

CASA, INC.

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2010 and 2009

CASA, INC.

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CASA, Inc.:

We have audited the accompanying statements of financial position of CASA, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of CASA, Inc.'s management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
December 17, 2010

CASA, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 127,597	\$ 95,414
Unconditional promises to give, net	54,625	57,687
Grants receivable	8,417	3,750
Prepaid expenses and other current assets	2,713	3,981
Total current assets	<u>193,352</u>	<u>160,832</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>305,838</u>	<u>315,892</u>
OTHER ASSETS:		
Beneficial interest in agency (functional) endowment fund held by Community Foundation of Middle Tennessee	17,910	15,544
Utility deposits	550	550
Total other assets	<u>18,460</u>	<u>16,094</u>
TOTAL ASSETS	<u>\$ 517,650</u>	<u>\$ 492,818</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Line of credit	\$ 1,435	\$ -
Accounts payable and accrued liabilities	11,182	10,208
Total current liabilities	<u>12,617</u>	<u>10,208</u>
NET ASSETS:		
Unrestricted:		
Designated for beneficial interest in agency (functional) endowment fund	17,910	15,544
Undesignated	430,826	390,572
Total unrestricted	<u>448,736</u>	<u>406,116</u>
Temporarily restricted	56,297	76,494
Total net assets	<u>505,033</u>	<u>482,610</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 517,650</u>	<u>\$ 492,818</u>

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

CASA, INC.**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 174,017	\$ 70,500	\$ 244,517
Grants	136,000	-	136,000
Special events	160,592	-	160,592
Net investment return	22	-	22
Change in value of beneficial interest in agency (functional) endowment fund held by Community Foundation of Middle Tennessee	2,571	-	2,571
Miscellaneous income	22,518	-	22,518
Total	495,720	70,500	566,220
Net assets released from restrictions	90,697	(90,697)	-
Total revenues, gains and other support	586,417	(20,197)	566,220
EXPENSES:			
Program services	336,493	-	336,493
Fundraising	115,419	-	115,419
Management and general	91,885	-	91,885
Total expenses	543,797	-	543,797
CHANGE IN NET ASSETS	42,620	(20,197)	22,423
NET ASSETS:			
Beginning of year	406,116	76,494	482,610
End of year	\$ 448,736	\$ 56,297	\$ 505,033

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

CASA, INC.**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 300,313	\$ 68,925	\$ 369,238
Grants	15,000	-	15,000
Special events	161,033	7,500	168,533
Net investment return	2,036	-	2,036
Change in value of beneficial interest in agency (functional) endowment fund held by Community Foundation of Middle Tennessee	(3,965)	-	(3,965)
Miscellaneous income	13,466	-	13,466
Total	487,883	76,425	564,308
Net assets released from restrictions	94,462	(94,462)	-
Total revenues, gains and other support	582,345	(18,037)	564,308
EXPENSES:			
Program services	372,472	-	372,472
Fundraising	163,155	-	163,155
Management and general	122,764	-	122,764
Total expenses	658,391	-	658,391
CHANGE IN NET ASSETS	(76,046)	(18,037)	(94,083)
NET ASSETS:			
Beginning of year	482,162	94,531	576,693
End of year	<u>\$ 406,116</u>	<u>\$ 76,494</u>	<u>\$ 482,610</u>

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

CASA, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 22,423	\$ (94,083)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,554	15,324
Noncash donation of equipment	(4,500)	-
Change in value of beneficial interest in agency (functional) endowment fund	(2,366)	3,965
Net changes in operating assets and liabilities:		
Unconditional promises to give	(1,605)	(1,075)
Prepaid expenses and other assets	1,268	(14)
Accounts payable and accrued liabilities	974	(11,009)
Net cash provided by (used in) operating activities	<u>30,748</u>	<u>(86,892)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line of credit	1,435	-
Payments on long-term borrowings	-	(56,000)
Net cash provided by (used in) financing activities	<u>1,435</u>	<u>(56,000)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	32,183	(142,892)
 CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>95,414</u>	<u>238,306</u>
 End of year	<u><u>\$ 127,597</u></u>	<u><u>\$ 95,414</u></u>
 SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ 1,639</u></u>

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

CASA, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 271,860	\$ 53,785	\$ 67,930	\$ 393,575
Professional and temporary services	5,697	634	10,796	17,127
Insurance expense	7,849	1,066	910	9,825
Supplies	2,928	398	1,172	4,498
Meetings expense	826	107	302	1,235
Communication	11,411	2,805	2,742	16,958
Community awareness/education	160	238	-	398
Special events	-	51,405	-	51,405
Occupancy costs	6,313	839	1,286	8,438
Equipment expense	4,024	1,991	642	6,657
Travel	518	-	-	518
Professional development and training	1,226	113	1,031	2,370
Board development	-	-	942	942
Volunteer development	6,936	-	-	6,936
Dues and subscriptions	728	274	296	1,298
Fees	4,956	891	1,199	7,046
Miscellaneous expense	-	-	17	17
Total expenses before depreciation expense	325,432	114,546	89,265	529,243
Depreciation expense	11,061	873	2,620	14,554
Total expenses	<u>\$ 336,493</u>	<u>\$ 115,419</u>	<u>\$ 91,885</u>	<u>\$ 543,797</u>

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

CASA, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 306,380	\$ 83,710	\$ 98,650	\$ 488,740
Professional and temporary services	5,760	14,104	10,823	30,687
Insurance expense	7,632	1,049	1,008	9,689
Supplies	5,312	825	1,153	7,290
Meetings expense	138	15	409	562
Communication	10,578	3,879	2,023	16,480
Community awareness/education	30	-	30	60
Special events	425	54,809	15	55,249
Occupancy costs	5,806	794	1,849	8,449
Equipment expense	1,859	255	484	2,598
Travel	630	-	25	655
Professional development and training	2,777	595	942	4,314
Board development	-	-	878	878
Volunteer development	7,879	-	254	8,133
Dues and subscriptions	900	702	997	2,599
Fees	3,111	767	637	4,515
Interest	996	272	321	1,589
Miscellaneous expense	-	-	580	580
Total expenses before depreciation expense	360,213	161,776	121,078	643,067
Depreciation expense	12,259	1,379	1,686	15,324
Total expenses	<u>\$ 372,472</u>	<u>\$ 163,155</u>	<u>\$ 122,764</u>	<u>\$ 658,391</u>

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

CASA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

NOTE 1 – THE ENTITY

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2010 and 2009 in these financial statements refer to the years ended June 30, 2010 and 2009, respectively, unless otherwise noted.

Financial Statement Presentation

CASA is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted – This class includes net assets that are not subject to any donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – This class includes net assets whose use by CASA is subject to donor-imposed restrictions that can be fulfilled by actions of CASA pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Additionally, any temporarily restricted contributions whose restrictions are met in the same reporting year are shown as unrestricted revenues.

Permanently Restricted – This class includes net assets subject to donor-imposed restrictions that require the assets to be maintained permanently by CASA. Generally, the donors of these assets permit CASA to use all or part of the income earned on any related investments for general or specific purposes.

See Note 7 for further details related to net assets.

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.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Promises to Give (continued)

CASA uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2010 and 2009, management deemed all promises receivable to be fully collectible, and no allowances have been recorded.

See Note 3 for further details.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CASA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

CASA may, at times, maintain bank accounts whose balances exceed federally insured limits. However, CASA has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

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 decreases in the beneficial interest.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost at the date of purchase or fair value at the date of gift. 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, plant and equipment in excess of \$500 are capitalized.

See Note 5 for further details.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

CASA is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and is not classified as a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

CASA files an annual information return (Form 990) with the U.S. government. At June 30, 2010, CASA is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before June 30, 2007.

Donated Materials and Services

Donated services are recognized, at fair value, if they create or enhance nonfinancial assets or require specialized skills and would be purchased by CASA if not contributed. CASA received a substantial amount of donated services from unpaid volunteers which did not meet the criteria for recognition.

Donated assets and rights or benefits (e.g. leases, etc.) are recognized at fair value on the date contributed.

Functional Allocation of Expenses

Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to make them consistent with the presentation in the 2010 financial statements. These reclassifications did not have a significant impact on the previously reported financial position, changes in net assets, and cash flows of CASA.

Events Occurring After the Reporting Date

CASA has evaluated events and transactions that occurred between June 30, 2010 and December 17, 2010, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Memorial Foundation	\$ 30,000	\$ 30,000
Baptist Healing Trust	14,000	11,962
Corporations	10,000	7,000
Capital campaign	625	725
National Council of Jewish Women	-	5,000
Tennessee Bar Foundation	-	3,000
Total unconditional promises to give	<u>\$ 54,625</u>	<u>\$ 57,687</u>

All of the above promises are intended to provide funding for the fiscal year following the date of the promise.

NOTE 4 – AGENCY (FUNCTIONAL) ENDOWMENT FUND

CASA has a beneficial interest in the CASA of Nashville Fund, an agency (functional) 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 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Land	\$ 28,600	\$ 28,600
Building	329,273	329,273
Office furniture and equipment	68,390	63,890
Total cost	426,263	421,763
Less accumulated depreciation	(120,425)	(105,871)
Property, plant and equipment, net	<u>\$ 305,838</u>	<u>\$ 315,892</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

NOTE 6 – LINE OF CREDIT AND NOTE PAYABLE

CASA had a bank installment note that was due in annual principal payments of at least \$56,000 plus interest payable monthly at a floating interest rate of LIBOR plus 1.80% through April 22, 2009. The note was secured by the land and building. During 2009, this note was paid in full, as scheduled.

CASA has a revolving line of credit from its bank. 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, and principal is payable upon demand by the bank. The bank also has the right to terminate this agreement at any time. The line of credit is collateralized by any deposits held by the bank, as well as CASA's real estate. At June 30, 2010, advances of \$1,435 were outstanding. No such advances were outstanding at June 30, 2009.

NOTE 7 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Memorial Foundation	\$ 30,000	\$ 30,000
Baptist Healing Trust	14,000	21,275
Corporations	10,000	7,000
Other Foundations	2,297	10,152
Fall 2009 Golf Tournament	-	7,500
Lani Wilkeson Fund	-	567
Total temporarily restricted net assets	<u>\$ 56,297</u>	<u>\$ 76,494</u>

There were no permanently restricted net assets at June 30, 2010 and 2009.

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Memorial Foundation	\$ 30,000	\$ 35,000
Baptist Healing Trust	35,275	2,650
Other Foundations	10,355	10,000
Fall 2009 Golf Tournament	7,500	-
Corrections Corporation of America	7,000	10,000
Lani Wilkeson Fund	567	-
National CASA	-	31,000
Building Fund	-	5,812
Total net assets released from restrictions	<u>\$ 90,697</u>	<u>\$ 94,462</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Revenues	\$ 160,592	\$ 168,533
Expenses	(51,405)	(55,249)
Excess of revenues over expenses	<u>\$ 109,187</u>	<u>\$ 113,284</u>

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.

NOTE 10 – EMPLOYEE BENEFIT PLAN

CASA has a defined contribution employee benefit plan for eligible employees under provisions of section 401(k) of the Internal Revenue Code. Employees may elect to contribute a percentage of their compensation, subject to certain limitations, to the plan on a pre-tax basis. Annual employer contributions, if any, to the plan are declared at the discretion of the Board of Directors. No such contributions were made in 2010 or 2009.

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject CASA to concentrations of credit risk principally consist of promises to give and grants receivable. Promises to give and grants receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. At June 30, 2010, promises to give and grants receivable due from the single largest source totaled approximately \$30,000 or 47.6% of promises to give and grants receivable. At June 30, 2009, promises to give and grants receivable due from the single largest source totaled approximately \$30,000 or 48.8% of promises to give and grants receivable.

The top ten contributors and grantors of CASA provided \$251,544 or 44.4% of the total revenue, gains and support for the year ended June 30, 2010 and \$191,925 or 34.0% for the year ended June 30, 2009.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

NOTE 12 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. CASA's significant financial instruments are cash, unconditional promises to give, grants receivable, line of credit and accounts payable. For each of these financial instruments, the carrying values approximate fair value due to the short-term nature of these financial instruments.