

Court Appointed Special Advocates
Of Franklin County
Audited Financial Statements

As of and for the Years Ended
December 31, 2014 and 2013



Rea & associates

www.reacpa.com

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September 3, 2015

To the Board of Trustees
Court Appointed Special Advocates of Franklin County
Columbus, Ohio

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Special Advocates of Franklin County ("CASA"), which comprise the statements of assets, liabilities and net assets on a modified cash basis as of December 31, 2014 and 2013. We have also audited the related statements of revenue collected, expenses paid and selected accruals and changes in net assets on a modified cash basis and statements of cash flows on a modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 CASA'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 CASA'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 assets, liabilities and net assets of CASA as of December 31, 2014 and 2013 and its revenue collected and expenses paid during the years then ended, in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 337,649	\$ 193,639
Total current assets	<u>337,649</u>	<u>193,639</u>
EQUIPMENT, net	<u>86</u>	<u>1,999</u>
Total assets	<u>\$ 337,735</u>	<u>\$ 195,638</u>

TOTAL LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued compensated absences	\$ 38,360	\$ 34,867
Total current liabilities	<u>38,360</u>	<u>34,867</u>
NET ASSETS, unrestricted	<u>299,375</u>	<u>160,771</u>
Total liabilities and net assets	<u>\$ 337,735</u>	<u>\$ 195,638</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

STATEMENTS OF REVENUE COLLECTED, EXPENSES PAID
AND SELECTED ACCRUALS AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
SUPPORT AND REVENUE COLLECTED:		
Franklin County grant	\$ 265,684	\$ 265,684
Other government entities	98,650	89,290
Individual and workplace contributions	123,228	119,272
Corporations and corporate foundations	46,322	44,044
Community and private foundations	231,503	136,544
In-kind donations	17,400	17,391
National CASA grant	74,300	39,600
Ohio CASA grant	32,025	5,405
Community organizations	1,516	2,610
Interest income	493	250
	<hr/>	<hr/>
Total support and revenue collected	891,121	720,090
EXPENSES PAID AND SELECTED ACCRUALS:		
Salaries, payroll taxes and benefits	576,286	525,267
Professional services	26,519	28,592
Direct fundraising costs	32,828	29,675
Insurance	12,285	10,164
Volunteer training	7,664	5,464
Recruitment	-	392
Travel Expense	16,542	6,138
Conferences and seminars	2,368	1,621
Parking	6,941	6,815
Supplies	4,920	5,028
Depreciation	1,913	1,913
Small equipment lease and usage charges	6,537	7,349
Telephone	2,069	1,540
Volunteer recognition	4,683	2,739
Affiliations	1,440	2,762
Postage	761	948
Printing	13,108	14,323
Board development	1,149	784
Storage space fee	2,328	2,413
Outreach	32,176	3,059
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Total expenses paid and selected accruals	752,517	656,986
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Excess of revenue collected over expenses paid and selected accruals	138,604	63,104
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UNRESTRICTED NET ASSETS, beginning of the year	160,771	97,667
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UNRESTRICTED NET ASSETS, end of the year	\$ 299,375	\$ 160,771
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The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue collected over expenses paid and selected accruals	\$ 138,604	\$ 63,104
Adjustments to reconcile excess of revenue collected over expenses paid and selected accruals to net cash provided by operating activities:		
Depreciation expense	1,913	1,913
Increase in liabilities:		
Accrued compensated absences	3,493	5,345
	<u>144,010</u>	<u>70,362</u>
Net cash provided by operating activities	144,010	70,362
	<u>144,010</u>	<u>70,362</u>
Net increase in cash and cash equivalents		
CASH AND CASH EQUIVALENTS, beginning of the year	193,639	123,277
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 337,649</u>	<u>\$ 193,639</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Court Appointed Special Advocates of Franklin County (“CASA”) provides trained community volunteers to advocate for the best interest of abused, neglected, and dependent children in court proceedings.

Affiliation

CASA is affiliated with The National Court Appointed Special Advocate Association, from which grants are received and certain expenses are paid.

Basis of Accounting

CASA’s policy is to prepare its financial statements on a modified cash basis that includes recording of depreciation on long-lived assets, and the accrual of compensated absences. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, accounts receivable, accounts payable, and accrued expenses, other than those mentioned above, are not included in the financial statements. If an expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset.

Financial Statement Presentation

The financial statements have been prepared in accordance with principles that require CASA to report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

Unrestricted net assets - Net assets that are not subject to restrictions by donors or grantors, even though their use may be limited in other respects, such as by contract or by Board designation. Donor restricted contributions whose restrictions are met in the same year as the contributions are recorded as unrestricted net assets.

Temporarily restricted net assets - Net assets that are subject to donor or grantor imposed restrictions that may or will be met, either by actions of CASA or 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 revenues collected, expense paid and selected accruals and changes in net assets. There were no temporarily restricted net assets as of December 31, 2014 and 2013.

Permanently restricted net assets - Net assets of CASA resulting from contributions and other inflows of assets whose use by CASA is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CASA. There were no permanently restricted net assets as of December 31, 2014 and 2013.

Revenue Recognition

CASA records contributions and grants as revenue in the year the cash is received. CASA reports contributions of cash and other assets as restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, CASA considers all short-term, highly liquid investments that are readily convertible to a known amount of cash and short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Equipment

Equipment is stated at cost, or if donated, at fair value on the date received, less accumulated depreciation. Depreciation is provided over the estimated useful lives ranging from three to seven years using the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized if greater than \$2,000. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Accumulated depreciation totaled \$16,569 and \$14,656 as of December 31, 2014 and 2013, respectively.

Donated Materials and Services

Contributions of services are recognized, at their estimated fair value, if the services received a) create or enhance non-financial assets or, b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded as expenses for program services. Contributed services that do not meet the aforementioned criteria are not recognized. Contributed materials are recorded at their fair value at the date of donation.

Joint Activity Costs

CASA allocates joint costs to program, management and general-support services and fundraising classifications. Cost allocation occurs whenever costs are associated with more than one activity, and are attributed to each activity specifically.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the 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 results could differ from those estimates.

Income Taxes

CASA is exempt from federal income taxes as a not-for-profit organization under Section 501(c) (3) of the Internal Revenue Code. However, certain business activities of the Organization may be subject to Federal income taxes. No provision for federal or local income taxes was necessary for the years ended December 31, 2014 and 2013.

Subsequent Events

CASA has evaluated subsequent events through September 3, 2015, the date on which the financial statements were available to be issued.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: MAJOR REVENUE SOURCE AND UNINSURED RISK

Major Revenue Source

CASA receives a substantial amount of support under a third-party reimbursement arrangement. Grant revenues from Franklin County account for 30% and 37% of total support and revenue collected for the years ended December 31, 2014 and 2013, respectively.

Cash Deposits

CASA maintains its cash and cash equivalent balances in a financial institution located in Ohio. Deposits in interest-bearing and non-interest-bearing accounts are collectively insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, the Company may have balances that exceed the insured limit.

NOTE 3: OPERATING LEASES

CASA leases certain office equipment under a non-cancelable lease agreement expiring in November 2017. CASA also rents storage space on a month-to-month basis. Rent expense totaled \$4,908 and \$4,949 for the years ended December 31, 2014 and 2013, respectively.

The schedule of the future minimum lease payments under non-cancelable operating leases is as follows:

<u>For the Years Ending December 31:</u>	<u>Amount</u>
2015	\$ 3,060
2016	3,060
2017	2,805
Total future minimum lease payments	<u>\$ 8,925</u>

NOTE 4: ALLOCATION OF JOINT COSTS

The following is a schedule of expenses paid and selected accruals by function for the years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Program	\$ 605,777	\$ 524,513
Management and general-support services	78,575	71,465
Fundraising	68,165	61,008
Total expenses paid and selected accruals	<u>\$ 752,517</u>	<u>\$ 656,986</u>

CASA conducts activities that include appeals for contributions, and incurred joint costs of \$361,671 and \$300,814 for the years ended December 31, 2014 and 2013, respectively. These activities include direct solicitation and various special events. Joint costs have been allocated as follows, for the years ended December 31, 2014 and 2013.

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
2014 Salaries	\$ 276,176	\$ 50,184	\$ 35,311	\$ 361,671
2013 Salaries	\$ 225,316	\$ 44,207	\$ 31,291	\$ 300,814

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: IN-KIND DONATIONS

For the years ended December 31, 2014 and 2013, CASA received information technology support services, printing services, and parking spaces without charge. Amounts recognized as in-kind revenue and related expense totaled \$17,400 and \$17,391 for the years ended December 31, 2014 and 2013, respectively. CASA also received voluntary services whose fair value could not be reasonably estimated. Accordingly, these services have not been reflected in the accompanying financial statements.

CASA occupies office space, free of charge, in a government-owned building. No value has been attributed to the provided space and, therefore, no dollar amount has been recorded in these financial statements.