

MONROE COUNTY CASA, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

December 31, 2013

MONROE COUNTY CASA, INC.

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 12



Independent Auditors' Report

Board of Directors
Monroe County CASA, Inc.
Bloomington, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of Monroe County CASA, Inc. (CASA), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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.

Board of Directors
Monroe County CASA, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gaucher & Kimmorley, LLC

July 23, 2014

MONROE COUNTY CASA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Cash and cash equivalents (Note 3)	\$ 178,476
Prepaid expenses	714
Furniture and equipment (Net of \$10,524 accumulated depreciation)	6,666
Permanently restricted investments (Note 8)	<u>147,731</u>
 Total Assets	 <u>\$ 333,587</u>

LIABILITIES AND NET ASSETS

Accrued payroll liabilities	91
Deferred revenue	<u>4,500</u>
 Total Liabilities	 <u>4,591</u>
 Net Assets: (Note 4)	
Unrestricted	181,265
Permanently restricted	<u>147,731</u>
 Total Net Assets	 <u>328,996</u>
 Total Liabilities and Net Assets	 <u>\$ 333,587</u>

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

MONROE COUNTY CASA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		
	Unrestricted	Permanently Restricted	Total
REVENUES			
Special events revenue (Note 7)	19,046	\$ -	\$ 19,046
Less: cost of direct benefits to attendees	(3,346)	-	(3,346)
Net revenue from special events	15,700	-	15,700
Contributions and grants	183,813	-	183,813
State CASA	39,813	-	39,813
Court revenue	122,166	-	122,166
Interest and investment return	216	18,137	18,353
Total Revenues	361,708	18,137	379,845
EXPENSES			
Program services			
Child Advocacy	231,130	-	231,130
Total Program Services	231,130	-	231,130
Supporting Services			
Management and general	51,641	-	51,641
Fundraising	41,911	-	41,911
Total Supporting Services	93,552	-	93,552
Total Expenses	324,682	-	324,682
Change in net assets	37,026	18,137	55,163
Net assets - beginning of year	144,239	129,594	273,833
Net assets - end of year	\$ 181,265	\$ 147,731	\$ 328,996

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

MONROE COUNTY CASA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Child Advocacy	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Salaries and benefits	\$ 166,672	\$ 166,672	\$ 30,954	\$ 40,478	\$ 71,432	\$ 238,104	
Volunteer expense	18,494	18,494	-	-	-	18,494	
Rent	19,390	19,390	3,601	4,709	8,310	27,700	
Office Supplies	2,826	2,826	525	686	1,211	4,037	
Telephone	2,288	2,288	425	556	981	3,269	
Equipment	2,133	2,133	396	518	914	3,047	
Repairs and Maintenance	1,901	1,901	353	462	815	2,716	
Professional Services	3,723	3,723	691	904	1,595	5,318	
Postage	583	583	108	142	250	833	
Printing	121	121	23	30	53	174	
Public Relations and Advertising	-	-	2,422	-	2,422	2,422	
Education	4,002	4,002	743	972	1,715	5,717	
Insurance	3,276	3,276	608	795	1,403	4,679	
Licenses, Fees Registrations	1,849	1,849	343	449	792	2,641	
Other	2,042	2,042	379	496	875	2,917	
Depreciation	1,830	1,830	340	444	784	2,614	
Total Expenses	\$ 231,130	\$ 231,130	\$ 41,911	\$ 51,641	\$ 93,552	\$ 324,682	

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

**MONROE COUNTY CASA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 55,163
Adjustments to reconcile net income to net cash provided by (used in) operations:	
Depreciation	2,614
Unrealized gain on investment	(18,137)
Decrease (increase) in prepaid expenses	(357)
(Decrease) increase in accounts payable and accrued payroll liabilities	(6,159)
(Decrease) increase in deferred revenue	<u>(500)</u>
Net Cash Provided By (Used In) Operating Activities	<u>32,624</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(494)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(494)</u>

Net change in cash and cash equivalents	32,130
Cash - beginning of year	<u>146,346</u>
Cash - end of year	<u>\$ 178,476</u>
Interest paid during the year	<u>\$ -</u>

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

MONROE COUNTY CASA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. NATURE OF THE ORGANIZATION

Nature of activities – Monroe County CASA, Inc. is a non-profit organization that recruits, trains and supervises court appointed volunteers to advocate for children who are involved in juvenile court due to abuse or neglect. Volunteer advocacy is based on the belief that all children are entitled to a safe and permanent home.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements of CASA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation – The financial statement presentation follows accounting standards recommended for financial statements of not-for-profit organizations in accordance with ASC 958. These accounting standards require CASA to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For purposes of the statement of functional expenses, expenses are allocated directly or indirectly to program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation methodologies.

Cash and cash equivalents – Cash and cash equivalents include cash held in checking and money market accounts, time deposits, un-deposited funds and all highly liquid investments with original maturities of three months or less.

Furniture and equipment - Furniture and equipment are stated at cost or, for donations, at fair market value on the date of donation, and include expenditures for additions and betterments which substantially increase the useful lives of existing fixed assets. Furniture and equipment are depreciated using the straight-line method over their estimated useful lives. Maintenance, repairs, and minor renewals are expensed as incurred. Expenditures are capitalized at management's discretion.

Impairment - CASA reviews its furniture and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a donor releases restriction, when a stipulated time restriction ends or when a purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Tax status – CASA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, CASA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). CASA is also exempt from state income taxes under IC 6-3-2-2.8(1) of the Revenue and Taxation Code of the State of Indiana. Management believes that CASA has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. CASA believes it is no longer subject to income tax examination for years prior to 2009.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the percentage of program service or supporting service expense to total expenses excluding total development expense.

Deferred revenue – Grant income collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues and fees relate.

Concentrations of credit and market risk – Financial instruments that potentially expose CASA to concentrations of credit and market risk consist primarily of cash, cash equivalents, and investments. CASA maintains cash in bank accounts which may at times exceed federally insured limits. At December 31, 2013, such excesses did not exist. CASA has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2013, consist of the following:

Cash on hand	<u>\$ 178,476</u>
Checking accounts:	
German American - operating account	11,329
German American - surplus account	29,069
German American - playhouse account	<u>208</u>
Total checking accounts	<u>40,606</u>
Savings accounts:	
Old National Bank - money market savings	130,330
Total savings accounts	<u>130,330</u>
Other accounts:	
Petty cash	54
Un-deposited funds	<u>7,486</u>
Total other accounts	<u>7,540</u>

4. NET ASSETS

CASA's net assets at December 31, 2013, consist of the following:

Unrestricted net assets:	181,265
Permanently restricted net assets	<u>147,731</u>
Total net assets	<u>\$ 328,996</u>

Permanently restricted net assets are comprised of a beneficial interest in a perpetual trust discussed in note 8.

5. FAIR VALUE MEASUREMENT

In accordance with Accounting Standards Codification (ASC) 820, CASA measures its assets and liabilities valued on a recurring basis at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The three levels of inputs used are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Quoted prices for similar assets or liabilities in active markets
- Level 3 – Unobservable inputs for the asset or liability based on the best available information

(Continued)

5. FAIR VALUE MEASUREMENT - Continued

The fair value of short-term financial instruments, including cash and cash equivalents, accounts payable and other accrued liabilities approximate the carrying value in the accompanying financial statements due to the short maturity of such instruments.

The fair value of long-term liabilities, if applicable, approximates the carrying value in the accompanying financial statements based on current borrowing rates.

CASA's investments are stated at fair value based on an internet report. The investments are not considered as actively traded, and meets the criteria of a Level 3 fair value measurement.

The following table sets forth, by level, within the fair value hierarchy, investments at fair value as of December 31, 2013.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Permanently restricted investments	\$ -	\$ -	\$ 147,731	\$ 147,731
Total Assets at Fair Value at December 31, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,731</u>	<u>\$ 147,731</u>

Schedule for measurements using significant unobservable inputs (Level 3) for the year ended December 31, 2013 is as follows:

Balance - January 1, 2013	\$ 129,594
Investment income (loss), net of fees	23,786
Appropriation of assets for expenditures	<u>(5,649)</u>
Balance - December 31, 2013	<u>\$ 147,731</u>

All methods of assessing fair value result in a general approximation of value and such value may never be realized.

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

7. SPECIAL FUNDRAISING EVENTS

CASA held various fundraising events to help fund current operations. The revenues and related expenses from such events for the year ended December 31, 2013, are as follows:

<u>Event</u>	<u>Gross Revenue</u>	<u>Cost of Direct Benefit for Attendees</u>	<u>Net Revenue</u>
Upland event	2,230	\$ -	\$ 2,230
Golf sponsorship	7,900	-	7,900
Playhouse	7,828	(3,346)	4,482
Special Event	<u>1,088</u>	<u>-</u>	<u>1,088</u>
Total	<u>\$ 19,046</u>	<u>\$ (3,346)</u>	<u>\$ 15,700</u>

8. PERMANENTLY RESTRICTED NET ASSETS

CASA has a beneficial interest in a perpetual trust with the Community Foundation of Bloomington and Monroe County (the Foundation). The fund was established in 2008 with contributions from donors and periodically receives new donations. Since the corpus of the fund is held in trust for the benefit of CASA, it is considered permanently restricted.

The Foundation maintains sole discretion to carry out the purposes of the fund including the power to invest the funds as deemed appropriate. Annual earnings, net of fees and expenses shall be granted or expended for purposes as described in the Endowment Agreement dated December, 2008.

Activity of the endowment fund is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 129,594	\$ 129,594
Investment gain, net of fees	-	5,649	18,137	23,786
Appropriation of endowment assets for expenditures	<u>-</u>	<u>(5,649)</u>	<u>-</u>	<u>(5,649)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,731</u>	<u>\$ 147,731</u>

9. LEASES

On February 1, 2012, CASA entered into an operating lease for office space that is set to expire on January 31, 2017. The rent amount is reduced by the lessor's charitable contributions per the agreement. Payments and charitable contributions required under the lease as of December 31, 2013, are as follows:

<u>Year</u>	<u>Total lease payments</u>	<u>Charitable contribution</u>
2013	\$27,700	\$5,440
2014	26,500	3,630
2015	25,300	1,775
2016	24,375	135
2017	2,025	-
Total	<u>\$ 105,900</u>	<u>\$ 10,980</u>

CASA has the potential to renew the lease as follows:

Potential to renew

36 months on February 1, 2017 for \$2,126.25 per month

36 months on February 1, 2020 for \$2,232.57 per month