GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

CASA for Children, Inc.

Financial Statements and Other Information
as of and for the Years Ended June 30, 2016 and 2015
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, 2016 and 2015, 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, 2016 and 2015, 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 13, 2016

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CASA FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
Assets:		
Cash and cash equivalents	$ 549,313	538,519
Grants, contracts, and other receivables *(note 3)*	208,717	157,796
Prepaid expenses and other assets	18,014	30,285
Beneficial interest in assets held by the Oregon Community Foundation *(note 4)*	169,772	184,407
Property and equipment *(note 5)*	63,443	70,042
Total assets	$ 1,009,259	981,049
Liabilities:		
Accounts payable and accrued expenses	16,098	16,105
Accrued payroll and related expenses	98,754	70,525
Deferred revenue	74,875	94,295
Note payable *(note 7)*	3,882	13,218
Total liabilities	193,609	194,143
Net assets:		
Unrestricted:		
Available for programs and general operations	461,804	359,370
Net investment in capital assets	63,443	70,042
Total unrestricted	525,247	429,412
Temporarily restricted *(note 8)*	170,509	237,600
Permanently restricted *(note 8)*	119,894	119,894
Total net assets	815,650	786,906
Commitments and contingencies *(notes 3, 6, 13, 14, and 16)*		
Total liabilities and net assets	$ 1,009,259	981,049

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Private contributions and grants	$ 433,296	99,942	–	533,238
In-kind contributions *(note 9)*	120,000	–	–	120,000
Special events, net of direct costs of $219,490 in 2016 and $195,879 in 2015	824,973	–	–	824,973
Contract service fees *(note 10)*	346,538	–	–	346,538
Interest income	289	–	–	289
Contributions from CASA for Kids, Inc. of Columbia County *(note 1)*	–	–	–	–
Other income	5,276	–	–	5,276
Net change in beneficial interest in assets held by the Oregon Community Foundation *(note 4)*	–	(6,341)	–	(6,341)
Total revenues and gains	1,730,372	93,601	–	1,823,973
Net assets released from restrictions *(note 11)*	160,692	(160,692)	–	–
Total revenues, gains, and other support	1,891,064	(67,091)	–	1,823,973
Expenses *(note 12)* **:**				
Program services	1,280,869	–	–	1,280,869
Management and general	175,066	–	–	175,066
Development	339,294	–	–	339,294
Total expenses	1,795,229	–	–	1,795,229
Increase (decrease) in net assets	95,835	(67,091)	–	28,744
Net assets at beginning of year	429,412	237,600	119,894	786,906
Net assets at end of year	$ 525,247	170,509	119,894	815,650

See accompanying notes to financial statements.

2015			
Unrestricted	Temporarily restricted	Permanently restricted	Total
450,799	108,674	–	559,473
141,738	–	–	141,738
765,289	–	–	765,289
305,014	–	–	305,014
168	–	–	168
6,373	–	–	6,373
–	–	–	–
–	(342)	–	(342)
1,669,381	108,332	–	1,777,713
63,963	(63,963)	–	–
1,733,344	44,369	–	1,777,713
1,163,705	–	–	1,163,705
144,766	–	–	144,766
302,584	–	–	302,584
1,611,055	–	–	1,611,055
122,289	44,369	–	166,658
307,123	193,231	119,894	620,248
429,412	237,600	119,894	786,906

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 6 A N D 2 0 1 5

	2016			
		Supporting services		
	Program services	Management and general	Development	Total
Salaries and related expenses	$ 1,015,145	100,419	274,544	1,390,108
Grants and assistance to organizations	–	–	–	–
Professional fees	10,292	21,171	599	32,062
Marketing and advertising	–	–	5,075	5,075
Occupancy	104,928	11,704	23,407	140,039
Telephone	5,516	9,820	600	15,936
Insurance	10,251	1,189	2,246	13,686
Equipment and maintenance	34,253	1,522	8,065	43,840
Interest and bank charges	–	1,215	7,060	8,275
Supplies	5,873	4,318	949	11,140
Postage	1,211	501	1,474	3,186
Printing and publications	2,659	313	5,005	7,977
Public relations	–	–	2,337	2,337
Volunteer recruitment and recognition	7,527	–	–	7,527
Volunteer training	13,084	–	–	13,084
Dues and subscriptions	3,231	581	545	4,357
Travel	15,994	3,458	2,840	22,292
Professional development	6,874	3,913	339	11,126
Camp and educational resources	16,385	–	–	16,385
Depreciation	21,622	1,731	3,269	26,622
Other expenses	6,024	13,211	940	20,175
Total expenses	$ 1,280,869	175,066	339,294	1,795,229

See accompanying notes to financial statements.

2015			
	Supporting services		
Program services	Management and general	Development	Total
918,432	85,962	228,695	1,233,089
21,473	–	–	21,473
10,756	24,847	–	35,603
–	–	5,122	5,122
99,610	12,115	22,883	134,608
10,411	2,288	2,026	14,725
9,293	1,093	2,186	12,572
22,941	2,790	11,596	37,327
–	862	6,495	7,357
7,816	919	1,840	10,575
595	536	3,187	4,318
–	–	5,232	5,232
–	–	2,845	2,845
4,963	–	–	4,963
5,794	–	–	5,794
3,080	362	725	4,167
12,707	2,084	2,862	17,653
7,754	1,758	1,170	10,682
3,075	–	–	3,075
21,939	2,652	5,063	29,654
3,066	6,498	657	10,221
1,163,705	144,766	302,584	1,611,055

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

STATEMENTS OF CASH FLOWS

Y E A R S E N D E D J U N E 3 0 , 2 0 1 6 A N D 2 0 1 5

	2016	2015
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 1,521,491	1,592,785
Cash received from service fees, sales, and other sources	337,683	303,292
Interest income	289	168
Distribution of investment return on assets held by the Oregon Community Foundation	8,294	7,978
Cash paid to employees and suppliers	(1,827,604)	(1,663,023)
Net cash provided by operating activities	40,153	241,200
Cash flows from investing activities:		
Capital expenditures	(20,023)	(3,000)
Net cash used in investing activities	(20,023)	(3,000)
Cash flows from financing activities:		
Principal reductions of note payable	(9,336)	(9,336)
Net cash used in financing activities	(9,336)	(9,336)
Increase in cash and cash equivalents	10,794	228,864
Cash and cash equivalents at beginning of year	538,519	309,655
Cash and cash equivalents at end of year	$ 549,313	538,519

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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 for 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.

CASA relies upon specially-trained citizen volunteers, or Court-Appointed Special Advocates, 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. Court-Appointed Special Advocates 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.

During the year ended June 30, 2015, CASA absorbed the assets of, and expanded operations into the county formerly served by, CASA for Kids, Inc. of Columbia County, an unaffiliated organization dissolved in January of 2015.

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"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

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, 2016, CASA held $298,371 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.

Contributions and grants receivable also subject the organization to concentrations of credit risk. At June 30, 2016, $77,874 was due from one grantor and $50,000 was due from another grantor. At June 30, 2015, $65,859 was due from another 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, 2016, the organization's Board of Directors appropriated $8,294 of donor-restricted endowment assets ($7,978 in 2105). See note 8.

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. The organization derives its public charity status as an organization described under Section 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

At June 30, 2016 and 2015, 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, 2016 and 2015, 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 13, 2016, 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, 2016 and 2015, and are summarized as follows:

		2016	2015
Government grants and contracts receivable	$	87,613	75,764
Private grants receivable		66,960	81,000
Event receivables		51,330	500
Other receivables		2,814	532
	$	208,717	157,796

At June 30, 2016, the organization held one conditional gift totaling $25,000, the receipt of which was conditioned upon submission and approval of required financial and program progress reports, and a second conditional gift totaling $75,000, the receipt of which was conditioned upon incurring allowable expenses. These awards have not been included in the accompanying financial statements because, as of June 30, 2016, the organization had not fully satisfied the associated conditions.

At June 30, 2015, the organization held a conditional gift totaling $25,000, the receipt of which was conditioned upon incurring allowable expenses. During the year ended June 30, 2016, the organization fully satisfied the associated conditions and the 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, 2016 and 2015 are summarized as follows:

		2016	2015
Balance at beginning of year	$	184,407	192,727
Net change in beneficial interest in assets held by the Oregon Community Foundation		(6,341)	(342)
Distribution of investment return on assets held by the Oregon Community Foundation		(8,294)	(7,978)
Balance at end of year	$	169,772	184,407

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, 2016 and 2015, the organization received distributions totaling $8,294 and $7,978, 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, 2016 and 2015 is as follows:

		2016	2015
Buildings	$	169,686	161,586
Leasehold improvements		30,084	28,000
Furniture and equipment		107,482	97,643
		307,252	287,229
Less accumulated depreciation		(243,809)	(217,187)
	$	63,443	70,042

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, 2016 and 2015. There were no outstanding borrowings under this agreement at June 30, 2016 or 2015.

7. Note Payable

In November of 2013, the organization financed certain tenant improvements at its Washington County office through an interest-free agreement with the property's landlord. The note is payable in monthly installments, which are added to the tenant lease payments. The balances outstanding on this agreement at June 30, 2016 and 2015 were $3,882 and $13,218, respectively.

8. Restrictions and Limitations on Net Asset Balances

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 consist of the following in contributions, grants, and other unexpended revenues and gains restricted for program services and future periods:

		2016	2015
Columbia County	$	25,000	79,348
Building fund		28,838	28,838
Child Advocacy Growth Project		20,195	17,500
Diversity, Equity & Inclusion		10,000	–
Camp for kids		6,023	7,408
Fostering Futures		5,000	–
CASA Roadmap Project		575	4,993
Unrestricted and unappropriated endowment earnings		49,878	64,513
Future periods		25,000	35,000
	$	170,509	237,600

Permanently Restricted Net Assets

At June 30, 2016 and 2015, 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, 2016:

	Donor-restricted endowment		
	Temporarily restricted	Permanently restricted	Total endowment
Endowment net assets at June 30, 2015	$ 64,513	119,894	184,407
Net decline in beneficial interest in net assets held by the Oregon Community Foundation	(6,341)	–	(6,341)
Distribution of investment return on assets held by the Oregon Community Foundation	(8,294)	–	(8,294)
Endowment net assets at June 30, 2016	$ 49,878	119,894	169,772

The following summarizes the organization's endowment-related activities as of and for the year ended June 30, 2015:

	Donor-restricted endowment		
	Temporarily restricted	Permanently restricted	Total endowment
Endowment net assets at June 30, 2014	$ 72,833	119,894	192,727
Net decline in beneficial interest in net assets held by the Oregon Community Foundation	(342)	–	(342)
Distribution of investment return on assets held by the Oregon Community Foundation	(7,978)	–	(7,978)
Endowment net assets at June 30, 2015	$ 64,513	119,894	184,407

9. 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, 2016 and 2015 are summarized as follows:

	2016	2015
Free use of office facilities	$ 110,000	110,000
Technical support	10,000	10,000
Program supplies [1]	–	21,473
Professional services	–	265
	$ 120,000	141,738

[1] During the year ended June 30, 2015, the organization received gifts of used laptops and children's toys. The organization passed these items along to other children's organizations, agencies, and hospitals in the Portland area.

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, 2016, CASA benefitted from the service of more than 491 Court-Appointed Special Advocates, which represents approximately 117,000 hours of service, or the equivalent of 56 full-time employees. (In 2015, these figures were, respectively, 451 CASA's, 108,240 hours of service, and the equivalent of 52 full-time employees). CASA also benefitted from the services of other volunteers representing an additional 4,650 hours of service (4,600 hours in 2015). Consistent with FASB ASC No. 958-605, *Revenue Recognition*, the value of such services has not been recognized in the accompanying financial statements.

10. Contract Service Fees

During the years ended June 30, 2016 and 2015, the organization reported contract service fees from the following sources:

		2016	2015
Washington County [1]	$	150,191	137,064
Multnomah County [1]		141,900	127,022
City of Beaverton		5,000	15,000
State of Oregon		17,990	11,462
Columbia County [1]		24,502	10,966
City of Hillsboro		3,500	3,500
City of Scappoose		3,455	–
	$	346,538	305,014

[1] Paid through an agreement with the State of Oregon Housing and Community Services Department.

11. Net Assets Released from Restrictions

During the years ended June 30, 2016 and 2015, the organization incurred $160,692 and $63,963, respectively, in expenses that satisfied restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

12. 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.

13. 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. The organization made $900 in contributions to the retirement plan in each of the years ended June 30, 2016 and 2015.

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, 2016 and 2015, the organization contributed $28,963 and $23,489, respectively, to this retirement plan.

14. Lease Commitments

The organization leases office equipment and facilities under various operating leases, which expire in various years through April of 2020.

At June 30, 2016, the organization's future annual lease commitments are as follows:

Years ending June 30,	
2017	$ 48,570
2018	47,869
2019	35,782
2020	11,272
	$ 143,493

Lease expense paid in connection with the operating leases for the years ended June 30, 2016 and 2015 totaled $37,905 and $28,616, respectively.

During the year ended June 30, 2015, the organization entered into a facility lease for a three-year period ending June 30, 2018. The lease is provided to the organization free of charge (excluding operating expenses) with an estimated annual value of $110,000. 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.

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.

At June 30, 2016 and 2015, 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, 2016 and 2015.

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. Reclassification of 2015 Comparative Totals

Certain 2015 amounts presented herein have been reclassified to conform to the 2016 presentation.

18. Statements of Cash Flow Reconciliation

The following presents a reconciliation of the increase 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):

		2016	**2015**
Increase in net assets	$	28,744	166,658
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation		26,622	29,654
Net change in beneficial interest in assets held by the Oregon Community Foundation (net of distribution of investment return of $8,294 in 2016 and $7,978 in 2015)		14,635	8,320
Net change in:			
Grants, contracts, and other receivables		(50,921)	9,579
Prepaid expenses and other assets		12,271	(13,066)
Accounts payable and accrued expenses		(7)	(7,484)
Accrued payroll and related expenses		28,229	(6,931)
Deferred revenue		(19,420)	54,470
Total adjustments		11,409	74,542
Net cash provided by operating activities	$	40,153	241,200

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GOVERNING BOARD AND MANAGEMENT

JUNE 30, 2016

INQUIRIES AND OTHER INFORMATION

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