

CASA for Lancaster County

**Audit of Financial
Statements**

**For the Years Ended
June 30, 2019 and 2018**

**BUCKLEY & SITZMAN, LLP
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CASA for Lancaster County

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June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CASA for Lancaster County
Lincoln, Nebraska

We have audited the accompanying financial statements of CASA for Lancaster County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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 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 for Lancaster County as of June 30, 2019 and 2018, 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.

Lincoln, Nebraska
November 5, 2019

Buckley & Sitzman, LLP

Buckley & Sitzman, LLP

**CASA for Lancaster County
Statements of Financial Position
June 30, 2019 and 2018**

ASSETS

	2019	2018
Current Assets		
Cash and cash equivalents	\$ 58,109	\$ 69,801
Investments, at market value	44,055	26,343
Promises to give	54,088	97,855
Total Current Assets	156,252	193,999
Other Assets		
Promises to give	1,350	21,000
Total Other Assets	1,350	21,000
Total Assets	\$ 157,602	\$ 214,999

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 3,535	\$ 1,355
Accrued payroll liabilities	10,612	15,628
Total Current Liabilities	14,147	16,983
Net Assets		
Without donor restrictions	71,097	64,161
Without donor restrictions - board designated	16,921	-
With donor restrictions	55,437	133,855
Total Net Assets	143,455	198,016
Total Liabilities and Net Assets	\$ 157,602	\$ 214,999

See accompanying notes to financial statements.

CASA for Lancaster County
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019	2018
Changes in Net Assets without Donor Restrictions		
Revenue and Support		
Charitable donations	\$ 45,604	\$ 54,685
Fundraisers	34,200	35,953
Grants	115,578	136,724
Miscellaneous revenue	365	240
Investment income, net	2,985	1,886
Total Revenue and Support	<u>198,732</u>	<u>229,488</u>
Net Assets Released from Donor Restrictions		
Nebraska Crime Commission	43,519	17,648
United Way	28,023	27,797
Lancaster County	23,511	12,989
CHE - City of Lincoln	5,000	-
Betsy Tonniges	10,000	-
Julie Aksamit	-	10,000
Contributions	-	800
Total Net Assets Released from Donor Restrictions	<u>110,053</u>	<u>69,234</u>
Total Revenue without Donor Restrictions	<u>308,785</u>	<u>298,722</u>
Expenses		
Program services	239,621	245,828
Support services		
Management and general	36,247	39,339
Fundraising	9,060	6,634
Total Expenses	<u>284,928</u>	<u>291,801</u>
Increase in Net Assets without Donor Restrictions	<u>23,857</u>	<u>6,921</u>
Changes in Net Assets with Donor Restrictions		
Revenue and Support		
United Way	5,437	49,023
Lancaster County	24,398	19,500
Nebraska Crime Commission	-	46,322
CHE - City of Lincoln	-	5,000
Betsy Tonniges	-	10,000
Contributions	1,800	-
Net assets released from restrictions		
Nebraska Crime Commission	(43,519)	(17,648)
United Way	(28,023)	(27,797)
Lancaster County	(23,511)	(12,989)
CHE - City of Lincoln	(5,000)	-
Betsy Tonniges	(10,000)	-
Julie Aksamit	-	(10,000)
Woods Charitable Fund	-	(10,000)
Contributions	-	(800)
Increase (Decrease) in Net Assets with Donor Restrictions	<u>(78,418)</u>	<u>50,611</u>
Increase (Decrease) in Net Assets	(54,561)	57,532
Net Assets, Beginning of Year	<u>198,016</u>	<u>140,484</u>
Net Assets, End of Year	<u>\$ 143,455</u>	<u>\$ 198,016</u>

See accompanying notes to financial statements.

CASA for Lancaster County
Statements of Functional Expenses
For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Fundraising expense	\$ -	\$ -	\$ 5,810	\$ 5,810	\$ -	\$ -	\$ 3,384	\$ 3,384
Insurance	4,247	1,416	-	5,663	4,655	1,551	-	6,206
Membership	-	2,253	-	2,253	-	2,589	-	2,589
National conference	-	3,603	-	3,603	-	6,027	-	6,027
Office expense	7,820	2,606	-	10,426	8,660	2,886	-	11,546
Salaries	177,672	9,750	3,250	190,672	185,659	9,750	3,250	198,659
Payroll taxes	11,156	3,719	-	14,874	11,409	3,803	-	15,212
Professional fees	4,013	1,337	-	5,350	3,917	1,305	-	5,222
Postage	434	144	-	578	514	171	-	685
Occupancy	15,000	5,000	-	20,000	13,500	4,500	-	18,000
Utilities and telephone	2,178	726	-	2,904	2,293	764	-	3,057
Training expense	471	-	-	471	761	-	-	761
Travel expense	1,377	459	-	1,836	1,055	352	-	1,407
Miscellaneous expense	5,051	1,684	-	6,735	5,658	1,887	-	7,545
Marketing and outreach	4,792	-	-	4,792	3,867	-	-	3,867
Website	-	3,549	-	3,549	-	3,657	-	3,657
Volunteer expense	5,411	-	-	5,411	3,591	-	-	3,591
Total Expenses Before Depreciation	239,621	36,247	9,060	284,928	245,539	39,243	6,634	291,416
Depreciation	-	-	-	-	289	96	-	385
Total Expenses	<u>\$ 239,621</u>	<u>\$ 36,247</u>	<u>\$ 9,060</u>	<u>\$ 284,928</u>	<u>\$ 245,828</u>	<u>\$ 39,339</u>	<u>\$ 6,634</u>	<u>\$ 291,801</u>

See accompanying notes to financial statements

CASA for Lancaster County
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Cash received from revenue and support	\$ 293,476	\$ 313,074
Cash paid to employees and suppliers	(287,764)	(289,168)
Interest received	308	649
	6,020	24,555
Net Cash Provided by Operating Activities	6,020	24,555
Cash Flows from Investing Activities		
Purchase of long-term investments	(15,035)	-
Reinvested net investment income	(2,677)	(1,237)
	(17,712)	(1,237)
Net Cash Used in Investing Activities	(17,712)	(1,237)
Cash and Cash Equivalents, Beginning of Year	69,801	46,483
Cash and Cash Equivalents, End of Year	\$ 58,109	\$ 69,801
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Increase (Decrease) in Net Assets	\$ (54,561)	\$ 57,532
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	-	385
(Increase) decrease in assets		
Promises to give	63,417	(35,610)
Increase (decrease) in liabilities		
Accounts payable	2,180	(271)
Accrued payroll liabilities	(5,016)	2,519
	60,581	(32,977)
Total Adjustments to Increase (Decrease) in Net Assets	60,581	(32,977)
Net Cash Provided by Operating Activities	\$ 6,020	\$ 24,555

See accompanying notes to financial statements.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

CASA for Lancaster County is a not-for-profit corporation formed to provide court appointed support and guidance to abused and neglected children in the State of Nebraska.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

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.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, which requires CASA for Lancaster County to classify its net assets into two categories based on the existence or absence of donor-imposed restrictions; net assets with donor imposed restrictions and net assets without donor imposed restrictions.

Net assets with donor restrictions

Those whose use by CASA for Lancaster County has been limited by donors to a specific time period or purpose, and those that CASA for Lancaster County is required to hold in perpetuity.

Net assets without donor restrictions

Those not subject to donor-imposed restrictions. CASA for Lancaster County reports all expenditures in this class of net assets, since the use of restricted net assets in accordance with donors' stipulations result in the release of the restriction.

Cash Equivalents

CASA for Lancaster County considers all unrestricted liquid investments with original maturities of three months or less to be cash equivalents.

Vacation Leave Policy

Employees are allowed a maximum of 160 hours of vacations per fiscal year and may carry over a maximum of 15 days of unused vacation hours to the following year.

Functional Expenses

Expenses are charged directly to their respective functional category based on specific identification.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Promises to Give

Contributions are recognized when the donor makes a promise to give to CASA for Lancaster County that is unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a time restriction expires or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Based on a review of outstanding receivables and historical collections information, management has deemed no allowance is necessary for doubtful accounts.

Property and Equipment

Property and equipment is stated at cost if purchased, or at estimated fair value if donated, and is depreciated on a straight-line basis over the estimated useful life of each asset, which is between five and seven years. CASA for Lancaster County’s policy is to capitalize property and equipment expenditures over \$500 and expense those under that amount.

Income Taxes

CASA for Lancaster County is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. Therefore, income earned in the performance of its exempt purpose is not subject to income tax. However, CASA for Lancaster County is subject to federal income tax on any unrelated business taxable income at normal corporate rates.

Investments, net

Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities, net of investment fees.

Note 2: Property and Equipment

The net book value of CASA for Lancaster County’s property and equipment at June 30 consists of:

	2019	2018
Property and equipment	\$ 18,408	\$ 18,408
Less accumulated depreciation	(18,408)	(18,408)
	\$ -	\$ -

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 3: Net Assets with Donor Restrictions

As of June 30, net assets with donor restrictions consist of:

	2019	2018
Juvenile Justice Review Committee	\$ 24,397	\$ 23,510
United Way	26,437	49,023
CHE - City of Lincoln	-	5,000
Betsey Tonniges	-	10,000
Nebraska Crime Commission	2,803	46,322
Breakfast pledges	1,800	-
	<u>\$ 55,437</u>	<u>\$ 133,855</u>

Note 4: Promises to Give

As of June 30, promises to give consist of the following:

	2019	2018
Due within one year	\$ 54,088	\$ 97,855
Due within one to five years	1,350	21,000
	<u>\$ 55,438</u>	<u>\$ 118,855</u>

Note 5: Operating Leases

CASA for Lancaster County conducts its operations from office space covered by an operating lease expiring in August 2021. The organization also leases certain office equipment under various operating leases extending beyond twelve months.

The financial statements include rent expense of \$21,1881 and \$20,017 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments on non-cancellable operating leases extending beyond one year are as follows at June 30, 2019:

<u>Year ending June 30,</u>	
2020	22,034
2021	21,900
2022	4,900
2023	1,500
2024	1,500
Thereafter	<u>625</u>
	<u>\$ 52,459</u>

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 6: Uncertain Tax Positions

Management has analyzed the tax positions taken by CASA for Lancaster County, and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. CASA for Lancaster County's tax years open to examination by the IRS are those years ending June 30, 2017, 2018, and 2019.

Note 7: Investments

Investments consist of marketable securities, fixed income, and equity funds with a total estimated fair market value of \$44,055 and \$26,343 at July 31, 2019 and 2018, respectively. CASA for Lancaster County paid investment advisory fees of \$425 and \$326 during the year ended July 31, 2019 and 2018, respectively.

Note 8: Fair Value of Investments

CASA for Lancaster County has adopted the provisions of FASB ASC 820. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of CASA for Lancaster County. Unobservable inputs reflect the entity's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices for identical assets or liabilities that the entity has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 Valuations based on inputs that are unobservable, supported by little or no market activity, and significant to the overall fair value measurement.

The fair value of CASA for Lancaster County investments, based on FASB ASC 820 measurement criteria, total \$44,055 and \$26,343, and fall within Level 1, at June 30, 2019 and 2018 respectively.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 9: Subsequent Events

Management has evaluated subsequent events through the report date, which is the date that the financial statements were available to be issued, and has determined that no events occurred that require disclosure.

Note 10: Endowment Funds

The Financial Accounting Standards Board has issued guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The State of Nebraska adopted UPMIFA, and CASA for Lancaster County subsequently adopted the Financial Accounting Standards Board's guidance and required disclosures. The Board of Directors has determined the majority of the net assets do not meet the definition of "endowment" under UPMIFA. In accordance with UPMIFA, CASA for Lancaster County considers following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The purposes of CASA for Lancaster County and the donor-restricted endowment funds
2. The duration and preservation of the funds
3. General economic conditions; the possible impacts of inflation or deflation
4. The expected total return from income and the appreciation of investments
5. CASA for Lancaster County's investment policies

All endowment net assets relate to board designated endowment funds for which CASA for Lancaster County has the ability to distribute principal, but is managing the funds in accordance with the donor's desire that the funds be perpetual in nature. As such, the endowed funds totaling \$16,921 and \$0 for the years ended July 31, 2019 and 2018, respectively, are entirely included in the without donor restrictions – board designated balance, due to the available variance power granted to CASA in the donor agreements.

To satisfy its long-term rate of return objective, CASA for Lancaster County relies on a total return strategy which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CASA for Lancaster County maintains a balanced portfolio of equities and fixed income investments in order to achieve its long-term objectives consistent with the preservation of capital.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 10: Endowment Funds – Continued

Changes in endowment net assets for the year ended July 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions	15,035	-	15,035
Investment return:			
Investment income, net	1,886	-	1,886
Total investment return	1,886	-	1,886
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 16,921</u>	<u>\$ -</u>	<u>\$ 16,921</u>

Note 11: Liquidity and Availability

CASA for Lancaster County’s financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2019
Total assets at year end	\$ 157,602
Less:	
Pledges receivable due in more than one year	(1,350)
Endowed Funds	<u>(16,921)</u>
Financial assets available at year end for general expenditure:	<u>\$ 139,331</u>