

**CASA, INC.**  
**FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**CASA, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
CASA, Inc.  
Nashville, Tennessee

We have audited the accompanying financial statements of CASA, Inc., (a Tennessee not-for-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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.

### 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 CASA, Inc. as of June 30, 2017 and 2016, 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.

## Prior Period Financial Statements

The financial statements of CASA, Inc. as of and for the year ended June 30, 2016 were audited by other auditors whose report dated November 3, 2016, expressed an unmodified opinion on these statements.

A handwritten signature in blue ink that reads "Fraser, Dean + Howard, PLLC". Above the signature is a small, stylized flourish.

Nashville, Tennessee  
November 10, 2017

**CASA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 62,472	\$ 40,021
Accounts receivable	-	17,282
Grants receivable	4,500	4,125
Investments	-	4,032
	<u>66,972</u>	<u>65,460</u>
Total current assets		
Deposits and other assets	823	550
Beneficial interest in agency endowment fund held by		
Community Foundation of Middle Tennessee	50,086	44,747
Land, building and equipment, net	<u>270,196</u>	<u>289,177</u>
	<u>\$ 388,077</u>	<u>\$ 399,934</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 54,409	\$ 14,002
Note payable	<u>55,000</u>	<u>-</u>
	<u>109,409</u>	<u>14,002</u>
Total current liabilities		
Net assets:		
Unrestricted:		
Designated for beneficial interest in agency		
endowment fund	50,086	44,747
Undesignated	<u>206,983</u>	<u>333,185</u>
Total unrestricted	257,069	377,932
Temporarily restricted	<u>21,599</u>	<u>8,000</u>
	<u>278,668</u>	<u>385,932</u>
Total net assets		
Total liabilities and net assets	<u>\$ 388,077</u>	<u>\$ 399,934</u>

See accompanying notes.

**CASA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions	\$ 160,271	\$ 19,000	\$ 179,271
Grants	161,531	2,599	164,130
Special events	244,631	-	244,631
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle TN	5,339	-	5,339
Other income	33,673	-	33,673
Net assets released from restrictions	8,000	(8,000)	-
	<u>613,445</u>	<u>13,599</u>	<u>627,044</u>
Total revenue and other support			
Expenses:			
Program services	468,750	-	468,750
General and administrative	66,130	-	66,130
Fundraising	199,428	-	199,428
	<u>734,308</u>	<u>-</u>	<u>734,308</u>
Total expenses			
Change in net assets	(120,863)	13,599	(107,264)
Net assets, beginning of year	377,932	8,000	385,932
Net assets, end of year	<u>\$ 257,069</u>	<u>\$ 21,599</u>	<u>\$ 278,668</u>

See accompanying notes.

**CASA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions	\$ 380,473	\$ 32,000	\$ 412,473
Grants	22,875	-	22,875
Special events	198,140	-	198,140
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle TN	(581)	-	(581)
Other income	33,401	-	33,401
Net assets released from restrictions	<u>51,695</u>	<u>(51,695)</u>	<u>-</u>
Total revenue and other support	<u>686,003</u>	<u>(19,695)</u>	<u>666,308</u>
Expenses:			
Program services	405,763	-	405,763
General and administrative	87,618	-	87,618
Fundraising	<u>219,107</u>	<u>-</u>	<u>219,107</u>
Total expenses	<u>712,488</u>	<u>-</u>	<u>712,488</u>
Change in net assets	(26,485)	(19,695)	(46,180)
Net assets, beginning of year	<u>404,417</u>	<u>27,695</u>	<u>432,112</u>
Net assets, end of year	<u><u>\$ 377,932</u></u>	<u><u>\$ 8,000</u></u>	<u><u>\$ 385,932</u></u>

See accompanying notes.

**CASA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**

		<b>Support Services</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Support Services</b>	<b>Total</b>
Salaries and benefits	\$ 373,034	\$ 29,632	\$ 34,722	\$ 64,354	\$ 437,388
Special events	-	-	130,875	130,875	130,875
Professional fees	7,967	18,588	26,556	45,144	53,111
Depreciation	15,185	3,796	-	3,796	18,981
Repairs and maintenance	13,555	2,711	1,807	4,518	18,073
Supplies	11,266	2,253	1,502	3,755	15,021
Utilities	10,513	2,102	1,402	3,504	14,017
Fees	10,356	2,071	1,381	3,452	13,808
Insurance	6,707	2,236	-	2,236	8,943
Travel	4,559	911	608	1,519	6,078
Outreach	5,422	-	-	-	5,422
Board and meeting	3,453	691	460	1,151	4,604
Occupancy	2,903	968	-	968	3,871
Training	2,971	-	-	-	2,971
Dues and subscriptions	859	171	115	286	1,145
	<u>\$ 468,750</u>	<u>\$ 66,130</u>	<u>\$ 199,428</u>	<u>\$ 265,558</u>	<u>\$ 734,308</u>

See accompanying notes.



**CASA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**

		<b>Support Services</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Support Services</b>	<b>Total</b>
Salaries and benefits	\$ 307,214	\$ 14,004	\$ 42,245	\$ 56,249	\$ 363,463
Special events	-	-	130,191	130,191	130,191
Professional services	12,580	42,959	29,152	72,111	84,691
Equipment maintenance	19,315	2,739	3,255	5,994	25,309
Depreciation	14,211	2,443	2,893	5,336	19,547
Communication	3,624	12,056	1,258	13,314	16,938
Occupancy costs	10,789	2,100	2,149	4,249	15,038
Volunteer development	14,067	177	726	903	14,970
Insurance	8,239	1,417	2,191	3,608	11,847
Dues and subscriptions	990	7,399	1,269	8,668	9,658
Supplies	5,117	709	975	1,684	6,801
Professional development	4,415	210	213	423	4,838
Fees	2,345	737	403	1,140	3,485
Meetings expense	1,169	560	278	838	2,007
Board development	-	-	1,702	1,702	1,702
Travel	1,025	46	151	197	1,222
Community relations	663	62	56	118	781
	<u>\$ 405,763</u>	<u>\$ 87,618</u>	<u>\$ 219,107</u>	<u>\$ 306,725</u>	<u>\$ 712,488</u>

See accompanying notes.

**CASA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (107,264)	\$ (46,180)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	18,981	19,547
Donation of securities	-	(4,845)
Net realized and unrealized investment (gains) losses	(672)	373
Loss on disposal of equipment	-	1,125
Change in value of beneficial interest in agency endowment fund	(5,339)	581
Changes in operating assets and liabilities:		
Accounts receivable	12,782	(12,282)
Grants receivable	4,125	-
Deposits and other assets	(273)	(5,000)
Accounts payable and accrued expenses	40,407	(11,172)
	<u>(37,253)</u>	<u>(57,853)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Proceeds from note payable	55,000	-
Purchase of equipment	-	(8,921)
Proceeds from sale of investments	4,704	768
Purchases of investments	-	(327)
	<u>59,704</u>	<u>(8,480)</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	22,451	(66,333)
Cash and cash equivalents at beginning of year	40,021	106,354
Cash and cash equivalents at end of year	<u>\$ 62,472</u>	<u>\$ 40,021</u>

See accompanying notes.

**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

CASA, Inc. ("CASA"), which stands for "Court Appointed Special Advocates", was organized in September 1984 to train and supervise volunteers to act as advocates for children in foster care in Nashville, Tennessee.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed for not-for-profit organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent in the same fiscal year.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned for unrestricted purposes. The Organization did not have any permanently restricted net assets at June 30, 2017 or 2016.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, CASA considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity of three months or less when purchased to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured. CASA has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to its cash held at financial institutions.

**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

CASA accounts for investments in accordance with Financial Accounting Standards Board Accounting Standard Codification (“FASB ASC”) guidelines for not-for-profit organizations. Under these guidelines, CASA is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the statement of financial position. Unrealized gains and losses are reported in the statements of activities. See Note 2 for additional information on fair value measurements.

**Contributions and Promises to Give**

Contributions are recognized as revenues when the donor makes a promise to give to CASA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There were no promises to give at June 30, 2017 and 2016.

**Grants Receivable**

CASA receives grants from state and local government agencies. Grant revenue is recognized in the period in which a liability is incurred for eligible expenditures under the terms of the grant.

**Land, Building and Equipment**

Land, building and equipment are stated at cost, except those received by gift, which are stated at estimated fair market value as of the date of the gift. Expenditures for ordinary maintenance and repairs are charged to expense. Depreciation expense is computed by using the straight-line method over the estimated useful lives of the related assets, which range from five to ten years for furniture and equipment and thirty years for the building. All expenditures for property and equipment in excess of \$5,000 with a life expectancy of greater than one year are capitalized.

**Donated Goods and Services**

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. CASA received a substantial amount of donated services from unpaid volunteers which did not meet the criteria for recognition. Donated assets are recognized at fair value on the date contributed.

**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Agency (Functional) Endowment Fund**

CASA's beneficial interest in an agency (functional) endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Investment income and changes in the value of the fund are recognized in the statement of activities, and distributions received from the fund are recorded as changes in the beneficial interest.

**Income Taxes**

CASA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

CASA follows FASB ASC guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. CASA has no tax penalties or interest reported in the accompanying financial statements.

**Use of 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.

**Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and support services based on estimates made by management.

**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

CASA evaluated subsequent events through November 10, 2017, when these financial statements were available to be issued. CASA is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – FAIR VALUE OF INVESTMENTS**

The fair value measurement accounting literature has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority.

CASA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, CASA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. CASA investments in marketable securities are reported at fair value, based on Level 1 inputs. Gains and losses, whether realized or unrealized, are included in the statement of activities and changes in net assets.

CASA's investments at June 30, 2016 consisted entirely of an investment in an open-end mutual fund registered with the U.S. Securities and Exchange Commission. The investment is recorded at fair value using Level 1 inputs based on the quoted net asset values of the shares as reported by the fund. The fund must publish its daily net asset value and transact at that price. The mutual fund held by CASA was considered to be actively traded. CASA had no investments that required the use of Level 2 or Level 3 inputs. CASA had no investments at June 30, 2017.

The fair value and cost of this investment were as follows at June 30, 2016:

Fair value	\$ 4,032
Cost	<u>(4,336)</u>
Net unrealized loss	<u><u>\$ (304)</u></u>

The net investment return consisted of the following for 2016:

Dividend income	\$ 327
Net unrealized losses	<u>(304)</u>
Net investment return	<u><u>\$ 23</u></u>

**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 3 – LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 28,600	\$ 28,600
Building	365,403	365,403
Office furniture and equipment	<u>85,584</u>	<u>85,584</u>
	479,587	479,587
Less accumulated depreciation	<u>(209,391)</u>	<u>(190,410)</u>
Net land, building and equipment	<u>\$ 270,196</u>	<u>\$ 289,177</u>

Depreciation expense totaled \$18,981 and \$19,547 for the years ending June 30, 2017 and 2016, respectively.

**NOTE 4 – BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND**

CASA has a beneficial interest in the CASA of Nashville Fund, an agency endowment fund held by the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on this fund are used to train and supervise volunteers to act as advocates for children in foster care. CASA has granted variance power to the Community Foundation, and the Community Foundation has the ultimate authority and control over the fund and its related income. The fund is charged a 0.4% administrative fee annually. Upon request by CASA, income from the fund representing a specified annual return may be distributed to CASA or to another suggested beneficiary.

**NOTE 5 – LEASES**

CASA leases a copier under lease arrangements classified as an operating lease. Total rent expense for the years ended June 30, 2017 and 2016 were \$3,432 and \$2,254, respectively. Future minimum lease payments are as follows as of June 30, 2017:

Year Ending <u>June 30,</u>	
2018	\$ 3,588
2019	3,588
2020	3,588
2021	3,588
2022	<u>2,691</u>
Total	<u>\$ 17,043</u>

**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 6 – LINE OF CREDIT AND NOTE PAYABLE**

CASA has a revolving line of credit agreement with a financial institution. The agreement provides for maximum borrowings of \$70,000. Interest is payable monthly at an annual rate of 1% over the bank's prime rate (5.25% at June 30, 2017), the balance outstanding is payable upon demand, and the financial institution also has the right to terminate this agreement at any time. The line of credit is collateralized by real estate and deposits held by the financial institution. \$55,000 and \$0 were outstanding under this agreement at June 30, 2017 and 2016, respectively.

**NOTE 7 – RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Baptist Healing Trust	\$ 15,000	\$ 8,000
Monroe Carrell Jr. Children's Hospital at Vanderbilt donation for Red Shoe fundraising event	4,000	-
Frist grant for technology	<u>2,599</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 21,599</u>	<u>\$ 8,000</u>

**NOTE 8 – SPECIAL EVENTS AND FUNDRAISING**

Unrestricted revenues and direct expenses relating to special events consisted of the following for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Revenues	\$ 244,631	\$ 198,140
Expenses	<u>(130,875)</u>	<u>(130,191)</u>
Excess of revenues over expenses	<u>\$ 113,756</u>	<u>\$ 67,949</u>

During the years ended June 30, 2017 and 2016, CASA received in-kind contributions totaling \$52,439 and \$22,850, respectively, which were included in special events revenue and expenses, respectively.

**NOTE 9 – COMMITMENTS**

Grant expenditures are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to the grantor.



**CASA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 10 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject CASA to concentrations of credit risk principally consist of grants receivable. Grants receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. At June 30, 2017 and 2016, grants receivable due from the single largest source totaled \$4,500 and \$4,125, respectively, or 100% of grants receivable.

Contributors and granters providing at least \$10,000 of contributions and grants comprised \$175,541 or 28% of the total revenues, gains and support for the year ended June 30, 2017 and \$218,500 or 33% for the year ended June 30, 2016.

**NOTE 11 – AFFILIATION AGREEMENT**

Effective July 1, 2016, CASA entered into an affiliation agreement with Family & Children's Service ("FCS") wherein FCS provides operational and financial management services to CASA as detailed in the agreement. The agreement was renewed July 1, 2017 and will automatically renew for another one year period unless terminated by either party. No fees were incurred under this agreement for the years ending June 30, 2017 and 2016. As of June 30, 2017, CASA owed FCS approximately \$22,000.

**NOTE 12 – LIQUIDITY**

As shown in the accompanying financial statements, the Organization incurred a change in net assets of (\$107,264) and (\$46,180) during the years ended June 30, 2017 and 2016, respectively. Management of CASA continues to pursue additional revenue sources and to scrutinize expenses. CASA presently receives cash advances from FCS through an affiliation agreement to provide the necessary cash infusions to fund its cash flow deficits.