

JACKSON COUNTY CASA
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2019

JACKSON COUNTY CASA

DECEMBER 31, 2019

	<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT		1
FINANCIAL STATEMENTS		
Statement of Financial Position		2
Statement of Activities and Changes in Net Assets		3
Statement of Functional Expenses		4
Statement of Cash Flows		5
NOTES TO FINANCIAL STATEMENTS		6-10



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS
David Emerick • James Flanagan • Rick Hann • Kristy Helt

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, 2019, 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, 2019, 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 25, 2020

**JACKSON COUNTY CASA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 710,393
Grants receivable	167,331
Unemployment trust fund	15,526
Prepaid expenses	11,091
Total Current Assets	904,341

INVESTMENTS

59,688

PROPERTY AND EQUIPMENT

Building	310,000
Furniture and equipment	134,654
Less accumulated depreciation	(117,310)
Total Property and Equipment	327,344

TOTAL ASSETS

\$ 1,291,373

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 9,001
Accrued expenses	35,628
Accrued payroll	111,163
Total Current Liabilities	155,792

NET ASSETS

Without donor restrictions	1,000,525
With donor restrictions	135,056
Total Net Assets	1,135,581

TOTAL LIABILITIES AND NET ASSETS

\$ 1,291,373

See Notes to Financial Statements

JACKSON COUNTY CASA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

SUPPORT AND REVENUE	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Foundation support	\$ 265,915	\$ 185,252	\$ 451,167
United Way/combined federal campaign	66,851		66,851
Corporate contributions	49,429		49,429
Individual and other donations	149,242		149,242
County government support	401,063		401,063
Federal/State program support	436,785		436,785
Special events	387,373		387,373
Less expense	(100,344)		(100,344)
In-kind services	622,956		622,956
Assets released from restrictions	171,544	(171,544)	-
TOTAL SUPPORT AND REVENUE	<u>2,450,814</u>	<u>13,708</u>	<u>2,464,522</u>
 EXPENSES			
Program Services	<u>2,066,305</u>	<u>-</u>	<u>2,066,305</u>
Supporting Services			
Administrative	162,573	-	162,573
Fundraising	216,554	-	216,554
Total supporting services expenses	<u>379,127</u>	<u>-</u>	<u>379,127</u>
TOTAL EXPENSES	<u>2,445,432</u>	<u>-</u>	<u>2,445,432</u>
 CHANGE IN NET ASSETS FROM OPERATIONS	 5,382	 13,708	 19,090
 OTHER CHANGES IN NET ASSETS			
Interest income and realized gains	7,207	-	7,207
Unrealized gain on investments	2,052	-	2,052
Other income	35	-	35
CHANGE IN NET ASSETS	<u>14,676</u>	<u>13,708</u>	<u>28,384</u>
NET ASSETS, BEGINNING OF YEAR	<u>985,849</u>	<u>121,348</u>	<u>1,107,197</u>
NET ASSETS, END OF YEAR	<u>\$ 1,000,525</u>	<u>\$ 135,056</u>	<u>\$ 1,135,581</u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Supporting Services			Total Expenses
		Administrative	Fundraising	Total	
Salaries and wages	\$ 1,068,563	\$ 90,872	\$ 144,326	\$ 235,198	\$ 1,303,761
Payroll taxes and benefits	231,269	14,118	23,474	37,592	268,861
Total personnel expense	<u>1,299,832</u>	<u>104,990</u>	<u>167,800</u>	<u>272,790</u>	<u>1,572,622</u>
In-kind services	622,956	-	-	-	622,956
Equipment rental	6,240	346	635	981	7,221
Professional fees	5,622	12,271	7,927	20,198	25,820
Postage and delivery	-	2,655	2,927	5,582	5,582
Insurance	20,045	1,113	2,041	3,154	23,199
Marketing	200	2,198	17,532	19,730	19,930
Travel	12,292	58	3,212	3,270	15,562
Volunteer training and development	12,262	-	-	-	12,262
Assistance to families	18,662	261	50	311	18,973
Meetings and meals	1,673	7,714	3,924	11,638	13,311
Office expense	3,542	12,949	2,877	15,826	19,368
Technology	19,042	1,058	1,939	2,997	22,039
Utilities	12,972	720	1,321	2,041	15,013
Telephone	6,005	333	611	944	6,949
Miscellaneous	7	493	-	493	500
Repairs and maintenance	4,726	262	481	743	5,469
Depreciation	16,967	942	1,727	2,669	19,636
Dues and subscriptions	3,260	8,090	1,550	9,640	12,900
Bank service fees	-	6,120	-	6,120	6,120
	<u>\$ 2,066,305</u>	<u>\$ 162,573</u>	<u>\$ 216,554</u>	<u>\$ 379,127</u>	<u>\$ 2,445,432</u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 28,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	19,636
Changes in:	
Grants receivable	(40,839)
Unemployment trust fund	(270)
Prepaid expenses	(820)
Deposits	3,455
Accounts payable	(2,679)
Accrued expenses	13,758
Accrued payroll	<u>13,544</u>
Net cash provided by operating activities	<u>34,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(8,017)
Net purchases and disposals of equipment	<u>(9,308)</u>
Net cash used for investing activities	<u>(17,325)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	16,844
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>693,549</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 710,393</u></u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 (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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CASA are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CASA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds are maintained in perpetuity. CASA has no net assets that must be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

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. CASA 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.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Fundraising

CASA receives roughly 12% 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, Cocktails for CASA, and other expenses arising from fundraising activities.

Revenue Recognition and Grants Receivable

CASA recognizes contributions when cash, securities or other assets; an unconditional promise to give, including multi-year grants; are received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Based on past experience, no allowance for doubtful accounts is considered necessary.

CASA records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. A portion of CASA's revenue is derived from cost-reimbursable federal, state and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CASA has incurred expenditures in compliance with specific contract or grant provisions.

Contributed Services

A total of 324 unpaid volunteers have made considerable donations of their time to provide a substantial portion of the services provided by CASA. 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 \$24.65 per hour based on the *Independent Sector* – Research Value of Volunteer Time for 2019. This amount of \$622,956 is included in program services expense and in support and revenue, having no effect on the change in net assets for the year.

Income Taxes

CASA 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), CASA 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.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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.

Subsequent Events

Subsequent events have been evaluated through August 25, 2020, which is the date the financial statements were available to be issued. See Note 7: Uncertainties.

NOTE 2: AVAILABILITY AND LIQUIDITY

CASA strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects CASA's financial assets as of December 31, 2019, reduced by amounts that are not available to meet general expenditures because of contractual restrictions or internal board designations.

Financial assets at year-end:		
Cash and cash equivalents		\$710,393
Grants receivable		167,331
Investments		<u>59,688</u>
	Total financial assets	937,412
Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>135,056</u>
Financial assets available to meet general expenditures over the next twelve months		<u>\$ 802,356</u>

NOTE 3: RETIREMENT PLANS

CASA has a retirement plan consisting of a Simple IRA for its permanent employees. CASA matches up to 3% of the employee's gross salary. CASA contributed \$20,293 in matching funds for the year ended December 31, 2019.

CASA 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, 2019.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 4: LEASE COMMITMENTS

CASA has a lease agreement for its copier. Rent expense under the terms of the lease is \$506 per month. The lease terminates in March 2024.

Future minimum lease payments under operating leases as of December 31, 2019 are:

2020	\$	6,072
2021		6,072
2022		6,072
2023		6,072
2024		<u>1,518</u>
	\$	<u>25,806</u>

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or time restrictions as of December 31, 2019:

Older foster youth	\$	5,500
Youngest victims		18,333
Assistance to families		9,948
Time restricted		51,500
Technology and software		12,275
Volunteer program		<u>37,500</u>
	\$	<u>135,056</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Older foster youth	\$	64,500
Youngest victims		20,000
Assistance to families		9,552
Time restricted		48,500
Technology and software		12,477
Volunteer program		12,500
Other		<u>4,015</u>
	\$	<u>171,544</u>

NOTE 6: 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.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 6: FAIR VALUE MEASUREMENTS, CONTINUED

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, 2019 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 funds	\$59,688	\$59,688	-	-

Mutual funds

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

NOTE 7: UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak in the United States and the related work restrictions has impacted the Organization and its operations. The extent to which these events will affect the future financial position and the related changes in net assets and cash flows is unknown.

In April 2020, the Organization qualified for a loan program under the Coronavirus Aid, Relief and Economic Security (CARES) Act and entered into a debt agreement for \$134,500. The proceeds will be utilized to fund payroll and other operating expenses. The loan bears interest at 1% and requires payments of \$7,532 beginning November 20, 2020. The balance of the loan is due April 20, 2022. Portions of the loan may be forgiven, provided certain requirements of the U.S. Small Business Administration Paycheck Protection Program, including provisions of the CARES Act, are met. Future minimum principle payments as of the date of report issuance are:

For the year ending December 31,	
2020	\$ 14,845
2021	89,592
2022	<u>30,063</u>
Total	<u>\$ 134,500</u>