

**CASA OF THE PIKES PEAK REGION, INC.**

**Financial Statements**

**For the Year Ended June 30, 2014**

**And**

**Independent Auditors' Report**

# **CASA OF THE PIKES PEAK REGION, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of CASA of the Pikes Peak Region, Inc. 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.

### **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, 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.

## **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from CASA of the Pikes Peak Region, Inc.'s 2013 financial statements which were audited by other auditors whose report dated August 19, 2013, expressed an unmodified opinion on those financial statements.

## **Corrections of Errors**

As described in Note 2 to the financial statements, CASA corrected previously reported grant receivables and revenues and classification of permanently restricted net assets by restating its 2013 financial statements. Our opinion is not modified with respect to that matter.

*Stockman Kast Ryan & Co., LLP*

September 17, 2014

# CASA OF THE PIKES PEAK REGION, INC.

## STATEMENT OF FINANCIAL POSITION

**JUNE 30, 2014 (with comparative totals for 2013)**

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	2014	2013
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 332,027	\$ 139,282
Grants receivable	84,825	179,163
Pledges receivable, net	157,010	148,567
Accounts receivable	613	732
Prepaid expenses	<u>18,662</u>	<u>9,445</u>
Total current assets	593,137	477,189
INVESTMENTS	444,426	431,289
PLEDGES RECEIVABLE, NET	63,294	78,077
PROPERTY AND EQUIPMENT	<u>815,492</u>	<u>751,267</u>
TOTAL ASSETS	<u>\$ 1,916,349</u>	<u>\$ 1,737,822</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 33,671	\$ 27,420
Accrued liabilities	25,040	26,522
Deferred revenue	<u>500</u>	<u>500</u>
Total liabilities	<u>58,711</u>	<u>54,442</u>
NET ASSETS		
Unrestricted:		
Available for operations	1,298,865	1,069,459
Board designated for Endowment	137,205	119,370
Temporarily restricted	315,049	396,942
Permanently restricted	<u>106,519</u>	<u>97,609</u>
Total net assets	<u>1,857,638</u>	<u>1,683,380</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,916,349</u>	<u>\$ 1,737,822</u>

See notes to financial statements.

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# CASA OF THE PIKES PEAK REGION, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Government grants	\$ 763,438			\$ 763,438	\$ 488,436
Contributions and private grants	558,055	\$ 134,411	\$ 8,910	701,376	579,973
Light of Hope event	130,206	276,475		406,681	341,035
Program service fees	124,747			124,747	116,720
Investment income	41,313	17,825		59,138	42,087
Circle of Impact events (net of expenses of \$63,989 in 2014 and \$21,951 in 2013)	85,277			85,277	61,551
Net assets released from restriction	<u>510,604</u>	<u>(510,604)</u>			
Total	<u>2,213,640</u>	<u>(81,893)</u>	<u>8,910</u>	<u>2,140,657</u>	<u>1,629,802</u>
EXPENSES					
Program services					
Children's advocacy program	<u>1,636,519</u>	<u>—</u>	<u>—</u>	<u>1,636,519</u>	<u>1,470,790</u>
Supporting services					
Fundraising	212,128			212,128	179,468
General and administrative	<u>117,752</u>			<u>117,752</u>	<u>117,110</u>
Total supporting services	<u>329,880</u>	<u>—</u>	<u>—</u>	<u>329,880</u>	<u>296,578</u>
Total	<u>1,966,399</u>	<u>—</u>	<u>—</u>	<u>1,966,399</u>	<u>1,767,368</u>
CHANGE IN NET ASSETS	<u>247,241</u>	<u>(81,893)</u>	<u>8,910</u>	<u>174,258</u>	<u>(137,566)</u>
NET ASSETS, Beginning of year, as previously reported	1,188,829	396,942	97,609	1,683,380	1,922,127
Prior period adjustment					<u>(101,181)</u>
NET ASSETS, Beginning of year, as restated	<u>1,188,829</u>	<u>396,942</u>	<u>97,609</u>	<u>1,683,380</u>	<u>1,820,946</u>
NET ASSETS, End of year	<u>\$ 1,436,070</u>	<u>\$ 315,049</u>	<u>\$ 106,519</u>	<u>\$ 1,857,638</u>	<u>\$ 1,683,380</u>

See notes to financial statements.

# CASA OF THE PIKES PEAK REGION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)**

	2014					2013 Total
	Program Services	Supporting Services		Total		
		Fundraising	General and Administrative			
Salaries and related costs	\$ 1,227,341	\$ 102,512	\$ 82,575	\$ 1,412,428	\$ 1,300,544	
Light of Hope		65,254		65,254	52,855	
In-kind expenses	44,781		8,680	53,461	16,393	
Utilities	42,595	2,188	2,391	47,174	46,483	
Advertising	39,722	2,911	2,803	45,436	38,681	
Professional fees	34,258	2,773	3,685	40,716	38,770	
Equipment repairs and maintenance	33,414	3,445	2,284	39,143	33,799	
Insurance	27,014	1,946	2,163	31,123	25,860	
Depreciation	26,681	1,947	1,952	30,580	30,724	
Building repairs and maintenance	22,336	1,910	1,743	25,989	24,664	
Office supplies	21,354	951	1,862	24,167	13,364	
Volunteer maintenance	22,094	723	566	23,383	15,119	
Milton Foster Childrens Fund expense	23,188			23,188	17,515	
Postage and printing	14,167	1,498	839	16,504	12,285	
Rent	12,553	327	353	13,233		
Donor appreciation	1,781	9,503	130	11,414	11,994	
Contract service	9,960	204	213	10,377	9,038	
Fall campaign and mail appeals		9,601		9,601	6,659	
Dues and publications	7,992	1,015		9,007	9,126	
Licenses and fees	4,999	960	1,773	7,732	3,926	
Bank charges	6,743	304	318	7,365	5,801	
Business meetings	3,168	974	2,802	6,944	4,959	
Cleaning	3,248	246	269	3,763	3,732	
Travel	3,111	189		3,300	12,176	
Newsletter	947	69	76	1,092	5,508	
Bad debts					16,296	
Other	3,072	678	275	4,025	11,097	
TOTAL	\$ 1,636,519	\$ 212,128	\$ 117,752	\$ 1,966,399		
PERCENTAGE	83%	11%	6%	100%		
TOTAL - 2013	\$ 1,470,790	\$ 179,468	\$ 117,110		\$ 1,767,368	
PERCENTAGE - 2013	83%	10%	7%		100%	

See notes to financial statements.

# CASA OF THE PIKES PEAK REGION, INC.

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)**

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	2014	2013
OPERATING ACTIVITIES		
Change in net assets	\$ 174,258	\$ (137,566)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,579	30,724
Net unrealized and realized gains on investments	(48,578)	(31,935)
Changes in operating assets and liabilities:		
Grants receivable	94,338	5,278
Pledges receivable	6,340	(79,386)
Accounts receivable	119	10,969
Prepaid expenses	(9,217)	5,128
Accounts payable and accrued liabilities	4,769	(12,929)
Deferred revenue	<u>(500)</u>	<u>500</u>
Net cash provided by (used in) operating activities	<u>252,108</u>	<u>(209,217)</u>
INVESTING ACTIVITIES		
Purchases of long-term investments	(333,225)	(278,921)
Proceeds from sales of investments	368,666	543,076
Purchases of property and equipment	<u>(94,804)</u>	<u>(14,515)</u>
Net cash provided by (used in) investing activities	<u>(59,363)</u>	<u>249,640</u>
INCREASE IN CASH AND CASH EQUIVALENTS	192,745	40,423
CASH AND CASH EQUIVALENTS, Beginning of year	<u>139,282</u>	<u>98,859</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 332,027</u>	<u>\$ 139,282</u>

See notes to financial statements.

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# CASA OF THE PIKES PEAK REGION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** — CASA of the Pikes Peak Region, Inc. (CASA) was incorporated on October 27, 1988 as a non-profit 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, CASA 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. CASA services are provided in El Paso and Teller Counties covering the fourth Judicial District.

Within the Dependency and Neglect program (D&N) CASA supports efforts for abused victims through the following initiative:

- *Life Long Links (LLL)* – LLL program conducts nationwide searches for, and interviews of, family members and other important people to ensure that foster children have continuity in relationships, information about their families and long-term connections for the future and possible permanent placements.
- *Fostering Families* – Fostering Families is a curriculum developed by the national Court Appointed Special Advocate Association that focuses on improving outcomes for older and emancipating youth (14-21 years of age) served by CASA volunteers.
- *Peer Coordinated Model (PCM)* – Peer Coordinators are experienced Advocates who take on the role of coach and mentor to other Advocates, adding another level of volunteer leadership to the organization and helping CASA build capacity to serve all children in need.
- *CME Reach Project* – CME Reach Project are family advocates working on "wrap around" planning for youth and families, a team approach focused on family voice and choice.

CASA programs include also:

- *Supervised Exchange & Parenting Time (SEPT)* – SEPT is a court-ordered service to protect children from witnessing high conflict parental disputes.
- *Children & Families in Transition (CFIT)* – CFIT educates parents about the effects of divorce on children.
- *Milton Foster Children's Fund (MFCF)* – MFCF provides foster children with opportunities not funded through existing agencies or programs allowing them to be nurtured, educated and enriched just like other children and grow into healthy, contributing adults.
- *Hanger Project* – Hanger Project is a store with used clothing and accessories for adolescents in foster care. The adolescents may select five items per month. The teens also work in the store and learn job skills. CASA offers weekend classes on life skills and jobs/career building to strengthen their opportunities as they move toward adulthood.

**Basis of Presentation** — The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (GAAP) and are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. Unrestricted net assets represent the expendable resources that are available for operations at management's discretion and include funds functioning as endowment through designation by the Board. Temporarily restricted net assets are those whose use by CASA has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by CASA in perpetuity.

The financial statements include certain prior-year summarized comparative information in total. 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 CASA's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

**Cash and Cash Equivalents** – CASA considers all liquid investments with original maturities of three months or less, and which are not held for investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for investment purposes, regardless of original length to maturity, are reported as investments and excluded from this definition.

**Grants Receivable** — Grants receivable are stated at unpaid balances. CASA considers its grants receivable to be fully collectible as of June 30, 2014 and 2013; accordingly, no allowance for doubtful accounts is considered necessary. The delinquency and collectability of receivables is determined on a case by case basis and receivables are charged to bad debt expense when determined to be uncollectible.

**Pledges Receivable** – Pledges receivable consist of unconditional promises to give that are expected to be collected in current and future periods. Pledges expected to be collected within one year are recorded at their estimated net realizable values. Pledges receivable expected to be collected in more than one year are recorded at the present value of their estimated future cash flows, computed using risk-adjusted interest rates. Amortization of the discount is included in contribution revenue. Pledges receivable are reported as either temporarily restricted or permanently restricted support unless the donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities in the current period. Management provides for probable uncollectable amounts through an allowance for uncollectable promises to give based on an assessment of the current status of individual receivables. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Investments and Investment Return** — Investments are carried at fair value in the statement of financial position. Net investment return consists of interest and dividend income and the realized and unrealized gains and losses on the investments, less investment management and custodial fees. Earnings on restricted investments are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the earnings are recognized. All other earnings on donor restricted investments are recognized as an increase in temporarily restricted net assets according to the nature of the restrictions on the original gift. See Note 4 for additional information on fair value measurements.

**Property and Equipment** — Property and equipment are recorded at cost. Acquisitions in excess of \$1,000 are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from 5-40 years. Cost of repairs and maintenance, which do not materially prolong the useful lives of the assets, are charged to expense when incurred.

**Revenue Recognition** — Contributions and grants are recognized when received or when an unconditional promise to give is received. CASA reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both.

Program service fees and other period related revenues are recognized in the period in which they relate.

**Donated Services and Materials** — Donated services and materials are recorded as both a revenue and expenditure in the accompanying statements of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

During the years ended June 30, 2014 and 2013, CASA received contributed merchandise of \$73,838 and \$15,087, respectively, which was recognized as contribution revenue.

Additionally, numerous volunteers donate their time to the Organization's programs; no value has been reported in the financial statements as revenue or expense for this time.

**Functional Allocation of Expense** — The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Income Taxes** — CASA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, CASA qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation.

CASA believes that it does not have any uncertain tax positions that are material to the financial statements. Tax years that remain subject to examination include 2011 through the current period.

**Reclassifications** — Certain reclassifications have been made to prior year to conform to the current year presentation.

**Subsequent Events** — CASA has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. PRIOR PERIOD ADJUSTMENTS

The accompanying 2013 financial statements have been restated to correct for an error in the recognition of grant revenues and grant receivables in prior years. The effect of the restatement was to decrease net assets as of July 1, 2012 by \$101,181, and to decrease the change in net assets for the year ended July 31, 2013 by \$38,646. Additionally, the financial statements have been restated to correct for an error in the classification of net assets. Net assets as of July 1, 2012 have been reclassified to recognize permanently restricted net assets of \$33,786. There was no effect on the total change in net assets for this error.

## 3. PLEDGES RECEIVABLE

CASA has received unconditional pledges from the Light of Hope fundraising event which raises funds for general operating purposes. Unconditional pledges receivable at June 30 are as follows:

	<b>2014</b>	<b>2013</b>
Receivable in one year	\$ 196,442	\$ 188,876
Receivable in two to five years	<u>67,578</u>	<u>79,468</u>
Total	264,020	268,344
Less discount to net present value	4,284	1,391
Less allowance for uncollectible pledges receivable	<u>39,432</u>	<u>40,309</u>
Total	<u>\$ 220,304</u>	<u>\$ 226,644</u>

## 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology 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 liability;
- 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 or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, CASA's financial instruments at fair value as of June 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2014:</b>				
Cash and money market funds	\$ 28,366	\$ 28,366		
Exchange-traded funds	162,368	162,368		
Mutual funds:				
Domestic equity	118,356	118,356		
International equity	88,721	88,721		
Real estate	14,411	14,411		
Fixed income securities:				
Agency notes	19,549		\$ 19,549	
Corporate notes	12,655		12,655	
Total	<u>\$ 444,426</u>	<u>\$ 412,222</u>	<u>\$ 32,204</u>	<u>\$ —</u>
<b>2013:</b>				
Cash and money market funds	\$ 167,030	\$ 167,030		
Exchange-traded funds	211,627	211,627		
Certificate of deposit	52,632		\$ 52,632	
Total	<u>\$ 431,289</u>	<u>\$ 378,657</u>	<u>\$ 52,632</u>	<u>\$ —</u>

Investment income consisted of the following for the years ended June 30:

	2014	2013
Interest and dividends	\$ 10,560	\$ 10,152
Realized and unrealized gains	<u>48,578</u>	<u>31,935</u>
Net investment income	<u>\$ 59,138</u>	<u>\$ 42,087</u>

## 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2014	2013
Equipment and software	\$ 170,995	\$ 202,630
Building and building improvement	902,813	829,036
Land	<u>105,000</u>	<u>105,000</u>
Total	1,178,808	1,136,666
Less accumulated depreciation	<u>363,316</u>	<u>385,399</u>
Property and equipment, net	<u>\$ 815,492</u>	<u>\$ 751,267</u>

## 6. ENDOWMENT FUNDS

The Organization's endowment funds consist of unrestricted funds functioning as endowment through designations by the Board of the Organization and donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors and the Circle of Impact to function as endowments, are classified as reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted an investment policy based on the Uniform Prudent Management of Institutional Funds Act (UPMIFA). CASA has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CASA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CASA in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 30,615	\$ 106,519	\$ 137,134
Board-designated endowment funds	<u>\$ 137,205</u>	<u>                    </u>	<u>                    </u>	<u>137,205</u>
Total funds	<u>\$ 137,205</u>	<u>\$ 30,615</u>	<u>\$ 106,519</u>	<u>\$ 274,339</u>

Changes in Endowment Net Assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 119,370	\$ 12,790	\$ 97,609	\$ 229,769
Investment return:				
Net appreciation (realized and unrealized) and investment income	17,835	17,825		35,660
Contributions	<u>          </u>	<u>          </u>	<u>8,910</u>	<u>8,910</u>
Endowment net assets, end of year	<u>\$ 137,205</u>	<u>\$ 30,615</u>	<u>\$ 106,519</u>	<u>\$ 274,339</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 12,790	\$ 97,609	\$ 110,399
Board-designated endowment funds	<u>\$ 119,370</u>	<u>          </u>	<u>          </u>	<u>119,370</u>
Total funds	<u>\$ 119,370</u>	<u>\$ 12,790</u>	<u>\$ 97,609</u>	<u>\$ 229,769</u>

Changes in Endowment Net Assets for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 110,527	\$ 4,611	\$ 91,454	\$ 206,592
Investment return:				
Net appreciation (realized and unrealized) and investment income	8,843	8,179		17,022
Contributions	<u>          </u>	<u>          </u>	<u>6,155</u>	<u>6,155</u>
Endowment net assets, end of year	<u>\$ 119,370</u>	<u>\$ 12,790</u>	<u>\$ 97,609</u>	<u>\$ 229,769</u>

**2014                      2013**

**Permanently Restricted Net Assets**

The portion of perpetual endowment funds  
that is required to be retained permanently either  
by explicit donor stipulation or by UPMIFA

\$ 106,519      \$ 97,609

**Temporarily Restricted Net Assets**

The portion of perpetual endowment funds  
subject to a time restriction under UPMIFA:  
Without purpose restriction

\$ 30,615      \$ 12,790

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CASA to retain as a fund of perpetual duration. No deficiency existed as of June 30, 2014 and 2013.

CASA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CASA must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. CASA expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount.

CASA currently has a policy that suspends distribution from these funds to allow the fund to grow to a balance of \$1,000,000. In establishing this policy, CASA considered the long-term expected return on its endowment. This is consistent with CASA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## 7. TEMPORARILY RESTRICTED NET ASSETS

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

	<b>2014</b>	<b>2013</b>
Time restriction	\$ 220,304	\$ 226,644
Dependency and neglect	29,411	66,374
Foster care children's fund	34,719	30,125
Endowment	30,615	12,790
Building	<u>          </u>	<u>61,009</u>
Total	<u>\$ 315,049</u>	<u>\$ 396,942</u>

In December 2002, CASA entered into an agreement with the City of Colorado Springs Community Development. The agreement provided CASA with \$94,297 for the purchase of the building. The terms of this agreement stated that if CASA should sell, transfer, move from the property or dissolve services, CASA would be required to pay back a portion of the award to the City. The City forgave one-tenth of the original award each year for ten years beginning December 5, 2003. The final amount remaining was released from restriction during the year ended June 30, 2013 and is listed as combined capital campaign in temporarily restricted net assets as shown below.

Net assets released from restriction consist of the following during the years ended June 30:

	<b>2014</b>	<b>2013</b>
Program services and grants	\$ 1,531,977	\$ 644,645
Combined capital campaign	<u>          </u>	<u>9,429</u>
Total	<u>\$ 1,531,977</u>	<u>\$ 654,074</u>



**8. LINE OF CREDIT AGREEMENT**

CASA 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, 2014 and 2013 there were no outstanding borrowings under the line of credit agreement.

**9. EMPLOYEE BENEFIT PLAN**

CASA has a simple IRA plan for its employees in which CASA matches employee contributions up to 3% of salaries. Employer contributions amounted to \$21,333 and \$22,350 for the years ended June 30, 2014 and 2013, respectively.

**10. LEASES**

CASA has various leases for a copier, office space and phones with varying expirations through 2018. Rent expense under these leases for the years ended June 30, 2014 and 2013 was \$6,228 and \$9,469, respectively. As of June 30, 2014, future minimum lease payments under these operating leases are as follows:

2015	\$ 5,598
2016	4,968
2017	4,968
2018	<u>2,814</u>
Total minimum lease payments	<u>\$ 18,348</u>

**11. CONCENTRATIONS, RISKS AND UNCERTAINTIES**

CASA maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits.

CASA has investments in money market accounts, exchange-traded funds, mutual funds and fixed income securities which it has placed with an investment management company. CASA invests in investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investments will occur in the near term and that such changes could materially affect the recorded amount of investments in CASA's financial statements.

**12. RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2014 and 2013, contributions from members of the Board of Directors were \$55,485 and \$38,597, respectively.