

CASA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

CPAs / ADVISORS



CASA, INC.

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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, 2020 and 2019, 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, 2020 and 2019, 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
June 1, 2021

CASA, INC.STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Assets		
Cash	\$ 1,218,472	\$ 1,034,833
Grants and contributions receivable	5,367	6,433
Unconditional promises to give	435,323	455,265
Prepaid expenses	54,935	20,233
Improvements and equipment, net	<u>372,877</u>	<u>416,047</u>
Total assets	<u>\$ 2,086,974</u>	<u>\$ 1,932,811</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 374	\$ 5,721
Accrued expenses	<u>93</u>	<u>0</u>
Total current liabilities	467	5,721
Net assets		
Without donor restrictions	1,591,184	1,414,825
With donor restrictions	<u>495,323</u>	<u>512,265</u>
Total net assets	<u>2,086,507</u>	<u>1,927,090</u>
Total liabilities and net assets	<u>\$ 2,086,974</u>	<u>\$ 1,932,811</u>

See accompanying notes to financial statements.

CASA, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Grants and contributions	\$ 494,761	\$ 564,518	\$ 1,059,279	\$ 548,574	\$ 565,086	\$ 1,113,660
Investment income	2,182	0	2,182	17,276	0	17,276
Special events	36,793	0	36,793	182,262	0	182,262
Special events direct expense	(28,908)	0	(28,908)	(116,567)	0	(116,567)
Paycheck protection program	33,900	0	33,900	0	0	0
Other income	175	0	175	0	0	0
	538,903	564,518	1,103,421	631,545	565,086	1,196,631
Net assets released from restriction						
Restrictions satisfied by payments	581,460	(581,460)	0	292,554	(292,554)	0
	1,120,363	(16,942)	1,103,421	924,099	272,532	1,196,631
Expenses						
Program services	824,519	0	824,519	739,341	0	739,341
Management and general	43,050	0	43,050	56,396	0	56,396
Fundraising	76,435	0	76,435	111,582	0	111,582
Total expenses	944,004	0	944,004	907,319	0	907,319
	176,359	(16,942)	159,417	16,780	272,532	289,312
Net assets, beginning of year	1,414,825	512,265	1,927,090	1,398,045	239,733	1,637,778
Net assets, end of year	\$ 1,591,184	\$ 495,323	\$ 2,086,507	\$ 1,414,825	\$ 512,265	\$ 1,927,090

See accompanying notes to financial statements.

CASA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 484,889	\$ 23,788	\$ 36,639	\$ 545,316	\$ 381,205	\$ 19,298	\$ 81,698	\$ 482,201
Payroll taxes	38,897	1,164	2,872	42,933	30,007	1,460	6,362	37,829
Employee benefits	26,498	643	2,534	29,675	22,120	1,362	6,190	29,672
Other employee benefits	38,147	756	1,267	40,170	28,044	222	396	28,662
Postage and office expense	54,060	291	5,697	60,048	43,577	534	6,073	50,184
Occupancy	49,023	544	4,893	54,460	47,382	999	4,611	52,992
Printing	1,527	0	0	1,527	1,813	0	1,647	3,460
Board expense	0	76	0	76	0	286	0	286
Volunteers and training	4,632	0	0	4,632	23,934	0	0	23,934
Insurance	5,213	31	278	5,522	5,478	0	0	5,478
Accounting and bookkeeping	0	12,956	0	12,956	0	11,731	0	11,731
Travel and meetings	14,472	34	616	15,122	21,749	85	487	22,321
Public relations and fundraising	0	0	216	216	0	0	552	552
Advertising	31,619	0	2,417	34,036	62,497	780	11	63,288
Contract labor	11,813	382	13,118	25,313	5,363	16,875	0	22,238
Dues and publications	3,079	0	280	3,359	2,669	126	350	3,145
Licenses and permits	0	0	0	0	25	10	0	35
Miscellaneous	2,454	5	2,983	5,442	5,745	296	345	6,386
Repairs, maintenance, and rental	12,903	31	276	13,210	11,872	126	654	12,652
Program expenses	3,004	0	0	3,004	6,153	0	0	6,153
Depreciation	42,289	2,349	2,349	46,987	39,708	2,206	2,206	44,120
Fundraising expenses	0	0	28,908	28,908	0	0	116,567	116,567
Total expenses	824,519	43,050	105,343	972,912	739,341	56,396	228,149	1,023,886
Less expenses included with revenues on the statement of activities	0	0	28,908	28,908	0	0	116,567	116,567
Total expenses included in the expense section of the statement of activities	\$ 824,519	\$ 43,050	\$ 76,435	\$ 944,004	\$ 739,341	\$ 56,396	\$ 111,582	\$ 907,319

See accompanying notes to financial statements.

CASA, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Change in net assets	\$ 159,417	\$ 289,312
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	46,987	44,120
Unrealized gain on investments	0	(2,347)
Contributions restricted for permanent investment	0	(60,000)
Changes in operating assets and liabilities:		
Grants and contributions receivable	1,066	(2,537)
Unconditional promises to give	19,942	(215,532)
Prepaid expenses	(34,702)	(17,800)
Accounts payable and accrued expenses	(5,254)	4,813
Net cash flows from operating activities	<u>187,456</u>	<u>40,029</u>
Investing activities		
Purchases of investments	0	(500,370)
Proceeds from sale of investments	0	1,000,000
Purchase of equipment	(3,817)	(11,787)
Net cash flows from investing activities	<u>(3,817)</u>	<u>487,843</u>
Financing activities:		
Contributions restricted for permanent investment	<u>0</u>	<u>60,000</u>
Net change in cash	183,639	587,872
Cash, beginning of year	<u>1,034,833</u>	<u>446,961</u>
Cash, end of year	<u>\$ 1,218,472</u>	<u>\$ 1,034,833</u>

See accompanying notes to financial statements.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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, 2020 and 2019.

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, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019 was \$34,036 and \$63,288, 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 June 1, 2021 the date the financial statements were available to be issued.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, CASA had outstanding promises to give due from 3 donors of \$369,693 and \$426,536, 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. 1% and 5% of public support and revenue was generated from special events for fundraising in 2020 and 2019, respectively.

3. PROMISES TO GIVE

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

	<u>2020</u>	<u>2019</u>
Programs	<u>\$ 435,323</u>	<u>\$ 455,265</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

4. IMPROVEMENTS AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Building improvements	\$ 622,268	\$ 622,268
Computer equipment	36,494	36,494
Office equipment	<u>128,012</u>	<u>124,195</u>
	786,774	782,957
Less accumulated depreciation	<u>413,897</u>	<u>366,910</u>
Improvements and equipment, net	<u>\$ 372,877</u>	<u>\$ 416,047</u>

5. 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, 2020 and 2019, CASA's contribution was \$29,675 and \$29,672, respectively.

6. 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,

2021	\$ 5,368
2022	<u>3,890</u>
Total future minimum lease payments	<u>\$ 9,258</u>

Lease expense for 2020 and 2019 was \$6,768.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Endowment	\$ 60,000	\$ 60,000
Programs	<u>435,323</u>	<u>452,265</u>
	<u>\$ 495,323</u>	<u>\$ 512,265</u>

The endowment has not been set up as of December 31, 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 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</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>12,285</u>	<u>19,134</u>
Total donated facilities, goods and services	<u>\$ 58,389</u>	<u>\$ 65,238</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 2020 and 2019 was approximately \$518,000 and \$629,000, respectively.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

9. LIQUIDITY AND AVAILABILITY

The following table reflects CASA's financial assets as of December 31, 2020 and 2019 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.

	2020	2019
Financial assets		
Cash	\$ 1,218,472	\$ 1,034,833
Grants and contributions receivable	5,367	6,433
Unconditional promises to give	<u>435,323</u>	<u>455,265</u>
Financial assets available in one year	1,659,162	1,496,531
Restricted endowment	<u>(60,000)</u>	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,599,162</u>	<u>\$ 1,436,531</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.

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, the CASA received a low interest loan in the amount of \$33,900 under the Paycheck Protection Program (PPP) administered by the Small Business Administration. The PPP loan is unsecured, bears interest at 1% and funds advanced under PPP are subject to forgiveness, if

CASA, INC.

NOTES TO FINANCIAL STATEMENTS

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certain criteria are met, with the remaining balance repayable within two years of disbursement, with monthly payments beginning December 5, 2020. The PPP loan may be forgivable to the extent that CASA incurs and spends the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, CASA must maintain specified employment and wage levels during the Coronavirus (COVID-19) pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness.

CASA has elected to account for this loan as a conditional government grant, and recognized forgiveness of the loan as grant revenue in the statements of activities as of December 31, 2020. Subsequent to December 31, 2020, CASA received notice that its application for forgiveness was accepted and that it will not be required to repay any amounts received back under the terms of the program, as CASA substantially met all requirements necessary for forgiveness.

12. SUBSEQUENT EVENT

Subsequent to the statement of financial position date, the Organization received a second low interest loan in the amount of \$85,000 under the Paycheck Protection Program (PPP) administered by the Small Business Administration. The PPP loan is unsecured, bears interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria are met with the remaining balance repayable up to five years after disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness.