

JACKSON COUNTY CASA
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2017

JACKSON COUNTY CASA

DECEMBER 31, 2017

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EMERICK & COMPANY, P.C.

David Emerick
Rick Hann

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING AND TAX PROFESSIONALS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
JACKSON COUNTY CASA
Kansas City, Missouri

We have audited the accompanying financial statements of Jackson County CASA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, 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 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 Jackson County CASA as of December 31, 2017, 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.

Emerick + Company, P.C.

Kansas City, Missouri
August 24, 2018

**JACKSON COUNTY CASA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 765,704
Grants receivable	107,352
Unemployment trust fund	14,110
Prepaid expenses	10,289
Total Current Assets	<u>897,455</u>

INVESTMENTS

57,740

PROPERTY AND EQUIPMENT

Building	310,000
Furniture and equipment	125,346
Less accumulated depreciation	(79,304)
Total Property and Equipment	<u>356,042</u>

TOTAL ASSETS

\$ 1,311,237

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 5,565
Accrued expenses	21,001
Accrued payroll	91,679
Total Current Liabilities	<u>118,245</u>

NET ASSETS

Unrestricted	
Invested in fixed assets	356,042
Undesignated	684,187
Total unrestricted	<u>1,040,229</u>

Temporarily restricted	152,763
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Total Net Assets	<u>1,192,992</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 1,311,237

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
Foundation support	\$ 235,217	\$ 268,091	\$ 503,308
United Way/combined federal campaign	92,071	-	92,071
Corporate contributions	76,046	-	76,046
Individual and other donations	205,021	-	205,021
County government support	194,823	-	194,823
Federal/State program support	214,919	-	214,919
Special events	334,103	-	334,103
Less expense	(65,020)	-	(65,020)
In-kind services	570,270	-	570,270
Interest income	2,522	-	2,522
Other income	4,015	-	4,015
Assets released from restrictions	364,887	(364,887)	-
TOTAL SUPPORT AND REVENUE	<u>2,228,874</u>	<u>(96,796)</u>	<u>2,132,078</u>
 EXPENSES			
Program Services	<u>1,806,417</u>	<u>-</u>	<u>1,806,417</u>
Supporting Services			
Administrative	161,682	-	161,682
Fundraising	193,274	-	193,274
Total supporting services expenses	<u>354,956</u>	<u>-</u>	<u>354,956</u>
TOTAL EXPENSES	<u>2,161,373</u>	<u>-</u>	<u>2,161,373</u>
 CHANGE IN NET ASSETS	 67,501	 (96,796)	 (29,295)
 NET ASSETS, BEGINNING OF YEAR	 <u>972,728</u>	 <u>249,559</u>	 <u>1,222,287</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,040,229</u>	 <u>\$ 152,763</u>	 <u>\$ 1,192,992</u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>		<u>Total</u>
Salaries and wages	\$ 890,431	\$ 83,921	\$ 118,634	\$ 202,555	\$ 1,092,986
Payroll taxes and benefits	210,273	17,282	22,194	39,476	249,749
Total personnel expense	<u>1,100,704</u>	<u>101,203</u>	<u>140,828</u>	<u>242,031</u>	<u>1,342,735</u>
In-kind services	570,270	-	-	-	570,270
Equipment rental	5,938	499	620	1,119	7,057
Professional fees	2,191	21,111	14,936	36,047	38,238
Postage and delivery	6	964	4,336	5,300	5,306
Insurance	18,795	1,580	1,962	3,542	22,337
Marketing	-	120	15,712	15,832	15,832
Travel	14,026	271	1,705	1,976	16,002
Volunteer training and development	10,361	-	311	311	10,672
Assistance to families	27,182	-	-	-	27,182
Meetings and meals	1,855	8,096	3,048	11,144	12,999
Office expense	5,004	15,089	1,124	16,213	21,217
Technology	7,722	649	806	1,455	9,177
Utilities	11,707	984	1,222	2,206	13,913
Telephone	5,495	462	574	1,036	6,531
Miscellaneous		178	370	548	548
Repairs and maintenance	6,551	551	684	1,235	7,786
Depreciation	15,226	1,280	1,589	2,869	18,095
Dues and subscriptions	3,384	4,829	2,405	7,234	10,618
Bank service fees	-	3,816	1,042	4,858	4,858
	<u>\$ 1,806,417</u>	<u>\$ 161,682</u>	<u>\$ 193,274</u>	<u>\$ 354,956</u>	<u>\$ 2,161,373</u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (29,295)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,095
Changes in:	
Grants receivable	(28,352)
Pledges receivable	8,115
Unemployment trust fund	4,132
Prepaid expenses	10,226
Accounts payable	650
Accrued expenses	2,433
Accrued payroll	7,955
	<u>7,955</u>
Net cash used by operating activities	<u>(6,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(3,291)
Net purchases and disposals of equipment	(28,290)
	<u>(28,290)</u>
Net cash used by investing activities	<u>(31,581)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(37,622)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>803,326</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 765,704</u></u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Jackson County CASA (Court Appointed Special Advocates) protects and defends children who are victims of abuse and neglect. Founded in 1983, Jackson County CASA is a member of and accredited by the National CASA organization. CASA's role is to utilize professional staff members and community volunteers to advocate for and protect the interest of children who are under the jurisdiction of the Family Court system.

The Judiciaries serving the Family Court have referred to CASA volunteers as their eyes and ears. A CASA volunteer visits in the home, at school, and talks with the therapists, child care providers and others who are involved parties.

CASA volunteers become the expert in the child, while CASA attorneys are experts in the Law and Supervisors are experts on the system. The ultimate goal of every CASA case is to find a safe, permanent home for the child.

Cash and Equivalents

Cash and equivalents include bank accounts as well as certificates of deposit purchased with a maturity of three months or less. Interest income on the certificates of deposit is recorded as income when earned. At various times during the year, cash balances held at banks may exceed the federally insured limit of \$250,000 per bank. The Organization has not experienced any losses due to these credit risks.

Fixed Assets

Property and equipment are carried at cost or fair market value, if donated. Items are capitalized if greater than \$1,000 and have a useful life greater than twelve months. Provisions for depreciation have been computed by the straight-line method over the estimated useful lives of the assets ranging from five to seven years.

Fundraising

The Organization receives roughly 13% percent of their support through fund-raising special events. The related fundraising costs are supplies and materials for the Light of Hope Breakfast, the Carnival for CASA, and other expenses arising from fundraising activities.

Revenue Recognition

Contracts with governmental entities are generally recorded as revenue when the related costs are incurred or when the Organization has performed the service and is allowed to bill under the terms of the agreement.

Grants and Pledges Receivable

Unconditional promises to give, including certain multi-year grants, are recorded as revenues or gains in the period awarded and as assets.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Grants and Pledges Receivable (Continued)

Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Based on past experience, no allowance for doubtful accounts is considered necessary.

Contributed Services

A total of 315 unpaid volunteers have made considerable donations of their time to provide a substantial portion of the services provided by the Organization. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived 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. The value of these services is reflected in the accompanying statement of activities. Volunteer services have been valued at \$23.21 per hour based on the *Independent Sector* – Research Value of Volunteer Time for 2017. This amount of \$570,270 is included in program services expense and in support and revenue, having no effect on the change in net assets for the year.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in temporarily restricted net assets and released into unrestricted net assets as the contribution is used for its restricted purpose.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and had no unrelated business income subject to income tax.

As a tax-exempt organization under IRC Section 501(c)(3), the Organization is required to file a Form 990, Return of Organization Exempt from Income Tax each year, which is subject to a three year examination period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenue, expenses, gains, losses, and other changes in net assets during the reported period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based on management's estimates, using time, effort, and headcounts studies.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Subsequent events have been evaluated through August 24, 2018, which is the date the financial statements were available to be issued.

NOTE 2: RETIREMENT PLANS

The Organization has a retirement plan consisting of a Simple IRA for its permanent employees. The Organization matches up to 3% of the employee's gross salary. The Organization contributed \$14,501 in matching funds for the year ended December 31, 2017.

The Organization also has a retirement plan which is a qualified employee benefit plan under IRC Section 403(b). No employer or employee contributions were made to the plan during the year ended December 31, 2017.

NOTE 3: LEASE COMMITMENTS

The Organization has a lease agreement for its copier. Rent expense under the terms of the lease is \$425 per month. The lease terminates in December, 2019.

Future minimum lease payments under operating leases as of December 31, 2017 are:

2018	\$ 5,100
2019	<u>4,675</u>
	<u>\$ 9,775</u>

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes or time restrictions as of December 31, 2017:

Older foster youth	\$ 55,851
Youngest victims	22,917
Assistance to families	34,919
Technology and software	10,328
Time restricted	<u>28,748</u>
	<u>\$ 152,763</u>

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 5: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ASC 820, "Fair Value Measurements and Disclosures", defines fair value and establishes a consistent framework for measuring fair value for certain assets and liabilities. These provisions establish a fair value hierarchy that is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity that is significant to the fair value of the assets or liabilities.

Fair values of assets measured at December 31, 2017 are as follows:

	<u>Total</u>	<u>Fair Value Measurements at the End of the Reporting Period Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Recurring fair value measurements:</u>				
Mutual fund	\$ 57,740	\$ 57,740	\$ -	\$ -
Total	<u>57,740</u>	<u>57,740</u>	<u>-</u>	<u>-</u>
 Total investments	 \$ 57,740	 \$ 57,740	 \$ -	 \$ -

Mutual funds

Mutual funds are reported at fair value based on quoted market prices.