CASA, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2018 and 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

CASA, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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 statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, 2018, and the changes in its net assets and its cash flows for the year 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, 2017 were audited by other auditors whose report dated November 10, 2017, expressed an unmodified opinion on these statements.

Cherry Bekaert LLP

Nashville, Tennessee
November 6, 2018

CASA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 23,628	$ 62,472
Grants receivable	7,093	4,500
Total Current Assets	30,721	66,972
Deposits and other assets	1,178	823
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	53,189	50,086
Land, building, and equipment, net	251,289	270,196
Total Assets	$ 336,377	$ 388,077
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 127,900	$ 54,409
Line of credit	47,025	55,000
Total Current Liabilities	174,925	109,409
Net Assets:		
Unrestricted:		
Designated for beneficial interest in agency endowment fund	53,189	50,086
Undesignated	108,263	206,983
Total Unrestricted	161,452	257,069
Temporarily restricted	-	21,599
Total Net Assets	161,452	278,668
Total Liabilities and Net Assets	$ 336,377	$ 388,077

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

CASA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Contributions	$ 222,054	$ -	$ 222,054
Special events	170,545	-	170,545
Grants	121,400	-	121,400
Other income	34,847	-	34,847
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle TN	3,103	-	3,103
Net assets released from restrictions	21,599	(21,599)	-
Total Revenue and Other Support	573,548	(21,599)	551,949
Expenses:			
Program services	407,287	-	407,287
General and administrative	53,217	-	53,217
Fundraising	208,661	-	208,661
Total Expenses	669,165	-	669,165
Change in net assets	(95,617)	(21,599)	(117,216)
Net assets, beginning of year	257,069	21,599	278,668
Net assets, end of year	$ 161,452	$ -	$ 161,452

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

CASA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Contributions	$ 160,271	$ 19,000	$ 179,271
Special events	244,631	-	244,631
Grants	161,531	2,599	164,130
Other income	33,673	-	33,673
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle TN	5,339	-	5,339
Net assets released from restrictions	8,000	(8,000)	-
Total Revenue and Other Support	613,445	13,599	627,044
Expenses:			
Program services	468,750	-	468,750
General and administrative	66,130	-	66,130
Fundraising	199,428	-	199,428
Total Expenses	734,308	-	734,308
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	$ 257,069	$ 21,599	$ 278,668

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

CASA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

		Support Services			
	Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries and benefits	$ 315,491	$ 27,489	$ 119,168	$ 146,657	$ 462,148
Special events	-	-	70,727	70,727	70,727
Professional fees	3,450	8,051	11,502	19,553	23,003
Depreciation	15,126	3,781	-	3,781	18,907
Fees	13,966	2,793	1,862	4,655	18,621
Supplies	10,547	2,110	1,407	3,517	14,064
Repairs and maintenance	10,055	2,011	1,341	3,352	13,407
Insurance	7,372	2,457	-	2,457	9,829
Utilities	7,361	1,472	982	2,454	9,815
Board and meeting	6,894	1,379	919	2,298	9,192
Outreach	6,798	-	-	-	6,798
Travel	4,065	813	542	1,355	5,420
Training	2,945	-	-	-	2,945
Occupancy	1,635	545	-	545	2,180
Dues and subscriptions	1,582	316	211	527	2,109
	$ 407,287	$ 53,217	$ 208,661	$ 261,878	$ 669,165

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

CASA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

		Support Services			
	Program Services	General and Administrative	Fundraising	Total Support Services	Total
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
	$ 468,750	$ 66,130	$ 199,428	$ 265,558	$ 734,308

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

CASA, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (117,216)	$ (107,264)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	18,907	18,981
Net realized and unrealized investment gains	-	(672)
Change in value of beneficial interest in agency endowment fund	(3,103)	(5,339)
Changes in operating assets and liabilities:		
Accounts receivable	-	12,782
Grants receivable	(2,593)	4,125
Deposits and other assets	(355)	(273)
Accounts payable and accrued expenses	73,491	40,407
Net cash used in operating activities	(30,869)	(37,253)
Cash flows from investing activities:		
Proceeds from sale of investments	-	4,704
Net cash provided by investing activities	-	4,704
Cash flows from financing activities:		
Proceeds from line of credit	-	55,000
Payments on line of credit	(7,975)	-
Net cash (used in) provided by financing activities	(7,975)	55,000
Net (decrease) increase in cash and cash equivalents	(38,844)	22,451
Cash and cash equivalents, beginning of year	62,472	40,021
Cash and cash equivalents, end of year	$ 23,628	$ 62,472

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

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 (“GAAP”), 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:

Undesignated – Net assets that are not subject to donor-imposed stipulations.

Designated – Net assets designated by CASA’s board of directors for particular purposes, presently designated by the board for beneficial interest in the endowment fund.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of CASA 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 CASA. Generally, the donors of these assets permit CASA to use all or part of the income earned for unrestricted purposes. CASA did not have any permanently restricted net assets at June 30, 2018 or 2017.

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.

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, 2018 and 2017.

Grants Receivable – CASA receives grants from state and local government agencies. Management considers grants receivable to be fully collectible at June 30, 2018 and 2017, therefore no allowance for doubtful accounts has been provided. Grant revenue is recognized in the period in which a liability is incurred for eligible expenditures under the terms of the grant.

Note 1—Nature of organization and summary of significant accounting policies (continued)

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 30 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.

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 statements 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 Financial Accounting Standards Board Accounting Standards Codification 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 50% 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 GAAP 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.

Subsequent Events – CASA evaluated subsequent events through November 6, 2018, when these financial statements were available to be issued.

Note 2—Land, building, and equipment

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

	2018	2017
Land	$ 28,600	$ 28,600
Building	365,404	365,404
Office furniture and equipment	85,581	85,581
	479,585	479,585
Less accumulated depreciation	(228,296)	(209,389)
Land, building, and equipment, net	$ 251,289	$ 270,196

Depreciation expense totaled $18,907 and $18,981 for the years ended June 30, 2018 and 2017, respectively.

Note 3—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 4—Leases

CASA leases a copier under lease arrangements classified as an operating lease. Total rent expense for the years ended June 30, 2018 and 2017 were $3,765 and $3,432, respectively. Future minimum lease payments are as follows as of June 30, 2018:

Years Ending June 30,	
2019	$ 3,588
2020	3,588
2021	3,588
2022	2,691
	$ 13,455

Note 5—Line of credit

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 (6% and 5.25% at June 30, 2018 and 2017, respectively), 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. Under this agreement, $47,025 and $55,000 were outstanding at June 30, 2018 and 2017, respectively.

Note 6—Restricted net assets

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

	2018	2017
Baptist Healing Trust	$ -	$ 15,000
Monroe Carrell Jr. Children's Hospital at Vanderbilt donations for Red Shoe Fundraising event	-	4,000
Frist grant for technology	-	2,599
Total temporarily restricted net assets	$ -	$ 21,599

Note 7—Special events and fundraising

Unrestricted revenues and direct expenses relating to special events consisted of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Revenues	$ 170,545	$ 244,631
Expenses	(70,727)	(130,875)
Excess of revenues over expenses	$ 99,818	$ 113,756

During the years ended June 30, 2018 and 2017, CASA received in-kind contributions totaling $0 and $52,439, respectively, which were included in special events revenue and expenses, respectively.

Note 8—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.

Note 9—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, 2018 and 2017, grants receivable due from the single largest source totaled $5,000 and $4,500, respectively, or 70% and 100% of grants receivable.

Contributors and granters providing at least $10,000 of contributions and grants comprised $161,872 or 29% of the total revenues, gains, and support for the year ended June 30, 2018 and $175,541 or 28% for the year ended June 30, 2017.

Note 10—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 ended June 30, 2018 and 2017. As of June 30, 2018 and 2017, CASA owed FCS approximately $93,000 and $22,000, respectively, and these amounts are included in accounts payable and accrued expenses on the statement of financial position.

Note 11—Grant awarded

As of June 30, 2018, CASA has been awarded a three year grant from the Tennessee Department of Finance and Administration to support their serving youth and young adults with trauma project. Under the terms of this grant, CASA will receive approximately $200,000 annually for fiscal years 2019-2021.

Note 12—Liquidity

As shown in the accompanying financial statements, CASA incurred a change in net assets of ($117,216) and ($107,264) during the years ended June 30, 2018 and 2017, 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.