

COURT APPOINTED SPECIAL ADVOCATES

OF MESA COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

DRAFT

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Independent Accountants' Review Report

To the Board of Directors
Court Appointed Special Advocates of Mesa County
Grand Junction, Colorado

We have reviewed the accompanying financial statements of Court Appointed Special Advocates of Mesa County, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Soronen, Donley, Patterson, CPA's PC
Grand Junction, CO
June 10, 2019

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COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

| | |
|--------------------------------|------------------|
| CURRENT ASSETS | |
| Cash and Cash Equivalents | \$152,388 |
| Grant Receivable | 24,200 |
| Inventory | 1,041 |
| TOTAL CURRENT ASSETS | <u>177,629</u> |
| PROPERTY & EQUIPMENT | |
| Equipment | 6,345 |
| Less: Accumulated Depreciation | <u>(6,206)</u> |
| NET PROPERTY & EQUIPMENT | <u>139</u> |
| TOTAL ASSETS | <u>\$177,768</u> |

LIABILITIES & NET ASSETS

| | |
|--------------------------------|------------------|
| CURRENT LIABILITIES | |
| Accrued Payroll | \$8,406 |
| Agency Transactions Payable | 13,551 |
| TOTAL CURRENT LIABILITIES | <u>21,957</u> |
| NET ASSETS | |
| Without Donor Restrictions | 154,811 |
| With Donor Restrictions | 1,000 |
| TOTAL NET ASSETS | <u>155,811</u> |
| TOTAL LIABILITIES & NET ASSETS | <u>\$177,768</u> |

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See accompanying notes and accountants' review report.

COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Without Donor</u> <u>Restrictions</u> | <u>With Donor</u> <u>Restrictions</u> | <u>Total</u> |
|--|---|--|------------------|
| REVENUE AND SUPPORT | | | |
| Contributions | \$86,113 | \$1,765 | \$87,878 |
| Grants | 86,820 | 149,885 | 236,705 |
| Program Service Fees | 17,601 | 0 | 17,601 |
| Special Events | 37,813 | 0 | 37,813 |
| Less: Costs of Direct Benefits to Donors | (20,217) | 0 | (20,217) |
| CASA Store Sales | 4,269 | 0 | 4,269 |
| Less: Cost of CASA Store Sales | (2,789) | 0 | (2,789) |
| Loss on Return of Contribution | 0 | (25,000) | (25,000) |
| Net Assets Released from Restrictions | 150,650 | (150,650) | 0 |
| TOTAL REVENUE AND SUPPORT | <u>360,260</u> | <u>(24,000)</u> | <u>336,260</u> |
| EXPENSES | | | |
| Program Services | | | |
| Child Advocacy | 287,153 | 0 | 287,153 |
| Supporting Services | | | |
| Management & General | 24,381 | 0 | 24,381 |
| Fund-Raising | 23,063 | 0 | 23,063 |
| TOTAL EXPENSES | <u>334,597</u> | <u>0</u> | <u>334,597</u> |
| CHANGE IN NET ASSETS | 25,663 | (24,000) | 1,663 |
| NET ASSETS - BEGINNING | <u>129,148</u> | <u>25,000</u> | <u>154,148</u> |
| NET ASSETS - ENDING | <u>\$154,811</u> | <u>\$1,000</u> | <u>\$155,811</u> |

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See accompanying notes and accountants' review report.

COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total</u> |
|---|---------------------------|-------------------------------------|------------------------|-------------------------|
| | <u>Child Advocacy</u> | <u>Management & General</u> | <u>Fund-Raising</u> | |
| Compensation and Related Expenses | | | | |
| Compensation | \$193,107 | \$11,961 | \$12,690 | \$217,758 |
| Payroll Taxes | 15,017 | 930 | 987 | 16,934 |
| Total Compensation and Related Expenses | <u>208,124</u> | <u>12,891</u> | <u>13,677</u> | <u>234,692</u> |
| Advertising & Marketing | 15,278 | 552 | 3,169 | 18,999 |
| Conferences & Meetings | 4,028 | 0 | 15 | 4,043 |
| Credit Card Fees | 1,458 | 0 | 63 | 1,521 |
| Depreciation | 123 | 7 | 8 | 138 |
| Dues, Fees, Subscriptions | 8,165 | 208 | 326 | 8,699 |
| Home Studies | 909 | 0 | 0 | 909 |
| Insurance | 4,239 | 1,154 | 223 | 5,616 |
| Office Expenses | 7,355 | 1,486 | 1,386 | 10,227 |
| Other Operating Expense | 2,944 | 45 | 2,032 | 5,021 |
| Professional Fees | 511 | 5,844 | 55 | 6,410 |
| Rent | 16,144 | 1,544 | 1,213 | 18,901 |
| Service Dog Expenses | 885 | 0 | 0 | 885 |
| Staff Development | 3,757 | 55 | 49 | 3,861 |
| Utilities | 4,500 | 570 | 332 | 5,402 |
| Travel | 765 | 0 | 464 | 1,229 |
| Volunteer Expenses | 7,968 | 25 | 51 | 8,044 |
| TOTAL EXPENSES | <u><u>\$287,153</u></u> | <u><u>\$24,381</u></u> | <u><u>\$23,063</u></u> | <u><u>\$334,597</u></u> |

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COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase (Decrease) in Net Assets | \$1,663 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by: | |
| Operating Activities: | |
| Depreciation | 138 |
| (Increase) Decrease in Operating Assets: | |
| Grants Receivable | (2,200) |
| Increase (Decrease) in Operating Liabilities: | |
| Accrued Payroll | (3,524) |
| Agency Transactions Payable | 9,657 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>5,734</u> |
| | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 5,734 |
| | |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>146,654</u> |
| | |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$152,388</u></u> |

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See accompanying notes and accountants' review report.

COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A- NATURE OF ACTIVITIES

Description of the Organization:

Court Appointed Special Advocates of Mesa County (CASA) was organized in 1997 as a Colorado non-profit corporation. CASA's mission is to promote advocacy for abused and neglected children, and provide trained volunteers who monitor and represent abused and neglected children in the legal system. On average, 275-350 child abuse victims are served every year.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Basis of Presentation

The financial statements of CASA have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require CASA to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CASA's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CASA's or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Measure of Operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CASA's child advocacy program. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES -
CONTINUED

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CASA has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less.

Grants Receivable

Grants receivable represent amounts to be received on grants where CASA has fulfilled certain grant requirements and have billed or are expecting certain amounts to be received based on the grant agreement. Based on historic trends, an allowance for doubtful accounts was not required.

Inventory

Inventory is stated at cost using the first-in first-out method. Inventory consists of small gifts and supplies.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment of \$2,500 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of 5-10 years for furniture, fixtures, and equipment.

Contributed Services and In-Kind Contributions

Contributions of services are recognized at the fair value of the services received if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Advertising Costs

CASA uses advertising to provide awareness, recruit volunteers, and solicit donations. Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2018 were \$18,999.

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COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - CONTINUED

Income Taxes

The Organization is exempt from Federal and State income taxes under the provisions of Internal Revenue Code Section 501 (c) (3).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expense

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among child advocacy and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense | Method of Allocation |
|-----------------------------------|----------------------|
| Advertising & Marketing | Direct Costs |
| Compensation and Related Expenses | Time and effort |
| Conferences & Meetings | Direct Costs |
| Depreciation | Time and effort |
| Dues, Fees, Subscriptions | Direct Costs |
| Insurance | Direct Costs |
| Office Expenses | Direct Costs |
| Professional Fees | Direct Costs |
| Rent | Time and effort |
| Utilities | Time and effort |
| Volunteer Expenses | Direct Costs |

Subsequent Events

Management has evaluated subsequent events through June 10, 2019, the date the financial statements were available to be issued.

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COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE C – IN-KIND DONATIONS

CASA received donated professional services and other advertising services for the year ended December 31, 2018, of \$10,850. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind on the accompanying statements of activities and statements of functional expenses.

Several volunteers have made significant contributions of their time in furtherance of CASA’s mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria or recognition under US GAAP.

NOTE D - CONCENTRATIONS

Amounts in excess of \$250,000 in one bank account are not insured by the FDIC or related entity. At various times during the year, CASA may maintain significant amounts of cash in a checking account with a bank. Such concentrations of cash may exceed the federally insured limits provided on such accounts. Management is aware of such exposure and is willing to accept the risks associated with the potential losses involved.

NOTE E – NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

In the normal course of operations, CASA receives financial awards from outside entities in the form of grants. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of an audit by the granting agencies, is not believed to be material.

NOTE F – NET ASSETS

Net assets with donor restrictions were as follows for the years ended:

| | 2018 |
|----------------------|----------|
| Specific Purpose | |
| Service Dog Expenses | \$ 1,000 |
| Total | \$ 1,000 |

Net assets released from net assets with donor restrictions are as follows for the years ended:

| | |
|--------------------------------------|------------|
| Satisfaction of Purpose Restrictions | |
| Employee Salaries | \$ 147,195 |
| Training Expenses | 2,690 |
| Service Dog Expenses | 765 |
| Total | \$ 150,650 |

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COURT APPOINTED SPECIAL ADVOCATES
OF MESA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G – OPERATING LEASE

The Company leases office space under an operating lease expiring August 31, 2022. Monthly payments on the lease were \$1,671 for the year ended December 31, 2018, with payments escalating each year. Rent expense for the year ended December 31, 2018, was \$18,901.

Future minimum lease payments are as follows:

| | <u>Annual Rent</u> |
|------|--------------------|
| 2019 | \$19,662 |
| 2020 | 20,251 |
| 2021 | 20,859 |
| 2022 | <u>14,181</u> |
| | <u>\$74,953</u> |

NOTE H – AVAILABILITY AND LIQUIDITY

The following represents CASA's financial assets at December 31, 2018:

| | <u>2018</u> |
|-------------------------------|-------------------|
| Financial assets at year-end: | |
| Cash and cash equivalents | \$ 152,388 |
| Grant Receivable | 24,200 |
| Inventory | <u>1,041</u> |
| Total | <u>\$ 177,629</u> |

Less amounts not available to be used within one year:

| | |
|---|-------------------|
| Net assets with donor restrictions | \$ 1,000 |
| Less net assets with purpose restrictions to be met in less than a year | <u>(1,000)</u> |
| | <u>\$ 0</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 177,629</u> |

CASA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$89,401). As part of its liquidity plan, excess cash is accumulated in its bank accounts.

CASA