

# **CASA, INC.**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

*CPAs / ADVISORS*



**CASA, INC.**

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DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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 audits 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.

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, 2019 and 2018, 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  
July 23, 2020

**CASA, INC.**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash	\$ 1,034,833	\$ 446,961
Grants and contributions receivable	6,433	3,896
Unconditional promises to give	455,265	239,733
Investments	0	497,283
Prepaid expenses	20,233	2,433
Improvements and equipment, net	<u>416,047</u>	<u>448,380</u>
Total assets	<u>\$ 1,932,811</u>	<u>\$ 1,638,686</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 5,721	\$ 293
Accrued expenses	<u>0</u>	<u>615</u>
Total current liabilities	5,721	908
<b>Net assets</b>		
Without donor restrictions	1,414,824	1,398,045
With donor restrictions	<u>512,265</u>	<u>239,733</u>
Total net assets	<u>1,927,090</u>	<u>1,637,778</u>
Total liabilities and net assets	<u>\$ 1,932,811</u>	<u>\$ 1,638,686</u>

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*See accompanying notes to financial statements.*

# CASA, INC.

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Grants and contributions	\$ 548,574	\$ 565,086	\$ 1,113,660	\$ 525,752	\$ 264,733	\$ 790,485
Investment income	17,276	0	17,276	6,162	0	6,162
Special events	182,262	0	182,262	199,085	0	199,085
Special events direct expense	(116,567)	0	(116,567)	(86,849)	0	(86,849)
Other income	<u>0</u>	<u>0</u>	<u>0</u>	<u>898</u>	<u>0</u>	<u>898</u>
Total revenue and support	631,545	565,086	1,196,631	645,048	264,733	909,781
<b>Net assets released from restriction</b>						
Restrictions satisfied by payments	<u>292,554</u>	<u>(292,554)</u>	<u>0</u>	<u>264,831</u>	<u>(264,831)</u>	<u>0</u>
Total revenue, support, and reclassifications	924,099	272,532	1,196,631	909,879	(98)	909,781
<b>Expenses</b>						
Program services	739,341	0	739,341	647,205	0	647,205
Management and general	56,396	0	56,396	77,728	0	77,728
Fundraising	<u>111,582</u>	<u>0</u>	<u>111,582</u>	<u>98,371</u>	<u>0</u>	<u>98,371</u>
Total expenses	<u>907,320</u>	<u>0</u>	<u>907,319</u>	<u>823,304</u>	<u>0</u>	<u>823,304</u>
Change in net assets	16,779	272,532	289,312	86,575	(98)	86,477
<b>Net assets, beginning of year</b>	<u>1,398,045</u>	<u>239,733</u>	<u>1,637,778</u>	<u>1,311,470</u>	<u>239,831</u>	<u>1,551,301</u>
<b>Net assets, end of year</b>	<u>\$ 1,414,824</u>	<u>\$ 512,265</u>	<u>\$ 1,927,090</u>	<u>\$ 1,398,045</u>	<u>\$ 239,733</u>	<u>\$ 1,637,778</u>

See accompanying notes to financial statements.

# CASA, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 381,205	\$ 19,298	\$ 81,698	\$ 482,201	\$ 320,765	\$ 15,000	\$ 71,750	\$ 407,515
Payroll taxes	30,007	1,460	6,362	37,829	24,073	1,123	5,534	30,730
Employee benefits	22,120	1,362	6,190	29,672	19,040	1,080	4,746	24,866
Other employee benefits	28,044	222	396	28,662	27,351	179	258	27,788
Postage and office expense	43,577	534	6,073	50,184	35,701	534	6,213	42,448
Occupancy	47,382	999	4,611	52,992	51,470	2,812	3,707	57,989
Printing	1,813	0	1,647	3,460	1,939	0	725	2,664
Board expense	0	286	0	286	0	85	0	85
Volunteers and training	23,934	0	0	23,934	19,229	0	0	19,229
Insurance	5,478	0	0	5,478	5,400	0	0	5,400
Accounting and bookkeeping	0	11,731	0	11,731	0	10,940	0	10,940
Travel and meetings	21,749	85	487	22,321	20,559	64	708	21,331
Public relations and fundraising	0	0	552	552	0	0	1,035	1,035
Advertising	62,497	780	11	63,288	67,128	1,780	6	68,914
Contract labor	5,363	16,875	0	22,238	0	38,200	0	38,200
Dues and publications	2,669	126	350	3,145	1,929	0	328	2,257
Licenses and permits	25	10	0	35	15	0	0	15
Miscellaneous	5,745	296	345	6,386	5,929	96	405	6,430
Repairs, maintenance, and rental	11,872	126	654	12,652	3,176	3,576	697	7,449
Program expenses	6,153	0	0	6,153	2,835	0	0	2,835
Depreciation	39,708	2,206	2,206	44,120	40,666	2,259	2,259	45,184
Fundraising expenses	0	0	116,567	116,567	0	0	86,849	86,849
<b>Total expenses</b>	<b>739,341</b>	<b>56,396</b>	<b>228,149</b>	<b>1,023,886</b>	<b>647,205</b>	<b>77,728</b>	<b>185,220</b>	<b>910,153</b>
Less expenses included with revenues on the statement of activities	0	0	116,567	116,567	0	0	86,849	86,849
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 739,341</b>	<b>\$ 56,396</b>	<b>\$ 111,582</b>	<b>\$ 907,319</b>	<b>\$ 647,205</b>	<b>\$ 77,728</b>	<b>\$ 98,371</b>	<b>\$ 823,304</b>

See accompanying notes to financial statements.

**CASA, INC.**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

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	<u>2019</u>	<u>2018</u>
<b>Operating activities</b>		
Change in net assets	\$ 289,312	\$ 86,477
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	44,120	45,185
Unrealized gain on investments	(2,347)	(2,350)
Contributions restricted for permanent investment	(60,000)	0
Changes in operating assets and liabilities:		
Grants and contributions receivable	(2,537)	(1,895)
Unconditional promises to give	(215,532)	98
Prepaid expenses	(17,800)	2,245
Accounts payable and accrued expenses	4,813	(4,465)
Net cash flows from operating activities	<u>40,029</u>	<u>125,295</u>
<b>Investing activities</b>		
Purchases of investments	(500,370)	(494,933)
Proceeds from sale of investments	1,000,000	0
Purchase of equipment	(11,787)	(5,311)
Net cash flows from investing activities	<u>487,843</u>	<u>(500,244)</u>
<b>Financing activities:</b>		
Contributions restricted for permanent investment	<u>60,000</u>	<u>0</u>
Net change in cash	587,872	(374,949)
<b>Cash, beginning of year</b>	<u>446,961</u>	<u>821,910</u>
<b>Cash, end of year</b>	<u>\$ 1,034,833</u>	<u>\$ 446,961</u>

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See accompanying notes to financial statements.



# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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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 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, 2019 AND 2018

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### 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, 2019 and 2018.

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

# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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### 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, 2019 and 2018, 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, 2019 and 2018 was \$63,288 and \$68,914, respectively.

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

### Date of Management's Review

CASA has evaluated all subsequent events through July 23, 2020 the date the financial statements were available to be issued.

**CASA, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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**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 insure 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, 2019 and 2018, CASA had outstanding promises to give due from 2 donors of \$375,000 and \$222,000, respectively.

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. 5% and 12% of public support and revenue was generated from special events for fundraising in 2019 and 2018, respectively.

**3. PROMISES TO GIVE**

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

	<u>2019</u>	<u>2018</u>
Programs	<u>\$ 455,265</u>	<u>\$ 239,733</u>

# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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### 4. INVESTMENTS

Investments are summarized as follows:

	2018	
	Cost	Fair Value
Equities	\$ 1,058	\$ 1,058
Government securities	<u>493,875</u>	<u>496,225</u>
Total	<u>\$ 494,933</u>	<u>\$ 497,283</u>

CASA had no investments at December 31, 2019.

### 5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CASA has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

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## CASA, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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There have been no changes in the methodologies used at December 31, 2019 and 2018.

- *Equities*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Government securities*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The following tables set forth by level, within the hierarchy, CASA's assets measured at fair value on a recurring basis as of the reporting date.

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Government securities	\$ 0	\$ 496,225	\$ 0	\$ 496,225
Equities	<u>1,058</u>	<u>0</u>	<u>0</u>	<u>1,058</u>
Total assets at fair value	<u>\$ 1,058</u>	<u>\$ 496,225</u>	<u>\$ 0</u>	<u>\$ 497,283</u>

CASA had no investments at December 31, 2019.

# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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### 6. IMPROVEMENTS AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Building improvements	\$ 622,268	\$ 622,268
Computer equipment	36,494	50,150
Office equipment	<u>124,195</u>	<u>124,195</u>
	782,957	796,613
Less accumulated depreciation	<u>366,910</u>	<u>348,233</u>
Improvements and equipment, net	<u>\$ 416,047</u>	<u>\$ 448,380</u>

### 7. 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, 2019 and 2018, CASA's contribution was \$29,672 and \$24,866, respectively.

### 8. LEASES

CASA is leasing copiers for \$389 per month, expiring March 2022, and office space for \$175 per month, expiring April, 2020. Future minimum lease payments are as follows:

Year ending December 31,

2020	\$ 6,768
2021	5,368
2022	<u>3,890</u>
Total future minimum lease payments	<u>\$ 16,026</u>

Lease expense for 2019 and 2018 was \$6,768 and \$5,388, respectively.

# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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### 9. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Endowment	\$ 60,000	\$ 0
Programs	<u>452,265</u>	<u>239,733</u>
	<u>\$ 512,265</u>	<u>\$ 239,733</u>

The endowment has not been set up as of December 31, 2019.

### 10. 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 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</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>19,134</u>	<u>29,685</u>
Total donated facilities, goods and services	<u>\$ 65,238</u>	<u>\$ 75,789</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 2019 and 2018 was approximately \$629,000 and \$692,000, respectively.



# CASA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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### 11. LIQUIDITY AND AVAILABILITY

The following table reflects CASA's financial assets as of December 31, 2019 and 2018 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>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Cash	\$ 1,034,833	\$ 446,961
Grants and contributions receivable	6,433	3,896
Unconditional promises to give	455,265	239,733
Investments	<u>0</u>	<u>497,283</u>
Financial assets available in one year	1,496,531	1,187,873
Restricted endowment	<u>(60,000)</u>	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,436,531</u>	<u>\$ 1,187,873</u>

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.

### 12. SUBSEQUENT EVENTS

Subsequent to year end, 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 CASA's 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. These impacts may include, but are not limited to, additional costs for responding to COVID-19, potential shortages of supplies and loss of, or reduction to revenue. Management believes CASA is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at this time.