

***CASA, INC.***

**FINANCIAL STATEMENTS  
& INDEPENDENT  
AUDITORS' REPORT**

**JUNE 30, 2012 and 2011**

**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, 2012 and 2011, 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, 2012 and 2011, 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  
October 12, 2012

**CASA, INC.****STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 134,868	\$ 151,890
Unconditional promises to give, net	10,000	25,000
Grants receivable	3,750	3,750
Prepaid expenses and other current assets	2,513	1,239
Total current assets	<u>151,131</u>	<u>181,879</u>
 PROPERTY AND EQUIPMENT, net	 <u>339,039</u>	 <u>315,821</u>
 <b>OTHER ASSETS:</b>		
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	22,547	22,178
Utility deposits	550	550
Total other assets	<u>23,097</u>	<u>22,728</u>
 TOTAL ASSETS	 <u><u>\$ 513,267</u></u>	 <u><u>\$ 520,428</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 18,079	\$ 26,075
Deferred revenue	8,075	5,502
Total current liabilities	<u>26,154</u>	<u>31,577</u>
 <b>NET ASSETS:</b>		
Unrestricted:		
Designated for beneficial interest in agency endowment fund	22,547	22,178
Undesignated	437,066	390,990
Total unrestricted	<u>459,613</u>	<u>413,168</u>
Temporarily restricted	27,500	75,683
Total net assets	<u>487,113</u>	<u>488,851</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 513,267</u></u>	 <u><u>\$ 520,428</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, 2012**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions	\$ 280,915	\$ 42,500	\$ 323,415
Grants	78,826	-	78,826
Special events	208,816	-	208,816
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	369	-	369
Miscellaneous income	22,963	-	22,963
<b>Total</b>	<b>591,889</b>	<b>42,500</b>	<b>634,389</b>
Net assets released from restrictions	90,683	(90,683)	-
<b>Total revenues, gains and other support</b>	<b>682,572</b>	<b>(48,183)</b>	<b>634,389</b>
 <b>EXPENSES:</b>			
Program services	352,117	-	352,117
Fundraising	164,087	-	164,087
Management and general	119,923	-	119,923
<b>Total expenses</b>	<b>636,127</b>	<b>-</b>	<b>636,127</b>
 <b>CHANGE IN NET ASSETS</b>	<b>46,445</b>	<b>(48,183)</b>	<b>(1,738)</b>
 <b>NET ASSETS:</b>			
Beginning of year	413,168	75,683	488,851
 End of year	<b>\$ 459,613</b>	<b>\$ 27,500</b>	<b>\$ 487,113</b>

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**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
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	<u>\$ 413,168</u>	<u>\$ 75,683</u>	<u>\$ 488,851</u>

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

**CASA, INC.****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,738)	\$ (16,182)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,975	15,663
Net loss on disposal of property and equipment	-	583
Noncash donation of office furniture	(19,380)	-
Change in value of beneficial interest in agency endowment fund	(369)	(4,268)
Net changes in operating assets and liabilities:		
Unconditional promises to give	15,000	34,292
Prepaid expenses and other assets	(1,274)	1,474
Accounts payable and accrued liabilities	(7,996)	14,893
Deferred revenue	2,573	5,502
Net cash provided by operating activities	<u>4,791</u>	<u>51,957</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property	<u>(21,813)</u>	<u>(26,229)</u>
Net cash used in investing activities	<u>(21,813)</u>	<u>(26,229)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net repayments under line of credit	<u>-</u>	<u>(1,435)</u>
Net cash used in financing activities	<u>-</u>	<u>(1,435)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,022)</b>	<b>24,293</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>151,890</u>	<u>127,597</u>
End of year	<u><u>\$ 134,868</u></u>	<u><u>\$ 151,890</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, 2012**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and employee benefits	\$ 293,768	\$ 54,076	\$ 72,243	\$ 420,087
Professional and temporary services	7,452	1,430	29,439	38,321
Insurance expense	8,021	1,124	960	10,105
Supplies	2,448	1,430	345	4,223
Meetings expense	1,038	85	128	1,251
Communication	3,795	7,856	947	12,598
Community awareness/education	-	-	50	50
Special events	-	82,449	-	82,449
Occupancy costs	6,687	892	8,337	15,916
Equipment maintenance	2,758	433	591	3,782
Travel	212	14	19	245
Professional development and training	2,112	294	401	2,807
Board development	805	154	737	1,696
Volunteer development	7,313	-	-	7,313
Dues and subscriptions	326	8,198	236	8,760
Fees	3,015	1,280	2,254	6,549
Miscellaneous expense	-	1,999	-	1,999
Total expenses before depreciation expense	339,750	161,714	116,687	618,151
Depreciation expense	12,367	2,373	3,236	17,976
Total expenses	<u>\$ 352,117</u>	<u>\$ 164,087</u>	<u>\$ 119,923</u>	<u>\$ 636,127</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**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
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 maintenance	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.**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011**

#### **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 2012 and 2011 in these financial statements refer to the years ended June 30, 2012 and 2011, 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, 2012 AND 2011**

**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, 2012 and 2011, 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.

**CASA, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 AND 2011**

**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, 2012, CASA is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before June 30, 2009.

**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 2011 financial statements to make them consistent with the presentation in the 2012 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, 2012 and October 12, 2012, 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, 2012 AND 2011**

**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
National Council of Jewish Women	\$ 10,000	\$ -
Memorial Foundation	-	25,000
Total unconditional promises to give	<u>\$ 10,000</u>	<u>\$ 25,000</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 AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land	\$ 28,600	\$ 28,600
Building	365,403	343,590
Office furniture and equipment	<u>84,209</u>	<u>64,829</u>
Total cost	478,212	437,019
Less accumulated depreciation	<u>(139,173)</u>	<u>(121,198)</u>
Property and equipment, net	<u>\$ 339,039</u>	<u>\$ 315,821</u>

**CASA, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 AND 2011**

**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. No advances were outstanding at June 30, 2012 and 2011.

**NOTE 8 – NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Baptist Healing Trust	\$ 15,000	\$ 15,000
National Council of Jewish Women	10,000	-
Other foundations	2,500	-
Building improvements	-	35,683
Memorial Foundation	-	25,000
Total temporarily restricted net assets	<u>\$ 27,500</u>	<u>\$ 75,683</u>

There were no permanently restricted net assets at June 30, 2012 and 2011.

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Building improvements	\$ 35,683	\$ 14,317
Baptist Healing Trust	30,000	29,000
Memorial Foundation	25,000	30,000
Corporations	-	10,000
Other foundations	-	4,797
Total net assets released from restrictions	<u>\$ 90,683</u>	<u>\$ 88,114</u>

**CASA, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 AND 2011**

**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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Revenues	\$ 208,816	\$ 158,456
Expenses	<u>(82,449)</u>	<u>(47,245)</u>
Excess of revenues over expenses	<u>\$ 126,367</u>	<u>\$ 111,211</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 2012 or 2011.

**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, 2012, promises to give and grants receivable due from the single largest source totaled approximately \$10,000 or 72.7% of promises to give and grants receivable. At June 30, 2011, promises to give and grants receivable due from the single largest source totaled approximately \$25,000 or 87.0% of promises to give and grants receivable.

The top ten contributors and grantors of CASA provided \$202,826 or 32.0% of the total revenue, gains and support for the year ended June 30, 2012 and \$179,393 or 31.2% for the year ended June 30, 2011.

**CASA, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 AND 2011**

**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.