

**NATIONAL CASA ASSOCIATION**

FINANCIAL REPORT

DECEMBER 31, 2014

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
National CASA Association  
Seattle, Washington

We have audited the accompanying financial statements of National CASA Association, which comprise the statements of financial position as of December 31, 2014 and 2013, 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; 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. Those standards require that we plan and perform the audit 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 National CASA Association as of December 31, 2014 and 2013, 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.

*Petersen Sullivan LLP*

April 3, 2015

**NATIONAL CASA ASSOCIATION**

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ 1,638,260	\$ 1,448,544
Investments	283,692	297,645
Receivable from Department of Justice	579,620	114,152
Contributions receivable	62,663	106,370
Prepaid expenses	<u>73,523</u>	<u>58,021</u>
Total current assets	2,637,758	2,024,732
Furniture and Equipment		
Office furniture	18,464	18,464
Office equipment	52,090	52,090
Computer equipment	<u>99,080</u>	<u>99,080</u>
	169,634	169,634
Less accumulated depreciation	<u>(169,634)</u>	<u>(159,817)</u>
		9,817
Total assets	<u>\$ 2,637,758</u>	<u>\$ 2,034,549</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 446,684	\$ 103,957
Accrued vacation payable	<u>65,918</u>	<u>117,415</u>
Total current liabilities	512,602	221,372
Net Assets		
Unrestricted	1,331,832	1,137,848
Temporarily restricted	<u>793,324</u>	<u>675,329</u>
Total net assets	<u>2,125,156</u>	<u>1,813,177</u>
Total liabilities and net assets	<u>\$ 2,637,758</u>	<u>\$ 2,034,549</u>

See Notes to Financial Statements

## NATIONAL CASA ASSOCIATION

### STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Department of Justice						
cooperative agreements	\$ 4,923,703	\$ -	\$ 4,923,703	\$ 4,241,166	\$ -	\$ 4,241,166
Department of Justice grant						
Juvenile Mentoring Program	3,725,104		3,725,104	1,496,858		1,496,858
Conference fees	389,403		389,403	272,850		272,850
Membership dues	177,535		177,535	141,630		141,630
Corporate and foundation						
contributions	445,759	895,000	1,340,759	251,727	700,000	951,727
Individual contributions	525,554	2,500	528,054	624,277	45,000	669,277
Interest and investment income	14,893		14,893	40,203		40,203
In-kind contributions				65,145		65,145
Net assets released from						
restrictions	779,505	(779,505)		792,676	(792,676)	
Total support and revenue	10,981,456	117,995	11,099,451	7,926,532	(47,676)	7,878,856
Expenses						
Training and technical assistance	2,149,918		2,149,918	2,104,114		2,104,114
Member and public outreach	861,734		861,734	881,505		881,505
Grant activities	6,222,633		6,222,633	3,602,908		3,602,908
Total program services	9,234,285		9,234,285	6,588,527		6,588,527
General and administrative	1,260,550		1,260,550	1,166,057		1,166,057
Fundraising	292,637		292,637	291,506		291,506
Total supporting services	1,553,187		1,553,187	1,457,563		1,457,563
Total expenses	10,787,472		10,787,472	8,046,090		8,046,090
<b>Change in net assets</b>	<b>193,984</b>	<b>117,995</b>	<b>311,979</b>	<b>(119,558)</b>	<b>(47,676)</b>	<b>(167,234)</b>
Net assets, beginning of year	1,137,848	675,329	1,813,177	1,257,406	723,005	1,980,411
Net assets, end of year	<u>\$ 1,331,832</u>	<u>\$ 793,324</u>	<u>\$ 2,125,156</u>	<u>\$ 1,137,848</u>	<u>\$ 675,329</u>	<u>\$ 1,813,177</u>

See Notes to Financial Statements

**NATIONAL CASA ASSOCIATION**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Program Services			Supporting Services				
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Grantee disbursements	\$ 50,000	\$ -	\$ 5,981,764	\$ 6,031,764	\$ -	\$ -	\$ -	\$ 6,031,764
Personnel and payroll taxes	1,433,438	609,606	167,199	2,210,243	581,459	79,204	660,663	2,870,906
Contract services	189,776	143,944	49,510	383,230	151,707	82,018	233,725	616,955
Travel and subsistence	320,464	46,377	9,752	376,593	154,512	46,611	201,123	577,716
Program promotion and other	30,420	1,502		31,922	140,175	8,913	149,088	181,010
Rent	47,182	41,376	10,727	99,285	30,648	27,584	58,232	157,517
Office supplies and postage	21,192	5,761	499	27,452	93,703	21,471	115,174	142,626
Professional fees					80,626	10,970	91,596	91,596
Telephone and toll-free number	38,737	3,428	2,062	44,227	15,679		15,679	59,906
Printing	10,934	6,587		17,521	38	15,178	15,216	32,737
Insurance	2,867	1,190	433	4,490	10,432		10,432	14,922
Depreciation	4,908	1,963	687	7,558	1,571	688	2,259	9,817
<b>Total expenses</b>	<b>\$ 2,149,918</b>	<b>\$ 861,734</b>	<b>\$ 6,222,633</b>	<b>\$ 9,234,285</b>	<b>\$ 1,260,550</b>	<b>\$ 292,637</b>	<b>\$ 1,553,187</b>	<b>\$ 10,787,472</b>

See Notes to Financial Statements

**NATIONAL CASA ASSOCIATION**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services			Supporting Services			Total	
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	General and Administrative	Fundraising		Total Supporting Services
Grantee disbursements	\$ -	\$ -	\$ 3,352,475	\$ 3,352,475	\$ -	\$ -	\$ -	\$ 3,352,475
Personnel and payroll taxes	1,423,620	610,131	164,419	2,198,170	631,918	91,955	723,873	2,922,043
Contract services	156,602	160,569	60,610	377,781	124,768	97,869	222,637	600,418
Travel and subsistence	302,096	32,973	5,191	340,260	89,997	34,972	124,969	465,229
Program promotion and other	73,484	5,818		79,302	142,721	6,005	148,726	228,028
Rent	45,401	41,317	10,712	97,430	30,605	27,544	58,149	155,579
Office supplies and postage	14,644	8,721	353	23,718	54,925	8,130	63,055	86,773
Professional fees					66,113	9,177	75,290	75,290
In-kind contributions	32,573	13,029	4,560	50,162	10,423	4,560	14,983	65,145
Telephone and toll-free number	38,184	3,415	3,405	45,004	8,165	80	8,245	53,249
Printing	9,313	2,203		11,516	10	10,533	10,543	22,059
Insurance	3,329	1,382	502	5,213	4,854		4,854	10,067
Depreciation	4,868	1,947	681	7,496	1,558	681	2,239	9,735
<b>Total expenses</b>	<b>\$ 2,104,114</b>	<b>\$ 881,505</b>	<b>\$ 3,602,908</b>	<b>\$ 6,588,527</b>	<b>\$ 1,166,057</b>	<b>\$ 291,506</b>	<b>\$ 1,457,563</b>	<b>\$ 8,046,090</b>

See Notes to Financial Statements



## NATIONAL CASA ASSOCIATION

### STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from grants and contributions	\$ 10,095,859	\$ 7,584,715
Cash received from membership dues and conferences	566,938	414,480
Investment income received	17,526	25,115
Cash paid to suppliers	(1,547,759)	(1,818,378)
Cash paid to employees	(2,922,404)	(2,918,263)
Grants paid	(6,031,764)	(3,352,475)
Net cash flows from operating activities	178,396	(64,806)
Cash Flows from Investing Activities		
Proceeds from sales of investments	13,006	
Purchases of investments (and dividends reinvested)	(1,686)	(45,353)
Net cash flows from investing activities	11,320	(45,353)
<b>Net change in cash</b>	<b>189,716</b>	<b>(110,159)</b>
Cash balance, beginning of year	1,448,544	1,558,703
Cash balance, end of year	\$ 1,638,260	\$ 1,448,544
Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets	\$ 311,979	\$ (167,234)
Depreciation	9,817	9,735
(Gain) loss on investments	2,633	(15,088)
Change in operating assets and liabilities		
Receivables	(421,761)	160,542
Prepaid expenses	(15,502)	(44,129)
Accounts payable and accrued vacation payable	291,230	(8,632)
Net cash flows from operating activities	\$ 178,396	\$ (64,806)

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Organization and Significant Accounting Policies**

#### **Organization**

National CASA Association ("National CASA") is a non-profit membership organization whose member programs are charged with advocating for the best interest of abused and neglected children in juvenile dependency court. National CASA supports its member organizations in the development, growth, and continuation of programs which recruit and train volunteers to serve as Court Appointed Special Advocates ("CASA"). CASA volunteers (sometimes called Guardians Ad Litem or GAL volunteers) are appointed by judges to be the independent eyes and ears of the court, watching over and advocating for a child until the child is placed in a safe, permanent home.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

#### **Income Taxes**

National CASA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. National CASA's federal tax returns are open to examination for the years ended December 31, 2011 to 2014.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Financial Statement Presentation**

National 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. National CASA has no permanently restricted net assets, so this class of net assets is not shown on the financial statements.

### **Temporarily Restricted Net Assets**

National CASA records grants and contributions received as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets consist of unexpended contributions restricted for particular purposes. Temporarily restricted net assets are presented as restricted income and are transferred to unrestricted net assets as expenditures are incurred for the restricted purpose. Temporarily restricted net assets listed by funding source consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Jewelers for Children (Restricted for pass-through grants to CASA programs)	\$ 510,024	\$ 427,728
Toy Industry Foundation (Restricted for advancing quality volunteers, capacity building, and building a movement)	175,000	200,000
Hearst Foundation (restricted for training initiatives)	100,000	
Charles Epstein contribution (Restricted for CASA Project in Israel)	8,300	8,300
NASCAR Motorsports Charities Fund (Restricted for pass-through grants to CASA programs)		25,000
American Legion Child Welfare (Restricted for volunteer training)		12,354
National CASA Legal Fund (Restricted for trademark protection and researching laws that impact children)		1,947
Total	<u>\$ 793,324</u>	<u>\$ 675,329</u>

### **Cash**

Cash includes cash in banks and money market funds. National CASA has amounts deposited with a financial institution in excess of federally insured limits. These amounts are used to fund regular operations.

## **Investments**

Investments are measured at fair value, and the change in value is included in the change in net assets. Fair value is defined as an exit price, representing the amount that would be received to sell an asset in an orderly transaction between market participants. The fair value measurement of the investments was determined using Level 1 observable market inputs, within the fair value hierarchy, consisting of quoted prices in active markets for identical assets. Investments consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Mutual funds		
Large cap growth	\$ 54,723	\$ 55,216
Large cap blend	48,970	48,895
Foreign large blend	25,856	26,934
World bond	24,898	26,262
World allocation	12,370	15,513
High yield bond	8,628	9,370
Exchange traded funds		
Intermediate bond	55,804	52,451
Mid-cap value	26,294	23,354
Small-cap value	16,099	15,388
Diversified emerging markets	10,050	10,561
Common stock		13,701
	<u>\$ 283,692</u>	<u>\$ 297,645</u>

## **Receivables / Revenue**

The receivable from the United States Department of Justice consists of funds that have been earned, but not yet received. Contributions receivable represent pledges that have been received, but have not yet been collected. Amounts due from one foundation represented 24% of the contributions receivable balance at December 31, 2013. There were no such concentrations at December 31, 2014.

Grant revenues are recognized when expenditures related to the grants are made. Contributions are recognized when the pledge is made.

Conference fees are recognized when the related conference takes place. Membership dues are recognized in the year to which they apply. Of the total corporate and foundation contributions, 81% were from two foundations in 2014, and 74% were from two foundations in 2013. One individual represented 15% and 25% of individual contributions in 2014 and 2013, respectively.

## **In-Kind Contributions**

Donations of services, supplies, and facilities are recorded as revenue at the estimated fair value at the date of donation. During 2013, in-kind revenue consisted of software license donations. Due to the short term of the licenses, they were not capitalized. There were no such in-kind contributions in 2014.

## **Furniture and Equipment**

Furniture and equipment is recorded at cost, if purchased, or at fair value at the date of receipt, if donated. National CASA's policy is to capitalize assets with a cost or donated value greater than \$5,000 and a useful life in excess of one year. Depreciation is computed by the straight-line method over the estimated useful lives for furniture and equipment.

## **Reclassification**

Certain reclassifications have been made to the 2013 financial statements in order to conform to current year presentation.

## **Subsequent Events**

National CASA has evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

## **Note 2. Lease Commitments**

National CASA leases office space under an operating lease which expires December 31, 2015. Rent expense for 2014 and 2013 was \$157,517 and \$155,579, respectively.

In December 2014, National CASA signed a lease for office space in Washington, D.C. beginning in January 2015 and expiring in June 2016.

Future approximate minimum payments under these office leases is \$255,277 and \$58,044 for the years ending December 31, 2015 and 2016, respectively.

## **Note 3. Grant Commitments**

National CASA has committed to distribute approximately \$1,960,000 to local and state CASA organizations between October 1, 2014, and September 30, 2015. Of this amount, National CASA distributed a total of \$478,200 through December 31, 2014. Funding for this program is received from the United States Department of Justice (Cooperative Agreement) for pass-through grants.

National CASA has committed to distribute approximately \$4,500,000 to local and state CASA organizations between June 1, 2013, and May 31, 2015. Of this amount, National CASA distributed a total of \$3,629,800 as of December 31, 2014. Funding for this program is received from the United States Department of Justice (Grant) for mentoring pass-through grants.

National CASA has committed to distribute approximately \$4,050,000 to local and state CASA organizations between June 1, 2014, and May 31, 2016. Of this amount, National CASA distributed a total of \$1,060,100 as of December 31, 2014. Funding for this program is received from the United States Department of Justice (Grant) for mentoring pass-through grants.