

CASA for Lancaster County

**Audit of Financial
Statements**

**For the Years Ended
June 30, 2022 and 2021**

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CASA for Lancaster County

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June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CASA for Lancaster County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA for Lancaster County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CASA for Lancaster County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA for Lancaster County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Buckley & Sitzman, LLP
Buckley & Sitzman, LLP

Lincoln, Nebraska
October 31, 2022

**CASA for Lancaster County
Statements of Financial Position
June 30, 2022 and 2021**

ASSETS

	2022	2021
Current Assets		
Cash and Cash Equivalents	\$ 159,340	\$ 179,409
Investments, at Market Value	68,162	54,402
Promises to Give	<u>52,227</u>	<u>103,278</u>
Total Current Assets	<u>279,729</u>	<u>337,089</u>
Other Assets		
Promises to Give	<u>-</u>	<u>700</u>
Total Other Assets	<u>-</u>	<u>700</u>
Total Assets	<u><u>\$ 279,729</u></u>	<u><u>\$ 337,789</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 1,900	\$ 2,292
Accrued Payroll Liabilities	<u>14,490</u>	<u>14,028</u>
Total Current Liabilities	<u>16,390</u>	<u>16,320</u>
Net Assets		
Without Donor Restrictions	193,000	195,861
Without Donor Restrictions - Board Designated	18,112	21,630
With Donor Restrictions	<u>52,227</u>	<u>103,978</u>
Total Net Assets	<u>263,339</u>	<u>321,469</u>
Total Liabilities and Net Assets	<u><u>\$ 279,729</u></u>	<u><u>\$ 337,789</u></u>

See accompanying notes to financial statements.

CASA for Lancaster County
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022	2021
Changes in Net Assets without Donor Restrictions		
Revenue and Support		
Charitable Donations	\$ 60,281	\$ 66,255
Fundraisers	13,128	30,200
Grants	138,254	173,308
PPP Loans Forgiven	-	46,290
Miscellaneous Revenue	190	105
Investment Income (Loss), Net	(11,051)	11,594
Total Revenue and Support	200,802	327,752
Net Assets Released from Donor Restrictions		
Nebraska Crime Commission	49,815	3,094
United Way	25,558	24,056
Lancaster County	27,656	20,000
Contributions	950	650
Total Net Assets Released from Donor Restrictions	103,979	47,800
Total Revenue without Donor Restrictions	304,781	375,552
Expenses		
Program Services	263,699	235,621
Support Services		
Management and General	40,512	33,955
Fundraising	6,948	4,114
Total Expenses	311,159	273,690
Increase (Decrease) in Net Assets without Donor Restrictions	(6,378)	101,862
Changes in Net Assets with Donor Restrictions		
Revenue and Support		
United Way	31,873	25,558
Lancaster County	10,000	27,656
Nebraska Crime Commission	3,797	49,815
Nebraska CASA	3,900	-
Family Violence Council	2,657	-
Net Assets Released from Restrictions		
Nebraska Crime Commission	(49,815)	(3,094)
United Way	(25,558)	(24,056)
Lancaster County	(27,656)	(20,000)
Contributions	(950)	(650)
Increase (Decrease) in Net Assets with Donor Restrictions	(51,752)	55,229
Increase (Decrease) in Net Assets	(58,130)	157,091
Net Assets, Beginning of Year	321,469	164,378
Net Assets, End of Year	\$ 263,339	\$ 321,469

See accompanying notes to financial statements.

CASA for Lancaster County
Statements of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Fundraising expense	\$ -	\$ -	\$ 3,325	\$ 3,325	\$ -	\$ -	\$ 764	\$ 764
Insurance	4,071	1,357	-	5,428	4,633	1,544	-	6,177
Membership	-	2,743	-	2,743	-	2,746	-	2,746
National conference	-	4,699	-	4,699	-	939	-	939
Office expense	9,087	3,028	-	12,115	6,672	2,223	-	8,895
Salaries	193,350	10,867	3,623	207,840	176,897	10,050	3,350	190,297
Payroll taxes	15,461	5,154	-	20,615	11,024	3,675	-	14,698
Professional fees	4,426	1,474	-	5,900	4,426	1,474	-	5,900
Postage	200	66	-	266	295	98	-	393
Occupancy	16,200	5,400	-	21,600	15,300	5,100	-	20,400
Utilities and telephone	1,655	552	-	2,207	1,667	555	-	2,222
Training expense	864	-	-	864	1,279	-	-	1,279
Travel expense	259	86	-	345	-	-	-	-
Miscellaneous expense	3,191	1,064	-	4,255	1,004	335	-	1,339
Marketing and outreach	4,960	-	-	4,960	7,402	-	-	7,402
Website	-	4,020	-	4,020	-	5,214	-	5,214
Volunteer expense	9,976	-	-	9,976	5,024	-	-	5,024
Total Expenses	\$ 263,699	\$ 40,512	\$ 6,948	\$ 311,159	\$ 235,621	\$ 33,955	\$ 4,114	\$ 273,690

See accompanying notes to financial statements

CASA for Lancaster County
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from revenue and support	\$ 302,110	\$ 374,619
Cash paid to employees and suppliers	(311,089)	(271,790)
Net unrealized and realized (gains) losses on investment	11,755	(10,977)
Donated securities	(516)	(10,592)
Interest received	2,256	933
	4,516	82,193
Net Cash Provided by Operating Activities	4,516	82,193
Cash Flows from Investing Activities		
Proceeds from sale of investments	415	10,146
Purchase of investments	(25,000)	-
	(24,585)	10,146
Net Cash Provided by (Used in) Investing Activities	(24,585)	10,146
Cash Flows from Financing Activities		
Net forgiveness of PPP loan	-	(23,100)
	-	(23,100)
Increase (Decrease) in Cash and Cash Equivalents	(20,069)	69,239
Cash and Cash Equivalents, Beginning of Year	179,409	110,170
Cash and Cash Equivalents, End of Year	\$ 159,340	\$ 179,409
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Increase (Decrease) in Net Assets	\$ (58,130)	\$ 157,091
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Donated securities	(930)	(10,592)
Net unrealized and realized gains (losses) on investment	11,755	(10,977)
(Increase) decrease in assets		
Promises to give	51,751	(55,228)
Increase (decrease) in liabilities		
Accounts payable	(392)	1,316
Accrued payroll liabilities	462	583
	62,646	(74,898)
Total Adjustments to Increase (Decrease) in Net Assets	62,646	(74,898)
Net Cash Provided by Operating Activities	\$ 4,516	\$ 82,193

See accompanying notes to financial statements.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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

The costs of providing various programs and other activities have been summarized on a functional basis within the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are charged directly to program or support services based on specific identification. Indirect expenses have been allocated based on estimates of management.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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.

Revenue Recognition

CASA for Lancaster County follows ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). Accordingly, CASA's policy for revenue recognition is defined below.

CASA for Lancaster County's revenues consist primarily of contributions, which are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that do not meet the definition of an exchange transaction in accordance with ASU 2014-09 are accounted for under the guidance in Accounting Standards Codification 958 "Not-for-Profit Entities." Contributions that are restricted by the donor are reported as net increases in net assets with donor restrictions unless the restrictions expire in the same fiscal year in which the contributions are recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Amounts due from donors are classified as pledges receivable on the statements of financial position.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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

Forgivable Loans – Paycheck Protection Program (PPP)

CASA for Lancaster County’s policy is to account for forgivable loans received through the Small Business Administration (SBA) under the Coronavirus Aid Relief Economic Security (CARES) Act’s PPP as debt. When the debt is extinguished, which occurs when the debt is legally released by the SBA, all principal and accrued interest is recorded as a gain on extinguishment of debt in other income.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2022 financial statement presentation. These reclassifications had no effect on the reported change in net assets.

Note 2: Property and Equipment

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

	2022	2021
Property and equipment	\$ 18,408	\$ 18,408
Less accumulated depreciation	(18,408)	(18,408)
	\$ -	\$ -

Note 3: Net Assets with Donor Restrictions

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

	2022	2021
Lancaster County	\$ 10,000	\$ 27,655
United Way	31,873	25,558
Family Violence Council	2,657	-
Nebraska Crime Commission	3,797	49,815
Nebraska CASA	3,900	-
Breakfast pledges	-	950
	\$ 52,227	\$ 103,978

Note 4: Promises to Give

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

	2022	2021
Due within one year	\$ 52,227	\$ 103,278
Due within one to five years	-	700
	\$ 52,227	\$ 103,978

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 5: Operating Leases

CASA for Lancaster County conducts its operations from office space covered by an operating lease expiring in January 2025. The organization also leases certain office equipment under various operating leases extending beyond twelve months.

The financial statements include rent expense of \$24,233 and \$23,003 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments on non-cancellable operating leases extending beyond one year are as follows at June 30, 2022:

<u>Year ending June 30,</u>	
2023	24,300
2024	24,300
2025	<u>12,025</u>
	<u><u>\$ 60,625</u></u>

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, 2022, 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, 2020, 2021 and 2022.

Note 7: Investments

Investments consist of marketable securities, fixed income, and equity funds with a total estimated fair market value of \$68,162 and \$54,402 at June 30, 2022 and 2021, respectively. CASA for Lancaster County paid investment advisory fees of \$629 and \$545 during the year ended June 30, 2022 and 2021, 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.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 8: Fair Value of Investments – Continued

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 \$68,162 and \$54,402, and fall within Level 1, at June 30, 2022 and 2021 respectively.

Note 9: Payroll Protection Program (PPP) Loan Payable

On April 16, 2020 and March 25, 2021, CASA for Lancaster County was granted loans from Nebraska Bank of Commerce in the aggregate amount of \$46,290, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loans were forgiven in November of 2020 and July of 2021, as the Company used the loan proceeds for eligible purposes, including payroll costs, benefits, rent and utilities, and maintained its payroll levels, as defined.

Note 10: Subsequent Events

In preparing the financial statements, CASA for Lancaster County management has evaluated events and transactions for potential recognition or disclosure through the report date, which is the date the financial statements were available to be issued.

Note 11: 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.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 11: Endowment Funds – Continued

In accordance with UPMIFA, CASA for Lancaster County considers the 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 \$18,112 and \$21,630 for the years ended June 30, 2022 and 2021, 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.

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 21,630	\$ -	\$ 21,630
Contributions	-	-	-
Investment return:			
Investment loss, net	(3,518)	-	(3,518)
Total investment return	(3,518)	-	(3,518)
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 18,112</u>	<u>\$ -</u>	<u>\$ 18,112</u>

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 11: Endowment Funds – Continued

2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 15,861	\$ -	\$ 15,861
Contributions	-	-	-
Investment return:			
Investment income, net	5,769	-	5,769
Total investment return	5,769	-	5,769
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 21,630</u>	<u>\$ -</u>	<u>\$ 21,630</u>

Note 12: 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:

	2022	2021
Total assets at year end	\$ 279,729	\$ 337,789
Less:		
Pledges receivable due in more than one year	-	(700)
Endowed Funds	<u>(18,112)</u>	<u>(21,630)</u>
Financial assets available at year end for general expenditure:	<u>\$ 261,617</u>	<u>\$ 315,459</u>

Although the Board does not intend to spend from their Board-designated funds, with Board approval, amounts could be made available if necessary.