

Court Appointed Special Advocates  
of Franklin County  
*Audited Financial Statements*

As of and for the Years Ended  
December 31, 2017 and 2016



Rea & associates

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October 4, 2018

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 the 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, 2017 and 2016. We have also audited the related statements of support and revenue collected, expenses paid and selected accruals, changes in net assets, and 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 audits. We conducted our audits 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, 2017 and 2016 and its support and 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, 2017 AND 2016

	<u>ASSETS</u>	
	2017	2016
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 475,811	\$ 346,089
	<hr/>	<hr/>
Total assets	<u>\$ 475,811</u>	<u>\$ 346,089</u>
	<hr/>	<hr/>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accrued compensated absences	\$ 34,142	\$ 37,121
	<hr/>	<hr/>
Total liabilities	34,142	37,121
NET ASSETS, unrestricted	441,669	308,968
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Total liabilities and net assets	<u>\$ 475,811</u>	<u>\$ 346,089</u>
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The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

STATEMENTS OF SUPPORT AND REVENUE COLLECTED, EXPENSES PAID  
AND SELECTED ACCRUALS AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
SUPPORT AND REVENUE COLLECTED:		
Franklin County grant	\$ 359,200	\$ 265,684
Other government entities	213,337	126,487
Individual and workplace contributions	153,566	100,625
Corporations and corporate foundations	72,150	70,463
Community and private foundations	210,428	158,580
In-kind donations	78,000	88,400
National CASA grant	40,000	-
Ohio CASA grant	6,650	29,550
Community organizations	6,715	6,465
Interest income	309	1,423
	<hr/>	<hr/>
Total support and revenue collected	1,140,355	847,677
EXPENSES PAID AND SELECTED ACCRUALS:		
Salaries, payroll taxes and benefits	722,398	653,135
Professional services	68,284	37,543
Office rent	66,000	66,000
Direct fundraising costs	30,864	22,626
Insurance	10,368	10,932
Volunteer training	9,697	10,345
Travel	35,039	37,570
Conferences and seminars	4,453	6,606
Parking	8,149	7,865
Supplies	8,059	7,052
Small equipment lease and usage charges	4,826	7,210
Telephone	1,854	1,793
Volunteer recognition	5,367	5,035
Affiliations	2,165	635
Postage	1,329	1,045
Printing	12,436	13,917
Board development	1,332	943
Storage space fee	2,378	2,376
Outreach	12,656	6,785
	<hr/>	<hr/>
Total expenses paid and selected accruals	1,007,654	899,413
Excess (deficit) of support and revenue collected over expenses paid and selected accruals	132,701	(51,736)
UNRESTRICTED NET ASSETS, beginning of the year	308,968	360,704
	<hr/>	<hr/>
UNRESTRICTED NET ASSETS, end of the year	\$ 441,669	\$ 308,968
	<hr/> <hr/>	<hr/> <hr/>

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (deficit) of support and revenue collected over expenses paid and selected accruals	\$ 132,701	\$ (51,736)
Adjustments to reconcile the excess (deficit) of support and revenue collected over expenses paid and selected accruals to net cash provided by (used in) operating activities:		
Increase (decrease) in operating liabilities:		
Accrued compensated absences	(2,979)	12,178
Net cash provided by (used in) operating activities	<u>129,722</u>	<u>(39,558)</u>
Net increase (decrease) in cash and cash equivalents	129,722	(39,558)
CASH AND CASH EQUIVALENTS, beginning of the year	346,089	385,647
CASH AND CASH EQUIVALENTS, end of the year	<u><u>\$ 475,811</u></u>	<u><u>\$ 346,089</u></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, 2017 and 2016.

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, 2017 and 2016.

##### 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 support and revenue. Cost and accumulated depreciation totaled \$16,656 as of December 31, 2017 and 2016, 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.

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 CASA may be subject to Federal income taxes. No provision for federal or local income taxes was necessary for the years ended December 31, 2017 and 2016.

Allocation of Functional Expenses

Conditions are set under which the CASA allocates costs to program services, general and administrative and fundraising classifications. Cost allocation occurs whenever costs are associated with more than one activity, and can be attributed to each activity specifically. Costs have been allocated based on estimated or actual amounts. Expenses allocated by functional classification are as follows for the years ended December 31:

	2017	2016
Program services	\$ 818,070	\$ 725,478
General and administrative	128,559	114,392
Fundraising	61,025	59,543
Total expenses	<u>\$ 1,007,654</u>	<u>\$ 899,413</u>

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 entitled “Leases (Topic 842),” which may change CASA’s statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is effective for CASA’s annual reporting periods beginning after December 15, 2019. Early implementation is permitted. Management does not believe this new standard will have a material effect on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14 entitled “Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)” which will, among other changes, change the presentation of CASA’s classifications of net assets from three classes to two (with donor restrictions and without donor restrictions) and require a schedule of expenses by both natural and functional classification. This new standard is effective for CASA’s annual reporting periods beginning after December 15, 2017. Early implementation is permitted. Management does not believe this new standard will have a material effect on its financial statements.

Reclassifications

Certain expenses on the 2016 statement of support and revenue collected, expenses paid and selected accruals, have been reclassified, including the recording of in-kind revenue for office rent (see Note 4), to be consistent with the classifications adopted for 2017, with no net effect on the excess (deficit) of support and revenue collected over expenses paid and selected accruals.

Subsequent Events

CASA has evaluated subsequent events through October 4, 2018, the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

NOTE 2: RISKS AND UNCERTAINTIES

Concentration Risk - Revenue

CASA receives a substantial amount of support under a third-party reimbursement arrangement. Grant revenues from Franklin County account for approximately 31% of total support and revenue collected for both of the years ended December 31, 2017 and 2016.

Uninsured Risk - 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, CASA may have balances that exceed the insured limit.

NOTE 3: OPERATING LEASE OBLIGATIONS

CASA occupies office space free of charge on a year-to-year basis (see Note 4). CASA leases certain office equipment under a non-cancelable lease agreement expiring in April 2021. CASA also rents storage space on a month-to-month basis. Rent expense totaled \$73,204 and \$73,508 for the years ended December 31, 2017 and 2016, respectively.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: OPERATING LEASE OBLIGATIONS (Continued)

Future minimum lease payments under non-cancellable lease obligations are as follows for each of the next five years and in the aggregate as of December 31, 2017:

<u>Years Ending December 31,</u>	<u>Amount</u>
2018	\$ 2,678
2019	2,678
2020	2,678
2021	893
Total	<u>\$ 8,927</u>

NOTE 4: IN-KIND DONATIONS

CASA occupies office space, free of charge, in a government-owned building. Amounts recognized as in-kind revenue and related rent expense totaled \$66,000 for both of the years ended December 31, 2017 and 2016.

CASA also receives in-kind printing services. Amounts recognized as in-kind revenue and related printing expenses totaled \$12,000 for both of the years ended December 31, 2017 and 2016.

CASA received in-kind professional consulting and other services during the year ended December 31, 2016. Amounts recognized as in-kind revenue and related expenses was \$10,400.

CASA also receives voluntary services whose fair value could not be reasonably estimated. Accordingly, these services have not been reflected in the accompanying financial statements.