

Court Appointed Special Advocates
of Franklin County
Audited Financial Statements

As of and for the Years Ended
December 31, 2019 and 2018



Rea & associates

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March 19, 2020

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 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, 2019 and 2018, and the related statements of support and revenue collected, expenses paid and selected accruals and changes in net assets, cash flows, and functional expenses 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, 2019 and 2018 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.

Emphasis of a Matter – Subsequent Event

As described in Note 6 of the financial statements, the Board approved the future transfer of a significant portion of CASA's programs to a government agency located in Central Ohio. As of the audit report date, the transfer of such programs, and a portion of CASA's working capital, is pending the final approvals of both parties and other customary closing conditions.

Emphasis of a Matter – 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, 2019 AND 2018

	<u>ASSETS</u>	
	2019	2018
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 581,343	\$ 475,740
Advances receivable	985	-
	<hr/>	<hr/>
Total current assets	582,328	475,740
PROPERTY AND EQUIPMENT:		
Equipment and computers	17,547	16,656
Less: accumulated depreciation	(16,834)	(16,656)
	<hr/>	<hr/>
Property and equipment, net	713	-
	<hr/>	<hr/>
Total assets	<u>\$ 583,041</u>	<u>\$ 475,740</u>
	<hr/>	<hr/>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accrued compensated absences	\$ 15,432	\$ 35,913
	<hr/>	<hr/>
Total liabilities	15,432	35,913
NET ASSETS, without donor restriction	567,609	439,827
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 583,041</u>	<u>\$ 475,740</u>
	<hr/>	<hr/>

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, 2019 AND 2018

	2019	2018
	<u> </u>	<u> </u>
SUPPORT AND REVENUE COLLECTED:		
Franklin County grant	\$ 399,934	\$ 359,200
Other government entities	245,212	237,424
Individual and workplace contributions	93,805	107,868
Corporations and corporate foundations	73,462	71,884
Community and private foundations	193,180	154,450
In-kind donations	83,680	92,525
Ohio CASA grant	-	6,000
Community organizations	5,289	6,318
Interest income	1,782	308
	<u> </u>	<u> </u>
Total support and revenue collected	1,096,344	1,035,977
EXPENSES PAID AND SELECTED ACCRUALS:		
Program services	761,061	807,943
Management and general	152,930	161,266
Fundraising	54,571	68,610
	<u> </u>	<u> </u>
Total expenses paid and selected accruals	968,562	1,037,819
	<u> </u>	<u> </u>
Excess (deficit) of support and revenue collected over expenses paid and selected accruals	127,782	(1,842)
NET ASSETS, beginning of the year	439,827	441,669
	<u> </u>	<u> </u>
NET ASSETS, end of the year	<u>\$ 567,609</u>	<u>\$ 439,827</u>

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES:				
Personnel costs	\$ 595,914	\$ 67,752	\$ 29,619	\$ 693,285
Professional services	43,958	44,903	-	88,861
Office rent	52,158	10,519	3,323	66,000
Direct fundraising costs	-	-	19,938	19,938
Insurance	-	11,326	-	11,326
Volunteer training	10,304	-	-	10,304
Travel	23,860	2,713	1,186	27,759
Conferences and seminars	1,837	-	-	1,837
Parking	10,163	1,155	505	11,823
Supplies	6,025	-	-	6,025
Small equipment expenses	8,839	-	-	8,839
Telephone	1,412	-	-	1,412
Volunteer recognition	-	3,668	-	3,668
Affiliations	-	1,090	-	1,090
Postage	501	-	-	501
Printing	6,090	6,091	-	12,181
Board development	-	574	-	574
Storage space fee	-	2,891	-	2,891
Depreciation expense	-	178	-	178
Interest expense	-	70	-	70
	<u>\$ 761,061</u>	<u>\$ 152,930</u>	<u>\$ 54,571</u>	<u>\$ 968,562</u>

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES:				
Personnel costs	\$ 596,064	\$ 120,208	\$ 37,981	\$ 754,253
Professional services	67,282	12,103	-	79,385
Office rent	52,158	10,519	3,323	66,000
Direct fundraising costs	-	-	27,306	27,306
Insurance	-	10,621	-	10,621
Volunteer training	13,501	-	-	13,501
Travel	27,596	5,232	-	32,828
Conferences and seminars	2,917	-	-	2,917
Parking	10,707	2,030	-	12,737
Supplies	8,314	-	-	8,314
Small equipment expenses	5,467	-	-	5,467
Telephone	1,560	-	-	1,560
Volunteer recognition	5,345	-	-	5,345
Affiliations	1,232	-	-	1,232
Postage	694	-	-	694
Printing	12,155	-	-	12,155
Board development	-	462	-	462
Storage space fee	2,881	-	-	2,881
Outreach	70	-	-	70
Interest expense	-	91	-	91
	<u>\$ 807,943</u>	<u>\$ 161,266</u>	<u>\$ 68,610</u>	<u>\$ 1,037,819</u>

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, 2019 AND 2018

	2019	2018
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficit) of support and revenue collected over expenses paid and selected accruals	\$ 127,782	\$ (1,842)
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:		
Depreciation expense	178	-
(Increase) decrease in operating assets:		
Advances receivable	(985)	-
Increase (decrease) in operating liabilities:		
Accrued compensated absences	(20,481)	1,771
Net cash provided by (used in) operating activities	<u>106,494</u>	<u>(71)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(891)	-
Net cash provided by (used in) investing activities	<u>(891)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	105,603	(71)
CASH AND CASH EQUIVALENTS, beginning of the year	475,740	475,811
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 581,343</u>	<u>\$ 475,740</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. Modifications include the capitalization and depreciation of long-lived assets, the recording of any advances receivable or payable, 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 and changes therein are classified as unrestricted or restricted, and are detailed as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the “Board”) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

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.

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.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$500. 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.

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, 2019 and 2018.

Allocation of Functional Expenses

Conditions are set under which 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. Those expenses include salaries, payroll taxes, and benefits, office rent, and direct fundraising costs. Salaries, payroll taxes, and benefits are allocated based on estimates of time and effort, office rent is allocated in line with methods used for salaries, payroll taxes, and benefits, and direct fundraising costs are allocated solely to the fundraising function.

Recently Issued But Not Yet Effective Accounting Pronouncement

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, 2020. Early implementation is permitted. Management does not believe this new standard will have a material effect on its financial statements.

Subsequent Events

CASA has evaluated subsequent events through March 19, 2020, the date on which the financial statements were available to be issued. See Note 6 for subsequent events disclosed.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

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 37% and 35% of total support and revenue collected for the years ended December 31, 2019 and 2018, respectively.

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 \$74,338 and \$73,348 for the years ended December 31, 2019 and 2018, respectively.

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, 2019:

<u>Years Ending December 31,</u>	<u>Amount</u>
2020	\$ 2,678
2021	893
Total	<u>\$ 3,571</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, 2019 and 2018.

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, 2019 and 2018.

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.

COURT APPOINTED SPECIAL ADVOCATES OF FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CASA's financial assets as of the statements of assets, liabilities and net assets – modified cash basis date, reduced by amounts not available for general use within one year of December 31, 2019, because of contractual or donor-imposed restrictions or internal designations. CASA's financial assets available within one year of the statements of assets, liabilities and net assets – modified cash basis date for general expenditure are as follows:

Financial assets:	
Cash and cash equivalents	\$ 581,343
Advances receivable	985
Financial assets, at year-end	<u>582,328</u>
Less: those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	-
Board designations	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 582,328</u>

Liquidity Policy

As part of the CASA's liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 6: SUBSEQUENT EVENT

During the year ended December 31, 2019, the Board approved the future transfer of a significant portion of CASA's programs to a government agency located in Central Ohio. As of the audit report date, the transfer of such programs, and a portion of CASA's working capital, is pending the final approvals of both parties and other customary closing conditions.