

**NATIONAL CASA ASSOCIATION**

FINANCIAL REPORT

DECEMBER 31, 2013

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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, 2013 and 2012, 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 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 National CASA Association as of December 31, 2013 and 2012, 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.*

March 19, 2014

**NATIONAL CASA ASSOCIATION**

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

ASSETS	2013	2012
Current Assets		
Cash	\$ 1,448,544	\$ 1,558,703
Investments	297,645	237,204
Receivable from Department of Justice	114,152	125,249
Contributions receivable	106,370	255,815
Prepaid expenses	58,021	13,892
Total current assets	2,024,732	2,190,863
Furniture and Equipment		
Office furniture	18,464	18,464
Office equipment	52,090	53,227
Computer equipment	99,080	155,446
	169,634	227,137
Less accumulated depreciation	(159,817)	(207,585)
	9,817	19,552
Total assets	\$ 2,034,549	\$ 2,210,415
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 103,957	\$ 116,370
Accrued vacation payable	117,415	113,634
Total current liabilities	221,372	230,004
Net Assets		
Unrestricted	1,137,848	1,257,406
Temporarily restricted	675,329	723,005
Total net assets	1,813,177	1,980,411
Total liabilities and net assets	\$ 2,034,549	\$ 2,210,415

See Notes to Financial Statements

## NATIONAL CASA ASSOCIATION

### STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Cooperative agreements -						
Department of Justice for:						
Training and Technical						
Assistance	\$ 2,116,305	\$ -	\$ 2,116,305	\$ 2,498,645	\$ -	\$ 2,498,645
Grants Program	2,124,861		2,124,861	5,129,676		5,129,676
Grant - Department of Justice						
for Juvenile Mentoring Program	1,496,858		1,496,858	3,308		3,308
Conference fees	272,850		272,850	314,819		314,819
Membership dues	141,630		141,630	96,155		96,155
Foundation contributions	251,727	700,000	951,727	261,760	840,000	1,101,760
Other contributions and income	624,277	45,000	669,277	673,958	42,000	715,958
Interest and investment income	40,203		40,203	27,174		27,174
In-kind contributions	65,145		65,145			
Net assets released from						
restrictions	792,676	(792,676)		549,521	(549,521)	
Total support and						
revenue	7,926,532	(47,676)	7,878,856	9,555,016	332,479	9,887,495
Expenses						
Training and technical assistance	2,104,114		2,104,114	2,198,159		2,198,159
Member and public outreach	881,505		881,505	1,169,140		1,169,140
Grant activities	3,602,908		3,602,908	4,743,890		4,743,890
Total program services	6,588,527		6,588,527	8,111,189		8,111,189
General and administrative	1,166,057		1,166,057	1,221,919		1,221,919
Fundraising	291,506		291,506	263,421		263,421
Total supporting						
services	1,457,563		1,457,563	1,485,340		1,485,340
Total expenses	8,046,090		8,046,090	9,596,529		9,596,529
<b>Change in net assets</b>	<b>(119,558)</b>	<b>(47,676)</b>	<b>(167,234)</b>	<b>(41,513)</b>	<b>332,479</b>	<b>290,966</b>
Net assets, beginning of year	1,257,406	723,005	1,980,411	1,298,919	390,526	1,689,445
Net assets, end of year	<u>\$ 1,137,848</u>	<u>\$ 675,329</u>	<u>\$ 1,813,177</u>	<u>\$ 1,257,406</u>	<u>\$ 723,005</u>	<u>\$ 1,980,411</u>

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**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2012

	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	\$ -	\$ -	\$ 4,528,504	\$ 4,528,504	\$ -	\$ -	\$ -	\$ 4,528,504
Personnel and payroll taxes	1,489,617	701,423	145,766	2,336,806	637,039	52,865	689,904	3,026,710
Contract services	222,426	348,365	47,880	618,671	232,419	106,352	338,771	957,442
Travel and subsistence	351,693	50,910	6,216	408,819	74,282	38,328	112,610	521,429
Program promotion and other	11,490	7,926		19,416	102,984	3,627	106,611	126,027
Rent	46,015	42,780	11,091	99,886	31,689	28,520	60,209	160,095
Office supplies and postage	16,172	6,814	431	23,417	29,804	6,183	35,987	59,404
Professional fees					92,362	11,987	104,349	104,349
Telephone and toll-free number	42,435	5,347	2,599	50,381	9,422	1,044	10,466	60,847
Printing	8,625	1,636		10,261	4,831	13,739	18,570	28,831
Insurance	4,140	1,720	627	6,487	5,311		5,311	11,798
Depreciation	5,546	2,219	776	8,541	1,776	776	2,552	11,093
<b>Total expenses</b>	<b>\$ 2,198,159</b>	<b>\$ 1,169,140</b>	<b>\$ 4,743,890</b>	<b>\$ 8,111,189</b>	<b>\$ 1,221,919</b>	<b>\$ 263,421</b>	<b>\$ 1,485,340</b>	<b>\$ 9,596,529</b>

See Notes to Financial Statements



## NATIONAL CASA ASSOCIATION

### STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Cash received from grants and contributions	\$ 7,584,715	\$ 9,409,947
Cash received from membership dues and conferences	414,480	410,974
Investment income received	25,115	6,644
Cash paid to suppliers	(1,818,378)	(2,000,762)
Cash paid to employees	(2,918,263)	(3,014,232)
Grants paid	(3,352,475)	(4,528,504)
Net cash flows from operating activities	(64,806)	284,067
Cash Flows from Investing Activity		
Purchases of investments	(45,353)	(1,458)
<b>Net change in cash</b>	<b>(110,159)</b>	<b>282,609</b>
Cash balance, beginning of year	1,558,703	1,276,094
Cash balance, end of year	\$ 1,448,544	\$ 1,558,703
Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets	\$ (167,234)	\$ 290,966
Depreciation	9,735	11,093
Gain on investments	(15,088)	(20,530)
Change in operating assets and liabilities		
Receivables	160,542	(39,400)
Prepaid expenses	(44,129)	56,589
Accounts payable and accrued vacation payable	(8,632)	(14,651)
Net cash flows from operating activities	\$ (64,806)	\$ 284,067

See Notes to Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **Organization**

National CASA Association ("the Association") 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. The Association 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**

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association's federal tax returns are open to examination for the years ended December 31, 2010 to 2013.

#### **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**

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

### **Temporarily Restricted Net Assets**

The Association 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>2013</u>	<u>2012</u>
Jewelers for Children (Restricted for pass-through grants to CASA programs)	\$ 427,728	\$ 390,200
Toy Industry Foundation (Restricted for advancing quality volunteers, capacity building and building a movement)	200,000	200,000
NASCAR Motorsports Charities Fund (Restricted for pass-through grants to CASA programs)	25,000	
American Legion Child Welfare (Restricted for volunteer training)	12,354	
Charles Epstein contribution (Restricted for CASA Project in Israel)	8,300	8,300
National CASA Legal Fund (Restricted for trademark protection and researching laws that impact children)	1,947	42,505
Ford Family Foundation (Restricted for Oregon CASA programs at statewide level)		<u>82,000</u>
Total	<u>\$ 675,329</u>	<u>\$ 723,005</u>

### **Cash**

Cash includes cash in banks and money market funds. The Association 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>2013</u>	<u>2012</u>
Mutual funds		
Large cap growth	\$ 55,216	\$ 39,426
Large cap blend	48,895	36,658
Foreign large blend	26,934	21,664
World bond	26,262	19,601
World allocation	15,513	11,959
High yield bond	9,370	8,989
Natural resources		5,697
Exchange traded funds		
Intermediate bond	52,451	54,274
Mid-cap value	23,354	17,279
Small-cap value	15,388	11,004
Common stock	13,701	
Diversified emerging markets	10,561	10,653
	<u>\$ 297,645</u>	<u>\$ 237,204</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% and 78% of the contributions receivable balance at December 31, 2013 and 2012, respectively.

Grant revenues are recognized when expenditures related to the grants are made. Contributions are recognized when the pledge is made. Of the total foundation contributions, 74% were from two foundations in 2013, and three foundations in 2012. One individual represented 27% of total other contributions and income in 2013, and one organization represented 38% of total other contributions and income in 2012. Conference fees are recognized when the related conference takes place. Membership dues are recognized in the year to which they apply.

## **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 significant in-kind contributions in 2012.

### **Furniture and Equipment**

Furniture and equipment is recorded at cost, if purchased, or at fair value at the date of receipt, if donated. The Association'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.

### **Subsequent Events**

The Association 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**

The Association leases office space under an operating lease which expires May 31, 2015. Rent expense for 2013 and 2012 was \$155,579 and \$160,095, respectively.

Future approximate minimum payments under the office lease for years ending December 31 are as follows:

2014	\$	143,659
2015		59,858
		<hr/>
	\$	203,517
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### **Note 3. Grant Commitments**

The Association has committed to distribute approximately \$2,063,000 to local and state CASA organizations between October 1, 2013, and September 30, 2014. Of this amount, the Association distributed a total of \$381,000 through December 31, 2013. Funding for this program is received from the United States Department of Justice (Cooperative Agreement) for pass-through grants.

The Association 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, the Association distributed a total of \$1,318,100 as of December 31, 2013. Funding for this program is received from the United States Department of Justice (Grant) for mentoring pass-through grants.

The Association has committed to distribute approximately \$4,050,000 to local and state CASA organizations between June 1, 2014, and May 31, 2016. The Association has not distributed any funds as of December 31, 2013. Funding for this program is received from the United States Department of Justice (Grant) for mentoring pass-through grants.