

JACKSON COUNTY CASA
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2021

JACKSON COUNTY CASA

DECEMBER 31, 2021

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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

Opinion

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, 2021, 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.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jackson County CASA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson County CASA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jackson County CASA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson County CASA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emerich + Company, P.C.

Kansas City, Missouri
August 22, 2022

**JACKSON COUNTY CASA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,119,449
Grants receivable	132,773
Pledges receivable- current	900,916
Unemployment trust fund	18,184
Prepaid expenses	11,174
Total Current Assets	<u>4,182,496</u>

INVESTMENTS

91,184

PROPERTY AND EQUIPMENT

Construction in progress	92,517
Building	790,000
Furniture and equipment	167,291
Less accumulated depreciation	(174,459)
Total Property and Equipment	<u>875,349</u>

NONCURRENT ASSETS

Pledges receivable, net of discount	144,748
Total Noncurrent Assets	<u>144,748</u>

TOTAL ASSETS

\$ 5,293,777

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 32,407
Accrued payroll	97,975
Other accrued expenses	34,557
Current portion of note payable	27,037
Total Current Liabilities	<u>191,976</u>

NOTE PAYABLE, less current portion

246,830

TOTAL LIABILITIES

438,806

NET ASSETS

Without donor restrictions	1,529,814
With donor restrictions	3,325,157
Total Net Assets	<u>4,854,971</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 5,293,777

See Notes to Financial Statements

JACKSON COUNTY CASA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUPPORT AND REVENUE	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Foundation support	\$ 218,706	\$ 90,950	\$ 309,656
United Way/combined federal campaign	33,745	-	33,745
Corporate contributions	72,464	-	72,464
Individual and other donations	158,090	-	158,090
Capital campaign contributions	-	3,442,740	3,442,740
County government support	567,258	-	567,258
Federal/State program support	502,512	-	502,512
Special events	486,039	-	486,039
Less expense	(57,779)	-	(57,779)
In-kind contributions	692,303	-	692,303
Net assets released from restrictions	289,385	(289,385)	-
TOTAL SUPPORT AND REVENUE	2,962,723	3,244,305	6,207,028
EXPENSES			
Program Services	2,390,030	-	2,390,030
Supporting Services			
Administrative	236,178	-	236,178
Fundraising	248,385	-	248,385
Total supporting services expenses	484,563	-	484,563
TOTAL EXPENSES	2,874,593	-	2,874,593
CHANGE IN NET ASSETS FROM OPERATIONS	88,130	3,244,305	3,332,435
OTHER CHANGES IN NET ASSETS			
Interest income and realized gains	14,603	-	14,603
Unrealized gain on investments	8,870	-	8,870
CHANGE IN NET ASSETS	111,603	3,244,305	3,355,908
NET ASSETS, BEGINNING OF YEAR	1,418,211	80,852	1,499,063
NET ASSETS, END OF YEAR	\$ 1,529,814	\$ 3,325,157	\$ 4,854,971

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Supporting Services			Total Expenses
		Administrative	Fundraising	Total	
Salaries and wages	\$ 1,267,430	\$ 133,994	\$ 110,597	\$ 244,591	\$ 1,512,021
Payroll taxes and benefits	242,199	21,447	17,557	39,004	281,203
Total personnel expense	<u>1,509,629</u>	<u>155,441</u>	<u>128,154</u>	<u>283,595</u>	<u>1,793,224</u>
In-kind contributions	692,304	-	-	-	692,304
Capital campaign expenses	-	19,671	87,009	106,680	106,680
Equipment rental	6,811	535	389	924	7,735
Professional fees	14,807	12,602	145	12,747	27,554
Postage and delivery	208	1,992	767	2,759	2,967
Insurance	32,397	2,545	1,850	4,395	36,792
Marketing	440	2,787	21,280	24,067	24,507
Travel	4,562	22	1,512	1,534	6,096
Volunteer training and development	12,300	-	-	-	12,300
Assistance to families	27,063	-	-	-	27,063
Meetings and meals	922	5,072	334	5,406	6,328
Office expense	449	11,914	2,005	13,919	14,368
Technology	20,457	1,607	1,168	2,775	23,232
Utilities	14,825	1,165	846	2,011	16,836
Telephone	5,938	466	339	805	6,743
Miscellaneous	1,788	18	16	34	1,822
Repairs and maintenance	7,492	589	428	1,017	8,509
Depreciation	31,252	2,455	1,784	4,239	35,491
Dues and subscriptions	6,386	7,591	340	7,931	14,317
Bank service fees	-	9,706	19	9,725	9,725
	<u>\$ 2,390,030</u>	<u>\$ 236,178</u>	<u>\$ 248,385</u>	<u>\$ 484,563</u>	<u>\$ 2,874,593</u>

See Notes to Financial Statements

**JACKSON COUNTY CASA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 3,355,908
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	35,491
Unrealized gain on investments	(8,870)
Contributions restricted for long-term purposes	2,279,773
Changes in:	
Grants receivable	81,840
Pledges receivable	(1,045,664)
Unemployment trust fund	(1,778)
Prepaid expenses	13,100
Accounts payable	28,036
Accrued expenses	10,636
Accrued payroll	13,098
	<u>4,761,570</u>
Net cash provided by operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Net purchase and sales of investments	(13,754)
Net purchases and disposals of equipment	(3,550)
Construction in progress	(92,517)
	<u>(109,821)</u>
Net cash used for investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions restricted for long-term purposes	(2,279,773)
Payments on note payable	(26,133)
	<u>(2,305,906)</u>
Net cash used in financing activities	
INCREASE IN CASH AND CASH EQUIVALENTS	2,345,843
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	773,606
	<u>773,606</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,119,449</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	\$ 8,497

See Notes to Financial Statements

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 (GAAP). 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 Cash Equivalents

Cash and cash 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.

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 39 years.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

Fundraising

CASA receives approximately 7% percent of their support through fundraising 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 326 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 and changes in net assets. Volunteer services have been valued at \$27.21 per hour based on the *Independent Sector – Research Value of Volunteer Time* for 2021. This amount of \$691,896 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 GAAP 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, 2021**

**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. These costs include: personnel, payroll services, utilities, technology, telephone, repairs and maintenance, equipment rental, insurance and depreciation.

Subsequent Events

Subsequent events have been evaluated through August 22, 2022, which is the date the financial statements were available to be issued.

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, 2021, 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		\$3,119,449
Grants receivable		132,773
Pledges receivable - current		900,916
Investments		<u>91,184</u>
	Total financial assets	4,244,322
Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>3,325,157</u>
	Financial assets available to meet general expenditures over the next twelve months	<u>\$ 919,165</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 \$22,113 in matching funds for the year ended December 31, 2021.

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, 2021.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021 are:

2022	\$	6,072
2023		6,072
2024		<u>1,518</u>
	\$	<u>13,662</u>

NOTE 5: NOTE PAYABLE

During the year ended December 31, 2020, CASA entered into a note payable agreement for purchase of a building. Installments of \$2,896 of principal and interest are due monthly. The interest rate is 2.95%. The note matures on December 1, 2025. The note is secured by a building. The outstanding balance at December 31, 2021 is \$273,867.

Future minimum payments as of December 31, 2021 are:

2022	\$	27,037
2023		27,845
2024		28,678
2025		<u>190,307</u>
	\$	<u>273,867</u>

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or time restrictions as of December 31, 2021:

Assistance to families	\$	10,886
Focus group		4,000
College coaching		10,191
Time restricted		30,000
Capital campaign		<u>3,270,080</u>
	\$	<u>3,325,157</u>

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

Focus group	\$	1,000
Older foster youth		7,500
Youngest victims		5,000
Assistance to families		27,827
Time restricted		15,000
College coaching		3,084
Capital campaign		<u>229,974</u>
	\$	<u>289,385</u>

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7: 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, 2021 are as follows:

		Fair Value Measurements at the End of the Reporting Period Using		
	Total	(Level 1)	(Level 2)	(Level 3)
<u>Recurring fair value measurements:</u>				
Mutual funds	\$ 91,184	\$91,184	-	-
Pledges receivable	\$1,045,664	-	\$1,045,664	-

Mutual funds

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

Pledges Receivable

The fair value of pledges receivable is determined using the present value of expected cash flows, discounted using market rate assumptions (Level 2).

NOTE 8: CAPITAL CAMPAIGN

During the year ended December 31, 2020, CASA entered into a capital campaign to provide funds for the construction and renovation of new facilities. For the year ended December 31, 2021, the total capital campaign contributions was \$3,392,740. See Note 5 for associated note payable.

**JACKSON COUNTY CASA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 9: PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give at December 31, 2021:

Amounts due in less than one year	\$ 900,916
Amounts due in two to four years	<u>153,033</u>
	1,053,949
Less: allowance	-
unamortized discount	<u>8,285</u>
Total	\$ <u>1,045,664</u>

NOTE 10: CONCENTRATIONS

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.

Two donors contributed 26% of total revenue during the year ended December 31, 2021.

NOTE 11: 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 CASA 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.