

CASA OF TARRANT COUNTY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

**CASA OF TARRANT COUNTY, INC.
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CASA of Tarrant County, Inc.
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of CASA of Tarrant County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

Auditors' 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 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 auditors' 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.

Board of Directors
CASA of Tarrant County, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA of Tarrant County, Inc. as of December 31, 2017, 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 of America.

Report on Supplementary Information

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Texas CASA schedule and VOCA schedule are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

2016 Financial Statements

The 2016 financial statements of CASA of Tarrant County, Inc. were audited by other auditors whose report dated September 27, 2017, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Fort Worth, Texas
August 30, 2018

**CASA OF TARRANT COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 887,980	\$ 793,750
Restricted Cash	31,095	27,520
Certificate of Deposit	100,578	100,578
Grant Receivables	189,827	96,077
Promises to Give	83,352	51,163
Prepaid Expenses	3,353	30,370
Property and Equipment, Net	81,777	98,201
Security Deposit	8,114	8,114
Total Assets	\$ 1,386,076	\$ 1,205,773
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ -	\$ 4,460
Accrued Expenses	72,636	56,403
Unearned Revenue	11,000	25,000
Total Liabilities	83,636	85,863
NET ASSETS		
Unrestricted	1,015,683	918,233
Temporarily Restricted	155,084	73,579
Permanently Restricted	131,673	128,098
Total Net Assets	1,302,440	1,119,910
Total Liabilities and Net Assets	\$ 1,386,076	\$ 1,205,773

See accompanying Notes to Financial Statements.

CASA OF TARRANT COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 1,283,240	\$ 137,850	\$ 3,575	\$ 1,424,665
Grants from Texas CASA	357,274	-	-	357,274
Grant from VOCA	335,002	-	-	335,002
Grant from Attorney General	45,100	-	-	45,100
County Grant	20,000	-	-	20,000
Grants from City of Arlington	19,663	-	-	19,663
Grants from City of Fort Worth	6,667	-	-	6,667
Grants from National CASA	-	-	-	-
Grants from Other Agencies	-	-	-	-
Special Events	259,750	-	-	259,750
Interest Income	781	-	-	781
Miscellaneous Income	27,747	-	-	27,747
Net Assets Released from Restrictions	56,345	(56,345)	-	-
Total Revenue, Gains, and Other Support	<u>2,411,569</u>	<u>81,505</u>	<u>3,575</u>	<u>2,496,649</u>
EXPENSES				
Program Services Expense	1,808,198	-	-	1,808,198
Support Services Expense:				
Administration	140,950	-	-	140,950
Fundraising	364,971	-	-	364,971
Total Support Services Expense	<u>505,921</u>	<u>-</u>	<u>-</u>	<u>505,921</u>
Total Expenses	<u>2,314,119</u>	<u>-</u>	<u>-</u>	<u>2,314,119</u>
CHANGE IN NET ASSETS	97,450	81,505	3,575	182,530
Net Assets - Beginning of Year	<u>918,233</u>	<u>73,579</u>	<u>128,098</u>	<u>1,119,910</u>
NET ASSETS - END OF YEAR	<u>\$ 1,015,683</u>	<u>\$ 155,084</u>	<u>\$ 131,673</u>	<u>\$ 1,302,440</u>

See accompanying Notes to Financial Statements.

**CASA OF TARRANT COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 778,205	\$ 58,078	\$ 4,800	\$ 841,083
Grants from Texas CASA	354,744	-	-	354,744
Grant from VOCA	189,458	-	-	189,458
Grant from Attorney General	42,269	-	-	42,269
County Grant	20,000	-	-	20,000
Grants from City of Arlington	19,102	-	-	19,102
Grants from City of Fort Worth	-	-	-	-
Grants from National CASA	5,200	-	-	5,200
Grants from Other Agencies	325	-	-	325
Special Events	134,408	-	-	134,408
Interest Income	426	-	-	426
Miscellaneous Income	7,393	-	-	7,393
Net Assets Released from Restrictions	33,487	(33,487)	-	-
Total Revenue, Gains, and Other Support	<u>1,585,017</u>	<u>24,591</u>	<u>4,800</u>	<u>1,614,408</u>
EXPENSES				
Program Services Expense	1,561,845	-	-	1,561,845
Support Services Expense:				
Administration	203,964	-	-	203,964
Fundraising	218,204	-	-	218,204
Total Support Services Expense	<u>422,168</u>	<u>-</u>	<u>-</u>	<u>422,168</u>
Total Expenses	<u>1,984,013</u>	<u>-</u>	<u>-</u>	<u>1,984,013</u>
CHANGE IN NET ASSETS	(398,996)	24,591	4,800	(369,605)
Net Assets - Beginning of Year	<u>1,317,229</u>	<u>48,988</u>	<u>123,298</u>	<u>1,489,515</u>
NET ASSETS - END OF YEAR	<u>\$ 918,233</u>	<u>\$ 73,579</u>	<u>\$ 128,098</u>	<u>\$ 1,119,910</u>

See accompanying Notes to Financial Statements.

**CASA OF TARRANT COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	Child Advocates Program	Administration	Fundraising	Total
SALARIES AND RELATED EXPENSES				
Salaries	\$ 1,096,750	\$ 72,512	\$ 139,254	\$ 1,308,516
Employee Benefits (Health Insurance/ Retirement)	179,774	13,486	22,826	216,086
Employee Benefits	9,131	211	-	9,342
Payroll Taxes	96,810	6,401	12,292	115,503
Total Salaries and Related Expenses	<u>1,382,465</u>	<u>92,610</u>	<u>174,372</u>	<u>1,649,447</u>
OTHER EXPENSES				
Professional Fees	65,143	19,912	40,083	125,138
Training and Travel	64,820	849	-	65,669
Program Supplies	86,946	-	-	-
Other Operating Expense	-	11,409	1,813	13,222
Marketing	-	-	21,502	21,502
Fundraising	-	-	-	-
Special Events	40,493	-	107,951	148,444
Volunteer Recognition	6,270	-	-	6,270
Office Expense	19,229	4,683	1,141	25,053
Telephone	7,000	463	889	8,352
Postage	-	1,009	-	1,009
Printing	505	1,050	-	1,555
Occupancy	108,332	7,162	13,755	129,249
Insurance	9,949	658	1,263	11,870
Total Other Expenses	<u>408,687</u>	<u>47,195</u>	<u>188,397</u>	<u>644,279</u>
Total Expenses Before Depreciation	1,791,152	139,805	362,769	2,293,726
DEPRECIATION	<u>17,046</u>	<u>1,145</u>	<u>2,202</u>	<u>20,393</u>
Total Functional Expenses	<u>\$ 1,808,198</u>	<u>\$ 140,950</u>	<u>\$ 364,971</u>	<u>\$ 2,314,119</u>

See accompanying Notes to Financial Statements.

**CASA OF TARRANT COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Child Advocates Program	Administration	Fundraising	Total
SALARIES AND RELATED EXPENSES				
Salaries	\$ 954,433	\$ 69,106	\$ 87,557	\$ 1,111,096
Employee Benefits (Health Insurance/ Retirement)	143,172	10,366	13,134	166,672
Employee Benefits	1,986	248	8,391	10,625
Payroll Taxes	80,447	5,825	7,380	93,652
Total Salaries and Related Expenses	<u>1,180,038</u>	<u>85,545</u>	<u>116,462</u>	<u>1,382,045</u>
OTHER EXPENSES				
Professional Fees	20,569	77,044	62,328	159,941
Training and Travel	48,182	1,194	-	49,376
Other Operating Expense	39,149	25,807	-	64,956
Marketing	-	-	15,738	15,738
Fundraising	-	-	10,535	10,535
Special Events	118,769	-	-	118,769
Volunteer Recognition	1,424	-	-	1,424
Office Expense	7,747	2,735	-	10,482
Telephone	3,583	259	329	4,171
Postage	-	1,268	-	1,268
Printing	2,727	-	-	2,727
Occupancy	107,678	7,796	9,878	125,352
Insurance	7,177	520	658	8,355
Total Other Expenses	<u>357,005</u>	<u>116,623</u>	<u>99,466</u>	<u>573,094</u>
Total Expenses Before Depreciation	1,537,043	202,168	215,928	1,955,139
DEPRECIATION	<u>24,802</u>	<u>1,796</u>	<u>2,276</u>	<u>28,874</u>
Total Functional Expenses	<u>\$ 1,561,845</u>	<u>\$ 203,964</u>	<u>\$ 218,204</u>	<u>\$ 1,984,013</u>

See accompanying Notes to Financial Statements.

**CASA OF TARRANT COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 182,530	\$ (369,605)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation	20,393	28,874
Restricted Contributions	(141,425)	(62,878)
Bad Debt Expense	-	682
Changes in Net Assets and Liabilities:		
Grant Receivables	(93,750)	27,909
Promises to Give	(32,189)	
Prepaid Expenses	27,017	(13,845)
Accounts Payable	(4,460)	3,183
Accrued Expenses	16,233	37,037
Unearned Revenue	(14,000)	(5,000)
Net Cash Used by Operating Activities	(39,651)	(353,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributions Restricted to Endowment	3,575	4,800
Change in Restricted Cash	(3,575)	(27,520)
Purchases of Property and Equipment	(3,969)	(53,215)
Net Cash Used by Investing Activities	(3,969)	(75,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted to Specific Purposes	137,850	58,078
Net Cash Provided by Financing Activities	137,850	58,078
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	94,230	(371,500)
Cash and Cash Equivalents - Beginning of Year	793,750	1,165,250
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 887,980	\$ 793,750

See accompanying Notes to Financial Statements.

**CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 NATURE OF BUSINESS

CASA of Tarrant County, Inc. (the Organization) was organized in 1983 as a Texas nonprofit corporation. The Organization is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate organization under Section 509(a)(1) of the Internal Revenue Code of 1986. The mission of CASA of Tarrant County and its court-appointed volunteers is to advocate for the best interest of abused and neglected children. The Organization currently has 35 full time employees and over 380 volunteers serving the needs of children in the foster care system of Tarrant County, Texas.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

**CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2017 and 2016, the Organization had no such investments. The Organization maintains deposits primarily in three financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses related to amounts in excess of FDIC limits.

Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization uses the direct write-off method to determine uncollectible unconditional promises receivable. The write off is based on management's analysis of specific promises made. All contributions receivables are deemed to be collectible by management within one year.

Investments

The Organization follows the provisions of GAAP, which requires investments with readily determinable fair values to be stated at their fair values with unrealized gains and losses from fluctuations in market value included in the statement of activities and changes in net assets of the respective period.

GAAP establishes 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 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

Investment gains and losses are accounted for using the average cost basis of the securities sold. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds

The Organization follows GAAP for the net asset classification of donor-restricted and board-designated endowment funds.

The Organization has one endowment which provides funding for the Organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management has interpreted GAAP as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Organization classifies the original value of all endowment gifts as permanently restricted net assets. Accumulated net earnings on endowment funds are classified as unrestricted net assets.

In accordance with GAAP, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments.

The Organization's primary investment objectives are growth with income and preservation of capital. Management defines risk as the probability of not meeting these objectives. Accordingly, the Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the activities supported by endowments. Under these policies, as approved by the Organization's board of directors, endowment assets are invested in a manner that is intended to minimize risk by being invested in an interest bearing certificate of deposit and cash.

**CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Composition and Activity of Endowment Funds

Endowment net assets are composed of donor designated amounts at December 31, 2017 and 2016. The changes in the endowment net assets by net asset classification for the years ended December 31 are as follows:

	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2015	\$ 123,298	\$ 123,298
Investment income, net of expenses (including realized and unrealized gains and losses)	-	-
Contributions	4,800	4,800
Appropriation of endowment assets for expenditure	-	-
Endowment net assets, December 31, 2016	<u>128,098</u>	<u>128,098</u>
Investment income, net of expenses (including realized and unrealized gains and losses)		-
Contributions	3,575	3,575
Appropriation of endowment assets for expenditure	-	-
Endowment net assets, December 31, 2017	<u>\$ 131,673</u>	<u>\$ 131,673</u>

Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes such assets with a cost exceeding \$1,000 and a useful life of one year or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of activities and changes in net assets of the respective period. The estimated useful lives of property and equipment range from 3 to 15 years.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Federal Income Taxes

The Organization is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as an organization other than a private foundation.

CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2017 and 2016, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 and changes in net assets as Net Assets Released from Restrictions.

Donated assets are recorded at their estimated fair value (as determined by management) at the date of donation. Donated services are recognized as contributions if the services, (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specialized services. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program functions, campaign solicitations and various other activities that are not recognized as contributions in the financial statements, because the recognition criteria under GAAP were not met.

In-Kind Contributions

A substantial number of volunteers donate significant amounts of time to the Organization's activities. However, only donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recognized in the accompanying financial statements.

In-Kind contributions recorded consist of various program resources distributed to the Organization's clients and donated goods used at special events. The values assigned to these items are based on the donor's estimated FMV on the date of donation. The total value of in-kinds received during the year ended December 31, 2017 was \$69,965.

**CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

NOTE 3 CERTIFICATE OF DEPOSIT

As of December 31, 2017 and 2016, the Organization has one certificate of deposit totaling approximately \$100,578, which was permanently restricted in the Organization's endowment. The certificate deposit held at December 31, 2017 and 2016 has a two-year term and bears interest at approximately .2%.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2017	2016
Equipment	\$ 118,662	\$ 114,693
Office, Furniture, and Fixtures	95,171	95,171
Leasehold Improvements	16,358	16,358
Total Property and Equipment	230,191	226,222
Less: Accumulated Depreciation	(148,414)	(128,021)
Property and Equipment, Net	\$ 81,777	\$ 98,201

NOTE 5 PERMANENTLY RESTRICTED NET ASSETS

The Organization invests the assets restricted for permanent endowment in certificates of deposit with a local bank. The costs basis in the certificate of deposits equals the market value. Once the corpus reaches \$100,000, the interest can be moved to unrestricted net assets. The remaining permanently restricted net assets are included in cash and cash equivalents.

**CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year.

	<u>2017</u>	<u>2016</u>
Children's Needs Fund	\$ 13,432	\$ 23,150
Family Fund	42,913	10,337
Total Net Assets Released from Restricted	<u>\$ 56,345</u>	<u>\$ 33,487</u>

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions and grants for which the donors have imposed restrictions. Temporarily restricted net assets are available for the following purposes.

	<u>2017</u>	<u>2016</u>
Children's Needs Fund	\$ 27,342	\$ 15,484
Travel Expenses	1,507	1,507
Family Fund	101,235	56,588
Public Relations/Marketing Fund	25,000	-
Total Temporarily Restricted Net Assets	<u>\$ 155,084</u>	<u>\$ 73,579</u>

NOTE 8 EMPLOYEE BENEFIT PLAN

The Organization has an informal retirement plan covering substantially all employees. Employees are eligible to participate in the plan who have earned at least \$5,000 per year during any two preceding years and who are expected to earn at least \$5,000 in the current year. The Organization offers its employees a matching contribution of up to 3% of compensation. An employee's contributions are made on a pre-tax basis, which effectively lowers their taxable income.

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Organization leases a building and certain office equipment under operating leases. The building lease is leased under an operating lease which ends on December 31, 2020. The Organization also leases certain equipment under noncancelable operating leases that expire through 2017. Total rental expense was approximately \$140,000 and \$134,000 for years ended December 31, 2017 and 2016, respectively.

CASA OF TARRANT COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future minimum annual lease obligations, as of December 31, 2017 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 136,233
2019	140,358
2020	143,044
2021	18,168
2022	13,404
Thereafter	3,480
Total Minimum Lease Payments	<u>\$ 454,687</u>

NOTE 10 REVENUE CONCENTRATIONS

For the year ended December 31, 2017 approximately 24% of CASA's contributions were provided by one donor, and approximately 88% of CASA's grant revenue was provided under two contracts with one agency.

NOTE 11 SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through August 30, 2018, the date the financial statements were available for issuance.

CASA OF TARRANT COUNTY, INC.
TEXAS CASA SCHEDULE
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

Grantor Program Title	Award Amount	2016 Receivable	Receipts	Disbursements	2017 Receivable
Texas CASA #17-28 2016-2017	\$ 345,104	\$ 59,472	\$ 285,063	\$ 225,591	\$ -
Texas CASA #2018-40 2017-2018	397,359	-	63,876	129,672	65,796
Total	<u>\$ 742,463</u>	<u>\$ 59,472</u>	<u>\$ 348,939</u>	<u>\$ 355,263</u>	<u>\$ 65,796</u>

CASA OF TARRANT COUNTY, INC.
VOCA SCHEDULE
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

Grantor Program Title	Award Amount	2016 Receivable	Receipts	Disbursements	2017 Receivable
Numbers 13575-18 2016-17	\$ 188,704	\$ 33,106	\$ 172,151	\$ 139,045	\$ -
Numbers VOCA-2018-40 2017-18	821,755	-	65,640	189,670	124,030
Total	<u>\$ 1,010,459</u>	<u>\$ 33,106</u>	<u>\$ 237,791</u>	<u>\$ 328,715</u>	<u>\$ 124,030</u>



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Management and the Board of Directors
CASA of Tarrant County, Inc.
Fort Worth, Texas

We have audited the financial statements of CASA of Tarrant County, Inc. as of and for the year ended December 31, 2017, and have issued our report thereon dated August 30, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CASA of Tarrant County, Inc. are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2017.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for uncollectible promises to give is based on historical collection rates and an analysis of the collectability of individual promises. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical sales, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation is based on the estimated useful lives of the equipment, leasehold improvements, and furniture. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full time equivalents within each department, and total direct expenses. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of in-kind contributions is based on an assessment of the fair value of the goods, services or property received. We evaluated the key factors and assumptions used to develop the fair value of such items received in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2018.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the Texas CASA Schedule and VOCA Schedule (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 30, 2018.

The supplementary information accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

* * *

This communication is intended solely for the information and use of the board of directors and management of CASA of Tarrant County, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Worth, Texas
August 30, 2018



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Board of Directors
and Management of CASA of Tarrant County, Inc.
Fort Worth, Texas

In planning and performing our audit of the financial statements of CASA of Tarrant County, Inc. as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Material weaknesses

We consider the following deficiencies in the entity's internal control to be material weaknesses.

- During our review of CASA's internal controls over cash, we noted that no one reviews the bank reconciliations after they are prepared. Reviewing bank reconciliations is critical to reduce the risk that fraud or errors will occur and go undetected and/or uncorrected, which could lead to misstatements not being identified and resolved in a timely manner. Although CASA has hired a third party accountant to prepare the bank reconciliation, we note that this person also does the book keeping. We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by the Treasurer. The review should include tests of mechanical accuracy and reviewing check copies included in the bank statements to ensure disbursement made are appropriate. The composition of unreconciled differences should be determined and followed up on. We further recommend that the treasurer sign off on the bank statement or send an email as indication of review.

Significant deficiencies

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

- The majority of the items selected for cash disbursement testing did not have any indication that they were reviewed by the CEO and debit card purchases made by the CEO were not reviewed and approved. Additionally, we noted that, while credit card charges are approved in advance, no one is reviewing the credit card statements to ensure only authorized charges were charged prior to processing of payment. Disbursements that are not reviewed and approved could provide an opportunity for misappropriation of funds and concealment of such activity. We recommend that the CEO initial and date each invoice/receipt after reviewing. For purchases made by the CEO, we recommend that the Treasurer review and initial each invoice/receipt. We further recommend that the credit card be reconciled and then reviewed by a separate individual with appropriate operational knowledge on a monthly basis to ensure that all purchases made using the credit card are appropriate. This should include reviewing each transaction on the credit card for proper support.
- Since the organization has received a substantial increase in its VOCA funding at the end of 2017, it is highly likely that they will exceed the threshold for a single audit in 2018. The client had coded its CVC funding as state funding, however, CLA reviewed Texas CASA's financial statements and noted that the CVC funding is likely a passthrough of federal money. The client needs to be aware of the funding sources in order to properly prepare a SEFA in the next year's audit.

* * *

This communication is intended solely for the information and use of management, the Board of Directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Worth, Texas
August 30, 2018