

CASA OF OKLAHOMA COUNTY, INC.

FINANCIAL REPORT

JUNE 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CASA of Oklahoma County, Inc.

We have audited the accompanying financial statements of CASA of Oklahoma County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 CASA of Oklahoma County, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Luton & Co., PLLC

Oklahoma City, Oklahoma
September 28, 2017

CASA OF OKLAHOMA COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,275,380	\$ 1,031,009
Certificates of deposit	151,460	150,980
Accounts receivable	65,088	66,099
Prepaid expense	500	-
Total current assets	<u>1,492,428</u>	<u>1,248,088</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	28,535	52,243
Leasehold improvements	14,503	14,503
	<u>43,038</u>	<u>66,746</u>
Less accumulated depreciation	29,913	57,330
	<u>13,125</u>	<u>9,416</u>
OTHER ASSETS		
Funds held by community foundations	173,256	164,626
	<u>173,256</u>	<u>164,626</u>
	<u>\$ 1,678,809</u>	<u>\$ 1,422,130</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,825	\$ 4,552
Accrued vacation	35,350	37,828
Total current liabilities	<u>42,175</u>	<u>42,380</u>
NET ASSETS		
Unrestricted-undesignated	486,097	321,474
Unrestricted-board designated expansion	200,000	200,000
Unrestricted-board designated operating reserve	650,000	650,000
Unrestricted-board designated endowment	173,256	164,626
	<u>1,509,353</u>	<u>1,336,100</u>
Temporarily restricted	127,281	43,650
	<u>1,636,634</u>	<u>1,379,750</u>
	<u>\$ 1,678,809</u>	<u>\$ 1,422,130</u>

The Notes to Financial Statements are an integral part of these statements.

CASA OF OKLAHOMA COUNTY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2017 and 2016

	2017		2016			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support						
Contributions	\$ 499,826	\$ 136,019	\$ 635,845	\$ 513,672	\$ 12,850	\$ 526,522
Grants and contracts	494,828	-	494,828	482,898	-	482,898
Special events	232,975	-	232,975	157,952	-	157,952
Investment income	21,182	-	21,182	4,479	-	4,479
In-kind	47,066	-	47,066	45,489	-	45,489
Net assets released from restriction	52,388	(52,388)	-	15,000	(15,000)	-
Total revenue and support	1,348,265	83,631	1,431,896	1,219,490	(2,150)	1,217,340
Expenses						
Program services	843,545	-	843,545	846,510	-	846,510
Management and general	132,600	-	132,600	125,848	-	125,848
Fundraising	198,867	-	198,867	173,476	-	173,476
Total expenses	1,175,012	-	1,175,012	1,145,834	-	1,145,834
Change in net assets	173,253	83,631	256,884	73,656	(2,150)	71,506
Net assets, beginning of year	1,336,100	43,650	1,379,750	1,262,444	45,800	1,308,244
Net assets, end of year	\$ 1,509,353	\$ 127,281	\$ 1,636,634	\$ 1,336,100	\$ 43,650	\$ 1,379,750

The Notes to Financial Statements are an integral part of these statements.

CASA OF OKLAHOMA COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2017 and 2016

	2017			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 616,278	\$ 55,642	\$ 78,695	\$ 750,615
Employee benefits	54,673	4,361	2,212	61,246
Payroll taxes	45,438	3,702	6,376	55,516
Advertising and marketing	17,039	25	320	17,384
Awards and events	8,452	427	-	8,879
Conference and meetings	5,954	242	237	6,433
Depreciation expense	3,542	1,122	672	5,336
Direct care	5,428	-	-	5,428
Dues and subscriptions	1,792	968	458	3,218
Occupancy	24,612	2,880	1,440	28,932
Office expense	23,271	9,940	22,079	55,290
Professional fees	30,742	52,382	17,851	100,975
Small equipment	6,324	909	200	7,433
Special events	-	-	68,327	68,327
	<u>\$ 843,545</u>	<u>\$ 132,600</u>	<u>\$ 198,867</u>	<u>\$ 1,175,012</u>

The Notes to Financial Statements are an integral part of these statements.

CASA OF OKLAHOMA COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2017 and 2016

	2016			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 632,082	\$ 57,027	\$ 88,851	\$ 777,960
Employee benefits	58,931	7,118	1,430	67,479
Payroll taxes	46,418	4,188	6,878	57,484
Advertising and marketing	8,183	163	1,718	10,064
Awards and events	6,834	69	422	7,325
Conference and meetings	7,573	1,949	1,016	10,538
Depreciation expense	2,394	1,075	715	4,184
Direct care	7,248	-	-	7,248
Dues and subscriptions	14,781	1,302	75	16,158
Occupancy	24,612	2,880	1,440	28,932
Office expense	18,075	8,526	10,235	36,836
Professional fees	11,371	40,126	5,893	57,390
Small equipment	8,008	1,425	-	9,433
Special events	-	-	54,803	54,803
	<u>\$ 846,510</u>	<u>\$ 125,848</u>	<u>\$ 173,476</u>	<u>\$ 1,145,834</u>

The Notes to Financial Statements are an integral part of these statements.

CASA OF OKLAHOMA COUNTY, INC.

STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2017 and 2016

Cash flows from operating activities:	2017	2016
Change in net assets	\$ 256,884	\$ 71,506
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,336	4,184
(Gain) or loss on disposal of assets	196	-
Unrealized (gain) loss on funds held by community foundations	(8,630)	8,467
(Increase) decrease in accounts receivable	1,011	10,331
(Increase) decrease in prepaid expense	(500)	8,807
Increase (decrease) in accounts payable and accrued expenses	(205)	(1,162)
Net cash provided (used) by operating activities	<u>254,092</u>	<u>102,133</u>
 Cash flows from investing activities:		
Proceeds from certificate of deposit	150,980	134,252
Purchases of certificate of desposit	(151,460)	-
Purchases of fixed assets	(9,241)	(2,446)
Net cash provided (used) by investing activities	<u>(9,721)</u>	<u>131,806</u>
 Net increase (decrease) in cash	244,371	233,939
 Cash and cash equivalents at beginning of year	<u>1,031,009</u>	<u>797,070</u>
 Cash and cash equivalents at end of year	<u>\$ 1,275,380</u>	<u>\$ 1,031,009</u>

The Notes to Financial Statements are an integral part of these statements.

CASA OF OKLAHOMA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies

Organization

CASA of Oklahoma County's mission is to provide trained court appointed volunteers who advocate for the best interest of abused and neglected children in the juvenile court system. Simply stated, we give a voice and a caring adult to a child during a very scary time in their lives, the journey into a world of strangers. The program's goal is to achieve safe, stable, permanent homes for each and every child served. Implemented in the fall of 1987 as a department under the Oklahoma County Juvenile Bureau, Oklahoma County CASA trained its first class of advocate volunteers in March 1988. As of September 17, 2007, CASA of Oklahoma County, Inc. was incorporated as its own 501(c)(3) organization, and effective July 1, 2008 separated from Oklahoma County in an effort to diversify funding and expand its ability to serve Oklahoma County's most vulnerable children. The program is a member of both the National CASA and Oklahoma CASA associations.

CASA receives revenue from the Oklahoma CASA Association, Inc., Victim of Crime Act (VOCA), Oklahoma County, and the National CASA Association in the form of grants, as well as support from corporations, foundations, and individuals.

Basis of presentation

CASA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. CASA had no permanently restricted net assets at June 30, 2017 and 2016.

Revenue recognition

Revenues, gains, and other support are reported as increases in unrestricted net assets. Amounts received that are restricted by the donor for specific purposes or periods of time are reported as temporarily restricted support that increases the temporarily restricted net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets only. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets.

Property and equipment

Fixed assets are recorded at cost, or fair value if donated, and depreciated using the straight-line method over an estimated useful life of five to ten years.

Maintenance and repairs which do not improve or extend the useful lives of the assets are expensed as incurred. It is CASA's policy to capitalize additions and betterments costing more than \$1,000. Upon retirement or replacement, the costs and accumulated depreciation are removed from the respective accounts and the differences are included in changes in net assets.

CASA OF OKLAHOMA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies, continued

Cash and cash equivalents

For purposes of the statements of cash flows, CASA considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Use of estimates

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

Compensated absences

Employee rights to receive compensation for future absences are recognized in the period such rights are earned.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and activities benefited. The program expense consists of case management, recruiting, and training.

Income tax status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provision has been included in the financial statements.

In-kind donations

In-kind donations of goods and services are recorded in the financial statements at the estimated value of such goods and services. CASA receives donated rent, utilities, and telephone service from Oklahoma County. During the year, CASA also received various in-kind donations for their special events.

CASA also receives significant volunteer services in conjunction with the advocacy program. These services qualify for in-kind matching for some of its grant funding, but do not meet the requirements for recognition in the financial statements. For the years 2017 and 2016, CASA volunteers recorded approximately 17,080 and 16,026 hours of service in each year valued at \$412,311 and \$377,573, respectively, based on volunteer hourly rates approved by the granting source.

CASA OF OKLAHOMA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies, continued

Concentration of credit risk

CASA's cash balances in financial institutions at times may exceed federally insured limits. At June 30, 2017, CASA had approximately \$577,311 in financial institutions that exceeded federally insured limits. The balances are split between two financial institutions and the maximum exposure of a single institution is \$410,556.

Note 2. Accrued Compensated Absences

CASA provides paid annual and sick leave (PTO) to its employees. All full time employees are eligible for PTO; accrual of which varies depending upon years of service. Maximum accrual is 20 days per year for full time employees and part time employees accrue at one half the rate of full time employees. The maximum cumulative number of days any employee is eligible to accrue is 40 days. Upon reaching the maximum accrual of 40 days, employees may continue to earn, but any unused leave above 40 days will be lost at the end of the employee's calendar year. PTO is a combination of vacation and sick leave, upon leaving employment, any unused PTO time will be paid at half the rate and shall not exceed 20 days. Negative PTO balances may be deducted from terminating employees final pay check.

At June 30, 2017 and 2016, \$35,350 and \$37,828 had been accrued to recognize CASA's financial obligation for compensated absences.

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets was comprised of the following:

	2017	2016
Operations - restricted for 2016-2017	\$ -	\$15,000
Operations - restricted for 2017-2018	110,879	-
Operations - educational for advocacy	-	12,500
Operations - restricted for marketing	15,000	15,000
Operations - restricted for gas	1,050	1,050
Operations - direct care	152	-
Teen conference and skills	<u>200</u>	<u>100</u>
	<u>\$127,281</u>	<u>\$43,650</u>

Note 4. Employee Retirement Plan

Effective January 1, 2013, CASA adopted a SIMPLE - IRA Plan. Employees are eligible to participate in the plan if they expect to receive at least \$5,000 in compensation in the current calendar year and have received at least \$5,000 during any one prior calendar year. The employees are eligible to make deferrals up to IRS limits and CASA will match the employees' contributions up to 3% of their compensation. CASA's contribution to the retirement plan for the years ended June 30, 2017 and 2016 was \$16,465 and \$18,035, respectively.

CASA OF OKLAHOMA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Note 5. Funds Held By Community Foundations

CASA invested \$150,000 with the Communities Foundation of Oklahoma (CFO) and \$12,000 with the Oklahoma City Community Foundation (OCCF). Both of these foundations maintain variance power over the funds. The distribution policy for both foundations is to distribute 5% of the average market value of the fund, which is calculated on a rolling quarter average of the previous twelve quarters. The remaining investment return is left with the fund to add to the value, which protects the future revenue stream from inflation. Assets transferred by CASA, reciprocal transfers, are recognized in the statements of financial position. Contributions from third parties are maintained by each foundation in a separate account, the value of which is disclosed, but not recognized as assets of CASA. CASA receives distributions from these third party funds at the same rate as the reciprocal funds.

The market value and activity of these funds are as follows:

	CFO	OCCF	Total
Market value at June 30, 2015	\$151,592	\$21,501	\$173,093
Net investment income	(716)	96	(620)
Distribution	<u>(6,843)</u>	<u>(1,004)</u>	<u>(7,847)</u>
Market value at June 30, 2016	144,033	20,593	164,626
Net investment income	14,920	2,004	16,924
Distribution	<u>(7,271)</u>	<u>(1,023)</u>	<u>(8,294)</u>
Market value at June 30, 2017	<u>\$151,682</u>	<u>\$21,574</u>	<u>\$173,256</u>

Third party contributions:

	CFO	OCCF	Total
Original gift as of June 30, 2016	<u>\$15,000</u>	<u>\$16,900</u>	<u>\$31,900</u>
Market value at June 30, 2016	<u>\$14,448</u>	<u>\$26,847</u>	<u>\$41,295</u>
Original gift as of June 30, 2017	<u>\$15,000</u>	<u>\$16,900</u>	<u>\$31,900</u>
Market value at June 30, 2017	<u>\$15,190</u>	<u>\$28,289</u>	<u>\$43,479</u>

Note 6. Subsequent Events

Subsequent to year end, the board of directors negotiated a severance package with the executive director of CASA for approximately \$31,000. The board conducted a search and hired a new executive director that began employment in September of 2017.

Management has evaluated subsequent events, if any, through the report date of September 28, 2017, the date the report was available to be issued, and has determined that no additional events occurred which require disclosure in the financial statements.