GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

CASA for Children, Inc.

Financial Statements and Other Information
as of and for the Years Ended June 30, 2018 and 2017
and Report of Independent Accountants

CASA FOR CHILDREN, INC.

TABLE OF CONTENTS

GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
CASA for Children, Inc.:

We have audited the accompanying financial statements of CASA for Children, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 organization'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 organization'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 CASA for Children, Inc. as of June 30, 2018 and 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.

Gary McGee & Co. LLP

September 10, 2018

808 SW Third Avenue, Suite 700 Portland, Oregon 97204 p: 503 222 2515 f: 503 222 6401 www.garymcgee.com

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
Assets:		
Cash and cash equivalents	$ 746,515	598,740
Grants, contracts, and other receivables *(note 3)*	150,518	202,979
Prepaid expenses and other assets	18,069	18,559
Beneficial interest in assets held by the Oregon Community Foundation *(note 4)*	191,232	182,708
Property and equipment *(note 5)*	17,354	41,932
Total assets	$ 1,123,688	1,044,918
Liabilities:		
Accounts payable and accrued expenses	14,443	12,628
Grants payable	27,622	–
Accrued payroll and related expenses	105,248	76,459
Deferred revenue and refundable advances	110,260	85,425
Total liabilities	257,573	174,512
Net assets:		
Unrestricted:		
Available for programs and general operations	512,493	463,653
Net investment in capital assets	17,354	41,932
Total unrestricted	529,847	505,585
Temporarily restricted *(note 7)*	216,374	244,927
Permanently restricted *(note 7)*	119,894	119,894
Total net assets	866,115	870,406
Commitments and contingencies *(notes 3, 6, 12, 13, 14 and 16)*		
Total liabilities and net assets	$ 1,123,688	1,044,918

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

		2018			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:					
Private contributions and grants	$	535,722	79,923	–	615,645
In-kind contributions *(note 8)*		209,983	–	–	209,983
Special events, net of direct costs of $182,045 in 2018 and $208,837 in 2017		865,612	–	–	865,612
Government grants and contract service fees *(note 9)*		384,716	–	–	384,716
Interest income		411	–	–	411
Other income		40,000	–	–	40,000
Net change in beneficial interest in assets held by the Oregon Community Foundation *(note 4)*		–	16,612	–	16,612
Total revenues and gains		2,036,444	96,535	–	2,132,979
Net assets released from restrictions *(note 10)*		125,088	(125,088)	–	–
Total revenues, gains, and other support		2,161,532	(28,553)	–	2,132,979
Expenses *(note 11)*:					
Program services [1]		1,566,628	–	–	1,566,628
Management and general		215,533	–	–	215,533
Development		355,109	–	–	355,109
Total expenses		2,137,270	–	–	2,137,270
Increase (decrease) in net assets		24,262	(28,553)	–	(4,291)
Net assets at beginning of year		505,585	244,927	119,894	870,406
Net assets at end of year	$	529,847	216,374	119,894	866,115

See accompanying notes to financial statements.

[1] For the years ended June 30, 2018, and 2017, program service expenses include $81,983 and $222,467, respectively, of in-kind legal services.

2017			
Unrestricted	Temporarily restricted	Permanently restricted	Total
467,697	141,205	–	608,902
350,467	–	–	350,467
821,094	20,000	–	841,094
438,039	–	–	438,039
351	–	–	351
83	–	–	83
–	21,200	–	21,200
2,077,731	182,405	–	2,260,136
107,987	(107,987)	–	–
2,185,718	74,418	–	2,260,136
1,639,267	–	–	1,639,267
195,722	–	–	195,722
370,391	–	–	370,391
2,205,380	–	–	2,205,380
(19,662)	74,418	–	54,756
525,247	170,509	119,894	815,650
505,585	244,927	119,894	870,406

C A S A F O R C H I L D R E N , I N C .

STATEMENTS OF FUNCTIONAL EXPENSES

Y E A R S E N D E D J U N E 3 0 , 2 0 1 8 A N D 2 0 1 7

		2018			
			Supporting services		
		Program services	Management and general	Development	Total
Salaries and related expenses	$	1,202,085	139,988	289,766	1,631,839
Grants and assistance to organizations		27,622	–	–	27,622
Professional fees [1]		87,430	29,063	–	116,493
Marketing and advertising		–	–	2,075	2,075
Occupancy		129,302	10,000	16,000	155,302
Telephone		6,866	11,391	937	19,194
Insurance		9,156	1,064	1,507	11,727
Equipment and maintenance		35,114	2,085	16,113	53,312
Interest and bank charges		–	1,688	8,070	9,758
Supplies		2,432	4,559	262	7,253
Postage		95	10	2,956	3,061
Printing and publications		–	–	5,113	5,113
Public relations		–	–	3,240	3,240
Volunteer recruitment and recognition		4,477	–	–	4,477
Volunteer training		11,756	–	–	11,756
Dues and subscriptions		5,911	657	1,051	7,619
Travel		16,846	2,158	2,667	21,671
Professional development		3,691	1,511	656	5,858
Camp and educational resources		2,689	–	–	2,689
Depreciation		19,069	2,119	3,390	24,578
Other expenses		2,087	9,240	1,306	12,633
Total expenses	$	1,566,628	215,533	355,109	2,137,270

See accompanying notes to financial statements.

[1] For the years ended June 30, 2018, and 2017, program service expenses include $78,983 and $222,467, respectively, of in-kind legal services.

2017			
	Supporting services		
Program services	Management and general	Development	Total
1,124,985	122,100	294,984	1,542,069
–	–	–	–
234,129	21,413	400	255,942
–	–	5,075	5,075
129,926	9,464	15,143	154,533
6,914	7,607	700	15,221
11,115	1,068	1,710	13,893
38,063	1,968	23,534	63,565
–	1,469	7,014	8,483
4,539	4,822	496	9,857
501	111	3,024	3,636
–	–	4,669	4,669
–	–	5,481	5,481
6,465	–	–	6,465
18,023	–	–	18,023
4,735	849	621	6,205
16,923	2,163	2,437	21,523
5,584	7,012	1,060	13,656
12,197	–	–	12,197
21,024	1,630	2,609	25,263
4,144	14,046	1,434	19,624
1,639,267	195,722	370,391	2,205,380

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 1,722,772	1,700,338
Cash received from government grants and contracts, service fees, and other sources	442,542	412,905
Interest income	411	351
Distribution of investment return on assets held by the Oregon Community Foundation	8,088	8,264
Cash paid to employees and suppliers	(2,026,038)	(2,064,797)
Net cash provided by operating activities	147,775	57,061
Cash flows from investing activities:		
Capital expenditures	–	(3,752)
Net cash used in investing activities	–	(3,752)
Cash flows from financing activities:		
Principal reductions of note payable	–	(3,882)
Net cash used in financing activities	–	(3,882)
Increase in cash and cash equivalents	147,775	49,427
Cash and cash equivalents at beginning of year	598,740	549,313
Cash and cash equivalents at end of year	$ 746,515	598,740

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization

Founded in 1986, CASA for Children, Inc. exists to advocate for children who have been abused and neglected and are in the protective custody of the court. The organization recruits, trains, and supervises volunteer Court-Appointed Special Advocates (CASA's) who become passionate protectors of their CASA kids. The legislature and the courts grant CASA's unusual authority so that they are able to ensure that a child is not ignored and that the judge is able to understand and act on a child's critical needs. CASA advocates help get children into permanent homes safely and quickly before they can be damaged by their experience in the court system. This benefits all of us. With a CASA to guide them, children move through the system more quickly. And quicker means safer; a shorter stay in the court system means there is less chance for a child to develop physical and emotional problems that will require a lifetime of treatment and support. A child who has a CASA stands a better chance of becoming a stable adult.

Court-Appointed Special Advocates are specially-trained citizen volunteers who serve as advocates for a child or sibling group. In each case, a special advocate is responsible for gathering information and coordinating elements to help quickly secure a safe, permanent home. CASA's visit children regularly, review records, interview parents and relatives, consult with teachers, neighbors and foster care providers, and work closely with community service providers. They also help children and families gain access to needed support and services, and appear in court to advocate on behalf of the child's needs and best interests. Specialized training and regular program supervision ensure that advocates are able to bring objectivity, tenacity and consistent advocacy into an overloaded child welfare system.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – The organization has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

- *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. These balances represent the unexpended portion of externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

- *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.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. The receipt of contributions with restrictions that are satisfied in the same reporting period as received are reported as unrestricted support.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Capital Assets and Depreciation – Capital assets are carried at cost, and initially measured at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 10 to 25 years for buildings and 3 to 7 years for furniture and equipment. Leasehold improvements are amortized over the life of the lease, which is generally five years.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire capital assets with such donor restrictions are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned. Bequests are recognized as revenue at the time the organization has an established right to the bequest and the proceeds are measurable.

Benefits Provided to Donors at Special Events – The organization conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Concentrations of Credit Risk – The organization's financial instruments consist primarily of cash equivalents and a beneficial interest in assets held by the Oregon Community Foundation ("OCF"), which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to $250,000 for each depositor, for each insured bank, for each account ownership category. At June 30, 2018, CASA held $512,399 in excess of FDIC insurance.

The organization's beneficial interest in assets held by OCF (see note 4) is subject to changes in the fair values of the underlying assets owned by OCF (from which the value of the organization's beneficial interest has been derived), and also is dependent on the value of the assets being commensurate with the value of distributions expected to be made to CASA by OCF in future years.

Grants, contracts, and other receivables also subject the organization to concentrations of credit risk. At June 30, 2018, $40,903 was due from one grantor and $35,000 was due from another grantor. At June 30, 2017, $97,404 was due from one grantor and $70,000 was due from a second grantor.

Advertising and Marketing Expenses – Advertising costs are charged to expense as they are incurred.

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring the organization to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the organization has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds.

Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by the organization's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors 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 fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

During the year ended June 30, 2018, the organization's Board of Directors appropriated $8,088 of donor-restricted endowment assets ($8,264 in 2017). See note 7.

Income Taxes – The organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

At June 30, 2018 and 2017, CASA held net tax operating losses carried forward related to net income from CASA Cards totaling $216,055. The net operating losses carried forward are available to offset future taxable income, if any, expiring through the years indicated: $9,468 in 2022, $23,307 in 2023, $37,580 in 2024, $57,489 in 2025, $22,577 in 2026, $23,682 in 2027, $31,970 in 2028, and $9,982 in 2029.

Deferred income taxes result from temporary differences in the financial bases and tax bases of assets and liabilities, the ability to exercise net operating losses carried forward, and other factors. The amounts are measured using the enacted tax rates and laws that are anticipated to be in effect when the differences are expected to reverse. At June 30, 2018 and 2017, the remaining deferred income taxes of the organization represent the availability of the net operating losses carried forward cited in the preceding paragraph, totaling $75,619, less a valuation allowance of the same amounts fully offsetting the deferred income taxes related to those losses carried forward, for which it is considered likely that the benefit will not be realized. Accordingly, net deferred income taxes have not been reflected in the accompanying financial statements.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through September 10, 2018, which is the date the financial statements were available to be issued.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Grants, Contracts, and Other Receivables

Grants, contracts, and other unconditional receivables represent receivables expected to be collected within one year at June 30, 2018 and 2017, and are summarized as follows:

		2018	2017
Government grants and contracts receivable	$	59,389	109,894
Private grants receivable		39,760	82,205
Event receivables		12,940	5,130
Other receivables		38,429	5,750
	$	150,518	202,979

At June 30, 2018, the organization held five conditional gifts totaling $1,311,153. Four of the conditional gifts, totaling 1,286,153, the receipt of which were conditioned upon incurring allowable expenses. The fifth conditional gift totaling $25,000, the receipt of which was conditioned upon submission and approval of required financial and program progress reports. These awards have not been included in the accompanying financial statements because, as of June 30, 2018, the organization had not fully satisfied the associated conditions.

At June 30, 2017, the organization held one conditional gift totaling $75,000, the receipt of which was conditioned upon submission and approval of required financial and program progress reports, a second conditional gift totaling $50,000, the receipt of which was conditioned upon incurring allowable expenses, and a third conditional gift totaling $46,175, the receipt of which was also conditioned upon incurring allowable expenses. During the year ended June 30, 2018, the organization partially satisfied the associated conditions of the first and second conditional gifts, and $75,000 of the total award was included in the accompanying financial statements. In addition, the organization fully satisfied the associated conditions of the third conditional gift and the total award was included in the accompanying financial statements.

4. Beneficial Interest in Assets Held by the Oregon Community Foundation

The accompanying financial statements reflect a beneficial interest held by the organization in the assets of a donor-restricted endowment fund at OCF. In accordance with FASB ASC No. 958-605, *Revenue Recognition*, the organization accounts for its interest in these funds using the equity method of accounting, which approximates the present value of the estimated expected future cash flow that will inure to the organization. Management's estimate of fair value is based solely upon information provided by OCF.

Changes in the organization's beneficial interest in these funds for the years ended June 30, 2018 and 2017 are summarized as follows:

		2018	2017
Balance at beginning of year	$	182,708	169,772
Net change in beneficial interest in assets held by the Oregon Community Foundation		16,612	21,200
Distribution of investment return on assets held by the Oregon Community Foundation		(8,088)	(8,264)
Balance at end of year	$	191,232	182,708

Under the terms of its agreement with OCF, OCF maintains variance power over, and legal ownership of, these funds. The funds are invested at the discretion of OCF's Board of Directors and are held in a mixture of asset classes designed to maximize return while minimizing risk. The valuations disclosed in the preceding table have been provided by OCF. CASA generally receives periodic distributions of net investment return earned on these assets (generally 4.5% of the average fair market value of the funds using a trailing 13-quarter average). During the years ended June 30, 2018 and 2017, the organization received distributions totaling $8,088 and $8,264, respectively. Additional distributions can be made at any time by the affirmative vote of a majority of the organization's Board of Directors and the approval of OCF.

5. Property and Equipment

A summary of property and equipment as of June 30, 2018 and 2017 is as follows:

		2018	2017
Buildings	$	169,686	169,686
Leasehold improvements		30,084	30,084
Furniture and equipment		111,235	111,235
		311,005	311,005
Less accumulated depreciation		(293,651)	(269,073)
	$	17,354	41,932

6. Line of Credit

CASA maintains an unsecured line of credit with Wells Fargo Bank for up to $40,000, bearing interest at 7.25% at June 30, 2018 and 2017. There were no outstanding borrowings under this agreement at June 30, 2018 or 2017.

7. Restrictions and Limitations on Net Asset Balances

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 consist of the following contributions, grants, and other unexpended revenues and gains restricted for program services and future periods:

		2018	2017
Columbia County	$	–	20,000
Building fund		28,838	28,838
Child Advocacy Growth Project		70,000	84,000
Diversity, Equity & Inclusion		25,000	35,000
Camp for kids		3,498	1,275
Fostering Futures		17,700	5,000
Summer training		–	5,000
Unrestricted and unappropriated endowment earnings		71,338	62,814
Future periods		–	3,000
	$	216,374	244,927

Permanently Restricted Net Assets

At June 30, 2018 and 2017, the organization held $119,894 in endowment funds. The investment income earned on the balances of these permanently restricted endowment net assets is unrestricted as to purpose.

The following summarizes the organization's endowment-related activities as of and for the year ended June 30, 2018:

		Donor-restricted endowment		
		Temporarily restricted	Permanently restricted	Total endowment
Endowment net assets at June 30, 2017	$	62,814	119,894	182,708
Net appreciation in beneficial interest in net assets held by the Oregon Community Foundation		16,612	–	16,612
Distribution of investment return on assets held by the Oregon Community Foundation		(8,088)	–	(8,088)
Endowment net assets at June 30, 2018	$	71,338	119,894	191,232

The following summarizes the organization's endowment-related activities as of and for the year ended June 30, 2017:

		Donor-restricted endowment		
		Temporarily restricted	Permanently restricted	Total endowment
Endowment net assets at June 30, 2016	$	49,878	119,894	169,772
Net appreciation in beneficial interest in net assets held by the Oregon Community Foundation		21,200	–	21,200
Distribution of investment return on assets held by the Oregon Community Foundation		(8,264)	–	(8,264)
Endowment net assets at June 30, 2017	$	62,814	119,894	182,708

8. In-Kind Contributions

Consistent with the requirements of FASB ASC No. 958-605, significant services received that create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities. In addition, in-kind contributions of equipment, materials, and the free use of facilities are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

CASA's in-kind contributions for the years ended June 30, 2018 and 2017 are summarized as follows:

		2018	2017
Free use of office facilities	$	116,000	116,000
Technical support		12,000	12,000
Professional services		81,983	222,467
	$	209,983	350,467

Continued

In addition, CASA regularly receives contributed services from a large number of volunteers who assist in program activities and other efforts through their participation in a variety of capacities. For example, during the year ended June 30, 2018, CASA benefitted from the service of more than 490 Court-Appointed Special Advocates, which represents approximately 117,600 hours of service, or the equivalent of 57 full-time employees. (In 2017, these figures were, respectively, 472 CASA's, 113,280 hours of service, and the equivalent of 54 full-time employees). CASA also benefitted from the services of other volunteers representing an additional 2,100 hours of service (2,100 hours in 2017). Consistent with FASB ASC No. 958-605, *Revenue Recognition*, the value of such services has not been recognized in the accompanying financial statements.

9. Government Grants and Contract Service Fees

During the years ended June 30, 2018 and 2017, the organization reported government grants and contract service fees from the following sources:

		2018	2017
Washington County [1]	$	124,159	160,952
Washington County – CDBG		25,000	25,000
Multnomah County [1]		138,365	182,436
Columbia County [1]		27,988	31,501
State of Oregon – Title IV-E		20,713	25,918
State of Oregon – VOCA		40,903	–
City of Beaverton		–	5,000
City of Hillsboro		3,500	3,500
City of Scappoose		4,088	3,732
	$	384,716	438,039

[1] Paid through an agreement with the State of Oregon Department of Administrative Services during year ending June 30, 2018, and paid through an agreement with the State of Oregon Housing and Community Services Department during year ending June 30, 2017.

10. Net Assets Released from Restrictions

During the years ended June 30, 2018 and 2017, the organization incurred $125,088 and $107,987, respectively, in expenses that satisfied restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

11. Expenses

The costs of providing the various programs and other activities of the organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification are presented in the statements of functional expenses.

12. Retirement Plan

The organization sponsors an employer contributory tax-deferred annuity plan described under Section 403(b) of the Internal Revenue Code covering all employees. Contributions to the plan are made by employees on voluntary basis and employer matching contributions are made as a percentage of each employee's contribution, depending on the employee's length of service. Employee elective deferral contributions in excess of 5.0% of salary are not matched. Matching contributions vest following a four-year vesting schedule. During the years ended June 30, 2018 and 2017, the organization contributed $0 and $263, respectively, to the retirement plan.

The organization also sponsors a defined contribution retirement savings plan established under Section 401(k) of the Internal Revenue Code. Employees may make voluntary contributions to the plan on a pre-tax basis up to the maximum amount allowed by law. Under the plan, the organization makes matching contributions of up to a 5.0% maximum. During the years ended June 30, 2018 and 2017, the organization contributed $39,734 and $36,781, respectively, to this retirement plan.

13. Lease Commitments

The organization leases office equipment and facilities under various operating leases, which expire in various years through March of 2022.

At June 30, 2018, the organization's future annual lease commitments are as follows:

Years ending June 30,		
2019	$	46,691
2020		21,358
2021		5,574
2022		450
	$	74,073

Lease expense paid in connection with the operating leases for the years ended June 30, 2018 and 2017 totaled $47,500 and $48,362, respectively.

During the year ended June 30, 2018, the organization entered into an agreement to extend the facility lease through June 30, 2021. The lease is provided to the organization free of charge (excluding operating expenses), with an estimated annual value of $122,000. The lease can be terminated by either party for any reason with a minimum 90-day notice. The free use of the facility is conditioned upon the organization continuing to use the property in furtherance of the court-appointed special advocates activities of the organization.

14. Other Commitments

Subsequent to June 30, 2018, the organization entered into an agreement with a construction contractor for services totaling $26,844.

15. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Continued

At June 30, 2018 and 2017, the organization's beneficial interest in assets held by the Oregon Community Foundation is reported at fair value on a recurring basis under Level 3, representing future cash in-flows to the organization measured at fair value based upon a discounted cash flow analysis of the expected income to be derived from the organization's interest in these assets. Since the discount rate used for this analysis is considered to be identical to the return that market participants would expect on similar assets, the organization has measured the expected cash flows for its beneficial interest as equivalent to the fair value of the underlying assets held and owned by OCF. Management's estimate is based solely on information provided by OCF.

See note 4 for a summary of the beneficial interest in assets held by OCF and associated activity for the years ended June 30, 2018 and 2017.

16. Contingencies

During the year ended June 30, 2016, CASA entered into a promissory note with Washington County, Oregon associated with a three-year, $75,000 grant of Community Development Block Grant funds received by CASA. Conditioned upon an event of default under the grant agreement, CASA has promised to pay Washington County an amount equal to the grant award reduced by eligible expenditures.

In addition, amounts received or receivable under the organization's other governmental contracts are subject to audit and adjustment by the grantor agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's unrestricted net assets. In the opinion of the organization's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

17. Statements of Cash Flow Reconciliation

The following presents a reconciliation of the increase (decrease) in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

		2018	**2017**
Increase (decrease) in net assets	$	(4,291)	54,756
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Depreciation		24,578	25,263
Net change in beneficial interest in assets held by the Oregon Community Foundation (net of distribution of investment return of $8,088 in 2018 and $8,264 in 2017)		(8,524)	(12,936)
Net change in:			
Grants, contracts, and other receivables		52,461	5,738
Prepaid expenses and other assets		490	(545)
Accounts payable and accrued expenses		1,815	(3,470)
Grants payable		27,622	–
Accrued payroll and related expenses		28,789	(22,295)
Deferred revenue and refundable advances		24,835	10,550
Total adjustments		152,066	2,305
Net cash provided by operating activities	$	147,775	57,061

■

GOVERNING BOARD AND MANAGEMENT

JUNE 30, 2018

Board of Directors

Bill Gardner, *President*
Director of Sales & Relationship Management
Morley Financial Services, Inc.

Kieran Curley, *Secretary*
Managing Partner
Miller Nash Graham & Dunn, LLP

Andrew Corrigan, *Treasurer*
Partner
KPMG

Betsy Granger, *Vice President, Government and Community Relations*
Community Volunteer

Tom Savinar, *Vice President, Governance*
Senior Vice President, Wealth Management
UBS Financial Services, Inc.

Gail Baker
Senior Vice President
Strategic Communications
Cambia Health Solutions

Sabin Coleman
Director of Account Management & Retirement Plan Services
The Standard

Jon Cook
Vice President of Operations
Fred Meyer Jewelers

Kirsten Darrow
Group VP, Marketing, Ecommerce, Loyalty, & Strategy
Fred Meyer Jewelers

Lee Davies
Owner
ELEETE Real Estate

Jeff Greene
Vice President & Portfolio Manager
First Republic Private Wealth Management

Quincy Heard
Founder and CEO
Summit Golf Foundation

Alisa Johnston
Manager/Vice President of Business Acquisitions
Wells Fargo

Jon McAnnis
Chief Information Officer
Providence Health Plan

Kevin Modica
Community Volunteer

Justin Palfreyman
Vice President of Business Development
NW Natural

Vic Petroff
Partner
Riverlake Partners, LLC

Trey Slinkard
Risk Advisory Senior Manager
Ernst & Young

Janie Spurgeon
Vice President of Development
Community Foundation of SW Washington

Mary Turina
Vice President of Development
Stand for Children

Pat Welch
Partner
Boly:Welch

Laura Wieden
Community Volunteer

Management

Elizabeth Stark Miller
Executive Director

Anne Marie Johnson
Director of Development and Communications

Kathy Finney
Operations Director

INQUIRIES AND OTHER INFORMATION

CASA FOR CHILDREN, INC.

Multnomah County Office
1401 N.E. 68th Avenue
Portland, Oregon 97213

(503) 988-5115
(503) 988-5618 Fax

Washington County Office
230 N.E. Second Avenue, Suite 1
Hillsboro, Oregon 97124

(503) 992-6728
(971) 228-8763 Fax

Columbia County Office
2514 Sykes Road
St. Helens, Oregon 97051

(503) 410-5097

Web
www.casahelpskids.org