

CASA, INC.

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010, 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 12, 2011

CASA, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 151,890	\$ 127,597
Unconditional promises to give, net	25,000	54,625
Grants receivable	3,750	8,417
Prepaid expenses and other current assets	1,239	2,713
Total current assets	<u>181,879</u>	<u>193,352</u>
 PROPERTY, PLANT AND EQUIPMENT, net	 <u>315,821</u>	 <u>305,838</u>
 OTHER ASSETS:		
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	22,178	17,910
Utility deposits	550	550
Total other assets	<u>22,728</u>	<u>18,460</u>
 TOTAL ASSETS	 <u><u>\$ 520,428</u></u>	 <u><u>\$ 517,650</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Advances under line of credit	\$ -	\$ 1,435
Accounts payable and accrued liabilities	26,075	11,182
Deferred revenue	5,502	-
Total current liabilities	<u>31,577</u>	<u>12,617</u>
 NET ASSETS:		
Unrestricted:		
Designated for beneficial interest in agency endowment fund	22,178	17,910
Undesignated	390,990	430,826
Total unrestricted	413,168	448,736
Temporarily restricted	75,683	56,297
Total net assets	<u>488,851</u>	<u>505,033</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 520,428</u></u>	 <u><u>\$ 517,650</u></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, 2011**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 219,442	\$ 107,500	\$ 326,942
Grants	57,498	-	57,498
Special events	158,456	-	158,456
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	4,268	-	4,268
Miscellaneous income	27,129	-	27,129
Total	466,793	107,500	574,293
Net assets released from restrictions	88,114	(88,114)	-
Total revenues, gains and other support	554,907	19,386	574,293
EXPENSES:			
Program services	371,631	-	371,631
Fundraising	123,606	-	123,606
Management and general	95,238	-	95,238
Total expenses	590,475	-	590,475
CHANGE IN NET ASSETS	(35,568)	19,386	(16,182)
NET ASSETS:			
Beginning of year	448,736	56,297	505,033
End of year	\$ 413,168	\$ 75,683	\$ 488,851

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
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	2,571	-	2,571
Miscellaneous income	22,540	-	22,540
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	<u>\$ 448,736</u>	<u>\$ 56,297</u>	<u>\$ 505,033</u>

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

CASA, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (16,182)	\$ 22,423
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,663	14,554
Net loss on disposal of property	583	-
Noncash donation of equipment	-	(4,500)
Change in value of beneficial interest in agency endowment fund	(4,268)	(2,366)
Net changes in operating assets and liabilities:		
Unconditional promises to give	34,292	(1,605)
Prepaid expenses and other assets	1,474	1,268
Accounts payable and accrued liabilities	14,893	974
Deferred revenue	5,502	-
Net cash provided by operating activities	<u>51,957</u>	<u>30,748</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(26,229)</u>	<u>-</u>
Net cash used in investing activities	<u>(26,229)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under line of credit	<u>(1,435)</u>	<u>1,435</u>
Net cash provided by (used in) financing activities	<u>(1,435)</u>	<u>1,435</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	24,293	32,183
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>127,597</u>	<u>95,414</u>
End of year	<u>\$ 151,890</u>	<u>\$ 127,597</u>

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

CASA, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 308,517	\$ 54,322	\$ 70,835	\$ 433,674
Professional and temporary services	4,837	3,594	11,689	20,120
Insurance expense	7,829	1,079	906	9,814
Supplies	2,744	354	481	3,579
Meetings expense	485	106	145	736
Communication	4,681	6,095	1,128	11,904
Community awareness/education	130	-	-	130
Special events	-	47,245	-	47,245
Occupancy costs	6,977	924	1,400	9,301
Equipment expense	5,561	779	1,321	7,661
Travel	1,596	-	-	1,596
Professional development and training	1,183	217	1,413	2,813
Board development	458	2,932	804	4,194
Volunteer development	11,231	-	-	11,231
Dues and subscriptions	983	164	402	1,549
Fees	2,773	2,320	1,286	6,379
Miscellaneous expense	729	1,360	172	2,261
Bad debts	-	-	625	625
Total expenses before depreciation expense	360,714	121,491	92,607	574,812
Depreciation expense	10,917	2,115	2,631	15,663
Total expenses	<u>\$ 371,631</u>	<u>\$ 123,606</u>	<u>\$ 95,238</u>	<u>\$ 590,475</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.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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 2011 and 2010 in these financial statements refer to the years ended June 30, 2011 and 2010, 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 8 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, 2011 AND 2010

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, 2011 and 2010, 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, 2011 AND 2010

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, 2011, CASA is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before June 30, 2008.

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 2010 financial statements to make them consistent with the presentation in the 2011 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, 2011 and December 12, 2011, 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, 2011 AND 2010

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Memorial Foundation	\$ 25,000	\$ 30,000
Baptist Healing Trust	-	14,000
Corporations	-	10,000
Capital campaign	-	625
Total unconditional promises to give	<u>\$ 25,000</u>	<u>\$ 54,625</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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 28,600	\$ 28,600
Building	343,590	329,273
Office furniture and equipment	64,829	68,390
Total cost	437,019	426,263
Less accumulated depreciation	(121,198)	(120,425)
Property, plant and equipment, net	<u>\$ 315,821</u>	<u>\$ 305,838</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

NOTE 6 – DEFERRED REVENUE

Deferred revenue consists of grant funds received for expenditures that will be incurred in the next fiscal year.

NOTE 7 – LINE OF CREDIT AND NOTE PAYABLE

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, 2011.

NOTE 8 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Building improvements	\$ 35,683	\$ -
Memorial Foundation	25,000	30,000
Baptist Healing Trust	15,000	14,000
Corporations	-	10,000
Other Foundations	-	2,297
Total temporarily restricted net assets	<u>\$ 75,683</u>	<u>\$ 56,297</u>

There were no permanently restricted net assets at June 30, 2011 and 2010.

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Memorial Foundation	\$ 30,000	\$ 30,000
Baptist Healing Trust	29,000	35,275
Building improvements	14,317	-
Corporations	10,000	7,000
Other Foundations	4,797	10,355
Fall 2009 Golf Tournament	-	7,500
Lani Wilkeson Fund	-	567
Total net assets released from restrictions	<u>\$ 88,114</u>	<u>\$ 90,697</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

NOTE 9 – SPECIAL EVENTS AND FUNDRAISING

Unrestricted revenues and direct expenses relating to special events consisted of the following for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Revenues	\$ 158,456	\$ 160,592
Expenses	<u>(47,245)</u>	<u>(51,405)</u>
Excess of revenues over expenses	<u>\$ 111,211</u>	<u>\$ 109,187</u>

NOTE 10 – 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 11 – 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 2011 or 2010.

NOTE 12 – 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, 2011, promises to give and grants receivable due from the single largest source totaled approximately \$25,000 or 87% of promises to give and grants receivable. 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.

The top ten contributors and grantors of CASA provided \$179,393 or 31.2% of the total revenue, gains and support for the year ended June 30, 2011 and \$251,544 or 44.4% for the year ended June 30, 2010.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

NOTE 13 – 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.