CASA OF THE PIKES PEAK REGION, INC.

Financial Statements

For the Year Ended June 30, 2013

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WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
CASA of the Pikes Peak Region, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of CASA of the Pikes Peak Region, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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.

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.

Auditors' 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 of 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 CASA of the Pikes Peak Region, Inc., as of June 30, 2013, 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.

Report on Summarized Comparative Information

We have previously audited the CASA of the Pikes Peak Region, Inc., June 30, 2012 financial statements, and our report dated September 7, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
August 19, 2013

CASA OF THE PIKES PEAK REGION, INC.
Statement of Financial Position
June 30, 2013
(With Comparative Amounts for 2012)

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	$ 139,282	$ 98,859
Grants receivable	318,990	285,622
Pledges receivable, net	148,567	79,061
Accounts receivable	732	11,701
Prepaid insurance	9,445	14,573
Total current assets	617,016	489,816
LONG-TERM PLEDGES RECEIVABLE, net	78,077	68,197
LONG-TERM INVESTMENTS	431,289	663,509
PROPERTY AND EQUIPMENT - at cost:		
Land	105,000	105,000
Building and improvements	829,036	817,601
Computer equipment	128,316	125,235
Furniture and equipment	74,314	74,314
Less accumulated depreciation	(385,399)	(354,674)
Property and equipment - net	751,267	767,476
TOTAL ASSETS	$ 1,877,649	$ 1,988,998

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accounts payable	$ 27,420	$ 39,863
Accrued liabilities	26,522	27,008
Deferred revenue	500	
Total current liabilities	54,442	66,871
NET ASSETS:		
Unrestricted	1,307,338	1,506,741
Unrestricted - Board designated	105,222	105,222
Temporarily restricted	410,647	310,164
Total net assets	1,823,207	1,922,127
TOTAL LIABILITIES AND NET ASSETS	$ 1,877,649	$ 1,988,998

See Notes to Financial Statements

CASA OF THE PIKES PEAK REGION, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2013

(With Comparative Totals for 2012)

	Unrestricted	Temporarily Restricted	2013 Totals	2012 Totals
REVENUE:				
Grants	$ 97,581	$ 726,953	$ 824,534	$ 926,368
Light of Hope event	341,035		341,035	274,895
Fundraising	259,551	7,405	266,956	218,147
Program service fees	116,720		116,720	137,287
Contributions	56,917	20,199	77,116	100,655
Investment income (loss)	42,087		42,087	(2,833)
Other income				2,725
Satisfied program restrictions	654,074	(654,074)		
Total revenue	1,567,965	100,483	1,668,448	1,657,244
EXPENSES:				
Program services:				
Children's advocacy program	1,470,790		1,470,790	1,416,318
Total program services	1,470,790		1,470,790	1,416,318
Supporting services:				
Fundraising	179,468		179,468	160,613
General and administrative	117,110		117,110	103,506
Total supporting services	296,578		296,578	264,119
Total expenses	1,767,368		1,767,368	1,680,437
CHANGE IN NET ASSETS	(199,403)	100,483	(98,920)	(23,193)
NET ASSETS, beginning of year	1,611,963	310,164	1,922,127	1,945,320
NET ASSETS, end of year	$ 1,412,560	$ 410,647	$1,823,207	$1,922,127

See Notes to Financial Statements

CASA OF THE PIKES PEAK REGION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2013

(With Comparative Totals for 2012)

	Children's Advocacy Program	Fundraising	General and Administrative	2013 Totals	2012 Totals
Advertising expense	$ 33,680	$ 3,147	$ 1,854	$ 38,681	$ 37,297
Bad debt expense		16,296		16,296	14,346
Bank charges	5,173	280	348	5,801	4,494
Bonuses			1,800	1,800	4,653
Building repairs & maintenance	22,959	987	718	24,664	22,207
Business meetings & meals	3,925	825	209	4,959	4,546
Cleaning	3,404	145	183	3,732	3,733
Contract labor	8,601	195	242	9,038	10,081
Depreciation	29,837	310	577	30,724	30,435
Donor recognition		9,031	3	9,034	
Dues & publications	8,643	395	88	9,126	9,760
Education of Color - G & L Grant	5,025			5,025	
EE training/conference/seminar	2,949	2,205	(31)	5,123	4,182
Employee benefits	33,897	2,438	3,070	39,405	38,213
Equipment repairs & maintenance	29,337	2,898	1,564	33,799	25,141
Foster Care Childrens Fund	17,515			17,515	9,380
Fundraising expenses	43	59,471		59,514	53,957
Gifts & memorials	2,534	327	99	2,960	1,309
Insurance	22,902	675	2,283	25,860	20,529
In-kind expenses	10,772	1,064	4,557	16,393	10,543
Licenses & fees	1,296	56	2,574	3,926	2,662
Marketing - other	516	15	19	550	
Mileage reimbursement	8,685	580	133	9,398	16,979
Miscellaneous marketing					837
Newsletter	4,526	329	653	5,508	5,512
Office supplies	12,063			12,063	13,866
Parking - employees	2,952	31	12	2,995	2,134
Payroll taxes	76,956	5,532	6,965	89,453	87,307
Pension plan	19,217	1,387	1,746	22,350	19,941
Postage	6,554	426	451	7,431	9,022
Printing	4,324	258	272	4,854	3,142
Professional fees	33,989	2,115	2,666	38,770	29,033
Salaries	982,430	63,842	80,401	1,126,673	1,100,811
Security					8,000
Staff recruitment	3,058	283	6	3,347	1,853
Storage	3,525	193	244	3,962	3,990
Supplies		625	676	1,301	
Telephone	21,188	702	919	22,809	18,922
Teller County Resource Center	1,260			1,260	1,260
Teller County SEPT space	300			300	
Training fees - volunteer	9,494			9,494	11,571
Travel & conferences	11,243	933		12,176	8,400
Utilities	20,980	1,192	1,502	23,674	25,149
Volunteer maintenance	5,038	280	307	5,625	5,240
Total	$ 1,470,790	$ 179,468	$ 117,110	$ 1,767,368	$ 1,680,437
Percent of total	83.22%	10.15%	6.63%	100.00%	

See Notes to Financial Statements

CASA OF THE PIKES PEAK REGION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2013

(With Comparative Amounts for 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (98,920)	$ (23,193)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	30,724	30,435
Change in assets and liabilities:		
Increase in grants receivable	(33,368)	(52,319)
Increase in pledges receivable, net	(79,386)	53,008
Decrease in accounts receivable	10,969	(9,783)
Decrease in prepaid expenses	5,128	(8,049)
Decrease in accounts payable	(12,443)	3,236
Decrease in accrued liabilities	(486)	(2,493)
Increase in deferred revenue	500	(150)
Total adjustments	(78,362)	13,885
Net cash used by operating activities	(177,282)	(9,308)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in long-term investments	232,220	(39,813)
Acquisition of property and equipment	(14,515)	(62,612)
Net cash provided (used) by investing activities	217,705	(102,425)
NET INCREASE (DECREASE) IN CASH	40,423	(111,733)
CASH AND CASH EQUIVALENTS, beginning of year	98,859	210,592
CASH AND CASH EQUIVALENTS, end of year	$ 139,282	$ 98,859

See Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

CASA of the Pikes Peak Region, Inc. (the Agency), incorporated on October 27, 1988 and is a membership organization that was established to help abused and neglected children in crisis who are under the care and protection of the juvenile court. As an advocate for these children, the Agency works through the use of trained, citizen volunteers appointed by the juvenile court to assure each child has a safe, permanent home as expediently as possible. The volunteers work with individual children to represent their needs and interests.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Contributions

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions.

The Agency reports gifts of furniture and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that are designated for the purchase of furniture and equipment, are reported as temporarily restricted support.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services

The Agency recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. In-kind donation of services in the amount of $1,306 and $7,265 was recorded for the years ended June 30, 2013 and 2012. A substantial number of additional volunteers donated time to the Agency's program services; however, the estimated value was not recorded, because they did not meet the criteria described above.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Agency's checking and money market accounts.

The Agency maintains its cash and cash equivalents in a commercial bank. In the unlikely event of a bank failure, the Agency could suffer a loss to the extent its deposits exceeded the bank's insurance limits. At June 30, 2013, all amounts were fully insured.

Grants Receivable

Grants receivable are recorded at the amount the Agency expects to collect on balances outstanding at year end. Based on management's assessment of its history with agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial; accordingly, no allowance for uncollectible accounts is maintained.

Property and Equipment

Property and equipment are recorded at cost when purchased or fair market value if donated with a value greater than $1,000. Depreciation is recorded using the straight-line method over the estimated useful lives for each asset as follows:

Furniture and equipment	5-7 years
Building	40 years

Depreciation expense for the years ended June 30, 2013 and 2012 was $30,724 and $30,435, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Agency's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2010 to 2012 are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Agency believes that it does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

Certain costs and expenses are allocated among the various programs and supporting service expenses based on programs which benefit from the related expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition of disclosure through August 19, 2013, the date that the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Agency applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Agency has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2013 and 2012:

Assets at Fair Value as of June 30, 2012

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 52,100	$	$	$ 52,100
Mutual funds	72,045			72,045
Exchange-traded funds	139,584			139,584
Money market	167,560			167,560
	$ 431,289	$	$	$ 431,289

B. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of June 30, 2012

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 323,647	$	$	$ 323,647
Mutual funds	183,488			183,488
Equity funds	102,302			102,302
Bond funds	18,510			18,510
Money market	35,562			35,562
	$ 663,509	$	$	$ 663,509

C. LONG-TERM INVESTMENTS

Long-term investments are carried at market value and consist of the following at June 30, 2013 and 2012:

	2013	2012
Money market	$ 167,560	$ 35,562
Exchange-traded funds	139,584	
Mutual funds	72,045	183,488
Certificates of deposit	52,100	323,647
Equity funds		102,302
Bond funds		18,510
	$ 431,289	$ 663,509

As of June 30, 2013 and 2012, the market value of the Agency's endowment totaled $229,769 and $206,592, respectively.

Investment income (loss) for the years ended June 30, 2013 and 2012 consists of the following:

	2013	2012
Interest and dividends	$ 10,152	$ 13,783
Unrealized and realized gains (losses)	31,935	(16,616)
	$ 42,087	$ (2,833)

D. PLEDGES RECEIVABLE

The Agency has received a substantial amount of pledges from its Light of Hope event which raises funds for general operating purposes. The pledges cover a one to three-year period. An allowance for doubtful accounts has been recorded for these pledges using 15% as an estimated allowance for uncollectible amounts.

As of June 30, 2013, the balance of unconditional pledges receivable was $226,644 and consisted of the following:

Unconditional pledges receivable -	
To be paid during the next year	$ 188,876
To be paid in future years	79,468
Less: unamortized discount	(1,391)
Less: allowance for uncollectible pledges receivable	(40,309)
	$ 226,644

Pledges which are receivable in more than one year have been discounted using an interest rate of 1.75%.

E. UNRESTRICTED NET ASSETS - BOARD DESIGNATED

At June 30, 2013 and 2012, the Board had designated net assets for endowment in the amount of $105,222.

F. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 and 2012 consist of assets restricted for the following purposes:

	2013	2012
Dependency & neglect	$ 180,349	$ 148,556
Endowment	96,161	90,006
Building	61,009	
Other programs	43,003	31,864
Foster care children's fund	27,125	27,309
Time restriction	3,000	3,000
Combined Capital Campaign - City of Colorado Springs		9,429
Total	$ 410,647	$ 310,164

F. TEMPORARILY RESTRICTED NET ASSETS - Continued

In December 2002, the Agency entered into an agreement with the City of Colorado Springs Community Development. The agreement provided the Agency with $94,297 for the purchase of the building. The terms of this agreement stated that if the Agency should sell, transfer, move from the property or dissolve services, the Agency would be required to pay back a portion of the award to the City. The City intends to forgive one-tenth of the original award each year for ten years beginning December 5, 2003. The remaining amount is listed as combined capital campaign in temporarily restricted net assets.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended June 30, 2013 and 2012, net assets were released from restrictions for satisfying the following purposes:

	2013	2012
Program services/grants	$ 644,645	$ 621,747
Combined Capital Campaign	9,429	9,430
Building repairs		50,000
	$ 654,074	$ 681,177

G. LINE OF CREDIT AGREEMENT

The Agency has a $100,000 line of credit agreement with a commercial bank. The line of credit bears interest at 2.0% over prime and automatically renews with the consent of both parties each year. At June 30, 2013, there were no outstanding borrowings under the line of credit agreement.

H. SIMPLE IRA

The Agency has a Simple IRA plan for its employees in which the Agency matches employee contributions up to 3% of salaries. Employer contributions amounted to $22,350 and $19,941 for the years ended June 30, 2013 and 2012, respectively.

I. ENDOWMENT FUND

In prior years, the Agency established an Endowment Fund with the Pikes Peak Community Foundation. Donations to the Endowment Fund are driven by donor intent and may be Board designated or temporarily restricted in their use. The fund was administered by the Pikes Peak Community Foundation with the Agency's Board of Directors acting as the fund advisors. During the year ended June 30, 2012, the Agency moved the endowment fund to a brokerage company and now administers the fund internally through the Finance Committee, under the guidance of the investment policy. At June 30, 2013, the Endowment Fund amounted to $229,769.

The Agency has adopted an investment policy based on the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of the Agency's interpretation of UPMIFA, and in accordance with donor restrictions, contributions to this fund are classified as temporarily restricted net assets. The historic dollar value of those contributions must be maintained intact. Income from the fund is classified with unrestricted net assets until such time as the Board authorizes use of these funds.

The Board has the ability to utilize the funds in the temporarily restricted portion of the endowment for emergency situations. In order to spend these resources, 80% approval of the board is required.

	Unrestricted	Temporarily Restricted	Total
Endowment net assets, July 1, 2011	$ 124,134	$ 70,504	$ 194,638
Contributions		19,502	19,502
Investment loss	(7,548)		(7,548)
Endowment net assets, June 30, 2012	116,586	90,006	206,592
Contributions		6,155	6,155
Investment earnings	17,022		17,022
Endowment net assets, June 31, 2013	$ 133,608	$ 96,161	$ 229,769

J. LEASES

The Agency leased a copier under an operating lease that began in July 2009 with a term of sixty months, requiring minimum monthly payments of $416.

The Agency also leases additional office space under an operating lease that began in January 2013 and continues for twelve months, requiring monthly minimum payments of $105.

The agency also leases a storage unit on a month to month basis.

The Agency also leases a postage meter under an operating lease that requires quarterly payments of $249 through September 2013.

The Agency also leases a digital phone system and phones under an operating lease that requires monthly payments of $165 through February 2018.

Future minimum lease payments under these leases are as follows for the years ending June 30:

2014	$ 7,853
2015	1,980
2016	1,980
2017	1,980
2018	1,320

Total rent expense amounted to $9,469 for the years ended June 30, 2013 and 2012.