

COURT APPOINTED SPECIAL ADVOCATES (CASA)
2ND JUDICIAL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
JUNE 30, 2014

WIDNER-PENTER CPAs, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
JONESBORO, ARKANSAS

COURT APPOINTED SPECIAL ADVOCATES (CASA)
2ND JUDICIAL DISTRICT

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-12
Supplementary Information:	
Supplementary Schedule – Schedule of Temporarily Restricted and Unrestricted Activities	14



WIDNER-PENTER CPAs, PLLC

Barbara J. Widner, CPA • Julienne P. Penter, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Court Appointed Special Advocates (CASA) - 2nd Judicial District

We have audited the accompanying financial statements of Court Appointed Special Advocates (CASA) - 2nd Judicial District (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, 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 Court Appointed Special Advocates (CASA) - 2nd Judicial District as of June 30, 2014, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of temporarily restricted and unrestricted activities on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Widner - Pentec CPAs, PLLC

Widner-Pentec CPAs, PLLC

January 31, 2014

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Statement of Financial Position
June 30, 2014**

Assets

Current Assets

Cash and cash equivalents	\$	79,520
Receivables, net		47,714
Total Current Assets		127,234

Equipment

Office furniture & equipment		28,257
Less: accumulated depreciation		(26,736)
Net Equipment		1,521

Total Assets	\$	128,755
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	8,794
Payroll taxes payable		3,547
Total Current Liabilities		12,341

Net Assets

Unrestricted net assets		75,807
Temporarily restricted net assets		40,607
Total Net Assets		116,414

Total Liabilities and Net Assets	\$	128,755
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The accompanying notes are an integral part of these financial statements

**Court Appointed special Advocates (CASA)
2nd Judicial District
Statement of Activities
Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains, Reclassifications And Other Support			
Grants	\$ -	\$ 197,852	\$ 197,852
Contributions	44,892	-	44,892
Fundraising	69,202	-	69,202
Interest income	86	-	86
Net assets released from restrictions			
Satisfied by payments	164,664	(164,664)	-
Expiration of time restrictions	629	(629)	-
	<u>279,473</u>	<u>32,559</u>	<u>312,032</u>
Total Revenue, Gains, Reclassifications And Support			
Expenses			
Program services	200,608	-	200,608
Support services	27,698	-	27,698
Fundraising	17,583	-	17,583
	<u>245,889</u>	<u>-</u>	<u>245,889</u>
Total Expenses			
Change in Net Assets	33,584	32,559	66,143
Net Assets, beginning of year	42,223	8,048	50,271
	<u>75,807</u>	<u>40,607</u>	<u>116,414</u>
Net Assets, end of year			

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

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Statement of Functional Expenses
For the Year Ended June 30, 2014**

	Program Services	Supporting Services	Fundraising	Total
Salaries and taxes	\$ 145,840	\$	\$	\$ 145,840
Employee benefits	4,105			4,105
Travel and meals	10,089			10,089
Conferences and conventions	6,663			6,663
Training	4,304			4,304
Computer supplies	3,049			3,049
Supplies	4,021			4,021
Recruitment and retention	4,573			4,573
Bank and credit card fees	254			254
Telephone	4,968			4,968
Postage and shipping	665			665
Background checks	3,179			3,179
Printing and copying	1,236			1,236
Advertising	4,045			4,045
Dues and subscriptions	1,909			1,909
Accounting fees		7,751		7,751
Fundraising			17,583	17,583
Rent		15,091		15,091
Utilities		900		900
Insurance	1,708	2,499		4,207
Other costs		636		636
Depreciation		821		821
Total Functional Expenses	\$ 200,608	\$ 27,698	\$ 17,583	\$ 245,889

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

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Statement of Cash Flows
Year Ended June 30, 2014**

Cash flows from operating activities:

Change in net assets	\$ 66,143
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	821
(Increase) / decrease in current assets:	
Receivables	(34,271)
Increase / (decrease) in current liabilities:	
Accounts payable	3,032
Accrued expenses	<u>(1,364)</u>
Net cash provided from operating activities:	34,361
Cash flows from investing activities:	
Purchase of equipment	<u>(1,084)</u>
Net cash used in investing activities:	(1,084)
Cash flows from financing activities:	<u>-</u>
Net increase in cash and cash equivalents	33,277
Cash and cash equivalents, beginning of year	<u>46,243</u>
Cash and cash equivalents, end of year	<u><u>\$ 79,520</u></u>

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

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Notes to Financial Statements
June 30, 2014**

NOTE 1 - Summary of Significant Accounting Policies

Organization

The Court Appointed Special Advocates (CASA) – 2nd Judicial District is a nonprofit corporation. The purpose of CASA is to recruit, train and retain community volunteers to serve the best interests of abused/neglected children in court. These are children whose home placement is being determined by a juvenile court judge.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Court Appointed Special Advocates (CASA) – 2nd Judicial District reports its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash on hand and in checking, savings, and money market accounts and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables

Receivables consist of amounts due from third parties and grants awarded. Management has determined that all amounts are collectible; therefore no allowance for doubtful accounts is necessary.

Equipment

Equipment is recorded at historical cost. Donated property and equipment are recorded at their fair market values at the date of donation. Depreciation is provided for in amounts sufficient to relate the cost (basis) of the depreciable assets to operations over their estimated service lives using the straight-line method. Office furniture and equipment's estimated useful lives range from 5 to 10 years. Depreciation expense for the year ended June 30, 2014 was \$821.

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Notes to Financial Statements
June 30, 2014**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Income Taxes

CASA is a not-for-profit organization that is exempt from federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code and similar state provisions. This code section enables the Organization to accept donations, which qualify as charitable contributions to the donor. The Organization's tax filings are subject to audit by various taxing authorities, and the open audit periods are 2010 to 2013.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed audit services of \$3,551 were recorded as of June 30, 2014. In addition, rental office space and utilities in the amount of \$7,944 and \$900, respectively, were contributed and recorded during the year ended June 30, 2014.

Functional Expenses

This is the classification of expenses according to the purpose for which they are incurred. Program service expenses are the direct and indirect costs related to providing a nonprofit Organization's programs, that is, the costs of the activities for which purpose the organization exists. Management and general expenses include those expenses that are not directly or indirectly identifiable with any specific function but provided for the overall support and direction of the Organization.

Fair Value of Financial Instruments

Unless otherwise indicated, the estimated fair market value of all financial instruments does not differ materially from the aggregate carrying values as stated in the accompanying statement of financial position. Financial instruments are not held for trading purposes.

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Notes to Financial Statements
June 30, 2014**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management from time to time to make estimates and assumptions that may affect the reported accounts of assets and liabilities and disclosures of contingent assets and liabilities during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs are charged to operations when incurred. There was \$4,045 expended for advertising for the year ended June 30, 2014.

Economic Dependency

A material part of CASA's being able to provide services is dependent upon grant proceeds, the loss of which could have a materially adverse effect on CASA's ability to continue operations. During the year ended June 30, 2014, revenue and support from grants accounted for approximately 63% (\$197,852) of revenues and support.

NOTE 2 - Cash and Cash Equivalents

Cash in bank	\$	79,520
		\$ 79,520

Cash in bank consists of two checking accounts at local institutions. The checking accounts earn interest at 0.15% and 0.05% with no penalties for withdrawal.

NOTE 3 - Receivables

Receivables consist of the following grants at June 30, 2014:

East Arkansas Planning and Development	\$	7,649
Greene County Community Fund		4,076
National CASA Association		6,200
United Way		22,500
VOCA		7,289
		\$ 47,714

Aging of receivables as of June 30, 2014 consists of the following:

Current	\$	47,714
		\$ 47,714

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Notes to Financial Statements
June 30, 2014**

NOTE 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

Greene County Community Fund grant	\$	4,076
VOCA grant		3,719
National CASA grant		6,200
United Way grants		21,250
Arkansas Development Council grant		5,000
Periods after June 30, 2014	\$	362
	<u>\$</u>	<u>40,607</u>

Temporarily restricted net assets totaling \$362 consist of the book value of computers and media equipment.

Net asset were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	\$	
CASA Arkansas Grant		56,000
VOCA Grants		53,812
Greene County Community Foundation Grant		8,577
National CASA Grant		19,800
United Way Grants		13,750
Other Grants		12,725
		<u>164,664</u>
Time restrictions expired from depreciation on assets purchased with grant funds:		629
Total restrictions released	<u>\$</u>	<u>165,293</u>

NOTE 5 – Lease Commitments

The Organization maintains office locations in Jonesboro and Paragould, Arkansas. In January 2014, a lease agreement was signed to rent office space in Paragould, Arkansas. The twelve month lease agreement was for the period March 2014 through February 2015 at a monthly payment of \$300. The lease agreement for the Jonesboro office space is on a month to month basis at a current monthly payment of \$103.

In December 2009, the Organization entered into an operating lease for a storage unit, with month to month terms. Monthly lease payments equal \$44. In January 2012, the Organization entered into an operating lease for a second storage unit, with month to month terms. Monthly lease payments equal \$54. A third storage unit was leased in August 2013, on a month to month basis, with monthly payments equaling \$53.

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Notes to Financial Statements
June 30, 2014**

NOTE 5 – Lease Commitments (continued)

Future minimum lease payments under lease agreements are as follows:

Year Ending June 30, 2015	\$ 2,400
	<u>\$ 2,400</u>

NOTE 6 - Affiliated Entity

The Organization is a member of the National CASA and Arkansas CASA organization. CASA relies on the state level network for grant fund allocation as well as support and training of the local district. Grant funds received from Arkansas CASA for the year ended June 30, 2014 totaled \$56,000.

NOTE 7 – Fair Values of Financial Instruments

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 -- Inputs to the valuation methodology are unadjusted quote prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 -- Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset, or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset of liability.

Level 3 -- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**Court Appointed Special Advocates (CASA)
2nd Judicial District
Notes to Financial Statements
June 30, 2014**

NOTE 7 – Fair Values of Financial Instruments (continued)

The following methods and assumptions were used to determine the fair value of each class of financial instruments:

Cash and cash equivalents – Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The fair values of the Organization's financial instruments at June 30, 2014 are as follows:

<u>Financial Assets</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 79,520	\$ 79,520

NOTE 8 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 31, 2015, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Court Appointed Special Advocates (CASA)
2nd Judicial District
 Supplementary Schedule
 Schedule of Temporarily and Unrestricted Activities
 For the Year Ended June 30, 2014

	VOCA	CASA Arkansas	Other	Unrestricted Funds	Combined Totals
Revenues:					
Grants	\$ 57,531	\$ 56,000	\$ 84,321	\$ -	\$ 197,852
Contributions	-	-	-	44,892	44,892
Fundraising	-	-	-	69,202	69,202
Interest income	-	-	-	86	86
Total revenues	<u>57,531</u>	<u>56,000</u>	<u>84,321</u>	<u>114,180</u>	<u>312,032</u>
Expenses:					
Salaries and wages	47,210	21,844	23,237	42,439	134,730
Payroll taxes	3,754	1,667	2,104	3,585	11,110
Employee benefits	-	-	-	4,105	4,105
Travel and meals	2,848	2,000	5,241	-	10,089
Conferences and conventions	-	2,513	4,150	-	6,663
Training	-	-	4,304	-	4,304
Computer supplies	-	-	3,049	-	3,049
Supplies	-	4,021	-	-	4,021
Recruitment and retention	-	4,573	-	-	4,573
Bank and credit card fees	-	-	-	254	254
Telephone	-	-	4,968	-	4,968
Postage and shipping	-	-	665	-	665
Background checks	-	-	3,179	-	3,179
Printing and copying	-	1,236	-	-	1,236
Advertising	-	4,045	-	-	4,045
Dues and subscriptions	-	-	955	954	1,909
Accounting fees	-	5,000	-	2,751	7,751
Fundraising	-	-	-	17,583	17,583
Rent	-	8,201	3,000	3,890	15,091
Utilities	-	900	-	-	900
Insurance	-	-	-	4,207	4,207
Other costs	-	-	-	636	636
Depreciation	-	-	629	192	821
Total expenses	<u>53,812</u>	<u>56,000</u>	<u>55,481</u>	<u>80,596</u>	<u>245,889</u>
Excess revenues / (expenses)	<u>\$ 3,719</u>	<u>\$ -</u>	<u>\$ 28,840</u>	<u>\$ 33,584</u>	<u>\$ 66,143</u>

The accompanying notes are an integral part of these financial statements