



FINANCIAL STATEMENTS

June 30, 2016 and 2015



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Family Law CASA of King County

We have reviewed the accompanying financial statements of Family Law CASA of King County (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. generally accepted accounting principles.

Vine Dahlen PLLC

December 22, 2016

FAMILY LAW CASA OF KING COUNTY
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2016 and 2015

ASSETS

	2016	2015
Cash and cash equivalents	\$ 147,651	\$ 113,628
Investments	1,936,910	2,146,067
Prepaid expenses and deposits	15,129	14,134
Furniture and equipment, net	9,931	3,409
	\$ 2,109,621	\$ 2,277,238

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 11,359	\$ 3,838
Accrued expenses	38,673	39,937
Total liabilities	50,032	43,775

NET ASSETS:

Unrestricted		
Board designated for capacity building (Note 5)	1,300,000	1,500,000
Undesignated	757,435	725,457
Total unrestricted net assets	2,057,435	2,225,457
Temporarily restricted	2,154	8,006
TOTAL NET ASSETS	2,059,589	2,233,463
	\$ 2,109,621	\$ 2,277,238

FAMILY LAW CASA OF KING COUNTY
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2016 and 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues and gains:		
Contributions and grants	\$ 234,216	\$ 205,914
Legacies and bequests	0	5,000
In-kind contributions	390,517	309,663
Special events	362,108	295,102
Program service fees	4,559	5,203
Investment income	36,488	48,608
Total unrestricted revenues and gains	1,027,888	869,490
Net assets released from restriction	31,352	11,410
Total unrestricted revenues, gains, and other support	1,059,240	880,900
Expenses and losses:		
Program services	931,901	830,176
Management and general	71,726	58,402
Fundraising	176,796	195,798
Total expenses	1,180,423	1,084,376
Net realized and unrealized loss on investments	46,839	37,543
Total expenses and losses	1,227,262	1,121,919
DECREASE IN UNRESTRICTED NET ASSETS	(168,022)	(241,019)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and grants	25,500	16,359
Net assets released from restriction	(31,352)	(11,410)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(5,852)	4,949
DECREASE IN NET ASSETS	(173,874)	(236,070)
BEGINNING NET ASSETS	2,233,463	2,469,533
ENDING NET ASSETS	\$ 2,059,589	\$ 2,233,463

FAMILY LAW CASA OF KING COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ (173,874)	\$ (236,070)
Adjustments to reconcile change in net assets to net cash:		
Depreciation	2,601	3,605
Net realized and unrealized loss on investments	46,839	37,543
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Prepaid expenses and deposits	(995)	(6,814)
Decrease (increase) in liabilities:		
Accounts payable and accrued expenses	6,257	4,057
Total adjustments and changes	54,702	38,391
NET CASH USED BY OPERATING ACTIVITIES	(119,172)	(197,679)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(9,123)	0
Proceeds from sale of investments	162,318	274,527
NET CASH PROVIDED BY INVESTING ACTIVITIES	153,195	274,527
NET INCREASE IN CASH AND EQUIVALENTS	34,023	76,848
BEGINNING CASH AND CASH EQUIVALENTS	113,628	36,780
ENDING CASH AND CASH EQUIVALENTS	\$ 147,651	\$ 113,628

See accompanying notes and independent accountant's review report.

FAMILY LAW CASA OF KING COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and related expenses	\$ 469,807	\$ 31,695	\$ 98,314	\$ 599,816	\$ 426,571	\$ 18,555	\$ 103,937	\$ 549,063
Professional services	377,269	18,341	2,925	398,535	325,405	21,638	22,121	369,164
Occupancy	36,745	2,089	7,432	46,266	33,155	1,241	7,126	41,522
Events	0	0	51,755	51,755	0	0	45,869	45,869
Insurance	8,468	16,285	0	24,753	7,831	15,351	0	23,182
Training and conferences	4,114	179	785	5,078	4,282	38	478	4,798
Miscellaneous	4,030	192	479	4,701	2,133	359	271	2,763
Supplies	6,234	693	0	6,927	5,181	209	1,201	6,591
Postage and delivery	6,426	709	879	8,014	4,696	185	1,827	6,708
Printing and design	1,256	140	4,092	5,488	1,695	67	3,931	5,693
Equipment and maintenance	6,666	546	831	8,043	6,525	257	1,480	8,262
Telephone	4,903	297	1,056	6,256	4,243	168	963	5,374
Computer expense	3,929	373	271	4,573	5,197	206	1,180	6,583
Bank fees	15	64	7,538	7,617	415	16	4,768	5,199
Depreciation	2,039	123	439	2,601	2,847	112	646	3,605
Total expenses	\$ 931,901	\$ 71,726	\$ 176,796	\$1,180,423	\$ 830,176	\$ 58,402	\$ 195,798	\$1,084,376

See accompanying notes and independent accountant's review report.

FAMILY LAW CASA OF KING COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

1. PURPOSE OF THE ORGANIZATION

Family Law CASA of King County (CASA) is a Washington nonprofit corporation formed on July 23, 2002. CASA (Court Appointed Special Advocates) advocates for children in some of King County's toughest contested custody cases so they have the best chance possible for a safer, more secure home life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of CASA is presented to assist in understanding CASA's financial statements. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of presentation

CASA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. CASA has no permanently restricted net assets.

Revenue recognition

Program service revenue is recognized as earned. Contributions, including legacies and bequests, and grants are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Recognition of donor restrictions

CASA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

FAMILY LAW CASA OF KING COUNTY
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated materials and services

Donated materials and services are recorded at fair value at the date of donation and have been included in revenues and expenses. Donated services are recognized if the services create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills.

Functional allocation of expenses

The cost of providing program and supporting services has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Supporting services include management and general and fundraising.

Cash and cash equivalents

For reporting purposes, cash and cash equivalents included in investment accounts are considered to be investments. All other highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income and the realized and unrealized gain or loss on investments is included in the increase or decrease in unrestricted net assets unless restricted by donor or by law.

Furniture and equipment and depreciation

Acquisitions of furniture and equipment in excess of \$1,000 and all improvements that materially prolong the useful life of assets are capitalized at cost if purchased and fair value at the date of acquisition if received as a donation. Depreciation is computed on the straight-line method over the estimated useful lives of five years.

Advertising

CASA follows the policy of charging costs of advertising to expense as incurred.

Tax Exemption

Family Law CASA of King County has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been designated as an organization which is not a private foundation. CASA's tax filings are subject to audit by various taxing authorities. CASA would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of management and general expenses.

FAMILY LAW CASA OF KING COUNTY
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

Following are the aggregate carrying amounts of investments at June 30:

	Fair Value Hierarchy Level	2016	2015
Money Market funds	1	\$ 11,187	\$ 3,620
Mutual funds	1	1,925,723	2,142,447
		\$ 1,936,910	\$ 2,146,067

The fair values of financial assets are classified above based on the following hierarchy reflecting the significance of inputs used in determining fair value measurements:

Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets in active markets.

Level 2 - Inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

Investment management fees were \$8,033 and \$9,142 for the years ended June 30, 2016 and 2015, respectively.

4. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at June 30:

Furniture and equipment	\$ 15,932	\$ 20,124
Less accumulated depreciation	6,001	16,715
	\$ 9,931	\$ 3,409

Depreciation expense totaled \$2,601 and \$3,605 for the years ended June 30, 2016 and 2015, respectively.

5. BOARD DESIGNATED NET ASSETS

In 2011, Family Law CASA received a large testamentary gift, the stated purpose of which was to grow the organizational capacity to serve a greater number of children in need of advocate services. In order to accomplish this goal, the current operating budget runs at a deficit. During the year ended June 30, 2015, the board designated \$1,500,000 of the organization's net assets to be used for operations over the next five years while working to increase revenue to close the funding gap. During the year ended June 30, 2016, \$200,000 was expended and the balance at June 30, 2016 was \$1,300,000.

FAMILY LAW CASA OF KING COUNTY
NOTES TO FINANCIAL STATEMENTS

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Client drug testing	\$ 83	\$ 83
Advocate reimbursement	2,071	2,151
Advocate recruitment and training	<u>0</u>	<u>5,772</u>
	<u>\$ 2,154</u>	<u>\$ 8,006</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors as follows during the years ended June 30:

Donor database conversion	\$ 0	\$ 4,859
Equipment purchases	7,500	277
Advocate reimbursement	80	546
Advocate recruitment training	23,272	4,228
Leadership events	<u>500</u>	<u>1,500</u>
	<u>\$ 31,352</u>	<u>\$ 11,410</u>

7. CONCENTRATION OF CREDIT RISK

CASA maintains accounts with an investment firm. The accounts contain cash and securities. Within the limits of protection offered by the Securities Investor Protection Corporation (SIPC), claims against a broker-dealer are satisfied on cash up to a maximum of \$250,000 and securities up to a maximum of \$500,000.

Effective December 31, 2013, the investment firm maintains additional insurance coverage above and beyond the SIPC coverage limits. The aggregated amount of all losses covered under this policy is subject to a limit of \$1 billion, including \$1.9 million for cash. Coverage provided by the SIPC and the investment firm's insurance company does not protect against the loss of market value of securities.

FAMILY LAW CASA OF KING COUNTY
NOTES TO FINANCIAL STATEMENTS

8. OPERATING LEASE

CASA leases its office under a non-cancelable operating lease expiring March 2021. CASA is charged for their pro-rata share of the operating expenses of the facility (including insurance and taxes) not covered by the base rental payments. The lease is subject to escalation clauses. Total lease expense was \$42,897 and \$38,953 for the years ended June 30, 2016 and 2015, respectively. Future minimum lease payments at June 30, 2016 approximate the following:

<u>Year ending June 30,</u>	
2017	\$ 50,000
2018	51,000
2019	53,000
2020	55,000
2021	<u>42,000</u>
	<u>\$ 251,000</u>

9. COMMITMENT

The Organization has credit cards with an available balance of \$10,000 at June 30, 2016 with a financial institution where they maintain their operating accounts.

10. EMPLOYEE BENEFIT PLAN

CASA sponsors a SIMPLE IRA Plan (the Plan). Employer contributions to the Plan are equal to 2% of compensation for employees. Employer contributions for the years ended June 30, 2016 and 2015 totaled \$8,606 and \$8,731, respectively.

11. IN-KIND CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Professional services-volunteer advocates	\$ 313,092	\$ 287,518
Professional services-attorneys	<u>77,425</u>	<u>22,145</u>
	<u>\$ 390,517</u>	<u>\$ 309,663</u>

12. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is December 22, 2016, which is the date the financial statements were available to be issued.