

**HENRICO COUNTY COURT APPOINTED SPECIAL  
ADVOCATES, INC.**

**Financial Statements  
for the year ended  
June 30, 2016**

Draft

**HENRICO COUNTY COURT APPOINTED SPECIAL  
ADVOCATES, INC.**

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**Draft**

**Frank Barcalow CPA, P.L.L.C.**  
**Certified Public Accountant**

**Independent Auditor's Report**

The Board of Directors  
Henrico County Court Appointed Special Advocates, Inc.  
Henrico, Virginia

***Report on the Financial Statements***

We have audited the accompanying financial statements of Henrico County Court Appointed Special Advocates, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, cash flows and functional expenses for the year 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 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 Henrico County Court Appointed Special Advocates, Inc. as of June 30, 2016 and changes in their net assets and their cash flows for the year ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Henrico County Court Appointed Special Advocates, Inc. financial statements, and our report dated September 10, 2015, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in material respects, with the audited financial statements from which it has been derived.

*Frank Barcalow CPA, P.L.L.C.*

Frank Barcalow CPA, P.L.L.C.  
Richmond, Virginia  
August 16, 2016

# Henrico County Court Appointed Special Advocates, Inc.

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## Statement of Financial Position

June 30, 2016

(With summarized financial information for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 325,267	\$ 42,650	\$ 367,917	\$ 380,582
Investments	141,470	-	141,470	107,804
Prepaid expenses	-	-	-	148
Other receivables	<u>3,563</u>	<u>-</u>	<u>3,563</u>	<u>4,734</u>
<b>Total current assets</b>	<u>470,300</u>	<u>42,650</u>	<u>512,950</u>	<u>493,268</u>
<b>Property and equipment</b>				
Furniture and equipment	10,309	-	10,309	11,612
Less accumulated depreciation	<u>7,941</u>	<u>-</u>	<u>7,941</u>	<u>7,437</u>
<b>Total property and equipment</b>	<u>2,368</u>	<u>-</u>	<u>2,368</u>	<u>4,175</u>
<b>Total assets</b>	<u>\$ 472,668</u>	<u>\$ 42,650</u>	<u>\$ 515,318</u>	<u>\$ 497,443</u>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,900	\$ -	\$ 3,900	\$ 3,900
Deferred revenue	<u>150</u>	<u>-</u>	<u>150</u>	<u>550</u>
<b>Total liabilities</b>	<u>4,050</u>	<u>-</u>	<u>4,050</u>	<u>4,450</u>
<b>Net assets</b>				
Unrestricted net assets	468,618	-	468,618	453,235
Temporarily restricted net assets	<u>-</u>	<u>42,650</u>	<u>42,650</u>	<u>39,758</u>
<b>Total net assets</b>	<u>468,618</u>	<u>42,650</u>	<u>511,268</u>	<u>492,993</u>
<b>Total liabilities and net assets</b>	<u>\$ 472,668</u>	<u>\$ 42,650</u>	<u>\$ 515,318</u>	<u>\$ 497,443</u>

See notes to the financial statements.

# Henrico County Court Appointed Special Advocates, Inc.

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## Statement of Activities

For the Year Ended June 30, 2016

(With summarized financial information for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Public support and revenue</b>				
Grants	\$ 88,750	\$ 136,893	\$ 225,643	\$ 256,930
Contributions	63,989	-	63,989	76,526
In-Kind contributions	22,250	-	22,250	22,250
Special event revenue	40,362	13,900	54,262	53,679
Interest income	2,599	-	2,599	509
Investment income	202	-	202	3,992
Other income	2,648	-	2,648	1,069
<b>Total public support and revenue</b>	<u>220,800</u>	<u>150,793</u>	<u>371,593</u>	<u>414,955</u>
<b>Net assets released from program restrictions</b>	<u>147,901</u>	<u>(147,901)</u>	<u>-</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>368,701</u>	<u>2,892</u>	<u>371,593</u>	<u>414,955</u>
<b>Expenditures</b>				
Program services	266,658	-	266,658	257,143
Supporting services				
General and administrative	46,323	-	46,323	42,050
Fundraising	40,337	-	40,337	51,336
<b>Total Supporting services</b>	<u>86,660</u>	<u>-</u>	<u>86,660</u>	<u>93,386</u>
<b>Total expenditures</b>	<u>353,318</u>	<u>-</u>	<u>353,318</u>	<u>350,529</u>
<b>Change in net assets</b>	15,383	2,892	18,275	64,426
<b>Net assets at beginning of year</b>	<u>453,235</u>	<u>39,758</u>	<u>492,993</u>	<u>428,567</u>
<b>Net assets at end of year</b>	<u>\$ 468,618</u>	<u>\$ 42,650</u>	<u>\$ 511,268</u>	<u>\$ 492,993</u>

See notes to the financial statements.

# Henrico County Court Appointed Special Advocates, Inc.

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## Statement of Cash Flows

For the Year Ended June 30, 2016

(With comparative financial information for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 18,275	\$ 64,426
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:		
Depreciation	1,806	1,653
Unrealized (gains) losses on sale of investments	7,156	8,717
Realized (gains) losses on sale of investments	(1,021)	1,789
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	148	743
(Increase) decrease in other receivables	1,171	103
Increase (decrease) in deferred revenue	(400)	550
<b>Net cash (used in) provided by operating activities</b>	<u>27,135</u>	<u>77,981</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(79,531)	(17,216)
Sale of investments	39,731	5,406
Purchase of property and equipment	-	(2,445)
<b>Net cash (used in) provided by investing activities</b>	<u>(39,800)</u>	<u>(14,255)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(12,665)	63,726
<b>Cash and cash equivalents at beginning of year</b>	<u>380,582</u>	<u>316,856</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 367,917</u></u>	<u><u>\$ 380,582</u></u>
Supplemental disclosures of cash flow information		
Noncash transactions - donated services	\$ 50	\$ 50
Noncash transactions - donated facilities	22,200	22,200
Total noncash transactions	<u><u>\$ 22,250</u></u>	<u><u>\$ 22,250</u></u>

See notes to the financial statements.

# Henrico County Court Appointed Special Advocates, Inc.

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## Statement of Functional Expenses

### For the Year Ended June 30, 2016

(With summarized financial information for the year ended June 30, 2015)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
Salaries	\$ 216,647	\$ 33,925	\$ 30,104	\$ 280,676	\$ 242,103
Payroll taxes	16,691	2,605	2,257	21,553	18,829
<b>Total salaries and benefits</b>	<u>233,338</u>	<u>36,530</u>	<u>32,361</u>	<u>302,229</u>	<u>260,932</u>
Supplies	1,676	262	227	2,165	12,353
Postage and shipping	872	136	118	1,126	1,355
Printing and promotion	1,161	181	157	1,499	1,760
Professional fees	-	5,169	-	5,169	5,083
Travel	57	9	8	74	227
Education and outreach	7,059	-	Draft	7,059	14,262
Donated facilities	17,136	2,683	2,381	22,200	22,200
Insurance	-	1,135	-	1,135	1,141
Special events	-	-	4,896	4,896	28,021
Miscellaneous	3,960	-	-	3,960	1,542
Depreciation	1,399	218	189	1,806	1,653
<b>Total expenses</b>	<u>\$ 266,658</u>	<u>\$ 46,323</u>	<u>\$ 40,337</u>	<u>\$ 353,318</u>	<u>\$ 350,529</u>

See notes to the financial statements.

# Henrico County Court Appointed Special Advocates, Inc.

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## Notes to Financial Statements June 30, 2016

### Note 1 – Nature of organization

The Henrico County Court Appointed Special Advocates, Inc. (Organization) is a non-stock corporation committed to advocating the best interests of children involved in the Juvenile and Domestic Relations District Court process. The CASA program recruits, trains, and supervises competent volunteers dedicated to representing the needs of abused and neglected children, as well as other children in juvenile dependency proceedings. The program promotes safe, permanent homes for children and seeks to educate the community concerning the needs of abused and neglected children. A significant level of annual financial support is provided through the government award programs which require CASA to adhere to certain compliance requirements.

### Note 2 - Summary of significant accounting policies

#### *Method of Accounting*

The financial statements of Henrico County Court Appointed Special Advocates, Inc., have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of presentation*

Under FASB ASC 958, *Non-Profit Entities*, the Organization is required to report 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. These classifications are based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations, and are available at the discretion of the Board for use in the Organization's operations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement activities as net assets released from restrictions.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization, and only the income is available as unrestricted or temporarily restricted, as per endowment or donor agreements. Currently the Organization does not have any permanently restricted net assets.

#### *Estimates*

The preparation of financial statements in conformity with U.S. 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.

#### *Cash equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments originally purchased with a maturity of three months or less to be cash equivalents.

**Notes to Financial Statements  
June 30, 2016**

**Note 2 - Summary of significant accounting policies (continued)**

***Investments***

Investments are composed of debt and equity securities. Investments in marketable securities and in debt securities with readily determinable fair values are reported at their fair values in the statement of financial position. Fair values are based upon quoted market prices. Donated investments are recorded at fair value as of the date received by the Organization.

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donated contributions are recorded at the fair value on the date of the gift.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Donated services, equipment and facilities***

**Draft**

Donated facilities, equipment, and/or services are included in contributions, at fair market value as of the date of donation.

The Organization's volunteers comprised of business professionals and others committed to the Organization's mission have made significant contributions of their time to the Organization's program and supporting services. The value of such volunteers' services has not been reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition. Volunteers hours unrecorded in the financial statement amounted to approximately 8,350 for the year ended June 30, 2016. The Organization recognizes donated facilities as support. This support is based upon use of office space as provided to the Organization by the County of Henrico at no cost. The value is recorded as income and expense in the Statement of Activities. The value is based on the current rental value of office space and amounted to \$19,800 for the year ended June 30, 2016.

Other donated services were recorded at fair market value and amounted to \$2,450 as of June 30, 2016 and are included in the Statement of Activities.

***Income taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the internal Revenue Code respectively, and is not considered a private foundation within the meaning of section 509(a) of the code. In addition, Henrico County Court Appointed Special Advocates, Inc., qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2016. Fiscal years ending on or after June 30, 2013 remain subject to examination by federal and state tax authorities.

***Property and equipment***

Property and equipment is carried at cost and depreciated under the straight-line method over the estimated useful lives of the assets, ranging from five to seven years. The Organization capitalizes equipment purchased with a cost exceeding \$500. Any expenditures under \$500 are expensed as incurred. Donated equipment is recorded at fair market value.

**Notes to Financial Statements  
June 30, 2016**

**Note 2 - Summary of significant accounting policies (concluded)**

*Deferred revenue*

Sponsorships or other income received for future periods are recognized ratably over the period to which they apply.

*Functional expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services using both judgment and specific identification.

*Reclassifications*

Certain prior year balances may have been reclassified to conform to current year presentation.

**Note 3 – Concentration of credit risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are maintained in a financial institutions and are insured by the Federal Deposit Insurance Corporation up to \$250,000. From **Draft** to time during the year, the Organization may exceed insured limits. Management believes there are no significant credit risks from receivables as they are primarily due from grant funding.

**Note 4 – Investments**

Investments as of June 30, 2016 and 2015 are as followed:

	<u>Cost</u>	<u>Fair Value</u>	2016 Unrealized Appreciation (Depreciation)
Bond funds	\$ 33 282	\$ 33 811	\$ 529
Equity funds	<u>110 106</u>	<u>107 659</u>	<u>( 2 447)</u>
	<u>\$ 143 388</u>	<u>\$ 141 470</u>	<u>\$ ( 1 918)</u>
			2015
	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (Depreciation)
Bond funds	\$ 24 549	\$ 24 669	\$ 120
Equity funds	<u>78 241</u>	<u>83 135</u>	<u>4 894</u>
	<u>\$ 102 790</u>	<u>\$ 107 804</u>	<u>\$ 5 014</u>

Investment income included unrealized losses of \$7,156, realized gains of \$1,021 and investment income of \$6,337 which is included in investment income of \$202 of the Statement of Activities as of June 30, 2016. Investment income included unrealized losses of \$8,717, realized losses of \$1,789 and investment income of \$14,498 which is included in investment income of \$3,992 of the Statement of Activities as of June 30, 2015.

**Notes to Financial Statements  
June 30, 2016**

**Note 5 – Temporarily restricted net assets**

Temporarily restricted net asset balances are available for programs as designated by the donors for events or programs. These consisted of the following:

	<u>2016</u>	<u>2015</u>
2015-16 Programs	\$ -	\$ 39 758
CASA for the Villa	13 900	-
2016-17 Programs	<u>28 750</u>	<u>-</u>
	<u>\$ 42 650</u>	<u>\$ 39 758</u>

Total net assets released from restrictions totaled \$147,901 in 2016 related to purpose and time restrictions. Temporarily restricted net assets are composed of cash and cash equivalents.

**Note 6 - Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 16, 2016, the date the financial statements were issued.

**Note 7 - Fair value measurements**                      **Draft**

The Organization records fair value adjustments to certain assets and liabilities to determine fair value disclosures. The fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Three levels of the fair value hierarchy are as follows:

Level 1 - Valuation is based on quoted price in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments and liabilities were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value