

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**CASA, INC.**

**DECEMBER 31, 2009 AND 2008**

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**Founders & Principals**

John D. Winslow, CPA  
Barbara A. Lasky, CPA  
Margaret H. Anderson, CPA  
Ellis Bryant, CPA

943 South First Street  
Louisville, KY 40203-2242

Phone: 502.584.9793 or 1.800.719.9312

Fax: 502.584.9796

Web: [www.ablw-cpas.com](http://www.ablw-cpas.com)

E-mail: [ablw@ablw-cpas.com](mailto:ablw@ablw-cpas.com)

*Providing timely, accurate, useful information to decision makers*

## 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, 2009 and 2008, 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, 2009 and 2008, 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 + Winslow, P.S.C.*

Louisville, Kentucky  
June 30, 2010

**STATEMENTS OF FINANCIAL POSITION  
CASA, INC.  
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$396,186	\$493,302
Grants receivable	19,308	12,232
Unconditional promises to give	91,032	6,667
Inventory	0	1,212
Investments	3,074	0
Prepaid expenses	1,723	2,638
Equipment, net	<u>5,268</u>	<u>1,885</u>
Total assets	<u>\$516,591</u>	<u>\$517,936</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 4,642</u>	<u>\$ 210</u>
 <b>Net assets</b>		
Unrestricted	396,780	511,059
Temporarily restricted	<u>115,169</u>	<u>6,667</u>
Total net assets	<u>511,949</u>	<u>517,726</u>
Total liabilities and net assets	<u>\$516,591</u>	<u>\$517,936</u>

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

**STATEMENTS OF ACTIVITIES**  
**CASA, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Public support and revenue		
Government grants	\$ 0	\$ 36,842
Corporate	31,645	21,540
Organizations	58,999	38,613
Foundations and trusts	10,901	41,533
Individual contributions	121,146	78,237
Investment income	2,875	6,230
Special events and other	229,381	331,567
Special events direct expense	(88,604)	(112,289)
Donated facilities, goods and services	<u>19,800</u>	<u>25,010</u>
Total public support and revenue	386,143	467,283
Net assets released from restrictions		
Satisfaction of restrictions	<u>6,667</u>	<u>0</u>
Total public support, revenue, and reclassifications	<u>392,810</u>	<u>467,283</u>
Expenses		
Program services	405,706	415,473
Management and general	55,923	45,010
Fund development	<u>45,460</u>	<u>90,080</u>
Total expenses	<u>507,089</u>	<u>550,563</u>
Increase (decrease) in unrestricted net assets	<u>(114,279)</u>	<u>(83,280)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions and grants	115,169	6,667
Net assets released from restrictions	<u>(6,667)</u>	<u>0</u>
Increase in temporarily restricted net assets	<u>108,502</u>	<u>6,667</u>
Increase (decrease) in net assets	(5,777)	(76,613)
Net assets at beginning of year	<u>517,726</u>	<u>594,339</u>
Net assets at end of year	<u>\$511,949</u>	<u>\$517,726</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES  
CASA, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>
Salaries	\$283,124	\$244,120	\$20,813	\$18,191
Payroll taxes	23,819	20,538	1,751	1,530
Retirement benefits	15,305	13,197	1,125	983
Other employee benefits	17,527	15,113	1,288	1,126
Postage and office expense	15,098	13,908	633	557
Occupancy	4,400	0	4,400	0
Printing	2,937	2,706	123	108
Volunteers and training	11,728	11,728	0	0
Insurance	12,976	11,953	544	479
Accounting and bookkeeping	22,730	0	22,730	0
Travel and meetings	17,188	17,188	0	0
Public relations and fundraising	20,272	0	0	20,272
Advertising	17,145	15,793	719	633
Dues and publications	928	855	39	34
Licenses and permits	652	601	27	24
Miscellaneous	7,802	7,187	327	288
Repairs, maintenance and rental	12,573	11,582	527	464
Depreciation	1,085	999	46	40
Donated facilities, goods and services	<u>19,800</u>	<u>18,238</u>	<u>831</u>	<u>731</u>
Total expenses	<u>\$507,089</u>	<u>\$405,706</u>	<u>\$55,923</u>	<u>\$45,460</u>

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

2008

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>
Salaries	\$323,512	\$258,955	\$20,185	\$44,372
Payroll taxes	26,198	20,970	1,635	3,593
Retirement benefits	21,932	17,556	1,368	3,008
Other employee benefits	19,244	15,404	1,201	2,639
Postage and office expense	22,220	17,786	1,386	3,048
Occupancy	1,925	0	1,925	0
Printing	9,816	4,625	361	4,830
Volunteers and training	20,298	20,298	0	0
Insurance	9,435	7,552	589	1,294
Accounting and bookkeeping	13,195	0	13,195	0
Travel and meetings	11,718	11,718	0	0
Public relations and fundraising	39,160	15,066	1,174	22,920
Advertising	68	55	4	9
Dues and publications	630	505	39	86
Licenses and permits	214	171	14	29
Miscellaneous	4,990	3,994	311	685
Repairs, maintenance and rental	0	0	0	0
Depreciation	998	799	62	137
Donated facilities, goods and services	<u>25,010</u>	<u>20,019</u>	<u>1,561</u>	<u>3,430</u>
Total expenses	<u>\$550,563</u>	<u>\$415,473</u>	<u>\$45,010</u>	<u>\$90,080</u>

**STATEMENTS OF CASH FLOWS  
CASA, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (5,777)	\$ (76,613)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,085	998
(Increase) decrease in operating assets:		
Grants and accounts receivable	(7,076)	(7,217)
Promises to give	(84,365)	(6,667)
Inventory	1,212	1,637
Prepaid expenses	915	512
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>4,432</u>	<u>(7,038)</u>
Net cash provided (used) by operating activities	<u>(89,574)</u>	<u>(94,388)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of property and equipment	(4,468)	0
Purchases of investments	<u>(3,074)</u>	<u>0</u>
Net cash provided (used) by investing activities	<u>(7,542)</u>	<u>0</u>
Net decrease in cash	(97,116)	(94,388)
Cash at beginning of year	<u>493,302</u>	<u>587,690</u>
Cash at end of year	<u>\$396,186</u>	<u>\$493,302</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**CASA, INC.**  
**DECEMBER 31, 2009 AND 2008**

**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.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification with regards to financial statements of Not-for-Profit Organizations. Under this guidance, CASA 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. A description of the three net assets categories follows:

Unrestricted Net Assets: include the portion of expendable funds that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: include gifts for which donor-imposed restrictions have not been met.

Permanently Restricted Net Assets: include amounts which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

### **Accounting Standards Codification**

In June 2009, the FASB issued the FASB Accounting Standards Codifications (ASC) as the sole source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP). CASA adopted this new guidance which changed the way it references accounting standards in its disclosures. The adoption of the ASC did not impact CASA's financial position or results of operations.

### **Investments**

The ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

## **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

### **Cash and Cash Equivalents**

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

### **Promises To Give**

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### **Inventory**

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

### **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.

### **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**

35% and 47% of public support and revenue was generated from special events for fundraising in 2009 and 2008, respectively.

## **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

### **Donated Facilities, Goods and 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.

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

### **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 other than a private foundation under Section 509(a)(2).

The FASB issued new guidance on accounting for uncertainty in income taxes. CASA adopted this new guidance for the year ended December 31, 2009. Management evaluated CASA's tax positions and concluded that no uncertain tax positions have been taken that required adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, CASA is no longer subject to the income tax examinations by the US federal, state or local tax authorities for years before 2006.

### **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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**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.

**NOTE 3. PROMISES TO GIVE**

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

	<u>2009</u>	<u>2008</u>
Programs	<u>\$102,660</u>	<u>\$ 6,667</u>
Receivable in less than one year	\$ 45,495	\$ 6,667
Receivable in one to five years	57,165	0
Receivable in more than five years	<u>0</u>	<u>0</u>
Total unconditional promises to give	102,660	6,667
Less discounts to net present value	(5,468)	0
Less allowance for uncollectible promises receivable	<u>(6,160)</u>	<u>0</u>
Net unconditional promises to give	<u>\$ 91,032</u>	<u>\$ 6,667</u>

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%.

**NOTE 4. LONG-TERM INVESTMENTS**

Long-term investments are valued using level 1 inputs based on unadjusted quoted market prices within active markets and consist of stock and equities. Fair values and unrealized appreciation at December 31, 2009 are as follows:

	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Stocks and equities	<u>\$ 3,074</u>	<u>\$ 3,074</u>	<u>\$ 0</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 5. 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>2009</u>	<u>2008</u>
Computer equipment	\$ 7,184	\$12,045
Office equipment	<u>3,931</u>	<u>5,431</u>
	11,115	17,476
Less accumulated depreciation	<u>5,847</u>	<u>15,591</u>
Equipment, net	<u>\$ 5,268</u>	<u>\$ 1,885</u>

**NOTE 6. 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, 2009 and 2008, CASA's contribution was \$15,305 and \$21,932, respectively.

**NOTE 7. LEASE**

CASA is leasing space in Shelby County for \$200 per month. The lease is for two years, expiring March 2011. CASA is leasing a copier for 63 months, expiring December 2015.

2010	\$ 4,652
2011	2,652
2012	2,252
2013	2,252
2014 and thereafter	<u>2,815</u>
Total	<u>\$14,623</u>

Lease expense for 2009 and 2008 was \$4,400 and \$1,400, respectively.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Programs	\$ 91,032	\$ 6,667
Playground equipment	<u>24,137</u>	<u>0</u>
Total	<u>\$115,169</u>	<u>\$ 6,667</u>

**NOTE 9. 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 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Office space in a government-owned building. The estimated fair rental value of the premises is reported as support and expense.	\$16,800	\$15,300
Donated telephone and web-site hosting services and office supplies. The estimated fair usage value of these goods is reported as support and expense.	3,000	3,460
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>0</u>	<u>6,250</u>
Total donated facilities, goods and services	<u>\$19,800</u>	<u>\$25,010</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.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure in the financial statements through June 30, 2010, the date the financial statements were available to be issued.