

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**CASA, INC.**

**DECEMBER 31, 2010 AND 2009**

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

## INDEPENDENT AUDITOR'S 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, 2010 and 2009, 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, 2010 and 2009, 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  
May 27, 2011

**STATEMENTS OF FINANCIAL POSITION  
CASA, INC.  
DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 430,643	\$ 396,186
Grants and contributions receivable	49,207	19,308
Unconditional promises to give	142,153	91,032
Investments	5,623	3,074
Prepaid expenses	2,324	1,723
Improvements and equipment, net	<u>106,900</u>	<u>5,268</u>
Total assets	<u>\$ 736,850</u>	<u>\$ 516,591</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 5,134	\$ 4,642
Accrued expenses	8,380	-
Payroll liabilities	<u>1,178</u>	<u>-</u>
Total liabilities	<u>14,692</u>	<u>4,642</u>
<b>NET ASSETS</b>		
Unrestricted	449,230	396,780
Temporarily restricted	<u>272,928</u>	<u>115,169</u>
Total net assets	<u>722,158</u>	<u>511,949</u>
Total liabilities and net assets	<u>\$ 736,850</u>	<u>\$ 516,591</u>

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

**STATEMENTS OF ACTIVITIES  
CASA, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Grants and contributions	\$ 475,913	\$ 202,759	\$ 678,672	\$ 242,491	\$ 115,169	\$ 357,660
Investment income (loss)	43	-	43	2,875	-	2,875
Special events	89,669	-	89,669	229,381	-	229,381
Special events direct expense	(43,306)	-	(43,306)	(88,604)	-	(88,604)
Total public support and revenue	522,319	202,759	725,078	386,143	115,169	501,312
Net assets released from restrictions:						
Restrictions satisfied by payments	45,000	(45,000)	-	6,667	(6,667)	-
Total public support, revenue and reclassifications	567,319	157,759	725,078	392,810	108,502	501,312
Expenses:						
Program services	436,898	-	436,898	405,706	-	405,706
Management and general	43,770	-	43,770	55,923	-	55,923
Fundraising	34,201	-	34,201	45,460	-	45,460
Total expenses	514,869	-	514,869	507,089	-	507,089
Increase (decrease) in net assets	52,450	157,759	210,209	(114,279)	108,502	(5,777)
Net assets at beginning of year	396,780	115,169	511,949	511,059	6,667	517,726
Net assets at end of year	\$ 449,230	\$ 272,928	\$ 722,158	\$ 396,780	\$ 115,169	\$ 511,949

The accompanying notes are an integral part of these financial statements

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**CASA, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		2009		
	Program Services	Management and General	Fund Raising	Management and General	Fund Raising
Salaries	\$ 258,112	\$ 18,974	\$ 16,584	\$ 20,813	\$ 18,191
Payroll taxes	19,520	1,435	1,254	1,751	1,530
Employee benefits	19,028	1,398	1,223	1,125	983
Other employee benefits	25,634	1,884	1,647	1,288	1,126
Postage and office expense	27,724	1,163	1,023	633	557
Occupancy	21,075	1,549	1,354	5,231	731
Printing	2,365	99	87	123	108
Volunteers and training	16,801	-	-	-	-
Insurance	6,605	277	244	544	479
Accounting and bookkeeping	13,461	13,461	-	22,730	-
Travel and meetings	21,009	-	-	17,188	-
Public relations and fundraising	8,012	-	8,012	-	20,272
Advertising	5,272	221	195	719	633
Contract labor	47,317	43,586	1,746	-	-
Dues and publications	2,281	96	84	-	-
Licenses and permits	582	24	22	39	34
Miscellaneous	4,158	537	139	27	24
Repairs, maintenance and rental	14,347	601	530	327	288
Depreciation	1,566	66	57	527	464
<b>Total expenses</b>	<b>\$ 514,869</b>	<b>\$ 43,770</b>	<b>\$ 34,201</b>	<b>\$ 55,923</b>	<b>\$ 45,460</b>
			<b>\$ 405,706</b>	<b>\$ 507,089</b>	<b>\$ 405,706</b>

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

**STATEMENTS OF CASH FLOWS**  
**CASA, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 210,209	\$ (5,777)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,566	1,085
Loss on equipment disposal	-	496
(Increase) decrease in operating assets:		
Grants and contributions receivable	(29,899)	(7,076)
Unconditional promises to give	(51,121)	(84,365)
Inventory	-	1,212
Prepaid expenses	(601)	915
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>10,050</u>	<u>4,432</u>
Net cash provided (used) by operating activities	<u>140,204</u>	<u>(89,078)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(103,198)	(4,964)
Purchase of investments	<u>(2,549)</u>	<u>(3,074)</u>
Net cash used by investing activities	<u>(105,747)</u>	<u>(8,038)</u>
Net increase (decrease) in cash	34,457	(97,116)
Cash at beginning of year	<u>396,186</u>	<u>493,302</u>
Cash at end of year	<u>\$ 430,643</u>	<u>\$ 396,186</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**CASA, INC.**  
**DECEMBER 31, 2010 AND 2009**

**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) Accounting Standards Codification (ASC) 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.

### **Cash**

Cash consists of checking and money market accounts.

### **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, 2010.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### 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.

### Investments

The ASC establishes a framework for measuring fair value and expands disclosures required for fair value measurements. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. These levels, in order of lowest to highest priority are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the organization's own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### **Improvements and Equipment**

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.

### **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 Statements of Activities (see Note 9).

### **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).

## **NOTES TO FINANCIAL STATEMENTS – CONTINUED**

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the operating statement or accrued in the balance sheet. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

### **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.

### **Subsequent Events**

Management has evaluated subsequent events for recognition or disclosure in the financial statements through May 27, 2011, which was the date at which the financial statements were available to be issued.

### **Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 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 the organization’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. 8% and 35% of public support and revenue was generated from special events for fundraising in 2010 and 2009, respectively.

### NOTE 3. PROMISES TO GIVE

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

	<u>2010</u>	<u>2009</u>
Programs	<u>\$ 154,891</u>	<u>\$ 102,660</u>
Receivable in less than one year	\$ 137,907	\$ 45,495
Receivable in one to five years	16,984	57,165
Receivable in five or more years	<u>-</u>	<u>-</u>
Total unconditional promises to give	154,891	102,660
Less discounts to net present value	(3,445)	(5,468)
Less allowance for uncollectible promises receivable	<u>(9,293)</u>	<u>(6,160)</u>
Net unconditional promises to give	<u>\$ 142,153</u>	<u>\$ 91,032</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%.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 4. INVESTMENTS

Investments are valued using level 1 inputs based on unadjusted quoted market prices within active markets and consist of common stock. Fair values and unrealized appreciation at December 31, 2010 and 2009 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
<u>2010</u>			
Common stock	<u>\$ 5,623</u>	<u>\$ 5,623</u>	<u>\$ -</u>
<u>2009</u>			
Common stock	<u>\$ 3,074</u>	<u>\$ 3,074</u>	<u>\$ -</u>

### NOTE 5. IMPROVEMENTS AND 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>2010</u>	<u>2009</u>
Improvements in progress	\$ 103,198	\$ -
Computer equipment	7,184	7,184
Office equipment	<u>3,931</u>	<u>3,931</u>
	114,313	11,115
Less accumulated depreciation	<u>(7,413)</u>	<u>(5,847)</u>
Improvements and equipment, net	<u>\$ 106,900</u>	<u>\$ 5,268</u>

### NOTE 6. 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, 2010 and 2009, CASA's contribution was \$19,028 and \$15,305, respectively.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 7. LEASES**

CASA is leasing office space in Shelby County for \$200 per month, expiring March 2011, when the lease converted to a month-to-month lease. CASA is also leasing a copier for \$183 per month for a period of 63 months, expiring December 2015. Future minimum lease payments are as follows:

2011	\$ 2,652
2012	2,252
2013	2,252
2014	2,252
2015	<u>563</u>
	<u>\$ 9,971</u>

Lease expense for 2010 and 2009 was \$4,875 and \$4,400, respectively.

**NOTE 8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Programs	\$ 60,912	\$ 91,032
Office renovation	187,879	-
Playground equipment	<u>24,137</u>	<u>24,137</u>
 Total	 <u>\$ 272,928</u>	 <u>\$ 115,169</u>

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**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 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Office space in a government-owned building. The estimated fair rental value of the premises is reported as support and expense.	\$ 13,200	\$ 16,800
Donated telephone and web-site hosting services and office supplies. The estimated fair usage value of these goods is reported as support and expense.	<u>3,000</u>	<u>3,000</u>
Total donated facilities, goods and services	<u>\$ 16,200</u>	<u>\$ 19,800</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.

**NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts reflected in the statements of financial position for cash and accounts payable and accrued liabilities approximate fair market value due to the short maturities of those instruments. The fair value of investments is based on quoted market prices. The fair values of CASA's financial instruments at December 31, 2010 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 430,643	\$ 430,643
Investments	5,623	5,623
Financial liabilities:		
Accounts payable and accrued expenses	14,692	14,692