

CASA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CPAs / ADVISORS



CASA, INC.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
CASA, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of CASA, Inc. ("CASA"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, 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 CASA as of December 31, 2021 and 2020, 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 CASA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 CASA'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 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 CASA'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 CASA'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.

Blue & Co., LLC

Louisville, Kentucky

July 15, 2022

CASA, INC.STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 1,433,305	\$ 1,218,472
Grants and contributions receivable	3,000	5,367
Unconditional promises to give	348,230	435,323
Prepaid expenses	86,772	54,935
Improvements and equipment, net	<u>332,542</u>	<u>372,877</u>
Total assets	<u>\$ 2,203,849</u>	<u>\$ 2,086,974</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 10,203	\$ 374
Accrued expenses	<u>0</u>	<u>93</u>
Total current liabilities	10,203	467
Net assets		
Without donor restrictions	1,785,416	1,591,184
With donor restrictions	<u>408,230</u>	<u>495,323</u>
Total net assets	<u>2,193,646</u>	<u>2,086,507</u>
Total liabilities and net assets	<u>\$ 2,203,849</u>	<u>\$ 2,086,974</u>

See accompanying notes to financial statements.

CASA, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Grants and contributions	\$ 553,796	\$ 448,858	\$ 1,002,654	\$ 494,761	\$ 564,518	\$ 1,059,279
Investment income	234	0	234	2,182	0	2,182
Special events	96,858	0	96,858	36,793	0	36,793
Special events direct expense	(50,964)	0	(50,964)	(28,908)	0	(28,908)
Paycheck protection program	85,000	0	85,000	33,900	0	33,900
Other income	6,880	0	6,880	175	0	175
Total revenue and support	691,804	448,858	1,140,662	538,903	564,518	1,103,421
Net assets released from restriction						
Restrictions satisfied by payments	535,951	(535,951)	0	581,460	(581,460)	0
Total revenue, support, and reclassifications	1,227,755	(87,093)	1,140,662	1,120,363	(16,942)	1,103,421
Expenses						
Program services	897,009	0	897,009	824,519	0	824,519
Management and general	39,143	0	39,143	43,050	0	43,050
Fundraising	97,371	0	97,371	76,435	0	76,435
Total expenses	1,033,523	0	1,033,523	944,004	0	944,004
Change in net assets	194,232	(87,093)	107,139	176,359	(16,942)	159,417
Net assets, beginning of year	1,591,184	495,323	2,086,507	1,414,825	512,265	1,927,090
Net assets, end of year	\$ 1,785,416	\$ 408,230	\$ 2,193,646	\$ 1,591,184	\$ 495,323	\$ 2,086,507

See accompanying notes to financial statements.

CASA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 505,452	\$ 18,376	\$ 53,249	\$ 577,077	\$ 484,889	\$ 23,788	\$ 36,639	\$ 545,316
Payroll taxes	31,022	1,105	4,005	36,132	38,897	1,164	2,872	42,933
Retirement benefits	30,391	1,230	3,988	35,609	26,498	643	2,534	29,675
Other employee benefits	40,550	1,575	1,235	43,360	38,147	756	1,267	40,170
Postage and office expense	47,729	294	7,675	55,698	54,060	291	5,697	60,048
Occupancy	52,841	559	4,641	58,041	49,023	544	4,893	54,460
Printing	2,072	0	926	2,998	1,527	0	0	1,527
Board expense	0	167	0	167	0	76	0	76
Volunteers and training	9,838	0	30	9,868	4,632	0	0	4,632
Insurance	5,660	0	0	5,660	5,213	31	278	5,522
Accounting and bookkeeping	0	13,550	0	13,550	0	12,956	0	12,956
Travel and meetings	12,431	0	79	12,510	14,472	34	616	15,122
Public relations and fundraising	0	0	0	0	0	0	216	216
Advertising	101,297	0	1,945	103,242	31,619	0	2,417	34,036
Contract labor	0	0	13,500	13,500	11,813	382	13,118	25,313
Dues and publications	2,935	0	336	3,271	3,079	0	280	3,359
Licenses and permits	15	0	0	15	0	0	0	0
Miscellaneous	2,686	6	3,359	6,051	2,454	5	2,983	5,442
Repairs, maintenance, and rental	11,581	30	152	11,763	12,903	31	276	13,210
Program expenses	0	0	0	0	3,004	0	0	3,004
Depreciation	40,509	2,251	2,251	45,011	42,289	2,349	2,349	46,987
Fundraising expenses	0	0	50,964	50,964	0	0	28,908	28,908
Total expenses	897,009	39,143	148,335	1,084,487	824,519	43,050	105,343	972,912
Less expenses included with revenues on the statement of activities	0	0	50,964	50,964	0	0	28,908	28,908
Total expenses included in the expense section of the statement of activities	\$ 897,009	\$ 39,143	\$ 97,371	\$ 1,033,523	\$ 824,519	\$ 43,050	\$ 76,435	\$ 944,004

See accompanying notes to financial statements.

CASA, INC.STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 107,139	\$ 159,417
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	45,011	46,987
Changes in operating assets and liabilities:		
Grants and contributions receivable	2,367	1,066
Unconditional promises to give	87,093	19,942
Prepaid expenses	(31,837)	(34,702)
Accounts payable and accrued expenses	<u>9,736</u>	<u>(5,254)</u>
Net cash flows from operating activities	219,509	187,456
Investing activities		
Purchase of improvements and equipment	<u>(4,676)</u>	<u>(3,817)</u>
Net change in cash and cash equivalents	214,833	183,639
Cash and cash equivalents, beginning of year	<u>1,218,472</u>	<u>1,034,833</u>
Cash and cash equivalents, end of year	<u>\$ 1,433,305</u>	<u>\$ 1,218,472</u>

See accompanying notes to financial statements.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 have been prepared on the accrual basis and have been prepared to focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of CASA are classified and reported as follows:

Net assets without donor restrictions - Net assets that are currently available for operating purposes under the direction of the board.

Net assets with donor restrictions - Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Cash and Cash Equivalents

CASA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allocation of Expenses

Operating expenses directly identifiable with a functional area are charged to that area and, where expenses affect more than one area, they are allocated on the basis of ratios determined by management based on estimates of time and effort. 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, 2021 and 2020.

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.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Special Events Revenue

Special events revenue is recognized at the conclusion of the event.

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.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Depreciation is computed using primarily the straight-line method over the estimated lives of the assets ranging from five to twenty years.

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. These contributed services do not meet the criteria for recognition in the financial statements, and therefore no amount is recorded in the accompanying financial statements for those services. Accounting principles generally accepted in the United States of America allow for recognition of contributed services when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. 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, 2021 and 2020, 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.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$103,242 and \$34,036, respectively.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Date of Management's Review

CASA has evaluated all subsequent events through July 15, 2022 the date the financial statements were available to be issued.

2. CONCENTRATIONS OF CREDIT RISK

Cash – Financial instruments that subject CASA to concentrations of credit risk include cash and money market accounts. CASA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). CASA maintains its money market account in a brokerage account which, at times, may exceed insured limits as guaranteed by the Securities Investor Protection Corporation (SIPC).

Promises to Give - At December 31, 2021 and 2020, CASA had outstanding promises to give due from 3 donors of \$291,422 and \$369,693, respectively.

3. PROMISES TO GIVE

The promises to give balances are unconditional, due within one year, and consist of the following:

	<u>2021</u>	<u>2020</u>
Programs	<u>\$ 348,230</u>	<u>\$ 435,323</u>

4. LEASES

CASA is leasing copiers for \$389 per month expiring October 2022 and office space for \$175 per month expiring April 2022. Future minimum lease payments are \$4,590 for the year ending December 31, 2022.

Lease expense for 2021 and 2020 was \$6,768.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

5. IMPROVEMENTS AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Building improvements	\$ 626,943	\$ 622,268
Computer equipment	36,494	36,494
Office equipment	<u>128,013</u>	<u>128,012</u>
	791,450	786,774
Less accumulated depreciation	<u>458,908</u>	<u>413,897</u>
Improvements and equipment, net	<u>\$ 332,542</u>	<u>\$ 372,877</u>

6. RETIREMENT BENEFITS

CASA may make discretionary contributions 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, 2021 and 2020, CASA's contribution was \$35,609 and \$29,675, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Endowment	\$ 60,000	\$ 60,000
Programs	<u>348,230</u>	<u>435,323</u>
	<u>\$ 408,230</u>	<u>\$ 495,323</u>

The endowment has not been set up as of December 31, 2021.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</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>28,344</u>	<u>12,285</u>
Total donated facilities, goods and services	<u>\$ 74,448</u>	<u>\$ 58,389</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 2021 and 2020 was approximately \$219,000 and \$518,000, respectively.

9. LIQUIDITY AND AVAILABILITY

The following table reflects CASA's financial assets as of December 31, 2021 and 2020 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 1,433,305	\$ 1,218,472
Grants and contributions receivable	3,000	5,367
Unconditional promises to give	<u>348,230</u>	<u>435,323</u>
Financial assets available in one year	1,784,535	1,659,162
Restricted endowment	<u>(60,000)</u>	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,724,535</u>	<u>\$ 1,599,162</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CASA strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

10. CONTINGENCY

On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the CASA's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of personnel, shortages of supplies, and delays, loss of, or reduction to, revenue and contributions. Management believes CASA is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

11. PAYCHECK PROTECTION PROGRAM

In May 2020 and February 2021, CASA received low interest loans in the amounts of \$33,900 and \$85,000, respectively, under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The PPP loans were subject to forgiveness if certain criteria were met. CASA's full loan amounts were forgiven by the SBA in January 2021 and November 2021, respectively. CASA has elected to account for these loans as conditional government grants and recognizes forgiveness when all requirements have been substantially met. Therefore, CASA recorded the forgiveness of these debts of \$33,900 and \$85,000, which is included in Paycheck Protection Program revenue on the accompanying statement of activities for the years ended December 31, 2020 and 2021, respectively.

12. RECENTLY ISSUED ACCOUNTING STANDARDS

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which CASA is not required to adopt until its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statements of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statements of financial position.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

On September 17, 2020, the FASB issued an ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued. This new standard requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition, there are expanded disclosure requirements. CASA will be required to adopt this new standard in the year ending December 31, 2022.

CASA is presently evaluating the effect that these ASUs will have on its future financial statements, including related disclosures.