,214	2,449
Printing	6,538	4,797	577	1,164
Volunteers and training	16,355	16,355	0	0
Insurance	3,898	2,860	344	694
Accounting and bookkeeping	11,914	0	11,914	0
Travel and meetings	5,279	5,279	0	0
Holiday giving families	1,052	1,052	0	0
Public relations and fundraising	15,040	9,708	1,167	4,165
Advertising	0	0	0	0
Dues and publications	805	591	71	143
Licenses and permits	1,105	811	97	197
Miscellaneous	2,343	1,719	207	417
Depreciation	1,309	961	115	233
Donated facilities, goods and services	<u>36,010</u>	<u>28,087</u>	<u>2,626</u>	<u>5,297</u>
 Total expenses	 <u>\$423,850</u>	 <u>\$308,644</u>	 <u>\$45,545</u>	 <u>\$69,661</u>

STATEMENTS OF CASH FLOWS
CASA, INC.
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 23,084	\$ 36,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,510	1,309
(Increase) decrease in operating assets:		
Grants and accounts receivable	4,022	6,403
Inventory	161	2,035
Prepaid expenses	2,013	176
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>4,250</u>	<u>(8,648)</u>
Net cash provided by operating activities	<u>35,040</u>	<u>37,840</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>0</u>	<u>(3,619)</u>
Net cash provided (used) by investing activities	<u>0</u>	<u>(3,619)</u>
Net increase in cash	35,040	34,221
Cash at beginning of year	<u>552,650</u>	<u>518,429</u>
Cash at end of year	<u>\$587,690</u>	<u>\$552,650</u>

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

NOTES TO FINANCIAL STATEMENTS
CASA, INC.
DECEMBER 31, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 court their findings and recommendations. CASA volunteers take only one case at a time and continue with that case until the child is in a safe and permanent home.

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

Basis of Accounting

The financial statements of CASA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Cash and Cash Equivalents

CASA considers all cash accounts and certificates of deposit to be cash and cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently 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 or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Concentration of Revenue

48% and 52% of public support and revenue was generated from special events for fundraising in 2007 and 2006, respectively.

Donated Services

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

Donated Facilities, Goods and Services

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Income Tax Status

CASA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, CASA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Expense Allocation

Expenses are charged to program on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for overall support and direction of CASA.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equipment and Depreciation

Equipment is 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.

Inventory

Inventory consists of holiday cards and is carried at cost, using the specific identification method.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

CASA 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 3. EQUIPMENT

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over the estimated useful lives on a straight-line basis. The cost and accumulated depreciation of such assets were as follows:

	<u>2007</u>	<u>2006</u>
Computer equipment	\$12,045	\$12,045
Office equipment	<u>5,431</u>	<u>5,431</u>
	17,476	17,476
Less accumulated depreciation	<u>14,593</u>	<u>13,083</u>
Equipment, net	<u>\$ 2,883</u>	<u>\$ 4,393</u>

NOTE 4. RESTRICTIONS ON ASSETS

Temporarily restricted net assets consist of the following:

	<u>2007</u>	<u>2006</u>
Subsequent year's activities	<u>\$ 0</u>	<u>\$ 10,000</u>

NOTE 5. RETIREMENT BENEFITS

CASA contributes 7.5% of salaries to a 403(b) retirement plan covering all eligible employees. The plan may also receive voluntary employee contributions. During the years ended December 31, 2007 and 2006, CASA's contribution was \$19,677 and \$15,849, respectively.

NOTE 6. LEASE

CASA is occupying space in Oldham County with the Red Cross at no charge. Effective May 1, 2008 CASA will be leasing space from Farm Bureau. An agreement has been drafted but not yet signed. CASA has asked to receive the lease as donated space or at a reduced rate. A response from the Farm Bureau Board is pending.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7. 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 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Office space in a government-owned building. The estimated fair rental value of the premises is reported as support and expense.	\$15,300	\$13,200
Donated telephone and web-site hosting services and office supplies. The estimated fair usage value of these goods is reported as support and expense.	3,460	4,810
Donated services in the form of legal and financial expertise, trainers, public relations and advertising. The estimated fair value of these services is reported as support and expense.	<u>12,500</u>	<u>18,000</u>
Total donated facilities, goods and services	<u>\$31,260</u>	<u>\$36,010</u>

CASA also receives direct, advocate service from its volunteers. Donated services of these volunteers have not been recorded. The estimated fair value of these services is approximately \$394,000 each year.