

CASA, INC.

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2014 and 2013

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 financial statements of CASA, Inc. (a nonprofit organization) as of June 30, 2014 and 2013, which comprise the statements of financial position as of June 30, 2014 and 2013, 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 audit to obtain reasonable assurance about whether the financial statements are free of 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, 2014 and 2013, 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 15, 2014

CASA, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 112,469	\$ 97,397
Unconditional promises to give, net	40,289	47,000
Grants receivable	4,125	3,750
Prepaid expenses and other current assets	516	171
Total current assets	<u>157,399</u>	<u>148,318</u>
PROPERTY AND EQUIPMENT, net	<u>309,561</u>	<u>323,058</u>
OTHER ASSETS:		
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	29,376	25,422
Utility deposits	550	550
Total other assets	<u>29,926</u>	<u>25,972</u>
TOTAL ASSETS	<u>\$ 496,886</u>	<u>\$ 497,348</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 14,099	\$ 18,717
Deferred revenue	450	5,160
Total current liabilities	<u>14,549</u>	<u>23,877</u>
NET ASSETS:		
Unrestricted:		
Designated for beneficial interest in agency endowment fund	29,376	25,422
Undesignated	409,740	383,049
Total unrestricted	439,116	408,471
Temporarily restricted	43,221	65,000
Total net assets	<u>482,337</u>	<u>473,471</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 496,886</u>	<u>\$ 497,348</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, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 370,962	\$ 51,250	\$ 422,212
Grants	54,500	-	54,500
Special events	250,820	-	250,820
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	3,955	-	3,955
Miscellaneous income	42,054	-	42,054
Total	722,291	51,250	773,541
Net assets released from restrictions	73,029	(73,029)	-
Total revenues, gains and other support	795,320	(21,779)	773,541
EXPENSES:			
Program services	401,005	-	401,005
Fundraising	270,916	-	270,916
Management and general	92,754	-	92,754
Total expenses	764,675	-	764,675
CHANGE IN NET ASSETS	30,645	(21,779)	8,866
NET ASSETS:			
Beginning of year	408,471	65,000	473,471
End of year	<u>\$ 439,116</u>	<u>\$ 43,221</u>	<u>\$ 482,337</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, 2013**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 338,363	\$ 75,000	\$ 413,363
Grants	26,175	-	26,175
Special events	226,096	-	226,096
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	2,875	-	2,875
Miscellaneous income	36,352	-	36,352
Total	629,861	75,000	704,861
Net assets released from restrictions	37,500	(37,500)	-
Total revenues, gains and other support	667,361	37,500	704,861
EXPENSES:			
Program services	398,500	-	398,500
Fundraising	233,177	-	233,177
Management and general	86,826	-	86,826
Total expenses	718,503	-	718,503
CHANGE IN NET ASSETS	(51,142)	37,500	(13,642)
NET ASSETS:			
Beginning of year	459,613	27,500	487,113
End of year	\$ 408,471	\$ 65,000	\$ 473,471

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

CASA, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,866	\$ (13,642)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,202	18,359
Change in value of beneficial interest in agency endowment fund	(3,954)	(2,875)
Net changes in operating assets and liabilities:		
Unconditional promises to give	6,336	(37,000)
Prepaid expenses and other assets	(345)	2,342
Accounts payable and accrued liabilities	(4,618)	638
Deferred revenue	(4,710)	(2,915)
Net cash provided by (used in) operating activities	<u>19,777</u>	<u>(35,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(4,705)</u>	<u>(2,378)</u>
Net cash used in investing activities	<u>(4,705)</u>	<u>(2,378)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,072	(37,471)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>97,397</u>	<u>134,868</u>
End of year	<u>\$ 112,469</u>	<u>\$ 97,397</u>

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

CASA, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 325,462	\$ 120,230	\$ 76,237	\$ 521,929
Professional and temporary services	10,743	4,588	2,509	17,840
Insurance expense	5,309	2,094	1,215	8,618
Supplies	3,652	1,688	820	6,160
Meetings expense	1,109	424	246	1,779
Communication	8,039	13,913	1,830	23,782
Community relations	383	151	88	622
Special events	-	114,542	-	114,542
Occupancy costs	6,537	872	1,307	8,716
Equipment maintenance	11,095	4,377	2,540	18,012
Travel	422	167	97	686
Professional development and training	1,839	775	487	3,101
Board development	716	213	973	1,902
Volunteer development	9,742	492	285	10,519
Dues and subscriptions	1,971	778	451	3,200
Fees	2,774	1,189	1,103	5,066
Total expenses before depreciation expense	389,793	266,493	90,188	746,474
Depreciation expense	11,212	4,423	2,566	18,201
Total expenses	<u>\$ 401,005</u>	<u>\$ 270,916</u>	<u>\$ 92,754</u>	<u>\$ 764,675</u>

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

CASA, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 333,550	\$ 112,983	\$ 73,810	\$ 520,343
Professional and temporary services	10,395	4,096	3,297	17,788
Insurance expense	7,333	2,642	1,664	11,639
Supplies	2,344	873	412	3,629
Meetings expense	2,395	455	287	3,137
Communication	4,641	15,264	979	20,884
Special events	200	87,525	-	87,725
Occupancy costs	6,032	804	1,206	8,042
Equipment maintenance	3,107	1,120	705	4,932
Travel	78	40	18	136
Professional development and training	1,374	674	149	2,197
Board development	395	142	90	627
Volunteer development	9,812	52	33	9,897
Dues and subscriptions	1,465	965	332	2,762
Fees	3,813	1,374	1,219	6,406
Total expenses before depreciation expense	386,934	229,009	84,201	700,144
Depreciation expense	11,566	4,168	2,625	18,359
Total expenses	<u>\$ 398,500</u>	<u>\$ 233,177</u>	<u>\$ 86,826</u>	<u>\$ 718,503</u>

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

CASA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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 2014 and 2013 in these financial statements refer to the years ended June 30, 2014 and 2013, 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, 2014 AND 2013

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, 2014 and 2013, 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 changes in the beneficial interest.

Property and Equipment

Property 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 and equipment in excess of \$500 are capitalized.

See Note 5 for further details.

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, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

CASA files an annual information return (Form 990) with the U.S. government. At June 30, 2014, CASA is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before June 30, 2011.

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 2013 financial statements to make them consistent with the presentation in the 2014 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, 2014 and December 15, 2014, 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, 2014 AND 2013**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Memorial Foundation	\$ 30,000	\$ 30,000
National Council of Jewish Women	-	10,000
Other foundations/corporations	10,289	7,000
Total unconditional promises to give	<u>\$ 40,289</u>	<u>\$ 47,000</u>

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

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 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land	\$ 28,600	\$ 28,600
Building	365,403	365,403
Office furniture and equipment	76,758	79,321
Total cost	470,761	473,324
Less accumulated depreciation	(161,200)	(150,266)
Property and equipment, net	<u>\$ 309,561</u>	<u>\$ 323,058</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

NOTE 6 – DEFERRED REVENUE

Deferred revenue consists of funds received in advance 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. No advances were outstanding at June 30, 2014 and 2013.

NOTE 8 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Memorial Foundation	\$ 30,000	\$ 30,000
National Council of Jewish Women	-	10,000
Baptist Healing Trust	4,687	10,000
Other foundations/corporations	8,534	15,000
Total temporarily restricted net assets	<u>\$ 43,221</u>	<u>\$ 65,000</u>

There were no permanently restricted net assets at June 30, 2014 and 2013.

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Memorial Foundation	\$ 30,000	\$ -
Baptist Healing Trust	24,063	25,000
Corporations	17,000	10,000
Other foundations	1,966	2,500
Total net assets released from restrictions	<u>\$ 73,029</u>	<u>\$ 37,500</u>

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Revenues	\$ 250,820	\$ 226,096
Expenses	(114,543)	(87,725)
Excess of revenues over expenses	<u>\$ 136,277</u>	<u>\$ 138,371</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 employer contributions were made in 2014 or 2013.

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, 2014, promises to give and grants receivable due from the single largest source totaled \$30,000 or 67.5% of promises to give and grants receivable. At June 30, 2013, promises to give and grants receivable due from the single largest source totaled \$30,000 or 59.1% of promises to give and grants receivable.

Contributors and grantors providing at least \$10,000 of contributions and grants comprised \$254,349 or 32.9% of the total revenue, gains and support for the year ended June 30, 2014 and \$187,738 or 26.6% for the year ended June 30, 2013.

CASA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

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, advances under 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.