

**CASA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008 and 2007**

**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, 2008 and 2007, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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, 2008 and 2007, 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  
February 4, 2009

**CASA, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 238,306	\$ 258,392
Unconditional promises to give, net	60,362	91,481
Prepaid expenses and other current assets	3,967	3,943
Total current assets	<u>302,635</u>	<u>353,816</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>331,216</u>	<u>329,895</u>
OTHER ASSETS:		
Long-term unconditional promises to give, net	-	1,024
Beneficial interest in agency (functional) endowment fund held by Community Foundation of Middle Tennessee	19,509	9,732
Utility deposits	550	550
Total other assets	<u>20,059</u>	<u>11,306</u>
TOTAL ASSETS	<u>\$ 653,910</u>	<u>\$ 695,017</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 21,217	\$ 9,299
Current maturities of long-term debt	56,000	56,000
Total current liabilities	<u>77,217</u>	<u>65,299</u>
LONG-TERM DEBT	<u>-</u>	<u>56,000</u>
NET ASSETS:		
Unrestricted:		
Designated for beneficial interest in agency (functional) endowment fund	19,509	9,732
Undesignated	462,653	427,867
Total unrestricted	482,162	437,599
Temporarily restricted	94,531	136,119
Total net assets	<u>576,693</u>	<u>573,718</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 653,910</u>	<u>\$ 695,017</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, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 346,173	\$ 90,870	\$ 437,043
Grants	16,000	-	16,000
Special events	119,998	-	119,998
Net investment return	9,331	-	9,331
Change in value of beneficial interest in agency (functional) endowment fund held by Community Foundation of Middle Tennessee	(1,273)	-	(1,273)
Miscellaneous income	582	-	582
Total	<u>490,811</u>	<u>90,870</u>	<u>581,681</u>
Net assets released from restrictions	<u>132,458</u>	<u>(132,458)</u>	<u>-</u>
Total revenues, gains and other support	<u>623,269</u>	<u>(41,588)</u>	<u>581,681</u>
EXPENSES:			
Program services	385,381	-	385,381
Fundraising	120,374	-	120,374
Management and general	72,951	-	72,951
Total expenses	<u>578,706</u>	<u>-</u>	<u>578,706</u>
CHANGE IN NET ASSETS	44,563	(41,588)	2,975
NET ASSETS:			
Beginning of year	<u>437,599</u>	<u>136,119</u>	<u>573,718</u>
End of year	<u>\$ 482,162</u>	<u>\$ 94,531</u>	<u>\$ 576,693</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, 2007**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 287,080	\$ 118,220	\$ 405,300
Grants	17,500	-	17,500
Special events	110,898	-	110,898
Net investment return	11,132	-	11,132
Change in value of beneficial interest in agency (functional) endowment fund held by Community Foundation of Middle Tennessee	1,320	-	1,320
Miscellaneous income	1,371	-	1,371
Total	429,301	118,220	547,521
Net assets released from restrictions	124,894	(124,894)	-
Total revenues, gains and other support	554,195	(6,674)	547,521
EXPENSES:			
Program services	383,031	-	383,031
Fundraising	105,695	-	105,695
Management and general	66,521	-	66,521
Total expenses	555,247	-	555,247
CHANGE IN NET ASSETS	(1,052)	(6,674)	(7,726)
NET ASSETS:			
Beginning of year	438,651	142,793	581,444
End of year	\$ 437,599	\$ 136,119	\$ 573,718

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

**CASA, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,975	\$ (7,726)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,173	15,010
Discount on unconditional promises to give	(70)	(2,054)
Change in value of beneficial interest in agency (functional) endowment fund	(9,777)	(2,020)
Net changes in operating assets and liabilities:		
Unconditional promises to give	32,213	16,775
Prepaid expenses and other assets	(24)	(2,721)
Accounts payable and accrued liabilities	11,918	975
Net cash provided by operating activities	<u>52,408</u>	<u>18,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	<u>(16,494)</u>	<u>(4,238)</u>
Net cash used in investing activities	<u>(16,494)</u>	<u>(4,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term borrowings	<u>(56,000)</u>	<u>(41,000)</u>
Net cash used in financing activities	<u>(56,000)</u>	<u>(41,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,086)	(26,999)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>258,392</u>	<u>285,391</u>
End of year	<u>\$ 238,306</u>	<u>\$ 258,392</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 6,276</u>	<u>\$ 9,914</u>

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

**CASA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and employee benefits	\$ 315,832	\$ 71,221	\$ 47,087	\$ 434,140
Professional and temporary services	4,942	760	8,056	13,758
Insurance expense	6,950	896	1,988	9,834
Supplies	5,191	676	1,013	6,880
Meetings expense	64	67	492	623
Communication	12,508	2,833	1,947	17,288
Community awareness/education	-	30	113	143
Special events	500	37,234	-	37,734
Occupancy costs	5,616	777	1,371	7,764
Equipment expense	2,526	371	463	3,360
Travel	795	-	35	830
Professional development and training	787	87	2,572	3,446
Board development	-	-	4,058	4,058
Volunteer development	11,385	306	-	11,691
Dues and subscriptions	263	478	1,019	1,760
Fees	2,055	1,037	257	3,349
Interest	4,566	1,030	680	6,276
Miscellaneous expense	363	82	154	599
Bad debts	-	-	-	-
Total expenses before depreciation expense	374,343	117,885	71,305	563,533
Depreciation expense	11,038	2,489	1,646	15,173
Total expenses	<u>\$ 385,381</u>	<u>\$ 120,374</u>	<u>\$ 72,951</u>	<u>\$ 578,706</u>

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



**CASA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and employee benefits	\$ 296,218	\$ 54,876	\$ 45,438	\$ 396,532
Professional and temporary services	5,333	756	8,098	14,187
Insurance expense	8,333	1,179	966	10,478
Supplies	6,485	1,179	1,221	8,885
Meetings expense	487	17	281	785
Communication	12,082	4,053	1,478	17,613
Community awareness/education	86	8	89	183
Special events	-	36,007	-	36,007
Occupancy costs	5,941	790	1,331	8,062
Equipment expense	3,227	925	428	4,580
Travel	971	200	184	1,355
Professional development and training	8,336	1,523	1,155	11,014
Board development	-	-	1,342	1,342
Volunteer development	13,650	-	30	13,680
Dues and subscriptions	1,154	143	307	1,604
Fees	2,090	587	314	2,991
Interest	7,406	1,372	1,136	9,914
Miscellaneous expense	19	3	3	25
Bad debts	-	-	1,000	1,000
Total expenses before depreciation expense	371,818	103,618	64,801	540,237
Depreciation expense	11,213	2,077	1,720	15,010
Total expenses	<u>\$ 383,031</u>	<u>\$ 105,695</u>	<u>\$ 66,521</u>	<u>\$ 555,247</u>

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

## **CASA, INC.**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007**

#### **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 2008 and 2007 in these financial statements refer to the years ended June 30, 2008 and 2007, 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.

Promises which are payable over a period greater than one year are recorded at present value which is computed using a one-year treasury rate in the year of the promise. The discount is amortized on the straight-line basis over the promise period, with the discount amortization being recorded as a component of contributions.

**CASA, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008 AND 2007**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Promises to Give (continued)**

CASA also receives grant revenue from state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

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, 2008 and 2007, management deemed all promises receivable to be fully collectible, and no allowances have been recorded.

See Note 3 for further details.

**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.

**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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008 AND 2007**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unrestricted promises to give	\$ 3,750	\$ 3,750
Temporarily restricted promises to give	56,612	88,825
Gross unconditional promises to give	60,362	92,575
Unamortized discount on promises to give	-	(70)
Net unconditional promises to give	60,362	92,505
Promises receivable due in less than one year	60,362	91,481
Promises receivable due within one to five years	<u>\$ -</u>	<u>\$ 1,024</u>

**CASA, INC.****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008 AND 2007****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, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Land	\$ 28,600	\$ 28,600
Building	329,273	321,400
Office furniture and equipment	63,890	57,034
Total cost	421,763	407,034
Less accumulated depreciation	(90,547)	(77,139)
Property, plant and equipment, net	<u>\$ 331,216</u>	<u>\$ 329,895</u>

**NOTE 6 – LONG-TERM DEBT**

Long-term debt consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Secured bank installment note	\$ 56,000	\$ 112,000
Less current maturities	(56,000)	(56,000)
Long-term portion	<u>\$ -</u>	<u>\$ 56,000</u>

The bank installment note is due in annual principal payments of at least \$56,000 plus interest payable monthly at a floating interest rate of LIBOR plus 1.80% (a total annual rate of 4.25% and 7.12% at June 30, 2008 and 2007, respectively) through April 22, 2009. The note is secured by the land and building.

**CASA, INC.****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008 AND 2007****NOTE 7 – NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Building Fund	\$ 5,812	\$ 19,386
United Way	-	51,869
Memorial Foundation	35,000	35,000
Corrections Corporation of America	10,000	12,500
National CASA	31,000	10,417
Other Foundations	12,152	6,380
Lani Wilkeson Fund	567	567
Total temporarily restricted net assets	<u>\$ 94,531</u>	<u>\$ 136,119</u>

There were no permanently restricted net assets at June 30, 2008 and 2007.

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Building Fund	\$ 13,644	\$ 45,875
United Way	51,869	44,019
Memorial Foundation	35,000	35,000
Corrections Corporation of America	12,500	-
National CASA	10,417	-
Other Foundations	9,028	-
Total net assets released from restrictions	<u>\$ 132,458</u>	<u>\$ 124,894</u>

**NOTE 8 – SPECIAL EVENTS/FUNDRAISING**

Revenues and expenses relating to special events consisted of the following for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Revenues	\$ 119,998	\$ 110,898
Expenses	(37,734)	(36,007)
Excess of revenues over expenses	<u>\$ 82,264</u>	<u>\$ 74,891</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008 AND 2007**

**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 2008 or 2007.

**NOTE 11 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject CASA to concentrations of credit risk principally consist of contributions and grants receivable. Contributions and grants receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. At June 30, 2008, contributions and grants receivable due from one source totaled approximately \$31,000 or 51.4% of contribution and grants receivable. At June 30, 2007, contributions and grants receivable due from one source totaled approximately \$52,000 or 56.1% of contribution and grants receivable.

The top ten contributors and grantors of CASA provided approximately \$260,000 or 45% of CASA's revenue and support for the year ended June 30, 2008 and approximately \$229,000 or 41.8% for the year ended June 30, 2007.