

CASA OF THE FOX CITIES, INC.

Financial Statements

**For the Year Ended
December 31, 2019**

CASA OF THE FOX CITIES, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
CASA of the Fox Cities, Inc.
Appleton, Wisconsin

We have reviewed the accompanying financial statements of CASA of the Fox Cities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expense, 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 entity 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 control 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 American Institute of Certified Public Accountants. 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.

KerberRose SC

KerberRose SC
Appleton, Wisconsin
March 27, 2020

Financial Statements

CASA OF THE FOX CITIES, INC.

Statement of Financial Position

As of December 31, 2019

ASSETS

Cash	\$	251,909
Accounts Receivable		5,679
Prepaid Expenses		5,767
Beneficial Interest in Assets Held by Community Foundation		13,176
Leasehold Improvements and Equipment, Net		29,627
Restricted Cash		8,370
Total Assets	\$	314,528

LIABILITIES

Accounts Payable	\$	154
Accrued Payroll Liabilities		9,252
Total Liabilities		9,406

NET ASSETS

Without Donor Restrictions		296,752
With Donor Restrictions		8,370
Total Net Assets		305,122

TOTAL LIABILITIES AND NET ASSETS**\$ 314,528**

CASA OF THE FOX CITIES, INC.
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 171,850	\$ -	\$ 171,850
Grants	156,426	-	156,426
Fundraising, Net of \$16,518 of Expenses	70,424	-	70,424
Interest Income	1,520	-	1,520
In-Kind Donation	2,450	-	2,450
Net Assets Released from Restrictions	1,045	(1,045)	-
Total Support and Revenues	<u>403,715</u>	<u>(1,045)</u>	<u>402,670</u>
OPERATING EXPENSES			
Program Expenses	284,326	-	284,326
Management and General	55,866	-	55,866
Fundraising	30,324	-	30,324
Total Expenses	<u>370,516</u>	<u>-</u>	<u>370,516</u>
Increase (Decrease) in Net Assets from Operating Activities	33,199	(1,045)	32,154
NONOPERATING ACTIVITIES			
Loss on Disposal of Equipment	(1,099)	-	(1,099)
Gain on Beneficial Interest in Assets Held by Community Foundation	1,867	-	1,867
Total Nonoperating Activities	<u>768</u>	<u>-</u>	<u>768</u>
CHANGE IN NET ASSETS	33,967	(1,045)	32,922
NET ASSETS - BEGINNING	<u>262,785</u>	<u>9,415</u>	<u>272,200</u>
NET ASSETS - ENDING	<u>\$ 296,752</u>	<u>\$ 8,370</u>	<u>\$ 305,122</u>

CASA OF THE FOX CITIES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 183,052	\$ 32,855	\$ 18,775	\$ 234,682
Payroll Taxes	17,116	3,072	1,756	21,944
Employee Benefits	18,719	3,360	1,920	23,999
Occupancy	10,800	2,160	1,440	14,400
Insurance	3,048	547	1,098	4,693
Professional Services	7,013	5,873	2,112	14,998
Staff Development	5,377	134	77	5,588
Travel Expenses	10,261	292	166	10,719
Postage and Printing	3,525	473	301	4,299
Telephone	987	177	101	1,265
Office Supplies	14,076	2,526	1,444	18,046
Program Expenses	1,045	-	-	1,045
Membership Dues and Licenses	633	415	1,134	2,182
Information Technology	7,592	-	-	7,592
In-Kind Expense	-	838	-	838
Depreciation Expense	-	2,301	-	2,301
Miscellaneous	1,082	843	-	1,925
Total Expenses	<u>\$ 284,326</u>	<u>\$ 55,866</u>	<u>\$ 30,324</u>	<u>\$ 370,516</u>

CASA OF THE FOX CITIES, INC.
Statement of Cash Flows
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	32,922
Adjustments to Reconcile Change in Net Assets to Net		
Cash Flows from Operating Activities:		
Depreciation		2,301
Gain on Beneficial Interest in Assets Held by Community Foundation		(1,867)
Loss of Disposal of Equipment		1,099
Effects of Changes in Certain Operating Assets and Liabilities:		
Decrease in Accounts Receivable		27,385
Increase in Prepaid Expense		(1,796)
Increase in Accounts Payable		154
Increase in Payroll Liabilities		3,776
Net Cash Flows from Operating Activities		<u>63,974</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Leasehold Improvements		<u>(25,000)</u>
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NET CHANGE IN CASH

38,974

CASH - BEGINNING OF YEAR

221,305

CASH - END OF YEAR

\$ 260,279

RECONCILIATION OF CASH TO STATEMENT OF FINANCIAL POSITION:

Cash	\$	251,909
Restricted Cash		8,370
		<u>\$ 260,279</u>

CASA OF THE FOX CITIES, INC.

Notes to Financial Statements

December 31, 2019

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of CASA of the Fox Cities, Inc. (the Organization) is presented to assist in understanding the accompanying financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements.

Nature of Activities

The Organization is a nonprofit organization that advocates for abused and neglected children in local courts, with community volunteers, to achieve placement in safe and permanent homes.

Cash

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

Restricted Cash

Restricted cash consists of funds that are to be used for purchase of toys for advocates to use during home visits, birthdays and holiday gifts, and books for continuing education.

Accounts Receivable

Accounts receivable consist of amounts due from granting agencies for volunteer advocacy services provided. Accounts receivable are initially recorded at the amount management expects to collect. All accounts or portions thereof deemed to be uncollectible or to require excessive collection costs are written off to bad debt. As of December 31, 2019, no allowance is deemed necessary.

Leasehold Improvements, Equipment and Depreciation

Leasehold improvements and equipment is carried at cost. Additions and improvements, which extend the useful life of leasehold improvements and equipment whose amounts are greater than \$1,000 are capitalized. Repairs and maintenance costs are charged to operations as incurred. The Organization capitalizes items that have a useful life of more than one year. Depreciation is calculated on a straight-line basis over five years.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets.

- Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations 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 of the Fox Cities, Inc.'s management and board of directors.
- Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor stipulations are temporary in nature; those stipulations will be met by actions of CASA of the Fox Cities, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. As of December 31, 2019, no net assets with donor restriction were perpetual in nature.

CASA OF THE FOX CITIES, INC.

Notes to Financial Statements

December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

Contribution Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets donor restrictions. When the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-Kind Contributions

The Organization receives various types of in-kind contributions including professional services, equipment and supplies. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

A substantial number of volunteers have donated significant amounts of their time to the Organization; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Tax-Exempt Status

The Organization is qualified as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Gifts, grants, and bequests are deductible by donors within limitations of the Internal Revenue Code.

The Organization evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. This evaluation includes monitoring changes in tax law and new authoritative rulings for potential implications to its tax status and positions. The Organization's federal income tax returns are subject to examination generally for three years after they are filed and its state income tax returns generally for four years after they are filed.

Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes the gain or loss on its beneficial interest in assets held by the community foundation and other nonoperating gains or losses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are based on time and effort.

CASA OF THE FOX CITIES, INC.

Notes to Financial Statements

December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

New Accounting Pronouncement

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Subsequent Events

Subsequent events were evaluated through March 27, 2020, which is the date the financial statements were available to be issued.

Note 2 – Availability and Liquidity

The following represents CASA of the Fox Cities, Inc.'s financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year at December 31, 2019, comprise the following:

Cash	\$	251,909
Accounts Receivable		5,679
Investments Held by Community Foundation		993
		<hr/>
	\$	258,581
		<hr/>

The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 3 – Beneficial Interest in Assets Held by Community Foundation

The Community Foundation of the Fox Valley Region, Inc. (Community Foundation) holds funds for the use and future benefit of the Organization. The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Community Foundation Board, such restriction or condition becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served.

Annually the Community Foundation determines the amount available for distribution to the Organization based on the distribution policy of the Community Foundation. The Organization can elect to receive these distributions or have them added to the principal of the fund at the Community Foundation.

CASA OF THE FOX CITIES, INC.

Notes to Financial Statements

December 31, 2019

Note 4 – Leasehold Improvements and Equipment

A summary of leasehold improvements and equipment at December 31, 2019 is as follows:

Leasehold Improvements	\$	25,000
Equipment		6,940
Total Leasehold Improvements and Equipment		<u>31,940</u>
Less: Accumulated Depreciation		<u>2,313</u>
Leasehold Improvements and Equipment, Net	\$	<u>29,627</u>

Note 5 – Net Assets with Donor Restrictions

The net assets with donor restriction are restricted for the purchase of toys for the clients the Organization serves. As of December 31, 2019, the net assets with donor restrictions was \$8,370 .

Note 6 – Fair Value Measurements

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.
- Level 2 Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Significant unobservable inputs are not corroborated by market data.

The assets fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization classifies all assets held at the Community Foundation as Level 3. They are valued by the Community Foundation, so it is not possible to determine a daily value of the Organization's portion of the comingled investment portfolio. The portfolio is divided among a group of investment managers to achieve diversification.

The table below presents the changes in Level 3 assets measured at fair value on a recurring basis for the year ended December 31, 2019.

Balance, Beginning of Year	\$	11,309
Investment Income		240
Net Realized and Unrealized Gain		1,754
Investment Fees		(127)
Balance, End of Year	\$	<u>13,176</u>

CASA OF THE FOX CITIES, INC.

Notes to Financial Statements

December 31, 2019

Note 7 – Operating Lease

The Organization rents its office space under an operating lease, which expired May 31, 2019. Monthly payments under this lease are currently \$1,200. Total rent expense under this lease was \$14,400 for the year ended December 31, 2019.

In September 2019, the Organization entered into a lease agreement for office space under an operating lease, which starts in April 2020. The lease expires March 2025. Monthly payments under this lease will be \$3,713 and increase to \$3,769 after three years.

Future minimum lease payments as of December 31, 2019 are as follows:

2020	\$	32,583
2021		43,445
2022		43,445
2023		43,938
2024		44,103
Thereafter		11,026
	\$	<u>218,540</u>

Note 8 – Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued an accounting update that will result in significant changes to financial reporting and disclosures related to both operating and capital leases. The new leases update is intended to increase the transparency and comparability among companies that lease buildings, equipment, and other assets by recognizing the assets and liabilities that arise from these lease transactions on the statement of financial position. The provisions of this update are effective for the Organization's financial statements for the year ending December 31, 2021.