



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

**Financial Statements**

**For the Year Ended June 30, 2018**

**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, 2018, 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, 2018, 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 CASA of the Pikes Peak Region, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stockman Kast Ryan + Co. LLP*

January 24, 2019

## CASA OF THE PIKES PEAK REGION, INC.

### STATEMENT OF FINANCIAL POSITION JUNE 30, 2018 (with comparative totals for 2017)

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	2018	2017
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 473,655	\$ 1,143,856
Grants receivable	27,458	88,514
Pledges receivable, net	271,258	152,032
Accounts receivable	2,809	
Prepaid expenses	<u>15,950</u>	<u>37,695</u>
Total current assets	791,130	1,422,097
INVESTMENTS	612,111	656,814
PLEDGES RECEIVABLE, NET	81,233	37,970
PROPERTY AND EQUIPMENT	<u>1,336,331</u>	<u>76,462</u>
TOTAL ASSETS	<u>\$ 2,820,805</u>	<u>\$ 2,193,343</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 23,334	\$ 68,944
Accrued liabilities	65,159	45,526
Deferred revenue	100	4,029
Current portion of note payable	48,269	
Current portion of capital lease obligation	<u>          </u>	<u>1,585</u>
Total current liabilities	136,862	120,084
NOTES PAYABLE	351,731	
CAPITAL LEASE OBLIGATION	<u>          </u>	<u>14,038</u>
Total liabilities	<u>488,593</u>	<u>134,122</u>
NET ASSETS		
Unrestricted:		
Available for operations	1,634,195	1,446,584
Board designated for Endowment	55,686	143,604
Temporarily restricted	515,796	342,498
Permanently restricted	<u>126,535</u>	<u>126,535</u>
Total net assets	<u>2,332,212</u>	<u>2,059,221</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,820,805</u>	<u>\$ 2,193,343</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, 2018 (with comparative totals for 2017)

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUE</b>					
Contributions and private grants	\$ 955,329	\$ 208,898		\$ 1,164,227	\$ 792,688
Government grants	501,582			501,582	621,135
Light of Hope event	419,726			419,726	416,717
Program service fees	210,477			210,477	312,883
Circle of Impact events (net of expenses of \$2,532 in 2018 and \$2,668 in 2017)	53,314	7,565		60,879	85,252
Investment income	37,403	13,625		51,028	51,047
Gain on sale of property and equipment					155,482
Net assets released from restriction	56,790	(56,790)			
<b>Total</b>	<b>2,234,621</b>	<b>173,298</b>	<b>\$ —</b>	<b>2,407,919</b>	<b>2,435,204</b>
<b>EXPENSES</b>					
Program services					
Children's advocacy program	1,595,185			1,595,185	1,800,479
Supporting services					
Fundraising	294,385			294,385	263,259
General and administrative	245,358			245,358	135,702
<b>Total supporting services</b>	<b>539,743</b>	<b>—</b>	<b>—</b>	<b>539,743</b>	<b>398,961</b>
<b>Total</b>	<b>2,134,928</b>	<b>—</b>	<b>—</b>	<b>2,134,928</b>	<b>2,199,440</b>
<b>CHANGE IN NET ASSETS</b>	<b>99,693</b>	<b>173,298</b>		<b>272,991</b>	<b>235,764</b>
<b>NET ASSETS, Beginning of year</b>	<b>1,590,188</b>	<b>342,498</b>	<b>126,535</b>	<b>2,059,221</b>	<b>1,823,457</b>
<b>NET ASSETS, End of year</b>	<b>\$ 1,689,881</b>	<b>\$ 515,796</b>	<b>\$ 126,535</b>	<b>\$ 2,332,212</b>	<b>\$ 2,059,221</b>

See notes to financial statements.

## CASA OF THE PIKES PEAK REGION, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018 (with comparative totals for 2017)

	2018				2017 Total
	Program Services	Supporting Services		Total	
		Fundraising	General and Administrative		
Salaries and related costs	\$ 1,175,871	\$ 141,049	\$ 84,873	\$ 1,401,793	\$ 1,546,998
Professional fees	134,313	13,059	9,077	156,449	119,994
Rent / facility	72,778	6,789	6,313	85,880	97,967
Volunteer support and training	64,103	5,461	2,427	71,991	42,381
Fall campaign and mail appeals		16,157	48,861	65,018	61,997
Light of Hope		46,807		46,807	56,613
In-kind expenses	22,758	2,318	21,122	46,198	36,841
Bad debt expense		42,348		42,348	28,551
Depreciation			38,141	38,141	28,394
Equipment repairs and maintenance	28,915	3,380	3,233	35,528	33,598
Insurance	19,955	2,333	6,540	28,828	25,970
Milton Foster Children's Fund expense	23,651			23,651	31,083
Office supplies	14,463	3,115	1,472	19,050	13,732
Moving expenses			15,592	15,592	14,486
Bank charges	8,266	4,862	735	13,863	11,365
Dues and publications	8,606	1,353	368	10,327	9,863
Licenses and fees	6,546	2,468	584	9,598	9,688
Postage and printing	6,973	998	160	8,131	9,996
Interest expense			5,683	5,683	
Travel	5,144	168	75	5,387	7,711
Business meetings	1,098	492	54	1,644	6,515
Indy Give		1,000		1,000	1,602
Other	1,745	228	48	2,021	4,095
<b>TOTAL</b>	<b>\$ 1,595,185</b>	<b>\$ 294,385</b>	<b>\$ 245,358</b>	<b>\$ 2,134,928</b>	
<b>PERCENTAGE</b>	<b>75%</b>	<b>14%</b>	<b>11%</b>	<b>100%</b>	
<b>TOTAL - 2017</b>	<b>\$ 1,800,479</b>	<b>\$ 263,259</b>	<b>\$ 135,702</b>		<b>\$ 2,199,440</b>
<b>PERCENTAGE - 2017</b>	<b>82%</b>	<b>12%</b>	<b>6%</b>		<b>100%</b>

See notes to financial statements.

## CASA OF THE PIKES PEAK REGION, INC.

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018 (with comparative totals for 2017)

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	\$ 272,991	\$ 235,764
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,141	28,394
Gain on sale of property and equipment		(155,482)
Net unrealized and realized gain on investments	(30,228)	(33,475)
Changes in operating assets and liabilities:		
Prepaid expenses	21,745	(18,673)
Deferred revenue	(3,929)	4,029
Accounts receivable	(2,809)	5,302
Grants receivable	16,056	9,804
Pledges receivable	(117,489)	11,703
Accounts payable and accrued liabilities	<u>(25,977)</u>	<u>22,995</u>
Net cash provided by operating activities	<u>168,501</u>	<u>110,361</u>
INVESTING ACTIVITIES		
Purchases of investments	(149,758)	(749,001)
Proceeds from sales of investments	224,689	670,986
Purchases of property and equipment	(1,298,010)	(50,502)
Proceeds from sale of property and equipment	<u>                    </u>	<u>886,352</u>
Net cash provided by (used in) investing activities	<u>(1,223,079)</u>	<u>757,835</u>
FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	400,000	
Principal payments on capital lease obligations	<u>(15,623)</u>	<u>(23)</u>
Net cash provided by (used in) financing activities	<u>384,377</u>	<u>(23)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(670,201)	868,173
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,143,856</u>	<u>275,683</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 473,655</u>	<u>\$ 1,143,856</u>
NON-CASH INVESTING ACTIVITY		
Equipment acquired under capital lease	<u>\$ —</u>	<u>\$ 15,646</u>

See notes to financial statements.



# 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 initiatives:

- *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 Futures* – Fostering Futures 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.

CASA programs also include:

- *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.

The Hanger Project, a MFCF program, 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, 2017, 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, 2018 and 2017; 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 uncollectable.

**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 pledges receivable 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. Investments in money market funds and mutual funds are measured at quoted prices in active markets. 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 \$5,000 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 received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program service fees and other period related revenues are recognized in the period to 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, 2018 and 2017, CASA received contributed merchandise of \$65,013 and \$15,072, respectively, which was recognized as contribution revenue.

Additionally, numerous volunteers donate their time to CASA'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.

**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. 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>2018</b>	<b>2017</b>
Receivable in one year	\$ 301,901	\$ 185,954
Receivable in two to five years	<u>84,615</u>	<u>40,190</u>
Total	386,516	226,144
Less discount to net present value	3,382	2,220
Less allowance for uncollectible pledges receivable	<u>30,643</u>	<u>33,922</u>
Total	<u>\$ 352,491</u>	<u>\$ 190,002</u>

## 3. Conditional Pledge Receivable

CASA received a \$20,000 pledge in 2015 which was conditional upon CASA holding its Light of Hope fundraising event in 2016 and 2017. The pledge was due in \$10,000 installments upon holding each event. CASA received \$10,000 in each year for holding its Light of Hope fundraising event in 2017 and 2016, respectively.

## 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

CASA 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>2018:</b>				
Cash and money market funds	\$ 757	\$ 757		
Mutual funds:				
Domestic equity	265,372	265,372		
International equity	198,530	198,530		
Fixed income	125,667	125,667		
Real estate	<u>21,785</u>	<u>21,785</u>		
Total	<u>\$ 612,111</u>	<u>\$ 612,111</u>	<u>\$ —</u>	<u>\$ —</u>
<b>2017:</b>				
Cash and money market funds	\$ 10,026	\$ 10,026		
Mutual funds:				
Domestic equity	274,785	274,785		
Fixed income	206,686	206,686		
International equity	145,100	145,100		
Real estate	<u>20,217</u>	<u>20,217</u>		
Total	<u>\$ 656,814</u>	<u>\$ 656,814</u>	<u>\$ —</u>	<u>\$ —</u>

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

	2018	2017
Interest and dividends	\$ 20,800	\$ 17,572
Realized and unrealized gains	<u>30,228</u>	<u>33,475</u>
Net investment income gains	<u>\$ 51,028</u>	<u>\$ 51,047</u>

## 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<b>2018</b>	<b>2017</b>
Equipment and software	\$ 206,365	\$ 176,730
Building and building improvement	1,132,974	
Land	176,700	
Work in progress	<u>                    </u>	<u>41,300</u>
Total	1,516,039	218,030
Less accumulated depreciation	<u>179,708</u>	<u>141,568</u>
Property and equipment, net	<u>\$ 1,336,331</u>	<u>\$ 76,462</u>

During the year ended June 30, 2018, CASA purchased their new office building for approximately \$1,250,000 with the proceeds received in the prior year from the sale of their prior office building. In addition, CASA obtained a loan in relation to the purchase of the building, see Note 12. Therefore, their cash decreased significantly and their liabilities and property and equipment increased in the current year.

## 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, 2018 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds		\$ 51,554	\$ 126,535	\$ 178,089
Board-designated endowment funds	<u>\$ 55,686</u>			<u>55,686</u>
Total funds	<u>\$ 55,686</u>	<u>\$ 51,554</u>	<u>\$ 126,535</u>	<u>\$ 233,775</u>

Changes in Endowment Net Assets for the year ended June 30, 2018 are as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 143,604	\$ 37,928	\$ 126,535	\$ 308,067
Investment return:				
Net investment income	12,082	13,626		25,708
Amounts appropriated for expenditure	<u>(100,000)</u>			<u>(100,000)</u>
Endowment net assets, end of year	<u>\$ 55,686</u>	<u>\$ 51,554</u>	<u>\$ 126,535</u>	<u>\$ 233,775</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2017 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds		\$ 37,928	\$ 126,535	\$ 164,463
Board-designated endowment funds	<u>\$ 143,604</u>			<u>143,604</u>
Total funds	<u>\$ 143,604</u>	<u>\$ 37,928</u>	<u>\$ 126,535</u>	<u>\$ 308,067</u>

Changes in Endowment Net Assets for the year ended June 30, 2017 are as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 129,613	\$ 22,772	\$ 118,035	\$ 270,420
Investment return:				
Net investment income	13,991	15,156		29,147
Contributions			<u>8,500</u>	<u>8,500</u>
Endowment net assets, end of year	<u>\$ 143,604</u>	<u>\$ 37,928</u>	<u>\$ 126,535</u>	<u>\$ 308,067</u>

	<b>2018</b>	<b>2017</b>
<b>Permanently Restricted Net Assets</b>		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ <u>126,535</u>	\$ <u>126,535</u>

**Temporarily Restricted Net Assets**

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
Without purpose restriction	\$ <u>51,554</u>	\$ <u>37,928</u>

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 such deficiency existed as of June 30, 2018 and 2017.

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 updated their policy in the current year to allow income earned by the fund to be distributed to CASA as general support revenue for its programs upon the vote of a majority of the Board of Directors of CASA. In general, the permanently restricted original contributions to the fund shall not be invaded. In the prior year, CASA had a policy that suspended distributions 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 returns.

**7. TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>2018</b>	<b>2017</b>
Time restriction	\$ 352,491	\$ 190,002
Foster care children's fund	108,142	104,054
Endowment	51,554	37,928
Dependency and neglect	3,609	2,500
Capital campaign	<u>                    </u>	<u>8,014</u>
Total	\$ <u>515,796</u>	\$ <u>342,498</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, 2018 and 2017 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 \$14,032 and \$20,194 for the years ended June 30, 2018 and 2017, respectively.

**10. OPERATING LEASES**

CASA has various leases for a copier and office space with varying expirations through 2020. Rent expense under these leases for the years ended June 30, 2018 and 2017 was \$7,044 and \$6,240, respectively. As of June 30, 2018, future minimum lease payments under these operating leases are as follows:

2019	\$	7,044
2020		<u>2,185</u>
Total minimum lease payments	\$	<u>9,229</u>

**11. CAPITAL LEASE**

CASA leased certain equipment under capital lease agreements. Equipment acquired under capital leases was recorded at a cost of \$15,646. In the current year, the capital leases were paid in full.

**12. NOTES PAYABLE**

Notes payable consist of a promissory note, bearing interest at 2%. Interest only payments are due through December 2018. Following the interest only period, interest and principal payments are due monthly through December 2022 in the amount of \$8,678. The note is collateralized by real property.

As of June 30, 2018, future minimum payments under the note were as follows:

2019	\$	48,269
2020		97,997
2021		99,975
2022		101,993
2023		<u>51,766</u>
Total	\$	<u>400,000</u>

Subsequent to June 30, 2018, the promissory note was paid in full.

**13. 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 and mutual funds 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.

**14. RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2018 and 2017, contributions from members of the Board of Directors were \$195,270 and \$67,265, respectively.