

**DOUGLAS COUNTY CASA, INC.**  
**LAWRENCE, KANSAS**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**AND**

**INDEPENDENT AUDITORS' REPORT**



**KOHART**  
accounting, p.a.

---

A Professional Association • Certified Public Accountant

**DOUGLAS COUNTY CASA, INC.**  
Lawrence, Kansas

**TABLE OF CONTENTS**

<b>Independent Auditors' Report on Financial Statements</b>	<u>Page</u> 1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activity and Change in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-12





**KOHART**  
accounting, p.a.

---

To the Board of Directors  
Douglas County CASA, Inc.  
Lawrence, Kansas 66044

## **INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Douglas County CASA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 audit. We conducted our audit 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 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 Douglas County CASA, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Kohart Accounting, PA*

Kohart Accounting, PA  
A Professional Association  
Certified Public Accountant

July 18, 2016

**DOUGLAS COUNTY CASA, INC.**

Lawrence, Kansas

**STATEMENTS OF FINANCIAL POSITION**

For the years ended December 31, 2015 and 2014

**ASSETS**

	2015	2014
Current Assets		
Cash and cash equivalents (Note 1)	\$ 101,905	\$ 91,282
Investments (Note 4)	187,974	178,942
Prepaid expenses	2,775	2,548
Total current assets	292,654	272,772
Fixed Assets (Note 1)		
Furniture	42,785	34,044
Accumulated depreciation	(23,531)	(19,607)
Total fixed assets	19,254	14,437
Other Assets		
Beneficiary interest in assets held by others (Note 1)	66,923	68,118
Total assets	\$ 378,831	\$ 355,327

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accrued payroll expenses	\$ 722	\$ 1,691
Total current liabilities	722	1,691
Net Assets (Note 1)		
Unrestricted	378,109	353,636
Total net assets	378,109	353,636
Total liabilities and net assets	\$ 378,831	\$ 355,327

The accompanying notes to financial statements are an integral part of this statement.

**DOUGLAS COUNTY CASA, INC.**

Lawrence, Kansas

**STATEMENTS OF ACTIVITY AND CHANGE IN NET ASSETS**

For the years ended December 31, 2015 and 2014

	2015	2014
<b>Support</b>		
United Way	\$ 32,781	\$ 36,372
Donations	46,387	29,640
Douglas County	45,500	45,500
City of Lawrence	25,000	25,000
Douglas County Community Foundation	4,100	4,000
Crime Victims Assistance Fund	9,067	9,023
Permanent Family Fund	12,757	7,285
Other Grants	56,432	38,934
Programs	2,906	4,788
Fundraising Events	144,841	126,029
	<u>379,771</u>	<u>326,571</u>
<b>Revenue</b>		
Memorials	295	713
Investment Income	(943)	10,112
Other Income	(1,195)	4,229
	<u>377,928</u>	<u>341,625</u>
<b>Expenses</b>		
Program services	250,265	238,430
Management and general	68,559	62,949
Fundraising	34,631	18,322
	<u>353,455</u>	<u>319,701</u>
<b>Change in unrestricted net assets</b>	24,473	21,924
<b>Unrestricted net assets, beginning of year</b>	<u>353,636</u>	<u>331,712</u>
<b>Unrestricted net assets, end of year</b>	<u>\$ 378,109</u>	<u>\$ 353,636</u>

The accompanying notes to financial statements are an integral part of this statement.



**DOUGLAS COUNTY CASA, INC.**

Lawrence, Kansas

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 126,774	\$ 51,887	\$ 14,095	\$ 192,756
Payroll taxes	11,057	4,525	1,229	16,811
Health Insurance	25,108	6,232		31,340
Insurance	584	3,375	65	4,024
Scholarships	8,081			8,081
Professional services	4,116	2,540		6,656
Memberships and subscriptions	2,029			2,029
Occupancy	29,986			29,986
Telephone and internet	2,364			2,364
Postage and shipping	1,709			1,709
Equipment rental	1,832			1,832
Printing	3,633			3,633
Office Supplies	3,376			3,376
Janitorial	1,440			1,440
Advertising	2,510		1,153	3,663
Conferences and meetings	4,435			4,435
Training	2,065			2,065
Volunteer appreciation	3,170			3,170
Supplies	11,525		18,089	29,614
Miscellaneous	547			547
Depreciation	3,924			3,924
Total	<u>\$ 250,265</u>	<u>\$ 68,559</u>	<u>\$ 34,631</u>	<u>\$ 353,455</u>

The accompanying notes to financial statements are an integral part of this statement.

**DOUGLAS COUNTY CASA, INC.**  
Lawrence, Kansas

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2014

	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 118,883	\$ 51,832	\$ -	\$ 170,715
Payroll taxes	8,803	3,965		12,768
Health Insurance	26,993	6,232		33,225
Insurance	369	880		1,249
Scholarships	7,455			7,455
Professional services	6,493			6,493
Corporate annual report		40		40
Memberships and subscriptions	1,975			1,975
Occupancy	27,982			27,982
Telephone and internet	2,337			2,337
Postage and shipping	1,629			1,629
Equipment rental	1,529			1,529
Small furnishings	3,690			3,690
Office Supplies	2,798			2,798
Janitorial	1,320			1,320
Advertising	1,775		935	2,710
Conferences and meetings	5,826			5,826
Training	2,874			2,874
Volunteer appreciation	2,638			2,638
Supplies	8,920		17,387	26,307
Miscellaneous	1,012			1,012
Depreciation	3,129			3,129
Total	<u>\$ 238,430</u>	<u>\$ 62,949</u>	<u>\$ 18,322</u>	<u>\$ 319,701</u>

The accompanying notes to financial statements are an integral part of this statement.



**DOUGLAS COUNTY CASA, INC.**

Lawrence, Kansas

**STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 24,473	\$ 21,924
Adjustments to reconcile change in net assets to net cash flows		
Depreciation	3,924	3,129
Unrealized/Realized loss (gain)	6,286	(5,501)
Changes in current assets and liabilities		
(Increase) decrease in prepaid expenses	(227)	(2,548)
Increase (decrease) in accrued payroll	(969)	1,691
Net cash provided (used) by operating activities	<u>33,487</u>	<u>18,695</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	-	-
Purchases of investment securities	(10,000)	-
Reinvested investment income	(5,319)	(4,572)
Transfer of assets to a Not-For-Profit entity that holds contributions for others	-	-
Change in beneficiary interest	1,195	(3,566)
Purchase of property and equipment	(8,741)	(4,369)
Net cash provided (used) by investing activities	<u>(22,864)</u>	<u>(12,507)</u>
<b>Net increase (decrease) in cash for period</b>	10,623	6,188
<b>Cash as of beginning of period</b>	<u>91,282</u>	<u>85,094</u>
<b>Cash as of end of period</b>	<u><u>\$ 101,905</u></u>	<u><u>\$ 91,282</u></u>
<b><u>Supplemental Information</u></b>		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**DOUGLAS COUNTY CASA, INC**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

Douglas County CASA, Inc. was incorporated as a 501(c)(3) organization under the laws of the State of Kansas in 1991 as an advocate for the best possible permanent placement for each child in represents, to improve local practices pertaining to children, and to create awareness of the problems of children in Douglas County.

**Definition of the Entity** – Douglas County CASA, Inc. is a nonprofit corporation governed by a twelve to twenty member board, consisting of community members with diverse skills and resources. The Organization's mission is to provide comprehensive advocacy for abused and neglected children in need of care and under the protection of the court system.

**Classification of Net Assets** – The Organization has adopted generally accepted accounting principles as outlined in the Financial Accounting Standards Boards Accounting Standard Codification (FASB ASC) 958-205. Under FASB ASC 958-205, The Organization is required to report information regarding its financial position and activities according to three classes of net assets – permanently restricted, temporarily restricted, and unrestricted.

**Statement of Functional Expenses** – The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 what will affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

**Income Taxes** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization files as a tax-exempt organization. As of December 31, 2015, its 2012 through 2014 fiscal year tax returns are open for examination by the IRS.

**Cash and Cash Equivalents** – Cash and cash equivalents consist of cash held in checking, money market accounts and certificates of deposit. The Organization considers all cash to be cash equivalents.

**Long-Term Assets** – Property and equipment with a life that benefits future periods has been capitalized at cost. Depreciation is provided over the estimated useful lives of the respective assets (five to thirty-nine years) using the straight-line method. Depreciation expense for the years ended December 31, 2015 and 2014, is \$3,924 and \$3,129, respectively.



**DOUGLAS COUNTY CASA, INC**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements** – The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level I* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

*Level II* – Inputs that include quoted prices for similar assets and liabilities in not active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

*Level III* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised value.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis.

Fair values are measured using independent pricing models or other model-based valuation techniques such as appraised values, adjusted for security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. The Organization does not have any assets or liabilities that are valued using Level II or Level III inputs.

**Contributions** – Contributions are recognized when the donor makes a promise to give to Douglas County CASA, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as permanently restricted net assets. For the years ended December 31, 2015 and 2014, the Organization did not have any temporarily or permanently restricted net assets.

**DOUGLAS COUNTY CASA, INC**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Transfer of Assets to a Not-for-Profit that holds Contributions for Others** – The Organization has adopted the provisions of FASB ASC 958-605 with respect to the monies transferred into a fund at Douglas County Community Foundation. The Organization provided the Foundation the power to modify the distribution of funds. The distribution of funds is limited to the income of the fund, net of the fees and expenses for purposes described in Code Section 170(c)(1) or (2)(B) that are consistent with the exempt status and purposes of the Foundation. Under FASB ASC 958-605, the transferring of assets is presumed reciprocal in nature even if the transferring entity explicitly grants the recipient entity variance power when the transferring entity specifies itself as the beneficiary. As a result, the Organization recognized in the Statement of Financial Position as of December 31, 2015 and 2014, \$66,923 and \$68,118, respectively, as an asset. The asset is considered a beneficiary interest in assets held by others.

**Note 2 – Cash and Credit Risk**

At December 31, 2015, the bank carrying amounts of the Organization's deposits were \$292,738, which consisted of \$104,764 in checking accounts and \$187,974 in investment accounts. At December 31, 2014, the bank carrying amounts of the Organization's deposits were \$273,375, which consisted of \$94,433 in checking accounts and \$178,942 in investment accounts.

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other deposit accounts held at an FDIC-insured institution. The deposits were \$187,974 under secured, as of December 31, 2015 and \$178,942 under secured, as of December 31, 2014.

**Note 3 – Fair Value Measurements**

The Organization uses fair value measurements to record fair value adjustment to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Principles. The Organization has assets that are valued using Level I inputs; there are not assets or liabilities valued using Level II or Level III inputs as of December 31, 2015.

The following table presents the fair value hierarchy, measuring fair value at quoted prices in active markets identical assets (Level I), significant other observable inputs (Level II), and significant unobservable inputs (Level III). Assets measured at fair value on a non-recurring basis as of December 31, 2015 are as follows:



**DOUGLAS COUNTY CASA, INC**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 – Fair Value Measurements (continued)**

Description	December 31, 2015	Level I	Level II	Level III	Total
Mutual Funds	\$ 187,974	<u>\$ 187,974</u>	<u></u>	<u></u>	<u>\$ 187,974</u>

Description	December 31, 2014	Level I	Level II	Level III	Total
Mutual Funds	\$ 178,942	<u>\$ 178,942</u>	<u></u>	<u></u>	<u>\$ 178,942</u>

For the years ended December 31, 2015 and 2014, no cumulative losses were computed as management had determined the assets and liabilities were not impaired.

**Note 4 – Investments**

The organization has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are also reported in the statement of activities.

The Organization investments consist of the following at December 31, 2015:

	2015			2014		
	Cost basis	Fair Value	Unrealized Appreciation (Depreciation)	Cost basis	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds	<u>\$ 169,576</u>	<u>\$ 187,974</u>	<u>\$ 18,398</u>	<u>\$ 154,258</u>	<u>\$ 178,942</u>	<u>\$ 24,684</u>

Investment income is summarized as follows:

	2015	2014
Interest/dividends	\$ 4,447	\$ 4,104
Realized gain (loss)	896	507
Unrealized gain (loss)	<u>(6,286)</u>	<u>5,501</u>
	<u>\$ (943)</u>	<u>\$ 10,112</u>

**DOUGLAS COUNTY CASA, INC**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**Note 5 – Compensated Absences**

The Organization provides for sick and vacation leave. Sick leave is accrued at the rate of 15 days per year for the executive director, ten days per year for other full time staff, then 15 days per year for other full time staff following 3 years of employment, and a prorated amount for part time employees. Sick leave may be carried over from year to year; however, a maximum of 30 sick days may be used in any one year. Unused sick leave is not paid to the employee at time of termination. Vacation leave is accrued at the rate of 15 days per year for the executive director, 10 days per year for other full time staff during the first 3 years of employment, then 15 days per year for other full time staff following 3 years of employment, and a prorated amount for part time employees. Unused vacation leave may not be carried over and will not be reimbursed in the event of dismissal, but it will be reimbursed upon request if the employee resigns with at least 30 days notice.

A provision for vacation leave of \$722 and \$587 is shown on the financial statements for the year ended December 31, 2015, and December 31, 2014, respectively.

**Note 6 – Commitments and Contingencies**

The Organization receives a substantial amount of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

**Note 7 – Operating Leases**

In January 2015, the Organization entered into an operating lease for office space. The term of the lease is for two years beginning January 1, 2015. The monthly payment is \$2,150. Future rental payments for 2016 and 2017 will be \$51,600.

The Organization leases a printer. The original term began January 1, 2013, and was for 48 payments of \$88 per month. The future minimum lease payments are as follows:

2016	<u>\$ 1,056</u>
------	-----------------

**Note 8 – Risk Management**

The Organization is exposed to various risks of loss related to limited torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters. The Organization carries commercial insurance and has not incurred any losses in the past three years.

**Note 9 – Subsequent Events**

Management has evaluated subsequent events through July 18, 2016, the date in which the financial statements were available to be issued.



