

CASA for Lancaster County

**Audit of Financial
Statements**

**For the Years Ended
June 30, 2020 and 2019**

**BUCKLEY & SITZMAN, LLP
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CASA for Lancaster County

Table of Contents

June 30, 2020 and 2019

	Pages
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13

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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the entity adopted a new accounting guidance ASU 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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, 2020 and 2019, 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.

Buckley & Sitzman, LLP
Buckley & Sitzman, LLP

Lincoln, Nebraska
October 26, 2020

**CASA for Lancaster County
Statements of Financial Position
June 30, 2020 and 2019**

ASSETS

	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 110,170	\$ 58,109
Investments, at Market Value	42,979	44,055
Promises to Give	47,600	54,088
	<u>200,749</u>	<u>156,252</u>
Other Assets		
Promises to Give	1,150	1,350
	<u>1,150</u>	<u>1,350</u>
Total Other Assets	<u>1,150</u>	<u>1,350</u>
Total Assets	\$ 201,899	\$ 157,602

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 976	\$ 3,535
Accrued Payroll Liabilities	13,445	10,612
Note Payable - PPP	23,100	-
	<u>37,521</u>	<u>14,147</u>
Total Current Liabilities	<u>37,521</u>	<u>14,147</u>
Net Assets		
Without Donor Restrictions	99,767	71,096
Without Donor Restrictions - Board Designated	15,861	16,921
With Donor Restrictions	48,750	55,438
	<u>164,378</u>	<u>143,455</u>
Total Net Assets	<u>164,378</u>	<u>143,455</u>
Total Liabilities and Net Assets	\$ 201,899	\$ 157,602

See accompanying notes to financial statements.

CASA for Lancaster County
Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020	2019
Changes in Net Assets without Donor Restrictions		
Revenue and Support		
Charitable Donations	\$ 43,963	\$ 45,604
Fundraisers	38,651	34,200
Grants	167,966	115,578
Miscellaneous Revenue	390	365
Investment Income (Loss), Net	(879)	2,985
Total Revenue and Support	250,091	198,732
Net Assets Released from Donor Restrictions		
Nebraska Crime Commission	2,803	43,519
United Way	26,437	28,023
Lancaster County	24,398	23,511
CHE - City of Lincoln	-	5,000
Betsy Tonniges	-	10,000
Contributions	200	-
Total Net Assets Released from Donor Restrictions	53,838	110,053
Total Revenue without Donor Restrictions	303,929	308,785
Expenses		
Program Services	233,448	239,621
Support Services		
Management and General	33,465	36,247
Fundraising	9,405	9,060
Total Expenses	276,318	284,928
Increase in Net Assets without Donor Restrictions	27,611	23,857
Changes in Net Assets with Donor Restrictions		
Revenue and Support		
United Way	24,056	5,437
Lancaster County	20,000	24,398
Nebraska Crime Commission	3,094	-
Contributions	-	1,800
Net Assets Released from Restrictions		
Nebraska Crime Commission	(2,803)	(43,519)
United Way	(26,437)	(28,023)
Lancaster County	(24,398)	(23,511)
CHE - City of Lincoln	-	(5,000)
Betsy Tonniges	-	(10,000)
Contributions	(200)	-
Decrease in Net Assets with Donor Restrictions	(6,688)	(78,418)
Increase (Decrease) in Net Assets	20,923	(54,561)
Net Assets, Beginning of Year	143,455	198,016
Net Assets, End of Year	\$ 164,378	\$ 143,455

See accompanying notes to financial statements.

CASA for Lancaster County
Statements of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Fundraising expense	\$ -	\$ -	\$ 6,155	\$ 6,155	\$ -	\$ -	\$ 5,810	\$ 5,810
Insurance	4,532	1,510	-	6,042	4,247	1,416	-	5,663
Membership	-	2,394	-	2,394	-	2,253	-	2,253
National conference	-	15	-	15	-	3,603	-	3,603
Office expense	5,970	1,989	-	7,959	7,820	2,606	-	10,426
Salaries	174,923	9,750	3,250	187,923	177,672	9,750	3,250	190,672
Payroll taxes	10,670	3,557	-	14,227	11,156	3,719	-	14,874
Professional fees	4,013	1,337	-	5,350	4,013	1,337	-	5,350
Postage	420	139	-	559	434	144	-	578
Occupancy	15,300	5,100	-	20,400	15,000	5,000	-	20,000
Utilities and telephone	2,045	682	-	2,727	2,178	726	-	2,904
Training expense	1,995	-	-	1,995	471	-	-	471
Travel expense	1,113	371	-	1,484	1,377	459	-	1,836
Miscellaneous expense	4,529	1,511	-	6,040	5,051	1,684	-	6,735
Marketing and outreach	5,009	-	-	5,009	4,792	-	-	4,792
Website	-	5,109	-	5,109	-	3,549	-	3,549
Volunteer expense	2,929	-	-	2,929	5,411	-	-	5,411
Total Expenses	\$ 233,448	\$ 33,465	\$ 9,405	\$ 276,318	\$ 239,621	\$ 36,247	\$ 9,060	\$ 284,928

See accompanying notes to financial statements

CASA for Lancaster County
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash received from revenue and support	\$ 302,584	\$ 293,476
Cash paid to employees and suppliers	(276,044)	(287,764)
Donated securities	(514)	-
Interest received	1,345	308
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	27,371	6,020
Cash Flows from Investing Activities		
Purchase of long-term investments	-	(15,035)
Reinvested net investment income	1,590	(2,677)
	<hr/>	<hr/>
Net Cash Provided by (Used in) Investing Activities	1,590	(17,712)
Cash Flows from Financing Activities		
Advances on note payable	23,100	-
	<hr/>	<hr/>
Increase (Decrease) in Cash and Cash Equivalents	52,061	(11,692)
Cash and Cash Equivalents, Beginning of Year	58,109	69,801
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	<u>\$ 110,170</u>	<u>\$ 58,109</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities		
Increase (Decrease) in Net Assets	<u>\$ 20,923</u>	<u>\$ (54,561)</u>
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Donated securities	(514)	-
(Increase) decrease in assets		
Promises to give	6,688	63,417
Increase (decrease) in liabilities		
Accounts payable	(2,559)	2,180
Accrued payroll liabilities	2,833	(5,016)
	<hr/>	<hr/>
Total Adjustments to Increase in Net Assets	6,448	60,581
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 27,371</u>	<u>\$ 6,020</u>

See accompanying notes to financial statements.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

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, 2020 and 2019

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.

Recent Account Pronouncements

Contributions

Effective July 1, 2019, the CASA for Lancaster County adopted ASU No. 2018-08, Not-for-Profit Entities (Topic 958)- Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, on a prospective basis. This standard assists entities in determining 1) whether a transfer of assets is a contribution or an exchange transaction, and 2) if contributions are conditional or unconditional. There were no significant changes to financial statement line items, and no changes in net assets as a result of adopting this ASU.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

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

Revenue Recognition

In July 2019, the CASA for Lancaster County adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”) using the modified retrospective transaction method. The modified retrospective transition method allows entities to apply the new revenue standard prospectively and record a cumulative-effect adjustment to the opening balance of net assets in the period the new revenue standard is first applied. CASA for Lancaster County elected to apply the new revenue standard only to contracts that were not completed as of the adoption date. CASA for Lancaster County’s adoption of ASU 2014-09 did not have a material impact on the financial statements and no cumulative-effect adjustments were recorded related to the adoption of ASU 2014-09.

The new guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized.

Note 2: Property and Equipment

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

	2020	2019
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:

	2020	2019
Juvenile Justice Review Committee	\$ 20,000	\$ 24,398
United Way	24,056	26,437
Nebraska Crime Commission	3,094	2,803
Breakfast pledges	1,600	1,800
	\$ 48,750	\$ 55,438

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

Note 4: Promises to Give

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

	2020	2019
Due within one year	\$ 47,600	\$ 54,088
Due within one to five years	1,150	1,350
	\$ 48,750	\$ 55,438

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 \$22,357 and \$21,881 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments on non-cancellable operating leases extending beyond one year are as follows at June 30, 2020:

<u>Year ending June 30,</u>	
2021	21,900
2022	4,900
2023	1,500
2024	1,500
2025	625
Thereafter	-
	\$ 30,425

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, 2020, 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, 2018, 2019 and 2020.

Note 7: Investments

Investments consist of marketable securities, fixed income, and equity funds with a total estimated fair market value of \$42,979 and \$44,055 at June 30, 2020 and 2019, respectively. CASA for Lancaster County paid investment advisory fees of \$530 and \$425 during the year ended June 30, 2020 and 2019, respectively.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

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 \$42,979 and \$44,055, and fall within Level 1, at June 30, 2020 and 2019 respectively.

Note 9: Payroll Protection Program (PPP) Loan Payable

On April 16, 2020 the CASA for Lancaster County was granted a loan from Nebraska Bank of Commerce in the aggregate amount of \$23,100, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a note dated April 16, 2020, matures on April 16, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 16, 2020. The note may be prepaid by CASA at any time prior to maturity with no prepayment penalties. The loan and accrued interest are forgivable during 2020 as long as the loan proceeds are utilized for eligible purposes, including payroll costs, benefits, rent and utilities, and CASA for Lancaster County maintains its payroll levels, as defined. CASA for Lancaster County intends to use the entire loan amount for qualifying expenses. While it is currently believed that the use of the loan proceeds will meet the conditions for forgiveness of the loan, forgiveness is not assured. However, because of the likelihood the entire loan will be forgiven during the next fiscal year, the loan has been classified as a current liability.

CASA for Lancaster County
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

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. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact the operating results after June 30, 2020. However, the related financial impact cannot be reasonably estimated at this time.

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. 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 \$15,861 and \$16,921 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019

Note 11: Endowment Funds – Continued

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 16,921	\$ -	\$ 16,921
Contributions	-	-	-
Investment return:			
Investment income, net	(1,060)	-	(1,060)
Total investment return	(1,060)	-	(1,060)
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 15,861</u>	<u>\$ -</u>	<u>\$ 15,861</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:

	2020	2019
Total assets at year end	\$ 201,899	\$ 157,602
Less:		
Pledges receivable due in more than one year	(1,150)	(1,350)
Endowed Funds	<u>(15,861)</u>	<u>(16,921)</u>
Financial assets available at year end for general expenditure:	<u>\$ 184,888</u>	<u>\$ 139,331</u>

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